



***Supporting Information
to the 2017-18
Consultation Document***

REPORT NO. 2017/EXT/1510

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Chairman and Chief Executive's Message

Welcome to Horizons' 2017-18 Annual Plan. This Plan marks out our identified work programme for the next 12 months, and new priority areas to those listed in Year 3 of our 2015-25 Long-term Plan (LTP).

From managing pests and predators, completing river management projects and improving the resilience of some of our schemes affected by the June 2015 flood, to reviewing and improving policies and programmes such as the One Plan, our work has a direct impact on how you live, work and play in the Manawatu-Wanganui Region.

The decisions made for Year 3 of the LTP included relatively minor changes; however, there has been a need to revisit some of our priorities for the year ahead. Environmental factors, increased flood protection and drainage work, and the changing needs of our ratepayers understandably require additional levels of service and programmes of work. The end result is further investment in these identified areas, resulting in an average rate increase of 4.37 per cent for 2017-18. This proposed increase is slightly less than the 4.49 per cent increase proposed for Year 3 of the LTP.

Increased expenditure will be minimised through ongoing low interest rates on loans, and by keeping the proposed Emergency Insurance Reserves at its current 2016-17 rate rather than adding \$100,000 from reserves as agreed to for 2017-18 in the LTP.

Key areas in which we are proposing changes include transport, land and water, biosecurity and river management activities. Transport activities planned for Year 3 have been reprioritised, and subsequently are now being staged over a longer period of time. Phasing of planned Palmerston North bus services will reduce by \$400,000 for 2017-18.

Water monitoring for state and trend is undertaken by Horizons' science team, and informs many of our work programmes. Originally, Year 3 of the LTP had signalled an increase of \$190,000, however has reduced to a proposed \$136,000 increase. This funding will still allow us to continue increased monitoring, reporting and informing communities about the state of our 80 swim spots in the Region. Lower demands for works related to forestry have resulted in a proposed

reduction of \$173,000 for our Sustainable Land Use Initiative (SLUI), as opposed to the original Year 3 LTP reduction of \$119,000 of SLUI funding.

River management is a core service we provide to keep our communities safe. Good decisions and our level of service rely on good information. As a result, an additional \$100,000 is proposed for developing a numerical/computer model that will provide better, more robust solutions to current level of service issues, and also enhance our ability to keep pace with future changes. The \$100,000 estimated cost is intended to be split between the Manawatu Drainage and Lower Manawatu Schemes. Other changes to river management activities include dam management and a final part of the City Reach and Rural Upgrade Projects. Year 3 will also see targeted consultation on the potential expansion of the Matarawa Scheme.

More detail about the proposed changes can be found within this document. They are however, exactly that – proposed changes. If Council receives significant feedback from our ratepayers asking us not to implement some or all of these changes, our work will be business as usual under the original LTP work plan for 2017-18.

Having your say on how we manage the Region's natural resources can really make a difference, so please let us know what you think. Submission forms can be found online, along with supporting documentation, at www.horizons.govt.nz as well as at your nearest Horizons' office.



Bruce Gordon
CHAIRMAN
28 February 2017



Michael McCartney
CHIEF EXECUTIVE
28 February 2017

How to use this Annual Plan

This Annual Plan covers the year from 1 July 2017 to 30 June 2018. It details what Council agreed to do in Year 3 of the 2015-25 Long-term Plan (LTP) and outlines any changes.

This Document Has Three Distinct Parts

Part One: Section One sets the scene and is a good summary of what is included in this Plan and what expectations we have for ourselves as we serve you, our community. At the end of this section we have included a table to link our activities to the community outcomes.

Part Two: Sections Two to Seven sets out what we agreed to do in Year 3 of the LTP. Each of the sections represents a group of our activities that contribute towards similar outcomes in similar ways. At the start of each section we introduce the group and explain what activities are in the group and why they are grouped together. Each section then outlines the significant aspects for each activity, including if there are any material changes from what was planned in the LTP.

Part Three: Section Eight gives the overall financial statements for the organisation and includes the Annual Funding Impact Statement along with the annual administration costs for the year.

We have included both an index and glossary so you can find activities or projects you are interested in and understand some of the more technical terms we have used.

Introduction to the Annual Plan 2017-18

The Annual Plan covers the financial year from 1 July 2017 to 30 June 2018. It details what Council agreed to do in Year 3 of the 2015-25 Long-term Plan (LTP) and outlines any changes.

In Year 3 of the LTP, Council anticipated a 4.49 per cent increase in rates. However, as Council progresses through the three-year journey, there is often a need to revisit the Region's priorities. Impacts such as the June 2015 flood event, environmental issues and changing needs of our ratepayers create additional levels of services and programmes of work. The end result is additional investment in these identified areas, which has been offset by efficiencies or reduced levels of spending in other areas, and will result in a reduced average rate increase of 4.37 per cent for the 2017-18 year.

The following items are proposed variations to Year 3 of the LTP that are in this Plan.

Changes to Transport

For the 2017-18 year, our Road Safety and Transport Planning programmes will remain relatively unchanged from what was included in Year 3 of the LTP.

As part of the Palmerston North Urban Bus Service Review carried out between 2013 and 2015, Council had agreed in Year 3 of the LTP to allocate \$800,000 for bus improvements, with an additional \$800,000 to be provided by the NZ Transport Agency (NZTA).

Working in collaboration with NZTA, Council has revisited, refined and reprioritised the proposed improvements, which will now be staged over a longer period. This staged process allows us to review uptake as new services and increased frequencies are offered, and determine whether they are adding value and can be rolled out to other areas.

Commencing in Year 3, Palmerston North buses throughout the city will have extended hours, operating until approximately 8pm on weekdays. There will also be increased frequencies during the weekends. Other improvements will be

implemented in years that follow. The result of these combined changes equates to a reduced \$400,000 rating requirement of local share in 2017-18.

Changes to Land and Water

Horizons' science team monitor the Region's land, air and water for state and trends, and complete a range of science and research to inform many of our work programmes. As with the last few years, Council proposes to increase investment in the management of the Region's natural resources through biosecurity and habitat protection, land management, freshwater and partnerships, and science and innovation programmes in 2017-18.

Council's science programme had a proposed increase of \$190,000 for Year 3 in the LTP. However, for 2017-18 Council is proposing a reduced increase of \$136,000. While this is a \$54,000 saving, funding will continue to provide increased monitoring of the Region's waterways by adding three new flow recorder sites and continuing the increased swim spot monitoring programme from 17 monitored sites to 80. Year 3's funding will allow us to better report and inform communities about the rivers, lakes and beaches they swim at and advise actions to improve the water quality in our Region.

Year 3 of the LTP proposed a reduction of \$119,000 of Sustainable Land Use Initiative (SLUI) funding. Council now proposes to reduce this budget by \$173,000. This additional saving of \$54,000 reflects a lower demand for works related to forestry. The programme reduction should not affect the current levels of service, or the ability for Council to meet its contract targets for the central government funding component. The SLUI programme has been underway for 10 years and Landcare Research has assessed it as being on track to deliver approximately 30 per cent improvement in river sediment loads by 2043.

One of the Council's core statutory requirements is its regulatory business. In addition to considering applications for resource consents and ensuring consent holders are meeting their terms and conditions, our regulatory business builds community confidence that our resources are being sustainably managed, and that there is appropriate oversight of environmental matters within our Region.

Council is proposing to increase its capacity and capability levels in the regulatory area by approximately \$650,000 in comparison to Year 3 of the LTP. Three hundred thousand of the increased cost is recoverable through direct charges to resource users – either as a cost to applicants applying for consent or through annual monitoring and compliance charges for those already holding consents.

This funding increase will assist with growing resource consenting and consent monitoring capacity. It will also build our capability to respond to an increasing demand for more complex consents and central government's changes to reporting requirements as part of its Resource Management Act reform package.

The increased demand on Horizons' consents and compliance team reflects a large number of new consents, particularly for intensive agriculture, as a result of our One Plan regulations. The Region also has many municipal wastewater treatment plants that will need re-consenting in the next 1-5 years. These more complex consents often result in appeals to the Environment Court or High Court and additional resource has been budgeted to help Council resource our statutory involvement with these appeals.

Changes to Biosecurity

Over the next year, our new Pest Management Plan and associated strategy will be put into place.

For the 2017-18 Annual Plan, Council is proposing to increase funding in the biosecurity area by \$109,000 for the management of pest plants. This increases the proposed budgets in Year 3 of the LTP from \$1.5 million to \$1.61 million, and equates to a \$1.00 increase per ratepayer across the Biosecurity and Environmental Initiatives rates. Increased funding will improve our ability to respond to enquiries, enhance surveillance for pest plants in the Region and undertake more public awareness work. This increased budget includes a provision for the activity to operate effectively. It also includes enhanced funding for biological control agents to manage pest plants, which will assist with securing and releasing more agents in the Region, investing in potential new controls, and monitoring the ones we put in place.

Also in Year 3 of the LTP a biodiversity position was removed. This is proposed to be reinstated so that Council can continue to service the current demand in this area and is a minimal rates impact overall (70 cents per ratepayer). Council also

reversed the decision to remove \$50,000 funding towards the Tawata programme in Year 3. Both of these will be funded 50/50 through Environmental Initiatives and General Rates in 2017-18.

Finally, working alongside local councils, Department of Conservation, iwi and landowners, Horizons are a member of the newly formed Te Apiti Gorge Governance Group. Council is proposing an additional \$65,000 towards building the project's capacity and helping to implement a 10 year vision for our Region's unique and iconic scenic reserve. Thirty thousand of this budget has been redirected from other biodiversity projects for the year 2017-18. This means a minimal rating impact of 32 cents per ratepayer across the Region.

Changes to Strategic Management

Strategic Management ensures we look to the future as an organisation. It oversees the One Plan process, deals with policy development and relationships with central government, and drives strategy. The One Plan is the statutory document that informs resource use in the Region. It is a complex document and is subject to a rolling programme of evaluation, monitoring and potential revision. In Year 2 Council recognised additional resources were needed in the policy area. As a result of this change in Year 2, there was no impact on rates from Year 2 to Year 3. However, because it is expected that the Plan will continue to need dedicated resource in 2017-18, there is an increase compared to Year 3 of the LTP. This Year 3 LTP change will provide Council the ability to respond to central government's changing policies and regulations, while identifying areas for improvement and refining its delivery.

Changes to River Schemes

Flood protection and land drainage are paramount to our role in keeping communities safe. Managing rivers through engineering works allows us to help limit flood damage and provide land drainage to an agreed level of service. Council proposes to continue its programme of maintenance, renewal and capital works identified in Year 3 of the LTP, as well as focus on the following key areas:

Matarawa Scheme

In June 2015 the Region was impacted by a severe storm. That event had particularly pronounced effects on Whanganui and other communities along the

Region's western coastline. In response to that event, we are proposing to modify the scope of the Matarawa Scheme to include maintenance of the Matarawa Stream through the urban area at an estimated cost of \$340,000. Council is proposing that this new funding for the two-year programme commences in 2017-18. This work has been fully explained in a newsletter sent to affected ratepayers.

Manawatu Drainage Scheme and Lower Manawatu Scheme

With parts of our Region experiencing significant growth, Horizons is also mindful of the need to adapt what we do operationally to changing needs. In particular, this includes looking more closely at land drainage between Palmerston North and the Oroua River – the area generally covered by the Manawatu Drainage Scheme. Although regulations exist to limit exposure to flood risk associated with residential development, good decisions inevitably rely on good information. Council is increasingly finding that levels of service that would be considered adequate in a rural context are not so where land use is becoming more residential in nature. As a result, Council proposes an additional \$100,000 new funding in Year 3 for developing a numerical/computer model that will provide better, more robust solutions to current level of service issues, and also enhance our ability to keep pace with future changes. The \$100,000 estimated cost is intended to be split between the Manawatu Drainage and Lower Manawatu Schemes, with a \$20,000 general rate contribution.

Palmerston North City Council and Horizons are working collaboratively to encourage greater recreational use of the Manawatu River corridor, given its inevitability to become a more integral part of the cityscape. For Horizons this involves some challenges, including balancing those amenity needs with flood protection requirements. To make these judgements, Horizons relies on computer models to assess what level of river corridor modification can be accommodated. Technology has evolved considerably in this area and accordingly additional Year 3 provision has been made to significantly upgrade those models. This will enable Horizons to be more definitive about where enhancement of the river corridor is possible without compromising flood protection standards. The \$60,000 cost of this work is primarily funded through an additional Lower Manawatu Scheme targeted rate.

City Reach and Rural Upgrade Projects

The City Reach Project provides Palmerston North with flood defences designed to withstand a 1 in 500 year return period flood. Although the Project was

scheduled to finish in the 2016-17 financial year, one last piece of work has been identified and proposed for inclusion in 2017-18. As part of the works programme, provision has been made for further bank protection to the Mangaone Stream downstream of Tremaine Avenue. While there is no immediate risk of failure, the existing works are a potential weak point in the network. The works form part of Horizons' Lower Manawatu Scheme and, with the Flyers Line Spillway and Taonui Basin west of Palmerston North, serve to protect a substantial part of Palmerston North from Mangaone Stream flooding. An additional \$400,000 has been budgeted for this work and will be repaid along with the remaining debt attributable to the City Reach Project over the next 10 years.

Largely running in parallel to the City Reach Project, Horizons has also been delivering a \$40 million project that will lift the standard of flood protection to communities outside Palmerston North via the Rural Upgrade Project. The Project commenced in 2006 and is scheduled for completion in 2017-18. With such a significant and long-running project, inevitably, things change. Provision has been made to address particular issues in and around Feilding where urban growth has meant that existing flood protection infrastructure (primarily stopbanking) is now deemed unfit for purpose. As with the Mangaone work, it is intended that the cost of this additional work (estimated at \$140,000) is to be added to the borrowing required to deliver the Rural Upgrade Project.

Management of Dams

As part of its flood management operations, Horizons inspects and maintains a total of 53 dams of various shapes and sizes, mainly clustered around Marton and Hunterville. Dam safety and possible amendments to the national regulatory framework have influenced Horizons' approach to dam management and the current Year 2 Annual Plan (2016-17) includes a number of dam related initiatives. As a result, a number of issues have been identified, one of these being the need for better asset condition information. Provision has been made in Year 3 across the five schemes that look after dams (Matarawa, Pakihi, Porewa, Tawataia-Mangaone and Tutaenui). This increased funding will be used to develop operations, maintenance and surveillance plans, and to plan for future renewal and replacement expenditure. The estimated \$152,000 cost is intended to be apportioned across those five schemes and will include a general rate contribution.

Summary of Rates and their Changes for the Annual Plan 2017-18

| | Actual 2015-16 (A) | Long-term Plan Year 2 | | | Long-term Plan Year 3 | | | Annual Plan | | |
|--|--------------------------|-----------------------|---------------------|--------------|-----------------------|---------------------|--------------|----------------|---------------------|--------------|
| | | 2016-17 (B) | Annual Change (B-A) | | 2017-18 (C) | Annual Change (C-B) | | 2017-18 (D) | Annual Change (D-B) | |
| | | | \$ | % | | \$ | % | | \$ | % |
| Common Rates *1 | | | | | | | | | | |
| General Rate | 768 | 611 | (157) | (20.5%) | 518 | (93) | (15.2%) | 166 | (192) | (53.6%) |
| Uniform Annual General Charge *3 | 3,653 | 3,690 | 37 | 1.0% | 3,729 | 39 | 1.1% | 3,779 | 34 | 0.9% |
| Biosecurity | 2,807 | 2,884 | 77 | 2.7% | 3,010 | 126 | 4.4% | 3,059 | 174 | 6.0% |
| Emergency Management | 1,480 | 1,446 | (34) | (2.3%) | 1,491 | 45 | 3.1% | 1,513 | 38 | 2.6% |
| Information | 1,273 | 1,361 | 87 | 6.9% | 1,489 | 128 | 9.4% | 1,390 | 139 | 11.1% |
| Resource and Consent Monitoring | 1,484 | 1,531 | 47 | 3.2% | 1,592 | 61 | 4.0% | 1,941 | 319 | 19.7% |
| River and Drainage | 3,304 | 3,395 | 91 | 2.8% | 3,531 | 136 | 4.0% | 3,626 | 190 | 5.5% |
| Strategic Management | 1,437 | 1,359 | (78) | (5.4%) | 1,291 | (68) | (5.0%) | 1,476 | 18 | 1.2% |
| Water Quality and Quantity | 3,764 | 4,093 | 329 | 8.7% | 4,308 | 197 | 4.8% | 4,262 | 160 | 3.9% |
| Sustainable Land Use Initiative (SLUI) UAC | 3,353 | 3,704 | 351 | 10.5% | 3,648 | (56) | (1.5%) | 3,593 | (150) | (4.0%) |
| Environmental Initiatives UAC | 1,704 | 1,751 | 47 | 2.7% | 1,737 | (14) | (0.8%) | 1,947 | 227 | 13.2% |
| Targeted Rate Transport Planning etc | 231 | 190 | (41) | (17.7%) | 204 | 14 | 7.4% | 199 | (22) | (10.1%) |
| Individual Rates*2 | | | | | | | | | | |
| AHB Tb Vector Levy | 150 | - | (150) | (100.0%) | - | - | - | - | - | - |
| Manawatu River Accord UAC | 410 | 423 | 13 | 3.1% | 435 | 12 | 2.8% | 410 | - | 0.0% |
| Production Pest Animal Management | 1,309 | 1,354 | 45 | 3.5% | 1,420 | 66 | 4.9% | 1,354 | (3) | (0.2%) |
| Production Pest Rook Management | 142 | 135 | (7) | (5.2%) | 500 | (6) | (4.4%) | 131 | - | 0.3% |
| Infrastructure Insurance Review | 300 | 400 | 100 | 33.3% | 129 | 100 | 25.0% | 400 | - | 0.0% |
| Rangitikei old man's beard eradication 4 ha and over | 67 | 68 | 2 | 2.5% | 70 | 2 | 2.9% | 67 | - | 0.0% |
| Rangitikei old man's beard eradication under 4 ha | 29 | 29 | 1 | 2.5% | 30 | 1 | 3.4% | 29 | - | 0.0% |
| River and Drainage Scheme | 8,247 | 8,427 | 180 | 2.2% | 8,645 | 218 | 2.6% | 8,721 | 354 | 4.2% |
| River and Drainage Scheme Rates (UAC) | 1,110 | 1,114 | 4 | 0.4% | 1,142 | 28 | 2.5% | 1,173 | 48 | 4.2% |
| Regional Park UAC | 207 | 212 | 5 | 2.4% | 216 | 4 | 1.9% | 166 | (1) | (0.5%) |
| Production Pest Plant Management | 115 | 118 | 3 | 2.6% | 122 | 4 | 3.4% | 92 | (21) | (18.5%) |
| Production Pest Plant Management UAC | 19 | 20 | 1 | 2.6% | 20 | - | 0.0% | 15 | (3) | (18.5%) |
| Transport Passenger Services | 1,422 | 1,736 | 314 | 22.0% | 2,634 | 898 | 51.7% | 2,146 | 442 | 25.9% |
| Waitare UAC | 7 | 7 | - | 2.5% | 7 | - | 0.0% | 7 | - | 0.0% |
| Horowhenua Weed Harvester | 76 | 166 | 90 | 117.4% | 125 | (41) | (24.8%) | 177 | 2 | 0.9% |
| Grand Total | 38,867 | 40,223 | 1,355 | 3.49% | 42,030 | 1,807 | 4.49% | 41,842 | 1,755 | 4.38% |
| UAC total (for 30% cap) | 10,539 | 11,086 | | | 11,060 | | | 11,268 | | |
| | 27% | 28% | | | 26% | | | 27% | | |

*1 Common rates apply to all properties across the Region.

*2 Individual rates apply to properties depending on the location and size of each individual property. Some of these rates will not apply for some properties. For example, the pest animal rate per hectare will not apply to properties under 4 ha.

*3 UAC for 2017-18 includes approximately \$1 per rate payer to fund coordination of the Regional Growth Project.

District by District Rate Change 2016-17 to 2017-18

| | 2016-17 | 2017-18 | Change | | 2016-17 | 2017-18 | Change |
|------------------------------|-------------------|-------------------|----------------|--------------------------------|-------------------|-------------------|------------------|
| Horowhenua District | | | | Whanganui District | | | |
| Common Rates | 3,617,044 | 3,908,314 | 291,270 | Common Rates | 4,005,426 | 4,046,357 | 40,931 |
| Individual Rates | 2,671,111 | 2,801,212 | 130,101 | Individual Rates | 1,109,085 | 1,128,280 | 19,195 |
| Total Rates | 6,288,155 | 6,709,526 | 421,371 | Total Rates | 5,114,511 | 5,174,637 | 60,126 |
| Manawatu District | | | | Part Stratford District | | | |
| Common Rates | 3,756,100 | 4,130,529 | 374,429 | Common Rates | 42,132 | 43,951 | 1,819 |
| Individual Rates | 2,721,081 | 2,848,857 | 127,776 | Individual Rates | 29,005 | 22,588 | (6,417) |
| Total Rates | 6,477,181 | 6,979,386 | 502,205 | Total Rates | 71,137 | 66,539 | (4,598) |
| Palmerston North City | | | | Part Taupo District | | | |
| Common Rates | 7,813,527 | 7,973,162 | 159,635 | Common Rates | 845 | 846 | 1 |
| Individual Rates | 3,827,008 | 4,336,597 | 509,589 | Individual Rates | 4,823 | 4,828 | 5 |
| Total Rates | 11,640,535 | 12,309,759 | 669,224 | Total Rates | 5,668 | 5,674 | 6 |
| Rangitikei District | | | | Part Waitomo District | | | |
| Common Rates | 2,027,323 | 2,027,701 | 378 | Common Rates | 32,457 | 28,252 | (4,205) |
| Individual Rates | 1,146,827 | 1,200,759 | 53,932 | Individual Rates | 15,304 | 14,337 | (967) |
| Total Rates | 3,174,151 | 3,228,460 | 54,309 | Total Rates | 47,761 | 42,589 | (5,172) |
| Ruapehu District | | | | Region Total | | | |
| Common Rates | 2,090,782 | 2,114,077 | 23,295 | Common Rates | 26,042,656 | 26,953,144 | 910,488 |
| Individual Rates | 629,016 | 631,730 | 2,714 | Individual Rates | 14,045,202 | 14,888,594 | 843,392 |
| Total Rates | 2,719,799 | 2,745,807 | 26,008 | Total Rates | 40,087,859 | 41,841,738 | 1,753,879 |
| Tararua District | | | | | | | |
| Common Rates | 2,657,020 | 2,679,955 | 22,935 | | | | |
| Individual Rates | 1,891,942 | 1,899,406 | 7,464 | | | | |
| Total Rates | 4,548,962 | 4,579,361 | 30,399 | | | | |

| Hectares | Old CV | New CV | CV % Change | % of Rateable Properties | 2016-17 Rates | 2017-18 Estimated | 2017-18 Change \$ | 2017-18 Change % |
|-----------|-----------|-----------|-------------|--------------------------|---------------|-------------------|-------------------|------------------|
| 92.674 | 3,130,000 | 3,130,000 | - | | 1,669.81 | 1,677.89 | 8.08 | 0.5% |
| 135.914 | 4,860,000 | 4,860,000 | - | | 4,117.92 | 4,129.60 | 11.68 | 0.3% |
| 1,493.035 | 5,975,000 | 5,975,000 | - | | 5,426.30 | 5,472.45 | 46.15 | 0.9% |

Notes:

- 1 Porewa
- 2 Valuation and Matarawa Scheme

WHANGANUI DISTRICT

| Hectares | Old CV | New CV | CV % Change | % of Rateable Properties | 2016-17 Rates | 2017-18 Estimated | 2017-18 Change \$ | 2017-18 Change % |
|-----------|-----------|------------|-------------|--------------------------|---------------|-------------------|-------------------|--------------------|
| 0.303 | 2,500 | 3,000 | 0.200 | | 3.12 | 3.34 | 0.22 | 7.0% |
| 0.030 | 56,000 | 56,000 | - | | 137.95 | 138.85 | 0.90 | 0.6% |
| 0.054 | 68,000 | 71,000 | 0.044 | | 145.74 | 148.40 | 2.66 | 1.8% |
| 0.078 | 80,000 | 84,000 | 0.050 | | 153.53 | 156.67 | 3.14 | 2.0% |
| 15.507 | 90,000 | 90,000 | - | | 169.88 | 172.87 | 2.99 | 1.8% |
| 0.072 | 90,000 | 95,000 | 0.056 | | 160.02 | 163.68 | 3.66 | 2.3% |
| 0.710 | 100,000 | 100,000 | - | | 45.58 | 45.75 | 0.17 | 0.4% |
| - | 102,000 | 107,000 | 0.049 | 14.63% | 167.79 | 171.32 | 3.53 | 2.1% |
| 0.041 | 119,000 | 125,000 | 0.050 | | 178.80 | 182.78 | 3.98 | 2.2% |
| 0.061 | 132,000 | 139,000 | 0.053 | | 187.24 | 191.69 | 4.45 | 2.4% |
| 0.067 | 135,000 | 150,000 | 0.111 | | 189.19 | 198.70 | 9.51 | 5.0% |
| 0.071 | 147,000 | 155,000 | 0.054 | | 196.97 | 240.63 | 43.66 | 22.2% ² |
| 0.066 | 149,000 | 149,000 | - | | 198.26 | 198.06 | (0.20) | -0.1% |
| 0.097 | 150,000 | 160,000 | 0.067 | | 198.96 | 205.06 | 6.10 | 3.1% |
| - | 155,000 | 165,000 | 0.065 | 44.67% | 202.16 | 208.25 | 6.09 | 3.0% |
| 0.067 | 160,000 | 130,000 | (0.188) | | 205.38 | 185.96 | (19.42) | (9.5%) |
| 0.093 | 160,000 | 160,000 | - | | 217.45 | 216.69 | (0.76) | (0.3%) |
| 0.098 | 170,000 | 180,000 | 0.059 | | 211.88 | 262.80 | 50.92 | 24.0% ² |
| 0.071 | 180,000 | 190,000 | 0.056 | | 218.37 | 224.16 | 5.79 | 2.7% |
| 0.030 | 185,000 | 225,000 | 0.216 | | 221.60 | 246.45 | 24.85 | 11.2% |
| 2.023 | 190,000 | 190,000 | - | | 224.86 | 224.16 | (0.70) | (0.3%) |
| 0.101 | 225,000 | 240,000 | 0.067 | | 247.55 | 256.00 | 8.45 | 3.4% |
| 0.118 | 225,000 | 260,000 | 0.156 | | 245.61 | 270.65 | 25.04 | 10.2% |
| 1.000 | 255,000 | 255,000 | - | | 228.74 | 231.76 | 3.02 | 1.3% |
| 0.092 | 255,000 | 245,000 | (0.039) | 18.96% | 265.07 | 259.18 | (5.89) | (2.2%) |
| 0.441 | 265,000 | 265,000 | - | | 233.09 | 236.14 | 3.05 | 1.3% |
| 0.086 | 280,000 | 310,000 | 0.107 | | 285.15 | 302.49 | 17.34 | 6.1% |
| 0.659 | 335,000 | 335,000 | - | | 263.64 | 266.82 | 3.18 | 1.2% |
| 0.058 | 300,000 | 355,000 | 0.183 | | 298.12 | 331.14 | 33.02 | 11.1% |
| 0.086 | 300,000 | 315,000 | 0.050 | 9.07% | 298.12 | 305.67 | 7.55 | 2.5% |
| 0.184 | 365,000 | 385,000 | 0.055 | | 340.26 | 350.24 | 9.98 | 2.9% |
| 74.600 | 385,000 | 453,000 | 0.177 | | 363.24 | 396.57 | 33.33 | 9.2% |
| 497.000 | 420,000 | 580,000 | 0.381 | 4.44% | 822.72 | 902.32 | 79.60 | 9.7% |
| 737.165 | 475,000 | 570,000 | 0.200 | | 1,101.51 | 1,152.75 | 51.24 | 4.7% |
| 83.062 | 490,000 | 500,000 | 0.020 | | 418.06 | 426.15 | 8.09 | 1.9% |
| 2.598 | 555,000 | 555,000 | - | 2.42% | 361.58 | 365.15 | 3.57 | 1.0% |
| 419.866 | 820,000 | 900,000 | 0.098 | 1.46% | 1,071.12 | 1,119.43 | 48.31 | 4.5% |
| 0.129 | 980,000 | 920,000 | (0.061) | 0.83% | 740.96 | 692.80 | (48.17) | (6.5%) |
| 898.206 | 2,000,000 | 2,820,000 | 0.410 | 0.41% | 2,249.46 | 2,626.54 | 377.08 | 16.8% |
| 90.505 | 2,420,000 | 3,154,000 | 0.303 | 0.75% | 1,289.43 | 1,618.32 | 328.89 | 25.5% |
| 89.098 | 3,560,000 | 3,870,000 | 0.087 | | 1,785.46 | 1,930.60 | 145.14 | 8.1% |
| 1,039.360 | 3,650,000 | 4,320,000 | 0.184 | 0.83% | 3,121.74 | 3,429.76 | 308.02 | 9.9% |
| 432.494 | 6,675,000 | 7,930,000 | 0.188 | | 3,509.19 | 4,074.20 | 565.01 | 16.1% |
| 249.312 | 5,750,000 | 10,240,000 | 0.781 | 0.78% | 2,704.95 | 4,892.18 | 2,187.23 | 80.9% |
| 3,592.554 | 7,400,000 | 7,700,000 | 0.041 | 0.75% | 7,727.68 | 7,884.88 | 157.20 | 2.0% |

How to have your say

The Submission Process

Council's elected members adopted the Consultation Document and Supporting Information to the Consultation Document and released it for public submission on 13 March 2017. Copies of the Consultation Document and Supporting Information will be available online (<http://www.horizons.govt.nz/>), at Horizons' service centres, or by freephoning 0508 800 800 and requesting a copy. The submission process gives our whole regional community a chance to have their say on any proposed changes to Year 3 of the LTP, as outlined in the Consultation Document.

A submission is a written statement that details particular concerns you may have with any changes to Year 3 of the LTP, as outlined in the Consultation Document. Submissions can be made either in writing or through conversation with a Council staff member. This information will then be documented and added to all other written statements regarding the Plan. If you want to speak directly to a Council meeting on a particular issue then please state this in your submission and we will organise times and dates for you to do that (see options below).

The Council will be accepting submissions from Monday, 13 March to 5pm Thursday, 13 April 2017. The days of 8, 10 and 11 May 2017 have been set aside to hear submissions on the proposed Plan. Dates will be confirmed after all of the submissions have been received. If you have indicated you want to be heard in person, we will contact you to arrange a hearing time and advise you on any other details. The councillors will then meet to consider all submissions on 23 and 24 May 2017 and the final Plan will be adopted on 7 June 2017.

This process is important in enabling the Council to remain connected and develop a sustainable environment together with our community.

How Do I Have My Say?

We have put in place a variety of ways for you to have your say on our proposed Annual Plan. These include:

Oral Submissions

Phone Message: You can **freephone 0508 800 800** and ask to leave a voice message telling us your concerns and/or what you think about the Plan.

Phone Call: If you would like to talk to someone directly about the Plan or your submission for the Plan, or to discuss Horizons' direction in general, **freephone 0508 800 800**.

Written Submissions

Online: You will be able to send us your submission online via our website www.horizons.govt.nz

Email: You can email us at annualplan@horizons.govt.nz

Write to us: You can write or type your submissions and post them to:

HAVE YOUR SAY
Proposed Annual Plan
Horizons Regional Council
Private Bag 11 025
Manawatu Mail Centre
Palmerston North 4442

You can write a letter or you can use our submission forms. These forms are available on our website www.horizons.govt.nz or **freephone 0508 800 800** and we will post you a copy.

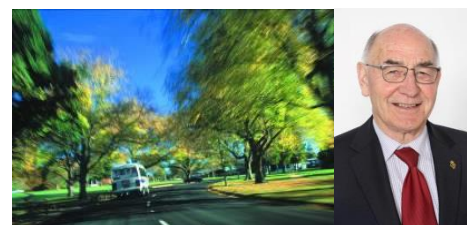
Submission Hearings

The days of 8, 10 and 11 May 2017 have been set aside to hear submissions on the proposed Plan. Dates will be confirmed after all of the submissions have been received. If you have indicated you want to be heard in person, we will contact you to arrange a hearing time and advise you on any other details. The location of the hearings will depend on where submissions have been received.

Your Councillors



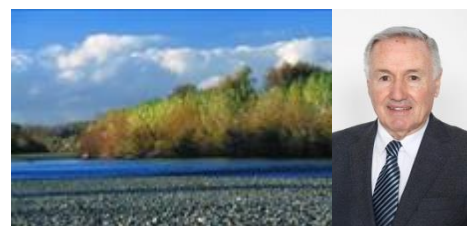
Bruce Gordon CHAIRMAN
 Manawatu-Rangitikei Constituency
 265 Waimutu Road
 RD 2
 Marton 4788
T 06 327 6094
M027 442 7462
E bruce@brucegordoncontracting.co.nz



Paul Rieger QSO JP
 Palmerston North Constituency
 35 Manapouri Crescent
 Palmerston North 4410
T 06 357 8323
E paul@rieger.co.nz



Gordon McKellar
 Manawatu-Rangitikei Constituency
 Lees Road
 RD 5
 Feilding 4775
T 06 323 4792
M027 267 1551
E woodchester@xtra.co.nz



Pat Kelly JP
 Palmerston North Constituency
 16 Batt Street
 Palmerston North 4410
T 06 356 3400
E pat.kelly@xtra.co.nz



Wiremu Te Awe Awe
 Palmerston North Constituency
 1180a Rangiotu Road
 RD 7
 Palmerston North 4477
M021 918 242
E wiremu.k.teaweawe@gmail.com



Rachel Keedwell
 Palmerston North Constituency
 24 Buick Crescent
 Palmerston North 4412
T 06 356 5519
M021 177 2790
E rachel4horizons@gmail.com



Lindsay Burnell QSM
Horowhenua-Kairanga Constituency
146 Kuku Beach Road
RD 20
Ohau 5570
T 06 362 6545
M 021 2277 301
E l.burnell@xtra.co.nz



Colleen Sheldon
Horowhenua-Kairanga Constituency
1304 Rangiotu Road
RD 7
Palmerston North 4477
T 06 329 6989
M 021 264 2301
E colleensheldon.nz@gmail.com



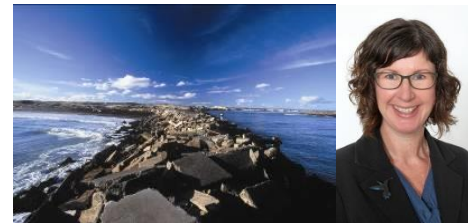
Bruce Rollinson
Ruapehu Constituency
836 Raetihi Road
Ohakune 4691
T 06 385 8800
E bruce-steph@farmside.co.nz



John Barrow
Taranua Constituency
299 Maharara Road
RD 2
Dannevirke 4972
T 06 374 5153
M 021 0268 0683
E jjbarrow@hotmail.com



David Cotton
Wanganui Constituency
854 Rapanui Road
Whanganui 4574
T 06 342 9666
M 0274 425 920
E rcl95@clear.net.nz



Nicola Patrick
Wanganui Constituency
16 Ingestre Street
Whanganui 4500
T 06 347 1070
M 027 871 6459
E nicola.young.nz@gmail.com

The Horizons Regional Council

The Region's six constituencies provide a total of 12 elected representatives who form the governance body of Horizons Regional Council, which is the trading name of the Manawatu-Wanganui Regional Council. Local government elections are run every three years, and the chair of the Council is elected by the members of the Council. The next election is due in October 2019 and will be run on the first-past-the-post voting system.

The chief executive is employed directly by the Council. The chief executive, in turn, employs the staff of Horizons Regional Council. The staff of the Council number approximately 200 full-time equivalents. Around half of the staff are based at the head office in Palmerston North. The remainder are located at offices and depots throughout the Region.

The Horizons Region is divided into six constituencies as listed here:

RUAPEHU CONSTITUENCY
WANGANUI CONSTITUENCY
MANAWATU/RANGITIKEI CONSTITUENCY
HOROWHENUA/KAIRANGA CONSTITUENCY
PALMERSTON NORTH CONSTITUENCY
TARARUA CONSTITUENCY

The Council carries out much of its work through a number of Standing Committees. These include:

STRATEGY AND POLICY COMMITTEE
CATCHMENT OPERATIONS COMMITTEE
ENVIRONMENT COMMITTEE
AUDIT, RISK AND INVESTMENT COMMITTEE
REGIONAL TRANSPORT COMMITTEE
PASSENGER TRANSPORT COMMITTEE
MANAWATU RIVER USERS' ADVISORY GROUP
LINKLATER BURSARY SUB-COMMITTEE

Organisational groups you may work with or meet out in the Region



STRATEGY AND REGULATION GROUP

The Strategy and Regulation Group has a policy development and monitoring role. Its main focus currently is the evaluation of the One Plan. The group administers resource consents under the Resource Management Act, and ensures that resource users are complying with their consent conditions.



REGIONAL SERVICES GROUP

The Regional Services Group provides public transport and road safety services, catchment information and emergency management.



RIVER MANAGEMENT GROUP

The River Management Group provides comprehensive river and drainage engineering services to the Region's communities.



NATURAL RESOURCES AND PARTNERSHIPS GROUP

The Natural Resources and Partnerships Group implements many of the regional planning initiatives, and provides land and water management services to the Region. The group's current activities include: protecting the Region's top wetlands and bush remnants, advising on soil conservation, catchment management, and targeting the eradication of pest plants and animals.

Community Outcomes



Land Management
Sustainable management of the Region’s land



Flood Protection
Early warning and reasonable protection from flood events



Water Quality
Clean and healthy rivers and lakes



Natural Hazards
Early warning, organised response and recovery from natural hazard events



Water Quantity
Sustainable management and fair allocation of water resources



Coastal Environmental Management
Balanced use of coastal environment



Managing Indigenous Biodiversity
Protection and enhancement of indigenous biodiversity



Air Quality
Clean air



Control of Plant and Animal Pests
Sustained plant and animal pest control



Transport
Safe and accessible transport systems

Directory of Council

Council Addresses

| | |
|---|--|
| Postal Address: | HORIZONS REGIONAL COUNCIL Private Bag 11025 Manawatu Mail Centre Palmerston North 4442 |
| Regional House Palmerston North: | 11-15 Victoria Avenue, Palmerston North 4410 Tel. 06 9522 800, Fax 06 9522 929 |
| Regional House Whanganui: | 181 Guyton Street, Whanganui 4500 Freephone 0508 800 800 |
| Service Centres: | <p>KAIRANGA Corner Rongotea/Bunnythorpe Kairanga Roads Palmerston North 4475 Freephone 0508 800 800</p> <p>MARTON Corner Hammond and Hair Streets, Marton 4710 Freephone 0508 800 800</p> <p>WOODVILLE Corner Vogel and Tay Streets, Woodville 4920 Freephone 0508 800 800</p> <p>TAUMARUNUI 34 Maata Street, Taumarunui 3924 Freephone 0508 800 800</p> |
| Depots: | <p>LEVIN 11 Bruce Street, Levin 5510 Freephone 0508 800 800</p> <p>TAIHAPE 243 Wairanu Road, RD 3, Taihape 4793 Freephone 0508 800 800</p> |

Council Contact Information

| | |
|-------------------------|--|
| Freephone: | 0508 800 800 |
| Rates Freephone: | 0508 700 800 |
| Email: | help@horizons.govt.nz |
| Website: | www.horizons.govt.nz |
| Bankers: | Bank of New Zealand Palmerston North |
| Auditor: | Controller and Auditor General Audit Office Wellington |

Introducing the Land and Water Management Group of Activities

What is included in this group?

This group of activities includes our Land Management, Water Quality and Quantity, and Resource Consent and Pollution Management activities.

Our Land Management Activity aims to guard and manage our Region's land and soil for current and future generations. The Water Quality and Quantity Activity seeks to preserve the quality and quantity of our water supplies while at the same time allowing our water resource to be used for the economic and social goals of our community. Our Resource Consent and Pollution Activity seeks to manage wisely and protect the Region's land and water resources.

Why does Council deliver this group of activities?

We undertake this group of activities as it strongly contributes to the following community outcomes:

- Land Management
- Water Quality
- Water Quantity
- Flood Protection
- Coastal Environmental Management

In addition the group also contributes to the following community outcome:

- Managing Indigenous Biodiversity

These activities are grouped together as they all affect our rivers and water sources and have a high degree of interconnectivity. Work in one activity will contribute to the community outcomes of the other activities. For example, erosion protection work under our Land Management Activity will not only contribute to the land management community outcome (through sustainable management of our soil), it will also benefit the water quality outcome (through less sediment resulting in higher water quality). Our Resource Consent and Pollution Activity protects all aspects of our Region's natural resources.

Significant negative effects on the community goals

While none of the activities in this group have significant negative impacts on any of the four goals, there are trade-offs between some of the community goals. Work on protecting land, water and air quality will benefit environmental goals and may restrict economic goals. However, in order to sustainably live in the Region, this trade-off is required so long-term economic, social and cultural goals can be maintained.

Highlights

Land Management

In the 2015-25 LTP we signalled our continued support for the Land Management Activity, which includes SLUI, Whanganui Catchment Strategy and other general land programmes. During the term of the 2017-18 Annual Plan we propose to bring 20,000 ha of land under a Whole Farm Plan and treat (plant or mitigate issues) over 2,900 ha of highly erodible land (land at risk of accelerated erosion). A further 100 ha of erodible land will be treated in the Whanganui Catchment and an additional 75 ha of other land in the wider catchment also suffering from erosion and soil issues will be treated. To complete these works we will be supported by Central Government (Hill Country Erosion Fund) with \$1.15 million and Whanganui River Enhancement Trust with \$69,000.

Water Quality and Quantity

As agreed in the LTP, this Plan will continue to expand our research and monitoring programme of the regional water (quality and quantity) at a cost of \$4.642 million for 2017-18 to not only seek water quality improvements but to also support economic development. The increase in funding will allow us to continue our summer swim spot monitoring programme. Of the total research budget, the Region's ratepayers will pay \$3.21 million and water consent holders \$1.42 million for 2017-18.

The Water Quality and Quantity Activity will also complete physical water quality improvement works through the aquatic habitat improvement programme. This programme includes the work of the Manawatu River Leader's Accord, the Lake Horowhenua Accord and a region-wide programme. A significant component of this work in 2017-18 will be delivered in partnership through the four Te Mana o Te Wai projects that have drawn over \$2.5 million of central government funding to projects totalling over \$3 million of freshwater improvement work programmes. The overall programme for the implementation part of the water aquatic habitat activity was originally budgeted to increase by \$3,000 from 2016-17 Annual Plan to year 3 of the Long-term Plan (2017-18). It is now proposed, in the 2017-18 Annual Plan that the budget reduce by \$10,000 from 2016-17 to 2017-18. The Horizons proposed budget for the implementation work in 2017-18 (\$1.68 million) is primarily funded by the Region's ratepayers (\$1.65 million) with the contributions to water quality improvement as a part of the Manawatu Accord being paid for via a targeted rate (\$300,000) and the restoration work for Lake Horowhenua Accord being funded primarily (80 per cent) by ratepayers in the Horowhenua (\$177,000).

Resource Consent and Pollution Management

We propose to continue our granting and monitoring of consents with emphasis on those consents that impact most on the Region's environment. Over the 2017-18 year we propose to focus consent processing on those land use consents associated with intensive agriculture and consents relating to territorial authority discharges. We propose to spend \$3.95 million in 2017-18 on this activity with the majority of these costs (\$2.01 million) being funded by consent holders.

