



Horizons Regional Council

LONG-TERM PLAN 2015-25





LONG-TERM PLAN
2015–25

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Chairman and Chief Executive's Message

Welcome to the 2015-25 Long-term Plan. This Plan sets out what we will do to make this part of New Zealand a great place to live, work and play.

Our Region has a promising future. Our natural resources are key to the economic and environmental wellbeing for the Region and their wise use and management is our priority. During the consultation period of this Plan, we heard from a number of people within our communities who were supportive of work currently underway.

The consultation document distributed to households across the Region in April was highly successful with a large volume of submitters providing feedback on the six key issues identified inside. These were: weed harvesting in Lake Horowhenua; the Palmerston North bus network review; exiting Council's role in road safety; changes in Animal Health Board funding; consideration of an increase in funding for the Sustainable Land Use Initiative (SLUI); and increasing Council's level of knowledge through an enhanced water quality and quantity monitoring programme and upgrades to its flood plain and earthquake risk assessment.

As a result of submissions and deliberations, Council resolved to: half fund the Lake Horowhenua weed harvesting project in Year 1 of the Plan before moving to the full funding proposed in Year 2; implement improvements to the Palmerston North bus network in Year 3; continue its work in road safety education; partially fund Animal Health Board work in Year 1; increase the SLUI Uniform Annual Charge; and increase water quality and quantity monitoring.

Council also resolved to contribute to the continuation of the Capital Connection rail service over the next three years, contingent on funding from Greater Wellington and the Ministry of Transport, and supported a submission from the Region's mayors to fund implementation of the Regional Growth Study. On average, rates for Year 1 will be increasing by approximately 3.85 per cent across the Region. However, rate changes will differ by district.

Adopting a Long-term Plan is always a challenge, no matter how experienced councillors are. However, Council believes they have listened to the community,

worked hard to develop a Plan that reflects community needs and come to an affordable result.

Finally, a rainfall event on 20 June 2015 has had a significant impact on our Region. At this stage we are in the process of assessing the damage and the cost associated with reinstating our flood protection and drainage infrastructure. While we are not yet in a position to quantify the impact on our finances, we do expect it to be significant.

It appears unlikely that the quantum of damage will be sufficient to trigger an insurance claim and accordingly reinstatement works will need to be funded by drawdowns on both individual scheme emergency reserves and the Infrastructure Reserve. Owing to the uncertainty around the costs associated with the event, no changes have been made to this Long-term Plan although once this has been determined Council may decide to make amendments to the Plan. Many of our communities will be feeling the effects of this event for a long time yet and Council intends to do whatever it can to help.



A handwritten signature in black ink, appearing to read 'Bruce Gordon'.

Bruce Gordon
CHAIRMAN
30 June 2015



A handwritten signature in black ink, appearing to read 'Michael McCartney'.

Michael McCartney
CHIEF EXECUTIVE
30 June 2015



Setting the Scene

How to use this Long-term Plan

The Long-term Plan (LTP) covers the next 10 years, from 1 July 2015 to 30 June 2025.

It identifies the directions (outcomes) chosen by the community and the role of Horizons in achieving those directions. The activities within each group include detailed forecast costs and targets for the first three years and consolidated forecast information for the remaining seven years of the Plan.

This Long-term Plan has three distinct parts

Part One: Section One sets the scene and provides the community outcomes we have for the Region. This section is a good summary of what is included in this LTP 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 set out what we are going to do to meet the community outcomes we outline in Section Two. 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. In the highlights section we outline the significant aspects for each activity.

We then proceed to look at each activity individually. We have provided a visual link between each activity and the community outcomes they work towards, using the outcome icons from Section One. Under the section entitled 'What We Do' we provide the levels of service the activity undertakes to fulfil the

expectations we have outlined in the community outcomes. We then provide some highlights before showing the costs and performance measures for the activity. On the last page of the activity we illustrate how cost changes over time and how those costs are funded.

Please note we categorise rates between common rates and individual rates. Common rates include all the rates that everyone pays, and are charged either by a Uniform Annual Charge or Equalised Capital Value across the Region as a whole such as the General Rate. Individual rates are rates that are paid by only some ratepayers and include such rates as the river and drainage scheme rates which are only paid by scheme ratepayers within the boundaries of those schemes.

Part Three: Sections Eight and Nine give the overall financial statements for the organisation and outline key policies such as the Revenue and Financing Policy that tell you who pays for individual activities. This section also contains important information such as the assumptions this LTP is based on, the Long-term Financial Strategy that underpins this LTP and the 30 Year Infrastructure Strategy.

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

Significant Issues for our Region

The issues identified below are what we believe will be of greatest interest to you, our community, going forward. To date the issues we have identified are:

- Weed harvesting of Lake Horowhenua;
- Palmerston North Bus Review;
- Exiting of the Road Safety Activity;
- Removal of the Animal Health Board Rate;
- Increase in SLUI funding consideration; and
- Guiding land use decisions.

Weed harvesting of Lake Horowhenua

Improving the water quality of Lake Horowhenua has been a key focus for Horizons and the Horowhenua community for a number of years now. Within reports undertaken by NIWA, harvesting of weed within the Lake has been identified as a key action to improve water quality.

At the end of 2014, Horizons purchased a weed harvester, with the aid of funding from the Ministry for the Environment, as part of the Freshwater Clean Up Fund package for Lake Horowhenua. From 2015, weed harvesting is scheduled to take place on an annual basis from September to November, targeting spring growth of the weed and removing it from the Lake before it can die off.

Council has agreed in the 2015-25 Long-term Plan to fund operating costs by two means. A Uniform Annual Charge from Horowhenua ratepayers will contribute 80 per cent of the costs as a targeted rate, and a Water Quality and Quantity Rate from all ratepayers in the Region will make up the remaining 20 per cent. We are also looking at potentially using the harvester in other lakes across the Region.

Palmerston North Bus Review

The 2011-22 Regional Public Transport Plan included a first principles review of Palmerston North bus services to be completed by 2014 and was carried out in three stages. During stage one the community were asked for feedback on the

features that mattered most to them. In stage two, feedback was considered by a stakeholder group and developed into three possible network options. In stage three, these options were presented back to the public, alongside information on the current network, to identify their preferred bus network.

A total of 1,883 people had their say during the stage three feedback period, with the majority preferring an enhanced status quo approach over a proposed lollipop or grid network structure. This approach retains the current route structure, with increased frequency and the addition of late night services. The implementation of an enhanced status quo network would see the Transport Services Rate increase from \$26 per annum to between \$49 and \$53 per annum based on a house with a capital value of \$280,000. This increase is scheduled for Year 3.

Exiting of the Road Safety Activity

Horizons coordinates land transport planning within the Region, plans and implements public passenger transport services, and coordinates and implements a programme of community road safety education and activities. Horizons currently employs three road safety coordinators, who are part funded by the New Zealand Transport Agency (NZTA). In its consultation document, Horizons proposed to exit road safety education in Year 2, and asked the community to submit their views on whether they supported or opposed this proposal.

Council received 57 submissions opposing the exiting of road safety and 8 in support. On the back of this support and following NZTA confirming that road safety education is a core function of a regional council's Regional Transport Committee, Council chose to reinstate the road safety activity into Year 2 and onwards. The funding arrangement will be as follows:

- Year 1 – An NZTA Funding Assistance Rate (FAR) of 65 per cent equating to \$170,000 of local share.
- Year 2 – An NZTA FAR of 64 per cent equating to \$170,000 local share before movement in overheads (\$25,000 of reserves will be used to offset this).

- Year 3 – An NZTA FAR of 64 per cent equating to \$170,000 local share, before movement in overheads. (\$25,000 of reserves will be used to offset this).
- Year 4 onwards – An NZTA FAR of 65 per cent equating to \$163,000 local share before movement in overheads.

Removal of the Animal Health Board Rate

Horizons have had a long standing relationship with the Animal Health Board (AHB)/TB Free New Zealand in regards to managing and funding TB in our Region. Prior to this 2015-25 Long-term Plan, Horizons contributed around 10 per cent per annum toward TB management and vector management costs for the programme. This contribution was sourced from a targeted rate applied to landowners who had properties greater than four hectares and equated to approximately 46 cents per hectare.

Over the past three years this historic funding arrangement between the AHB and regional councils has been reviewed in light of a new TB strategy introduced in 2011. It has now been recommended TB management across the country be funded from different sources such as commodity levies and/or further support from Central Government. Following submissions and as a result of delays in implementing a new funding arrangement, Horizons has approved funding for Year 1 of the Plan of \$175,000, which will be funded by targeted rates and residual reserves. AHB have indicated this will deliver approximately 90 per cent of the planned 2015-16 programme for the Region.

Increase in SLUI funding consideration

The Sustainable Land Use Initiative (SLUI), which aims to reduce erosion of our valuable hill country soils, has been operating successfully for over seven years now and in this time has reduced sediment in our rivers by approximately 9 per cent or by 1.3 million tonnes. At this rate SLUI is on track to meet its goal of reducing sediment in our river systems by up to 40 per cent by 2032-33.

SLUI is funded by Central Government's Hill Country Erosion Fund and Uniform Annual Charges. Everyone is contributing, including Central Government and landowners, as everyone in the Region benefits from improved water quality and

less sediment in the rivers downstream. Council adopted an increase in the SLUI Uniform Annual Charge from \$34.99 to \$36.40 for Year 1.

Guiding land use decisions

There is a huge potential in our Region to maximise the way we use some of our soil and land. In order to do this in a considered and balanced way, while ensuring public safety, Council is looking to invest in two key areas that will guide both Council and community decisions around economic and residential development.

The first area Council is proposing to invest in is the Water Quality and Water Quantity Activity. By increasing the level of service currently offered, we will gain more information about groundwater supplies, coastal lakes and periphyton (algae) growth. This information will help Council establish where further economic development could occur, balanced against environmental impacts.

Council will increase the Water Quality and Water Quantity Activity budget by \$518,000 in Year 1 and \$414,000 in Year 2 of the 2015-25 Long-term Plan. Of this increase, 30 per cent will be funded through Section 36 charges paid by consent holders. The remaining 70 per cent will be funded by general rates.

The second area Council is proposing to invest in to guide potential land use decisions is hazard management. A \$1.48 million capital upgrade of flood plain mapping and earthquake risk assessment will build on existing information provided by Council to aid accurate community decisions around land use. In particular it will aid future proofing against hazards such as flooding.

Of the \$1.48 million required to fund this upgrade, \$670,000 will be allocated from redirected staff time. The project will be completed over 7 years with depreciation being funded by way of the General Rate over a 10-year cycle with Year 1 costing \$50,000, Year 2 \$70,000 and Year 3 \$84,000 - peaking in Year 7 at \$148,000 and reducing thereafter.

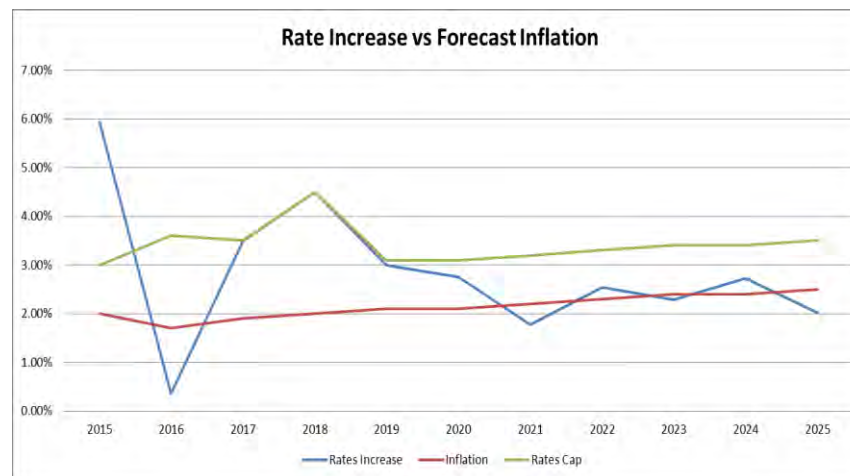
Summary of the Long-term Financial Strategy

The Long-term Financial Strategy (LTFS) is the overall financial direction we are taking over the 10-year Plan.