Land and Water Management Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---|---------------|---------------|--------------------------|---------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| LAND MANAGEMENT | 5,299 | 6,226 | 6,059 | 6,340 |
| WATER QUALITY AND QUANTITY | 5,791 | 6,140 | 6,406 | 6,318 |
| RESOURCE CONSENT AND POLLUTION MANAGEMENT | 3,101 | 3,630 | 3,173 | 3,950 |
| Total Operating Expenditure | 14,191 | 15,996 | 15,638 | 16,608 |
| Capital Expenditure | 1,058 | 406 | 444 | 238 |
| Total Funding Required | 15,249 | 16,402 | 16,082 | 16,846 |
| Funded By | | | | |
| User Fees and Other Revenue | 6,295 | 5,283 | 4,923 | 5,348 |
| Individual Rates | 486 | 585 | 546 | 587 |
| Common Rates | 9,484 | 10,321 | 10,411 | 10,613 |
| Loans and Reserves | (1,016) | 212 | 202 | 298 |
| Total Funded | 15,249 | 16,402 | 16,083 | 16,846 |

| Capital Expenditure \$000 | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------------|--------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Meet Additional Demand | - | - | - | - |
| Improve Level of Service | - | - | - | - |
| Replace Existing Assets | 1,058 | 406 | 444 | 238 |
| Total Capital Expenditure | 1,058 | 406 | 444 | 238 |

Prospective Funding Impact Statement for the Land and Water Management Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---|----------------|---------------|--------------------------|---------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | 9,484 | 10,321 | 10,411 | 10,613 |
| Targeted rates | 486 | 585 | 546 | 587 |
| Subsidies and grants for operating purposes | 2,296 | 1,190 | 1,150 | 1,149 |
| Fees and charges | 3,454 | 4,040 | 3,750 | 4,199 |
| Internal charges and overheads recovered | 57 | 54 | 22 | - |
| Interest and dividends from investments | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total sources of operating funding (A) | 15,777 | 16,190 | 15,880 | 16,548 |
| Applications of Operating Funding | | | | |
| Payments to staff and suppliers | 5,540 | 6,727 | 6,175 | 6,830 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 8,555 | 9,106 | 9,335 | 9,628 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 14,095 | 15,833 | 15,510 | 16,458 |
| Surplus (Deficit) of Operating Funding (A-B) | 1,682 | 357 | 370 | 90 |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | - | - | - | - |
| Applications of Capital Funding | | | | |
| Capital expenditure: | | | | |
| · to meet additional demand | - | - | - | - |
| · to improve the level of service | - | - | - | - |
| · to replace existing assets | 624 | 406 | 444 | 238 |
| Increase (decrease) in reserves | 1,058 | (49) | (73) | (148) |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 1,682 | 357 | 371 | 90 |
| Surplus (Deficit) of Capital Funding (C-D) | (1,682) | (357) | (371) | (90) |
| Funding Balance | - | - | (1) | - |
| Depreciation | 97 | 163 | 129 | 150 |



Land Management Activity

Overview

The Land Management Activity covers Horizons' main land-based initiatives to protect our important soil and land resources. The implementation side of the activity includes the Sustainable Land Use Initiative (SLUI), the Whanganui Catchment Strategy (WCS) and our Regional Land and Coastal Programme. The activity also includes the research and monitoring programmes related to land and fluvial (gravel) resources.

Hill country farming is important to our Region's economy. Maintaining the soil resource on our productive land and reducing the sediment loss to waterways can have many benefits for our Region's economy and environment. These benefits include reduced sediment in rivers that can contribute to improvements in water quality and aquatic habitat as well as reducing the impacts of sediment on flood risk downstream due to reduced flood flow carrying capacity in rivers.

Our land management programmes also address erosion issues such as protecting the health of our soils, managing fragile dune lands and reducing the impact of land use on water quality. The land research and monitoring programme also assists with issues such as onsite wastewater system management, tracking the effectiveness of our implementation programmes and supporting research to inform the management of the land resources. The fluvial research programme is heavily focussed on management of the gravel resource, tracking the changes in the rivers' carrying capacity and researching sediment transport in rivers to inform management of our flood protection schemes, and to inform water quality improvement work.

Overall the budget for the Land Management Activity was budgeted to decrease by \$166,000 in the Long-term Plan compared to the 2016-17 Annual Plan budget. These savings were proposed primarily to be through a reduction to expenditure in SLUI. Council are now proposing an increase of \$114,000 compared to 2016-17 levels, with the increase primarily attributed to the nursery and trading budgets.

What we propose to do in 2017-18

Sustainable Land Use Initiatives (SLUI)

This programme is targeted at priority hill land that is prone to erosion. Under SLUI we aim to develop Whole Farm Plans (WFPs) with farmers. These plans help us and the farmers understand the land resources of their farm and then produce works programmes, with the aid of grant money, to address the erosion and water quality issues on the farm.

Horizons has successfully contested for funding from Central Government's Hill Country Erosion Fund (HCEF) and will receive \$4.76 million in funding through until June 2019 (\$1.15 million in 2017-18). 2017-18 will be the third year of this contract.

Throughout the 12 years of activity in SLUI, over 13.6 million trees have been planted and 26,000 ha of erosion control works have been completed. The programme has produced WFPs for about 40 per cent of the land in sheep and beef farming in the Region. The over 640 plans are expected to cover 500,000 ha by the end of 2017-18. This is nearly a quarter of the whole Region's area. Landcare Research modelling predicts that SLUI is on track to deliver around a 27 per cent improvement in sediment loads in the Region's rivers by 2043, with some catchments predicted to have in the order of 60 per cent improvement. Further modelling work has cautioned that Climate Change may impact on some of these gains with the improvement overall predicted to drop to 12 per cent overall in a medium climate change scenario. Horizons will continue to monitor and model the outcomes of SLUI.

This year we plan to maintain the number of WFPs being prepared at around 20,000 ha, while at the same time we aim to increase the amount of land treated from 2,800 ha in 2016-17 to 2,900 ha.

The proposed budget for SLUI in the Annual Plan for the 2017-18 year has \$12,000 less operating expenditure than the Annual Plan budget for 2016-17. In comparison to Year 3 of the LTP, this is an increase of \$195,000. This increase has been offset by a reduction in capital expenditure, resulting in an overall reduction to the rate payer of \$54,000. This has not impacted the work being

carried out on the ground; rather it is a reflection of overall efficiencies in costs including a delay in the need for silviculture in some of the forestry that is part of the programme.

Whanganui Catchment Strategy (WCS)

This programme covers erosion prone hill country within priority areas of the Whanganui River Catchment (lower Ohura, upper Ohura and Waikaka) and also develops WFPs along with one-off work programmes to address erosion and water quality issues on farms. Horizons has received funding support from the Whanganui River Enhancement Trust (WRET) to encourage more work to be completed, to establish a local demonstration farm and to increase local production of pole material to be sold for erosion control works. This work will continue this year. The expenditure budget for this activity in the 2017-18 Annual Plan is proposed to be \$2,000 more than in the 2016-17 Annual Plan. This increase is \$7,000 less than the budget increase in the Long-term Plan.

The overall target for hectares of work has been reduced from 200 hectares to 100 hectares to reflect the level of delivery that has occurred over recent years with the funding that was available.

Regional and Coast and Nursery and Trading

Horizons continues to provide advice and one-off grants to landowners to address erosion issues throughout the Region, including our sand country. We also support and partner with a variety of industry-led programmes promoting sustainable land use. The two major areas of support are to the Ballance Farm Environment Awards and the New Zealand Poplar and Willow Research Trust. The programme also promotes soil health through workshops and monitoring, and runs pole nurseries to support the supply of erosion control material to landowners in the Region.

The land management team continues to assist with the implementation of the One Plan through managing the on-farm consent process for a number of activities: cultivation, earth disturbance, vegetation clearance, erosion and sediment control plans for forestry. It is anticipated that a National Environmental Standard for Production Forestry will be introduced in 2017-18.

Overall this activity is anticipated to increase by \$127,000 compared to 2016-17, reflecting increased investment in the nursery and trading activity. This does not have an impact on rates, it is as a result of increased pole numbers and sales.

Research and Monitoring

Research and monitoring provides information around priorities for the work programmes and the effectiveness of the work programmes. In the Land Management Activity the research programmes are:

- The land research and monitoring programme, which includes support of the SLUI programme, project work around effluent management and treatment, and further research in partnership with others around nutrient management on farms; and
- The fluvial monitoring and research programme that completes monitoring and project work around gravel management and sediment movement/storage in the Region's rivers, particularly in relation to the Region's flood management infrastructure. A major component of this work is regular cross section surveys of the Region's rivers to measure changes in river channel capacity.

The budget in the 2017-18 Annual Plan for the land research and monitoring programme is proposed to stay at the same level as the 2016-17 Annual Plan. This provides a budget \$6,000 less than budgeted for in Year 3 of the Long-term Plan.

In 2017-18 the fluvial research and monitoring programme is proposed to stay at an expenditure level \$2,000 less than the 2016-17 Annual Plan. This proposed 2017-18 budget is a \$25,000 decrease on Year 3 budget in the Long-term Plan. Subsequently, both programmes are anticipated to continue to complete similar levels of service as achieved in 2016-17.

Land Management – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|--|--|--|--|---|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| SUSTAINABLE LAND USE INITIATIVE (SLUI) | | | | |
| Erosion reduction works programmes in targeted SLUI catchments (hectares) | 2,914 | 2,800 | 2,900 | 2,900 |
| Hectares of Whole Farm Plan properties mapped per year | 28,771 | 20,000 | 15,000 | 20,000 |
| WHANGANUI CATCHMENT STRATEGY (WCS) | | | | |
| Manage environmental grant programme to deliver erosion reduction works (hectares) | 151 | 200 | 200 | 100 |
| Deliver programme in conjunction with Whanganui River Enhancement Trust | 1 | 1 | 1 | 1 |
| REGIONAL LAND INITIATIVES (NON-SLUI and WCS incl. COASTAL DUNE AREAS) | | | | |
| Manage environmental grant programme to deliver erosion reduction works (hectares) | 118 | 150 | 150 | 75 |
| Support industry initiatives that promote sustainable land use via industry partnerships | 4 | 4 | 4 | 4 |
| Environmental award programmes completed per year | 1 | 1 | 1 | 1 |
| Operate Council nursery and source additional commercial material to deliver poles (poplar and willow) to erosion control programmes (number of poles) | 31,383 | 30,000 | 30,000 | 31,000 |
| RESEARCH AND MONITORING | | | | |
| Undertake research and monitoring to: <ul style="list-style-type: none"> Track changes in the health of the Region’s land and fluvial resource; Inform policy and non-regulatory programme development; and Assess policy and implementation effectiveness. | Reported to Council on progress at least 6 times | Report to Council on progress 5 times per year | Report to Council on progress 5 times per year | Report to Council on progress 5 times ¹ per year |

¹ Reporting includes both formal reporting and Council workshops.

Land Management – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Regional and Coast | 720 | 734 | 757 | 738 |
| Fluvial Resources | 129 | 167 | 190 | 165 |
| SLUI Sustainable Land Use | 3,947 | 4,755 | 4,548 | 4,743 |
| Land Monitoring and Research | 72 | 74 | 80 | 74 |
| Nursery and Trading | 431 | 497 | 485 | 620 |
| Total | 5,299 | 6,226 | 6,060 | 6,340 |

What this work will cost (Financial Summary \$000)

This activity is funded by:

User Fees and Other Revenue

- Government Support
- Gravel Charges
- Sponsorship

Common Rates

- General Rate (EQCV)
- Sustainable Land Use Initiative Rate (UAC)
- Environmental Initiatives Rate (UAC)

Percentage of total expenditure
for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 2,410 | 1,871 | 1,842 | 1,899 |
| Individual Rates | - | - | - | - |
| Common Rates | 4,196 | 4,557 | 4,468 | 4,389 |
| Total Income | 6,606 | 6,428 | 6,310 | 6,288 |
| Operating Expenditure | 5,299 | 6,226 | 6,059 | 6,340 |
| Operating Surplus/(Deficit) | 1,307 | 202 | 251 | (52) |
| Capital Expenditure | 443 | 336 | 374 | 168 |
| Total To Be Funded | 864 | (134) | (123) | (220) |
| Reserve Funding | 864 | (134) | (123) | (220) |
| Loan Funding | | - | - | - |
| Total Funded | 864 | (134) | (123) | (220) |



Water Quality and Quantity Activity

Overview

Water is crucial for human survival and the cultural, environmental and economic goals of the Region. The waterways provide recreational opportunities, are central to regional and cultural identity, and provide the life-blood of our towns, industries and agricultural sector.

Within this Plan a number of the activities contribute to the management of water quality and the resultant water quality outcomes. For example the Sustainable Land Use Initiative (SLUI) of the Land Management Activity contributes to sediment outcomes that are predicted to improve over the life of the Plan. Further initiatives through the regulatory programme and the voluntary efforts of industries, the farming sector and communities all contribute to water quality outcomes. Good progress is being made, with improving trends in bacteria levels, nitrogen and phosphorus levels, and water clarity in some rivers. These improvements can be attributed to a combination of upgrades to treatment of point source discharges, efforts on farms such as improved soil erosion control and effluent management as well as increased levels of stream fencing and planting.

The Water Quality and Quantity Activity of this Plan includes two components of the many that contribute to water quality outcomes. These are the aquatic habitat enhancement programme, which includes the non-regulatory programmes to improve water quality like the Manawatu River and Lake Horowhenua Accords (and the associated Clean-up Fund Project), and the freshwater grants programmes to enhance water quality and aquatic habitat. The other major component of the activity is the science and monitoring programmes that track changes in the water resource and inform decision-making around water management.

The Water Quality and Quantity Activity also includes the management of surface and groundwater quality and quantity.

What we propose to do in 2017-18

Protect and Enhance Priority Waterways

The protection and enhancement of a select number of priority waterways is very much business as usual and focusses on supporting stock exclusion from waterways (through freshwater grants, advice and education); riparian enhancement and planting where desirable; aquatic habitat enhancement; and supporting industry led initiatives such as the Sustainable Dairying: Water Accord. A further initiative in 2017-18 will be continuing the Regional Council's contribution to the Te Mana o Te Wai Project for the Rangitikei catchment. This collaborative project known as Nga Puna Rau is iwi-led and draws together funding from Central Government, Horizons Regional Council and iwi to undertake water quality restoration work in the Rangitikei catchment. Horizons will also continue to contribute to a similar iwi-led Te Mana o Te Wai Project working in the Kai Iwi catchment in the 2017-18 year.

Manawatu River Accord

The Manawatu River Leaders' Accord Action Plan includes an array of water quality related activities to achieve the goals of the Manawatu River Leaders' Accord. This activity funds works to improve the water quality in the Manawatu Catchment as a part of the Accord including fencing off streams, riparian planting, improving fish passage and supporting community projects. A further initiative in 2017-18 will be continuing the Regional Council's contribution to the Te Mana o Te Wai Project for the Rangitikei catchment. This collaborative project, known as Tu Te Manawa, is iwi-led and draws together funding from Central Government, Horizons Regional Council, Palmerston North City Council, Tararua District Council and iwi to undertake water quality restoration work in the Manawatu catchment and to establish information whare at eight sites along the Manawatu River.

Lake Horowhenua Accord

The Lake Horowhenua Accord is a partnership to address water quality issues in Lake Horowhenua. Horizons has had the lead role in delivering on the Lake Horowhenua Clean-up Fund, which consists of eight projects to contribute to the restoration of Lake Horowhenua. Resource consents were obtained for three of

the projects: establishing a fish pass to enable native fish to access the lake; establishing a sediment trap to reduce sediment and phosphorus inputs into the lake; and lake weed harvesting to reduce the occurrence of toxic conditions in the lake. Completing the other five projects and obtaining the consents has been a key focus over recent years. Consents have been granted by Council-level hearings and subsequently by the Environment Court. A single appeal to the High Court is likely to be heard in early 2017. Subject to the consent for the weed harvesting being in place in 2017-18, the intent is to undertake the weed harvesting in the 2017-18 year.

A further initiative in 2017-18 will be continuing the Regional Council's contribution to the Te Mana o Te Wai Project for the Lake Horowhenua catchment. This collaborative project, known as Te Kakapa Manawa o Muaupoko, is iwi-led and draws together funding from Central Government, Horizons Regional Council, Horowhenua District Council and iwi to undertake water quality restoration work in the Manawatu catchment.

Improve Knowledge and Understanding of the Region's Waterways

Decision-making around water management is highly dependent on a solid understanding of the water resource. The Water Quality and Quantity Activity supports the monitoring and science to advance this knowledge. The core of this understanding comes from the water monitoring programmes to measure river flows, rainfall, water quality and the aquatic biodiversity. These core monitoring programmes are supplemented by targeted monitoring investigations and science projects to address specific issues. New work is included in the 2017-18 year to retain the expanded summer swim spot monitoring programme and install three new flow sites to inform catchment studies and the development of freshwater accounts. This new work is in part in response to new reporting requirements of the recently revised National Policy Statement for Freshwater, and is also to provide further information for resource consent decisions around water allocation (including groundwater) and nutrient management.

Summary

The aquatic habitat improvement programme (or freshwater implementation programme) component of this activity was anticipated to increase in Year 3 of the Long-term Plan by \$3,000 when compared to the Annual Plan budget for the 2016-17 year. The proposal for the Annual Plan Budget for 2017-18 is for the budget to reduce by \$10,000 when compared to the 2016-17 Annual Plan budget. Targets for the aquatic habitat improvement programme have also been

adjusted. For the Manawatu Accord Work, the allocation of stream fencing work has been lowered and the allocation for riparian planting increased. This reflects the proportions of this type of work changing in the catchment. The Lake Horowhenua accord targets have been amended to include resolving the High Court process for the consents and also noting that the target for lake weed harvesting is subject to the timing of the decisions on the resource consents and the establishment of infrastructure to complete the programme.

The water quality and quantity monitoring and science budgets were anticipated to increase by \$263,000 in Year 3 of the Long-term Plan. The proposal for the 2017-18 Annual Plan is for these budgets to increase by a total of \$187,000, being \$76,000 less than anticipated.

The targets for the monitoring and science part of the activity have been slightly adjusted to reflect changes in Council's reporting committees. The committees previously met five times per year but are now using some of these meetings to complete field-based activities. Subsequently the target for formal reporting has been reduced from five times per year to four times per year.

Water Quality and Quantity – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|---|--|--|---|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| PROTECT/ENHANCE PRIORITY WATERWAYS | | | | |
| Continue to work with, and provide advice to, individuals, landowners, community and iwi groups to improve waterways | 157 | 25 per year | 25 per year | 25 per year |
| Freshwater grants are provided each year, with priority given to working in focus catchments and improving aquatic habitat | 58 | 20 per year | 20 per year | 20 per year |
| MANAWATU RIVER ACCORD | | | | |
| Stream fencing – measure lineal metres (km) of fencing installed (all types) and 2 wire equivalent in brackets | 45.3 km | 45 km | 45 km | 30 km |
| Improve native fish habitat and fish passage – number of new sites protected/ enhanced. Life to date in brackets | 52 sites (28,621 plants and 4 fish passes) | 10 sites | 10 sites | 25 sites |
| Community improvement projects | 11 | 4 per year | 4 per year | 4 per year |
| LAKE HOROWHENUA ACCORD | | | | |
| Obtain consents and operate a lake weed harvester on Lake Horowhenua | All 11 consents obtained but one appeal made to Environment Court | Environment Court process for consents completed | 50 ha harvested | High Court process for consents completed, 50 ha harvested* |
| Annual report on lake weed harvesting operation | No target | No target | 1 | 1* |
| IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S WATER RESOURCE | | | | |
| Undertake research and monitoring to: <ul style="list-style-type: none"> Track changes in the health of the Region's water resource; Inform policy and non-regulatory programme development; and Assess policy and implementation effectiveness. | Reported to Council on progress 6 times | Report to Council on progress 5 times per year | Report to Council on progress 5 times per year | Report to Council on progress 5 times ² per year |

* If consents and required infrastructure are in place in time for the weed harvesting programme to be undertaken.

² Reporting includes both formal reporting and Council workshops.

Water Quality and Quantity – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-----------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Water Quality | 2,079 | 2,230 | 2,366 | 2,359 |
| Water Quantity | 1,886 | 2,224 | 2,351 | 2,283 |
| Aquatic Habitat Improvement | 1,827 | 1,686 | 1,689 | 1,676 |
| Total | 5,792 | 6,140 | 6,406 | 6,318 |

What this work will cost (Financial Summary \$000)

This activity is funded by:

User Fees and Other Revenue

- Science Research Charges

Individual Rates

- Manawatu River Accord (UAC)
- Horowhenua Weed Harvester (UAC)

Common Rates

- General Rate (EQCV)
- Water Quality and Quantity Rate (EQCV)
- Environmental Initiatives Rate (UAC)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan Year 1 | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|-----------------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 2,009 | 1,404 | 1,499 | 1,441 |
| Individual Rates | 487 | 585 | 546 | 587 |
| Common Rates | 3,804 | 4,142 | 4,352 | 4,282 |
| Total Income | 6,300 | 6,131 | 6,397 | 6,310 |
| Operating Expenditure | 5,792 | 6,140 | 6,406 | 6,318 |
| Operating Surplus/(Deficit) | 508 | (9) | (9) | (8) |
| Capital Expenditure | 615 | 70 | 70 | 70 |
| Total To Be Funded | (107) | (79) | (79) | (78) |
| Reserve Funding | (107) | (79) | (79) | (78) |
| Loan Funding | - | - | - | -- |
| Total Funded | (107) | (79) | (79) | (78) |



Resource Consent and Pollution Management Activity

Overview

The Resource Consent and Pollution Management Activity is driven by the Resource Management Act 1991 under which Horizons is the principal agency in our Region for the provision of regulatory services to avoid, remedy or mitigate the actual or potential adverse effects of resource use on the natural environment.

This activity involves implementation of our environmental policies and plans using regulatory methods. It covers resource consent processing, compliance monitoring, responding to environmental incidents, and Resource Management Act advice focusing on natural resource use, including whether a resource consent is needed and how to apply.

Council is proposing to increase its capacity and capability levels in this area by approximately \$350,000, in comparison to what was proposed in Year 3 of the LTP. This funding increase will assist with growing resource consenting and consent monitoring capacity and build our capability to respond to an increasing demand for more complex consents and central government changes and reporting requirements as part of the Resource Management Act reform package.

Due to increasing complexity and demand in consenting and compliance activity, two targets in the performance measures have been revised.

This section of work also involves working with other groups within Horizons to achieve overall outcomes relating to the management of natural resources.

What we propose to do in 2017-18

Resource Management Act Advice

Horizons receives consent enquiries from the community and gives advice in relation to the Resource Management Act. This section of work also involves staff ensuring processes and procedures remain current in light of changes through court decisions and legislative amendments. The number of enquiries and general advice given remains high and is anticipated to increase due to both

the implementation of the nutrient management consenting process and pending RMA amendments.

Consents Processing

Resource consents allow activities to take place whilst ensuring the sustainable management of natural and physical resources. They help ensure that the environment we enjoy will be looked after for future generations and that our Region continues to develop on the foundation of sustainable use of the Region's resources. The consents team is charged with providing resource management advice and processing resource consents within the Horizons Region.

The scale of the consents business has been increased by \$300,000 to reflect increased demand. However these costs will be recovered from user charges so there is no effect to ratepayers. Resource consents will continue to be processed however there has been a change in the performance measure as it is unrealistic to expect that all consents will meet timeframes under the Resource Management Act.

Compliance Monitoring

Compliance monitoring of resource consents is undertaken to ensure that consented activities are adhering to their conditions of consent and not having actual or potential adverse effects on the environment. Given the high rates of compliance and additional demands as intensive land use consents enter the consent monitoring regime, the target in the performance measure has been reduced. Council has started a staged process to increase resourcing in this area through this proposed Annual Plan.

Incidents and Hazards

Horizons operates a 24 hour pollution response service for environmental purposes. This includes the investigation of reported environmental pollution incidents and undertaking remedial action where appropriate. Pollution incidents include contamination of waterways, land and most commonly odour. Environmental incidents are responded to in accordance with the priority category assigned. This ensures that those incidents that have the potential to have a significant impact on the environment are attended to first.

Resource Consent and Pollution Management – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|----------------|---------------------|------------------------|---------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| CONSENTS PROCESSING | | | | |
| Process all consents within Resource Management Act (RMA) timeframes | Estimated 85% | 97% | 100% | 90% |
| Advise all consent holders of consent expiry dates 6 months prior to expiration | Less than 40% | 100% | 100% | 100% |
| COMPLIANCE MONITORING (See Note 1) | | | | |
| Inspect rural discharge resource consents identified from the annual compliance monitoring programme | 74% | 90% | 90% | 85% |
| Inspect Category 1 and Category 2 sites identified in the territorial authority and industry monitoring programme | 95% | 100% | 100% | 100% |
| Inspect Category 3 and Category 4 sites identified in the territorial authority and industry monitoring programme | 66% | 50% | >60% | >60% |
| Take follow-up action for significant non-compliers | 96% | 90% | 90% | 90% |
| INCIDENTS AND HAZARDS | | | | |
| Respond to Category 1 environmental incidents immediately | n/a | 100% | 100% | 100% |
| Respond to Category 2 environmental incidents within one day | 100% | 100% | 100% | 100% |
| Respond to Category 3 environmental incidents within two weeks | 98.3% | 100% | 100% | 100% |
| Respond to Category 4 environmental incidents when officer next in area | 100% | 90% | 90% | 90% |
| Record Category 5 environmental incidents only – no response | 100% | 90% | 90% | 90% |
| Update contaminated sites information database for one territorial authority each year | 1 | 1 | 1 | 1 |

Notes:

1. Industrial and territorial authorities are categorised as C1–C4 encompassing three areas; potential risk on the environment, complexity of the resource consent, previous compliance history, and level of community interest. For example:
 - A C1 site requires three compliance assessments per year for it to be deemed fully inspected; and
 - A C4 site requires a site inspection over a three-year period.

2. Incident response has been prioritised to ensure response is appropriate, efficient and effective, with Category 1 being the highest priority. Prioritisation includes: effects on environment, human population, amenity value, agricultural commerce, and breach of RMA.

Resource Consent and Pollution Management – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-----------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Compliance Monitoring | 945 | 988 | 1,101 | 1,040 |
| Consent Processing | 1,219 | 1,415 | 874 | 1,510 |
| RMA Advice | 584 | 790 | 737 | 952 |
| Incidents and Hazards | 353 | 437 | 461 | 448 |
| Total | 3,101 | 3,630 | 3,173 | 3,950 |

What this work will cost

(Financial Summary \$'000)

This activity is funded by:

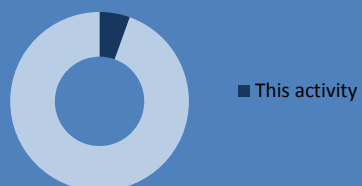
User Fees and Other Revenue

- Consent Fees
- Compliance Fees
- Incident Recoveries

Common Rates

- Resource and Consent Monitoring (EQCV)

Percentage of total expenditure for 10-year Plan



| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 1,388 | 2,008 | 1,582 | 2,008 |
| Individual Rates | - | - | - | - |
| Common Rates | 1,484 | 1,622 | 1,592 | 1,941 |
| Total Income | 2,872 | 3,630 | 3,174 | 3,950 |
| Operating Expenditure | 3,101 | 3,630 | 3,173 | 3,950 |
| Operating Surplus/(Deficit) | (229) | - | 1 | - |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | (229) | - | 1 | - |
| Reserve Funding | (229) | - | 1 | - |
| Loan Funding | - | - | - | - |
| Total Funded | (229) | - | 1 | - |

Introducing the Flood Protection and Control Works Group of Activities

What is included in this group?

This group includes the Region's river and drainage general and specific scheme activities.

Why does Council deliver this group of activities?

We undertake this group of activities as it strongly contributes to the following community outcome:

- Flood Protection

In addition the group also contributes to the following community outcome:

- Natural Hazards

These activities are grouped together as required by the Local Government Act 2002 Schedule 10 (2).

Significant negative effects on the community goals

These activities from time to time have transitory negative effects on environmental goals during the construction of flood protection works. Consent conditions ensure that these effects are minimised and environmental recovery is rapid once works are completed. These temporary negative effects on environmental goals are more than offset by the extensive positive benefits generated by flood protection and control works for economic, social and cultural community goals.

Highlights

River and Drainage General Activity

In addition to environmental grant work, this aspect of river management activity will continue to focus on working with communities at risk of flooding that are not currently serviced by a river/flood control scheme. The work programme in

this area is largely driven by the 2014 report titled Non-scheme Rivers Investigation – Prioritising Future Studies.

Recognising the need to adopt some flexibility with that programme, the June 2015 flood event saw resource re-prioritised to respond to the range of issues that event highlighted. It is proposed in the 2017-18 Annual Plan to continue that work in parallel with the non-scheme work programme.

River and Drainage Schemes Activity

Flood protection and land drainage are paramount to our role in keeping communities safe and form a major part of our business. Managing rivers through engineering works allows us to help limit flood damage and provide land drainage to an agreed level of service. Council proposes to continue its programme of maintenance, renewal and capital works identified in Year 3 of the Long-term Plan, as well as focus on the following key areas:

- Adding to the scope of the City Reach Project to address a particular flood protection matter relating to the Mangaone Stream through Palmerston North;
- Adding to the Lower Manawatu Scheme Rural Upgrade Project scope to address particular flood hazard issues north of Feilding;
- Undertaking further work to respond to flooding issues highlighted by the June 2015 storm;
- Improving the resilience of some schemes to ongoing land use changes;
- Placing emphasis on developing better systems and processes around managing the detention dams Horizons is responsible for; and
- Improving the quality of the analytical tools required for Horizons to play a productive part in the development of the Manawatu River corridor through Palmerston North, which is at the core of Horizons' goal to make the Region a great place to live, work and play.

Flood Protection and Control Works Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|--|---------------|---------------|--------------------------|---------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| RIVER AND DRAINAGE GENERAL ACTIVITY | 758 | 448 | 402 | 455 |
| RIVER AND DRAINAGE SCHEMES ACTIVITY | 9,775 | 10,497 | 11,014 | 11,272 |
| Total Operating Expenditure | 10,533 | 10,945 | 11,416 | 11,727 |
| Capital Expenditure | 10,129 | 5,992 | 5,942 | 6,640 |
| Loan Repayments | 2,143 | 2,090 | 2,160 | 2,419 |
| Total Funding Required | 22,805 | 19,027 | 19,518 | 20,786 |
| Funded By | | | | |
| User Fees and Other Revenue | 4,418 | 1,728 | 1,975 | 1,662 |
| Individual Rates | 9,356 | 9,493 | 9,788 | 9,894 |
| Common Rates | 3,184 | 3,316 | 3,411 | 3,506 |
| Loans and Reserves | 5,846 | 4,490 | 4,344 | 5,723 |
| Total Funded | 22,805 | 19,027 | 19,518 | 20,786 |

| Capital Expenditure \$000 | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------------|---------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Meet Additional Demand | - | - | - | - |
| Improve Level of Service | 10,129 | 5,714 | 5,678 | 6,385 |
| Renew Existing Assets | - | 278 | 264 | 255 |
| Total Capital Expenditure | 10,129 | 5,992 | 5,942 | 6,640 |

Prospective Funding Impact Statement for the Flood Protection and Control Works Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan | Annual Plan |
|---|----------------|----------------|-------------------|----------------|
| | 2015-16 | 2016-17 | Year 3 2017-18 | 2017-18 |
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | 3,184 | 3,316 | 3,411 | 3,506 |
| Targeted rates | 9,356 | 9,493 | 9,788 | 9,894 |
| Subsidies and grants for operating purposes | - | 413 | 613 | 321 |
| Fees and charges | 1,958 | 1,315 | 1,363 | 1,341 |
| Internal charges and overheads recovered | 343 | - | - | - |
| Interest and dividends from investments | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total sources of operating funding (A) | 14,841 | 14,537 | 15,175 | 15,062 |
| Applications of Operating Funding | | | | |
| Payments to staff and suppliers | 3,966 | 3,974 | 3,972 | 4,636 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 5,475 | 6,139 | 6,611 | 5,932 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 9,441 | 10,112 | 10,583 | 10,567 |
| Surplus (Deficit) of Operating Funding (A-B) | 5,400 | 4,424 | 4,592 | 4,495 |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | 2,117 | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | 3,090 | 2,060 | 1,834 | 2,169 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 5,207 | 2,060 | 1,834 | 2,169 |
| Applications of Capital Funding | | | | |
| Capital expenditure: | | | | |
| · to meet additional demand | - | - | - | - |
| · to improve the level of service | 10,129 | 5,714 | 5,678 | 6,385 |
| · to replace existing assets | - | 278 | 264 | 255 |
| Increase (decrease) in reserves | 479 | 492 | 483 | 24 |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 10,608 | 6,484 | 6,425 | 6,665 |
| Surplus (Deficit) of Capital Funding (C-D) | (5,401) | (4,424) | (4,591) | (4,495) |
| Funding Balance | (1) | - | 1 | - |
| Depreciation | 1,092 | 833 | 833 | 1,160 |



River and Drainage General Activity

Overview

The River and Drainage General Activity focusses on protecting life, property and infrastructure from flooding and erosion outside of scheme areas. This activity includes investigating erosion and flooding risks and developing mitigation options in consultation with affected communities. The more comprehensive mitigation options may be addressed through new river management schemes, and the activity includes the development of scheme proposals and associated funding systems. More localised problems may be addressed through the provision of river and drainage engineering advice or through implementation of mitigation works with funding assistance through the Environmental Grant facility. The activity also includes the identification and removal of 'man-made' hazards to recreational navigation in the Region's major rivers.

What we propose to do in 2017-18

Investigations and Advice

Council, through its management of 34 river and drainage schemes, currently mitigates flooding and erosion risks associated with a large number of the rivers and streams throughout the Region. These include most of the water courses where the hazards are the greatest. However, there are still a significant number of streams where community assets, private property and people are at risk (to varying degrees).

Accordingly in August 2014, Council undertook a comprehensive first-level assessment of those risks and produced a report titled Non-scheme Rivers Investigation – Prioritising Future Studies. The report identifies a total of 28 high to medium priority studies that should be undertaken in order to better understand the risks and to identify mitigation options for discussion with the affected communities.

Those priorities generally align with the priorities established by the Whanganui Flood Management Review Group, resulting in relatively minor reprioritisation. In 2017-18 we propose to also give priority to a study of the Upper Makino Stream.

We propose to satisfy the demand for river and drainage engineering advice, which is largely weather/flood event related, within the constraint of a relatively small activity budget.

We propose to undertake annual surveys of those navigable rivers within the Region that are the subject of river management schemes, to identify and remove man-made hazards to safe navigation.

Implementation

We propose to receive and process applications for Environmental Grant assistance with flood and erosion mitigation measures that satisfy Council's criteria. In essence those proposals that provide a 'community' benefit and are located outside scheme areas will be supported. We propose to fully fund the investigation, design, development, consultation and works supervision phases of mitigation proposals and will contribute up to 30 per cent of the cost of actual mitigation works. Again the demand for this activity is largely weather/flood event related.

River and Drainage General – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|----------------|---------------------|------------------------|---------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| INVESTIGATIONS AND ADVICE | | | | |
| Undertake investigations in relation to identified or potential flooding or erosion hazards, identify mitigation measures and consult with affected communities. Develop works and funding measures where appropriate | 3 | 2 | 2 | 2 |
| Provide river and drainage advice on demand in relation to flooding and erosion problems | 30+ | 18 | 18 | 18 |
| Survey rivers annually for identification and removal of obstacles presenting hazards to navigation and recreational use | 5 | 5 | 5 | 5 |
| IMPLEMENTATION | | | | |
| Respond to the need for urgent flood or erosion mitigation works in situations where there is insufficient time to identify beneficiaries and arrange funding | 1 | 1 | 1 | 1 |
| Undertake investigations and designs, prepare engineering proposals for flood or erosion measures, and supervise works | 20 | 10 | 10 | 10 |
| Apply funding assistance where criteria are satisfied | 20 | 10 | 10 | 10 |

River and Drainage General – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---------------------------|------------|-------------|-----------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Investigations and Advice | 375 | 308 | 264 | 308 |
| Implementation | 383 | 140 | 138 | 147 |
| Total | 758 | 448 | 402 | 455 |

What this work will cost

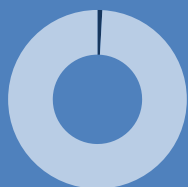
(Financial Summary \$000)

This activity is funded by:

Common Rates

- River and Drainage (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|-------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 283 | 5 | 8 | 8 |
| Individual Rates | - | - | - | - |
| Common Rates | 439 | 443 | 394 | 447 |
| Total Income | 722 | 448 | 402 | 455 |
| Operating Expenditure | 758 | 448 | 402 | 455 |
| Operating Surplus/(Deficit) | (36) | - | - | - |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | (36) | - | - | - |
| Reserve Funding | (36) | - | - | - |
| Loan Funding | - | - | - | - |
| Total Funded | (36) | - | - | - |



River and Drainage Schemes Activity

Overview

From a statutory perspective, mandate for River and Drainage Schemes Activity undertaken by Horizons links back to the Soil Conservation and Rivers Control Act 1941. More fundamentally flood protection and land drainage are paramount to our role in keeping communities safe and form a major part of our business. Managing rivers through engineering works allows us to help limit flood damage and provide land drainage to an agreed level of service.

What we propose to do in 2017-18

We currently manage 24 river management and erosion control schemes that provide protection from flooding, riverbank erosion and channel movement to 71,000 ha of land and 10 urban areas. These schemes allow full utilisation of, and capital investment on, river margins. We also manage 10 drainage schemes to increase production potential across 62,000 ha by lowering soil water levels and increasing drainage efficiency.

The River and Drainage Scheme Activity includes the management, design and operational activities associated with the various river and erosion control and drainage schemes located throughout the Region. The nature and scope of that activity varies from scheme to scheme, as specified in the relevant scheme establishment, review and asset management documents.

In 2017-18 we propose to implement maintenance programmes in respect of all 34 river and drainage schemes to achieve agreed levels of service as set out in the respective Scheme or Asset Management Plans, as last reviewed and updated as at 1 July 2014, and in accordance with detailed programmes agreed with stakeholders at Annual Catchment Community meetings. In addition, we propose to continue with current programmes of capital upgrade works in a number of schemes.

Major Capital Works

Lower Manawatu Scheme (LMS)

The 2017-18 financial year is Year 12 and the final year for the Rural Upgrade Project. As with previous years the programme of work will be substantial and predominantly focusses on the Oroua and Tokomaru Rivers, providing adjoining areas with a 100 year return period standard of flood protection.

Lower Manawatu Scheme – ‘City Reach’

The City Reach Project provides Palmerston North with flood defences designed to withstand a 1 in 500 year return period flood. Although the project was scheduled to finish in the 2016-17 financial year, one last piece of work has been identified and proposed for inclusion in the 2017-18 works programme. Provision has been made for further bank protection work to the Mangaone Stream downstream of Tremaine Avenue. Although not at imminent risk of failure, the existing works are a potential weak point in the network. The works form part of Horizons’ Lower Manawatu Scheme and coupled with the Flyers Line Spillway and Taonui Basin west of Palmerston North serve to protect a substantial part of Palmerston North from Mangaone Stream flooding. Four hundred thousand has been budgeted for this work, intended to be repaid along with the remaining debt attributable to the City Reach Project over the next 10 years.

Rangitikei Scheme

We propose to continue with our programme of work lifting flood protection standards to a predominant 100 year return period standard for the Rangitikei Scheme. The amount budgeted for this work in the 2017-18 Annual Plan is proposed to increase from that identified in our Long-term Plan, reflecting in part the disruption to that programme caused by the June 2015 flood event. The project remains within budget and therefore requires no additional rate income. Note that the flood event has put completion of this programme of work back one year to 2019-20.

Hokio Drainage Scheme

We propose to continue with a 3-year programme (Year 3 in 2017-18) of capital improvement works in the Drainage South area of the scheme. These works involve the rationalisation of the old drainage system and are being undertaken as an adjunct to the Lake Horowhenua Clean-Up Project.

Other Significant Scheme Issues

Response to the June 2015 Storm

In June 2015 the Region was impacted by a severe storm. That event had particularly pronounced effects on Whanganui and other communities along the Region's western coastline. In response to that event it is planned to make provision in the 2017-18 financial year to:

- Undertake further investigations to help refine proposals around extending river flood defences for Whanganui. An additional \$30,000 has been budgeted for this work;
- Modify the scope of the Matarawa Scheme to include maintenance of the Matarawa Stream through Whanganui at an estimated total cost (over two years) of \$340,000;
- Better align management strategy with operational outcomes for the Rangitikei Scheme (with the ultimate intent of having a more resilient and sustainable Scheme) with provision for \$20,000 of additional expenditure; and
- Develop further joint proposals with the Horowhenua District Council around enhanced flood protection/land drainage for Foxton, with work also intended to provide added resilience to long-term climate change effects. A provision of \$10,000 has been allowed for this activity.

Better Adapting to Change

With parts of our Region experiencing significant growth, Horizons is also mindful of the need to adapt what we do operationally to changing needs. In particular this includes looking more closely at land drainage levels of service between Palmerston North and the Oroua River – the area generally covered by the Manawatu Drainage Scheme. Linked to that, although regulation exists intended

to minimise the increase in flood risk associated with further residential development, good planning decisions inevitably rely on good information.

From an operational perspective Horizons is also increasingly finding that levels of service that would be considered adequate in a rural context are not so where land use is becoming more residential in nature. Provision has therefore been made in the 2017-18 financial year to develop a numerical/computer model that will provide better, more robust solutions to current level of service issues while also enhancing our ability to keep pace with future changes. The \$100,000 estimated cost is intended to be split between the Manawatu Drainage and Lower Manawatu Schemes, with a \$20,000 general rate contribution.

Dam Management

As part of its flood management operations, Horizons inspects and maintains a total of 53 dams of various shapes and sizes, mainly clustered around Marton and Hunterville. Dam safety and possible amendments to the national regulatory framework have influenced Horizons' approach to dam management, and the 2016-17 Annual Plan includes a number of dam related initiatives. As a result a number of issues have been identified, one of these being the need for more robust systems and processes and better asset condition information. Accordingly, provision has been made across the five schemes that look after dams (Matarawa, Pakihi, Porewa, Tawataia-Mangaone and Tutaenui) to develop operations, maintenance and surveillance plans and to plan now for future renewal and replacement expenditure. The estimated \$152,000 cost is intended to be apportioned across those five schemes and will include a general rate contribution.

Making the Region a Great Place to Live, Work and Play

Palmerston North City Council and Horizons are, amongst other things, continuing to work collaboratively to encourage greater recreational use of the Manawatū River corridor, given its importance as part of the cityscape. For Horizons this involves some challenges, including balancing those amenity needs with flood protection requirements. To make these judgements, Horizons relies on computer models to assess what level of river corridor modification can be accommodated. Technology has evolved considerably in this area and accordingly provision has been made in Year 3 of the Long-term Plan to significantly upgrade those models. This will enable Horizons to be more definitive about where enhancement of the river corridor is possible without

compromising flood protection standards. The \$60,000 cost of this work is primarily funded by way of an additional Lower Manawatu Scheme targeted rate.