Our strategy provides the background on our spending decisions following on from the flood event of 2004, and the impact these decisions have had on our business and finances. This strategy provides a summary of our intended levels of service along with associated cost and funding implications, in particular our current and projected debt levels. In 2014 Council commissioned a high-level financial review of our organisation. This report highlighted issues around our current spending plans, in particular the level of projected debt and our ability to service this debt without changing our existing levels of service.

The LTFS also provides detail on the caps we are looking to set ourselves on our debt and rates increases over the 10-year Plan. For the first year of the LTP we are forecasting our rates to increase on average by 0.36 per cent. This amount will differ per district as capital values change, completion of the Lower Whanganui Scheme, Animal Health Board Rate is removed and weed harvester operations will affect districts differently. As a result, the real impact on most districts will be an average increase of 3.85 percent. This will be followed by an increase of 3.49 per cent (Year 2), 4.49 per cent (Year 3) and then drop below the rate of inflation for Year 4 onwards. At the same time our cash reserves will be managed at minimal levels and our external debt is forecast to rise from \$20 million to a peak of \$27 million in Year 3. Year 9 will see this debt level repaid in full (see below).

This Plan sees an increase in the levels of service in river protection to enable us to complete our post 2004 flood commitments within four years. A total capital expenditure of \$15.1 million will be required to meet our scheduled upgrade works. In addition, we see levels of service increase in pest management, information and water quality, and all other remaining activities retaining their levels of service over the life of this Plan.



Note 1*: Expenditure includes non-cash items such as capital expenditure and depreciation.

As indicated in the diagram above, we will be entering into a period where our cash reserves will be minimal while our debt grows. This position may limit our ability to respond to contingencies without borrowing further. Further borrowing may result in higher cost of borrowing and ultimately higher rates.

20 June rainfall event:

Finally, a rainfall event on 20 June 2015 has had a significant impact on our Region. At this stage we are in the process of assessing the damage and the cost associated with reinstating our flood protection and drainage infrastructure. While we are not yet in a position to quantify the impact on our finances, we do expect it to be significant.

It appears unlikely that the quantum of damage will be sufficient to trigger an insurance claim and accordingly reinstatement works will need to be funded by drawdowns on both individual scheme emergency reserves and the Infrastructure Reserve. Owing to the uncertainty around the costs associated with the event, no changes have been made to this Long-term Plan although once this has been determined Council may decide to make amendments to the Plan

Summary of Rates and Rating Method Changes for the Next Three Years

	Annual Plan 2014-15	Long-term Plan								
		Annual Change			Annual Change			Annual Change		
		2015-16	\$	%	2016-17	\$	%	2017-18	\$	%
Common Rates *¹										
General Rate	949	768	(203)	-20.9%	611	(157)	-20.4%	518	(93)	-15.2%
Uniform Annual General Charge										
Biosecurity	3,593	3,653	60	1.7%	3,690	37	1.0%	3,729	39	1.1%
Emergency Management	2,574	2,807	234	9.1%	2,884	77	2.7%	3,010	126	4.4%
Information	1,364	1,480	142	10.6%	1,446	(34)	-2.3%	1,491	45	3.1%
Resource & Consent Monitoring	1,218	1,273	55	4.5%	1,361	88	6.9%	1,489	128	9.4%
River & Drainage	1,317	1,484	167	12.7%	1,531	47	3.2%	1,592	61	4.0%
Infrastructure Insurance Reserve	3,416	3,304	(112)	-3.3%	3,395	91	2.8%	3,531	136	4.0%
Strategic Management	300	300	-	0.0%	400	100	33.3%	500	100	25.0%
Water Quality & Quantity	1,254	1,437	184	14.7%	1,359	(78)	-5.4%	1,291	(68)	-5.0%
Sustainable Land Use Initiative (SLUI) UAC	3,314	3,764	450	13.6%	4,111	347	9.2%	4,308	197	4.8%
Environmental Initiatives UAC	3,283	3,353	70	2.1%	3,704	351	10.5%	3,648	(56)	-1.5%
Targeted Rate Transport Planning etc	1,871	1,704	(167)	-8.9%	1,751	47	2.8%	1,737	(14)	-0.8%
Individual Rates*²	232	231	(1)	-0.4%	190	(41)	-17.7%	204	14	7.4%
AHB Tb Vector Levy	-	-	-	0.0%	-	-	0.0%	-	-	0.0%
Manawatu River Accord UAC	652	150	-502	(77.0%)	-	-	0.0%	-	-	0.0%
Production Pest Animal Management	400	-	(652)	-100.0%	-	-	0.0%	-	-	0.0%
Production Pest Rook Management	1,115	410	4	1.0%	423	13	3.2%	435	12	2.8%
Rangitkei old man's beard eradication 4 ha and over	153	1,309	194	17.4%	1,354	45	3.4%	1,420	66	4.9%
Rangitkei old man's beard eradication under 4 ha	67	142	(11)	-7.2%	135	(7)	-4.9%	129	(6)	-4.4%
River & Drainage Scheme	29	67	-	0.0%	68	1	1.5%	70	2	2.9%
River & Drainage Scheme Rates (UAC)	8,883	29	-	0.0%	29	-	0.0%	30	1	3.4%
Regional Park UAC	1,040	8,264	(619)	-7.0%	8,427	163	2.0%	8,645	218	2.6%
Production Pest Plant Management	184	1,092	52	5.0%	1,114	22	2.0%	1,142	28	2.5%
Transport Passenger Services	90	207	23	12.5%	212	5	2.4%	216	4	1.9%
Waitarere UAC	15	115	25	27.8%	118	3	2.6%	122	4	3.4%
Horowhenua Weed Harvester	1,408	19	4	26.7%	20	1	5.3%	20	-	0.0%
Grand Total	38,728	38,867	139	3.96%	40,223	1,505	3.89%	42,030	1,807	4.49%
UAC total (for 30% cap)	10,393	10,521			11,086			11,060		
	26.84%	27.09			27.56%			26.31%		

*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 per hectare rate will not apply to properties under 4 ha.

*3 Due to the number of rates that do not apply to all properties, the total regional rate rise in percentage terms is potentially misleading and has not been provided.

District by District Rate Change 2014-15 to 2015-16

	2014-15	2015-16	Change
Horowhenua District			
Common Rates	3,430,192	3,546,114	115,922
Individual Rates	2,382,037	2,474,762	92,725
Total Rates	5,812,229	6,020,876	208,647
Manawatu District			
Common Rates	3,563,793	3,767,125	203,332
Individual Rates	2,616,459	2,564,717	-51,742
Total Rates	6,180,252	6,331,842	151,590
Palmerston North City			
Common Rates	7,221,182	7,486,998	265,816
Individual Rates	3,544,279	3,696,752	152,473
Total Rates	10,765,461	11,183,750	418,289
Rangitikei District			
Common Rates	1,955,733	1,994,215	38,482
Individual Rates	1,167,473	1,123,325	-44,148
Total Rates	3,123,206	3,117,540	-5,666
Ruapehu District			
Common Rates	1,997,443	2,048,973	51,530
Individual Rates	732,662	639,853	-92,809
Total Rates	2,730,105	2,688,826	-41,279
Tararua District			
Common Rates	2,418,219	2,597,773	179,554
Individual Rates	1,974,139	1,888,060	-86,079
Total Rates	4,392,358	4,485,833	93,475

	2014-15	2015-16	Change
Wanganui District			
Common Rates	3,787,549	3,847,232	59,683
Individual Rates	1,809,873	1,069,159	-740,714
Total Rates	5,597,422	4,916,392	-681,030
Part Stratford District			
Common Rates	37,536	41,139	3,603
Individual Rates	38,953	30,966	-7,987
Total Rates	76,489	72,105	-4,384
Part Taupo District			
Common Rates	743	902	159
Individual Rates	6,493	5,218	-1,275
Total Rates	7,236	6,119	-1,117
Part Waitomo District			
Common Rates	25,920	28,799	2,879
Individual Rates	18,811	15,185	-3,626
Total Rates	44,731	43,984	-747
Region Total			
Common Rates	24,438,310	25,359,270	920,960
Individual Rates	14,291,179	13,507,997	-783,182
Total Rates	38,729,489	38,867,267	137,778

Sample Ratepayers for 2015-16

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %	
HOROWHENUA DISTRICT									
0.069	64,000	64,000	-	7.53%	149.09	157.43	8.34	5.6%	
0.025	75,000	75,000	-		134.58	143.44	8.86	6.6%	
0.171	90,000	90,000	-		161.96	170.75	8.79	5.4%	
0.084	100,000	100,000	-		158.91	167.98	9.07	5.7%	
0.094	105,000	105,000	-		169.96	179.06	9.10	5.4%	
0.221	113,000	113,000	-	44.96%	148.31	157.32	9.01	6.1%	
0.087	116,000	116,000	-		166.24	175.64	9.40	5.7%	
0.051	124,000	124,000	-		180.18	189.67	9.49	5.3%	
0.046	130,000	130,000	-		160.10	170.47	10.37	6.5%	
0.080	131,000	131,000	-		160.57	170.96	10.39	6.5%	
0.089	135,000	135,000	-		162.42	172.93	10.51	6.5%	
0.090	140,000	140,000	-		164.74	175.39	10.65	6.5%	
0.086	143,000	143,000	-		178.59	188.57	9.98	5.6%	
0.088	150,000	150,000	-		169.39	180.30	10.92	6.4%	
0.081	155,000	155,000	-		171.71	182.76	11.05	6.4%	
0.108	160,000	160,000	-		174.03	185.22	11.19	6.4%	
0.074	170,000	170,000	-		178.67	190.13	11.46	6.4%	
0.078	180,000	180,000	-		183.31	195.05	11.74	6.4%	
0.083	200,000	200,000	-		192.73	203.41	10.68	5.5%	
0.082	200,000	200,000	-		192.73	203.41	10.68	5.5%	
0.069	200,000	200,000	-		192.59	204.87	12.28	6.4%	
0.034	200,000	200,000	-		192.59	204.87	12.28	6.4%	
2.023	205,000	205,000	-		230.29	241.50	11.21	4.9%	
0.033	215,000	215,000	-		199.55	212.25	12.70	6.4%	
0.153	215,000	215,000	-		199.55	212.25	12.70	6.4%	
0.055	240,000	240,000	-		20.88%	247.90	260.09	12.19	4.9%
0.083	240,000	240,000	-			209.45	220.91	11.46	5.5%
0.071	245,000	245,000	-			221.70	235.27	13.57	6.1%
0.103	280,000	280,000	-			231.19	245.65	14.46	6.3%
0.036	280,000	280,000	-			231.19	245.65	14.46	6.3%
38.524	305,000	305,000	-	511.77		514.78	3.01	0.6%	
1.345	315,000	315,000	-	9.71%		1,064.67	1,106.70	42.03	3.9%
7.543	315,000	315,000	-			285.67	296.98	11.31	4.0%
0.068	325,000	325,000	-			260.29	276.04	15.75	6.0%
0.249	435,000	435,000	-	5.98%		311.59	330.35	18.76	6.0%
313.166	490,000	490,000	-		2,515.63	2,461.26	-54.37	-2.2%	
0.084	495,000	495,000	-		317.51	333.88	16.37	5.2%	
4.540	520,000	520,000	-	3.40%	353.27	367.89	14.62	4.1%	
15.257	560,000	560,000	-		392.48	405.05	12.57	3.2%	
0.132	680,000	680,000	-	1.76%	418.31	443.69	25.38	6.1%	
0.960	730,000	730,000	-	1.02%	441.51	468.27	26.76	6.1%	
619.050	820,000	820,000	-	0.72%	1,996.76	1,855.52	-141.24	-7.1%	
20.794	910,000	910,000	-	0.50%	1,205.74	1,225.21	19.47	1.6%	
596.582	1,380,000	1,380,000	-	1.14%	2,534.75	2,414.03	-120.72	-4.8%	