River and Drainage Schemes – What We Propose to Deliver (\$000)
Mandatory Reporting (Non-financial Performance Measures Rules 2013)

| LOWER MANAWATU SCHEME | | | | |
|---|--|-----------------------|--|--|
| Objective | Measure | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 |
| | | Year 1 | Target Year 2 | Target Year 3 |
| Flood and erosion protection assets and systems are maintained | Completion of agreed maintenance programme | Not achieved | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan. | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan. |
| | System performance design standard | Achieved | Stopbanks and associated structures within the rural area are maintained to the 1% AEP standard (except for those assets programmed for renewal within LMS Rural Flood Protection Upgrade Project). Stopbanks within the Palmerston North 'City' area are maintained to the 0.2% AEP standard. | Stopbanks and associated structures within the rural area are maintained to the 1% AEP standard (except for those assets programmed for renewal within LMS Rural Flood Protection Upgrade Project). Stopbanks within the Palmerston North 'City' area are maintained to the 0.2% AEP standard. |
| Flood and erosion protection assets and systems are repaired | Response to flood event or damage | Not achieved | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| Assets are renewed at end of useful life or to reinstate decline in service level | Completion of renewals programme | Not achieved | Replace Kara Creek timber retaining wall. | As per Asset Management Plan Renewals programme. |
| New assets are constructed | Completion of new capital works programme | 95% achieved | Complete all programmed Year 11 Rural Flood Protection Upgrade Project works. These works will increase standard to 1% AEP. | Complete all programmed Year 12 Rural Flood Protection Upgrade Project works. These works will increase standard to 1% AEP. |

| Annual Plan 2017-18 |
|--|
| Target Year 3 |
| The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan. |
| Stopbanks and associated structures within the rural area are maintained to the 1% AEP standard (except for those assets programmed for renewal within LMS Rural Flood Protection Upgrade Project). Stopbanks within the Palmerston North 'City' area are maintained to the 0.2% AEP standard. |
| Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| As per Asset Management Plan Renewals programme. |
| Complete all programmed Year 12 Rural Flood Protection Upgrade Project works. These works will increase standard to 1% AEP. |

| RANGITIKEI RIVER SCHEME | | | | |
|---|--|----------------|---|---|
| Objective | Measure | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 |
| | | Year 1 | Target Year 2 | Target Year 3 |
| Flood and erosion protection assets and systems are maintained | Completion of agreed maintenance programme | Not achieved | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Rangitikei River Scheme Asset Management Plan. | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Rangitikei River Scheme Asset Management Plan. |
| | System performance design standard | Achieved | Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the Parewanui Flood Protection Upgrade Project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2% AEP standard. | Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the Parewanui Flood Protection Upgrade Project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2.0% AEP standard. |
| Flood and erosion protection assets and systems are repaired | Response to flood event or damage | 90% achieved | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| Assets are renewed at end of useful life or to reinstate decline in service level | Completion of renewals programme | Achieved | As per Asset Management Plan Renewal programme. (Nil renewals for 2016-17.) | As per Asset Management Plan Renewal programme. |
| New assets are constructed | Completion of new capital works programme | 0% achieved | Complete all programmed Year 12 Rural Flood Protection Upgrade Project works. These works will raise standard from approximately 2% AEP to 1% AEP. Complete Year 6 channel alignment project works. | Complete all programmed Year 13 Rural Flood Protection Upgrade Project works. These works will raise standard from approximately 2% AEP to 1% AEP. Complete Year 7 channel alignment project works. |

| Annual Plan 2017-18 |
|---|
| Target Year 3 |
| Parewanui stopbank damage attributed to the June 2015 flood event limited the schemes ability to meet the required stopbank condition rating standard. This damage is now repaired and the schemes condition grading compliance is re-established. |
| Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the Parewanui Flood Protection Upgrade Project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2.0% AEP standard. |
| At the request of the scheme liaison committee, some large flood damage repair works were delayed until funding from MCDEM was confirmed. This approval is now confirmed and works are programmed for completion by June 2017. |
| As per Asset Management Plan Renewal programme. |
| Year 12 Parewanui stopbank upgrade work was deferred in 2015-16 and the allocated budget utilised for urgent stopbank repair. Annual budget allocations are now readjusted to ensure that full project completion is achieved by June 2020. |

| MANAWATU DRAINAGE SCHEME | | | | |
|---|--|-----------------------|---|---|
| Objective | Measure | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 |
| | | Year 1 | Target Year 2 | Target Year 3 |
| Flood and erosion protection and drainage assets and systems are maintained | Completion of agreed maintenance programme | Achieved | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatu Drainage Scheme Asset Management Plan. | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatu Drainage Scheme Asset Management Plan. |
| | System performance design standard | Achieved | Stopbanks and associated flood protection structures are maintained to the 20% AEP standard. | Stopbanks and associated flood protection structures are maintained to the 20% AEP standard. |
| Flood and erosion protection and drainage assets and systems are repaired | Response to flood event or damage | Achieved | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| Assets are renewed at end of useful life | Completion of renewals programme | Not achieved | Replace floodgates on culvert No's B38 and M2. Replace culvert B9. | Replace Culvert B24. |

| Annual Plan 2017-18 |
|---|
| Target Year 3 |
| The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatu Drainage Scheme Asset Management Plan. |
| Stopbanks and associated flood protection structures are maintained to the 20% AEP standard. |
| Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| As per Asset Management Plan Renewal programme. |

| MANGATAINOKA SCHEME | | | | |
|--|--|---------------------------|---|---|
| Objective | Measure | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 |
| | | Year 1 | Target Year 2 | Target Year 3 |
| Flood and erosion protection assets and systems are maintained | Completion of agreed maintenance programme | 95% achieved | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan. | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan. |
| | System performance design standard | Achieved | Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively while also undertaking survey to confirm crest height. | Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively. |
| Flood and erosion protection assets and systems are repaired | Response to flood event or damage | 75% achieved | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| New assets are constructed | Completion of capital works programme | Achieved | Complete all capital works as outlined in the Mangatainoka Asset Management Plan. | Complete all capital works as outlined in the Mangatainoka Asset Management Plan. |

| Annual Plan 2017-18 |
|---|
| Target Year 3 |
| The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan. |
| Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively. |
| Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| Complete all capital works as outlined in the Mangatainoka Asset Management Plan. |

| SOUTH EASTERN RUAHINE SCHEME | | | | |
|--|--|---------------------------|---|---|
| Objective | Measure | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 |
| | | Year 1 | Target Year 2 | Target Year 3 |
| Flood and erosion protection assets and systems are maintained | Completion of agreed maintenance programme | 95% achieved | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the SER Asset Management Plan. | The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the SER Asset Management Plan. |
| | System performance design standard | Achieved | Stopbanks are maintained to the 20% AEP standard. | Stopbanks are maintained to the 20% AEP standard. |
| Flood and erosion protection assets and systems are repaired | Response to flood event or damage | 75% achieved | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. | Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| New assets are constructed | Completion of capital works programme | Achieved | Complete all capital works as outlined in the SER Asset Management Plan. | Complete all capital works as outlined in the SER Asset Management Plan. |

| Annual Plan 2017-18 |
|---|
| Target Year 3 |
| The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the SER Asset Management Plan. |
| Stopbanks are maintained to the 20% AEP standard. |
| Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months. |
| Complete all capital works as outlined in the SER Asset Management Plan. |

| ALL OTHER SCHEMES (NON-MANDATORY REPORTING) | | | | |
|---|---|-----------------------|--|--|
| Level of Service Statement | Level of Service Measure | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 |
| | | Year 1 | Target Year 2 | Target Year 3 |
| Flood control, channel management and drainage schemes are maintained so as to provide communities with protection from flooding and erosion, and with drainage benefits to productive land within scheme areas | <ol style="list-style-type: none"> 1. Prescribed asset condition ratings are achieved 2. Scheduled audits are completed | 33% achieved | <p>Manage scheme and maintain scheme assets in accordance with relevant asset management plan (July 2015) and most recent scheme audit recommendations.</p> <p>Complete audits for Lower Manawatu (part only), Lower Whanganui and Makirikiri Schemes.</p> | <p>Manage scheme and maintain scheme assets in accordance with scheme asset management plan (July 2017) and most recent scheme audit recommendations.</p> <p>Complete audits for Matarawa, Porewa and Makerua Schemes.</p> |

| Annual Plan 2017-18 |
|--|
| Target Year 3 |
| <p>Manage scheme and maintain scheme assets in accordance with scheme asset management plan (July 2017) and most recent scheme audit recommendations.</p> <p>Complete audits for Matarawa, Porewa and Makerua Schemes.</p> |

River and Drainage Schemes – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|--|---------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Akitio River Scheme | 11 | 7 | 18 | 17 |
| Ashhurst Drainage Scheme | 26 | 30 | 31 | 26 |
| Eastern Manawatu Flood Control Scheme | 45 | 52 | 51 | 49 |
| Forest Road Drainage Scheme | 10 | 12 | 11 | 13 |
| Foxton East Drainage Scheme | 25 | 36 | 22 | 38 |
| Haunui Drainage Scheme | 7 | 10 | 10 | 11 |
| Himatangi Drainage Scheme | 21 | 19 | 32 | 34 |
| Hokio Drainage Scheme | 120 | 63 | 70 | 67 |
| Ihuraua Stream Flood Control Scheme | 1 | 7 | 7 | 7 |
| Kahuterawa Scheme | 13 | 16 | 15 | 17 |
| Koputaroa Drainage Scheme | 344 | 316 | 319 | 343 |
| Lower Manawatu Scheme | 4,570 | 3,808 | 4,163 | 4,101 |
| Lower Kiwitea Scheme | 432 | 110 | 114 | 108 |
| Lower Manawatu Scheme Special Projects | 446 | 545 | 583 | 424 |
| Lower Whanganui River Scheme | 359 | 405 | 392 | 417 |
| Makerua Drainage Scheme | 579 | 544 | 563 | 591 |
| Makirikiri Flood Control Scheme | 29 | 37 | 22 | 24 |
| Manawatu Drainage Scheme | 736 | 701 | 707 | 878 |
| Mangatainoka River Scheme | 486 | 510 | 516 | 495 |
| Matarawa Flood Control Scheme | 116 | 73 | 77 | 289 |
| Moutoa Drainage Scheme | 383 | 383 | 380 | 358 |
| Ohau-Manakau Scheme | 429 | 326 | 341 | 316 |
| Pakihi Flood Control Scheme | 4 | 2 | 5 | 11 |
| Pohangina Oroua Catchment Scheme | 350 | 314 | 320 | 317 |
| Porewa Valley Flood Control Scheme | 75 | 74 | 78 | 143 |
| Rangitikei River Control Scheme | 1,527 | 812 | 852 | 843 |
| South Eastern Ruahines Scheme | 651 | 369 | 360 | 362 |
| Taringamotu River Scheme | 67 | 74 | 76 | 75 |
| Tawataia-Mangaone Scheme | 8 | 10 | 10 | 12 |
| Te Kawanu Drainage Scheme | 260 | 231 | 237 | 244 |
| Turakina River Scheme | 30 | 39 | 40 | 40 |

| | | | | |
|--|--------------|---------------|---------------|---------------|
| Tutaenui Flood Control Scheme | 74 | 71 | 76 | 117 |
| Upper Manawatu-Lower Mangahao Rivers Scheme | 306 | 197 | 208 | 195 |
| Upper Whanganui River Scheme | 174 | 191 | 202 | 190 |
| Whangaehu-Mangawhero River Scheme | 76 | 77 | 81 | 75 |
| Whirokino Drainage Scheme | 25 | 25 | 25 | 24 |
| Less 2014-15 Asset Write-Down – Flood Damage | (3,039) | - | - | - |
| Grand Total | 9,775 | 10,497 | 11,014 | 11,272 |

What this work will cost (Financial Summary \$'000)

This activity is funded by:

User Fees and Other Revenue

- Land Rentals
- Gravel Charges
- Forestry Income

Individual Rates

- Scheme Rates (Mixed)

Common Rates

- River and Drainage (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|----------------|----------------|--------------------------|----------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 4,135 | 1,723 | 1,967 | 1,654 |
| Individual Rates | 9,357 | 9,493 | 9,788 | 9,894 |
| Common Rates | 2,745 | 2,873 | 3,017 | 3,059 |
| Total Income | 16,237 | 14,089 | 14,772 | 14,607 |
| Operating Expenditure | 9,775 | 10,497 | 11,014 | 11,272 |
| Operating Surplus/(Deficit) | 6,462 | 3,592 | 3,758 | 3,336 |
| Capital Expenditure | 10,129 | 5,992 | 5,942 | 6,640 |
| Loan Repayments | 2,143 | 2,090 | 2,160 | 2,419 |
| Total To Be Funded | (5,810) | (4,490) | (4,344) | (5,723) |
| Reserve Funding/(Repayments) | (3,667) | (340) | (350) | (1,135) |
| Net Loan Funding | (2,143) | (4,150) | (3,994) | (4,588) |
| Total Funded | (5,810) | (4,490) | (4,344) | (5,723) |

Introducing the Biosecurity and Biodiversity Group of Activities

What is included in this group?

Biosecurity and biodiversity management is a key role of regional councils that adds significantly to the environmental, economic, social and cultural goals of the region.

This group of activities covers Horizons' Biosecurity (or species-led pest plant and pest animal control) and Living Heritage (or biodiversity protection of bush and wetlands on a site by site basis), as well as the support of community biodiversity projects and programmes.

Why does Council deliver this group of activities?

We undertake this group of activities as it strongly contributes to the following community outcomes:

- Managing Indigenous Biodiversity
- Control of Plant and Animal Pests

In addition the group also contributes to the following community outcomes:

- Water Quality
- Coastal Environmental Management

The two activities in this group contribute directly to Council's fauna and flora outcomes of managing indigenous biodiversity and control of pest plants and animals. There are significant synergies between these activities. For example, a possum killed to protect farm production often helps indigenous biodiversity in the neighbouring reserve. Similarly a weed eliminated in an important bush remnant can reduce the spread of that weed into surrounding farm land.

Significant negative effects on the community goals

There are no significant negative effects on the community goals from this group of activities.

Highlights

Biosecurity and Biodiversity

It was proposed in Year 3 of the Long-term Plan that the Biosecurity and Biodiversity Activity increase by \$22,000 from the 2016-17 Annual Plan levels. Council now proposes an increase of \$289,000, which equates to \$267,000 more than the current budget for 2017-18 in the Long-term Plan. The further investment in this area is to enhance biosecurity management in alignment with Council's new pest plan and to enhance management of the Region's biodiversity.

Biosecurity

We are preparing to implement our new Regional Pest Management Plan and the associated (non-regulatory) Strategy. As a part of implementing these, Council had anticipated increasing the budget for pest biosecurity work by \$74,000 in Year 3 of the Long-term Plan. Having progressed further through the pest plan development, Council are now proposing an increase of \$200,000 compared to the 2016-17 budgets, which is \$126,000 more than the projected budget for Year 3 of the Long-term Plan.

Additional funding is proposed for the pest animal management programme of \$3,000 more than budgeted in Year 3 of the Long-term Plan. This increase is to consolidate the management of possums in the existing possum control area, increasing monitoring of possums and rabbits, and investigating options for ongoing possum control in the large area that OSPRI currently control but will cease control once the areas are declared TB free.

Additional funding is proposed for the biosecurity plants programme of \$122,000 more than budgeted in Year 3 of the Long-term Plan. The increase is to provide for an additional staff member to respond to enquiries, to enhance surveillance for plant pests and to increase public awareness. A further component of the increase is to provide for an increase in the amount of biological control work completed by Horizons, including releasing more of the available agents, investing in researching other potential agents, and to monitor the success of the agents that have been released.

Living Heritage

The Regional Council's activity in the management of the Region's Living Heritage includes a programme to restore 200 priority bush remnants and 100 priority wetlands; work in partnership with the community and other agencies to improve biodiversity through projects like the Te Apiti Manawatu Gorge Project, Kia Wharite and many smaller projects; and the management of the Regional Park Totara Reserve.

The Living Heritage Activity was budgeted in Year 3 of the Long-term Plan to have an overall decrease of funding from 2016-17 levels of \$53,000. This included savings from removing a staff position and not continuing to fund a number of projects. Council are now proposing an overall increase of \$88,000 compared to 2016-17 levels thereby retaining the staff position, funding the Tawata Project and increasing investment in the Te Apiti Manawatu Gorge Project.

OSPRI Formerly Animal Health Board (AHB) Tb Vector

Consistent with the regional sector and findings of a review and report commissioned by OSPRI and local government, regional councils will no longer be involved as a funding partner. The recent announcement of the phased withdrawal of OSPRI from possum control in the Region is one of the significant challenges for the Biosecurity and Biodiversity Activity in future years, and the increase in funding for the Biosecurity Animals programme includes some provision to investigate options for the ongoing control of possums in these areas.

Biosecurity and Biodiversity Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-----------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Biosecurity | 5,385 | 5,439 | 5,513 | 5,639 |
| Living Heritage | 2,084 | 1,804 | 1,751 | 1,892 |
| Total Operating Expenditure | 7,469 | 7,242 | 7,264 | 7,531 |
| Capital Expenditure | 100 | 30 | 30 | 30 |
| Total Funding Required | 7,569 | 7,272 | 7,294 | 7,561 |
| Funded By | | | | |
| User Fees and Other Revenue | 328 | 52 | 7 | 64 |
| Individual Rates | 2,045 | 1,888 | 2,016 | 1,860 |
| Common Rates | 5,083 | 5,152 | 5,241 | 5,606 |
| Loans and Reserves | 113 | 180 | 30 | 30 |
| Total Funded | 7,569 | 7,272 | 7,294 | 7,561 |

| Capital Expenditure | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------------|------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Meet Additional Demand | - | - | - | - |
| Improve Level of Service | - | - | - | - |
| Replace Existing Assets | 100 | 30 | 30 | 30 |
| Total Capital Expenditure | 100 | 30 | 30 | 30 |

Prospective Funding Impact Statement for the Biosecurity and Biodiversity Management Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan | Annual Plan |
|---|--------------|--------------|-------------------|--------------|
| | 2015-16 | 2016-17 | Year 3 2017-18 | 2017-18 |
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | 5,083 | 5,152 | 5,241 | 5,606 |
| Targeted rates | 2,045 | 1,888 | 2,016 | 1,860 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 328 | 52 | 7 | 64 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total sources of operating funding (A) | 7,456 | 7,092 | 7,264 | 7,531 |
| Applications of Operating Funding | | | | |
| Payments to staff and suppliers | 3,711 | 3,446 | 3,432 | 3,602 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 3,710 | 3,725 | 3,761 | 3,895 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 7,421 | 7,171 | 7,193 | 7,497 |
| Surplus (Deficit) of Operating Funding (A-B) | 35 | (79) | 71 | 33 |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | - | - | - | - |
| Applications of Capital Funding | | | | |
| Capital expenditure: | | | | |
| · to meet additional demand | - | - | - | - |
| · to improve the level of service | - | - | - | - |
| · to replace existing assets | 100 | 30 | 30 | 30 |
| Increase (decrease) in reserves | (65) | (109) | 41 | 3 |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 35 | (79) | 71 | 33 |
| Surplus (Deficit) of Capital Funding (C-D) | (35) | 79 | (71) | (33) |
| Funding Balance | - | - | - | - |
| Depreciation | 48 | 71 | 71 | 33 |



Biosecurity Activity

Overview

Regional biosecurity is focussed on the control of pests that pose a threat to our regional economic, cultural or biodiversity values.

How pests are controlled and managed within the Region is set out in the Regional Pest Management Strategies (Regional Pest Management Plan from 2016). These documents are supported in legislation by the Biosecurity Act 1993 and Biosecurity Law Reform Act 2012. A significant new development in this area for 2017-18 will be the implementation of the new Regional Pest Management Plan and its associated (non-regulatory) Strategy.

What we propose to do in 2017-18

Pest Animal Management

Pest animal control includes work to implement the Regional Pest Management Plan and Strategy including substantial programmes such as the possum control operations (PCO) and the rook programme. This area of business also includes provision of advice, information and support for pest management as well as the monitoring of pest animal populations (possums, rooks and rabbits) in the Region.

The biosecurity animal control programme is a key component of delivering on the objectives of the new Regional Pest Management Plan and Strategy.

As a part of implementing these objectives, Council had anticipated in Year 3 of the Long-term Plan increasing the budget for pest animal biosecurity work by \$20,000. Council are now proposing an increase of \$23,000 over the levels of funding in the 2016-17 Annual Plan. This increase is to consolidate the maintenance of possum populations within the area already controlled under the Horizons Possum Control Programme (more than 1.25 million hectares equating to over half of the Region). This will be the first time in over 11 years that the possum control operation is not planning to expand into new areas. This will ensure more of the area within the existing programme receives possum control and fewer areas will have maintenance control deferred.

The additional budget will also provide for increased possum and rabbit monitoring, and work to assess options for the on-going control of possums in areas currently controlled by OSPRI but anticipated not to have ongoing control by OSPRI once they are declared TBfree. Consistent with Year 3 of the Long-term Plan, the proposed 2017-18 Annual Plan replaces the use of \$150,000 of reserves funding in 2016-17 with additional rating of \$150,000.

Pest Plant Management

Pest plant activity focusses on implementation of the Regional Pest Plant Management Strategy through physical work to control pest plant species, undertaking surveillance and pest plant awareness work, and supporting work on the biological control of weeds through research into potential agents and the release and monitoring of these. Further work includes supporting national initiatives at the regional level, including Clean Check Dry for aquatic issues and the National Pest Plant Accord for prevention of illegal distribution and sale of nationally banned plants. Supporting research into the control of new pest plants and managing their spread (pathway management) is a growing activity. A significant recent achievement of the pest plant programme has been the securing of central government funding for the management of wilding pines within the Region. Horizons is leading this work in collaboration with a range of other agencies.

Year 3 of the Long-term Plan included \$55,000 of further funding for the biosecurity plants area. To improve the ability to implement the new Regional Pest Management Plan and Strategy, Council are proposing to increase the budget by a further \$122,000. The proposed increase is to provide for an additional staff member to respond to enquiries, to enhance surveillance for plant pests and to increase public awareness. A further component of the increase is to provide for an increase in the amount of biological control work by Horizons including releasing more of the available agents, investing in researching other potential agents and to monitor the success of the agents that have been released. The target for no new listed pest plants in the Region has been amended to not applicable, reflecting Horizons' role and ability to control this potential outcome.



Biosecurity – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|----------------------------|-------------------------|-------------------------|-------------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| PEST ANIMAL MANAGEMENT | | | | |
| Possum densities are maintained at/below 10% residual trap-catch (RTC) in existing/new possum control operation (PCO) areas. This is to enhance production, biodiversity, disease protection and amenity values | 6.55% RTC | <10% RTC | n/a* ¹ | n/a* ¹ |
| Additional hectares included in control programme | 138,192 | n/a* ¹ | n/a | 0* ¹ |
| Possum densities are maintained at/below 5% RTC for all maintenance control programmes | 2.33% RTC | <5% RTC | <5% RTC | <5% RTC |
| All known rookeries are treated annually to reduce crop losses and damage | 100% | 100% | 100% | 100% |
| Provide an urban/peri-urban animal pest management service to assist urban ratepayers with specialist advice and equipment | 776 | >300 responses per year | >300 responses per year | >300 responses per year |
| Animal pest control assistance/enquiries are responded to within 48 hours | 100% | 100% | 100% | 100% |
| PEST PLANT MANAGEMENT | | | | |
| Number of listed pest plants controlled to zero density/containments increases as per RPPMS | Status quo maintained | 6 plant species | 6 plant species | 6 plant species |
| No new listed pest plants established in the Region | Not achieved (Velvet leaf) | 100% | 100% | n/a* ² |
| Financially support the national biocontrol agent development programme | Achieved | ✓ | ✓ | ✓ |
| Frontline enquiries for plant pest control assistance are responded to within 48 hours | Achieved | 100% | 100% | 100% |

Note*1: Initial control programme completed in 2016-17.

Note*2: There are many mechanisms by which plants can be established in the Region that are outside Horizons' ability to control. Horizons' role includes work to reduce some potential pathways for these pests to arrive in the Region, surveillance for these pests, and potentially a role in management of them once they are discovered.

Biosecurity – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Pest Animal Biosecurity | 3,703 | 3,985 | 4,005 | 4,008 |
| Pest Plant (Includes old man's beard) | 1,507 | 1,453 | 1,508 | 1,630 |
| Animal Health Board (AHB) | 175 | - | - | - |
| Total | 5,385 | 5,438 | 5,513 | 5,639 |

Note*1: Initial control programme completed in 2016-17.

What this work will cost

(Financial Summary \$'000)

This activity is funded by:

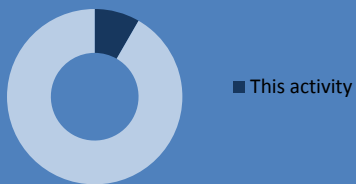
Individual Rates

- Targeted Production Pest Animal (Ha)
- Targeted Production Pest Rook (Ha)
- Targeted Production Pest Plant (UAC)
- Targeted Production Pest Plant (Ha)

Common Rates

- Biosecurity (EQCV)
- Environmental Initiatives Rate (UAC)

Percentage of total expenditure for 10-year Plan



| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 93 | 6 | 7 | 20 |
| Individual Rates | 1,735 | 1,620 | 1,692 | 1,593 |
| Common Rates | 3,576 | 3,663 | 3,814 | 4,026 |
| Total Income | 5,404 | 5,289 | 5,513 | 5,639 |
| Operating Expenditure | 5,385 | 5,439 | 5,513 | 5,639 |
| Operating Surplus/(Deficit) | 19 | (150) | - | - |
| Capital Expenditure | 100 | 30 | 30 | 30 |
| Total To Be Funded | (81) | (180) | (30) | (30) |
| Reserve Funding | (81) | (180) | (30) | (30) |
| Loan Funding | - | - | - | - |
| Total Funded | (81) | (180) | (30) | (30) |



Living Heritage Activity

Overview

The Regional Council's activity in the management of the Region's living heritage includes a programme working to restore 200 priority bush remnants and 100 priority wetlands; work in partnership with the community and other agencies to improve biodiversity through projects like the Te Apiti Manawatu Gorge Project, Kia Wharite and support of many smaller projects; and the management of the Totara Reserve Regional Park. The activity also includes a research and monitoring component to track changes in the Region's native habitats and to inform their management.

The Living Heritage Activity is helping to ensure that our valuable native habitats are able to be appreciated and enjoyed by future generations.

The Living Heritage Activity was budgeted in Year 3 of the Long-term Plan to have an overall decrease of funding from 2016-17 levels of \$53,000. This included savings from removing a staff position and not continuing to fund a number of projects. Council are now proposing an overall increase of \$88,000 compared to 2016-17 levels thereby retaining the staff position, funding for the Tawata Project and increasing investment in the Te Apiti Manawatu Gorge Project.

What we propose to do in 2017-18

Active Management of Bush Remnant and Wetlands

The State of Environment Report in 2013 reported that 22 per cent of the Region's original native forest cover remains and 3 per cent of the original wetlands remain. Horizons has surveyed 706 bush remnants in the Region and 43 per cent of these were considered in a good or excellent state and a further 50 per cent considered in a fair state. Of the 373 surveyed wetlands, 36 per cent of these were considered in a good or excellent state and a further 32 per cent considered in a fair state.

Horizons are working over time to establish active management of 200 priority bush remnants and 100 priority wetlands.

The budget for bush remnants and wetlands management is proposed to increase by \$29,000 in the 2017-18 Annual Plan when compared to the 2016-17 Annual Plan. While this is \$22,000 less than the anticipated increase of \$51,000 signalled in Year 3 of the Long-term Plan, the lower increase is not anticipated to lower levels of service for this work and the targets have been maintained at the level anticipated.

Environmental Initiatives (Community Biodiversity Projects)

Community biodiversity projects can range from working with individual landowners providing advice and grants for work, through to community projects ranging from small initiatives through to large collaborative projects with many stakeholders. These projects fund a range of work to restore biodiversity including pest control, fencing and restoration planting.

The budget for this activity in Year 3 of the Long-term Plan signalled a reduction of \$140,000 when compared to the 2016-17 Annual Plan. Council are proposing an increase of \$37,000 in the budget for 2017-18 (when compared to the 2016-17 Annual Plan). The additional funding includes retention of the staff position, funding for Tawata Community Project and additional funding for the Manawatu Gorge Project.

Regional Parks

The management of the Regional Park at Totara Reserve encompasses the management of the biodiversity and recreation within the park including the operation of the camp ground. The proposed budget for expenditure in the operation of Totara Reserve is anticipated to be \$3,000 less than the budget for the 2016-17 Annual Plan and \$13,000 less than the budget signalled in Year 3 of the Long-term Plan.

Improve Knowledge and Understanding of the Region's Biodiversity

Research and monitoring provides key information around priorities for the work programmes, best practice as part of the work programmes, and the effectiveness of the work programmes (both biodiversity and biosecurity). This

includes providing advice to landowners and the community about the living heritage components of the One Plan.

A key focus over 2017-18 will be preparing the state of environment reporting and completing effectiveness monitoring for both the biodiversity and biosecurity programmes. The Long-term Plan signalled a \$25,000 increase in the budget for this monitoring and research compared to the 2016-17 Annual Plan. Consistent with this, the proposed budget for 2017-18 provides for a \$24,000 increase on 2016-17.

The targets for the monitoring and science part of the activity have been slightly adjusted to reflect changes in Council's reporting committees. The committees previously met five times per year but are now using some of these meetings to complete field-based activities. Subsequently the target for formal reporting has been reduced from five times per year to four times per year.

Living Heritage – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|--------------------------------------|--|--|---|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| PROTECT/ENHANCE PRIORITY HABITAT REMNANTS | | | | |
| Additional top 100 wetlands actively managed | 3 | 3 | 3 | 3 |
| Additional top 200 bush remnants actively managed | 8 | 6 | 6 | 6 |
| SUPPORT COMMUNITY INVOLVEMENT IN BIODIVERSITY PROTECTION | | | | |
| Continue to support existing community-based biodiversity improvement projects | 11 | 10 | 10 | 10 |
| Support new community projects as resources permit | 3 | n/a | n/a | 0 |
| PROVIDE ENVIRONMENTAL GRANT FUNDING TO COMMUNITIES AND INDIVIDUALS FOR BIODIVERSITY PROJECTS | | | | |
| Biodiversity projects supported | 25 | 30 | 30 | 30 |
| IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S BIODIVERSITY | | | | |
| Undertake research and monitoring to: <ul style="list-style-type: none"> Track changes in the health of the Region's living heritage; Inform policy, habitat protection and biosecurity programme development; and Assess policy and implementation effectiveness. | Reported progress to Council 6 times | Report to Council on progress 5 times per year | Report to Council on progress 5 times per year | Report to Council on progress 5 ³ times per year |
| TOTARA RESERVE REGIONAL PARK | | | | |
| Operate a regional park and camping facility that is appreciated by the community, responding to all enquiries and complaints within 48 hours. Track and report the number of campers to the park and the number of complaints/queries as a % of this figure | 100% | 100% | 100% | 100% |

³ Reporting includes both formal reporting and Council workshops.

Living Heritage – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Biodiversity Research | 179 | 158 | 183 | 182 |
| Bush Remnants and Wetlands | 604 | 602 | 653 | 631 |
| Regional Parks | 346 | 231 | 241 | 228 |
| Environmental Initiatives | 955 | 814 | 674 | 851 |
| Total | 2,084 | 1,804 | 1,751 | 1,892 |

What this work will cost

(Financial Summary \$'000)

This activity is funded by:

Individual Rates

- Rangitikei Eradication (Differentiated UAC)
- Regional Park (UAC)
- Waitarere Beach Community (UAC)

Common Rates

- General Rate (EQCV)
- Environmental Initiatives Rate (UAC)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 235 | 46 | - | 44 |
| Individual Rates | 309 | 269 | 324 | 268 |
| Common Rates | 1,507 | 1,489 | 1,428 | 1,581 |
| Total Income | 2,051 | 1,804 | 1,752 | 1,892 |
| Operating Expenditure | 2,084 | 1,804 | 1,751 | 1,892 |
| Operating Surplus/(Deficit) | (33) | - | 1 | - |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | (33) | - | 1 | - |
| Reserve Funding | (33) | - | 1 | - |
| Loan Funding | - | - | - | - |
| Total Funded | (33) | - | 1 | - |

Introducing the Regional Leadership and Governance Group of Activities

What is included in this group?

This group of activities brings together a range of activities that, while not directly involved in our environmental operations, encompass important aspects of what we are as a Council. These activities are: Community Relationships, Environmental Reporting, Emergency Management, Governance, Information, Hapū and Iwi, and Strategic Management.

Our Emergency Management activities, which are part of this group, focus on keeping people and property in our Region safe, and meeting our statutory obligations as the administering authority of the Manawatu-Wanganui Civil Defence Emergency Management (CDEM) Group as required by the CDEM Act 2002. This requires maintaining a CDEM Group Plan and developing and maintaining a high state of preparedness and being ready to respond promptly and efficiently when an emergency arises.

Our Information activities ensure that we are equipped with reliable and useful information about natural processes that are happening in our Region, and make that information readily available both within Horizons and to our wider public and stakeholders.

The Governance Activity is a cornerstone of our mandate to ensure democratic local decision-making, by meeting the needs of our elected representatives and working with them to ensure the smooth functioning of key planning and public consultation processes, including preparation of community and annual plans. Community relationships contribute to this and help build and maintain public awareness of and support for our activities.

The Hapū and Iwi Activity is focussed on supporting iwi involvement in resource management processes and nurturing positive working relationships with Māori represented by our Region's iwi and hapū.

Strategic Management ensures we look to the future as an organisation. It oversees the One Plan process, deals with policy development and relationships with Central Government, and drives strategy reviews.

Why does Council deliver this group of activities?

We undertake this group of activities as it strongly contributes to the following community outcomes:

- Flood Protection
- Natural Hazards
- Air Quality

In addition the group also contributes to the following community outcomes:

- Land Management
- Water Quality
- Water Quantity
- Managing Indigenous Biodiversity
- Control of Plant and Animal Pests
- Coastal Environmental Management
- Transport

These activities are grouped together as they represent various aspects of our community leadership role for our Region.

Significant negative effects on the community goals

There are no significant negative effects on the community goals from this group of activities.

Highlights

Community Relationships

We propose to continue to work with the community to achieve our aims and goals. In terms of rural advice, we propose to focus on working with farmers to help the success of the nutrient management provisions of the One Plan. We propose to spend almost \$2 million during 2017-18 on the Community Relations Activity, most of which will be funded by the Region's ratepayers. This is a slight decrease on what was initially proposed in Year 3 of the Long-term Plan.

Environmental Reporting

In the Long-term Plan we increased the budget for 2017-18 for State of the Environment reporting as well as continuing existing environmental monitoring and reporting. We propose to spend \$290,000 on this activity in 2017-18, which will be funded by the Region's ratepayers. This is a slight decrease compared to Year 3 of the Long-term Plan.

Emergency Management

We propose to have similar levels of service and cost in 2017-18 for this activity. We propose to achieve targets as set out in the CDEM Business Plan. In total we propose to spend \$2.16 million on this activity in 2017-18, of which \$1.51 million will be funded by the Region's ratepayers. This is a minimal increase from Year 3 of the Long-term Plan.

Governance

We propose to have similar levels of service and cost in 2017-18 for this activity. We propose to spend \$2.5 million on this activity in 2017-18, all of which will be funded by the Region's ratepayers.

Information

We propose to have similar levels of service and cost in 2017-18 for this activity. We propose to keep improving our data acquisition rates and performance of our environmental network as well as work with other councils and the community to facilitate exchange of environmental information. We propose to spend

\$4 million on this activity in 2017-18, which is a decrease of \$134,000 when compared to Year 3 of the Long-term Plan.

Hapū and Iwi Relationships

We propose to continue to work with hapū and iwi on environmental projects as well as maintaining involvement in Treaty settlement processes. We propose to spend \$267,000 on the activity in 2017-18, all of which will be funded by the Region's ratepayers. This is a slight increase of what was initially presented in Year 3 of the Long-term Plan and reflects additional resources invested in this area to meet our targets.

Strategic Management

As we continue to implement the One Plan we propose to pay close attention to the effectiveness of the provisions we have in place, and how they might be improved. We propose to respond proactively to emerging issues and work with other stakeholders to facilitate sustainable growth in the Region. In the 2016-17 Annual Plan it was recognised that we needed to invest additional resources in the policy area. As a result of this decision, there is an increase on the amount budgeted in Year 3 of the Long-term Plan, however this does not translate to a rate increase between 2016-17 and 2017-18.

Regional Leadership and Governance Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-------------------------------|---------------|---------------|--------------------------|---------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| COMMUNITY RELATIONSHIPS | 1,856 | 1,995 | 2,112 | 1,947 |
| ENVIRONMENTAL REPORTING | 265 | 289 | 308 | 290 |
| EMERGENCY MANAGEMENT | 2,937 | 2,126 | 2,173 | 2,160 |
| GOVERNANCE | 2,175 | 2,565 | 2,513 | 2,506 |
| INFORMATION | 3,845 | 3,759 | 4,138 | 4,004 |
| HAPŪ AND IWI | 220 | 214 | 237 | 267 |
| STRATEGIC MANAGEMENT | 1,795 | 1,267 | 1,092 | 1,262 |
| Total Operating Expenditure | 13,093 | 12,215 | 12,572 | 12,436 |
| Capital Expenditure | 1,154 | 1,125 | 926 | 1,159 |
| Total Funding Required | 14,247 | 13,340 | 13,498 | 13,596 |
| Funded By | | | | |
| User Fees and Other Revenue | 5,298 | 3,179 | 3,304 | 3,301 |
| Individual Rates | - | - | - | - |
| Common Rates | 9,165 | 9,222 | 9,426 | 9,482 |
| Loans and Reserves | (216) | 939 | 768 | 813 |
| Total Funded | 14,247 | 13,340 | 13,498 | 13,596 |

| Capital Expenditure | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Meet Additional Demand | | - | - | - |
| Improve Level of Service | | - | - | - |
| Replace Existing Assets | 1,154 | 1,125 | 926 | 1,159 |
| Total Capital Expenditure | 1,154 | 1,125 | 926 | 1,159 |

Prospective Funding Impact Statement for the Regional Leadership and Governance Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---|----------------|---------------|--------------------------|----------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | 9,165 | 9,222 | 9,426 | 9,482 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 324 | - | - | - |
| Fees and charges | 2,368 | 709 | 725 | 735 |
| Internal charges and overheads recovered | 2,605 | 2,470 | 2,579 | 2,566 |
| Interest and dividends from investments | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total sources of operating funding (A) | 14,462 | 12,401 | 12,730 | 12,783 |
| Applications of Operating Funding | | | | |
| Payments to staff and suppliers | 4,082 | 3,581 | 3,651 | 3,599 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 8,365 | 7,837 | 8,096 | 8,097 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 12,447 | 11,417 | 11,747 | 11,696 |
| Surplus (Deficit) of Operating Funding (A-B) | 2,015 | 984 | 983 | 1,087 |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | - | - | - | - |
| Applications of Capital Funding | | | | |
| Capital expenditure: | | | | |
| · to meet additional demand | - | - | - | - |
| · to improve the level of service | - | - | - | - |
| · to replace existing assets | 1,544 | 1,125 | 926 | 1,159 |
| Increase (decrease) in reserves | 861 | (142) | 57 | (73) |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 2,015 | 984 | 983 | 1,087 |
| Surplus (Deficit) of Capital Funding (C -D) | (1,105) | (984) | (983) | (1,087) |
| Funding Balance | - | - | - | - |
| Depreciation | 645 | 798 | 825 | 740 |



Community Relationships Activity

Overview

Strong relationships with our communities help people understand what Horizons does and how we do it.

Community Relationships focus on providing effective communications, accessible information and accurate advice. As we engage with our regional communities, we increase public understanding of Horizons' role and encourage community participation in action and decision-making.

Public awareness of and support for our activities is essential if we are to achieve our goals. Strong relationships enhance the impact of our work and help us make this Region a great place to live, work and play.

What we propose to do in 2017-18

Communications

Our communications team plans external and internal communications to generate accessible, user-friendly information in a variety of ways; develops and maintains stakeholder relationships; and supports the delivery of all Horizons' work. They ensure communication is proactive and transparent, which helps develop a positive community profile and increase public understanding of Horizons' function.

District Liaison

District Liaison provides free, non-regulatory information and advice to members of the public regarding natural hazard risk and Horizons' One Plan requirements for specific properties and proposed developments. District Liaison also provides information and recommendations to territorial authorities to assist them in their decision-making with respect to Building, Subdivision and Land Use Consent Applications. District Liaison also helps coordinate Horizons' response to District Plan Changes and Private Plan Change requests.

District Liaison also manages the legislative requirements of the Building Act 2004 for dams throughout the Region. Horizons has delegated its Building

Consent functions for consenting Large Dams to Waikato Regional Council, however, via the District Liaison output, remains responsible for issuing Project Information Memorandum (PIMs) for Large Dams. A PIM is a legal requirement of the Building Consent process for the modification and/or construction of Large Dams.

Rural Advice

The rural advice team plays a crucial role in supporting businesses in the rural sector to navigate regulatory processes and ensure required standards are met. There is currently a significant focus on working with farmers to help the success of the nutrient management provisions of the One Plan.

Customer Service

Customer Service is the first port of call for all general Horizons enquiries via telephone and in person. By providing friendly, efficient service and advice 24/7, this team aids the development of positive relationships with our communities.

Environmental Education

Horizons has a long history in supporting school-based environmental education through nationally recognised programmes such as Waiora and EnviroSchools. We plan to work closely with EnviroSchools to increase the number of schools in our Region involved in this programme over the life of this Plan. In 2017-18 we will not be delivering Trees for Survival as this programme has not run in our Region for a number of years

Community Relationships – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|--|--|---|---|--|
| | Year 1 | Target Year 1 | Target Year 3 | Target Year 3 |
| PLAN AND IMPLEMENT LONG-TERM, STRATEGIC AND MEASURABLE COMMUNICATIONS | | | | |
| Awareness and understanding of Horizons is maintained through a variety of channels (e.g. print, media, online, events and sponsorship) | Achieved | >90% | >90% | >90% |
| Increase awareness and use of the website | Increased by over 20,000 | Increase users by 10,000 | Increase users by 10,000 | Increase users by 10,000 |
| DISTRICT LIAISON | | | | |
| All information requests are met within timeframe (approximately 200 formal and 450 informal requests received per year, with approximately 20 plan change proposals assessed per year) | 20 days | 20 days | 20 days | 20 days |
| Meet Building Act 2004 legislative requirements | 100% | 100% | 100% | 100% |
| RURAL ADVISORY | | | | |
| Deliver advisory services to the rural community (number of requests) | 208 | 200 | 200 | 200 |
| CUSTOMER SERVICE | | | | |
| Maintain 24-hour, seven days a week access to Horizons via internal and external call centre support | 100% | 100% | 100% | 100% |
| 95% of all calls received on a 24/7 basis are answered | 95% | 95% | 95% | 95% |
| The Council provides a friendly, professional and knowledgeable service to its customers. Ninety per cent of customers are satisfied with the friendliness, professionalism and knowledge of the service | 90% | 90% | 90% | 90% |
| ENVIRONMENTAL EDUCATION | | | | |
| Increase participation levels in the EnviroSchools and Waiora programmes at a manageable rate. | 41 EnviroSchools (7 new this financial year) 0 Trees for Survival Schools 43 Waiora sessions (facilitated by educator) | 36 EnviroSchools 2 Trees for Survival Schools 32 Waiora sessions per year | 38 EnviroSchools 7 Trees for Survival Schools 33 Waiora sessions per year | 38 EnviroSchools 0 Trees for Survival Schools 33 Waiora sessions |

Community Relationships – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|--------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Community Communications | 703 | 738 | 784 | 746 |
| District Liaison | 276 | 359 | 369 | 349 |
| Customer Services | 396 | 377 | 424 | 380 |
| Rural Advisor | 481 | 521 | 536 | 472 |
| Total | 1,856 | 1,995 | 2,113 | 1,947 |

What this work will cost (Financial Summary \$000)

This activity is funded by:

Common Rates

- General Rate (EQCV)
- Uniform Annual General Charge (UAC)

Percentage of total expenditure
for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-----------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 62 | 6 | 2 | 1 |
| Individual Rates | - | - | - | - |
| Common Rates | 1,991 | 1,990 | 2,110 | 1,946 |
| Total Income | 2,053 | 1,995 | 2,112 | 1,947 |
| Operating Expenditure | 1,856 | 1,995 | 2,112 | 1,947 |
| Operating Surplus/(Deficit) | 197 | - | - | - |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | 197 | - | - | - |
| Reserve Funding | 197 | - | - | - |
| Loan Funding | - | - | - | - |
| Total Funded | 197 | - | - | - |



Environmental Reporting and Air Quality Monitoring Activity

Overview

Effective management of the Region's natural resources is dependent on accurate and timely information about the environment and its health, ready access to this information, and having this information packaged in a way that is understandable to the intended audience.

Horizons has responded to the demand for information about the Region's natural resources through the Environmental Reporting Activity. The activity includes the core monitoring and reporting function and the work to raise the community's awareness of the environment – how it works, how it is changing and the drivers of change.

What we propose to do in 2017-18

Environmental Monitoring and Reporting

Environment Monitoring and Reporting is critical for effective management as it provides knowledge of the state of the resource and allows the early detection of changes and trends. Further, it enables the effectiveness of policies, approaches and management to be determined and provides a summary of the information in a way that can inform decision-making. A key output of this programme is our State of the Environment Report, which is due in 2018.