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %	
260.511	2,280,000	2,280,000	-	1.33%	1,477.42	11,434.89	46.64	0.4%	
65.906	2,400,000	2,400,000	-		11,388.25	2,267.49	-3.39	-0.1%	
278.636	3,260,000	3,260,000	-		0.51%	2,270.88	6,326.50	73.31	1.2%
2.572	4,160,000	4,160,000	-		0.24%	6,253.19	5,336.47	574.61	12.1%
290.455	6,400,000	6,400,000	-		0.32%	4,761.86	11,434.89	46.64	0.4%
MANAWATU DISTRICT									
0.202	45,000	45,000	-	8.37%	20.48	21.81	1.33	6.5%	
10.034	50,000	50,000	-		149.94	150.02	0.08	0.1%	
0.037	75,000	75,000	-		161.26	167.72	6.46	4.0%	
0.089	102,000	102,000	-		157.76	165.50	7.74	4.9%	
2.699	112,500	112,500	-		302.90	323.12	20.22	6.7%	
1.766	127,000	127,000	-	21.12%	163.98	170.22	6.24	3.8%	
0.050	130,000	130,000	-		193.11	202.46	9.35	4.8%	
0.045	150,000	150,000	-		204.68	215.09	10.41	5.1%	
0.076	160,000	160,000	-		210.51	221.44	10.94	5.2%	
0.086	180,000	180,000	-		267.65	275.62	7.97	3.0%	
0.064	210,000	210,000	-		239.42	253.00	13.58	5.7%	
0.070	215,000	215,000	-		242.33	256.17	13.84	5.7%	
0.086	220,000	220,000	-		245.24	259.35	14.11	5.8%	
0.132	240,000	240,000	-		256.88	272.04	15.16	5.9%	
0.080	245,000	245,000	-		26.72%	259.70	275.12	15.42	5.9%
1.876	250,000	250,000	-	228.31		234.01	5.70	2.5%	
0.082	250,000	250,000	-	262.60		278.28	15.68	6.0%	
4.535	255,000	255,000	-	435.84		443.71	7.87	1.8%	
0.102	260,000	260,000	-	269.88		286.09	16.21	6.0%	
0.158	275,000	275,000	-	278.64		295.64	17.00	6.1%	
0.101	300,000	300,000	-	12.05%		248.38	259.79	11.41	4.6%
0.116	310,000	310,000	-			298.84	317.68	18.84	6.3%
0.066	315,000	315,000	-			301.66	320.77	19.11	6.3%
0.082	350,000	350,000	-			322.43	343.39	20.96	6.5%
0.057	375,000	375,000	-		336.37	358.64	22.27	6.6%	
26.960	375,000	375,000	-		337.05	342.26	5.21	1.5%	
2.316	385,000	385,000	-		287.76	296.47	8.71	3.0%	
162.759	390,000	390,000	-		481.17	449.83	-31.34	-6.5%	
0.064	450,000	450,000	-		379.78	406.01	26.23	6.9%	
78.474	490,000	490,000	-		7.85%	551.70	368.15	-183.55	-33.3%
0.551	540,000	540,000	-	5.43%	348.47	366.97	18.50	5.3%	
17.633	650,000	650,000	-	3.06%	442.72	458.71	15.99	3.6%	
162.540	710,000	710,000	-	2.05%	1,228.14	783.06	-445.08	-36.2%	
33.000	760,000	760,000	-		404.26	528.18	123.92	30.7%	
0.308	850,000	850,000	-	1.50%	613.08	660.40	47.32	7.7%	
250.421	910,000	910,000	-	1.24%	1,597.27	993.46	-603.81	-37.8%	
116.802	980,000	980,000	-		1,042.64	778.15	-264.49	-25.4%	
30.237	1,020,000	1,020,000	-		617.65	640.89	23.24	3.8%	
0.080	1,100,000	1,100,000	-	5.88%	772.15	832.52	60.37	7.8%	

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
80.707	1,450,000	1,450,000	-		851.17	872.66	21.49	2.5%
926.822	1,790,000	1,790,000	-		4,938.04	2,652.96	-2,285.08	-46.3%
10.749	2,363,000	2,363,000	-	1.96%	1,181.79	1,258.93	77.14	6.5%
711.037	3,170,000	3,220,000	50,000	1.43%	4,574.30	2,897.29	-1,677.01	-36.7%
91.897	4,070,000	4,070,000	-	0.61%	5,080.05	5,265.51	185.46	3.7%
173.263	6,100,000	6,100,000	-		45,209.84	45,454.50	244.66	0.5%
1034.600	6,350,000	6,350,000	-	0.73%	9,701.31	9,813.40	112.09	1.2%
35.786	7,400,000	7,400,000	-		3,857.38	4,091.27	233.89	6.1%

PALMERSTON NORTH CITY

0.013	116,000	116,000	-	1.23%	197.88	202.07	4.19	2.1%
0.035	125,000	125,000	-		204.12	208.44	4.32	2.1%
0.064	150,000	150,000	-		221.39	226.08	4.69	2.1%
0.072	175,000	175,000	-		238.68	243.73	5.05	2.1%
0.110	185,000	185,000	-	19.51%	196.68	202.57	5.89	3.0%
0.007	190,000	190,000	-		249.02	254.30	5.28	2.1%
0.085	195,000	195,000	-		259.08	361.74	102.66	39.6%
0.061	210,000	210,000	-		268.21	378.52	110.31	41.1%
0.082	210,000	210,000	-		262.84	268.41	5.57	2.1%
0.094	215,000	215,000	-		266.31	271.95	5.64	2.1%
13.288	220,000	220,000	-		890.57	923.79	33.22	3.7%
0.054	220,000	220,000	-		269.71	275.42	5.71	2.1%
0.072	225,000	225,000	-		273.18	278.96	5.78	2.1%
1.007	230,000	725,000	495,000		217.05	446.40	229.35	105.7%
0.065	230,000	230,000	-		276.62	282.48	5.86	2.1%
0.072	230,000	230,000	-		276.60	282.45	5.85	2.1%
0.079	235,000	235,000	-		280.09	286.02	5.93	2.1%
0.049	240,000	240,000	-	39.20%	283.50	289.50	6.00	2.1%
0.068	250,000	250,000	-		290.43	296.58	6.15	2.1%
0.091	260,000	260,000	-		300.26	436.05	135.79	45.2%
0.061	265,000	265,000	-		302.24	308.60	6.36	2.1%
0.049	270,000	270,000	-		305.67	312.10	6.43	2.1%
1.510	280,000	280,000	-		240.48	248.13	7.65	3.2%
0.061	290,000	290,000	-		319.49	326.22	6.73	2.1%
0.151	290,000	290,000	-		319.62	326.34	6.72	2.1%
0.066	300,000	300,000	-		326.40	333.27	6.87	2.1%
0.081	310,000	310,000	-		333.32	340.34	7.02	2.1%
0.051	315,000	315,000	-		333.79	497.63	163.84	49.1%
0.081	330,000	330,000	-		347.12	354.43	7.31	2.1%
0.064	335,000	335,000	-		350.55	357.93	7.38	2.1%
0.041	350,000	350,000	-	18.28%	360.87	368.47	7.60	2.1%
0.052	380,000	380,000	-		381.59	389.63	8.04	2.1%
22.985	395,000	395,000	-		351.31	353.90	2.59	0.7%
0.426	390,000	400,000	10,000		917.34	960.95	43.61	4.8%
7.535	415,000	415,000	-	8.61%	316.70	323.65	6.95	2.2%
0.101	500,000	500,000	-		464.47	474.26	9.79	2.1%
0.073	550,000	550,000	-	4.24%	500.41	510.92	10.51	2.1%
0.089	570,000	570,000	-		514.24	525.03	10.79	2.1%
0.922	660,000	660,000	-		577.48	589.61	12.13	2.1%
0.051	680,000	680,000	-	2.69%	590.10	602.50	12.40	2.1%
1.460	700,000	700,000	-	1.50%	420.60	435.93	15.33	3.6%

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
1.005	740,000	740,000	-		437.00	453.05	16.05	3.7%
141.134	780,000	780,000	-		846.37	825.51	-20.86	-2.5%
0.067	840,000	840,000	-	0.77%	700.54	715.28	14.74	2.1%
0.068	920,000	920,000	-		755.74	771.65	15.91	2.1%
50.305	1,000,000	1,000,000	-	0.57%	752.17	759.19	7.02	0.9%
0.154	1,320,000	1,320,000	-	1.35%	1,046.61	1,068.23	21.62	2.1%
0.321	2,700,000	2,700,000	-	1.28%	1,999.18	2,040.96	41.78	2.1%
0.428	3,600,000	3,600,000	-	0.32%	2,620.41	2,675.35	54.94	2.1%
95.461	4,225,000	4,445,000	220,000		4,732.03	4,943.34	211.31	4.5%
1.022	9,300,000	9,300,000	-	0.29%	6,554.79	6,693.04	138.25	2.1%
1.597	14,500,000	14,500,000	-		10,144.10	10,358.35	214.25	2.1%

RANGITIKEI DISTRICT

0.303	18,000	18,000	-		108.64	110.38	1.74	1.6%
1.884	45,000	44,900	(100)		121.02	122.66	1.64	1.4%
0.081	50,000	50,000	-		122.24	123.88	1.64	1.3%
0.086	73,000	73,000	-		132.35	133.93	1.58	1.2%
0.080	77,000	73,000	(4,000)	31.29%	146.76	146.74	-0.02	0.0%
0.101	75,000	75,000	-		135.36	136.90	1.54	1.1%
0.116	78,000	78,000	-		134.56	136.12	1.56	1.2%
0.065	65,000	80,000	15,000		133.12	142.71	9.59	7.2%
0.068	100,000	80,000	(20,000)		160.69	151.04	-9.65	-6.0%
2.916	86,000	86,000	-		138.37	139.90	1.53	1.1%
3.524	110,000	110,000	-		378.60	399.17	20.57	5.4%
0.981	120,000	120,000	-		153.21	154.65	1.44	0.9%
0.078	126,000	126,000	-		155.76	157.19	1.43	0.9%
0.101	140,000	140,000	-		184.92	187.90	2.98	1.6%
0.068	155,000	155,000	-		194.01	197.12	3.11	1.6%
0.110	165,000	155,000	(10,000)	29.92%	199.29	195.35	-3.94	-2.0%
40.469	150,000	160,000	10,000		141.35	134.50	-6.85	-4.8%
1.376	160,000	160,000	-		171.54	172.89	1.35	0.8%
0.101	165,000	165,000	-		262.32	263.86	1.54	0.6%
0.081	132,000	170,000	38,000		179.46	204.39	24.93	13.9%
0.101	185,000	174,000	(11,000)		181.82	178.26	-3.56	-2.0%
2.911	175,000	175,000	-		177.41	178.69	1.28	0.7%
0.022	190,000	190,000	-		215.21	218.62	3.41	1.6%
0.081	245,000	245,000	-	10.97%	931.92	947.80	15.88	1.7%
1.763	270,000	270,000	-		221.00	222.02	1.02	0.5%
0.101	315,000	305,000	(10,000)		292.41	290.74	-1.67	-0.6%
105.395	285,000	310,000	25,000	6.26%	454.22	436.94	-17.28	-3.8%
0.332	375,000	380,000	5,000		326.99	332.48	5.49	1.7%
9.728	380,000	385,000	5,000		321.87	321.09	-0.78	-0.2%
108.228	355,000	390,000	35,000		796.16	788.65	-7.51	-0.9%
0.405	420,000	425,000	5,000	3.76%	356.02	364.47	8.45	2.4%
288.000	470,000	490,000	20,000		782.90	712.13	-70.77	-9.0%
2.308	545,000	545,000	-	2.53%	345.13	345.02	0.29	0.1%
103.273	620,000	680,000	60,000	1.87%	640.75	642.94	2.19	0.3%
0.732	700,000	650,000	(50,000)		523.83	496.74	-27.09	-5.2%
407.643	770,000	800,000		2.53%	1,095.75	993.27	-102.48	-9.4%
1.085	890,000	890,000	-		638.04	641.46	3.42	0.5%
0.426	1,100,000	970,000	(130,000)	4.66%	784.15	700.79	-83.36	-10.6%