Air Quality Monitoring

The air quality monitoring programme will continue to monitor and report on air quality in the two air sheds designated under the National Environmental Standard for Air Quality (Taihape and Taumarunui). Air quality modelling information completed as a part of this activity predicts the two designated air sheds will become compliant with the requirements of the National Environmental Standard as older wood burners are slowly replaced with more efficient burners. A key recommendation of the various air quality studies has

been to complete public awareness campaigns to provide guidance around ways to improve air quality in these air sheds. The proposed budget contains a small budget to undertake such work.

Summary

For both the environmental monitoring and reporting and air quality monitoring parts of this programme the Long-term Plan proposed increases for the 2017-18 year to take the total budget for this work from the \$290,000 included in the 2016-17 Annual Plan to a total budget of \$309,000. This increase has not been included in the proposed budget for the 2017-18 year. It is noted that other proposed increases within the budget for 2017-18, such as the research and monitoring budget of the Water Quality and Quantity Activity, will contribute to additional state of environment type information being compiled and available for the State of the Environment Report in 2018.

The targets for the monitoring and science part of the activity have been slightly adjusted to reflect changes in Council's reporting committees. The committees have previously met five times per year but are now using some of these meetings to complete field-based activities. Subsequently the target for formal reporting has been reduced from five times per year to four times per year.

Environmental Reporting and Air Quality Monitoring – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|--|--|--|---|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| ENVIRONMENTAL MONITORING AND REPORTING | | | | |
| Complete State of the Environment reporting including reviewing and updating environmental indicators | Reported to Council on progress 6 times | Report to Council on progress 5 times per year | A full SOE report in 2018 | A full SOE report in 2018 |
| Undertake policy and programme implementation effectiveness monitoring and provide input into programmes and policies that are in development | Reported to Council on progress 6 times per year | Report to Council on progress 5 times per year | Report to Council on progress 5 times per year | Report to Council on progress 4 times per year |
| Environmental information is made available to the public via Horizons' website, Environment Committee reporting and on request, including contributions to national level reporting | Reported to Council on progress 6 times per year | Report to Council on progress 5 times per year | Report to Council on progress 5 times per year | Report to Council on progress 4 times per year |
| Monitor and report on air quality | Reported to Council on progress 6 times per year | Report to Council on progress 5 times per year | Report to Council on progress 5 times per year | Report to Council on progress 5 times ⁴ per year |

Environmental Reporting and Air Quality Monitoring – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---------------------------------------|------------|-------------|-----------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| SOE Policy and Performance Monitoring | 209 | 232 | 249 | 233 |
| Air Monitoring | 57 | 56 | 60 | 57 |
| Total | 266 | 288 | 309 | 290 |

⁴ Reporting includes both formal reporting and Council workshops.

What this work will cost

(Financial Summary \$'000)

This activity is funded by:

Common Rates

- General Rate (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | - | - | - | - |
| Individual Rates | - | - | - | - |
| Common Rates | 265 | 288 | 308 | 290 |
| Total Income | 265 | 288 | 308 | 290 |
| Operating Expenditure | 266 | 288 | 308 | 290 |
| Operating Surplus/(Deficit) | (1) | - | - | - |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | (1) | - | - | - |
| Reserve Funding | (1) | - | - | - |
| Loan Funding | - | - | - | - |
| Total Funded | (1) | - | - | - |



Emergency Management Activity

Overview

The Emergency Management Office delivers a range of emergency related services to assist in keeping our communities safe, ensuring the continuity of critical services, and the coordination of emergency planning, response and recovery. The activity includes:

- Our response to natural and technological events such as floods, storms, earthquakes, lifeline infrastructure failure and major pollution incidents;
- Coordination of the Civil Defence Emergency Management (CDEM) Group;
- Flood plain mapping, modelling and flood forecasting;
- River navigation safety functions; and
- Contracted services for marine oil spill response and local emergency management services.

What we propose to do in 2017-18

Achieve Targets as Set Out in CDEM Business Plan

Horizons Regional Council is the administering authority of the Manawatu-Wanganui Civil Defence Emergency Management Group as required by the Civil Defence Emergency Management Act 2002. The CDEM Group is a consortium of the local authorities in the Region working in partnership with emergency services, lifeline utilities and others to deliver CDEM at the local level. The Group maintains a CDEM Plan in accordance with legislative requirements that considers all phases of the emergency continuum (reduction, readiness, response and recovery).

A business plan is also managed by the Group with each of the member councils contributing to achieving the goals of the Group. A review of the CDEM Group Plan was completed in 2015-16 with the new Plan approved as operative in June 2016. The Group will work to implement the Plan aligned with its agreed Business Plan outputs.

Horizons' Response Capability

Under this activity we:

- Prepare plans and procedures for emergency response;
- Maintain an emergency management duty officer capability 24/7/365;
- Deliver automated river height information to subscribers;
- Manage the Manawatu River & Tributaries Navigation Safety bylaw;
- Facilitate navigation and water safety initiatives in Whanganui in conjunction with the Whanganui River Navigation & Water Safety Group;
- Maintain teams for flood gate operation and flood barrier deployment;
- Undertake flood plain mapping, modelling and forecasting; and
- Maintain a cadre of trained staff to manage and operate an Emergency Operations Centre for Horizons' response activities and an Emergency Coordination Centre for the CDEM Group.

Contracted Services

Local level emergency management services are currently provided under contract to the Rangitikei, Manawatu and Horowhenua District Councils for the provision of coordinated Civil Defence and Rural Fire capability. These services are provided as a fixed price contract and have been in place since 2008 and 2009. Given impending changes to NZ Fire Service legislation regarding Rural Fire, the current contracts with Rangitikei, Manawatu and Horowhenua District Councils are under review by those councils.

At the time of writing it is assumed that contracts with the three councils will continue in some form to ensure that the councils meet their respective emergency management legislative requirements.

Services are provided to Maritime New Zealand (MNZ) to ensure a regional response capability for marine oil spill response within Horizons' area of jurisdiction. This output is 100 per cent funded by MNZ via the provision of training and equipment commensurate to our regional risk, as determined by MNZ.

Emergency Management – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|--|----------------|---------------------|------------------------|---------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| ACHIEVE TARGETS AS SET OUT IN CDEM BUSINESS PLAN | | | | |
| Critical outputs pertaining to Operational Capability, Community Resilience and Riskscape are monitored and reviewed | 100% | 100% | 100% | 100% |
| Emergency Coordination Centre (ECC) systems and procedures developed and maintained | 100% | 100% | 100% | 100% |
| CDEM targets are reported to both the Joint Standing Committee and Coordinating Executive Group | 10 | 4 per year | 4 per year | 4 per year |
| HORIZONS' RESPONSE CAPABILITY | | | | |
| Emergency Operations Centre staff are trained (min. of four training activities per year) and ready to respond; emergency management duty officer available 24/7/365; response manuals, flood action plans and procedures available and reviewed at least annually | 100% | 100% | 100% | 100% |
| Hazard Information Update Project carried out to update LIDAR information; indicative and modelled flood layers and selected seismic data layers updated as per approved project plan | 95% | 100% | 100% | 100% |
| Procedures in flood plain mapping, modelling and flood forecasting in place | 1 | 1 | 1 | 1 |
| Manage and promote business continuity planning arrangements (BC Plans) | 1 | 1 per year | 1 per year | 1 per year |
| Manage and promote navigation safety | 100% | 100% | 100% | 100% |
| CONTRACTED SERVICES | | | | |
| Maritime New Zealand (MNZ) oil spill response capability maintained to MNZ audit standards | 100% | 100% | 100% | 100% |
| Emergency Management contracts for Civil Defence and Rural Fire services completed to the satisfaction of Rangitikei, Manawatu and Horowhenua District Councils | 100% | 100% | 100% | 100% |

Emergency Management – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|--------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Horizons' Emergency Management | 1,145 | 1,139 | 1,190 | 1,186 |
| Contracted Services | 687 | 651 | 682 | 645 |
| CDEM Group | 489 | 336 | 300 | 329 |
| Task Force Green | 616 | - | - | - |
| Total | 2,937 | 2,126 | 2,172 | 2,160 |

What this work will cost

(Financial Summary \$000)

This activity is funded by:

User Fees and Other Revenue

- Territorial Authority Contract Income

Common Rates

- Emergency Management Rate (EQCV)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 1,619 | 666 | 683 | 651 |
| Individual Rates | - | - | - | - |
| Common Rates | 1,483 | 1,461 | 1,490 | 1,509 |
| Total Income | 3,102 | 2,127 | 2,173 | 2,160 |
| Operating Expenditure | 2,937 | 2,126 | 2,173 | 2,160 |
| Operating Surplus/(Deficit) | 165 | 1 | - | - |
| Capital Expenditure | 433 | 259 | 220 | 255 |
| Total To Be Funded | (268) | (258) | (220) | (255) |
| Reserve Funding | (268) | (258) | (220) | (255) |
| Loan Funding | - | - | - | - |
| Total Funded | (268) | (258) | (220) | (255) |

Governance Activity

Overview

Horizons covers a wide geographical area and its ratepayers and residents are represented by 12 elected members. Through their locally elected councillors, the people of the Region have the opportunity to become involved in decisions about local and regional issues. Our elected representatives provide a vital link to our communities and they are ultimately accountable through the triennial election process to the people of our Region.

Horizons' role is to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. To be successful we need to identify opportunities and respond to any changes that may impact on our business.

What we propose to do in 2017-18

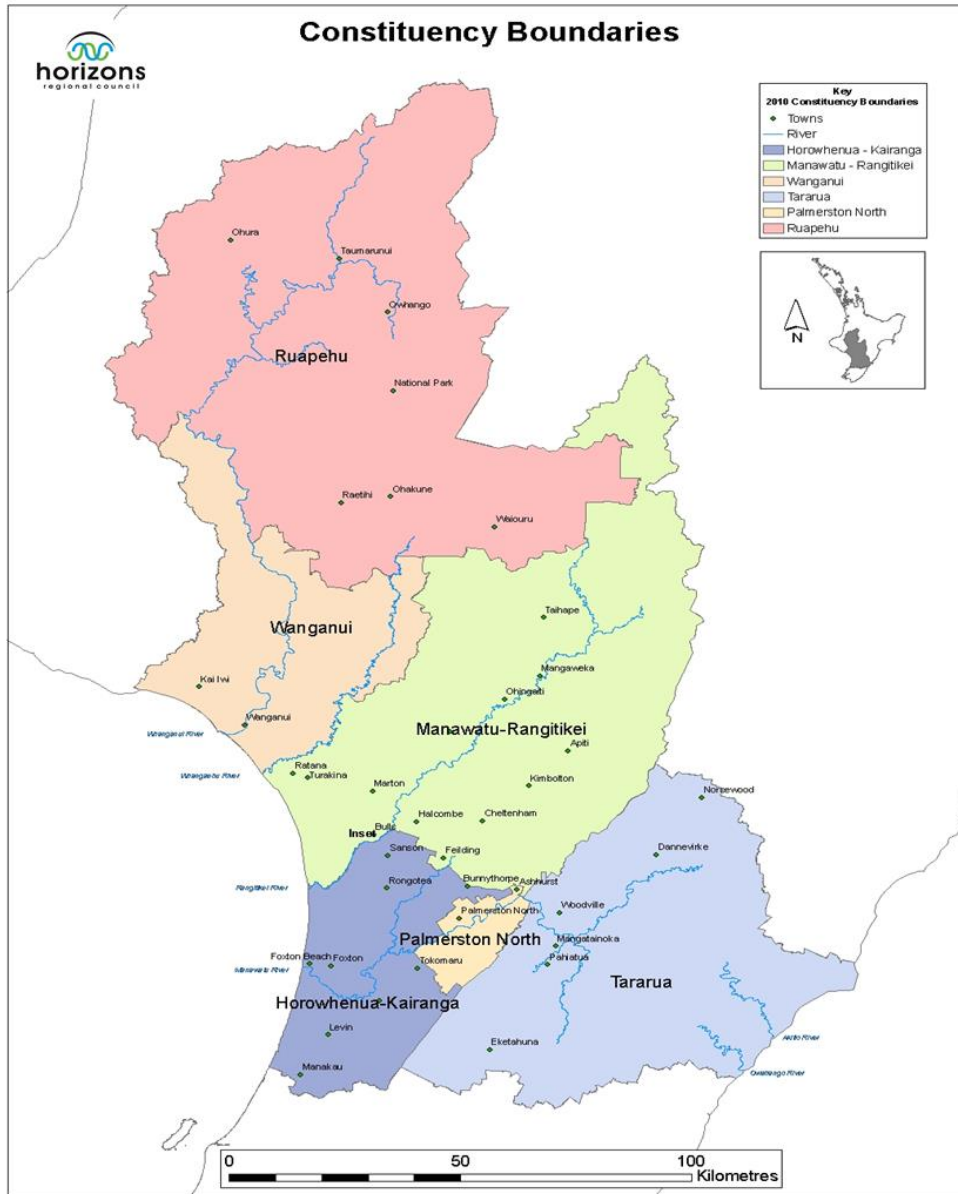
Governance

The councillors provide governance for the organisation through regular Council and committee meetings. In addition to setting and monitoring policy, the Council keeps abreast of local, regional, national and international matters, so that emerging issues of relevance for the Region can be investigated and planned for.

Changes in Central Government policy can impact on our business and these changes need to be assessed and responded to.

Local body elections took place in October 2016. In order to avoid a spike in the rates in the year of the election, we fund most of the additional cost of this election over the 2016-17 to 2018-19 years.

In the 2017-18 year we propose to also undertake the normal statutory requirements of planning, reporting and administering prompt payment discounts, rate penalties and remissions.



| Constituency | No. of Members | Estimated Population |
|---------------------|----------------|----------------------|
| Horowhenua-Kairanga | 2 | 39,600 |
| Manawatu-Rangitikei | 2 | 36,900 |
| Palmerston North | 4 | 86,300 |
| Ruapehu | 1 | 12,700 |
| Tararua | 1 | 17,550 |
| Wanganui | 2 | 43,800 |
| | 12 | 236,900 |

The Horizons Region

- Covers 10 local authorities, 7 completely within its boundaries
- Horizons' jurisdiction extends 12 nautical miles out to sea
- Covers 22,212 sq km of land, 8.1 per cent of New Zealand's land area
- Has 160 km of coastline, with the Tasman Sea to the west and Pacific Ocean to the east
- Is home to approximately 236,900 people

Governance – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|----------------|---------------------|------------------------|---------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| GOVERNANCE | | | | |
| Undertake the triennial election process in accordance with the Local Electoral Act 2001 (October 2016) | ✓ | ✓ | n/a | n/a |
| Conduct Horizons' meetings and hearings in accordance with Horizons Regional Council Standing Orders | 100% | 100% | 100% | 100% |
| LONG-TERM PLAN (LTP) | | | | |
| Adoption of this and subsequent annual plans, long-term plans and amendments, and annual reports by Council within statutory timeframes | 100% | 100% | 100% | 100% |

Governance – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan | Annual Plan |
|---------------------------|--------------|--------------|-------------------|--------------|
| | 2015-16 | 2016-17 | Year 3 2017-18 | 2017-18 |
| Representation | 2,028 | 2,400 | 2,104 | 2,150 |
| Community and Annual Plan | 147 | 165 | 408 | 356 |
| Total | 2,175 | 2,565 | 2,512 | 2,506 |

What this work will cost

(Financial Summary \$000)

This activity is funded by:

Common Rates

- Uniform Annual General Charge (UAC)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 17 | - | - | - |
| Individual Rates | - | - | - | - |
| Common Rates | 2,464 | 2,459 | 2,472 | 2,465 |
| Total Income | 2,481 | 2,459 | 2,472 | 2,465 |
| Operating Expenditure | 2,175 | 2,565 | 2,513 | 2,506 |
| Operating Surplus/(Deficit) | 306 | (106) | (41) | (41) |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | 306 | (106) | (41) | (41) |
| Reserve Funding | 306 | (106) | (41) | (41) |
| Loan Funding | - | - | - | - |
| Total Funded | 306 | (106) | (41) | (41) |



Information Activity

Overview

Along with its people, information is a key strategic asset of any organisation. We put high value on having good, reliable information and the means to access and share it both within the Council and with our communities and other stakeholders in order to inform decision making.

The Information Activity puts an emphasis on integration of systems within the Council and on increasing standardisation of underlying technologies to future-proof our information collection and storage. It also provides opportunities and supports initiatives to share data and information with our communities, and other interested groups like iwi, other regional and territorial councils, and Central Government.

In Year 3 of the LTP we believed this service would require \$4.138 million of operating expenditure, however due to identified efficiencies this cost has decreased to \$4.004 million without any reduction in the level of services provided. This has a favourable impact to the rating requirements of \$91,000.

What we propose to do in 2017-18

Catchment Data

A large quantity of environmental data is collected by Horizons via a comprehensive network of physical sites throughout the Region. This data is utilised by a range of internal customers for river scheme design and operation, emergency management and science related activities. In addition, significant use is made of this data by external agencies and ratepayers. Data collection programmes for river level, flow, dissolved oxygen, water temperature, suspended sediment and nutrients for our Region's rivers, as an example, have been established. Data is also collected in relation to groundwater levels and quality, air quality, rainfall and soil moisture. Key services provided for emergency management purposes and scheme operation are flood warning and automated flood forecasting for the Region's major rivers. For Horizons' science output, data provision is primarily in relation to real-time data for water

allocation/management and for the establishment and maintenance of a long-term archive of environmental data for decision making.

The team responsible for the data that is collected maintains ISO certification. This ensures independent review of processes, and so ensures the reliability of data collected and archived within Horizons' systems. The Information Activity is looking to continue to improve access to this information resource by our Region's communities and ratepayers, thus allowing more decision makers direct access to timely and current environmental information.

Catchment Information

With a large quantity of environmental data coming in, alongside other operational and financial information generated by the wider organisation, there is a need to define, implement and/or support systems that store, analyse and report on this data to meet current and evolving operational requirements. This work is guided by the underlying principles of Council's Information Strategy, namely that systems should be integrated, efficient and provide accurate and auditable information, along with ensuring systems implemented are supported adequately externally and internally, that information is protected and secured, and that appropriate governance processes are followed for product development, purchase or review.

To this end, and supporting the work of Catchment Data and other teams throughout Horizons to deliver this information to the external agencies and ratepayers, the Catchment Information team provides the technical expertise to create and maintain specialised reporting and mapping systems and portals, supporting internal project teams and staff, along with delivering products to the external agencies and ratepayers. These systems build on, or integrate with, existing business system architectures.

As an outcome of this work, the reliability of data holdings are progressively improved, with concurrent impacts on decision making; the technical capacity and capability of the wider organisation is maintained into the long term; and progressive improvements delivered to overall business processes.

Information – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|---------------------------|------------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| CATCHMENT DATA | | | | |
| Collection of 98.5% water level, rainfall, soil moisture, wind and water temperature data (approx. 15.2 million data-points p.a.) | 98.8% | 98.5% | 98.5% | 98.5% |
| Collection of 92.0% of continuous data relating to other water quality parameters (approx. 2.0 million data-points p.a.) | 96.1% | 94.0% | 90.0% | 90.0% |
| CATCHMENT INFORMATION | | | | |
| Information requests received from the public and external agencies are processed and delivered according to agreed timeframes | 95.0% | 95.0% | 95.0% | 95.0% |

Information – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Catchment Information | 1,449 | 1,251 | 1,489 | 1,390 |
| Catchment Data | 2,244 | 2,480 | 2,619 | 2,566 |
| Hydro Contracting Works | 152 | 28 | 29 | 48 |
| Total | 3,845 | 3,759 | 4,137 | 4,004 |

What this work will cost (Financial Summary \$000)

This activity is funded by:

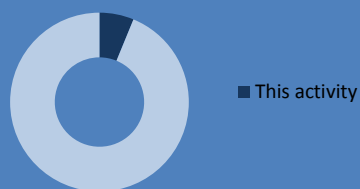
User Fees and Other Revenue

- Catchment Data Recharge

Common Rates

- Information (EQCV)

Percentage of total expenditure
for 10-year Plan



| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 2,723 | 2,508 | 2,619 | 2,614 |
| Individual Rates | - | - | - | - |
| Common Rates | 1,301 | 1,251 | 1,519 | 1,428 |
| Total Income | 4,024 | 3,759 | 4,138 | 4,042 |
| Operating Expenditure | 3,845 | 3,759 | 4,138 | 4,004 |
| Operating Surplus/(Deficit) | 179 | - | - | 38 |
| Capital Expenditure | 721 | 866 | 706 | 905 |
| Total To Be Funded | (542) | (866) | (706) | (867) |
| Reserve Funding | (542) | (866) | (706) | (867) |
| Loan Funding | - | - | - | - |
| Total Funded | (542) | (866) | (706) | (867) |



Hapū and Iwi Relationships Activity

Overview

Horizons values its positive working relationships with the Region's hapū and iwi. These relationships are important for Treaty of Waitangi settlement processes, to facilitate iwi involvement in decision-making processes, recognise iwi interests, and progress initiatives that enhance iwi capacity to participate in resource management.

What we propose to do in 2017-18

Treaty Settlement Participation

The Regional Council sees the Treaty settlement process as an opportunity to build enduring relationships with iwi. We propose to work collaboratively and in good faith during Treaty of Waitangi settlement processes, and implement with iwi the aspects for which we are responsible.

A particular focus this year will be supporting Whanganui iwi and Rangitāne to implement their recent settlement agreements as they relate to the Whanganui and Manawatū Rivers. This has required additional resources resulting in a minor increase in the proposed budget compared to Year 3 of the Long-term Plan. We propose to continue to work with other iwi as they progress through the settlement process.

Resource Management Projects

The Māori worldview is integral to Council's business, in particular during implementation, monitoring and review of the One Plan. Methods in Chapter 2: Te Ao Māori focusses on improving working relationships with hapū and iwi to achieve mutually satisfactory outcomes. This year we intend to place an emphasis on supporting iwi and hapū resource management plans; improving iwi involvement in consent decision-making processes at an early stage; and building resource management capacity. Collaboration in other areas, such as habitat restoration, will continue.

Hapū and Iwi Relationships – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|---------------------------|------------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| JOINT REGIONAL RESOURCE MANAGEMENT PROJECTS | | | | |
| Implement One Plan Te Ao Māori methods | On-going | Method targets met | Method targets met | Method targets met |
| IWI RELATIONS/TREATY SETTLEMENT | | | | |
| Treaty Settlement and Memorandum of Partnership projects | As required | Deliverables met | Deliverables met | Deliverables met |

Hapū and Iwi Relationships – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|--------------|------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Iwi | 220 | 214 | 237 | 267 |
| Total | 220 | 214 | 237 | 267 |

What this work will cost

(Financial Summary \$000)

This activity is funded by:

Common Rates

- Uniform Annual General Charge (UAC)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | - | - | - | - |
| Individual Rates | - | - | - | - |
| Common Rates | 224 | 214 | 237 | 267 |
| Total Income | 224 | 214 | 237 | 267 |
| Operating Expenditure | 220 | 214 | 237 | 267 |
| Operating Surplus/(Deficit) | 4 | - | - | - |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | 4 | - | - | - |
| Reserve Funding | 4 | - | - | - |
| Loan Funding | - | - | - | - |
| Total Funded | 4 | - | - | - |



Strategic Management Activity

Overview

The focus of this activity is planning for the future and working with others, both within and external to Horizons, to ensure our plans and strategies are implemented. The activity also provides for monitoring how successful the plans are at achieving objectives so we can identify and make improvements where necessary. This activity covers our participation in development and implementation of Central Government policy and working with territorial authorities where this helps integrate regional and district plans.

What we propose to do in 2017-18

One Plan Implementation and Monitoring

The One Plan became fully operative in December 2014. All rules have been implemented and work is continuing to implement non-regulatory methods laid out in the One Plan. The focus during 2017-18 will continue to be on monitoring progress of implementation of the One Plan and evaluating policy effectiveness.

In the 2016-17 Annual Plan it was recognised that we needed to invest additional resources in the policy area. As a result of this decision, there is an increase in Year 3 of the Long-term Plan, however this does not translate to a rate increase between 2016-17 and 2017-18.

As improvements to the Annual Plan are identified, plan changes may be initiated.

Maintain Emerging Issues Capacity

The Regional Council participates in the planning cycles of government and territorial authorities. This involves advocating for the interests of the Region during development of law changes, National Policy Statement (NPS) and National Environment Standard (NES), and encouraging integration of work streams with territorial authorities during their district plan reviews and annual planning processes. From time to time issues and opportunities arise where Horizons takes a leadership role on behalf of the Region. Council will consider the impacts of climate change during 2017-18, in particular changing flood risks.

Several national policy instruments are at varying stages of development and may require Regional Council involvement during 2017-18, including NPS on indigenous biodiversity and natural hazards, and NES on plantation forestry and air quality. Further reform to the Resource Management Act is also being progressed and will require Horizons' consideration, along with proposals to reform the regulatory framework around pest management and eradication.

This work accounts for \$229,000 of the operating budget proposed in the Annual Plan, which is a minimal increase from Year 3 of the Long-term Plan. During this Annual Plan, we propose to begin to review our strategic direction to ensure Horizons is best positioned to serve its community into the future.

Regional Prosperity

One of the key issues for the Manawatu-Wanganui Region is its future prosperity. In collaboration with the Region's mayors, ministers, iwi and business, Horizons has played a pivotal role in facilitating the production by government of a Regional Growth Study. We are now focussed on the Regional Council's role in the Accelerate25 programme, which is implementing the growth study. This programme's purpose is to realise opportunities in the Region around key business areas including: tourism and visitor services, sheep and beef production and processing, fresh vegetables, and manuka honey.

Government has highlighted the importance of councils collaborating with each other and with industry and iwi to facilitate growth. Horizons' contribution to achieving sustainable growth in the Region may include finding ways to better use the information it holds on the Region's resources, bringing key parties together, and utilising Horizons' existing connection with Central Government.

In this Annual Plan, Horizons' work in this area is covered through the Emerging Issues Activity and contributes to \$230,000 of the proposed \$529,000 of operating expenditure. There is no change from Year 3 of the Long-term Plan.

Strategic Management – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|----------------------------------|----------------------------------|---------------------------|-----------------------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| ONE PLAN IMPLEMENTATION | | | | |
| One Plan implementation programme | On-going | Method targets met | Method targets met | Method targets met |
| Monitoring and evaluation of the One Plan | Monitoring programme implemented | Evaluation programme implemented | - | Biodiversity evaluation completed |
| National policies and standards incorporated into the Plan within statutory deadlines | On-going | 100% as required | 100% as required | 100% as required |

Strategic Management – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| New Projects/Emerging Issues | 1,119 | 509 | 520 | 529 |
| Strategy Reviews | - | - | - | - |
| One Plan | 676 | 757 | 572 | 733 |
| Total | 1,795 | 1,267 | 1,092 | 1,262 |

What this work will cost

(Financial Summary \$000)

This activity is funded by:

Common Rates

- Strategic Management Rate (EQCV)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 877 | - | - | 35 |
| Individual Rates | - | - | - | - |
| Common Rates | 1,437 | 1,559 | 1,291 | 1,576 |
| Total Income | 2,314 | 1,559 | 1,291 | 1,611 |
| Operating Expenditure | 1,795 | 1,267 | 1,092 | 1,262 |
| Operating Surplus/(Deficit) | 519 | 292 | 199 | 350 |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | 519 | 292 | 199 | 350 |
| Reserve Funding | 519 | 292 | 199 | 350 |
| Loan Funding | - | - | - | - |
| Total Funded | 519 | 292 | 199 | 350 |

Introducing the Transport Group of Activities

What is included in this group?

Transport plays a vital role in our communities and contributes to the social and economic goals of our Region.

This group of activities includes three activities – Transport Planning, Road Safety and Public Transport. Our role is to coordinate land transport planning within the Region, plan and implement public passenger transport services, and coordinate and implement a programme of community road safety education. These transport activities receive varying amounts of funding from Central Government via the National Land Transport Fund, shown as ‘User Fees and Other Revenue’ in the financial information below.

Why does Council deliver this group of activities?

We undertake this group of activities as it strongly contributes to the following community outcome:

- Transport

These activities are grouped together as they contribute towards well-planned and integrated transport networks that encourage walking, cycling and public transport (including specialised services for people with disabilities), as well as catering for commercial and private vehicle needs. This ensures that all those in our Region can access services and do business safely and easily.

Significant negative effects on the community goals

While the use of fossil-fuelled vehicles in all forms could be considered a negative effect on environmental goals, this group of activities seeks to minimise this impact through efficient use of transport.

Highlights

Transport Planning

We propose to hold constant the levels of service for this activity with the majority of effort going into implementing the existing Regional Land Transport Plan while completing the three-yearly review of that document as required by statute. Implementation will focus on giving effect to the Accelerate 25 Action Plan where transport is identified as an enabler, and also focus on the work feeding into the Accessing Central New Zealand initiative. Work will also focus on retention of a passenger rail service between Palmerston North and Wellington.

Passenger Transport

Generally existing levels of service will be maintained (including the Total Mobility scheme) with a number of new and improved services being trialled to improve connectedness between centres and the uptake of passengers in urban areas. New services to be operated include:

- Increased frequency for Palmerston North weekend services on all urban routes;
- Later weekday services (until 8.00pm) for Palmerston North urban routes; and
- Completion of the Whanganui Urban Bus Service Review work to inform the retender of that service.

The first two improvements mentioned above are a product of the enhanced status quo staged implementation for improved services across Palmerston North city. These services will be mostly funded from rates. As this is a reprioritisation of the staged programme there will be an approximate \$470,000 reduction from what was proposed for Year 3 in the Long-term Plan.

Road Safety

The New Zealand Transport Agency (NZTA) have confirmed that road safety education is a core function of a regional council's Regional Transport Committee. In the 2015-25 Long-term Plan Council chose to reinstate the Road Safety Activity in Year 2 and onwards. The delivery of road safety education programmes will be funded at an NZTA Funding Assistance Rate of 64 per cent equating to \$162,000 local share of which \$25,000 will come from reserves.

Transport Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-----------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| TRANSPORT PLANNING | 216 | 179 | 170 | 186 |
| PASSENGER SERVICES | 5,170 | 6,324 | 7,784 | 6,751 |
| ROAD SAFETY | 684 | 652 | 672 | 697 |
| Total Operating Expenditure | 6,070 | 7,154 | 8,626 | 7,635 |
| Capital Expenditure | - | - | - | - |
| Total Funding Required | 6,070 | 7,154 | 8,626 | 7,635 |
| Funded By | | | | |
| User Fees and Other Revenue | 4,203 | 4,730 | 5,544 | 5,000 |
| Individual Rates | 1,423 | 1,704 | 2,634 | 2,146 |
| Common Rates | 231 | 221 | 204 | 199 |
| Loans and Reserves | 213 | 497 | 245 | 290 |
| Total Funded | 6,070 | 7,154 | 8,627 | 7,635 |

| Capital Expenditure | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------------|----------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Meet Additional Demand | - | - | - | - |
| Improve Level of Service | - | - | - | - |
| Replace Existing Assets | - | - | - | - |
| Total Capital Expenditure | - | - | - | - |

Prospective Funding Impact Statement for the Transport Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | 231 | 221 | 204 | 199 |
| Targeted rates | 1,422 | 1,704 | 2,634 | 2,146 |
| Subsidies and grants for operating purposes | 3,414 | 3,750 | 4,487 | 3,969 |
| Fees and charges | 600 | 566 | 620 | 600 |
| Internal charges and overheads recovered | 189 | 413 | 437 | 431 |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total sources of operating funding (A) | 5,857 | 6,655 | 8,382 | 7,345 |
| Applications of Operating Funding | | | | |
| Payments to staff and suppliers | 4,883 | 5,705 | 7,140 | 6,153 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 1,187 | 1,399 | 1,436 | 1,432 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 6,070 | 7,104 | 8,576 | 7,585 |
| Surplus (Deficit) of Operating Funding (A-B) | (213) | (449) | (194) | (240) |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | - | - | - | - |
| Applications of Capital Funding | | | | |
| Capital expenditure: | | | | |
| · to meet additional demand | - | - | - | - |
| · to improve the level of service | - | - | - | - |
| · to replace existing assets | - | - | - | - |
| Increase (decrease) in reserves | (213) | (449) | (194) | (240) |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | (213) | (449) | (194) | (240) |
| Surplus (Deficit) of Capital Funding (C-D) | 213 | 449 | 194 | 240 |
| Funding Balance | - | - | - | - |
| | | | | |
| Depreciation | - | 50 | 50 | 50 |



Transport Planning Activity

Overview

The Transport Planning Activity carries out our statutory responsibilities by coordinating the planning of all modes of land transport in the Region.

We do this through the Regional Transport Committee, which brings together the main transport stakeholders in the Region. A key output of the committee is to prepare and implement a Regional Land Transport Plan (RLTP). This identifies the Region's key land transport issues, the strategic priorities and objectives the Region wants to achieve, and the policies that set out how they will be achieved. It also includes the capital and maintenance projects identified as being a priority for the Region, which once completed will give effect to the objectives of the RLTP.

What we propose to do in 2017-18

Coordinate and Service the Regional Transport Committee

The Regional Transport Committee (RTC) is made up of political representatives from Horizons, the seven territorial local authorities in our Region, the New Zealand Transport Agency (Transport Agency) and representatives from external agencies involved in transport. The committee is responsible for preparing a new Regional Land Transport Plan every six years, with a three-yearly review scheduled in between. During 2017-18 the three-yearly review of this document will be completed, while implementation of the existing RLTP continues.

Implement, Monitor and Report on the Regional Land Transport Plan (RLTP)

The existing plan has been developed under the Government Policy Statement that focusses largely on economic growth, productivity and freight efficiency. This will link into other work being carried out in the Region, specifically the Accelerate 25 Action Plan, which has identified transport as an enabler of economic growth. Providing integrated transport linkages within the Region and across regional boundaries to maximise the efficient movement of product will be a key focus of the RLTP implementation, through such work streams as

Accessing Central New Zealand, which aims to maximise the strategic advantage our Region offers for freight and logistics distribution.

Other work streams will include working with territorial authorities and the Transport Agency to ensure funds are being spent on key projects. Work will also involve advocating for additional funds, specifically from the regional land development fund where opportunities for integral capital projects arise.

Work will also involve advocating to Central Government via submissions on policy changes. Monitoring of the RLTP will be reported on once a year, with the annual report on its implementation to be prepared in early 2018.

Transport Planning – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|---------------------------|------------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| PREPARE, IMPLEMENT, MONITOR AND REPORT ON THE REGIONAL LAND TRANSPORT PLAN | | | | |
| Implement the Regional Land Transport Plan | Achieved | ✓ | ✓ | ✓ |
| Prepare monitoring report on the Regional Land Transport Plan | Achieved | ✓ | ✓ | ✓ |
| Prepare submissions on Central Government policy | Achieved | ✓ | ✓ | ✓ |
| Review of the Regional Land Transport Plan | n/a | n/a | ✓ | ✓ |

Transport Planning – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|--------------------|------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Transport Planning | 217 | 179 | 170 | 186 |
| Total | 217 | 179 | 170 | 186 |

What this work will cost (Financial Summary \$'000)

This activity is funded by:

User Fees and Other Revenue

- Government Support

Common Rates

- Transport Planning and Road Safety (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|-------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 85 | 83 | 79 | 86 |
| Individual Rates | - | - | - | - |
| Common Rates | 63 | 77 | 73 | 62 |
| Total Income | 148 | 160 | 152 | 148 |
| Operating Expenditure | 217 | 179 | 170 | 186 |
| Operating Surplus/(Deficit) | (69) | (19) | (18) | (38) |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | (69) | (19) | (18) | (38) |
| Reserve Funding | (69) | (19) | (18) | (38) |
| Loan Funding | - | - | - | - |
| Total Funded | (69) | (19) | (18) | (38) |



Passenger Services Activity

Overview

We support and provide passenger transport services to improve access and mobility for the Region's residents. Buses, Total Mobility (a taxi service for people with disabilities) and community van services provide a cheap and environmentally friendly way to get around, whether for daily commuting to work and education, or shopping, medical visits and social activities.

To support the subsidised services, we provide timetable information, bus shelters and seating facilities, and carry out marketing campaigns and promotions to encourage people to travel by public transport.

All services operated in the Region are included in the Regional Public Transport Plan adopted in 2015.

What we propose to do in 2017-18

Existing Services

The existing services provided in each district are as follows:

Contract and Support Palmerston North Passenger Transport Services

- A city-wide bus service consisting of seven urban routes and six bus routes servicing Massey University;
- An Ashhurst to Palmerston North weekday service; and
- Total Mobility services for 2,950 people with disabilities that prevent them using regular public transport.

Contract and Support Whanganui Passenger Transport Services

- An urban bus service on four routes between 7.00am and 5.10pm, with some weekend services, and weekday services between Castlecliff and various high schools in Whanganui;
- A Whanganui to Palmerston North weekday commuter service; and
- Total Mobility for 1,990 people with disabilities that prevent them using regular public transport.

Contract and Support Horowhenua Passenger Transport Services

- A weekday commuter bus service between Levin and Palmerston North, via Foxton;
- A Levin to Waikanae return service twice a week;
- A district loop service once a week;
- Total Mobility for 1,180 people with disabilities;
- Support for the Horowhenua Health Shuttle, which brings outpatients and visitors to Palmerston North Hospital and other health-related destinations; and
- Support for the Foxton Beach Community Van and the Foxton township-Foxton Beach Bus.

Contract and Support Manawatu Transport Services

- A bus service around Feilding, and between Feilding and Palmerston North, via Bunnythorpe;
- Total Mobility for 750 people with disabilities; and
- Support for the Feilding St John health shuttle, which brings outpatients and visitors to Palmerston North Hospital and other health-related destinations.

Contract and Support Ruapehu Transport Services

- Support for the Taumarunui Mobility Van; and
- A Raetihi to Ohakune fortnightly bus service.

Contract and Support Rangitikei Transport Services

- A Marton to Palmerston North commuter bus service; and
- Total Mobility for 220 people with disabilities.

Contract and Support Tararua Transport Services

- Support for the Dannevirke and Pahiatua health shuttles, which bring outpatients and visitors to Palmerston North Hospital and other health-related destinations; and
- Support for the Dannevirke and Pahiatua Vehicle Trust.

Passenger Rail

We propose to continue to support the Capital Connection passenger rail service by subsidising \$175,000 this financial year.

Provide Public Transport Information and Infrastructure

We provide bus seats, shelters, timetable information at bus stops and terminals, and printed timetables for bus users. We also regularly run promotional campaigns for our bus services.

Additional Services

We propose to continue with the staged implementation of the Palmerston North urban service improvements to introduce the following additional services:

- Increased frequency for Palmerston North weekend services on all urban routes (\$100,000);
- Later weekday services (until 8.00pm) for Palmerston North Urban routes (\$63,000); and
- Work completed on the Whanganui Urban services bus review, which will identify the level of service going forward and be retendered in late 2018.

Passenger Services – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|--|---------------------------|---------------------------|------------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| 100% of all scheduled bus trips are operated | 99.9% achieved | ✓ | ✓ | 100% |
| Achieve 1.7 million trips on public transport in the Region by 2018-19 | 1.59 million (92.4%) | 1.68 million ⁵ | 1.76 million | 1.7 million |
| Install six new shelters each year on our urban bus routes | Two shelters installed and four more purchased awaiting installation | ✓ | ✓ | ✓ |
| Achieve 45-50% fare box recovery across all bus services (averaged) | 41.7% fare box recovery achieved | ✓ | ✓ | 45% |
| Achieve 90% satisfaction with Total Mobility provision in the Region – as measured by survey | 96% achieved | 90% | 90% | 90% |

Passenger Services – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Implementation of Services | 4,777 | 5,910 | 7,368 | 6,321 |
| Planning and Development | 393 | 414 | 417 | 430 |
| Total | 5,170 | 6,324 | 7,785 | 6,751 |

⁵ This figure has been reduced due to a declining trend in passenger numbers. This trend has been observed nationally and is attributed to the significant drop in fuel prices resulting in fewer persons using public transport as they are now choosing to drive. The figure was amended down to provide a more realistic and attainable target.

What this work will cost

(Financial Summary \$000)

This activity is funded by:

User Fees and Other Revenue

- Government Support

Individual Rates

- Passenger Services Rates (By District, CV)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 3,593 | 4,163 | 4,969 | 4,379 |
| Individual Rates | 1,422 | 1,704 | 2,634 | 2,146 |
| Common Rates | - | - | (20) | (1) |
| Total Income | 5,015 | 5,867 | 7,583 | 6,524 |
| Operating Expenditure | 5,170 | 6,324 | 7,784 | 6,751 |
| Operating Surplus/(Deficit) | (155) | (457) | (201) | (227) |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | (155) | (457) | (201) | (227) |
| Reserve Funding | (155) | (457) | (201) | (227) |
| Loan Funding | - | - | - | - |
| Total Funded | (155) | (457) | (201) | (227) |



Road Safety Activity

Overview

Every year hundreds of New Zealanders are killed and thousands seriously injured in crashes. Road crashes place a substantial burden on the economy and health sector. This burden comes from the loss of life and quality of life, loss of output due to temporary incapacitation, medical costs, legal costs and property damage costs.

The road safety education programme aims to contribute to the reduction of the road toll and serious injuries by educating and providing information to drivers.

The key causes of crashes in our Region include driver fatigue, speed, drink driving and driver distraction. The Region has an aging population, which will increase the risk of a growing number of crashes. Young drivers (between 15 and 24 years) and motorcyclists are particularly at risk, while increased pedestrian and cycling trips have considerable risks also.

What we propose to do in 2017-18

Community Road Safety Education Activities

Horizons employs three road safety coordinators who will work in partnership with district council transport staff, ACC, Police, Plunket, district health boards and other road safety stakeholders. They will coordinate a series of education programmes on behalf of the Region's districts to achieve an integrated and holistic approach to road safety education. The territorial authorities will contribute funding to assist with these programmes.

The programmes will focus mainly on drink driving, older drivers, heavy motor vehicle crashes, driver distraction, motorcycle crashes, intersection crashes, high risk drivers, driver fatigue, car restraint use and driver licensing, as these have been problem issues in previous years.

The programmes will involve meeting drivers, influencing driver behaviour, and raising awareness of issues that increase the risk of injury and death.

Programmes vary between districts according to the issues to be addressed, but will include:

- School presentations and activities;
- Advertising and competitions via media to raise awareness of road safety issues;
- Road safety presentations at public events such as Central Districts Field Days, A and P shows, motorcycle rallies and car jamborees;
- Fatigue stops on highways at holiday weekends;
- Other educational activities run in conjunction with police stops such as drink-driving checks;
- Driver licencing programmes;
- Car restraint educational activities and checks;
- Host responsibility workshops; and
- Adult and school cycle training in conjunction with police education officers and others.

On behalf of external programme providers and community groups (i.e. Age Concern Wanganui, Age Concern Horowhenua, Woodville Lions and Plunket) we propose to attract Central Government funding for additional education programmes. This will allow for the road safety education programme to involve a greater number of providers and reach a wider audience. As Horizons does not contribute to the local share of external programme providers there will be no additional cost to the ratepayers.

Funding

In 2017-18 the Funding Assistance Rate (FAR) from NZTA will be at 64 per cent or \$511,000 of the programme budget. Ratepayers will contribute \$137,000 with an additional \$25,000 committed from reserves. Additionally the Region's territorial authorities will contribute \$24,000 to the programme.

Road Safety – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|---|----------------|---------------------|------------------------|---------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| COMMUNITY ROAD SAFETY EDUCATION ACTIVITIES – DISTRICT FOCUSED | | | | |
| Deliver a number of programmes to address the following issues across the Region including: <ul style="list-style-type: none"> • Drink driving; • Crashes caused by driver fatigue; • Intersection crashes; • Cyclist and pedestrian safety; • Driver distraction; • Motorcycle crashes; • Crashes by high risk and older drivers; and • Seat belt and child restraint use rates. | Achieved | 20 | 20 | 20 |

Road Safety – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|--------------|------------|-------------|-----------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Road Safety | 683 | 652 | 672 | 697 |
| Total | 683 | 652 | 672 | 697 |

What this work will cost

(Financial Summary \$'000)

This activity is funded by:

User Fees and Other Revenue

- Government Support

Common Rates

- Transport Planning and Road Safety (EQCV)

Percentage of total expenditure for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|------------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 525 | 483 | 495 | 535 |
| Individual Rates | - | - | - | - |
| Common Rates | 169 | 144 | 152 | 137 |
| Total Income | 694 | 627 | 647 | 672 |
| Operating Expenditure | 683 | 652 | 672 | 697 |
| Operating Surplus/(Deficit) | 11 | (25) | (25) | (25) |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | 11 | (25) | (25) | (25) |
| Reserve Funding | 11 | (25) | (25) | (25) |
| Loan Funding | - | - | - | - |
| Total Funded | 11 | (25) | (25) | (25) |

Introducing the Investment Group of Activities

What is included in this group?

This group only contains our Investment Activity.

Why does Council deliver this group of activities?

We undertake this group of activities as it indirectly contributes to all of the community outcomes by ensuring funds are available to undertake all of our activities.

Our Investment Activity generates income and reduces borrowing costs to offset rates rather than producing activities that contribute to the Region's outcomes. This means it stands aside from our other activities and needs its own group.

What we propose to do in 2017-18

We propose to continue to manage Council's investments, debts and cashflows to maximise returns and minimise interest costs for the ratepayer. This management will balance returns and costs against potential risks such as investment and interest rate risks.

Significant negative effects on the community goals

There are no significant negative effects on the community goals from this group of activities.

Investment Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|-----------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| INVESTMENT | 2,864 | 2,891 | 3,842 | 2,673 |
| Total Operating Expenditure | 2,864 | 2,891 | 3,842 | 2,673 |
| Capital Expenditure | - | - | - | - |
| Total Funding Required | 2,864 | 2,891 | 3,842 | 2,673 |
| Funded By | | | | |
| User Fees and Other Revenue | 4,518 | 5,226 | 6,064 | 5,246 |
| Individual Rates | 300 | - | - | 400 |
| Common Rates | (1,889) | (1,815) | (1,648) | (2,453) |
| Loans and Reserves | (65) | (520) | (574) | (520) |
| Total Funded | 2,864 | 2,891 | 3,842 | 2,673 |

| Capital Expenditure \$000 | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|----------------------------------|----------|-------------|--------------------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Meet Additional Demand | - | - | - | - |
| Improve Level of Service | - | - | - | - |
| Replace Existing Assets | - | - | - | - |
| Total Capital Expenditure | - | - | - | - |

Prospective Funding Impact Statement for the Investment Group of Activities (\$000)

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|---|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | (1,889) | (1,815) | (1,648) | (2,453) |
| Targeted rates | 300 | - | - | 400 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | - | 806 | 850 | 849 |
| Internal charges and overheads recovered | 1,673 | 2,549 | 2,989 | 2,219 |
| Interest and dividends from investments | 2,428 | 1,872 | 2,224 | 2,178 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 856 | - | - | - |
| Total sources of operating funding (A) | 3,367 | 3,411 | 4,415 | 3,193 |
| Applications of Operating Funding | | | | |
| Payments to suppliers | 1,216 | 1,255 | 1,351 | 1,285 |
| Payments to staff | - | - | - | - |
| Finance costs | 960 | 1,200 | 1,764 | 1,050 |
| Internal charges and overheads applied | 532 | 436 | 727 | 337 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 2,708 | 2,891 | 3,842 | 2,673 |
| Surplus (Deficit) of Operating Funding (A-B) | 659 | 520 | 573 | 520 |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | - | - | - | - |
| Applications of Capital Funding | | | | |
| Capital expenditure: | | | | |
| · to meet additional demand | - | - | - | - |
| · to improve the level of service | - | - | - | - |
| · to replace existing assets | - | - | - | - |
| Increase (decrease) in reserves | 659 | 520 | 574 | 520 |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 659 | 520 | 574 | 520 |
| Surplus (Deficit) of Capital Funding (C-D) | (659) | (520) | (574) | (520) |
| Funding Balance | - | - | (1) | - |
| Depreciation | - | - | - | - |

Investment Activity

Overview

The Investment Activity encompasses Council's long-term income-generating assets such as port investments, the maximisation of Council's short-term cash investments, and the management of Council's long-term debt.

Our long-term investment portfolio is owned and managed by the Council's 100 per cent owned holding company, MWRC Holdings Limited. The external commercial director of this company provides expertise to improve the overall balance of risk and return of these investments.

In this activity we also run an internal treasury function that manages cash flow and long-term debt. This function seeks to balance the cash requirements of Council operations, with interest income, cost and interest rate risks.

What we propose to do in 2017-18

Investment Activities

In this activity we own and manage, via MWRC Holdings, Council's long-term investments such as CentrePort Limited shares and property rentals/developments. In addition we manage a portfolio of New Zealand and international equities.

This activity also manages the Council's cash flow to ensure Council operations are funded while short-term investment returns are maximised. In addition Council's long-term debt and the risk associated with that debt (eg. interest rate risk) are managed prudently.

Interest rates are budgeted to be lower than originally profiled in Year 3 of the Long-term Plan. These savings are showing in the budgets on the next page and reflect a decrease compared to Year 3 of the Long-term Plan.

Rate Penalties

Council, in order to be fair to all ratepayers, has the responsibility to apply penalties in line with its policies and annual rating resolution. This activity manages compliance with Council's policies and resolutions.

Rate Discount

Council has a policy to reward ratepayers who pay their rates on the due date. This activity ensures Council's prompt payment policy is fairly applied to all ratepayers.

Infrastructure Insurance Reserve

Council has reviewed the reserve contribution and agreed to leave 2017-18 at \$400,000, the same budgeted level as 2016-17. This is a decrease of \$100,000 on what was budgeted in Year 3 of the Long-term Plan.

Investment – What We Propose to Deliver (\$000)

| PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years | Actual 2015-16 | Annual Plan 2016-17 | Long-term Plan 2017-18 | Annual Plan 2017-18 |
|--|----------------|---------------------|------------------------|---------------------|
| | Year 1 | Target Year 2 | Target Year 3 | Target Year 3 |
| INVESTMENT ACTIVITIES (INCL. PORTS) | | | | |
| MWRC dividends meet budget expectations and comply with CCTO Statements of Intent | ✓ | ✓ | ✓ | ✓ |
| Monthly weighted average interest rate exceeds 90-day Bank Bill Rate (BKBM) by 50 basis points (0.50%). Note: targets based on current predicted interest rates, which will change over time | 3.41% | >4.91% | >5.01% | 2.51% |
| RATE PENALTIES | | | | |
| Apply penalties in accordance with the Local Government (Rating) Act 2002 and Horizons' policies | ✓ | ✓ | ✓ | ✓ |
| RATE DISCOUNT | | | | |
| Apply prompt payment discount in accordance with Horizons' policies | ✓ | ✓ | ✓ | ✓ |
| RATE REMISSIONS | | | | |
| Allow remissions according to Horizons' policies | ✓ | ✓ | ✓ | ✓ |

Investment – Operating Expenditure

| | Actual | Annual Plan | Long-term Plan | Annual Plan |
|-----------------------|--------------|--------------|-------------------|--------------|
| | 2015-16 | 2016-17 | Year 3 2017-18 | 2017-18 |
| Income Investments | 2,838 | 2,875 | 3,820 | 2,657 |
| Strategic Investments | 26 | 16 | 22 | 16 |
| Total | 2,864 | 2,891 | 3,842 | 2,673 |

What this work will cost (Financial Summary \$000)

This activity is funded by:

User Fees and Other Revenue

- Dividend
- Interest
- Penalties

Common Rates

- Investment Rate (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

| | Actual | Annual Plan | Long-term Plan Year 3 | Annual Plan |
|------------------------------------|--------------|--------------|--------------------------|--------------|
| | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
| User Fees and Other Revenue | 4,518 | 5,226 | 6,064 | 5,246 |
| Individual Rates | 300 | 400 | 500 | 400 |
| Common Rates | (1,889) | (2,215) | (2,148) | (2,453) |
| Total Income | 2,929 | 3,411 | 4,416 | 3,193 |
| Operating Expenditure | 2,864 | 2,891 | 3,842 | 2,673 |
| Operating Surplus/(Deficit) | 65 | 520 | 574 | 520 |
| Capital Expenditure | - | - | - | - |
| Total To Be Funded | 65 | 520 | 574 | 520 |
| Reserve Funding | 65 | 520 | 574 | 520 |
| Loan Funding | - | - | - | - |
| Total Funded | 65 | 520 | 574 | 520 |

Introducing the Finances

Overview

Here we present standard financial statements in compliance with New Zealand Generally Accepted Accounting Practice (NZGAAP) and New Zealand International Public Sector Accounting Standards (NZIPSAS). We also provide supplementary financial information for individual river and drainage schemes.

Funding Impact Statements are included that outline revenue and rating mechanisms and provide detailed rating values for general and targeted rates for the 2016-17 year. Finally, this part of the documentation contains projections of annual administrative charges set under the Resource Management Act 1991 and the Local Government Act 2002.

Consolidated Statement of Financial Performance to 30 June 2018

We, as required pursuant to PBE FRS 42, have complied with PBE FRS 42 in the preparation of these financial statements. In accordance with PBE FRS 42, we advise that:

Horizons Regional Council (the Council) is a Regional Council as defined in the Local Government Act 2002. The Council's principal activities are outlined within this Long-term Plan.

The financial information contained within the 2017-18 Annual Plan and its associated policies and documents, is financial information in terms of current financial reporting standards, including Financial Reporting Standard (PBE FRS) 42. The purpose for which it has been prepared is to enable the public to participate in the decision-making process relating to services to be provided by the Council to the community, for year ending 30 June 2018, and to provide a broad accountability mechanism of the Council to the community.

In relation to those standards, the financial information for the 2017-18 financial year is considered to be a forecast. (A forecast is based on assumptions that the Council reasonably expects to occur).

Cautionary Note

A cautionary note is required. The actual results for the period covered by this Plan are likely to vary from the information presented, and may vary materially depending upon the circumstances that arise during the period. The information is prepared under Section 93 of the Local Government Act 2002 and may not be suitable for use in any other capacity.

Other Disclosures

The Council is responsible for the financial statements presented, including the assumptions underlying financial statements and all other disclosures. The Annual Plan is prospective and as such contains no actual operating results.

Reconciliation between Funding Impact Statement for All Groups of Activities and the Statement of Comprehensive Revenue and Expense

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|-----------------------|------------------------|
| Income | | | | |
| Statement of Comprehensive Revenue and Expense | | | | |
| Total Exchange and Non-exchange Revenue | 59,838 | 55,761 | 58,470 | 58,331 |
| Summary Funding Impact Statement | | | | |
| Total Sources of Operating Funding | 59,838 | 55,761 | 58,470 | 58,331 |
| Expenditure | | | | |
| Statement of Comprehensive Revenue and Expense | | | | |
| Total Operating Expenditure | 50,619 | 51,918 | 53,983 | 54,478 |
| Summary Funding Impact Statement | | | | |
| Total Applications of Operating Funding | 47,505 | 48,708 | 50,847 | 51,051 |
| Depreciation and Amortisation Expense | 3,114 | 3,209 | 3,137 | 3,426 |
| Total Expenditure | 50,619 | 51,917 | 53,984 | 54,477 |

All figures are exclusive of GST unless otherwise stated

Cost of Service Statement for all Groups of Activities to 30 June 2018 (\$000)

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|-----------------------|------------------------|
| Government Support and Activity Revenues | | | | |
| Land and Water Management | 5,807 | 5,283 | 4,923 | 5,348 |
| Flood Protection and Control Works | 4,418 | 1,728 | 1,975 | 1,662 |
| Biosecurity and Biodiversity Management | 328 | 52 | 7 | 64 |
| Regional Leadership and Governance | 5,298 | 3,179 | 3,304 | 3,301 |
| Transport | 4,203 | 4,730 | 5,544 | 5,000 |
| Investment | 2,015 | 2,571 | 3,013 | 2,241 |
| Dividends Received | 1,054 | 1,360 | 1,352 | 1,352 |
| Interest Received | 619 | 512 | 872 | 826 |
| Rate Penalties | 830 | 783 | 827 | 827 |
| Less Internal Revenue | (3,601) | (4,526) | (5,376) | (4,131) |
| Total Activity Revenue | 20,971 | 15,672 | 16,441 | 16,489 |
| Rating Revenues – River and Drainage Schemes | 12,541 | 12,809 | 13,198 | 13,400 |
| Rating Revenues – Other | 26,327 | 27,279 | 28,832 | 28,441 |
| Rating Revenues | 38,868 | 40,088 | 42,030 | 41,842 |
| Total Activity and Rating Revenues | 59,839 | 55,760 | 58,471 | 58,331 |
| Expenses (\$000) | | | | |
| Land and Water Management | 14,191 | 15,996 | 15,639 | 16,608 |
| Flood Protection and Control Works | 10,533 | 10,945 | 11,416 | 11,727 |
| Biosecurity and Biodiversity Management | 7,469 | 7,242 | 7,264 | 7,531 |
| Regional Leadership and Governance | 13,093 | 12,215 | 12,572 | 12,436 |
| Transport | 6,070 | 7,154 | 8,626 | 7,635 |
| Investment and Other | 2,858 | 2,891 | 3,842 | 2,673 |
| Less Internal Expenditure | (3,595) | (4,526) | (5,376) | (4,131) |
| Total Operating Expenditure | 50,619 | 51,917 | 53,983 | 54,478 |
| Operating Surplus (Deficit) | 9,220 | 3,843 | 4,488 | 3,853 |

All figures are exclusive of GST unless otherwise stated

Statement of Comprehensive Revenue and Expense to 30 June 2018 (\$'000)

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|--|-------------------|------------------------|-----------------------|------------------------|
| Revenue | | | | |
| Exchange Revenues | - | - | - | - |
| Finance Revenues | 1,673 | 1,872 | 2,224 | 2,178 |
| | 1,673 | 1,872 | 2,224 | 2,178 |
| Non-exchange Revenues | | | | |
| Development and Financial Contributions | - | - | - | - |
| Subsidies and Grants | 8,179 | 4,940 | 5,637 | 5,118 |
| Other Revenues | 11,118 | 8,861 | 8,580 | 9,193 |
| <i>Subtotal Other</i> | 19,297 | 13,801 | 15,568 | 14,311 |
| <i>Rates Revenue</i> | 38,868 | 40,088 | 42,030 | 41,842 |
| Total Non-exchange Revenue | 58,165 | 53,889 | 57,598 | 56,153 |
| Total Exchange and Non-exchange Revenue | 59,838 | 55,761 | 58,740 | 58,331 |
| Expenditure | | | | |
| Personnel Costs | 17,279 | 17,233 | 17,473 | 18,261 |
| Depreciation and Amortisation Expense | 3,114 | 3,209 | 3,137 | 3,426 |
| Finance Costs | 965 | 1,200 | 1,764 | 1,050 |
| Other Expenses | 29,261 | 30,275 | 31,610 | 31,740 |
| Total Operating Expenditure | 50,619 | 51,917 | 53,983 | 54,477 |
| Share of Associates Surplus (Deficit) | - | - | - | - |
| Gain/Loss on Remapped/Revalued Assets | 2,023 | - | - | - |
| Surplus (Deficit) Before Tax | 11,242 | 3,844 | 4,487 | 3,854 |
| Income Tax Expense | - | - | - | - |
| Surplus (Deficit) After Tax | 11,242 | 3,844 | 4,487 | 3,854 |
| Other Comprehensive Revenue and Expense Attributable to Council | - | - | - | - |
| Gain (Loss) on Asset Revaluations | 1,525 | - | 11,767 | 11,746 |
| Financial Assets at Fair Value Through Equity | (445) | - | - | - |
| Total Other Comprehensive Revenue and Expense for the Year Net of Tax | 1,080 | - | 11,767 | 11,746 |
| Total Comprehensive Revenue and Expense | 12,322 | 3,844 | 16,254 | 15,600 |

All figures are exclusive of GST unless otherwise stated

Summary of Capital Purchases – Other to 30 June 2018 (\$'000)

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|--|-------------------|------------------------|-----------------------|------------------------|
| Nutrient Management Database | 6 | - | - | - |
| Nutrient Monitoring/Telemetry Eq | 42 | 70 | 70 | 70 |
| Horowhenua Clean-Up Fund | 75 | - | - | - |
| Nursery | - | - | - | - |
| JV Afforestation (Tfr to BS) | - | 326 | 374 | 123 |
| Capex Nursery | - | 10 | - | 45 |
| Land, Water and Air Management Total | 123 | 406 | 444 | 238 |
| Bait Stations | - | 30 | 30 | 30 |
| Biosecurity and Biodiversity Management Total | - | 30 | 30 | 30 |
| Historic Survey Data | 19 | 36 | 43 | 36 |
| Aerial Photography | - | 130 | 32 | 30 |
| Catchment Information Development | 186 | 216 | 205 | 250 |
| Establishing a Consistent Regional Vertical Datum | 17 | - | 45 | 38 |
| Ex-NIWA Sites | 19 | - | - | - |
| Flood Plain Mapping | 2 | - | - | - |
| GIS Development | - | 85 | 72 | 109 |
| Herbertville Flood Warning System | 4 | - | - | - |
| Horizons Hazard Information Updates | - | 199 | 203 | 188 |
| Hydro Site Operation and Installation | 239 | 340 | 309 | 442 |
| IRIS Development | 259 | - | - | - |
| Ohura Flood Modelling | - | 30 | - | - |
| Ohura Gauge Install | 7 | - | - | - |
| Promotional Material | 4 | 12 | 17 | 16 |
| Replacement Vehicle Radios/Tracking Units | - | 18 | - | 50 |
| Structural Health and Safety | - | 30 | - | - |
| Arawhata Stream Monitoring Upgrade | - | 29 | - | - |
| Regional Leadership and Governance Total | 756 | 1,125 | 926 | 1,159 |
| Ticketing System | - | - | - | - |
| Transport Total | - | - | - | - |
| IT Hardware Replacement | 153 | 145 | 155 | 555 |
| Financial System Ozone | - | 188 | 105 | 150 |
| IT GIS Upgrade/Replacement | - | - | - | - |
| Rating Software Review | - | - | - | - |
| Regional House | 170 | 112 | 88 | 88 |
| Service Centre/Depot | 17 | 20 | 20 | 20 |
| Survey Equipment | - | - | - | 2 |
| Vehicle Purchases | 475 | 304 | 445 | 461 |
| Watercraft | - | - | - | 90 |
| Corporate Support Total | 815 | 769 | 813 | 1,366 |
| Grand Total | 1,694 | 2,330 | 2,213 | 2,794 |

All figures are exclusive of GST unless otherwise stated

Statement of Cash Flows to 30 June 2018 (\$'000)

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|-----------------------|------------------------|
| Cash Flows from Operating | | | | |
| <u>Cash was provided from:</u> | | | | |
| Receipts from Rates Revenue | 38,498 | 40,000 | 41,941 | 41,752 |
| Development and Financial Contributions | - | - | - | - |
| Finance Revenues | 1,673 | 1,872 | 2,224 | 2,178 |
| Subsidies and Grants | 6,062 | 4,940 | 5,637 | 5,118 |
| Other Revenues | 12,210 | 8,861 | 8,580 | 9,193 |
| Total Operating Receipts | 58,443 | 55,673 | 58,382 | 58,241 |
| <u>Cash was applied to:</u> | | | | |
| Interest Paid | 964 | 1,200 | 1,764 | 1,050 |
| Suppliers and Employees | 45,739 | 47,358 | 48,929 | 49,873 |
| Total Operating Payments | 46,703 | 48,558 | 50,693 | 50,923 |
| Net Cash from Operating | 11,740 | 7,115 | 7,689 | 7,318 |
| Cash Flow from Investing | | | | |
| <u>Cash was provided from:</u> | | | | |
| Sale of Operational Assets | 130 | - | - | - |
| Receipts from CCO Loan | 1,300 | - | - | 1,000 |
| Investment Maturities | - | - | - | - |
| Total Investment Receipts | 1,430 | - | - | 1,000 |
| <u>Cash was applied to:</u> | | | | |
| Payment of Loan to CCO | - | - | - | - |
| Purchase of Forestry Assets/SLUI Leases | 257 | - | - | - |
| Purchase of Intangible Assets | 809 | 505 | 510 | 510 |
| Purchase of Infrastructural Assets | 10,819 | 5,992 | 5,942 | 6,640 |
| Purchase of Operational Assets | 3,675 | 1,825 | 1,703 | 2,284 |
| Investment | 2,017 | - | - | 4,300 |
| Total Investment Payments | 17,577 | 8,322 | 8,155 | 13,734 |
| Net Cash from Investing | (16,147) | (8,322) | (8,155) | (12,734) |

All figures are exclusive of GST unless otherwise stated

| | Actual 2015-16 | LTP Year 1 2015-16 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|---|-------------------|-----------------------|-----------------------|------------------------|
| Cash Flows from Financing | | | | |
| <u>Cash was provided from:</u> | | | | |
| Loans Raised | - | - | 12,000 | 12,000 |
| Total Financing Receipts | - | - | 12,000 | 12,000 |
| <u>Cash was applied to:</u> | | | | |
| Additional Loans Repaid | | | | |
| Loans Repayment of Debt | - | - | 5,000 | 5,000 |
| Total Financing Payments | - | - | 5,000 | 5,000 |
| Net Cash from Financing | - | - | 7,000 | 7,000 |
| Net Cash Flow for the Period | (4,407) | (3,198) | 6,534 | 1,584 |
| Plus Opening Cash and Cash Equivalent | 12,668 | 3,471 | (783) | (934) |
| Closing Cash and Cash Equivalent | 8,261 | 273 | 5,751 | 650 |
| <u>Made up of:</u> | | | | |
| Cash and Cash Equivalent | 8,261 | 273 | 5,751 | 650 |
| Closing Cash and Cash Equivalent | 8,261 | 273 | 5,751 | 650 |

All figures are exclusive of GST unless otherwise stated

Statement of Financial Position as at 30 June 2018 (\$'000)

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|--|-------------------|------------------------|-----------------------|------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | 8,261 | (934) | 5,750 | 650 |
| Other Financial Assets | - | 1,000 | - | - |
| Trade and Other Receivables | 4,186 | 3,299 | 3,365 | 3,365 |
| Accruals and Other Receivables | 3,465 | 1,161 | 1,184 | 1,184 |
| Prepayments and Leases - Current Portion | 321 | 216 | 221 | 221 |
| Inventories on Hand | 940 | 548 | 559 | 559 |
| Operational Assets Held for Resale | - | - | - | - |
| Total Current Assets | 17,173 | 5,290 | 11,079 | 5,979 |
| Non-current Assets | | | | |
| Equity Investments | - | 3 | 3 | 2,003 |
| Investments in CCOs | 27,376 | 32,100 | 34,400 | 34,400 |
| Other Financial Assets | 2,146 | - | - | - |
| Forestry Assets | 1,642 | 1,679 | 1,679 | 1,679 |
| SLUI Land Leases | 3,411 | 3,610 | 3,610 | 3,610 |
| Operational Assets | 54,792 | 48,726 | 48,267 | 48,913 |
| Intangible Assets | 3,366 | 2,670 | 3,010 | 3,010 |
| Infrastructural Assets | 388,539 | 389,062 | 405,789 | 406,288 |
| Total Non-current Assets | 481,271 | 477,850 | 496,758 | 499,903 |
| TOTAL ASSETS | 498,443 | 483,140 | 507,837 | 505,882 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 8,717 | 1,571 | 1,602 | 1,602 |
| Accruals and Other Payables | - | 2,486 | 3,799 | 2,536 |
| Provisions | 1,651 | 3,141 | 3,204 | 3,204 |
| Tax Payable | - | - | - | - |
| Advances | - | - | - | - |
| Debt – Current Portion | - | 5,000 | 10,000 | 10,000 |
| Derivative Financial Instruments (Current) | - | - | - | - |
| Total Current Liabilities | 10,368 | 12,198 | 18,605 | 17,342 |

All figures are exclusive of GST unless otherwise stated

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|--|---------------------------|--------------------------------|-------------------------------|--------------------------------|
| Non-current Liabilities | | | | |
| Derivative Financial Instruments | 1,176 | - | - | - |
| Debt – Non-current Portion | 20,000 | 15,000 | 17,000 | 17,000 |
| <i>Total Non-current Liabilities</i> | 21,176 | 15,000 | 17,000 | 17,000 |
| TOTAL LIABILITIES | 31,544 | 27,198 | 35,605 | 34,342 |
| NET ASSETS | 466,899 | 455,942 | 472,232 | 471,540 |
| REPRESENTED BY: | | | | |
| EQUITY | | | | |
| Asset Revaluation Reserves | 101,026 | 93,828 | 105,595 | 105,574 |
| Restricted Reserves | 7,122 | 9,228 | 9,846 | 9,364 |
| Infrastructure Insurance Reserve | 1,360 | 2,300 | 2,920 | 2,820 |
| Financial Derivatives Reserves | (1,176) | - | - | - |
| Retained Earnings | 358,439 | 350,586 | 353,871 | 353,783 |
| Fair value through other comprehensive revenue and expense reserve | 130 | - | - | - |
| Total Equity | 466,899 | 455,942 | 472,232 | 471,541 |

All figures are exclusive of GST unless otherwise stated

Statement of Changes in Net Assets/Equity as at 30 June 2018 (\$'000)

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|-----------------------|------------------------|
| Balance 1 July | 454,576 | 452,099 | 455,978 | 455,942 |
| Total Comprehensive Revenue and Expense | 12,322 | 3,844 | 16,254 | 15,600 |
| Balance at 30 June | 466,899 | 455,943 | 472,232 | 471,542 |
| Asset Revaluation Reserves | | | | |
| Balance at 1 July | 99,500 | 93,828 | 93,828 | 93,828 |
| Increase in Revaluation Reserves | 1,526 | - | 11,767 | 11,746 |
| Balance at 30 June | 101,026 | 93,828 | 105,595 | 105,574 |
| Restricted Reserves | | | | |
| Balance at 1 July | 8,482 | 10,435 | 11,653 | 11,653 |
| Plus Transfer from Retained Earnings: | | | | |
| River and Drainage Schemes Emergency Reserve | - | 632 | 410 | 410 |
| River and Drainage Schemes Capex Renewal Reserve | - | 66 | 81 | 81 |
| Infrastructure Insurance Reserve | - | 520 | 620 | 520 |
| Balance at 30 June | 8,482 | 11,653 | 12,764 | 12,664 |
| Financial Derivatives Reserves | | | | |
| Balance at 1 July | (602) | - | - | - |
| Plus Transfer from Retained Earnings | (574) | - | - | - |
| Balance at 30 June | (1,176) | - | - | - |
| Retained Earnings | | | | |
| Balance at 1 July | 347,197 | 347,836 | 350,496 | 350,462 |
| Net Surplus (Deficit) after Tax for the Year | 11,242 | 3,844 | 4,487 | 3,854 |
| Less Transfer to Restricted Reserves | - | (698) | (491) | (491) |
| Less Transfer to Infrastructure Insurance Reserve | - | (520) | (620) | (520) |
| Balance at 30 June | 358,439 | 350,462 | 353,872 | 353,305 |
| Total Equity at 30 June | 466,900 | 455,943 | 472,231 | 471,543 |

All figures are exclusive of GST unless otherwise stated

Supplementary Information

River and Drainage Scheme Statement of Cost of Services 2017-18

| Scheme | Opening Scheme Balance | Scheme Rates | General Rate/ General Reserve Funding | Other Scheme Revenue | Transfer from Reserves incl. Renewal Reserve not Funded | Interest from Reserves | Loan Advances | Depreciation not Funded | Total Sources of Funds | Total Works Expenditure | Total Management Costs |
|-------------------------|------------------------|------------------|---------------------------------------|----------------------|---|------------------------|---------------|-------------------------|------------------------|-------------------------|------------------------|
| RIVER SCHEMES | | | | | | | | | | | |
| Ashhurst Stream | 7,138 | 48,032 | 10,718 | - | 3,000 | 671 | - | 2,050 | 71,609 | 8,835 | 3,307 |
| Akitio | 8,453 | 9,289 | 3,700 | - | - | 903 | - | - | 22,345 | 8,000 | 8,959 |
| East Manawatu | 35 | 42,282 | 10,179 | - | - | 951 | - | - | 53,447 | 26,000 | 22,192 |
| Ihuraua | 5,473 | 4,595 | 1,473 | - | - | - | - | - | 11,541 | 2,000 | 5,367 |
| Lower KIWITEA | 1,355 | 111,245 | 25,865 | 10,000 | - | 480 | - | - | 148,945 | 75,000 | 22,955 |
| LMS Special Projects | 127,057 | 961,039 | 252,024 | 61,000 | - | 142 | 400,000 | - | 1,801,262 | 400,000 | - |
| Lower Manawatu Scheme | 2,591 | 3,271,426 | 1,203,387 | 920,000 | 1,201,550 | 87,794 | 3,550,000 | 580,750 | 10,817,498 | 6,168,378 | 1,341,773 |
| Kahuterawa | 6,030 | 10,406 | 3,347 | - | - | - | - | - | 19,783 | 12,000 | 4,733 |
| Lower Whanganui | 15,448 | 380,893 | 168,549 | - | 13,000 | 11,382 | - | 22,652 | 611,924 | 194,072 | 105,433 |
| Makirikiri | (24) | 16,769 | 2,786 | - | 2,000 | 1,222 | - | 9,628 | 32,381 | 5,522 | 8,409 |
| Mangatainoka | 4,408 | 542,808 | 121,626 | 2,827 | - | 41,699 | - | - | 713,369 | 425,627 | 182,505 |
| Matarawa | 2,675 | 108,524 | 32,586 | - | 6,750 | 315 | 153,205 | 22,458 | 326,513 | 198,826 | 64,304 |
| Ohau-Manakau | 7,911 | 288,260 | 70,552 | 10,000 | 10,800 | 11,857 | - | 9,553 | 408,933 | 194,500 | 99,990 |
| Pakihi | 149 | 7,237 | 2,179 | - | 2,300 | 208 | - | - | 12,072 | 2,500 | 8,395 |
| Pohangina-Oroua | 18,089 | 350,151 | 93,410 | 90,000 | - | 18,625 | - | - | 570,275 | 327,072 | 139,989 |
| Taringamotu | 2,319 | 50,831 | 14,938 | 8,000 | - | 393 | - | - | 76,480 | 57,000 | 17,688 |
| Porewa | 205 | 59,451 | 36,163 | 1,995 | 41,037 | 2,395 | - | 10,843 | 152,089 | 22,377 | 109,433 |
| Rangitikei | 9,409 | 691,699 | 213,839 | 160,000 | 159,000 | 32,878 | 320,000 | 16,436 | 1,603,261 | 858,458 | 272,920 |
| South East Ruahines | (1,113) | 406,780 | 78,956 | - | - | 27,199 | - | 20,313 | 532,136 | 222,963 | 171,819 |
| Tawataia-Mangaone | 2,047 | 8,867 | 2,405 | - | - | 524 | - | 79 | 13,922 | 2,665 | 9,359 |
| Turakina | 5,978 | 33,998 | 7,969 | - | - | 462 | - | - | 48,407 | 25,300 | 14,545 |
| Tutaenui | 5,449 | 67,043 | 23,373 | - | 25,000 | 1,350 | - | 593 | 122,808 | 32,428 | 84,439 |
| Upper Manawatu | 2,749 | 258,028 | 54,670 | - | - | 19,705 | - | - | 335,152 | 158,531 | 91,766 |
| Upper Whanganui | 55,894 | 150,066 | 37,390 | 14,500 | 2,300 | 13,916 | - | 3,549 | 277,615 | 99,500 | 57,411 |
| Whangaehu-Mangawhero | 18,782 | 94,836 | 22,529 | - | - | 1,458 | - | - | 137,606 | 26,000 | 24,523 |
| DRAINAGE SCHEMES | | | | | | | | | | | |
| Forest Rd Drainage | 4,574 | 7,826 | 2,350 | - | - | 97 | - | 1,085 | 15,932 | 6,512 | 5,239 |
| Foxton East Drainage | 1,681 | 22,648 | 5,831 | - | - | 126 | 10,000 | 586 | 40,872 | 14,000 | 21,891 |
| Haunui Drainage | 4,646 | 7,285 | 2,140 | - | - | - | - | - | 14,071 | 7,130 | 3,572 |
| Himatangi Drainage | (525) | 14,296 | 16,822 | - | 4,000 | 671 | - | 328 | 35,592 | 17,500 | 16,249 |
| Hokio Drainage | 1,663 | 63,934 | 16,197 | - | 1,000 | 791 | 105,000 | 1,913 | 190,498 | 145,500 | 10,439 |
| Koputaroa Drainage | 3,713 | 249,306 | 67,865 | - | 61,090 | 7,399 | - | 83,165 | 472,538 | 220,000 | 63,676 |
| Makerua Drainage | 3,171 | 450,173 | 131,975 | - | 91,378 | 13,130 | - | 137,315 | 827,142 | 368,430 | 130,403 |
| Manawatu Drainage | 9,927 | 607,417 | 156,641 | 50,000 | 41,197 | 6,955 | 50,000 | 118,290 | 1,040,427 | 488,700 | 233,251 |
| Moutoa Drainage | (4,368) | 292,757 | 75,655 | 4,881 | 69,282 | 7,461 | - | 78,084 | 523,751 | 220,506 | 64,930 |
| Te Kawanui Drainage | 4,319 | 184,237 | 53,471 | - | 58,000 | 7,122 | - | 36,885 | 344,034 | 205,000 | 62,353 |
| Whirokino Drainage | 6,150 | 19,776 | 5,257 | - | 2,631 | 923 | - | 3,081 | 37,818 | 16,280 | 3,519 |
| Total | 20,400,361 | 9,492,758 | 2,705,776 | 167,568 | 1,243,227 | 61,000 | 5,261 | 222,565 | 18,400 | 439,607 | 587,600 |

All figures are exclusive of GST unless otherwise stated

River and Drainage Scheme Statement of Cost of Services 2017-18 continued

| Scheme | Depreciation | Reserve Interest Expense | Transfer to Reserves incl. Renewal Reserve not Funded | Loan Interest Expense | Loan Repayments | Total Use of Funds |
|-------------------------|------------------|--------------------------|---|-----------------------|------------------|--------------------|
| RIVER SCHEMES | | | | | | |
| Ashhurst Stream | 2,050 | 671 | 7,500 | 11,991 | 29,454 | 63,809 |
| Akitio | - | 903 | - | 334 | 1,209 | 19,404 |
| East Manawatu | - | 951 | - | 1,123 | 1,580 | 51,846 |
| Ihuraua | - | - | - | - | - | 7,367 |
| Lower Kiwitea | - | 480 | 17,000 | 10,138 | 21,232 | 146,805 |
| LMS Special Projects | - | 142 | - | 423,619 | 836,501 | 1,660,262 |
| Lower Manawatu Scheme | 580,750 | 87,794 | 601,550 | 1,130,558 | 904,695 | 10,815,498 |
| Kahuterawa | - | - | - | - | - | 16,733 |
| Lower Whanganui | 22,652 | 11,382 | 66,000 | 95,034 | 107,351 | 601,924 |
| Makirikiri | 9,628 | 1,222 | 7,300 | - | - | 32,081 |
| Mangatainoka | - | 41,699 | 61,537 | - | - | 711,369 |
| Matarawa | 22,458 | 315 | 11,750 | 3,830 | 16,011 | 317,494 |
| Ohau-Manakau | 9,553 | 11,857 | 32,564 | 25,823 | 32,446 | 406,733 |
| Pakihi | - | 208 | 900 | - | - | 12,002 |
| Pohangina-Oroua | - | 18,625 | 83,000 | (11) | - | 568,675 |
| Taringamotu | - | 393 | - | - | - | 75,080 |
| Porewa | 10,843 | 2,395 | 5,000 | 50 | 992 | 151,089 |
| Rangitikei | 16,436 | 32,878 | 159,752 | 91,540 | 166,277 | 1,598,261 |
| South East Ruahines | 20,313 | 27,199 | 89,342 | - | - | 531,636 |
| Tawataia-Mangaone | 79 | 524 | 1,240 | - | - | 13,867 |
| Turakina | - | 462 | - | - | - | 40,306 |
| Tutaenui | 593 | 1,350 | 3,500 | (2) | - | 122,308 |
| Upper Manawatu | - | 19,705 | 41,598 | 8,192 | 14,859 | 334,651 |
| Upper Whanganui | 3,549 | 13,916 | 71,200 | 30,039 | - | 275,615 |
| Whangaehu-Mangawhero | - | 1,458 | 21,000 | 23,985 | 38,139 | 135,105 |
| DRAINAGE SCHEMES | | | | | | |
| Forest Rd Drainage | 1,085 | 97 | 650 | - | - | 13,583 |
| Foxton East Drainage | 586 | 126 | 504 | 1,310 | 1,955 | 40,372 |
| Haunui Drainage | - | - | - | - | - | 10,702 |
| Himatangi Drainage | 328 | 671 | 344 | - | - | 35,092 |
| Hokio Drainage | 1,913 | 791 | 413 | 14,308 | 15,740 | 189,103 |
| Koputaroa Drainage | 83,165 | 7,399 | 41,951 | 19,776 | 35,871 | 471,838 |
| Makerua Drainage | 137,315 | 13,130 | 82,950 | 27,245 | 66,669 | 826,142 |
| Manawatu Drainage | 118,290 | 6,955 | 79,979 | 51,488 | 59,764 | 1,038,427 |
| Moutoa Drainage | 78,084 | 7,461 | 57,932 | 28,840 | 63,998 | 521,751 |
| Te Kawanu Drainage | 36,885 | 7,122 | 30,427 | - | - | 341,787 |
| Whirokino Drainage | 3,081 | 923 | 2,878 | 2,305 | 4,182 | 33,168 |
| | 1,159,637 | 321,206 | 1,609,761 | 2,001,515 | 2,418,925 | 22,261,887 |

All figures are exclusive of GST unless otherwise stated

Statement of Accounting Policies to 30 June 2018

Reporting Entity

Horizons Regional Council (HRC) is the trading name of the Manawatu-Wanganui Regional Council, a Local Authority governed by the Local Government Act 2002.

The HRC Group consists of Horizons Regional Council (the “parent entity”); its subsidiaries, MWRC Holdings Limited (MWRCH), Regional Software Holdings Limited (RSHL) and MW LASS (an Exempt Council Controlled Organisation). MWRCH’s 23.08 per cent equity share of its associate is equity accounted. Horizons have a 15.5 per cent equity share of RSHL. This is treated as an investment in our balance sheet. MW LASS Limited has been set up as a shared service across six TAs and HRC, of which HRC has 14.29 per cent (1/7) of the shares.

The financial statements presented are those of the “parent entity” HRC only, and are for the period ending 30 June 2017. These statements have been prepared at the “parent entity” level only as Group financials are not considered appropriate because they have no impact on the Funding Impact Statement (FIS) and the Group information is not readily available.

The financial statements of the “parent entity” HRC comprise the following groups of activities of HRC: Land and Water Management, Flood Protection and Control Works, Biosecurity and Biodiversity, Regional Leadership and Governance, Transport and Investment. As these activities are carried out for environmental and community benefit and not for financial return, HRC has designated itself as a Public Benefit Entity (PBE) for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The financial statements presented are those of HRC, and are for the period ended 30 June 2018. Council adopted the 2017-18 Annual Plan on 7 June 2017.

Basis of Preparation

The financial statements of HRC have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity. The Council adopted the PBE standards for the first time in 2015.

As HRC meets the definition of a Public Benefit Entity, it applies specific recognition and measurement requirements that apply to Public Benefit Entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, and certain infrastructural assets. The financial statements have been prepared in New Zealand dollars and all values (other than the River and Drainage Scheme Summary) are rounded to the nearest thousand dollars (\$000). The functional currency of Horizons is New Zealand dollars.

Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Basis of Consolidation

The Group accounts add together like items of assets, liabilities, equity, revenue and expenditure, on a line-by-line basis. All significant intragroup balances and revenue and expense transactions are eliminated on consolidation.

Associates

An associate is an entity over which HRC has significant influence and that is neither a subsidiary nor an interest in a joint venture.

HRC's associate investment is accounted for in the Group financial statements using the equity method. The investment is initially recognised at cost in the parent equity financial statements, and the carrying amount in the Group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the Group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of future deficits. After the Group's interest is reduced to zero, additional deficits are provided for and a liability is recognised, only to the extent that HRC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Group transacts with an associate, surplus or deficits are eliminated to the extent of the Group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

Subsidiary

A subsidiary is an entity over which HRC has the capacity to control their financing and operating policies so as to obtain benefits from the activities of that entity.

The power exists where HRC controls the majority voting power on the governing body, or where such policies were irreversibly predetermined by HRC, or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary. Power also exists where the funding received by the entity from HRC is greater than funding from other sources.

The cost of a business combination is measured as the aggregate of:

- The consideration transferred, which is generally measured at acquisition date fair value;
- The amount of any non-controlling interest measured at either fair value or the non-controlling interest in the fair value of the net identifiable assets of the acquire; and
- The acquisition date fair value of the previously held equity interest in the acquiree, if any.

Any excess of the cost of the business combination over HRC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, is recognised as goodwill. If HRC's interest in this net fair value exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investments in subsidiaries are carried at cost in HRC's parent entity financial statements.

Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

New Standards, Amendments and Interpretations Adopted

As a result of the External Reporting Board (XRB) issuing a new set of reporting standards for Public Benefit Entities (PBEs), the financial statements have been prepared based on these new standards.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange Transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to another entity in exchange.

Non-exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Specific accounting policies for major categories of revenue are outlined below.

Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water by meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Revenue from Government

Government grants and subsidies are recognised upon entitlement, which is when the conditions pertaining to eligible expenditure have been fulfilled. Non-expenditure related grants are recognised within the relevant financial year when received or apportioned.

Other Grants Received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Vested Physical Assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

Other Revenue

Other forms of revenue (excluding investment revenue), including fees, charges and other revenues are recognised on an accrual basis.

Dividends received are recognised when the right to the payment is established.

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Grant Expenditure

Non-discretionary grants are those that are awarded if the grant application meets the specified criteria, and are recognised as expenditure when an application that meets the criteria has been received.

Discretionary grants are those where HRC has no award obligation on receipt of the grant application, and are only recognised as expenditure when a successful applicant was notified of the HRC's decision.

Leases

Operating Leases

An operating lease is a lease that does not transfer automatically all the risks and rewards incidental to ownership of an asset.

Where HRC is the lessee, lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term. SLUI land leases paid in advance will be amortised over the life of the contracts.

Where HRC is the lessor, lease receipts under an operating lease are recognised as revenue on a straight line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and Cash Equivalents include cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities, in the statement of financial position.

Trade and Other Receivables are initially stated at their face value, less any provision for impairment.

Inventories of HRC are deemed to be held for distribution, being material or supplies to be consumed in the rendering of services, and are not supplied on a commercial basis. They are measured at cost, adjusted when applicable, for any loss of service potential. Inventory acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Financial Derivatives

Derivative financial instruments are used to manage exposure to interest rate risks arising from HRC's financing activities. In accordance with its treasury policy, HRC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into, and are subsequently remeasured at their fair value on each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. For Cash Flow Hedges, the portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

Financial Assets are initially measured at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which HRC commits to purchase or sell the asset. Financial assets are derecognised when the rights to received cash flows from the financial assets have expired or have been transferred, and HRC has transferred substantially all the risks and rewards of ownership.

HRC classifies its financial assets into the following four categories, the classification of which depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial Assets at Fair Value Through Surplus or Deficit

These include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair value with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. HRC's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits and (when applicable) related party loans.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Held to Maturity Investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that HRC has the positive intention and ability to hold to maturity. These are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair Value Through Other Comprehensive Revenue and Expense

These are those designated into the category at initial recognition or are not classified in any other categories above. These are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council and the Group includes in this category investments that it intends to hold long term but which may be realised before maturity, and shareholdings that it holds for strategic purposes. These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Foreign Currency Transactions (FCTs)

FCTs (including those for which foreign exchange contracts are held) are translated into the functional currency using the spot exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Impairment of Financial Assets

At each balance date, HRC assesses whether or not there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and Other Receivables and Held-To-Maturity Investments

Impairment of a loan or receivable is established when there is objective evidence that HRC and the Group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the

amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that were renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds and community loans, are recognised directly against the instrument's carrying amount.