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
71.231	950,000	1,040,000			692.83	726.08	33.25	4.8%
1062.300	1,075,000	1,150,000			2,431.02	2,173.44	-257.58	-10.6%
96.942	1,325,000	1,330,000	5,000		868.71	857.56	-11.15	-1.3%
84.602	1,475,000	1,480,000	5,000		931.36	906.25	-25.11	-2.7%
576.022	2,175,000	2,380,000		3.72%	2,246.55	2,179.90	-66.65	-3.0%
1844.203	3,075,000	3,360,000	285,000	1.53%	4,970.18	4,597.95	-372.23	-7.5%
159.437	4,135,000	4,140,000	5,000	0.33%	2,441.49	2,390.90	-50.59	-2.1%
7380.783	14,935,000	16,330,000	1,395,000	0.63%	20,343.36	18,916.10	-1,427.26	-7.0%

RUAPEHU DISTRICT

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
0.094	28,000	29,000	1,000	37.41%	107.84	110.10	2.26	2.1%
0.202	38,000	32,000	(6,000)		111.39	110.68	-0.71	-0.6%
0.088	54,000	54,000	-		120.14	121.97	1.83	1.5%
0.160	62,000	56,000	(6,000)		139.48	138.04	-1.44	-1.0%
0.112	62,000	56,000	(6,000)		162.03	159.74	-2.29	-1.4%
0.101	68,000	58,000	(10,000)		31.44	27.36	-4.08	-13.0%
1.707	60,000	60,000	-		123.34	125.35	2.01	1.6%
0.083	71,000	64,000	(7,000)		145.89	143.89	-2.00	-1.4%
0.367	109,000	80,000	(29,000)		173.35	155.78	-17.57	-10.1%
0.103	90,000	81,000	(9,000)		159.62	156.52	-3.10	-1.9%
0.202	98,000	88,000	(10,000)		165.40	161.72	-3.68	-2.2%
1.121	90,000	90,000	-		137.17	139.05	1.88	1.4%
11.902	90,000	90,000	-		153.96	151.31	-2.65	-1.7%
2.484	99,000	99,000	-		48.31	48.44	0.13	0.3%
0.101	120,000	102,000	(18,000)		146.76	140.98	-5.78	-3.9%
2.092	126,000	107,000	(19,000)		56.88	48.87	-8.01	-14.1%
0.170	118,000	110,000	(8,000)		179.86	178.07	-1.79	-1.0%
0.111	118,000	120,000	2,000	145.90	148.85	2.95	2.0%	
0.361	155,000	155,000	-	167.92	169.89	1.97	1.2%	
0.089	170,000	165,000	(5,000)	217.43	218.93	1.50	0.7%	
0.438	170,000	170,000	-	175.02	177.01	1.99	1.1%	
0.030	190,000	185,000	(5,000)	178.29	178.91	0.62	0.3%	
0.056	195,000	185,000	(10,000)	235.50	233.78	-1.72	-0.7%	
3.214	200,000	200,000	-	189.21	191.24	2.03	1.1%	
0.260	215,000	235,000	20,000	249.95	270.93	20.98	8.4%	
440.703	240,000	240,000	-	836.83	714.32	-122.51	-14.6%	
14.607	250,000	253,500	3,500	135.55	134.88	-0.67	-0.5%	
0.029	260,000	260,000	-	210.60	213.83	3.23	1.5%	
0.133	300,000	290,000	(10,000)	228.25	227.25	-1.00	-0.4%	
1.315	360,000	305,000	(55,000)	252.90	231.57	-21.33	-8.4%	
10.787	315,000	315,000	-	260.29	258.25	-2.04	-0.8%	
4.530	340,000	340,000	-	263.19	262.94	-0.25	-0.1%	
427.183	340,000	340,000	-	866.31	747.72	-118.59	-13.7%	
0.043	345,000	355,000	10,000	248.05	256.23	8.18	3.3%	
356.485	380,000	379,000	(1,000)	784.35	685.14	-99.21	-12.6%	
79.150	381,425	381,425	-	415.75	393.61	-22.14	-5.3%	
82.379	380,000	415,000	35,000	393.20	387.82	-5.38	-1.4%	
913.000	490,000	494,000	4,000	1,630.54	1,378.03	-252.51	-15.5%	
1.138	610,000	520,000	(90,000)	362.94	327.00	-35.94	-9.9%	
363.696	570,000	570,000	(90,000)	793.08	692.01	-101.07	-12.7%	
0.150	730,000	690,000	(40,000)	419.15	407.21	-11.94	-2.8%	

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
20.180	810,000	810,000	-	0.67%	480.50	477.50	-3.00	-0.6%
40.914	930,000	1,010,000	80,000	3.55%	571.89	612.41	40.52	7.1%
1994.310	1,700,000	1,701,000	1,000		3,762.21	3,207.04	-555.17	-14.8%
86.911	1,625,000	1,780,000	155,000		969.46	1,016.27	46.81	4.8%
0.296	2,775,000	2,650,000			1.89%	1,334.73	1,296.44	-38.29
1903.044	3,600,000	3,600,000	-	1.00%	4,530.86	4,003.44	-527.42	-11.6%
263.431	4,560,000	4,993,500		0.63%	2,859.00	2,997.72	138.72	4.9%
332.112	5,115,000	5,580,000	465,000	0.73%	2,889.53	3,009.93	120.40	4.2%
4255.796	9,369,000	10,178,000	809,000		11,332.72	10,460.08	-872.64	-7.7%

TARARUA DISTRICT

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
0.081	20,000	16,000	(4,000)	26.37%	114.70	115.21	0.51	0.4%
0.101	54,000	54,000	-		117.10	119.96	2.86	2.4%
0.079	71,000	57,000	(14,000)		146.88	142.98	-3.90	-2.7%
0.050	72,000	58,000	(14,000)		147.43	143.57	-3.86	-2.6%
29.130	54,000	60,000	6,000		190.74	187.24	-3.50	-1.8%
0.031	90,000	64,000	(26,000)		157.73	147.23	-10.50	-6.7%
0.101	64,000	70,000	6,000		163.64	171.51	7.87	4.8%
0.102	87,000	89,000	2,000		148.88	153.28	4.40	3.0%
0.075	113,000	93,000	(20,000)		170.94	165.04	-5.90	-3.5%
0.101	105,000	105,000	-		150.18	154.18	4.00	2.7%
0.073	112,000	115,000	3,000		170.36	178.53	8.17	4.8%
0.103	134,000	115,000	(19,000)		182.99	178.55	-4.44	-2.4%
0.057	118,000	120,000	2,000		210.19	215.18	4.99	2.4%
0.085	120,000	120,000	-		182.40	186.53	4.13	2.3%
0.149	149,000	131,000	(18,000)		191.62	188.39	-3.23	-1.7%
0.554	133,000	133,000	-		164.34	168.90	4.56	2.8%
3.685	160,000	145,000	(15,000)		185.41	184.04	-1.37	-0.7%
11.559	147,000	147,000	-	280.85	281.44	0.59	0.2%	
0.713	170,000	170,000	-	183.07	189.24	6.17	3.4%	
0.636	180,000	180,000	-	182.51	188.05	5.54	3.0%	
0.216	185,000	195,000	10,000	268.74	281.53	12.79	4.8%	
2.044	200,000	200,000	-	230.09	236.12	6.03	2.6%	
8.933	215,000	215,000	-	385.14	389.43	4.29	1.1%	
0.349	215,000	215,000	-	197.49	203.74	6.25	3.2%	
63.131	200,000	220,000	20,000	324.28	320.73	-3.55	-1.1%	
0.191	285,000	285,000	-	354.87	360.03	5.16	1.5%	
270.735	285,000	315,000	30,000	805.04	751.53	-53.51	-6.6%	
76.897	325,000	360,000	35,000	735.86	735.93	0.07	0.0%	
0.101	330,000	365,000	35,000	395.23	431.62	36.39	9.2%	
326.100	310,000	370,000	60,000	706.08	648.23	-57.85	-8.2%	
0.077	370,000	395,000	25,000	319.65	351.60	31.95	10.0%	
0.691	410,000	410,000	-	464.85	471.47	6.62	1.4%	
80.897	380,000	415,000	35,000	784.44	784.46	0.02	0.0%	
145.687	395,000	435,000	40,000	1,203.94	1,082.35	-121.59	-10.1%	
20.920	560,000	560,000	-	507.75	514.31	6.56	1.3%	
10.117	640,000	640,000	-	419.31	430.39	11.08	2.6%	
13.260	720,000	720,000	-	551.08	576.98	25.90	4.7%	
901.372	730,000	800,000	70,000	4,263.70	4,073.54	-190.16	-4.5%	
80.937	810,000	810,000	-	515.07	509.79	-5.28	-1.0%	
288.038	910,000	1,010,000	100,000	887.67	884.50	-3.17	-0.4%	

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
0.404	1,100,000	1,120,000	20,000		1,078.66	1,110.73	32.07	3.0%
703.170	1,100,000	1,350,000	250,000		2,085.47	2,027.96	-57.51	-2.8%
79.602	1,675,000	1,680,000	5,000		1,156.00	1,170.31	14.31	1.2%
814.480	2,950,000	3,250,000	300,000		3,094.53	3,066.76	-27.77	-0.9%
92.674	3,125,000	3,130,000	5,000		1,624.25	1,665.95	41.70	2.6%
135.914	4,860,000	4,860,000	-	1.05%	4,012.77	4,097.14	84.37	2.1%
1527.311	5,455,000	6,000,000	545,000	0.53%	5,662.64	5,600.91	-61.73	-1.1%

WANGANUI DISTRICT

0.303	2,500	2,500	-	14.63%	2.62	2.62	0.01	0.3%
0.030	56,000	56,000	-		131.87	131.87	-8.83	-6.3%
0.054	68,000	68,000	-		139.48	139.48	-11.10	-7.4%
0.078	80,000	80,000	-		147.09	147.09	-13.37	-8.3%
15.507	90,000	90,000	-		163.62	165.26	-30.67	-15.7%
0.072	90,000	90,000	-		153.43	153.43	-15.27	-9.0%
0.710	100,000	100,000	-		44.04	44.04	0.67	1.5%
0.071	102,000	102,000	-	44.67%	161.04	161.04	-17.54	-9.8%
0.041	119,000	119,000	-		171.83	171.83	-20.74	-10.8%
0.061	132,000	132,000	-		180.07	180.07	-23.21	-11.4%
0.067	135,000	135,000	-		181.98	181.98	-23.77	-11.6%
0.071	147,000	147,000	-		189.59	189.59	-26.04	-12.1%
0.066	149,000	149,000	-		190.86	190.86	-26.42	-12.2%
0.097	150,000	150,000	-		191.49	191.49	-26.61	-12.2%
0.350	155,000	155,000	-		194.66	194.66	-27.56	-12.4%
0.067	160,000	160,000	-		197.83	197.83	-28.50	-12.6%
0.093	160,000	160,000	-		210.03	210.03	-52.18	-19.9%
0.098	170,000	170,000	-		204.18	204.18	-30.39	-13.0%
0.071	180,000	180,000	-		210.52	210.52	-32.28	-13.3%
0.030	185,000	185,000	-		213.69	213.69	-33.23	-13.5%
2.023	190,000	190,000	-		216.86	216.86	-34.18	-13.6%
0.101	225,000	225,000	-	18.96%	239.06	239.06	-40.80	-14.6%
0.118	225,000	225,000	-		239.06	239.06	-40.80	-14.6%
1.000	255,000	255,000	-		220.59	220.59	-24.01	-9.8%
0.092	255,000	255,000	-		259.55	259.55	-46.48	-15.2%
0.441	265,000	265,000	-		224.85	224.85	-23.94	-9.6%
0.086	280,000	280,000	-		275.41	275.41	-51.20	-15.7%
0.940	300,000	300,000	-		239.75	239.75	-23.70	-9.0%
0.058	300,000	300,000	-		288.10	288.10	-54.98	-16.0%
0.086	300,000	300,000	-		288.10	288.10	-54.98	-16.0%
0.184	365,000	365,000	-		329.33	329.33	-67.27	-17.0%
74.600	385,000	385,000	-	4.44%	352.21	360.12	-45.21	-11.2%
497.000	420,000	420,000	-		806.83	859.52	-163.24	-16.0%
737.165	475,000	475,000	-	1,080.27	1,158.41	-230.11	-16.6%	
83.062	490,000	490,000	-	2.42%	405.73	414.54	-46.86	-10.2%
2.598	555,000	555,000	-		349.80	349.80	-21.98	-5.9%
666.931	720,000	720,000	-	1.46%	1,084.76	1,152.59	-201.22	-14.9%
419.866	820,000	820,000	-	0.83%	1,049.59	1,094.09	-148.07	-11.9%
0.129	980,000	980,000	-	0.41%	720.88	720.88	-183.59	-20.3%
63.839	1,275,000	1,275,000	-	0.75%	2,199.85	2,206.61	-224.61	-9.2%
898.206	2,000,000	2,000,000	-	0.83%	2,198.98	2,294.19	-282.17	-11.0%
90.505	2,420,000	2,420,000	-	0.78%	1,251.36	1,260.95	-35.93	-2.8%

Hectares	Old CV	New CV	CV % Change	% of Rateable Properties	2014-15 Rates	2015-16	2015-16 Change \$	2015-16 Change %
89.098	3,050,000	3,050,000	-		1,558.84	1,527.61	-31.23	-2.0%
1021.860	3,650,000	3,650,000	-		3,467.62	3,157.24	-310.38	-9.0%
286.220	4,773,500	4,773,500	-		2,562.28	2,487.62	-74.66	-2.9%
160.640	5,750,000	5,750,000	-	0.75%	2,657.61	2,651.71	-5.90	-0.2%
3592.554	7,400,000	7,400,000	-		8,964.09	7,951.59	-1,012.50	-11.3%

Thank you for having your say

During the consultation period 187 submissions and 10 late submissions were received. These submissions made over 523 points and commented on nearly all of Council's activities. Topics brought up were varied, although a large majority related to the six significant issues highlighted in the Council's consultation document that was sent to households throughout the Region.

A large number of submissions on transport, in particular road safety, were received. The Sustainable Land Use Initiative, Lake Horowhenua weed harvesting and possum control were popular topics. Another noteworthy submission was a joint one from all seven mayors in the Region seeking funding for implementation of the Regional Growth Study findings.

Over three days in late May Council heard from 69 submitters who wanted to make further verbal representations. In early June councilors carefully considered all submissions and have made the following changes to the Plan, working hard to strike the best balance for our Region and its residents:

1. Reinstated the Road Safety Education Activity in Years 2-10 at \$170,000 in Years 2 and 3 and \$163,000 from Year 4 onward;
2. Used targeted reserve funding of \$25,000 to help fund Road Safety for Years 2 and 3;
3. Added an additional \$53,000 to fund Summerhill bus services enhancement in Palmerston North in Year 2;
4. Added an additional \$10,000 via targeted rates to fund the Horowhenua 'Day Out in the Town' in Year 2;
5. Used reserve funding of \$9,000 for provision of bike racks on bus services in Years 2-6;
6. Used reserve funding of \$20,000 in Year 1 to fund the Feilding to Palmerston North bus service;
7. Added an additional \$500,000 to fund the Wanganui Passenger Activity in Year 10;
8. Added an additional \$500,000 over three years to help fund the Capital Connection Service. This will be funded via a combination of reserves and targeted rates (Year 1 100 per cent reserves, Year 2 and 3 50 per cent reserves and 50 per cent targeted rates);
9. Adjusted the operating costs of the Weed Harvester for Lake Horowhenua by reducing Year 1 by \$95,000 and Year 3 by \$50,000;
10. Removed one FTE in Year 3 for the Biodiversity Activity saving \$50,000 and reduced operating costs in Year 2 of \$6,000 and Year 3 of \$12,000;
11. Reduced Plant Biosecurity portfolio by \$25,000 in Year 2 and \$30,000 in Year 3.
12. Removed funding of \$50,000 in Years 3-10 for the Tawata Environmental Initiative;
13. Reduced funding for the AHB Tb Vector programme to a maximum of \$175,000, less any remaining targeting reserves for OSPRI;
14. Added an additional \$60,000 for Years 2-10 for the grant component of the non-schemes implementation activity;
15. Added an additional \$15,000 for Years 1-3 towards Bushy Park for pest control;
16. Reduced overall expenditure in the non-schemes activity in Years 2 and 3 (Year 2: \$32,751 and Year 3: \$33,800) to reflect reduced staff costs;
17. Used reserve funding of \$230,000 per year for Years 1-3 for a Regional Growth Study and agree to consult the public on funding arrangements for Years 2 and 3;

18. Reduced expenditure in Hazard Research by \$10,000 in Years 2 and 3;
19. Removed the \$21,000 of radio licensing costs in Years 2 and 3;
20. Phased out a fixed term position from part way through Year 2 (0.5 FTE (\$35,000) and removed in full from Year 3 onward (\$70,000);
21. Decreased the cost of the Land and Water Management Activity by \$160,000 in Year 2 and \$184,000 in Year 3, recognising that inflation is not generic across all procurement items and identifying efficiencies in levels of service;
22. Reduced the Corporate Services Activity by \$110,000 per year as a result of heating efficiencies, collective insurance purchasing power and reducing the vehicle fleet;
23. Increased the dividend payment from MWRC Holdings Ltd to the Investment Activity by \$100,000 to minimise rate increases;
24. Removed \$7,000 of funding from He Tini Awa Trust from Years 2-10;
25. Increased net expenditure in the River and Drainage Scheme Activity in Years 1, 2 and 3 by \$19,295, \$8,418 and \$52,100 respectively as a result of additional works requested, insurance savings and rephrasing of capital works funding; and
26. Added an additional \$3,000 per year for Years 1-10 for the Linklater Bursary.

In addition to changes in the Plan, Council:

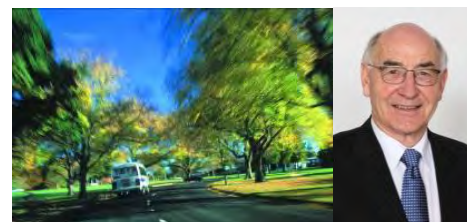
- acknowledges that the matters raised in the submission from Horowhenua District Council and that the updating of the indicative flood hazard layer within the Horowhenua District be undertaken as a priority (in Year 2); and that no further changes are made to the Hazards project;
- agrees that the Long-term Plan Strategic Management Activity text be modified to reflect Council's intention to consider the wider issues associated with climate change.

- agrees that improved river access and amenity enhancement initiatives continue to be incorporated within scheme areas where appropriate;
- agrees that a high-level study be undertaken to confirm the present standard of protection for the proposed industrial development area at Longburn;
- agrees that consultation as to whether a river height recording gauge be reinstalled at NihoNiho be included as part of the 2016-17 Annual Plan; and
- agrees to investigate the inclusion of the following additional bus services:
 - Woodville to Palmerston North as part of the Ashhurst bus service;
 - Rongotea as part of the Longburn bus service; and
 - Marton to Palmerston North as part of Wanganui to Palmerston North bus service.

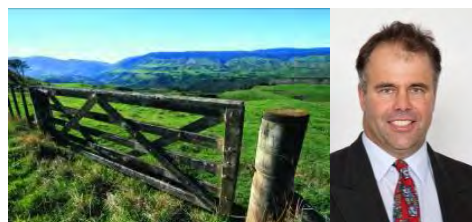
Your Councillors



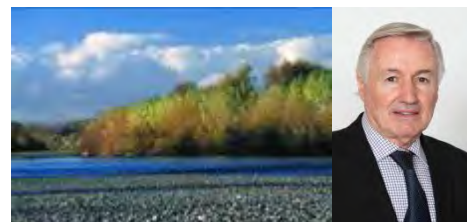
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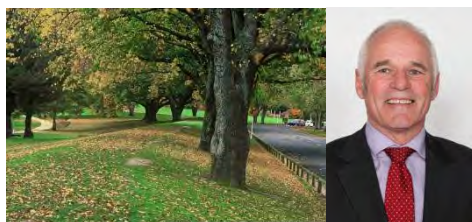
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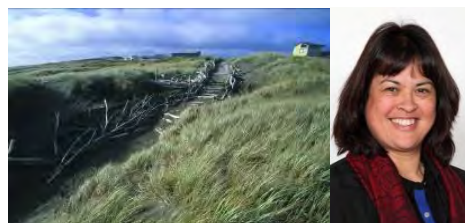
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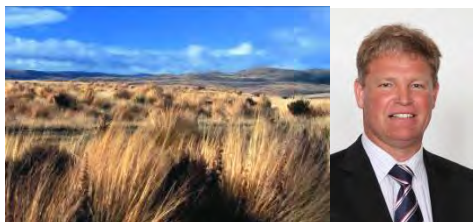
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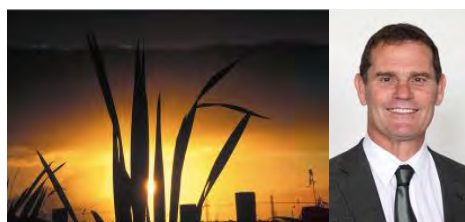
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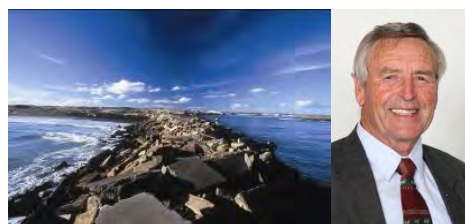
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The Horizons Regional Council

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 2016 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 role. Its main focus currently is the One Plan. The group also administers resource consents under the Resource Management Act, and ensures that resource users are complying with their consent conditions. It also provides science and monitoring functions.



REGIONAL SERVICES GROUP

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



OPERATIONS GROUP

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



ENVIRONMENTAL MANAGEMENT GROUP

The Environmental Management 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

Introduction

Horizons' purpose is to meet the current and future needs of the Region's communities for efficient and effective local infrastructure, local public services and the performance of its regulatory functions. The community outcomes set out the outcomes Horizons aims to achieve, meet this purpose.

The following table sets out the community outcomes for the Horizons Region, the key issues for each outcome and Horizons' focus over the next 10 years. It lists Horizons' activities that contribute to each outcome, with the main contributors shown in bold type. The symbols for the outcomes are used in the Activities section of the Long-term Plan, to show which outcome each activity makes a direct contribution to. The symbols also appear in Horizons' annual reports, linking the work completed during each year with the outcomes it has contributed to.

Horizons' community outcomes were originally developed in consultation with its communities in 2005. The outcomes continue to reflect the business Horizons carries out, especially in relation to the sustainable management of natural resources that is the responsibility of regional councils. The social, economic, environmental and cultural goals for each outcome recognise that different aspects of each outcome can be important when considering the community's range of interests and measuring progress against the outcomes.


The community outcomes are a long-term commitment to improvement. The benefits may only begin to be apparent in some areas during the life of this Plan. Because so many aspects of Horizons' work is interconnected, progress towards achieving one outcome can have a positive impact on another.