Financial Assets at Fair Value Through Comprehensive Revenue and Expense

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Property, Plant and Equipment

Those operational assets that are revalued are classed according to the district in which they are located, and are valued each three years according to the revaluation cycle of that district. Infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different from fair value.

- i. All operational land and buildings will be valued at fair value by an independent, registered valuer, with additions at cost, less accumulated depreciation on buildings. HRC undertakes revaluations as each Local Authority District is revalued, according to their respective three-yearly cycle. Reviews for other assets outside this cycle will be done with sufficient regularity to ensure that their carrying amount does not differ materially from fair values. If there is a material difference, then the off-cycle asset classes are revalued.
- ii. Infrastructural assets are revalued three yearly at depreciated replacement cost by HRC engineering staff that are directly associated with the administration of these schemes. The valuation methodology is reviewed by suitably qualified, independent consultants to confirm that the methodology is consistent with PB IPSAS 17.
- iii. Plant and vehicles are valued at cost less accumulated depreciation and impairment.
- iv. Furniture and fittings are valued at cost less accumulated depreciation and impairment.
- v. Office equipment, scientific equipment and computer equipment are valued at cost less accumulated depreciation, and impairment.
- vi. Capital Work in Progress includes:
 - (a) Assets in process of construction; and
 - (b) Purchases and disposals awaiting finalisation (eg. subdivision titles) and thus not yet processed through the fixed asset register.

Capital work in progress is stated at cost, less any impairment value, and is not depreciated.

Included within the land infrastructural assets managed by Horizons are significant land holdings that are legally held in the name of the Crown. This technical legal ownership by the Crown results from the fact that, prior to 1987, various government departments, eg. the Ministry of Works, were responsible for acquiring land required for the various river control schemes. Since 1987, however, all land acquisitions were undertaken by HRC and so legal ownership was vested in HRC. While the Crown is the legal owner of portions of HRC's river control scheme land holdings, it is considered that HRC, or at least HRC's

ratepayers, enjoy all of the risks and benefits associated with ownership of these land holdings, and so “in substance” HRC has ownership. However, it is noted that should HRC ever decide to sell a significant portion of these land holdings, then part of the proceeds may have to be returned to the Crown.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to HRC, and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, such items are recognised at cost. Where an asset is acquired through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Infrastructural Assets

Infrastructural assets are assets that deliver benefits direct to the community rather than being used directly by HRC. The major infrastructural assets owned by HRC are associated with the Region’s major flood protection and land drainage schemes. It is generally considered that the majority of infrastructural assets owned by HRC would not be readily saleable.

Depreciation

Operational assets as listed below are depreciated on the straight-line basis at rates that will write off the cost (or valuation) less their estimated residual values, over their useful lives, as follows:

| | |
|---------------------------|------------|
| Buildings | 50 years |
| Heavy plant and machinery | 10 years |
| Other plant and machinery | 10 years |
| Motor vehicles | 4-8 years |
| Furniture and fittings | 10 years |
| Office equipment | 5-6 years |
| Scientific equipment | 5-12 years |
| Computer equipment | 3-10 years |
| Communications equipment | 3-15 years |
| Equipment and electronics | 5-12 years |

Infrastructural assets are depreciated on the straight-line basis at rates that will write off the carrying amount of the assets less their estimated residual values, over their estimated useful lives, as follows:

| | |
|------------------------------------|--------------|
| Concrete block walls | 100 years |
| Major floodgate structures | 70-100 years |
| Floodgate culverts (over 1.2 m) | 70 years |
| Flow diversion structures | 70-100 years |
| Pump station structures | 70 years |
| Drop structures | 50-70 years |
| Amenity enhancements | 50 years |
| Concrete/timber flood walls | 50 years |
| Grade controls | 50 years |
| Portable flood barriers | 50 years |
| Pump station floodgates/pumps | 50 years |
| Timber retaining walls | 50 years |
| Weirs | 50 years |
| Pump station electrical/mechanical | 25 years |
| Gabions | 20 years |
| Permeable mesh units | 20 years |
| Rangitikei stopbanks | 20 years |

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

All figures are exclusive of GST unless otherwise stated

Several types of infrastructural assets are deemed to have an indefinite life as follows: tied tree works, protection planting, bed armouring, rockwork, concrete rip rap, stop gates, drainage channels, culverts, dams, groynes, forestry, spillways and stopbanks. These assets are not depreciated.

Accounting for Revaluations

HRC accounts for revaluations of property on a class of asset basis. The results of revaluing are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserves, this balance is expensed in surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value so treated, will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in the Statement of Revenue and Expense.

Intangible Assets

Computer Software

Costs associated with the acquisition and bringing to use of computer software, which is not an inherent or integral part of the associated computer hardware, are treated as intangible assets. Costs that are directly associated with the development of software for the internal use by HRC are also recognised as an intangible asset. These direct costs include both direct employee and other related costs, as well as an appropriate portion of relevant overheads.

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its expected useful life during which future economic benefits or service potential associated with the item will flow to HRC. For Digital Terrain Flood Modelling software, this is estimated as being from 10 to 12 years, and for other computer software, both acquired and developed, from 4 to 9 years.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus and deficit.

Where software in this category is replaced, upgraded or determined by HRC to be of no further operational benefit, a change in value will be recognised through the comprehensive revenue and expense. This change in value will be the difference between the carrying value of the original item and its fair value.

Costs associated with maintaining computer software are treated as an expense when incurred and are recognised as such in the:

- Staff training costs recognised in the surplus or deficit when incurred; and
- Costs associated with development and maintenance of the Council's website recognised as an expense when incurred.

Carbon Credits

These are dealt with under **Forestry Assets**.

Impairment of Property, Plant, Equipment and Intangibles

Intangible assets subsequently measured at cost that have an indefinite useful life or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in Use for Non-cash-generating Assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in Use for Cash-generating Assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Forestry Assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber process, felling costs and silvicultural costs, and takes into account consideration of environmental, operational and market restrictions.

Where standing forestry assets have not been developed to the stage at which a revaluation is appropriate, these assets shall be carried at cost in the statement of financial position.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell, and from a change in fair value less estimated costs to sell, are recognised in the surplus or deficit.

The costs to maintain forestry assets are recognised in the surplus or deficit when incurred.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Free carbon units received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Employee Entitlements

Short-term Employee Entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council or Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term Employee Entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- The present value of the estimated future cash flows.

Superannuation Schemes

Defined Contribution Schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Other Provisions

HRC recognises a provision for future expenditure of uncertain amount or timing, when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditures will be required to settle this obligation, and a reliable estimate of the amount can be determined.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Creditors and Other Payables

Creditors and other payables are initially measured at face value.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless HRC has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if expected to be settled within 12 months.

Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Equity

Equity is the community's interest in HRC, and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Asset revaluation reserves;
- Restricted reserves;
- Insurance infrastructure reserve, and
- Retained earnings.

Asset Revaluation Reserves

These reserves relate to the revaluation of property, plant and equipment to fair value. This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense.

Restricted Reserves

These reserves are a component of equity generally representing a particular use to which various parts of equity were assigned. Use of these reserves may be legally restricted or created by legislation or HRC.

Restricted reserves are those subject to specific conditions as binding by HRC, and which may not be revised by HRC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Insurance Infrastructure Reserve

Following the earthquake events in Christchurch and Japan, our ability to insure our infrastructure assets has reduced considerably, as we have been unable to reinsure with one of our commercial providers.

Accordingly, we have increased the level of rating to build river scheme reserves, as well as introducing a new common rate to build reserves to provide for a level of self-insurance against our assets that now have limited or no insurance cover.

Goods and Services Tax (GST)

These financial statements are presented net of GST, except for receivables and payables that are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost Allocation

HRC has derived the cost of service for each of its project groups using the cost allocation system outlined below:

- Direct costs are those costs identified as being directly attributable to a project group, and are charged directly to that project group.
- Indirect costs are those costs that cannot be identified, in an economically feasible manner, as contributing directly to a project group. Instead, these are charged to project groups using appropriate cost drivers including actual usage, staff numbers, floor area, and telephone and computer units.

Income Tax

Income tax expense may comprise both current and deferred tax, and is calculated using tax rates that were enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which HRC expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination or transactions recognised in other comprehensive revenue and expense, or directly in equity.

Currently, taxable revenue of HRC relates to revenue derived from dividends, CentrePort Limited and MWRC Holdings Limited, and the tax liability on these is usually met by imputation credits. All other revenue of HRC is currently exempt from income tax.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, HRC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset; eg. HRC could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by HRC adhering to maintenance requirements

included in asset management plans currently in force, to ensure design standards are adequately maintained;

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted by local conditions; for example weather patterns and population and/or traffic growth. To minimise this risk, HRC's infrastructural assets' useful lives were determined in conjunction with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering (NAMS) Group.

Senior engineering staff working in the river and drainage area initially revise infrastructural asset valuations, and their methodology is then subject to peer review and also reviewed by experienced independent valuers.

Critical Judgement in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of Property

HRC owns properties that are currently rented as residential accommodation. The receipt of market-based rental from these is incidental to holding them, as the properties are held for service delivery objectives as part of HRC's overall service delivery and activity programmes. The properties are accounted for as property, plant and equipment.

Capital Management

HRC's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. This is represented by HRC's net assets.

The Local Government Act 2002 (the Act) requires HRC to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings, prudently, and in a manner that promotes the current and future interests of the community. Largely as a by-product of this prudential management, ratepayers' funds are managed accordingly.

In order to achieve intergenerational equity, a principle promoted in the Act, HRC utilises asset management plans for its major assets and groups of assets, detailing renewal and maintenance programmes, to ensure ratepayers in future

generations are not required to meet the costs of deferred renewals and maintenance.

The Long-term Plan identifies the long-term expenditure needs in relation to these asset management plans, and sets out the sources and level of funding necessary to achieve these.

As part of this approach to intergenerational equity, HRC has created reserves identifying different areas of benefit. These are used where there is a discrete set of ratepayers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied solely to the specific reserves concerned.

River and Drainage Scheme Emergency Reserves Summary

Overview

Under our River and Drainage Scheme Activity, 29 of our schemes set aside funds in scheme-specific emergency reserve accounts. The purpose of these funds, as set out in our Infrastructural Asset Management Plans, is to:

- Meet costs of urgent and un-programmed works, usually associated with flood damage;
- Enable a rapid start on damage repairs, avoiding time delays associated with other funding mechanisms; and
- Fund the deductible in respect of an insurance claim.

The total estimated opening balance of these funds at 1 July 2017 is \$7.311 million. Deposits in total of \$1.282 million and withdrawals in total of \$0.971 million are estimated to occur during the period 1 July 2017 and 30 June 2018. The total estimated closing balance of these reserves is \$7.62 million.

The table below shows the estimated opening balance for the respective reserve accounts, the amounts expected to be deposited into those accounts (including interest) over the term of the Plan, the amounts expected to be withdrawn from the accounts over that term, and the estimated closing balances at the end of the Plan.

| Reserve Name | Estimated Opening Emergency Reserve Balance 1 July 2017 | Estimated Deposits 1 July 2017 to 30 June 2018 | Estimated Withdrawals 1 July 2017 to 30 June 2018 | Estimated Closing Balance 30 June 2018 |
|---------------------------------|--|---|--|---|
| Akitio River | 14,512 | 951 | - | 15,462 |
| Ashhurst Stream | 14,096 | 2,923 | - | 17,020 |
| Eastern Manawatu | 16,299 | 1,068 | - | 17,367 |
| Forest Road Drainage | 1,001 | 216 | - | 1,216 |
| Foxton East Drainage | 1,593 | 104 | - | 1,698 |
| Haunui Drainage | - | - | - | - |
| Himatangi Drainage | 14,526 | 951 | 1,000 | 14,477 |
| Hokio Drainage | 15,810 | 1,036 | 1,000 | 15,845 |
| Ihurua Stream | - | - | - | - |
| Kahuterawa | - | - | - | - |
| Koputaroa Drainage | 116,278 | 7,616 | 20,000 | 103,894 |
| Lower Kiwitea Stream | 133,829 | 18,766 | - | 152,594 |
| Lower Manawatu River | 2,387,548 | 406,384 | 850,000 | 1,943,933 |
| Lower Manawatu Special Projects | 2,983 | 195 | - | 3,178 |
| Lower Whanganui River | 208,473 | 66,655 | - | 275,128 |
| Makerua Drainage | 148,390 | 9,720 | 10,000 | 148,109 |
| Makirikiri Flood Control | 16,027 | 2,050 | 1,000 | 17,077 |
| Manawatu Drainage | 99,108 | 6,492 | - | 105,600 |

All figures are exclusive of GST unless otherwise stated

| Reserve Name | Estimated Opening Emergency Reserve Balance 1 July 2017 | Estimated Deposits 1 July 2017 to 30 June 2018 | Estimated Withdrawals 1 July 2017 to 30 June 2018 | Estimated Closing Balance 30 June 2018 |
|------------------------------------|--|---|--|---|
| Mangatainoka River | 895,451 | 120,189 | - | 1,015,640 |
| Matarawa Flood Control | 3,038 | 8,399 | - | 11,437 |
| Moutoa Drainage | 136,424 | 8,936 | 10,000 | 135,360 |
| Ohau-Manakau | 229,655 | 30,042 | - | 259,697 |
| Pakihi | 4,258 | 879 | 1,035 | 4,102 |
| Pohangina-Oroua River Control | 373,509 | 89,465 | - | 462,974 |
| Porewa Valley Flood Control | 45,199 | 4,961 | 1,926 | 48,234 |
| Rangitikei River Control | 786,566 | 202,272 | 75,000 | 913,838 |
| South East Ruahines | 713,911 | 126,761 | - | 840,672 |
| Taringamotu | 12,550 | 822 | - | 13,372 |
| Tawataia-Mangaone | 8,469 | 555 | - | 9,023 |
| Te Kawau Drainage | 69,828 | 4,574 | - | 74,402 |
| Turakina | 2,239 | 147 | - | 2,385 |
| Tutaenui Flood Control | 26,270 | 3,721 | - | 29,991 |
| Upper Manawatu-Lower Mangahao | 472,369 | 72,538 | - | 544,908 |
| Upper Whanganui River | 292,982 | 27,190 | - | 320,172 |
| Whangaehu-Mangawhero | 30,654 | 4,008 | - | 34,662 |
| Whirokino Drainage | 16,801 | 1,100 | - | 17,901 |
| Amenity Enhancements - Contestable | - | 50,000 | - | 50,000 |
| Total Scheme Reserve | 7,310,646 | 1,281,686 | 970,961 | 7,621,368 |

All figures are exclusive of GST unless otherwise stated

River and Drainage Scheme Capex Renewal Reserves Summary

Overview

In accordance with our new 30-Year Infrastructure Strategy, we will as from 1 July 2016 set aside funds in scheme-specific renewal reserve accounts. The purpose of these funds is to enable the renewal of infrastructure assets at the end of their useful lives, as assessed in accordance with Council's Asset Management Policy.

The table below shows the actual opening balance for the reserves (\$0.383 million); the amounts that should normally be deposited into the respective accounts over the term of the Annual Plan (\$0.734 million); the amounts that in accordance with Council's contribution deferral policy, will not be funded (\$0.449 million); the estimated withdrawals from the accounts for the purpose of funding renewals (\$0.204 million); and the estimated closing balances, including interest at the end of the Annual Plan term (\$0.464 million).

| Reserve Name | Estimated Opening Capex Renewal Reserve Balance 1 July 2017 | Estimated Capex Renewal Contribution (Incl. Interest) 1 July 2017 to 30 June 2018 | Estimated Capex Renewal Contribution Not Funded 1 July 2017 to 30 June 2018 | Estimated Transfers to Schemes from Renewal Reserve 1 July 2017 to 30 June 2018 | Estimated Closing Renewal Reserve Balance 30 June 2018 |
|---------------------------------|---|---|---|---|--|
| Akitio River | - | - | - | - | - |
| Ashhurst Stream | - | 2,000 | 2,000 | - | - |
| Eastern Manawatu | - | - | - | - | - |
| Forest Road Drainage | 1,029 | 567 | - | - | 1,596 |
| Foxton East Drainage | 1,037 | 572 | - | - | 1,609 |
| Haunui Drainage | - | - | - | - | - |
| Himatangi Drainage | 708 | 390 | - | - | 1,098 |
| Hokio Drainage | 850 | 469 | - | - | 1,319 |
| Ihuraia Stream | - | - | - | - | - |
| Kahuterawa | - | - | - | - | - |
| Koputaroa Drainage | 43,351 | 44,791 | 10,890 | 35,200 | 42,052 |
| Lower Kiwitea Stream | - | - | - | - | - |
| Lower Manawatu River | - | 351,550 | 339,190 | 12,360 | - |
| Lower Manawatu Special Projects | - | - | - | - | - |
| Lower Whanganui River | - | 13,000 | 13,000 | - | - |
| Makerua Drainage | 101,741 | 89,614 | 23,434 | 57,944 | 109,977 |
| Makirikiri Flood Control | 8,283 | 7,343 | - | - | 15,626 |
| Manawatu Drainage | 62,289 | 79,059 | 30,237 | 10,960 | 100,151 |
| Mangatainoka River | - | - | - | - | - |
| Matarawa Flood Control | - | 6,750 | - | - | 6,750 |
| Moutoa Drainage | 44,127 | 60,822 | 16,677 | 27,605 | 60,667 |
| Ohau-Manakau | 38,335 | 10,075 | - | 10,800 | 37,610 |

All figures are exclusive of GST unless otherwise stated

| Reserve Name | Estimated Opening Capex Renewal Reserve Balance 1 July 2017 | Estimated Capex Renewal Contribution (Incl. Interest) 1 July 2017 to 30 June 2018 | Estimated Capex Renewal Contribution Not Funded 1 July 2017 to 30 June 2018 | Estimated Transfers to Schemes from Renewal Reserve 1 July 2017 to 30 June 2018 | Estimated Closing Renewal Reserve Balance 30 June 2018 |
|------------------------------------|---|---|---|---|--|
| Pakihi | 617 | 340 | - | - | 958 |
| Pohangina-Oroua River Control | - | - | - | - | - |
| Porewa Valley Flood Control | 6,112 | 4,400 | 1,037 | - | 9,476 |
| Rangitikei River Control | - | 9,000 | 9,000 | - | - |
| South East Ruahines | 19,226 | 10,601 | - | - | 29,827 |
| Taringamotu | - | - | - | - | - |
| Tawataia-Mangaone | 2,552 | 1,407 | - | - | 3,959 |
| Te Kawau Drainage | 50,413 | 33,729 | - | 48,000 | 36,143 |
| Turakina | - | - | - | - | - |
| Tutaenui Flood Control | - | 2,500 | - | - | 2,500 |
| Upper Manawatu-Lower Mangahao | - | - | - | - | - |
| Upper Whanganui River | - | 2,300 | 2,300 | - | - |
| Whangaehu-Mangawhero | - | - | - | - | - |
| Whirokino Drainage | 2,023 | 3,011 | 1,607 | 1,024 | 2,403 |
| Amenity Enhancements – Contestable | - | - | - | - | - |
| Total Scheme Reserve | 382,693 | 734,290 | 449,372 | 203,893 | 463,721 |

All figures are exclusive of GST unless otherwise stated

Funding Impact Statement for all Groups of Activities (\$000)

| | Actual 2015-16 | Annual Plan 2016-17 | LTP Year 3 2017-18 | Annual Plan 2017-18 |
|---|-------------------|------------------------|-----------------------|------------------------|
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | 24,703 | 25,557 | 26,432 | 26,953 |
| Targeted rates | 14,025 | 13,310 | 13,790 | 14,888 |
| Subsidies and grants for operating purposes | 6,014 | 4,740 | 5,014 | 5,118 |
| Fees and charges | 10,987 | 8,266 | 8,322 | 9,193 |
| Interest and dividends from investments | 2,034 | 1,726 | 1,883 | 2,178 |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total sources of operating funding (A) | 57,763 | 53,599 | 55,441 | 58,330 |
| Applications of Operating Funding | | | | |
| Payments to staff and suppliers | 45,559 | 44,777 | 47,169 | 50,002 |
| Finance costs | 1,256 | 1,220 | 1,295 | 1,050 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 46,815 | 45,997 | 48,464 | 51,052 |
| Surplus (Deficit) of Operating Funding (A-B) | 10,948 | 7,602 | 6,977 | 7,278 |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | - | - | - | 7,000 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | - | - | - | 7,000 |
| Applications of Capital Funding | | | | |
| Capital expenditure: | | | | |
| · to meet additional demand | - | - | - | - |
| · to improve the level of service | 7,892 | 6,670 | 5,561 | 6,385 |
| · to replace existing assets | 2,075 | 4,193 | 2,536 | 3,049 |
| Increase (decrease) in reserves | 981 | (3,260) | (1,118) | 4,845 |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 10,948 | 7,603 | 6,979 | 14,279 |
| Surplus (Deficit) of Capital Funding (C-D) | (10,948) | (7,603) | (6,979) | (7,279) |

All figures are exclusive of GST unless otherwise stated

Annual Funding Impact Statement for the Year Ending 30 June 2018

Notes:

1. All rates in this Funding Impact Statement are inclusive of GST.
2. The final date for payment for all rates is 29 September 2017. When all rates for the financial year are paid on or before this date, a discount will apply as specified in the Prompt Payment Policy. Except where prior arrangements are made, penalties for late payment will be applied at the maximum rates allowable, being 10 per cent on 27 October 2017 and 10 per cent on all accumulated rate arrears on 7 July 2017 and 19 January 2018.
3. Definition of Separately Used or Inhabited Dwelling Part of a Rating Unit. Under Schedule 10, Part 1, Section 10 1 d (iii) (B) of the Local Government Act we are now required to state our definition of a Separately Used or Inhabited Dwelling Part of a Rating Unit:

“A separately used or inhabited part of a rating unit is only recognised as such if there is a unique valuation identifier for that part of the rating unit.”

Equalised Capital Value

The Region is made up of seven districts. A portion of your rates bill (General Rate) is derived from the value of your property. Each district is valued at different times. It is important to take into account timing differences so that ratepayers in districts that have been revalued more recently don't unfairly pay more than districts valued two or three years ago. To adjust for revaluation timing differences, we annually revalue all districts to work out an individual district's share of the General Rate. Once the total General Rate for a district is known, the amount is then allocated over the capital values of the individual properties at the time of the last revaluation.

General Rate Differentiation Across Constituent Districts

| ECV \$ At 1/09/15 | General Rate Yield (Incl UAGC) 2016-17 | District/City | ECV \$ At 1/09/16 | General Rate Yield 2017-18 | UAGC Yield 2017-18 | Total Yield 2017-18 |
|----------------------|---|---------------------|----------------------|-------------------------------|-----------------------|------------------------|
| 5,422,118,710 | 803,113 | Horowhenua DC | 6,371,383,685 | 26,164 | 705,569 | 731,733 |
| 6,610,281,625 | 681,145 | Manawatu DC | 7,912,345,492 | 32,513 | 533,820 | 566,333 |
| 12,629,826,100 | 1,542,935 | Palmerston North CC | 13,643,370,645 | 56,115 | 1,314,337 | 1,370,451 |
| 3,393,766,613 | 398,140 | Rangitikei DC | 3,617,278,492 | 14,831 | 311,559 | 326,390 |
| 3,612,123,235 | 417,466 | Ruapehu DC | 3,656,498,377 | 14,985 | 345,999 | 360,984 |
| 4,506,388,538 | 483,617 | Tararua DC | 4,924,675,766 | 20,188 | 386,712 | 406,900 |
| 5,751,759,498 | 931,812 | Whanganui DC | 6,424,619,870 | 26,364 | 839,229 | 865,593 |
| 66,538,885 | 8,930 | Part Stratford DC | 67,255,722 | 288 | 7,503 | 7,791 |
| 1,857,000 | 124 | Part Taupo DC | 1,784,670 | 7 | 82 | 89 |
| 66,764,750 | 2,562 | Part Waitomo DC | 68,736,067 | 282 | 1,107 | 1,389 |
| 42,061,424,954 | 5,269,844 | | 46,687,948,787 | 191,736 | 4,445,917 | 4,637,652 |

All figures are inclusive of GST unless otherwise stated

Uniform Annual General Charge (UAGC)

| District/City | Class | Number of Rating Units | UAGC Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|---------------------|-------|------------------------|-------------------------------|------------------------|
| Horowhenua DC | UAGC | 17,209 | 41.0000000 | 705,569 |
| Manawatu DC | UAGC | 13,020 | 41.0000000 | 533,820 |
| Palmerston North CC | UAGC | 32,057 | 41.0000000 | 1,314,337 |
| Rangitikei DC | UAGC | 7,599 | 41.0000000 | 311,559 |
| Ruapehu DC | UAGC | 8,439 | 41.0000000 | 345,999 |
| Tararua DC | UAGC | 9,432 | 41.0000000 | 386,712 |
| Whanganui DC | UAGC | 20,469 | 41.0000000 | 839,229 |
| Part Stratford DC | UAGC | 183 | 41.0000000 | 7,503 |
| Part Taupo DC | UAGC | 2 | 41.0000000 | 82 |
| Part Waitomo DC | UAGC | 27 | 41.0000000 | 1,107 |
| Total UAGC | | | | 4,445,917 |

General Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|----------------------------------|-------|---|------------------------|
| Horowhenua DC | 01N | 0.0000041 | 26,164 |
| Manawatu DC | 02N | 0.0000041 | 32,513 |
| Palmerston North CC | 03N | 0.0000041 | 56,115 |
| Rangitikei DC | 04N | 0.0000041 | 14,831 |
| Ruapehu DC | 05N | 0.0000041 | 14,985 |
| Tararua DC | 06N | 0.0000041 | 20,188 |
| Whanganui DC | 07N | 0.0000041 | 26,364 |
| Part Stratford DC | 08N | 0.0000042 | 288 |
| Part Taupo DC | 09N | 0.0000041 | 7 |
| Part Waitomo DC | 10N | 0.0000042 | 282 |
| Total General Rate - EQCV | | | 191,736 |

All figures are inclusive of GST unless otherwise stated

Biosecurity Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|--------------------------------------|-------|--|---------------------------|
| Horowhenua DC | 01N | 0.0000761 | 480,805 |
| Manawatu DC | 02N | 0.0000761 | 597,797 |
| Palmerston North CC | 03N | 0.0000763 | 1,034,189 |
| Rangitikei DC | 04N | 0.0000761 | 272,502 |
| Ruapehu DC | 05N | 0.0000760 | 275,187 |
| Tararua DC | 06N | 0.0000760 | 370,848 |
| Whanganui DC | 07N | 0.0000760 | 484,109 |
| Part Stratford DC | 08N | 0.0000799 | 5,516 |
| Part Taupo DC | 09N | 0.0000759 | 134 |
| Part Waitomo DC | 10N | 0.0000760 | 5,167 |
| Total Biosecurity Rate - EQCV | | | 3,526,253 |

Emergency Management Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|---|-------|--|---------------------------|
| Horowhenua DC | 01N | 0.0000376 | 237,874 |
| Manawatu DC | 02N | 0.0000377 | 295,757 |
| Palmerston North CC | 03N | 0.0000378 | 511,673 |
| Rangitikei DC | 04N | 0.0000376 | 134,800 |
| Ruapehu DC | 05N | 0.0000376 | 136,164 |
| Tararua DC | 06N | 0.0000376 | 183,498 |
| Whanganui DC | 07N | 0.0000376 | 239,507 |
| Part Stratford DC | 08N | 0.0000396 | 2,729 |
| Part Taupo DC | 09N | 0.0000376 | 66 |
| Part Waitomo DC | 10N | 0.0000376 | 2,557 |
| Total Emergency Management Rate - EQCV | | | 1,744,626 |

All figures are inclusive of GST unless otherwise stated

Information Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|--------------------------------------|-------|--|---------------------------|
| Horowhenua DC | 01N | 0.0000346 | 218,536 |
| Manawatu DC | 02N | 0.0000346 | 271,726 |
| Palmerston North CC | 03N | 0.0000347 | 470,061 |
| Rangitikei DC | 04N | 0.0000346 | 123,838 |
| Ruapehu DC | 05N | 0.0000346 | 125,052 |
| Tararua DC | 06N | 0.0000346 | 168,527 |
| Whanganui DC | 07N | 0.0000346 | 220,021 |
| Part Stratford DC | 08N | 0.0000363 | 2,506 |
| Part Taupo DC | 09N | 0.0000345 | 61 |
| Part Waitomo DC | 10N | 0.0000346 | 2,349 |
| Total Information Rate - EQCV | | | 1,602,678 |

Resource and Consent Monitoring Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|--|-------|--|---------------------------|
| Horowhenua DC | 01N | 0.0000483 | 305,180 |
| Manawatu DC | 02N | 0.0000483 | 379,474 |
| Palmerston North CC | 03N | 0.0000484 | 656,433 |
| Rangitikei DC | 04N | 0.0000483 | 172,951 |
| Ruapehu DC | 05N | 0.0000483 | 174,675 |
| Tararua DC | 06N | 0.0000483 | 235,383 |
| Whanganui DC | 07N | 0.0000483 | 307,265 |
| Part Stratford DC | 08N | 0.0000507 | 3,501 |
| Part Taupo DC | 09N | 0.0000482 | 85 |
| Part Waitomo DC | 10N | 0.0000483 | 3,280 |
| Total Resource and Consent Monitoring Rate - EQCV | | | 2,238,225 |

All figures are inclusive of GST unless otherwise stated

River and Drainage Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|---|-------|--|---------------------------|
| Horowhenua DC | 01N | 0.0000902 | 569,976 |
| Manawatu DC | 02N | 0.0000902 | 708,686 |
| Palmerston North CC | 03N | 0.0000904 | 1,225,981 |
| Rangitikei DC | 04N | 0.0000902 | 323,011 |
| Ruapehu DC | 05N | 0.0000901 | 326,222 |
| Tararua DC | 06N | 0.0000902 | 439,605 |
| Whanganui DC | 07N | 0.0000901 | 573,900 |
| Part Stratford DC | 08N | 0.0000948 | 6,538 |
| Part Taupo DC | 09N | 0.0000900 | 159 |
| Part Waitomo DC | 10N | 0.0000901 | 6,126 |
| Total River and Drainage Rate - EQCV | | | 4,180,204 |

Strategic Management Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|---|-------|--|---------------------------|
| Horowhenua DC | 01N | 0.0000367 | 232,060 |
| Manawatu DC | 02N | 0.0000367 | 288,532 |
| Palmerston North CC | 03N | 0.0000368 | 499,203 |
| Rangitikei DC | 04N | 0.0000367 | 131,504 |
| Ruapehu DC | 05N | 0.0000367 | 132,834 |
| Tararua DC | 06N | 0.0000367 | 179,012 |
| Whanganui DC | 07N | 0.0000367 | 233,649 |
| Part Stratford DC | 08N | 0.0000386 | 2,662 |
| Part Taupo DC | 09N | 0.0000367 | 65 |
| Part Waitomo DC | 10N | 0.0000367 | 2,494 |
| Total Strategic Management Rate - EQCV | | | 1,702,015 |

All figures are inclusive of GST unless otherwise stated

Water Quality and Quantity Rate – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|--|-------|--|---------------------------|
| Horowhenua DC | 01N | 0.0001060 | 669,891 |
| Manawatu DC | 02N | 0.0001061 | 832,926 |
| Palmerston North CC | 03N | 0.0001063 | 1,440,951 |
| Rangitikei DC | 04N | 0.0001060 | 379,647 |
| Ruapehu DC | 05N | 0.0001059 | 383,409 |
| Tararua DC | 06N | 0.0001060 | 516,700 |
| Whanganui DC | 07N | 0.0001059 | 674,517 |
| Part Stratford DC | 08N | 0.0001114 | 7,685 |
| Part Taupo DC | 09N | 0.0001058 | 187 |
| Part Waitomo DC | 10N | 0.0001059 | 7,200 |
| Total Water Quality and Quantity – EQCV | | | 4,913,113 |

Regional Transport Planning and Road Safety – Equalised Capital Value (EQCV)

| District/City | Class | All Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|---|-------|--|---------------------------|
| Horowhenua DC | 01T | 0.0000050 | 31,283 |
| Manawatu DC | 02T | 0.0000050 | 38,874 |
| Palmerston North CC | 03T | 0.0000050 | 67,229 |
| Rangitikei DC | 04T | 0.0000050 | 17,732 |
| Ruapehu DC | 05T | 0.0000050 | 17,916 |
| Tararua DC | 06T | 0.0000050 | 24,138 |
| Whanganui DC | 07T | 0.0000049 | 31,459 |
| Part Stratford DC | 08T | 0.0000052 | 359 |
| Part Taupo DC | 09T | 0.0000049 | 9 |
| Part Waitomo DC | 10T | 0.0000049 | 336 |
| Total Regional Transport Planning and Road Safety - EQCV | | | 229,335 |

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Transport Passenger Services (Including Total Mobility)

| District/City | Class | All Urban Properties \$ per \$ of Capital Value 2017-18 | Revenue Sought 2017-18 |
|---|-------|--|---------------------------|
| Horowhenua DC | 01U | 0.0000576 | 157,964 |
| Manawatu DC | 02U | 0.0001005 | 213,258 |
| Palmerston North CC | 03U | 0.0001403 | 1,603,598 |
| Rangitikei DC | 04U | 0.0000540 | 45,039 |
| Ruapehu DC | 05U | 0.0000096 | 8,256 |
| Tararua DC | 06U | 0.0000292 | 20,523 |
| Whanganui DC | 07U | 0.0001005 | 430,450 |
| Total Targeted Rate: Transport Passenger Services (Including Total Mobility) | | | 2,479,088 |

Targeted Rate: Infrastructure Insurance Reserve Rate

| Property Type | Class | Annual Charge Dollars per \$UIP 2017-18 | Revenue Sought 2017-18 |
|--|-------|--|---------------------------|
| Up to and including \$250,000 Capital Value | IIR1 | 1.9300000 | 122,852 |
| Greater than \$250,000 and up to and including \$500,000 Capital Value | IIR2 | 3.8500000 | 125,179 |
| Greater than \$500,000 and up to and including \$1,000,000 Capital Value | IIR3 | 5.7700000 | 54,671 |
| Greater than \$1,000,000 Capital Value | IIR4 | 25.0300000 | 159,241 |
| Total Targeted Rate: Infrastructure Insurance Reserve | | | 461,942 |

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Sustainable Land Use Initiative

| District/City | Class | Number of Rating Units | Annual Charge Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|---|-------|------------------------|--|---------------------------|
| Horowhenua DC | SLUI | 17,209 | 38.3300000 | 659,621 |
| Manawatu DC | SLUI | 13,020 | 38.3300000 | 499,057 |
| Palmerston North CC | SLUI | 32,057 | 38.3300000 | 1,228,744 |
| Rangitikei DC | SLUI | 7,599 | 38.3300000 | 291,270 |
| Ruapehu DC | SLUI | 8,439 | 38.3300000 | 323,467 |
| Tararua DC | SLUI | 9,432 | 38.3300000 | 361,529 |
| Whanganui DC | SLUI | 20,469 | 38.3300000 | 784,577 |
| Part Stratford DC | SLUI | 183 | 38.3300000 | 7,014 |
| Part Taupo DC | SLUI | 2 | 38.3300000 | 77 |
| Part Waitomo DC | SLUI | 27 | 38.3300000 | 1,035 |
| Total Targeted Rate: Sustainable Land Use Initiative | | | | 4,156,390 |

Targeted Rate: Environmental Initiatives

| District/City | Class | Number of Rating Units | Annual Charge Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|---|-------|------------------------|--|---------------------------|
| Horowhenua DC | SUIP | 17,209 | 20.7800000 | 357,603 |
| Manawatu DC | SUIP | 13,020 | 20.8100000 | 270,946 |
| Palmerston North CC | SUIP | 32,057 | 20.7200000 | 664,221 |
| Rangitikei DC | SUIP | 7,599 | 20.8200000 | 158,211 |
| Ruapehu DC | SUIP | 8,439 | 20.7700000 | 175,278 |
| Tararua DC | SUIP | 9,432 | 20.7600000 | 195,808 |
| Whanganui DC | SUIP | 20,469 | 20.8200000 | 426,165 |
| Part Stratford DC | SUIP | 183 | 23.1900000 | 4,244 |
| Part Taupo DC | SUIP | 2 | 20.6500000 | 41 |
| Part Waitomo DC | SUIP | 27 | 20.6500000 | 558 |
| Total Targeted Rate: Environmental Initiatives | | | | 2,253,075 |

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Production Pest Animal Management

| Property Type | Class | Hectares | Dollars Per Hectare 2017-18 | Revenue Sought 2017-18 |
|---|-------|-----------|--------------------------------|---------------------------|
| Properties greater than 4 Ha | PPAM | 1,637,985 | 0.9570000 | 1,567,552 |
| Total Targeted Rate: Production Pest Animal Management | | | | 1,567,552 |

Targeted Rate: Production Pest Rook Management

| Property Type | Class | Hectares | Dollars Per Hectare 2017-18 | Revenue Sought 2017-18 |
|---|-------|-----------|--------------------------------|---------------------------|
| Properties greater than 4 Ha | PPRM | 1,637,738 | 0.0930000 | 152,310 |
| Total Targeted Rate: Production Pest Rook Management | | | | 152,310 |

Targeted Rate: Production Pest Plant Management

| Property Type | Class | Hectares | Dollars Per Hectare 2017-18 | Revenue Sought 2017-18 |
|--|-------|-----------|--------------------------------|---------------------------|
| Properties greater than 4 Ha | PPPM | 1,637,737 | 0.0110000 | 18,015 |
| Properties less than 4 Ha | PPUA | 95,894 | 1.1110000 | 106,538 |
| Total Targeted Rate: Production Pest Plant Management | | | | 124,553 |

Targeted Rate: Rangitikei Old Man's Beard Eradication

| Property Type | Class | Number of Rating Units | Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|--|-------|------------------------|-----------------------------|---------------------------|
| Properties greater than 4 Ha | OMBE | 1,689 | 45.8200000 | 77,390 |
| Properties less than 4 Ha | OMBE | 5,910 | 5.5900000 | 33,037 |
| Total Targeted Rate: Rangitikei Old Man's Beard Eradication | | | | 110,427 |

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Regional Park

| Property Type | Class | Number of Rating Units | Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|---|-------|------------------------|-----------------------------|---------------------------|
| Manawatu District | PARK | 13,020 | 4.2700000 | 55,595 |
| Palmerston North City | PARK | 32,057 | 4.2500000 | 136,242 |
| Total Targeted Rate: Regional Park | | | | 191,838 |

Targeted Rate: Manawatu River Water Quality Improvement

| Property Type | Class | Number of Rating Units | Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|--|-------|------------------------|-----------------------------|---------------------------|
| Manawatu River Catchment | AC | 57,876 | 8.1900000 | 474,004 |
| Total Targeted Rate: Manawatu River Water Quality Improvement | | | | 474,004 |

Targeted Rate: Waitarere Beach Biodiversity Project

| Property Type | Class | Number of Rating Units | Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|--|-------|------------------------|-----------------------------|---------------------------|
| Waitarere Beach Community | AC | 860 | 9.3700000 | 8,058 |
| Total Targeted Rate: Waitarere Beach Biodiversity Project | | | | 8,058 |

Targeted Rate: Lake Horowhenua Weed Harvester

| Property Type | Class | Number of Rating Units | Dollars Per SUIP 2017-18 | Revenue Sought 2017-18 |
|--|-------|------------------------|-----------------------------|---------------------------|
| Horowhenua District | AC | 17,205 | 11.9100000 | 204,912 |
| Total Targeted Rate: Lake Horowhenua Weed Harvester | | | | 204,912 |

All figures are inclusive of GST unless otherwise stated

Targeted Rate: River and Drainage Schemes

Rates 2017-18

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|-----------------------------|-------------|-----------------------------|------------------------|-------------|------------------------|
| RIVER SCHEMES | | | | | |
| Akitio | RC | Dollars Per Hectare | 613 | 6.9729998 | 4,273 |
| | DB | Total Amount to be Invoiced | - | - | 3,739 |
| | CN | Dollars Per Hectare | 56,023 | 0.0480000 | 2,689 |
| | | Scheme | | | 10,701 |
| Eastern Manawatu | EL | Dollars Per Hectare | 1,194 | 19.5300003 | 23,322 |
| | EU | Dollars Per Hectare | 636 | 13.0189997 | 8,285 |
| | IN | SUIP | 728 | 10.1100000 | 7,360 |
| | CN | Dollars Per Hectare | 88,167 | 0.1109999 | 9,787 |
| | | Scheme | | | 48,753 |
| Ihuraua Stream | A | Dollars Per Hectare | 94 | 15.1879997 | 1,432 |
| | B | Dollars Per Hectare | 211 | 10.6319997 | 2,247 |
| | C | Dollars Per Hectare | 90 | 4.5569986 | 411 |
| | D | Dollars Per Hectare | 26 | 1.5189982 | 40 |
| | E | Dollars Per Hectare | 573 | 0.6079999 | 348 |
| | F | Dollars Per Hectare | 5,306 | 0.1520000 | 806 |
| | | Scheme | | | 5,285 |
| Kahuterawa | NZ Defence | Total Amount to be Invoiced | - | - | 4,092 |
| | MU Farm | Total Amount to be Invoiced | - | - | 3,569 |
| | KM | Dollars Per Hectare | 42 | 104.0310027 | 4,413 |
| | | Scheme | | | 12,074 |
| Lower KIWITEA Stream | CK | Dollars Per Hectare | 141 | 179.0100000 | 25,215 |
| | MK | Dollars Per Hectare | 298 | 258.1479998 | 77,041 |
| | CN | Dollars Per Hectare | 23,634 | 1.0870000 | 25,690 |
| | | Scheme | | | 127,946 |

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|--|----------------------------|----------------------------|------------------------|-------------|------------------------|
| Lower Manawatu | CE | Dollars Per Hectare | 272,896 | 0.4390000 | 119,801 |
| | CL | Dollars Per Hectare | 143,319 | 1.4980002 | 214,692 |
| | CW | Dollars Per Hectare | 79,500 | 0.7480000 | 59,466 |
| | DR | Dollars Per Hectare | 197 | 87.1679991 | 17,159 |
| | F1 | \$ per \$ of Land Value | 160,473,650 | 0.0018532 | 297,387 |
| | F2 | \$ per \$ of Land Value | 93,219,590 | 0.0014826 | 138,203 |
| | F3 | \$ per \$ of Land Value | 50,387,840 | 0.0011119 | 56,027 |
| | F4 | \$ per \$ of Land Value | 326,767,200 | 0.0007413 | 242,226 |
| | F5 | \$ per \$ of Land Value | 529,512,136 | 0.0001857 | 98,304 |
| | FB | \$ per \$ of Capital Value | 370,005,000 | 0.0000983 | 36,386 |
| | FG | \$ per \$ of Capital Value | 1,948,104,160 | 0.0001010 | 196,836 |
| | HF | SUIP | 747 | 576.3000000 | 430,496 |
| | IC | SUIP | 50,383 | 11.3600000 | 572,351 |
| | IE | SUIP | 2,687 | 5.6800000 | 15,262 |
| | IF | SUIP | 6,131 | 3.7500000 | 22,991 |
| | IS | SUIP | 11,311 | 5.6700000 | 64,133 |
| | IW | SUIP | 570 | 3.7500000 | 2,138 |
| | PN | \$ per \$ of Capital Value | 11,211,027,550 | 0.0000762 | 854,392 |
| | R1 | Dollars Per Hectare | 4,356 | 51.9630001 | 226,376 |
| R2 | Dollars Per Hectare | 183 | 10.3509979 | 1,892 | |
| SA | \$ per \$ of Capital Value | 4,105,640 | 0.0015752 | 6,467 | |
| SB | \$ per \$ of Capital Value | 47,597,505 | 0.0013899 | 66,155 | |
| SC | \$ per \$ of Capital Value | 10,005,010 | 0.0009266 | 9,271 | |
| SD | \$ per \$ of Capital Value | 56,084,284 | 0.0004633 | 25,984 | |
| | | Scheme | | | 3,774,396 |
| Lower Manawatu Special Projects | | | | | |
| (On specified PN scheme) | SP | \$ per \$ of Capital Value | 11,074,764,050 | 0.0000990 | 1,096,180 |
| Turitea | TU | \$ per \$ of Capital Value | 8,265,000 | 0.0017404 | 14,384 |
| | | Scheme | | | 1,110,565 |

All figures are inclusive of GST unless otherwise stated

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 | |
|--------------|-------------|----------------------------|------------------------|-------------|------------------------|--------|
| Makirikiri | A | Dollars Per Hectare | 24 | 58.2930002 | 1,428 | |
| | B | Dollars Per Hectare | 107 | 40.8059997 | 4,365 | |
| | C | Dollars Per Hectare | 65 | 29.1469996 | 1,900 | |
| | F | Dollars Per Hectare | 180 | 5.8300003 | 1,050 | |
| | A1 | Dollars Per Hectare | 24 | 92.2699984 | 2,260 | |
| | B1 | Dollars Per Hectare | 42 | 64.5889983 | 2,740 | |
| | C1 | Dollars Per Hectare | 8 | 46.1350045 | 381 | |
| | F1 | Dollars Per Hectare | 37 | 9.2270003 | 340 | |
| | CN | Dollars Per Hectare | 5,259 | 0.9170000 | 4,823 | |
| | | | | | Scheme | 19,286 |
| | | | | | | |
| Mangatainoka | LH | Dollars Per Hectare | 226 | 31.5039982 | 7,122 | |
| | LM | Dollars Per Hectare | 46 | 18.9030010 | 871 | |
| | LL | Dollars Per Hectare | 592 | 6.3049984 | 3,729 | |
| | MH | Dollars Per Hectare | 787 | 89.7089998 | 70,623 | |
| | MM | Dollars Per Hectare | 1,271 | 53.8250001 | 68,419 | |
| | ML | Dollars Per Hectare | 537 | 17.9499987 | 9,647 | |
| | UH | Dollars Per Hectare | 394 | 178.4890002 | 70,254 | |
| | UM | Dollars Per Hectare | 250 | 107.0929995 | 26,732 | |
| | UL | Dollars Per Hectare | 505 | 35.6980003 | 18,030 | |
| | KL | Dollars Per Hectare | 153 | 192.0399988 | 29,460 | |
| | MR | Dollars Per Hectare | 508 | 10.0730009 | 5,118 | |
| | F1 | Dollars Per Hectare | 457 | 69.4209995 | 31,758 | |
| | F2 | Dollars Per Hectare | 717 | 41.6530007 | 29,869 | |
| | PU | \$ per \$ of Capital Value | 222,186,540 | 0.0004302 | 95,591 | |
| | R1 | \$ per \$ of Capital Value | 64,300,000 | 0.0003001 | 19,296 | |
| | R2 | \$ per \$ of Capital Value | 6,830,000 | 0.0006310 | 4,310 | |
| | IN | Dollars Per Hectare | 39,178 | 1.2910000 | 50,579 | |
| | CU | Dollars Per Hectare | 15,619 | 3.0069998 | 46,967 | |
| | CK | Dollars Per Hectare | 16,546 | 0.7560000 | 12,509 | |
| | CM | Dollars Per Hectare | 5,857 | 0.1130000 | 662 | |
| | DR | Dollars Per Hectare | 215 | 106.7970013 | 23,000 | |
| | | | | Scheme | 624,546 | |
| | | | | | | |
| Matarawa | M1 | Dollars Per Hectare | 479 | 53.1950002 | 25,506 | |
| | M3 | Dollars Per Hectare | 67 | 10.6389996 | 711 | |
| | M4 | Dollars Per Hectare | 43 | 10.6390004 | 460 | |
| | L1 | Dollars Per Hectare | 92 | 7.9800008 | 731 | |
| | | | | | | |

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|------------------------------|----------------------------|-----------------------------|------------------------|-------------|------------------------|
| (Whanganui District Council) | L2 | Dollars Per Hectare | 72 | 7.9800006 | 574 |
| | L3 | Dollars Per Hectare | 14 | 31.9169903 | 450 |
| | MW | Total Amount to be Invoiced | - | - | 27,857 |
| | IN | SUIP | 309 | 53.32 | 16,476 |
| | CN | Dollars Per Hectare | 7,808 | 3.1969999 | 24,961 |
| | | | | Scheme | 123,991 |
| Ohau-Manakau | AD | Dollars Per Hectare | 136 | 24.4319998 | 3,331 |
| | CD | Dollars Per Hectare | 5 | 15.7240137 | 83 |
| | CH | Dollars Per Hectare | 363 | 52.2740004 | 18,953 |
| | CL | Dollars Per Hectare | 1,378 | 3.9209999 | 5,404 |
| | FL | Dollars Per Hectare | 1,426 | 6.6709999 | 9,511 |
| | FH | Dollars Per Hectare | 397 | 88.9450008 | 35,317 |
| | HD | Dollars Per Hectare | 423 | 12.9589996 | 5,476 |
| | IN | Dollars Per Hectare | 12,162 | 6.0720001 | 73,850 |
| | KD | Dollars Per Hectare | 187 | 27.6159998 | 5,175 |
| | L2 | Dollars Per Hectare | 23 | 22.8620004 | 537 |
| | LD | Dollars Per Hectare | 60 | 45.7229982 | 2,724 |
| | MC | Dollars Per Hectare | 394 | 7.7650001 | 3,060 |
| | ML | Dollars Per Hectare | 41 | 87.0670058 | 3,566 |
| | MU | Dollars Per Hectare | 57 | 207.3410042 | 11,894 |
| | OL | Dollars Per Hectare | 33 | 53.2839988 | 1,768 |
| | OM | Dollars Per Hectare | 75 | 159.6730012 | 11,967 |
| | OT | Dollars Per Hectare | 115 | 596.8550009 | 68,664 |
| | OU | Dollars Per Hectare | 48 | 297.7630011 | 14,231 |
| | PD | Dollars Per Hectare | 69 | 23.3469999 | 1,619 |
| | SD | Dollars Per Hectare | 53 | 7.9129989 | 421 |
| | TD | Dollars Per Hectare | 128 | 36.8769994 | 4,734 |
| WD | Dollars Per Hectare | 266 | 16.3610008 | 4,350 | |
| WL | Dollars Per Hectare | 90 | 65.0329985 | 5,834 | |
| WU | Dollars Per Hectare | 74 | 181.0179989 | 13,432 | |
| UO | \$ per \$ of Capital Value | 52,211,000 | 0.0001004 | 5,240 | |
| UM | \$ per \$ of Capital Value | 28,725,000 | 0.0001402 | 4,027 | |
| UW | \$ per \$ of Capital Value | 65,264,000 | 0.0002513 | 16,400 | |
| | | | Scheme | 331,568 | |
| | | | | | |
| Pakihi Valley | A | Dollars Per Hectare | 100 | 83.1230008 | 8,323 |

All figures are inclusive of GST unless otherwise stated

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 | |
|-------------------|---------------|----------------------------|----------------------------|-------------|------------------------|---------|
| Pohangina - Oroua | DR | Dollars Per Hectare | 21 | 273.9459971 | 5,750 | |
| | EZ | Dollars Per Hectare | 363 | 0.1100001 | 40 | |
| | IA | \$ per \$ of Capital Value | 315,766,050 | 0.0000317 | 10,013 | |
| | IN | Dollars Per Hectare | 54,182 | 2.3800000 | 128,954 | |
| | O1 | Dollars Per Hectare | 418 | 70.1660002 | 29,354 | |
| | O2 | Dollars Per Hectare | 631 | 98.9839999 | 62,443 | |
| | O3 | Dollars Per Hectare | 10 | 56.1320041 | 534 | |
| | O4 | Dollars Per Hectare | 181 | 79.1879974 | 14,362 | |
| | P1 | Dollars Per Hectare | 292 | 183.5360003 | 53,668 | |
| | P2 | Dollars Per Hectare | 599 | 110.1219996 | 65,986 | |
| | P3 | Dollars Per Hectare | 129 | 19.7080004 | 2,540 | |
| | P4 | Dollars Per Hectare | 168 | 146.8290003 | 24,736 | |
| | P5 | Dollars Per Hectare | 43 | 88.0979985 | 3,821 | |
| | P6 | Dollars Per Hectare | 33 | 15.7669983 | 517 | |
| | | | | Scheme | | 402,719 |
| | Porewa Valley | A | \$ per \$ of Capital Value | 1,481,680 | 0.0075393 | 11,171 |
| B | | \$ per \$ of Capital Value | 3,228,300 | 0.0043728 | 14,117 | |
| C | | \$ per \$ of Capital Value | 6,820,130 | 0.0021110 | 14,397 | |
| D | | \$ per \$ of Capital Value | 28,148,800 | 0.0003770 | 10,611 | |
| E | | \$ per \$ of Capital Value | 6,309,490 | 0.0002262 | 1,427 | |
| F | | \$ per \$ of Capital Value | 119,788,050 | 0.0000754 | 9,032 | |
| U1 | | \$ per \$ of Capital Value | 10,925,150 | 0.0006066 | 6,627 | |
| U2 | | \$ per \$ of Capital Value | 6,795,990 | 0.0001508 | 1,025 | |
| | | | | Scheme | | 68,407 |
| Rangitikei River | CD | Dollars Per Hectare | 25,090 | 0.3100001 | 7,778 | |
| | CN | Dollars Per Hectare | 173,015 | 0.6190000 | 107,096 | |
| | CU | Dollars Per Hectare | 43,097 | 0.3170000 | 13,662 | |
| | E1 | Dollars Per Hectare | 591 | 52.6740004 | 31,134 | |
| | E2 | Dollars Per Hectare | 682 | 21.0700004 | 14,367 | |
| | E3 | Dollars Per Hectare | 1,208 | 75.0059997 | 90,606 | |
| | E4 | Dollars Per Hectare | 1,281 | 63.5809999 | 81,455 | |
| | F1 | Dollars Per Hectare | 1,466 | 126.8480000 | 185,914 | |
| | F2 | Dollars Per Hectare | 759 | 76.1090000 | 57,735 | |
| | F3 | Dollars Per Hectare | 41 | 13.6069999 | 557 | |
| | F4 | Dollars Per Hectare | 165 | 40.4779985 | 6,682 | |
| | F5 | Dollars Per Hectare | 219 | 43.9469996 | 9,645 | |

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 | |
|-------------------|---------------------|----------------------------|------------------------|-------------|------------------------|---------|
| | F6 | Dollars Per Hectare | 53 | 25.2649992 | 1,339 | |
| | GF | SUIP | 51 | 318.1900000 | 16,228 | |
| | GT | SUIP | 223 | 151.2500000 | 33,729 | |
| | IN | Dollars Per Hectare | 40,642 | 0.5330000 | 21,662 | |
| | RF | \$ per \$ of Capital Value | 600,000 | 0.0055682 | 3,341 | |
| | RH | \$ per \$ of Capital Value | 2,600,000 | 0.0016215 | 4,216 | |
| | RO | \$ per \$ of Capital Value | 62,100,000 | 0.0000474 | 2,944 | |
| | UF | \$ per \$ of Capital Value | 8,045,000 | 0.0020171 | 16,227 | |
| | UL | \$ per \$ of Capital Value | 610,329,310 | 0.0000546 | 33,318 | |
| | UT | \$ per \$ of Capital Value | 29,716,800 | 0.0011350 | 33,727 | |
| | UU | \$ per \$ of Capital Value | 130,538,390 | 0.0000476 | 6,218 | |
| | DR | Dollars Per Hectare | 87 | 209.4189992 | 18,136 | |
| | | | | Scheme | | 797,714 |
| | South East Ruahines | CN | Dollars Per Hectare | 49,249 | 1.1420000 | 56,242 |
| DR | | Dollars Per Hectare | 357 | 51.6150010 | 18,403 | |
| IN | | Dollars Per Hectare | 64,604 | 0.9370000 | 60,534 | |
| M1 | | Dollars Per Hectare | 1,217 | 35.0389998 | 42,627 | |
| M2 | | Dollars Per Hectare | 635 | 62.9869990 | 39,974 | |
| M3 | | Dollars Per Hectare | 110 | 68.6330002 | 7,546 | |
| M4 | | Dollars Per Hectare | 444 | 69.8619995 | 31,054 | |
| M5 | | Dollars Per Hectare | 1,924 | 11.0559998 | 21,270 | |
| RZ | | Dollars Per Hectare | 229 | 0.0200007 | 5 | |
| SZ | | Dollars Per Hectare | 296 | 0.0160001 | 5 | |
| W1 | | Dollars Per Hectare | 532 | 8.3129995 | 4,422 | |
| W2 | | Dollars Per Hectare | 754 | 15.3960000 | 11,604 | |
| W3 | | Dollars Per Hectare | 8,540 | 10.5580001 | 90,163 | |
| (Woodville only) | WO | \$ per \$ of Capital Value | 115,451,400 | 0.0001969 | 22,737 | |
| (Dannevirke only) | DK | \$ per \$ of Capital Value | 416,628,000 | 0.0001491 | 62,132 | |
| | | | Scheme | | 468,717 | |
| Taringamotu | TM | Dollars Per Hectare | 500 | 93.5000032 | 46,765 | |
| | CN | Dollars Per Hectare | 13,960 | 0.8390000 | 11,712 | |
| | | | | Scheme | | 58,477 |

All figures are inclusive of GST unless otherwise stated

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 | |
|---------------------|-----------------|----------------------------|----------------------------|---------------|------------------------|---------|
| Tawataia - Mangaone | B | Dollars Per Hectare | 112 | 30.5860001 | 3,410 | |
| | C | Dollars Per Hectare | 660 | 10.1959999 | 6,730 | |
| | D | Dollars Per Hectare | 11 | 5.0980018 | 57 | |
| | | | | Scheme | 10,198 | |
| Turakina | T1 | Dollars Per Hectare | 278 | 27.4799995 | 7,640 | |
| | T2 | Dollars Per Hectare | 144 | 26.4500014 | 3,820 | |
| | T3 | Dollars Per Hectare | 223 | 17.1220013 | 3,820 | |
| | T4 | Dollars Per Hectare | 1,371 | 11.2600001 | 15,441 | |
| | T5 | Dollars Per Hectare | 108 | 4.9239996 | 532 | |
| | CN | Dollars Per Hectare | 82,254 | 0.0960000 | 7,896 | |
| | | | | Scheme | 39,149 | |
| Tutaenui | TW | Dollars Per Hectare | 291 | 32.0210027 | 9,311 | |
| | TL | Dollars Per Hectare | 455 | 14.9280001 | 6,795 | |
| | IN | Dollars Per Hectare | 12,759 | 0.5709999 | 7,285 | |
| | CN | Dollars Per Hectare | 11,933 | 0.6230000 | 7,434 | |
| (Marton) | UM | \$ per \$ of Capital Value | 357,263,450 | 0.0000982 | 35,083 | |
| (Bulls) | UB | \$ per \$ of Capital Value | 132,801,870 | 0.0000852 | 11,316 | |
| | | | | Scheme | 77,224 | |
| Upper Manawatu | U1 | Dollars Per Hectare | 602 | 139.9930008 | 84,336 | |
| | U2 | Dollars Per Hectare | 168 | 102.3810006 | 17,176 | |
| | U3 | Dollars Per Hectare | 146 | 175.4589998 | 25,571 | |
| | U4 | Dollars Per Hectare | 126 | 83.8299999 | 10,561 | |
| | M1 | Dollars Per Hectare | 258 | 90.1029996 | 23,227 | |
| | M2 | Dollars Per Hectare | 38 | 282.7379978 | 10,827 | |
| | IN | Dollars Per Hectare | 23,945 | 1.2400002 | 29,692 | |
| | CN | Dollars Per Hectare | 269,574 | 0.3190001 | 85,994 | |
| | D1 | Dollars Per Hectare | 124 | 15.2389997 | 1,887 | |
| | D2 | Dollars Per Hectare | 214 | 11.4629993 | 2,453 | |
| | D3 | Dollars Per Hectare | 239 | 11.8609997 | 2,830 | |
| | D4 | Dollars Per Hectare | 84 | 26.8129998 | 2,264 | |
| | | | | | Scheme | 296,817 |
| | Upper Whanganui | IN | \$ per \$ of Capital Value | 2,069,544,000 | 0.0000370 | 76,615 |
| U1 | | \$ per \$ of Capital Value | 53,093,970 | 0.0006420 | 34,087 | |
| U2 | | \$ per \$ of Capital Value | 216,580,380 | 0.0002575 | 55,761 | |

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|------------------------|-------------|----------------------------|------------------------|------------|------------------------|
| | R1 | \$ per \$ of Capital Value | 121,700 | 0.0029105 | 354 |
| | R2 | \$ per \$ of Capital Value | 1,025,500 | 0.0014553 | 1,492 |
| | R3 | \$ per \$ of Capital Value | 906,040 | 0.0026539 | 2,404 |
| | R4 | \$ per \$ of Capital Value | 1,543,400 | 0.0013269 | 2,048 |
| | | | | Scheme | 172,761 |
| Whangaehu - Mangawhero | IN | SUIP | 446 | 29.4000000 | 13,112 |
| | CN | Dollars Per Hectare | 124,188 | 0.3080001 | 38,250 |
| | UM | Dollars Per Hectare | 79 | 76.9159996 | 6,055 |
| | UW | Dollars Per Hectare | 654 | 40.6200000 | 26,583 |
| | MW | Dollars Per Hectare | 1,322 | 17.4910001 | 23,116 |
| | LW | Dollars Per Hectare | 842 | 5.0219997 | 4,231 |
| | | | | Scheme | 111,348 |
| Lower Whanganui River | W1 | \$ per \$ of Capital Value | 108,559,000 | 0.0001457 | 15,812 |
| | W2 | \$ per \$ of Capital Value | 3,792,988,724 | 0.0000730 | 276,736 |
| | N1 | \$ per \$ of Capital Value | 3,902,347,814 | 0.0000250 | 97,520 |
| | N2 | SUIP | 3,405 | 14.9000000 | 50,735 |
| | | | | Scheme | 440,803 |

DRAINAGE SCHEMES

| | | | | | |
|-----------------|----|----------------------------|-------------|-------------|--------|
| Ashhurst Stream | AN | SUIP | 1,174 | 22.6300000 | 26,568 |
| | AC | \$ per \$ of Capital Value | 303,981,050 | 0.0000874 | 26,562 |
| | AL | Dollars Per Hectare | 10 | 139.5670039 | 1,348 |
| | AU | Dollars Per Hectare | 22 | 36.8550028 | 818 |
| | | | | Scheme | 55,295 |
| Forest Road | A | Dollars Per Hectare | 36 | 20.9640011 | 765 |
| | B | Dollars Per Hectare | 207 | 15.7230005 | 3,247 |
| | C | Dollars Per Hectare | 159 | 10.4819997 | 1,671 |
| | D | Dollars Per Hectare | 553 | 5.2410001 | 2,897 |
| | E | Dollars Per Hectare | 79 | 2.7260005 | 217 |
| | F | Dollars Per Hectare | 138 | 1.4679995 | 203 |
| | | | | Scheme | 9,000 |

All figures are inclusive of GST unless otherwise stated

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|----------------------|---------------------|----------------------------|------------------------|------------|------------------------|
| Foxton East | AC | SUIP | 20 | 61.3400000 | 1,227 |
| | D1 | Dollars Per Hectare | 156 | 14.3110008 | 2,230 |
| | D2 | Dollars Per Hectare | 36 | 7.1560013 | 260 |
| | D3 | Dollars Per Hectare | 12 | 7.0510003 | 83 |
| | D4 | Dollars Per Hectare | 44 | 21.2400061 | 927 |
| Foxton Township Only | U1 | \$ per \$ of Capital Value | 207,653,700 | 0.0001029 | 21,366 |
| | | | | Scheme | 26,093 |
| Haunui | A | \$ per \$ of Capital Value | 28,826,000 | 0.0002906 | 8,378 |
| Himatangi | A | Dollars Per Hectare | 489 | 21.3950003 | 10,455 |
| | B | Dollars Per Hectare | 406 | 10.3949993 | 4,220 |
| | C | Dollars Per Hectare | 654 | 2.4760004 | 1,620 |
| | D | Dollars Per Hectare | 1,131 | 0.6460008 | 730 |
| | E | Dollars Per Hectare | 1,337 | 0.1000004 | 134 |
| | F | Dollars Per Hectare | 405 | 0.0500006 | 20 |
| | | | | Scheme | 17,180 |
| Hokio | AC | SUIP | 172 | 79.6300000 | 13,696 |
| | DA | Dollars Per Hectare | 101 | 22.5519992 | 2,277 |
| | DH | Dollars Per Hectare | 56 | 15.8229986 | 882 |
| | DL | Dollars Per Hectare | 38 | 3.4480034 | 132 |
| | DM | Dollars Per Hectare | 188 | 10.9550007 | 2,057 |
| | DP | Dollars Per Hectare | 27 | 32.7019978 | 867 |
| | DS | Dollars Per Hectare | 687 | 19.3529999 | 13,297 |
| | IN | Dollars Per Hectare | 4,510 | 3.2810003 | 14,798 |
| | UH | \$ per \$ of Capital Value | 23,135,400 | 0.0000578 | 1,337 |
| | UL | \$ per \$ of Capital Value | 1,824,078,050 | 0.0000136 | 24,771 |
| | | | | | Scheme |
| Koputaroa | A1 | Dollars Per Hectare | 114 | 59.7619993 | 6,829 |
| | A2 | Dollars Per Hectare | 189 | 29.8810004 | 5,637 |
| | C1 | Dollars Per Hectare | 26 | 34.0989991 | 879 |
| | C2 | Dollars Per Hectare | 108 | 22.5060002 | 2,440 |
| | C3 | Dollars Per Hectare | 111 | 11.2529996 | 1,254 |
| | C4 | Dollars Per Hectare | 99 | 32.0910006 | 3,170 |
| C5 | Dollars Per Hectare | 107 | 21.1800005 | 2,263 | |

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|--------------|-------------|---------------------|------------------------|-------------|------------------------|
| | D1 | Dollars Per Hectare | 501 | 32.2860001 | 16,184 |
| | D2 | Dollars Per Hectare | 80 | 16.1430023 | 1,296 |
| | D3 | Dollars Per Hectare | 141 | 20.2680003 | 2,858 |
| | D4 | Dollars Per Hectare | 63 | 10.1340009 | 637 |
| | D5 | Dollars Per Hectare | 326 | 22.5349998 | 7,337 |
| | D6 | Dollars Per Hectare | 106 | 11.2679982 | 1,190 |
| | D7 | Dollars Per Hectare | 250 | 36.6009998 | 9,143 |
| | D8 | Dollars Per Hectare | 165 | 18.3009996 | 3,025 |
| | F1 | Dollars Per Hectare | 731 | 24.5299996 | 17,925 |
| | F2 | Dollars Per Hectare | 701 | 14.7180003 | 10,310 |
| | F3 | Dollars Per Hectare | 105 | 7.3590003 | 776 |
| | F4 | Dollars Per Hectare | 173 | 2.4530017 | 424 |
| | F5 | Dollars Per Hectare | 124 | 13.4100004 | 1,665 |
| | F6 | Dollars Per Hectare | 219 | 5.3639998 | 1,177 |
| | I1 | Dollars Per Hectare | 1,310 | 6.0010004 | 7,859 |
| | I2 | Dollars Per Hectare | 305 | 6.7559996 | 2,062 |
| | I3 | Dollars Per Hectare | 612 | 6.7040003 | 4,103 |
| | I4 | Dollars Per Hectare | 635 | 8.1560002 | 5,181 |
| | IA | Dollars Per Hectare | 1,720 | 1.2270001 | 2,111 |
| | IK | Dollars Per Hectare | 5,553 | 1.8520000 | 10,285 |
| | IN | Dollars Per Hectare | 1,019 | 21.7590000 | 22,172 |
| | K1 | Dollars Per Hectare | 133 | 82.8410001 | 10,977 |
| | K2 | Dollars Per Hectare | 106 | 41.4209992 | 4,396 |
| | P1 | Dollars Per Hectare | 110 | 234.9820009 | 25,836 |
| | P2 | Dollars Per Hectare | 177 | 155.0879990 | 27,421 |
| | P3 | Dollars Per Hectare | 48 | 134.8759982 | 6,469 |
| | P4 | Dollars Per Hectare | 96 | 89.0189985 | 8,583 |
| | P5 | Dollars Per Hectare | 26 | 177.6990053 | 4,579 |
| | P6 | Dollars Per Hectare | 108 | 117.2819997 | 12,717 |
| | P7 | Dollars Per Hectare | 111 | 58.6409998 | 6,535 |
| | P8 | Dollars Per Hectare | 99 | 171.4619991 | 16,935 |
| | P9 | Dollars Per Hectare | 107 | 113.1650004 | 12,093 |
| | | | | Scheme | 286,732 |
| Makerua | B1 | Dollars Per Hectare | 306 | 20.2219999 | 6,188 |
| | B2 | Dollars Per Hectare | 131 | 8.0890002 | 1,060 |
| | C1 | Dollars Per Hectare | 96 | 39.2469997 | 3,766 |
| | C2 | Dollars Per Hectare | 93 | 15.6990009 | 1,463 |

All figures are inclusive of GST unless otherwise stated

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|-----------------|-------------|-----------------------------|------------------------|-------------|------------------------|
| | CB | Dollars Per Hectare | 128 | 14.5520009 | 1,864 |
| | CK | Dollars Per Hectare | 347 | 20.8759999 | 7,248 |
| | CM | Dollars Per Hectare | 208 | 27.4390001 | 5,695 |
| | CO | Dollars Per Hectare | 2,830 | 21.7110000 | 61,453 |
| | EC | Dollars Per Hectare | 8,725 | 1.3649996 | 11,909 |
| | G1 | Dollars Per Hectare | 139 | 6.3310003 | 880 |
| | K1 | Dollars Per Hectare | 363 | 50.3319997 | 18,275 |
| | L1 | Dollars Per Hectare | 213 | 17.7680007 | 3,784 |
| | L2 | Dollars Per Hectare | 342 | 7.1079999 | 2,429 |
| | M1 | Dollars Per Hectare | 213 | 23.1349995 | 4,920 |
| | M2 | Dollars Per Hectare | 128 | 9.2539992 | 1,189 |
| | O1 | Dollars Per Hectare | 4,132 | 31.6200000 | 130,648 |
| | O2 | Dollars Per Hectare | 1,197 | 12.6480000 | 15,137 |
| | OC | Dollars Per Hectare | 6,052 | 4.1920000 | 25,371 |
| | PB | Dollars Per Hectare | 128 | 158.0409997 | 20,242 |
| | PK | Dollars Per Hectare | 347 | 99.3099999 | 34,479 |
| | PM | Dollars Per Hectare | 213 | 109.3319999 | 23,245 |
| | PO | Dollars Per Hectare | 3,496 | 36.2510000 | 126,733 |
| | R1 | Dollars Per Hectare | 121 | 31.2920004 | 3,779 |
| | T1 | Dollars Per Hectare | 254 | 23.4650003 | 5,954 |
| | | | | Scheme | 517,711 |
| Manawatu | DU | SUIP | 1,184 | 62.4000000 | 73,882 |
| | CC | Total Amount to be Invoiced | - | - | 12,504 |
| | CL | Dollars Per Hectare | 33 | 78.8760273 | 2,585 |
| | CN | Dollars Per Hectare | 14,572 | 9.4529999 | 137,751 |
| | DR | Dollars Per Hectare | 17,155 | 14.2769999 | 244,920 |
| | P1 | Dollars Per Hectare | 724 | 164.7990000 | 119,380 |
| | P2 | Dollars Per Hectare | 176 | 82.4000005 | 14,497 |
| | P3 | Dollars Per Hectare | 908 | 41.2000000 | 37,396 |
| | P4 | Dollars Per Hectare | 264 | 8.2400005 | 2,172 |
| | F1 | Dollars Per Hectare | 1,182 | 37.3670000 | 44,163 |
| | F2 | Dollars Per Hectare | 498 | 18.6840003 | 9,307 |
| | F3 | Dollars Per Hectare | 216 | 3.7369991 | 806 |
| | | | | Scheme | 699,363 |
| Moutoa | B1 | Dollars Per Hectare | 4 | 330.5730007 | 1,361 |
| | B2 | Dollars Per Hectare | 36 | 264.4589995 | 9,613 |

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|-----------------|-------------|---------------------|------------------------|-------------|------------------------|
| | B3 | Dollars Per Hectare | 62 | 49.5870003 | 3,082 |
| | C1 | Dollars Per Hectare | 124 | 68.1570005 | 8,462 |
| | C2 | Dollars Per Hectare | 21 | 54.5260021 | 1,140 |
| | C3 | Dollars Per Hectare | 5 | 20.4480057 | 111 |
| | D1 | Dollars Per Hectare | 1,138 | 27.9619999 | 31,823 |
| | D2 | Dollars Per Hectare | 728 | 15.4710000 | 11,256 |
| | D3 | Dollars Per Hectare | 1,392 | 6.1890000 | 8,617 |
| | D4 | Dollars Per Hectare | 1,012 | 7.3240000 | 7,412 |
| | D5 | Dollars Per Hectare | 129 | 2.9299996 | 379 |
| | MC | Dollars Per Hectare | 4,603 | 16.9940000 | 78,229 |
| | P1 | Dollars Per Hectare | 206 | 100.4210000 | 20,717 |
| | P2 | Dollars Per Hectare | 837 | 80.3369999 | 67,213 |
| | P3 | Dollars Per Hectare | 414 | 30.1269999 | 12,479 |
| | P4 | Dollars Per Hectare | 601 | 80.2690000 | 48,218 |
| | P5 | Dollars Per Hectare | 376 | 64.2150000 | 24,141 |
| | P6 | Dollars Per Hectare | 101 | 24.0809990 | 2,426 |
| | | | | Scheme | 336,678 |
| Te Kawau | AC | SUIP | 450 | 82.5300000 | 37,138 |
| | C1 | Dollars Per Hectare | 82 | 12.5700005 | 1,030 |
| | C2 | Dollars Per Hectare | 803 | 0.5119999 | 411 |
| | CF | Dollars Per Hectare | 13,274 | 1.1670000 | 15,491 |
| | CR | Dollars Per Hectare | 641 | 3.4199997 | 2,193 |
| | CU | Dollars Per Hectare | 36 | 33.1108485 | 1,205 |
| | DA | Dollars Per Hectare | 1,737 | 1.2289996 | 2,135 |
| | DO | Dollars Per Hectare | 4,402 | 5.2960000 | 23,314 |
| | DR | Dollars Per Hectare | 296 | 7.8689998 | 2,331 |
| | DS | Dollars Per Hectare | 7,294 | 11.2500003 | 82,061 |
| | FK | Dollars Per Hectare | 215 | 8.4689993 | 1,822 |
| | FM | Dollars Per Hectare | 1,116 | 32.6900002 | 36,481 |
| | P1 | Dollars Per Hectare | 46 | 39.9239992 | 1,852 |
| | P2 | Dollars Per Hectare | 11 | 10.3429961 | 111 |
| | PR | Dollars Per Hectare | 296 | 16.3180002 | 4,824 |
| | | | | Scheme | 212,398 |

All figures are inclusive of GST unless otherwise stated

| River Scheme | Class/Diff. | Rating Basis | Number of Rating Units | Unit Rate | Revenue Sought 2017-18 |
|---------------------------|-------------|---------------------|------------------------|---------------|------------------------|
| Whirokino | D1 | Dollars Per Hectare | 111 | 32.7929997 | 3,649 |
| | D2 | Dollars Per Hectare | 157 | 21.6430015 | 3,388 |
| | D3 | Dollars Per Hectare | 4 | 3.2790016 | 13 |
| | D4 | Dollars Per Hectare | 45 | 78.4840027 | 3,513 |
| | D5 | Dollars Per Hectare | 26 | 31.3940055 | 808 |
| | F1 | Dollars Per Hectare | 89 | 25.0929993 | 2,225 |
| | F2 | Dollars Per Hectare | 4 | 15.0560108 | 60 |
| | F3 | Dollars Per Hectare | 268 | 2.5100005 | 672 |
| | IN | Dollars Per Hectare | 458 | 2.4790007 | 1,136 |
| | P1 | Dollars Per Hectare | 28 | 184.5280020 | 5,197 |
| | P2 | Dollars Per Hectare | 16 | 73.8120066 | 1,201 |
| | P3 | Dollars Per Hectare | 48 | 18.4529995 | 880 |
| | | | | Scheme | |
| Total Scheme Rates | | | | Including GST | 11,407,454 |
| | | | | Excluding GST | 9,919,525 |

| Total Rates Summary | Including GST | Excluding GST |
|--|---------------|---------------|
| Common Rates | 2,017.18 | 2017.18 |
| General Rate | 191 | 166 |
| Uniform Annual General Charge | 4,346 | 3,779 |
| Biosecurity | 3,518 | 3,059 |
| Emergency Management | 1,740 | 1,513 |
| Information | 1,599 | 1,390 |
| Resource and Consent Monitoring | 2,233 | 1,942 |
| River and Drainage | 4,170 | 3,626 |
| Strategic Management | 1,697 | 1,476 |
| Water Quality and Quantity | 4,901 | 4,262 |
| Sustainable Land Use Initiative UAC | 4,132 | 3,593 |
| Environmental Initiatives UAC | 2,239 | 1,947 |
| Targeted Rate Transport Planning etc | 229 | 199 |
| Individual Rates | | |
| AHB Tb Vector Levy | - | - |
| Manawatu River Accord UAC | 472 | 410 |
| Production Pest Animal Management | 1,557 | 1,354 |
| Production Pest Rook Management | 151 | 131 |
| Infrastructure Insurance Reserve | 460 | 400 |
| Rangitikei Old Man's Beard Eradication 4 ha and over | 77 | 67 |
| Rangitikei Old Man's Beard Eradication under 4 ha | 33 | 29 |
| River and Drainage Scheme | 10,029 | 8,721 |
| River and Drainage Scheme Rates UAC | 1,350 | 1,174 |
| Regional Park UAC | 191 | 166 |
| Production Pest Plant Management | 106 | 92 |
| Production Pest Plant Management UAC | 17 | 15 |
| Transport Passenger Services | 2,469 | 2,147 |
| Waitarere UAC | 8 | 7 |
| Horowhenua Weed Harvester UAC | 204 | 177 |
| Grand Total | 48,118 | 41,842 |

All figures are inclusive of GST unless otherwise stated

Annual Administrative Charges for the Year Ending 30 June 2018

Pursuant to Section 36 of the Resource Management Act 1991 and Section 243 of the Building Act 2004

A. Overview

Section 36 of the Resource Management Act 1991 and Section 243 of the Building Act 2004 enables local authorities to fix charges for various administrative and monitoring activities. The Council sets charges on an annual basis in the Annual Plan or Annual Plan/Amendment.

The charges outlined here are for the period 1 July 2017 - 30 June 2018. They are for:

- Processing of resource consent applications (Section B);
- Compliance monitoring of resource consents (Section C);
- Research and monitoring (Section D);
- Dam consents, Project Information Memoranda (PIMs) and dam safety charges (Section E);
- Totara Reserve camping fees (Section F);
- Undertaking generic administrative functions (Section G); and
- Financial contributions (Section H).

The charges are based on cost recoveries specified in this Plan. Projected recoveries for 2017-18 are \$1,266,977 for consents processing, \$716,170 for all compliance monitoring charges, and \$1,392,513 for contributions from resource users to research and science programmes.

Two statutes guide the Council in setting its administrative charges: the Funding Policy prepared under the Local Government Act 2002, and the criteria in Section 36 of the Resource Management Act 1991. The matters to be considered under both Acts are similar and can be briefly summarised as follows.

Public and private good

In its Funding Policy, the Council has identified the public and private good components of the various services that it provides. In broad terms, Council has determined that: 100 per cent of the costs of processing resource consents are a private benefit, and 65 to 80 per cent of the costs of conducting initial

compliance inspections are a private benefit. Where, however, repeat compliance inspections are required because of poor performance, Council has determined the consent holder should pay 100 per cent of the costs of those inspections. This is because the need to carry out further inspections is due solely to the actions of the consent holder.

Matching costs to benefits

Both Council's Funding Policy and the Section 36 consent criteria led Council to decide that individual users should pay most of the costs of resource administration or monitoring where the benefits are enjoyed by consent holders rather than the community as a whole. The charges reflect this. Where beneficiaries cannot be individually identified, then charges are made against a group of beneficiaries. Examples are for monitoring surface water flows, and groundwater quality and quantity monitoring.

In setting its charges in the Long-term Plan, the Council also considers one further principle.

Equity

Classes of users should be treated in the same manner. To achieve this, charges for basic inspections are applied equitably across the Region with travel costs charged uniformly irrespective of location. More detailed inspections will be charged on an actual and reasonable basis, particularly in instances of non-compliance.

All figures are exclusive of GST unless otherwise stated

B. Resource Consent Charges and Project Information Memoranda (PIM)

The net costs of services for this output reflect Council's policies as follows:

- a. Council's policy is to recover from applicants 100 per cent of the costs of receiving, processing and granting resource consent applications and their subsequent administration. It should be noted that some community-based applications (excluding TAs) will not be charged with the full cost of processing their consents;
- b. The Resource Management Act does not allow for charging of submitters to resource consent applications;
- c. Details of lodgement fees and the charges applied for receiving, processing and granting of resource consents and the annual administration charge are presented in the schedule below; and
- d. The Council provides information free of charge on how to apply for resource consents. Note also that the Council provides free advice to district councils on land use consent applications.

The following charges, made pursuant to Section 36(1)(b) of the Resource Management Act 1991, are payable by applicants for resource consents in order for the Council to carry out its functions in relation to the receiving, processing and granting of resource consents (including Certificates of Compliance), and their subsequent administration.

Planning services listed below are imposed under the Resource Management Act 1991 to recover the cost to Horizons Regional Council of processing applications.

All figures are GST exclusive.

Charges payable by applicants for resource consents, for the carrying out by the local authority of its functions in relation to the receiving, processing and granting of resource consents (including certificates of compliance and existing use certificates).

Section 36(1)(b).

| ACTIVITY TYPE | FIXED PRELIMINARY DEPOSIT |
|--|---------------------------|
| Minor non-notified consent/permit: | \$770 |
| (i) Discharge to land (excludes where there is more than one effluent type); | |
| (ii) Discharge to air (excludes odour); or | |
| (iii) Take, use, dam or divert water (where in accord with water allocation limits). | |
| (iv) Land use (excludes gravel extraction); or | \$800 |
| (v) Coastal permits (excludes marine farms). | |
| Other non-notified consent/permit: | \$1,000 |
| (vi) Other discharge to land; | |
| (vii) Other discharge to air; | |
| (viii) Discharge to water; | |
| (ix) Other takes, uses, dams or diversions of water; or | |
| (x) Other coastal permits. | |
| (xi) Limited notified consent/permit (excluding hearing) | \$5,500 |
| (xii) Publically notified consent/permit (excluding hearing) | \$20,500 |
| Certificates of compliance | \$770 |
| Existing use certificates | \$770 |
| Location transfer | \$770 |
| Dairy discharge (non-notified) | \$880 |
| Ground water take for stock (renewals, legalising existing takes and non-notified) | \$790 |
| Surface water take for stock (renewals, legalising existing takes and non-notified) | \$850 |
| Riparian water take for stock (renewals, legalising existing takes and non-notified) | \$850 |
| Ground water take for irrigation (within allocation and non-notified) | \$1,620 |
| Surface water take for irrigation (within allocation and non-notified) | \$1,050 |
| Riparian water take for irrigation (within allocation and non-notified) | \$1,050 |

| ACTIVITY TYPE | FIXED PRELIMINARY DEPOSIT |
|--|---|
| Gravel take (within allocation and non-notified) | \$1,450 |
| Hearings for resource consent where: | |
| (xiii) Heard by council member | \$800 per day per member of the hearing panel |
| (xiv) Heard by independent commissioner/s | \$1,550 per day per commissioner |

| |
|--|
| Charges payable by holders of resource consents, for the carrying out by the local authority of its functions in relation to reviewing consent conditions, if: <ul style="list-style-type: none"> The review is carried out at the request of the consent holder; The review is carried out under Section 128(1)(a); or The review is carried out under Section 128(1)(c). <p style="text-align: right;">Section 36(1)(cb).</p> |
|--|

| ACTIVITY TYPE | FIXED PRELIMINARY DEPOSIT |
|--------------------------------------|---------------------------|
| Review pursuant to Section 128(1)(a) | \$770 |
| Review pursuant to Section 128(1)(c) | \$770 |

| Charges for supply of documents payable by the person requesting the document. Section 36(1)(f). | |
|--|----------------------|
| ACTIVITY TYPE | FIXED MINIMUM CHARGE |
| Replacement copies of certificates, resource consents/permits | \$10 |
| Other documents | \$1 per page |

Notes:

- In accordance with Section 36(3) of the Resource Management Act 1991, the Council reserves the right to recover its actual and reasonable costs for applications where costs exceed lodgement fees ^{*1}.

If the fixed charges are not sufficient to meet the Council’s actual and reasonable costs then additional charges will be payable in accordance with the attached schedule of additional charges.

The Council will finally fix its fees including:

- Charging the fixed charge or part thereof;
- Charging the fixed charge and additional charges under Section 36(3) having regard to the following criteria in Section 36(4) as set out below:

When fixing charges referred to in this section, a local authority shall have regard to the following criteria–

- the sole purpose of a charge is to recover the reasonable costs incurred by the local authority in respect of the activity to which the charge relates;*
- a particular person or persons should only be required to pay a charge:
 - to the extent that the benefit of the local authority’s actions to which the charge relates is obtained by those persons as distinct from the community of the local authority as a whole; or*
 - where the need for the local authority’s actions to which the charge relates is occasioned by the actions of the local authority as a whole; or**
- in a case where the charge is in respect of the local authority’s monitoring functions under Section 35(2)(a) (which relates to monitoring the state of the whole or part of the environment) to the extent that the monitoring relates to the likely effects on the environment of those persons’ activities, or to the extent that the likely benefit to those persons of the monitoring exceeds the likely benefit of the monitoring to the community of the local authority as a whole.”*

And the local authority may fix different charges for different costs it incurs in the performance of its various functions, powers, and duties under this Act–

- In relation to different areas or different classes of applicant, consent holder; or
- Where any activity undertaken by the persons liable to pay any charge reduces the cost to the local authority of carrying out any of its functions, powers and duties.

The lodgement fees are required up front and no action will be taken in accordance with Section 36(7) until paid. That does not mean that the Council is required to complete the activity upon payment of the deposit. The costs incurred will be monitored and additional amounts up to the total of the fixed charge may be required. Then additional charges will also be required before completion of the task if the fixed charges are inadequate to cover the Council’s actual and reasonable costs.

All figures are exclusive of GST unless otherwise stated

Advice of up to one hour will be provided free of charge prior to making an application for a resource consent. Thereafter, customers will be informed that costs will be accrued and they will be invoiced for staff time whether a consent is lodged or not. It is expected that one hour will meet the needs of the majority of potential or actual applicants for a resource consent.

Mileage will be charged at 55 cents per kilometre. Costs for Hearing Committee members and their disbursements will be recovered at actual and reasonable rates.

1. These charges shall come into effect on 1 July 2017 and remain in effect until 30 June 2018.
2. All charges are exclusive of GST.

*1 Especially in the event the applicant does not supply all the required information within the negotiated timeframes.

SCHEDULE OF ADDITIONAL CHARGES

The following schedule of charges shall form the basis for calculating any charges under Section 36(3) in the event that the fixed charges are not sufficient to cover the Council's actual and reasonable costs.