For each community outcome a number of contributing activities are listed. These are the activities described later in this document to which Horizons commits resources through this Long-term Plan. Horizons also reports annually


on these activities. The combined effects of carrying out these activities contribute to achieving community outcomes.

A good example of this is the Sustainable Land Use Initiative (SLUI), which involves stabilising land at risk of erosion. Planting a tree is the first step – it takes 4 years for the roots to grow sufficiently to have a real impact on soil stability and 5 to 10 years to achieve an 80 to 90 per cent reduction in erosion. Reducing erosion prevents further loss of sediment into waterbodies, but the sediment already there can take many years to work its way through the Region's river systems. Ultimately stabilising land at risk of erosion will also have a positive effect on water quality, but the results will not be immediately obvious. Another benefit is that the flood-carrying capacity of rivers and the level of protection provided by existing flood protection and drainage assets will be maintained, reducing economic and social impacts on communities.


Regional Community Outcomes

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
<p>Sustainable management of the Region's land</p> <p>Land management</p> 	<p>Land management</p> <p>Resource consent and pollution management</p> <p>Environmental reporting and air quality monitoring</p> <p>Community relationships</p> <p>Information</p> <p>Strategic management</p>	<p>Enable the Region's rural communities to thrive and flourish</p>	<p>Economic sustainability for the Region's agricultural and horticultural industries</p>	<p>Sustainable management of the Region's land and soil resources</p>	<p>Appropriate land management and manaaki whenua¹ is practiced</p>
<p>Key issues:</p> <ul style="list-style-type: none"> • Large areas of the Region's hill country and coastal dunes are susceptible to erosion. • Sediment contributions to rivers from hill country erosion can impact on water quality and flood protection outcomes. <p>Horizons' direction for the next 10 years:</p> <ul style="list-style-type: none"> • Continuing to work alongside landowners to identify and protect hill-country land with an elevated risk of erosion, through the Sustainable Land Use Initiative and the Whanganui Catchment Strategy. • Supporting landowners with advice and one-off grants to address erosion issues. • Supporting sustainable land use in partnership with industry through education, awards and research. • Continuing to carry out and support scientific research and monitoring programmes, to inform decision-making. 					

¹ Nurturing the land.


Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
Clean and healthy rivers and lakes	<p>Water quality and quantity management</p> <ul style="list-style-type: none"> Biosecurity Resource consent and pollution management Environmental reporting and air quality monitoring Community relationships Information Hapū and iwi Strategic management 	Maintenance of, and access to, clean healthy water for recreation, and to build a sense of pride in the Region's rivers	Clean and healthy water for the Region's cities, farms and agricultural businesses	The health and aquatic ecosystems of rivers and lakes are sustained	The quality and mauri ² of water is protected and enhanced
<p>Water quality</p> 	<p>Key issues:</p> <ul style="list-style-type: none"> • The need to manage the competing pressures on water quality while balancing the Region's communities' social, economic, environmental and social values. • Expectations about water quality amongst the Region's communities also vary. • The need to respond to central government policy and reporting requirements for water quality. <p>Horizons' direction for the next 10 years:</p> <ul style="list-style-type: none"> • Continuing to maintain and enhance water quality to meet One Plan standards and targets. • Scientific research, monitoring and reporting of water quality in the Region, to inform decision-making. • Understanding and communicating water quality issues in the Region. • Continuing to collaborate with stakeholders, iwi and communities on catchment-based water quality enhancement projects. 				

² Essential life force or principle; a metaphysical quality inherent in all things, both animate and inanimate.

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
<p>Sustainable management and fair allocation of water resources</p> <p>Water quantity</p> 	<p>Water quality and quantity management</p> <p>Resource consent and pollution management</p> <p>Community relationships</p> <p>Information</p> <p>Strategic management</p>	<p>Access to sufficient water for drinking and for recreational use</p>	<p>Maintain enough water to meet the needs of agriculture, business and industry</p>	<p>River ecosystems are sustained</p>	<p>The importance of access to water for cultural purposes, including manaakitanga³ and manaaki manuhiri⁴, is recognised and provided for</p>
<p>Key issues:</p> <ul style="list-style-type: none"> Increasing demand for surface and ground water throughout the Region has put some catchments under pressure. The need to manage water allocation, while balancing demand and the Region's communities' social, economic, environmental and social values. <p>Horizons' direction for the next 10 years:</p> <ul style="list-style-type: none"> Continuing to implement the One Plan water allocation framework and assessing its effectiveness. Continuing to monitor and report, and increase the scientific understanding of water quantity in the Region, to inform decision-making. Continuing to support existing and potential water users with advice about availability and access to the resource. 					


³ Hospitality.

⁴ Caring for your visitors.


Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
Protection and enhancement of indigenous biodiversity	<p>Biosecurity Resource consent and pollution management Environmental reporting and air quality monitoring</p> <p>Living heritage Community relationships Information Hapū and iwi Strategic management</p>	A sense of living, natural heritage is maintained for the Region	Agriculture and forestry can co-exist with native habitats in the Region	Native plants, animals and ecosystems and processes are maintained and protected	Indigenous biodiversity's value as a treasure and taonga ⁵ is recognised and provided for
<p>Managing indigenous biodiversity</p> 	<p>Key issues:</p> <ul style="list-style-type: none"> Some of the Region's remaining natural habitats are at risk of further decline. <p>Horizons' direction for the next 10 years:</p> <ul style="list-style-type: none"> Continuing to protect and enhance high-priority streams, wetlands and forest fragments. Continuing scientific research, monitoring and reporting on the state of the Region's biodiversity, to inform decision-making. Encouraging and supporting community-led biodiversity projects. 				


⁵ All things prized or treasured, both tangible and intangible.

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
<p>Sustained plant and animal pest control</p> <p>Control of plant and animal pests</p> 	<p>Biosecurity Living heritage</p> <p>Environmental reporting and air quality monitoring</p> <p>Community relationships</p> <p>Information</p> <p>Key issues:</p> <ul style="list-style-type: none"> Plant and animal pests pose a serious threat to the Region’s natural environment, biodiversity, and the productive capacity of land and economy. <p>Horizons’ direction for the next 10 years:</p> <ul style="list-style-type: none"> Completing and implementing the Regional Pest Management Plan. Continuing to support the response to nationally significant biosecurity threats and initiatives. Continuing to provide advice to the community on biosecurity. 	<p>The impact of managed pests on communities and recreational opportunities is minimised</p>	<p>The impact of managed pests on the Region’s economy is minimised</p>	<p>The environmental impact of managed pests is minimised</p>	<p>The impact of managed pests on the Region’s communities’ cultural heritage is minimised</p>

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
<p>Early warning and reasonable protection from flood events</p> <p>Flood protection</p> 	<p>Land management</p> <p>River and drainage – general</p> <p>River and drainage – schemes</p> <p>Environmental reporting and air quality monitoring</p> <p>Community relationships</p> <p>Emergency management</p> <p>Information</p> <p>Hapū and iwi</p> <p>Strategic management</p>	<p>People feel safe from the threat of floods</p>	<p>Flood protection is affordable and enables business, industry and agriculture production to continue during flood events</p>	<p>The Region's native habitat is not compromised by flood protection works</p>	<p>The Region's cultural heritage and taonga are protected from flood events</p>
<p>Key issues:</p> <ul style="list-style-type: none"> • Many of the Region's communities are located on flood plains, and rely on the integrity and effective operation of Horizons' river and drainage schemes for their safety and economic sustainability. • Sedimentation of waterways as a result of erosion and climate change have the potential to impact on the flood carrying capacity of the Region's river and drainage systems and are anticipated to bring more frequent and severe flood events, thereby reducing the effectiveness of flood protection and drainage assets. <p>Horizons' direction for the next 10 years:</p> <ul style="list-style-type: none"> • Enhancing the long-term management of Horizons' flood protection, river control and drainage infrastructure, to continue to meet the Region's communities' needs and expectations. • Continuing to reduce sediment loads in the Region's rivers through the Sustainable Land Use Initiative programme and best practice river management, to maintain the effectiveness and resilience of flood protection assets. • During scheme reviews, continuing to model the impacts of sedimentation and climate change on flood protection standards and investigating alternative methods, including 'soft engineering' and planning options, for reducing risks to communities from those impacts. 					

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
<p>Early warning: organised response and recovery from natural hazard events</p> <p>Natural hazards</p> 	<p>Emergency management</p> <p>Community relationships</p> <p>River and drainage – general</p> <p>River and drainage – schemes</p> <p>Information</p> <p>Strategic management</p>	<p>Communities are resilient, and aware of and prepared for risks</p>	<p>Rural and urban economies can continue to function and absorb the effects of natural hazards</p>	<p>The risks associated with hazards are reduced</p>	<p>People are appropriately informed about hazards in their area</p>
<p>Key issues:</p> <ul style="list-style-type: none"> • There is a wide range of natural hazards with the potential to impact on critical infrastructure and the Region’s communities. <p>Horizons’ direction for the next 10 years:</p> <ul style="list-style-type: none"> • Continuing to co-ordinate and support civil defence and emergency management and responses to emergencies in the Region. • Continuing to take a lead role in hazard monitoring and research. • Continuing to provide information and advice to reduce the risks to people and property from natural hazards. • Continuing to increase community understanding and management of hazards and risks. 					

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
Balanced use of coastal environment	<p>Land management</p> <p>Water quality and quantity management</p> <p>Biosecurity</p> <p>Resource consent and pollution management</p> <p>Living heritage</p> <p>Community relationships</p> <p>Information</p> <p>Hapū and iwi</p> <p>Strategic management</p>	People and communities can access and enjoy coastal recreation activities within a natural coastal environment	Coastal recreation and development opportunities are maintained and the effects of climate change planned for	Coastal landscape, habitats and water are protected and enhanced	The importance of the coastal environment to the Region's communities' activities and cultural identity is recognised and provided for
<p>Coastal environmental management</p> 	<p>Key issues:</p> <ul style="list-style-type: none"> • The need to manage the competing pressures on coastal water quality while balancing the Region's communities' social, economic, environmental and social values. • Poor water quality in coastal streams is impacting on food gathering. • Parts of the Region's coast is susceptible to erosion. <p>Horizons' direction for the next 10 years:</p> <ul style="list-style-type: none"> • Continuing to work with iwi and coastal communities to protect and enhance vulnerable ecology, especially coastal wetlands and dunes. • Continuing to develop scientific research, monitoring and reporting of coastal and estuarine water quality in the Region, to inform decision-making. 				

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
Clean air	Consent and pollution management Environmental reporting and air quality monitoring Community relationships Information Strategic management	Potential health issues (eg. respiratory illnesses) are reduced	Local industry continues to provide employment opportunities for the local community at the same time as meeting air quality standards	Air quality levels are kept to national standards	Linked to the Social goal
Air quality 	<p>Key issues:</p> <ul style="list-style-type: none"> • Pollutants from domestic fires in parts of the Region have the potential to exceed the national environment standard for air quality, and can be a risk to human health. • Complaints about smoky fires and offensive odours make up a high proportion of the public complaints to Horizons' 'pollution hotline'. <p>Horizons' direction for the next 10 years:</p> <ul style="list-style-type: none"> • Continuing to monitor air quality in the Taumarunui and Taihape airsheds and publish the results online in AirQualityMatters. • Responding to public complaints about activities impacting on air quality. 				

Community Outcome	Contributing Activities	Social Goal	Economic Goal	Environmental Goal	Cultural Goal
Safe and accessible transport systems	Road safety and sustainability Transport planning Passenger services Community relationships Information	All people can access services safely and easily	Reliable public transport and transport infrastructure enabling people to go freely about their business	Reduced environmental impacts from well planned transport networks and access to public transport services	Linked to the Social goal
	Key issues: <ul style="list-style-type: none"> • The need to improve transport links and integrate land use and transport planning, especially to accommodate changes and growth in freight distribution. • Pressure on the Region’s rural roading network is increasing, in particular as a result of forest harvesting, agriculture activity and potentially tourism. • The level of commitment to road safety by Council in the Long-term Plan. Horizons’ direction for the next 10 years: <ul style="list-style-type: none"> • Promoting more targeted investment for a strategic network. • Enhancing freight efficiency across the Region and the strategic advantage of the freight hub for the central North Island. • Continuing to promote a safe, resilient, multi-modal transport system. 				

Directory of Council

COUNCIL ADDRESSES

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Regional House Wanganui:	181 Guyton Street, Wanganui 4500 Freephone 0508 800 800 Fax 06 345 3076
Service Centres:	<p>KAIRANGA Corner Rongotea/Bunnythorpe Kairanga Roads Palmerston North 4475 Tel. 06 350 1761 Fax 06 350 1771</p> <p>MARTON Corner Hammond and Hair Streets, Marton 4710 Tel. 06 327 7189 Fax 06 327 7187</p> <p>WOODVILLE Corner Vogel and Tay Streets, Woodville 4920 Tel. 0508 800 800 Fax 06 376 4179</p> <p>TAUMARUNUI 34 Maata Street, Taumarunui 3924 Tel. 07 895 5209 Fax 07 895 5279</p>
Depots:	<p>LEVIN 11 Bruce Street, Levin 5510 Tel. 06 367 8259 Fax 06 367 8465</p> <p>TAIHAPE Torere Road, Ohotu 4793 Freephone 0508 800 800 Fax 06 388 1387</p>

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Land and Water Management

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

Over the next 10 years of this LTP we are signalling continued support for the Land Management Activity, which includes SLUI, Whanganui Catchment Strategy and other general land programmes. In this time we will bring 235,000 ha of land under a Whole Farm Plan and treat (plant or mitigate issues) over 34,050 ha of highly erodible land (land at risk of accelerated erosion). A further 2,000 ha of erodible land will be treated in the Whanganui Catchment and an additional 1,500 ha of other land in the wider catchment also suffering from erosion and soil issues. Two new projects have been included in this activity group: (1) an increase in budget for further soil health monitoring and (2) funding to carry out more research on sedimentation of rivers. These projects collectively contribute to a number of benefits or outcomes from economic sustainability, less sedimentation, improved water quality and improved flood protection capacity. To complete these works we will spend an average of \$6.97 million per year over three years, of which the regional community will fund an average of \$4.5 million per year.

Further, an increase in the fluvial monitoring and research is proposed to enable further research on sedimentation of rivers and how to manage this to increase the longevity of flood protection infrastructure. The increase in spending is \$24,000 through a change in the section 36 charges for gravel takes, which will increase from 20 cents per m³ extracted to 41 cents per m³.

Water Quality and Quantity

In this LTP we will expand our research and monitoring programme of the Regional water (quality and quantity) at an average annual cost of \$6.32 million over three years to not only seek water quality improvements but to also support economic development. The increase in funding will allow us to increase research in areas such as the interaction between ground and surface water, periphyton science, lake and estuaries water quality. Of the total research budget, the Region's ratepayers will pay \$4.3 million and water consent holders \$1.5 million.

Additionally we will maintain the protection programmes aimed at our priority waterways by undertaking projects and supporting landowners, community and iwi groups by making grants aimed at delivering improved water quality outcomes. This will on average cost \$170,000 a year, which is funded by ratepayers in the form of a General Rate.

The Manawatu River Accord programme that aims to improve water quality throughout the catchment will continue. This will cost approximately \$433,000 each year and is entirely funded by the ratepayers in the Manawatu Catchment. We will fence off an additional 450 km of the catchment over the 10 years while improving whitebait and indigenous fish habitats in 10 sites each year.

This LTP also sees the inclusion of funding to begin cleaning up Lake Horowhenua. In association with Horowhenua Lake Accord members (iwi owners, landowners and the District) we will harvest 50 ha of weed a year. Ninety-five thousand dollars will be spent on this project in Year 1, funded mainly by ratepayers (80 per cent) in the Horowhenua district. Weed harvesting and other initiatives in and around the Lake will contribute to improved water quality with the ultimate aim of allowing safe recreational access to the Lake.

Resource Consent and Pollution Management

We will continue our granting and monitoring of consents with emphasis on those consents that impact most on the Region's environment. Over the first three years of the LTP we will focus consent processing on those land use consents associated with intensive agriculture and consents relating to territorial authority discharges. We will spend on average \$3.1 million per year over three years on this activity with the majority of these costs (\$1.5 million per year over three years) being funded by consent holders.

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

	AP 2015	Long-term Plan									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LAND MANAGEMENT	6,470	5,640	6,197	6,059	6,245	6,401	6,545	6,735	6,942	7,149	7,354
WATER QUALITY AND QUANTITY	4,906	5,641	6,160	6,406	6,802	7,059	7,281	7,537	7,845	8,156	8,475
RESOURCE CONSENT AND POLLUTION MANAGEMENT	2,944	2,958	3,054	3,173	3,249	3,330	3,431	3,507	3,601	3,711	3,818
Total Operating Expenditure	14,320	14,239	15,411	15,638	16,296	16,790	17,257	17,779	18,388	19,016	19,647
Capital Expenditure	70	782	404	444	484	491	499	507	515	513	532
Total Funding Required	14,390	15,021	15,815	16,082	16,780	17,281	17,756	18,286	18,903	19,529	20,179
Funded By											
User Fees and Other Revenue	5,234	4,833	4,845	4,923	5,019	5,136	5,252	5,368	5,509	5,658	5,808
Individual Rates	400	486	570	546	639	671	706	745	786	833	883
Common Rates	8,686	9,407	10,187	10,411	10,920	11,271	11,595	11,970	12,405	12,836	13,286
Loans and Reserves	70	294	213	202	202	202	202	202	202	202	202
Total Funded	14,390	15,021	15,815	16,083	16,779	17,280	17,756	18,285	18,902	19,528	20,179

Capital Expenditure \$000	AP 2015	Long-term Plan									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	70	782	404	444	484	491	499	507	515	513	532
Total Capital Expenditure	70	782	404	444	484	491	499	507	515	513	532

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

	AP 2014-15	Long-term Plan									
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	8,686	9,407	10,187	10,411	10,920	11,271	11,595	11,970	12,405	12,836	13,286
Targeted rates	400	486	570	546	639	671	706	745	786	833	883
Subsidies and grants for operating purposes	1,665	1,371	1,190	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Fees and charges	3,569	3,429	3,601	3,750	3,869	3,986	4,102	4,218	4,359	4,508	4,658
Internal charges and overheads recovered	-	33	54	22	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	14,320	14,727	15,602	15,880	16,577	17,078	17,554	18,083	18,700	19,326	19,977
Applications of Operating Funding											
Payments to staff and suppliers	12,256	5,421	6,269	6,175	6,611	6,879	7,123	7,440	7,750	8,096	8,439
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,972	8,685	9,014	9,335	9,564	9,791	10,033	10,240	10,539	10,821	11,109
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	14,228	14,106	15,283	15,510	16,175	16,670	17,156	17,680	18,289	18,917	19,548
Surplus (deficit) of Operating Funding (A-B)	92	621	319	370	402	408	398	403	411	409	429
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	70	782	404	444	484	491	499	507	515	513	532
Increase (decrease) in reserves	22	(161)	(84)	(73)	(83)	(83)	(102)	(104)	(104)	(104)	(104)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	92	621	320	371	401	408	397	403	411	409	428
Surplus (deficit) of Capital Funding (C-D)	(92)	(621)	(320)	(371)	(401)	(408)	(397)	(403)	(411)	(409)	(428)
Funding Balance	-	-	(1)	(1)	1	-	1	-	-	-	1
Depreciation	91	132	129	129	119	119	101	99	99	99	99



Land Management Activity

Overview

The Land Management Activity covers Horizons' main land-based initiatives; the Sustainable Land Use Initiative (SLUI), the Whanganui Catchment Strategy (WCS) and our Regional Land and Coastal Programme. All these initiatives aim to protect and manage our Region's vital assets – its land and soil.

Hill country farming is important to our Region's economy. In the past removal of trees and intensifying land use has resulted in accelerated rates of soil erosion. This leads to reduced productive capacity of soils for farming, and generates sediment that enters our streams and rivers. The sediment increases the flood risk downstream by reducing the river's carrying capacity, and also causes a decline in water quality and loss of native aquatic habitats.

Landcare Research modelling in 2014 concluded that the implementation of SLUI without any more new farm plans or works implementation from 2014 onwards is predicted to reduce the annual sediment load in the Region's rivers of 13.4 million tonnes in 2004 to 12.2 million tonnes of sediment by 2043. This is a 9 per cent reduction. The LTP approach to continuing SLUI is predicted to result in an average reduction of 30 per cent overall in the Region, and over 50 per cent within some priority catchments. At the rate of work signalled in this Plan the reduction will be around 2 per cent per year. Further modelling work in 2014-15 is investigating the potential impacts of climate change on these assumptions.

Our land management initiatives look to address the issues caused by erosion as well as other land-based 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 supports and informs these initiatives and tracks their effectiveness. The research and monitoring component also has a wider role of informing programmes around land management and sedimentation in rivers for the other activities of the LTP eg. policy, resource consents, decisions and flood scheme management.

What we do

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 (WFP) 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 over the next four years. This funding differs from that indicated in the Draft LTP and as a result has impacted on the deliverable targets under this programme. These targets have now been adjusted to match HCEF funding but will not impact rates relative to the figures released in the Draft LTP.

SLUI has been operating successfully for over seven years now and has already reduced sediment in our rivers by approximately 9 per cent or 1.3 million tonnes. At the rate signalled in this Plan HRC is on track to meet its goal of reducing sediment in our river systems by up to 40 per cent by approximately 2032-33.

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 Farm Plans 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 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.

Regional Land Initiatives (RLI)

Horizons continues to provide advice and one-off grants to landowners to address erosion issues throughout the Region, including our fragile sand country. We also support and partner 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. RLIs also promote soil health through plans and workshops, and runs a pole nursery to support the supply of erosion control material to landowners in the Region.

Land Use Consents

The land management team 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.

Research and Monitoring

Research and monitoring provides information around priorities for the work programme, and the effectiveness of the work programmes. In the Land Management Activity the two 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 generally 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. A major component of this

work is regular cross section surveys of the Region's rivers to measure changes in river channel capacity.

Highlights

In this activity we will:

- Continue to meet annual contract levels under the SLUI programme;
- Add another 60,000 ha of land into the SLUI programme under a WFP within three years;
- Support another 8,200 ha of land use changes through SLUI environmental grants within three years;
- Deliver environmental grants through the Regional Land and Whanganui Catchment Strategy to support land use change;
- Promote excellence in sustainability through partnership with the Ballance Farm Environment Awards;
- Aim to supply over 80,000 poles to landowners through a mixture of Council and commercial pole nurseries for use in erosion control programmes;
- Continue to complete land research and monitoring programmes to inform decision-making around land management and sedimentation in rivers and
- Continue to collaborate with external research agencies to complete science to inform decision-making around land management in the Manawatu-Wanganui Region.
- New projects include:
 - an increase in budget for further soil health monitoring within the Region (up to 10 sites in 2015-16 and up to 13 sites in 2016-17); and
 - an increase in funding to enable further research on sedimentation of rivers and how to manage this to increase the longevity of flood protection infrastructure.