CONSULTANT CHARGES FOR ANY CONSENTS

| WORK TYPE | RATE PER HOUR |
|--|----------------------------|
| Consultants' and solicitors' fees associated with all work types, including the processing of a consent or certificate (including specialist technical or legal advice or where a consent involves creating legal instruments) | At cost plus disbursements |

CHARGES FOR HEARINGS

| ITEM | CHARGE |
|---|--|
| Hearings for all applications and remittance fees, consultants' and solicitors' fees associated with all work types, including the processing of a consent or certificate (including specialist technical or legal advice or where a consent involves creating legal instruments) | At cost of officer's time per hour as per rates listed below At cost plus disbursements |
| Production of order papers | At cost plus disbursements |
| Advertising costs | At cost plus disbursements |

CHARGES FOR COUNCIL OFFICERS AND DECISION MAKERS

The following hourly rates for the council officers and decision makers will be charged for the processing of consents, hearing etc. that do not have a fixed charge or where the fixed charge is inadequate to cover the actual and reasonable costs of Council.

| HOURLY RATES | RATE PER HOUR |
|---|----------------------------|
| Group Manager | \$149 |
| Manager | \$171 |
| Team Leader Consents | \$106 |
| Team Leader Compliance | \$97 |
| Area/Project Engineer | \$157 |
| Biosecurity Officer | \$84 |
| Catchment Co-ordinators | \$93 |
| Communications Advisor | \$94 |
| Compliance Officer | \$86 |
| Consent Planner, Reporting Officer | \$87 |
| Consents Administrator | \$75 |
| Co-ordinator Biosecurity | \$107 |
| Dam Safety Officer | \$109 |
| Emergency Management Officers | \$93 |
| Environmental Management Officers | \$88 |
| Land Management Officers | \$86 |
| Policy Planner, Scientist, Hydrology Technician | \$95 |
| Senior Compliance Officer | \$91 |
| Senior Consents Planner, Hydrology Technician | \$91 |
| Senior Policy Planner, Scientist | \$103 |
| Surveyors | \$76 |
| Technician | \$87 |
| Commissioner | At cost plus disbursements |
| Hearings Committee Chair and Members | At cost plus disbursements |

All figures are exclusive of GST unless otherwise stated

OTHER CHARGES

| PRE-LODGE MENT CHECKING/ADVICE | |
|--|--|
| Applies where staff vet information prior to the lodgement of an application | The first hour of advice will not be charged. Every hour after the first hour will be charged at cost as per the officer's time per hour above plus disbursements. |

C. Resource Consent Monitoring Charges

The following charges, made pursuant to Section 36(1)(c) of the Resource Management Act 1991, are payable by holders of resource consents, and relate to compliance monitoring inspections by Council staff. The use of uniform charges for various types of resource consent has been imposed to simplify the administration of recovery of these charges. Every effort has been made to set these charges so they fairly reflect the average costs of undertaking inspections of the various types of resource consent listed.

Overview of Charging Policy

The net costs of services for this output reflect Council's policies as follows:

- a. Council's policy (as outlined in the Revenue and Financing Policy) is to recover from consent holders:
 - i. 65 to 80 per cent of the costs of monitoring activities that comply with consent conditions; and
 - ii. 100 per cent of the actual costs of monitoring activities that do not comply with consent conditions.

Schedule of Charges

ANNUAL FEE FOR INSPECTIONS FOR ALL MULTIPLE INSPECTION SITES

Where a consent has multiple site inspections and/or report analysis during the year, actual and reasonable costs will be recovered from the consent holder. Hourly rates for additional staff time will be as set out under the charges for consents in this document.

ANNUAL FEE FOR INSPECTIONS FOR ALL OTHER INSPECTION SITES

| TYPE OF CONSENT | ANNUAL FEE 2017-18 |
|--------------------------------|-----------------------|
| Water – Telemetered | \$84 |
| Water – Individually Inspected | \$334 |
| Land – Individually Inspected | \$334 |
| Water Bundled (First) | \$334 |
| Water Bundled (Subsequent) | \$84 |
| Land Bundled (First) | \$334 |
| Land Bundled (Subsequent) | \$84 |
| Air Bundled (First) | \$334 |
| Air Bundled (Subsequent) | \$84 |

INSPECTION FEE FOR NON-COMPLYING CONSENTS

Costs for inspecting non-complying consents (either site visit or record inspection) will be recovered 100 per cent from the consent holder. This includes staff time at the rates contained in this document.

CHARGES FOR COUNCIL OFFICERS AND DECISION MAKERS

The following hourly rates for the council officers and decision makers will be charged for any work required on a non-complying consent or environmental incident where a consent does not exist.

| HOURLY RATES | RATE PER HOUR |
|------------------------------------|---------------|
| Group Manager | \$149 |
| Manager | \$171 |
| Team Leader Consents | \$106 |
| Team Leader Compliance | \$97 |
| Area/Project Engineer | \$157 |
| Biosecurity Officer | \$84 |
| Catchment Co-ordinators | \$93 |
| Communications Advisor | \$94 |
| Compliance Officer | \$86 |
| Consent Planner, Reporting Officer | \$87 |
| Consents Administrator | \$75 |
| Co-ordinator Biosecurity | \$107 |
| Dam Safety Officer | \$109 |
| Emergency Management Officers | \$93 |

All figures are exclusive of GST unless otherwise stated

| HOURLY RATES | RATE PER HOUR |
|---|----------------------------|
| Environmental Management Officers | \$88 |
| Land Management Officers | \$86 |
| Policy Planner, Scientist, Hydrology Technician | \$95 |
| Senior Compliance Officer | \$91 |
| Senior Consents Planner, Hydrology Technician | \$91 |
| Senior Policy Planner, Scientist | \$103 |
| Surveyors | \$76 |
| Technician | \$87 |
| Commissioner | At cost plus disbursements |
| Hearings Committee Chair and Members | At cost plus disbursements |

Notes:

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2017 and remain in effect until 30 June 2018.
3. In setting these charges, the Council had regard to the criteria set out in Section 36 of the Resource Management Act 1991.
4. All charges are exclusive of GST.

D. Research and Monitoring Charges

The following charges, made pursuant to Section 36(1)(c) of the Resource Management Act 1991, are payable by holders of resource consents and offset the Council's costs for its surface water, ground water, and gravel resource research and monitoring programmes.

Overview of Charging Policy

The net cost of services for this output reflects Council's policies as follows:

- a. Council's policy (as outlined in the Revenue and Financing Policy) is to recover from consent holders 60 per cent of the costs of research and monitoring relating to gravel resources and 30 per cent of the costs relating to water quantity. For water quantity charges, Council has introduced a scale of fees based on restrictions on water takes and portions of the year during which the take occurs; and

- b. Council's policy (as outlined in the Revenue and Financing Policy) is to recover from consent holders 30 per cent of the costs of research and monitoring relating to water quality.

Schedule of Charges

CHARGES FOR SURFACE AND GROUNDWATER TAKES

| | |
|--|---|
| KCE Mangahao Limited | Mangahao – \$10,803 |
| Genesis Power Limited | Tongariro Power Development – \$42,312 Plus additional costs for specific projects as per the Schedule of Administrative Charges |
| NZ Energy Limited | \$1,945 |
| KEC Piriaka | \$10,803 |
| Other non-domestic power schemes less than 0.2 CMS and greater than 0.05 CMS | A charge of \$216 until separate charge negotiated |
| Other non-domestic power schemes less than 0.05 CMS | Nil |
| Other holders of permits | A charge of \$30 plus \$0.45 per cubic metre authorised as a maximum daily take |

CHARGES FOR LAND USE CONSENTS

| | |
|---|----------------------------------|
| Holders of land use consents to remove gravel | \$0.45 per cubic metre extracted |
|---|----------------------------------|

WATER QUALITY CHARGES FOR DISCHARGE CONSENTS

| ADDITIONAL RESEARCH SITE (In addition to standard charge) | ANNUAL FEE 2017-18 |
|---|--------------------|
| AFFCO Feilding | 4,847 |
| DB Breweries | 8,990 |
| Fonterra | 3,297 |
| Fonterra – Pahiatua | 1,657 |
| Horowhenua District Council | 7,847 |
| Manawatu District Council | 24,484 |
| NZ Defence Force | 6,928 |
| Palmerston North City Council | 8,972 |
| Rangitikei District Council | 26,159 |
| Riverlands Manawatu | 4,072 |

All figures are exclusive of GST unless otherwise stated

| ADDITIONAL RESEARCH SITE (In addition to standard charge) | ANNUAL FEE 2017-18 |
|--|---------------------------|
| Ruapehu District Council | 28,009 |
| Scanpower | 4,989 |
| Winstone Pulp | 4,741 |

| ADDITIONAL MONITORING AT SITE | ANNUAL FEE 2017-18 |
|--------------------------------------|---------------------------|
| Tararua District Council | As per contract |

| STANDARD RESEARCH CHARGE TYPE AND QUANTITY | ANNUAL FEE 2017-18 |
|---|---------------------------|
| Discharge to Land <25 | 155 |
| Discharge to Land >25 to 50 | 207 |
| Discharge to Land >50 to 100 | 310 |
| Discharge to Land >100 to 200 | 414 |
| Discharge to Land >200 to 1,000 | 1,379 |
| Discharge to Land >1,000 to 10,000 | 1,551 |
| Discharge to Land 10,000+ | 1,724 |
| Discharge to Water <25 | 310 |
| Discharge to Water >25 to 50 | 414 |
| Discharge to Water >50 to 100 | 620 |
| Discharge to Water >100 to 200 | 827 |
| Discharge to Water >200 to 1,000 | 2,758 |
| Discharge to Water >1,000 to 10,000 | 3,102 |
| Discharge to Water 10,000+ | 3,447 |
| Unspecified Volume Discharge | 1,724 |
| Land Fill – High Impact | 3,447 |
| Land Fill – Medium Impact | 517 |
| Land Fill – Low Impact | 172 |

Notes:

- All charges are payable on request.
- These charges shall come into effect on 1 July 2017 and remain in effect until 30 June 2018.
- In setting these charges, the Council has had regard to the criteria set out in Section 36 of the Resource Management Act 1991.
- All charges are exclusive of GST.

All figures are exclusive of GST unless otherwise stated

- Where the consent does not cover the full year, all research and monitoring annual fees and/or cubic metre charges will be pro-rated based on the commenced and/or expiry dates of the consent. This excludes the administration charge of \$30.

E. Dam Consents, Project Information Memoranda (PIMs) and Dam Safety Charges

The following charges, made pursuant to Section 243 of the Building Act, are payable by dam owners and related to goods and services provided by Council staff. While fixed charges have been set it is Council policy to recover actual and reasonable costs incurred on behalf of dam owners in relation to Dam Consents, PIMs and Dam safety work

Overview of Charging Policy

The net costs of services for this output reflect Council’s policies as follows:

- Council’s policy (as outlined in the Revenue and Financing Policy) is to recover 100 per cent of costs from Dam owners.

Schedule of Charges

Dam Consent, PIM and Safety Work Charges

Please note these charges are the minimum charges, additional charges may be incurred based on actual and reasonable costs for staff time, expert advice and other disbursements.

| ACTIVITY TYPE | FIXED MINIMUM CHARGE | LODGEMENT FEE |
|--|-----------------------------|----------------------|
| Dam Project Information Memoranda (PIM) | | |
| (i) Large Value Dam (above \$100,000); | \$1,000 | \$1,000 |
| (ii) Medium Value Dam (\$20,000 to \$99,999); or | \$750 | \$750 |
| (iii) Small Value Dam (\$0 to \$19,999). | \$500 | \$500 |

| ACTIVITY TYPE | FIXED MINIMUM CHARGE | LODGEMENT FEE |
|--|----------------------|---------------|
| Dam Building Consent and Certificate of Acceptance *1 | | |
| (i) Large Value Dam (above \$100,000); | \$1,000 | \$1,000 |
| (ii) Medium Value Dam (\$20,000 to \$99,999); or | \$750 | \$750 |
| (iii) Small Value Dam (\$0 to \$19,999). | \$500 | \$500 |
| *1 The charges associated with building consent applications are those that are directly applied by Waikato Regional Council (WRC) as these functions have been transferred to WRC. It is therefore advised to contact WRC (www.waikatoregion.govt.nz) to check building consent application charges and charge-out rates. Please note that building consents incur BRANZ and Department of Building and Housing levies. These are payable to WRC | | |
| Lodge dam potential impact category | \$100 | \$100 |
| Review dam safety assurance programme | \$100 | \$100 |
| Lodge annual dam safety compliance certificate | \$100 | \$100 |
| Policy implementation – Dangerous dams, Earthquake-prone dams, Flood-prone dams | \$100 | \$100 |
| Amendment to Compliance Schedule | \$100 | \$100 |
| Any other activity under the Building Act 2004 (actual and reasonable costs) | \$100 | N/A |

CHARGES FOR COUNCIL OFFICERS AND DECISION MAKERS

The following hourly rates for the council officers and decision makers will be charged for work under the Building Act 2004 that do not have a fixed charge or where the fixed charge is inadequate to cover the actual and reasonable costs of Council.

| HOURLY RATES | RATE PER HOUR |
|---|----------------------------|
| Group Manager | \$149 |
| Manager | \$171 |
| Team Leader Consents | \$106 |
| Team Leader Compliance | \$97 |
| Area/Project Engineer | \$157 |
| Biosecurity Officer | \$84 |
| Catchment Co-ordinators | \$93 |
| Communications Advisor | \$94 |
| Compliance Officer | \$86 |
| Consent Planner, Reporting Officer | \$87 |
| Consents Administrator | \$75 |
| Co-ordinator Biosecurity | \$107 |
| Dam Safety Officer | \$109 |
| Emergency Management Officers | \$93 |
| Environmental Management Officers | \$88 |
| Land Management Officers | \$86 |
| Policy Planner, Scientist, Hydrology Technician | \$95 |
| Senior Compliance Officer | \$91 |
| Senior Consents Planner, Hydrology Technician | \$91 |
| Senior Policy Planner, Scientist | \$103 |
| Surveyors | \$76 |
| Technician | \$87 |
| Commissioner | At cost plus disbursements |
| Hearings Committee Chair and Members | At cost plus disbursements |

F. Totara Reserve Camping Fees

The following charges are made pursuant to Sections 103(2) Local Government Act 2002, and are payable by campers at the Totara Reserve.

Overview of Charging Policy

The net costs of services for this output reflect Council's policies as follows:

- a. Council's policy (as outlined in the Revenue and Financing Policy) is to recover 30 to 40 per cent of the costs of running the Totara Reserve Camp from campers.

Schedule of Charges

Camp Fees

| | |
|-------------------|---|
| Power Site: | \$20.00 (for two people) plus \$4.00 per person per night |
| Tent Site: | \$12.00 (for two people) plus \$4.00 per person per night |
| Children under 5: | Free |

Camp Rangī Woods Rental

As negotiated with the Camp Rangī Woods Trust Board

Notes:

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2017 and remain in effect until 30 June 2018
3. All charges are inclusive of GST.

G. Other Administrative Charges

The following charges are made pursuant to Sections 36(1)(a), (c), (e) and (f) of the Resource Management Act 1991, and/or Section 13 of the Local Government Official Information and Meetings Act 1987 (LGOIMA), and are payable firstly by applicants for the preparation or change of a policy statement or plan; secondly by persons seeking information in respect of plans and resource consents; and finally by persons seeking the supply of documents.

Schedule of Charges

| | |
|--|---|
| Application for the preparation of a plan | A deposit of \$1,000 or the actual and reasonable costs of notification, whichever is the greater |
| Application to change a policy statement or plan | A deposit of \$600 or the actual and reasonable costs of notification, whichever is the greater |
| Information for general education/public use and normal public enquiries | No charge for first half hour or 20 A4 photocopies. Beyond that, actual and reasonable costs may be charged |
| Information for planning, technical, commercial purposes | Actual and reasonable cost recovery |

| PHOTOCOPIES | BLACK AND WHITE | COLOUR |
|-----------------|-----------------|-----------------|
| A4 single sided | 10c per page | 60c per page |
| A4 double sided | 20c per page | \$1.20 per page |
| A3 single sided | 20c per page | 80c per page |
| A3 double sided | 40c per page | \$1.60 per page |
| A2 single sided | 80c per page | Not available |

Copying charges are GST inclusive and should be paid immediately by cash, eftpos or cheque. For large amounts, credit may be approved on application.

| | |
|--|---|
| Supply of Council documents | A set charge may be made for recovery of production costs |
| Request for information from Council databases | After first half hour, \$90 per hour |

Notes:

1. Staff costs per hour will be assessed on the following basis:

| HOURLY RATES | RATE PER HOUR |
|------------------------|---------------|
| Group Manager | \$149 |
| Manager | \$171 |
| Team Leader Consents | \$106 |
| Team Leader Compliance | \$97 |

All figures are exclusive of GST unless otherwise stated

| HOURLY RATES | RATE PER HOUR |
|---|----------------------------|
| Area/Project Engineer | \$157 |
| Biosecurity Officer | \$84 |
| Catchment Co-ordinators | \$93 |
| Communications Advisor | \$94 |
| Compliance Officer | \$86 |
| Consent Planner, Reporting Officer | \$87 |
| Consents Administrator | \$75 |
| Co-ordinator Biosecurity | \$107 |
| Dam Safety Officer | \$109 |
| Emergency Management Officers | \$93 |
| Environmental Management Officers | \$88 |
| Land Management Officers | \$86 |
| Policy Planner, Scientist, Hydrology Technician | \$95 |
| Senior Compliance Officer | \$91 |
| Senior Consents Planner, Hydrology Technician | \$91 |
| Senior Policy Planner, Scientist | \$103 |
| Surveyors | \$76 |
| Technician | \$87 |
| Commissioner | At cost plus disbursements |
| Hearings Committee Chair and Members | At cost plus disbursements |

2. These charges shall come into effect on 1 July 2017 and remain in effect until 30 June 2018.
3. In accordance with Section 13 of the Local Government Official Information and Meetings Act (LGOIMA), a deposit for part of a charge for Council information may be sought in advance of a request being actioned.
4. In making these charges the Council has had regard to the criteria set out in Section 36 of the Resource Management Act 1991, and the practice guides accompanying the LGOIMA.
5. All charges are exclusive of GST.

H. Financial Contributions (Pursuant to Section 108 of the Resource Management Act 1991)

Overview

The Council's Regional Plan for Beds of Rivers and Lakes and Associated Activities (Section 22) provides for financial contributions "where the activity for which consent is granted will cause or contribute to adverse effects on flood protection or erosion control works." The purpose of the financial contribution is "to mitigate or offset the adverse effects of the activity by protecting, restoring or enhancing the river bed, bank and/or flood protection or erosion control works, including (without limitation) maintenance and planting of vegetation, sediment replenishment, flood protection works, and including a contribution to such measures elsewhere in the general locality."

Schedule of Charges

GRAVEL EXTRACTION – RANGITIKEI RIVER

| | |
|-------------------------------------|---|
| <p> Holders of Consents to Take</p> | <p> A financial contribution of \$2 (excluding GST) per cubic metre of gravel extracted is set to avoid, remedy or mitigate the adverse effects. This financial contribution is applicable to land use consents for gravel extraction in the Rangitikei River and its tributaries where there is a consent condition requiring a financial contribution to be made for this purpose. The amount payable is set for the period 1 July 2017-30 June 2018.</p> |
|-------------------------------------|---|

Annual Plan Disclosure Statement for the Year Ending 30 June 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

| Benchmark | HRCs benchmark | Planned | Met |
|-------------------------------|----------------|------------|-----|
| Rates affordability benchmark | | | |
| • income | \$42.030 M | \$41.917 M | Yes |
| • increases | 4.49% | 4.56% | No |
| Debt affordability benchmark | \$34.000 M | \$27.000 M | Yes |
| Balanced budget benchmark | 100% | 107.06% | Yes |
| Essential services benchmark | 100% | 276.41% | Yes |
| Debt servicing benchmark | 10% | 1.80% | Yes |

Notes

1 Rates affordability benchmark

- (1) For this benchmark,—
 - (a) the council's planned rates income for the year is compared with [a quantified limit/quantified limits] on rates contained in the financial strategy included in the council's long-term plan; and
 - (b) the council's planned rates increases for the year are compared with [a quantified limit/quantified limits] on rates increases for the year contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the rates affordability benchmark if—
 - (a) its planned rates income for the year equals or is less than each quantified limit on rates; and

- (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2 Debt affordability benchmark

- (1) For this benchmark, the council's planned borrowing is compared with [a quantified limit/quantified limits] on borrowing contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3 Balanced budget benchmark

- (1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (2) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 Essential services benchmark

- (1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5 Debt servicing benchmark

- (1) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

- (2) Because Statistics New Zealand projects that the council's population will grow [as fast as, or faster than,/slower than] the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than [10%/15%] of its planned revenue.

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Glossary of Terms

The following words and terms may appear in the Annual Plan. The definitions provided relate to how the word or term is used in the Annual Plan or within Horizons Regional Council, which may differ from the purist's definition for a given word or term.

Abstractor

Person/company removing water from rivers or groundwater

Aquaculture

Fish and shellfish farming at sea

Aquifer

A gravel or sand layer that holds water beneath the ground

Biodiversity

The number and varieties of plant and animal populations in an area of land or water

Biosecurity

The prevention of new pest invasions and management of the impacts of existing pests

Cargo hub

Coordinated air, rail and road transport and distribution centre for the lower North Island

Catchment

The area occupied by a river system

Common rates

Common rates are rates that are charged to all rateable properties in the Region. They are made up of general rates and targeted rates that are spread across all properties in the Region, such as the SLUI uniform annual charge

Community consultation

A consultation process to achieve community feedback

Community outcomes

Community priorities for the future of the Region, identified through a community consultation process

Compliance monitoring

Monitoring of resource consent holder performance against consent conditions

Consents

Legal documents that give conditional rights to use a natural resource

Council Controlled Trading Organisation (CCTO)

A Council Controlled Trading Organisation is a Council Controlled Organisation (CCO) that can undertake trading

Degradation

Damage to a natural resource

Endemic

Native to a particular place such as a country or region

Environmental Grant

Funding provided by Horizons Regional Council to offset the costs of environment-based projects

Erosion

The breakdown and removal of soil and rock by water

Estuary

Tidal area along the lower reach of a river, eg. Manawatu estuary at Foxton

Exempt CCO

A Council Controlled Organisation that has been resolved as exempt pursuant to section 7(3-5) of the LGA 2002. Consequently the CCO does not require a statement of intent nor is the information that is normally necessary under the LGA 2002 included in this Long-term Plan

Fluvial

Something that is produced through the action in a stream or river

General rates

General rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under sections 13 to 15 of that Act. General rates are charged to all rateable properties in the Region

GIS

Geographical Information Systems

Governance

The function of elected members

Gross Domestic Product (GDP)

The total value of products and services generated by an area

Groundwater

Water held in layers of sand or gravel beneath the ground

Habitat

The environment in which animals live, eg. forests and wetlands

Habitat protection

The community outcome and activity that relates to biodiversity issues

Hapū

Whānau groups descended from a common ancestor

He Tini Awa Trust

Environmental enhancement trust established and supported by Horizons Regional Council

High-value conservation areas

Habitat areas that have been identified as priorities for protection

Holistic

All encompassing

Indicators

Measures used to track change, eg. water quality is an indicator of environmental health

Individual rates

Individual rates are rates that are only charged to some properties in the Region. For example, as the Lower Manawatu scheme rates are only charged to properties in the southern part of the Region they are considered an individual rate. All individual rates are targeted rates

Inter-generational equity

Being fair to both current and future generations when using resources or paying for infrastructure and facilities

Inventory

A stocktake, eg. wetland inventory

Irrigation take

The abstraction of water for irrigation purposes

Iwi

A grouping of Māori based on ancestral ties

Iwi Management Plans

Plans outlining how iwi would like the natural resources of their area of interest managed

Iwi Māori

A term commonly used that is inclusive in nature recognising all facets of Māori society including iwi, hapū, taurahere, mataa waka, etc.

Kyoto Agreement

An agreement between some national governments to reduce the quantities of greenhouse gases each produces

LGA 2002

Local Government Act 2002. This is the legislation that gives councils the majority of their powers and responsibilities

Lifelines

Road, rail, power, gas and telecommunication networks

Linklater Bursary

Horizons Regional Council scholarship for students taking or intending to take an environment-related course at university

Live tree protection

Use of trees to protect banks from erosion

Local Government

Regional, district and city councils

Lowland

Plains

Māori freehold land

Māori freehold land is defined by the Local Government (Rating) Act 2002 as “land whose beneficial ownership has been determined by the Māori Land Court by freeholder order”

Marae

Meeting place of the people

Memorandum of Partnership or Understanding

An agreement between two or more parties outlining how a partnership will work

Mitigation

Reducing adverse effects

MNZ

Maritime New Zealand

Non-point source pollutants

Pollutants that enter water bodies from the surrounding land

Non-rateable

Non-rateable land is land exempted by the Local Government (Rating) Act 2002 or any other Act from the imposition of rates. Local authorities are not able to declare rateable land as non-rateable. Non-rateable land is not exempt from separate rates for water supply, wastewater disposal or waste collection where these services are provided

Non-scheme

Work done in rivers and drains not covered in a scheme area

Point discharge or point-source discharge

Piped discharge into a water body

Primary sector

The agricultural sector

Publicly notified

A notice is printed in appropriate newspapers informing the public about the release of a council’s draft and final documents. The submission period for the document is also included

Rateable

Except as otherwise provided by the Local Government (Rating) Act 2002, or in any other Act, all land is deemed to be rateable property. All land classified as being rateable must be rated by the local authority

Rates remission

Where a rates remission is granted, the rates levied are forgiven and are no longer collectable by the local authority. Rates remissions do not apply to targeted rates levied for water, wastewater disposal, stormwater disposal and waste collection

Regional Collective Iwi Forum

Group representing regional iwi that Council will work with

River and drainage – general

Areas not covered by Horizons Regional Council flooding, river control or drainage schemes

River and drainage – schemes

Areas where Horizons Regional Council manages flooding, river control and drainage on behalf of ratepayers

Roadsafe Central

A group comprising regional and district councils, Police, ACC, NZ Transport Agency, Regional Health Boards, and AA tasked with improving road safety in the Region

Rohe

The area of interest to an iwi

Run off

Waste material draining from land to water

Scheme activity

Work in rivers and drains where a plan has been agreed for flood protection and/or drainage management

Soil health

The quality of the soil for production purposes

SUIP

SUIP is a legal definition we use to determine which properties and parts of a rating unit (property) receive uniform annual charges (UACs). SUIP means Separate Used or Inhabited Part of a property and we currently define this as “A separately used or inhabited part of a rating unit is only recognised as such if there is a unique valuation identifier for that part of the rating unit”

Sustainable

Using a natural resource in such a way that its use does not damage it for future users, or reduce its ability to support life

Targeted rates

Targeted rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under sections 16 to 19 of that Act. Targeted rates can be charged to all rateable properties in the Region or to a subset of properties in the Region. In theory a targeted rate could be targeted to just one property within the Region if it were equitable to do so

Tb vector

An animal, such as a possum or ferret, that is able to transfer Tb (bovine tuberculosis) to farm animals

Technological failure

Disruption to a transport, power, water, gas or telecommunication network

Terrestrial

Land-based

Territorial Authorities (TAs)

District and city councils

Total Mobility Service

A subsidised service for people who are assessed as being mobility impaired

TRA (Te Roopu Awhina)

In abeyance

Triennial Agreement

A three-yearly agreement between the Regional Council and Territorial Authorities of the Region outlining how they will work together

Triennial elections

Local government elections held every three years

Tsunami

Tidal wave set off by an earthquake

Vector risk areas

Areas where Tb is present in the resident possum and ferret populations

Waahi Tapu

Means land set apart under Section 338(1) (b) of the Te Ture Whenua Māori Act 1993 (a place of special significance according to the meaning, custom, obligation and conditions to Māori)

Wash water

Industrial wastewater resulting from the cleaning of equipment and product

Waste assimilation

Ability of a water body to dilute and process waste

Water bodies

Rivers, streams, creeks, lakes and groundwater

Wetland

A permanently or seasonally wet area, usually with high biodiversity values

Whānau

Extended family in which a person is born and socialised

Whole Farm Plans (WFPs)

Specific work programmes for the Region's hill country and the Whanganui Catchment

Glossary of Terms for Liability Management and Investment Policies

Amortising Swap – An interest rate swap contract that has a reducing principal or notional amount over the term of the contract period. The appropriate market swap rate from which to price an amortising swap is the weighted average maturity, not the final maturity date.

Bank Bill – A “bill of exchange” security document issued by a corporate borrower, but guaranteed by a bank, who then in turn sells the security into the bank/investor market to re-liquify itself with cash. Normally for terms of 30, 60, 90 or 180 days.

Base Rate – Normally a lending bank’s cost of funds/interest rate for a particular funding period. The base or “prime” rate will be changed by the bank from time to time, but not every day like market rates.

Basis Point(s) – In financial markets it is normal market practice to quote interest rates to two decimal places eg. 6.25 per cent – one basis point is the change from 6.25 per cent to 6.26 per cent, one hundred basis points is the change from 6.25 per cent to 7.25 per cent.

Basis Risk – The risk that the interest rate difference between the current physical debt instrument (say, a bank bill) market interest rate and the interest rate quoted for that debt instrument’s future price (say, a bank bill futures price) changes over the period to the date of the future price.

Bid-Offer Spread – The exchange points (FX) or basis points (interest rates) difference between the bid and offer rate when quoted by a bank is known as the “bid-offer spread”. Banks make their profits from dealing at their own bid and offer prices, thus earning the spread.

Bid Rate – Exchange rates and interest rate securities/instruments that are traded between banks are always quoted as a two-way price. One rate is where the quoting bank will buy – **the bid rate**, the second rate or price where the bank will sell at – **the offer rate**.

Bond – The security instrument that is issued by a borrower whereby they promise to repay the principal and interest on the due dates. A bond’s interest rate is always fixed.

Bond FRA – A tailored contract to buy or sell a bond (government or corporate) at a fixed interest rate at some specified future date. The Bond FRA contract rate will differ from the current physical market bond yield, depending on the slope of the interest rate yield curve.

Bond Option – The right, but not the obligation by the owner/holder of the option to buy or sell bonds (government or corporate) at a pre-determined interest rate at a specified future date. The buyer pays a “premium” in cash up-front to reduce risk and have insurance-type protection, the seller or grantor of the bond option receiving the premium for assuming the risk.

Borrower Notes – On occasion when Council borrows from the LGFA it will be required to contribute part of that borrowing back as equity in the form of “Borrower Notes”. A Borrower Note is a written, unconditional declaration by a borrower (in this instance the LGFA) to pay a sum of money to a specific party (in this instance the Council) at a future date (in this instance upon the maturity of the loan). A return is paid on the Borrower Notes and can take the form of a dividend if the Borrower Notes are converted to redeemable preference shares.

Call Option – The owner or buyer of a call option has the right, but not the obligation, to buy the underlying debt security/currency/commodity at the price stated in the option contract.

Cap – A series or string of interest rate put options whereby a borrower can have protection against rising short-term interest rates, but participate in the lower rates if market rates remain below the “capped rate”. A cap is normally for more than one 90-day funding period. Also called a “ceiling”.

Caplet – A series of call options (caplets) that exist for each period the cap agreement is in existence.

Certificate of Deposit “CD” – A debt instrument (normally short-term) issued by a bank to borrow funds from other banks/investors.

Closing-Out – The cancellation/termination of a financial instrument or contract before its maturity date, resulting in a realised gain/loss as the current market rate differs from the contract rate.

Collar – Two option contracts linked together into the one transaction or contract. A borrower's collar is normally a “**cap**” above current market rates and a “**floor**” below current rates. Over the term of the collar contract, if rates go above the cap the borrower is protected and pays an interest cost no more than the cap rate. Likewise, if market rates fall below the floor, the borrower pays the floor rate and does not participate in the lower market rates. Also called a “**cylinder**”.

Collateral – A legal term, meaning “security”.

Commercial Paper – The debt security instrument issued by a prime (and normally credit-rated) borrower to raise short-term funds (30, 60, 90 or 180 days). Also called “one-name paper” and “promissory notes” issued by competitive public tender to investors, or by private treaty to one investor.

Common Rates – Common rates are rates that are charged to all rateable properties in the Region. They are made up of general rates and targeted rates that are spread across all properties in the Region, such as the SLUI uniform annual charge.

Counterparty – The contracting party to a financial transaction or financial instrument.

Coupon – The interest rate and amount that will be paid on the interest due dates of a bond. The coupon will normally differ from the purchase or issue yield/interest rate on a bond instrument.

Covenants – Special conditions and financial ratios required to be met or maintained by a borrower for a lender under the legal security documents.

Cover – A term used to describe any action of entering financial instruments that reduces risk or puts protection in place against adverse future price movements.

Credit Rating – The credit rating of a corporation/council is a financial indicator to potential investors of debt securities such as bonds. These are assigned by

credit rating agencies such as Standard & Poor's, Moody's or Fitch Ratings and have letter designations such as AAA, B, CC. A poor credit rating indicates a high risk of defaulting, therefore constitutes a higher level of interest rates.

Credit Risk – The risk that the other party to a financial transaction (bank deposit, interest rate swap contract) will default on or before the maturity date and not be able to fulfil their contractual obligations.

Credit Spread – The interest rate difference (expressed as basis points) between two types of debt securities. The credit spread being a reflection of the difference in credit quality, size and liquidity between the two securities eg. five-year corporate bonds may be at a credit spread of 200 basis points above Government bonds.

Debenture – A debt instrument similar to a bond whereby a borrower (normally a finance company) borrows for a longer term at a fixed rate. Also a legal instrument provided as security to a lender.

Derivative(s) – A “paper” contract whose value depends on the value of some “underlying” asset eg. sharemarket stocks, bank bills, bonds or foreign currency. Also called a “**synthetic**”. The value of the assets will change as its market price changes, the derivative instrument will correspondingly change its value.

Discount – A bond or bank bill is discounted when the interest rate is applied to the face value of the security and the net proceeds after deducting the interest is paid out to the borrower. Investors pay for the discounted (NPV) value at the commencement of the investment and receive the interest coupon payments along the way and the full face value at the maturity date.

Duration – Not the simple average maturity term of a debt or investment portfolio, **but** a measure of the interest rate risk in a portfolio at a particular point in time. The duration of a portfolio is the term (measured in years and months) if the total portfolio of bonds/fixed interest investments was revalued at market rates and expressed as one single bond. The profit/loss on revaluation of a one basis point movement being the same in both cases.

Equity – Equity equals the total of actual (or estimated) asset revaluation reserves, restricted reserves and retained earnings.

Eurobond – A fixed rate bond issued by a non-resident borrower in a European country.

Eurodollar – The borrowing and depositing of a currency outside its domestic financial markets.

Event Risk – The risk of a major/unforeseen catastrophe eg. earthquake, Y2K, political elections, adversely affecting a council's financial position or performance.

Exchange-Traded – A currency, debt or financial instrument that is quoted and traded on a formal exchange with standardised terms, amounts and dates.

Exercise Date/Price – The day and fixed price that an option contract is enforced/actioned or “exercised” because it is in the interests of one of the parties to the contract to do so.

Fair Value – The current market value of an off-balance sheet financial instrument should it be sold or closed-out on the market rates ruling at the balance date.

Federal Reserve – The US Government's central bank and/or monetary authority.

Fixed Rate – The interest rate on a debt of financial instrument is fixed and does not change from the commencement date to the maturity date.

Floating Rate – The interest rate on a loan or debt instrument is re-set at the ruling market interest rates on the maturity date of the stipulated funding period (usually 90-days).

Floor – The opposite of a “cap”. An investor will buy a floor, or a series/string of call options (the right to buy) to protect against falling interest rates, but be able to invest at higher interest rates if rates move upwards.

Floorlet – A series or string of floor options that exist for each period the floor agreement is in existence.

Forward Exchange Contract – A contract to buy and sell one currency against another at a fixed price for delivery at some specified future date.

Forward Points – The difference in interest rates between two currencies expressed as the exchange rate points, ie. 152 forward points is a 0.0152 adjustment to the 0.5500 NZ\$/US\$ exchange spot rate.

Forward Rate Agreement – A contract (“FRA”) whereby a borrower or investor in Bank Bills agrees to borrow or invest for an agreed term (normally 90-days) at a fixed rate at some specified future date. A FRA is an “over-the-counter” contract as the amount and maturity date is tailored by the bank to the specific requirements of the borrower/investor.

Forward Starting Swap – An interest rate swap contract that commences at a future specified date. The rate for the forward starting swap will differ from the current market rate for swaps by the shape and slope of the yield curve.

Funding Risk – The risk that a borrower cannot re-finance its debt at equal or better terms at some date in the future, in terms of lending margin, bank fees and funding time commitment. Funding risk may increase due to the Council's own credit worthiness, industry trends or banking market conditions.

Futures – Exchange-traded financial and commodity markets that provide forward prices for the underlying asset, instrument or commodity. Futures contracts are standardised in amount, term and specifications. Futures markets are cash-based, and transacting parties do not take any counter-party credit risk on each other. Deposits and margin-calls are critical requirements of all futures markets.

General Rates – General rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under sections 13 to 15 of that Act. General rates are charged to all rateable properties in the Region.

Hedging – The action of reducing the likelihood of financial loss by entering forward and derivative contracts that neutralise the price risk on underlying financial exposures or risks. The gain or loss due to future price movements on the underlying exposure is offset by the equal and opposite loss and gain on the hedge instrument.

High-yield Bonds – Corporate bonds issued by borrowing companies that are non-prime, ie. have a low or no credit rating. The margin or credit spread above

Government bond yields is high (>300 basis points) to compensate the investor into the bond for the higher credit and liquidity risk.

Individual Rates - Individual rates are rates that are only charged to some properties in the Region. For example as the Lower Manawatu scheme rates are only charged to properties in the southern part of the Region they are considered an individual rate. All individual rates are targeted rates.

Interest Rate Swaps – A binding, paper contract where one party exchanges or swaps its interest payment obligations from fixed to floating basis, or floating to fixed basis. The interest payments and receipts under the swap contract being offsetting, equal and opposite to the underlying physical debt.

ISDA – International Security Dealers Association: a governing body that determines legal documentation/standards for over-the-counter swaps/options/FRAs and other derivative instruments for interest rates, currencies, commodities etc. Corporate users of such instruments sign an ISDA Master Agreement with banking counterparties that covers all transactions.

“In-the-Money” Option – An option contract that has a strike price/rate that is more favourable or valuable than the current market spot or forward rate for the underlying currency/instrument.

Inverse Yield Curve – The slope of the interest rate yield curve (90 days to 10 years) is “inverse” when the short-term rates are higher than the long-term rates. The opposite, when short-term rates are lower than long-term interest rates is a normal curve or “upward sloping”. In theory, a normal curve reflects the fact that there is more time, therefore more time for risk to occur in long-term rates, hence they are higher to build in this extra risk premium.

Liability Management – The policy, strategy and process of actively managing a portfolio of debt.

Limit(s) – The maximum or minimum amount or percentage a price or exposure may move to before some action or limitation is instigated. Also called “**risk control limits**”.

Liquidity Risk – The risk that a council cannot obtain cash/funds from liquid resources or bank facilities to meet foreseen and unforeseen cash requirements.

The management of liquidity risk involves working capital management and external bank/credit facilities.

“Long” Position – Holding an asset or purchased financial instrument in anticipation that the price will increase to sell later at a profit.

Look-back Option – An option structure where the strike price is selected and the premium paid at the end of the option period.

Margin – The lending bank or institution’s interest margin added to the market base rate, normally expressed as a number of basis points.

Marked-to-Market – Financial instruments and forward contracts are revalued at current market rates, producing an unrealised gain or loss compared to the book or carrying value.

Medium Term Notes (MTN) – A continuous programme whereby a prime corporate borrower has issuance documentation permanently in place and can issue fixed rate bonds at short notice under standard terms.

Multi-currency Facility – A committed banking facility that allows the borrowing of several alternative currencies to the NZ dollar.

Netting – Method of subtracting currency receivables from currency payables (and vice versa) over the same time period to arrive at a net exposure position.

Open Position – Where a council has purchased or sold an asset, currency, financial security or instrument unrelated to any physical exposure, and adverse/favourable future price movements will cause direct financial loss/gain.

Option Premium – The value of an option, normally paid in cash at the commencement of the option contract, similar to an insurance premium.

Order – The placement of an instruction to a bank to buy or sell a currency or financial instrument at a pre-set and pre-determined level and to transact the deal if and when the market rates reach this level. Orders are normally placed for a specific time period, or “good till cancelled”. The bank must deal at the first price available to them once the market level is reached. Some banks will only take orders above a minimum dollar amount.

“Out-of-the-Money” Option – An option contract that has a strike price/rate that is unfavourable or has less value than the underlying current spot market rate for the instrument.

Over-the-Counter – Financial and derivative instruments that are tailored and packaged by the bank to meet the very specific needs of the corporate client in terms of amount, term, price and structure. Such financial products are non-standard and not traded on official exchanges.

Perpetual Issue – A loan or bond that has no final maturity date.

Pre-hedging – Entering forward or option contracts in advance of an exposure being officially recognised or booked in the records of the Council.

Primary Market – The market for new issues of bonds or MTNs.

Put Option – The right, but not the obligation to sell a debt security/currency/commodity at the contract price in the option agreement.

Revaluation – The re-stating of financial instruments and option/forward contracts at current market values, different from historical book or carrying values. If the contracts were sold/bought back (closed-out) with the counterparty at current market rates, a realised gain or loss is made. A revaluation merely brings the contract/instrument to current market value.

Secondary Market – The market for securities or financial instruments that develops after the period of the new issue.

“Short” Position – Selling of an asset or financial instrument in anticipation that the price will decrease or fall in value to buy later at a profit.

Spot Rate – The current market rate for currencies, interest rates for immediate delivery/settlement, normally two business days after the transaction is agreed.

Stop Loss – Bank traders use a “stop-loss order” placed in the market to automatically closeout an open position at a pre-determined maximum loss.

Stop Profit – The opposite of a “stop-loss order” where a “stop-profit order” is placed in the market to automatically closeout an open position at a pre-determined maximum gain/profit.

Strike Price – The rate or price that is selected and agreed as the rate at which an option is exercised.

Swap Spread – The interest rate margin (in basis points) that interest rate swap rates trade above Government bond yields.

Swaption – An option on an interest rate swap that, if exercised, the swap contract is written between the parties. The option is priced and premium paid similar to bank bill and bond interest rate options.

Swaption Collar – The simultaneous position of entering into two option contracts on two interest rate swaps linked together into one transaction. A swaption collar performs similarly to a “collar” where from a borrower’s perspective, a top-side position above current market rates and a bottom-side position below current market rates are entered into. On maturity of the options and depending on current interest rates relative to the strike levels on the swaps will determine if either swap is transacted.

Targeted Rates – Targeted rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under sections 16 to 19 of that Act. Targeted rates can be charged to all rateable properties in the Region or to a subset of properties in the Region. In theory a targeted rate could be targeted to just one property within the Region if it were equitable to do so.

Time Value – Option contracts taken for longer-term periods may still have some time value left even though the market rate is a long way from the strike rate of the option and the option is unlikely to be exercised.

Tranches – A loan may be borrowed in a series of partial drawdowns from the facility, each part borrowing is called a tranche.

Treasury – Generic term to describe the activities of the financial function within a council that is responsible for managing the cash resources, debt, foreign exchange risk, and sometimes the commodity price and energy price risk.

Treasury Bill – A short-term (<12 months) financing instrument/security issued by a government as part of its debt funding programme.

Volatility – The degree of movement or fluctuation (expressed as a percentage) of an asset, currency, commodity or financial instrument price over time. The percentage is calculated using mean and standard deviation mathematical techniques.

Yield – Real interest rate, always expressed as a percentage.

Yield Curve – The plotting of market interest rate levels from short-term (90-days) to long-term on a graph, ie. the difference in market interest rates from one term (maturity) to another.

Yield to Maturity – The Yield to Maturity (YTM) or redemption yield is the yield promised by the bondholder on the assumption that the bond or other fixed-interest security such as gilts will be held to maturity, that all coupon and principal payments will be made and coupon payments are reinvested at the bond's promised yield at the same rate as invested. It is a measure of the return of the bond.

Zero Coupon Bond – A bond that is issued with the coupon interest rate being zero, ie. no cash payments of interest made during the term of the bond, all interest paid on the final maturity date. In effect the borrower accrues interest on interest during the term, increasing the total interest cost.