Land Management – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
SUSTAINABLE LAND USE INITIATIVE (SLUI)					
Erosion reduction works programmes in targeted SLUI catchments (hectares)	2,250	2,500	2,800	2,900	20,300
Hectares of Whole Farm Plan properties mapped per year	35,000	25,000	20,000	15,000	105,000
WHANGANUI CATCHMENT STRATEGY (WCS)					
Manage environmental grant programme to deliver erosion reduction works (hectares)		200	200	200	1,400
Deliver programme in conjunction with Whanganui River Enhancement Trust		1	1	1	7
REGIONAL LAND INITIATIVES (NON-SLUI and WCS incl. COASTAL DUNE AREAS)					
Manage environmental grant programme to deliver erosion reduction works (hectares)	350	150	150	150	1,050
Support industry initiatives that promote sustainable land use (Note 3) via industry partnerships	4	4	4	4	28
Environmental award programmes completed per year	1	1	1	1	7
Operate Council nursery and source additional commercial material to deliver poles (poplar and willow) to erosion control programmes (number of poles)	14,500	27,000	30,000	30,000	210,000
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. 	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 per year	Report to Council on progress 5 times per year	Report to Council on progress 5 times per year

Land Management – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Regional and Coast	1,303	712	739	757	5,850
Fluvial Resources	148	177	183	190	1,480
SLUI Sustainable Land Use	4,948	4,158	4,694	4,548	35,584
Land Monitoring and Research	71	72	76	80	665
Nursery and Trading	-	521	505	485	3,790
Total	6,470	5,640	6,197	6,060	47,369

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

This activity is funded by:

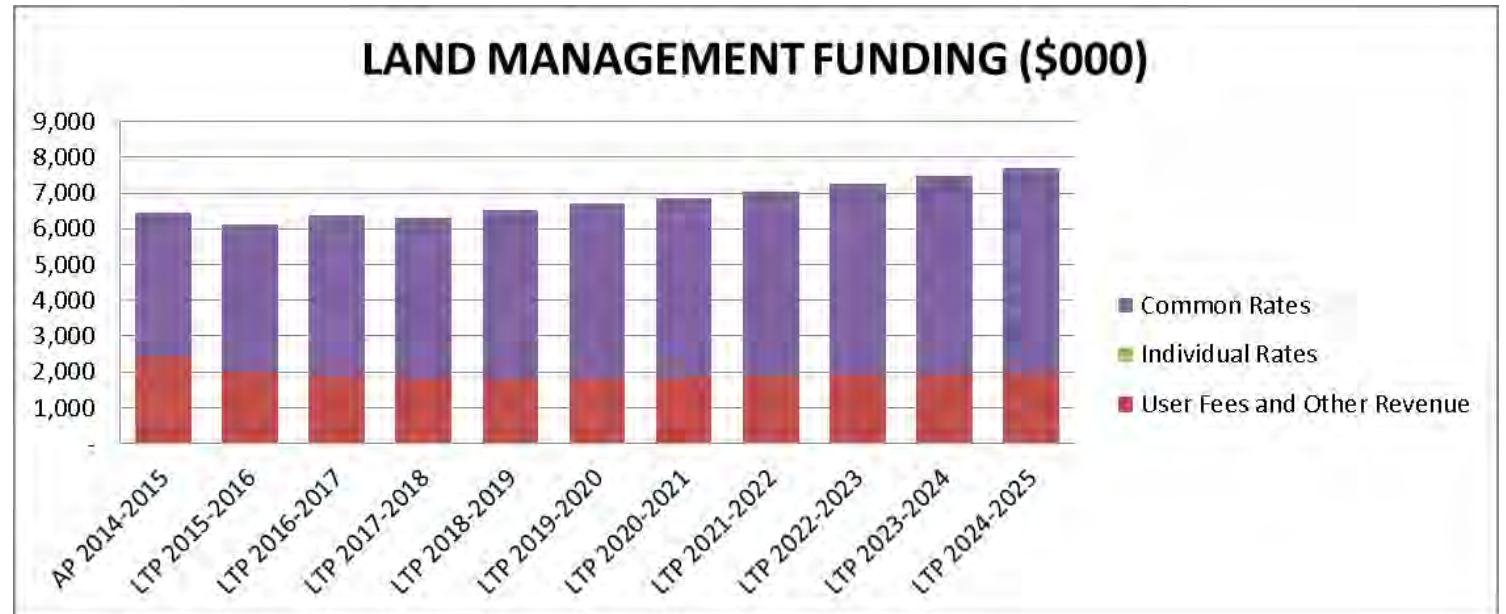
User Fees and Other Revenue

- 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



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	2,461	2,017	1,895	1,842	1,838	1,858	1,877	1,899	1,924	1,949	1,977
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	4,009	4,120	4,502	4,468	4,697	4,841	4,973	5,149	5,339	5,519	5,715
Total Income	6,470	6,137	6,397	6,310	6,535	6,699	6,850	7,048	7,263	7,468	7,692
Operating Expenditure	6,470	5,640	6,197	6,059	6,245	6,401	6,545	6,735	6,942	7,149	7,354
Operating Surplus/(Deficit)	-	497	200	251	290	298	305	313	321	319	338
Capital Expenditure	-	670	334	374	414	421	429	437	445	443	462
Total To Be Funded	-	(173)	(134)	(123)	(124)	(123)	(124)	(124)	(124)	(124)	(124)
Reserve Funding	-	(173)	(134)	(123)	(124)	(123)	(124)	(124)	(124)	(124)	(124)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	(173)	(134)	(123)	(124)	(123)	(124)	(124)	(124)	(124)	(124)



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 the LTP 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 LTP. Further initiatives through the regulatory programme and the voluntary efforts of industries, the farming sector and communities all contribute to water quality outcomes. Some good progress is being made, for example the Oroua at Awahuri Bridge monitoring site in the Manawatu Catchment has shown significant improvements over the last 10 years in bacteria levels, dissolved phosphorus levels and water clarity. 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 LTP includes two components of the many that contribute to water quality outcomes. These are the non-regulatory programmes to improve water quality like the Manawatu River and Lake Horowhenua Accords (and the associated Clean-up Fund projects), 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 includes the management of surface and groundwater quality and quantity.

What we do

Protect/Enhance Priority Waterways

The protection and enhancement of a select number of priority waterways is very much business as usual and focuses 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.

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 change in levels of service in this area of the activity will be observable in the next year as the Manawatu River Clean-up Fund project that was co-funded by the Ministry for Environment, District Councils, DairyNZ and Horizons is scheduled to be completed by 30 June 2015.

Lake Horowhenua Accord

The Lake Horowhenua Accord is a partnership to address water quality issues in Lake Horowhenua. Horizons has the lead role in delivering on the Lake Horowhenua Clean-up Fund, which in 2014-15 is in its first full year of delivering eight projects. Within these projects, lake weed harvesting is a key action recommended by NIWA to reduce the frequency of toxic conditions in the Lake. The Freshwater Clean-up Fund has assisted with the purchase of a lake weed harvester. A funding increase is included in this LTP to operate the harvester to harvest around 50 hectares of lake weed per year out of the approximately 300 hectare lake. The results of the harvesting will be monitored over the life of the LTP with the methodology for harvesting to be refined based on this monitoring and further experience gained through completing this new activity.

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 this LTP to increase the amount of science on groundwater, water quality and water quantity. 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. To accommodate these increases in science some changes to the Region's core monitoring programmes will be implemented including closing a flow monitoring site and a sediment monitoring site as well as three continuous water temperature monitoring sites.

Highlights

Manawatu River Accord

An inflation adjusted targeted rate for the Manawatu River Accord continues within the LTP. With the completion of the Clean-up Fund project in the Manawatu, it is likely the Manawatu River Leaders' Forum will revise the action plan in 2015 and this funding will continue to be utilised to deliver on the goals of the Accord and the Action Plan.

Lake Horowhenua Accord

The Lake Horowhenua Accord and Clean-up Fund project will continue with the new activities in the LTP including the operation of the sediment trap on the Arawhata and work related to operation of the weed harvester. In Year 1, the four of the weed harvesting activities will be on obtaining consents, trail work of the harvester and related work to enable the harvesting operation to be completed in Year 2 of the LTP. Year 3 of the LTP shows a reduction of budget for the harvesting operation. Monitoring and reporting on the lake will continue.

Research and Monitoring

The Water Quality and Quantity Activity will increase in the LTP. This work will have a focus on the requirements of the revised National Policy Statement for Freshwater that requires a monitoring plan, freshwater quantity and quality accounting systems, and for regional councils to establish understanding around the thresholds for managing nutrient in relation to periphyton growth in rivers. This 'resource accounting' work will also be useful to inform decision making, state of environment reporting and in some cases measurement of policy effectiveness.

Planned work includes:

- Studying the interactions between groundwater and surface water and the influence of these on nutrient management;
- Ensuring the reporting needs of the national regulations for measurement of water takes and the reporting requirements of the revised National Policy Statement for Freshwater are met;
- Increased monitoring and science on periphyton in the Region's rivers via targeted catchment specific investigations;
- Increased monitoring and reporting of lakes and estuaries in the Region ,and
- Improved reporting of water quality and water quantity information.

Water Quality and Quantity – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
PROTECT/ENHANCE PRIORITY WATERWAYS					
Continue to work with, and provide advice to, individuals, landowners, community and iwi groups to improve waterways	20 per year	25 per year	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.	20 per year	20 per year	20 per year	20 per year	20 per year
MANAWATU RIVER ACCORD					
Stream fencing, including riparian planting	35 km	45 km	45 km	45 km	45 km per year
Improve native fish habitat and fish passage	4 sites	10 sites	10 sites	10 sites	10 sites
Community improvement projects	4 per year	4 per year	4 per year	4 per year	4 per year
LAKE HOROWHENUA ACCORD					
Obtain consents and operate a lake weed harvester on Lake Horowhenua		Consent obtained	50 ha harvested	50 ha harvested	50 ha harvested
Annual report on lake weed harvesting operation			1	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. 	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 per year	Report to Council on progress 5 times per year	A full SOE report in 2018 Report to Council on progress 5 times per year

Water Quality and Quantity – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget AP	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yrs 4-10
Water Quality	1,891	2,116	2,240	2,366	19,195
Water Quantity	1,662	1,955	2,245	2,351	19,040
Aquatic Habitat Improvement	1,354	1,570	1,675	1,689	14,918
Total	4,907	5,641	6,160	6,406	53,153

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

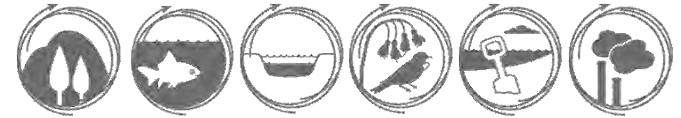


■ This activity

WATER QUALITY & QUANTITY FUNDING (\$000)



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	1,146	1,342	1,427	1,499	1,561	1,619	1,665	1,720	1,787	1,857	1,925
Individual Rates	406	486	570	546	639	671	706	745	786	833	883
Common Rates	3,354	3,804	4,154	4,352	4,594	4,760	4,901	5,062	5,263	5,457	5,658
Total Income	4,906	5,632	6,151	6,397	6,794	7,050	7,273	7,527	7,836	8,147	8,466
Operating Expenditure	4,906	5,641	6,160	6,406	6,802	7,059	7,281	7,537	7,845	8,156	8,475
Operating Surplus/(Deficit)	-	(9)	(9)	(9)	(8)	(9)	(8)	(10)	(9)	(9)	(9)
Capital Expenditure	70	112	70	70	70	70	70	70	70	70	70
Total To Be Funded	(70)	(121)	(79)	(79)	(78)	(79)	(78)	(80)	(79)	(79)	(79)
Reserve Funding	(70)	(121)	(79)	(79)	(78)	(79)	(78)	(80)	(79)	(79)	(79)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	(70)	(121)	(79)	(79)	(78)	(79)	(78)	(80)	(79)	(79)	(79)



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.

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 do

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.

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.

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.

Highlights

Consents Processing

The focus for the next three years will be on resolving long standing expired resource consents held by territorial authorities (TAs). Also a focus of the next three years will be the processing of those land use consents associated with intensive agriculture in priority catchments around the Region.

Compliance Monitoring

The monitoring of industrial and territorial authority resource consents has been prioritised and will focus on those activities that have the potential to significantly impact on our natural environment. This focus includes discharges to water and land of sewage, effluent and sediment. In addition monitoring will also focus on water abstraction. The granting of landuse consents relating to farming activities will result in a new work programme.

Monitoring of resource consents will in part focus on activities that impact on the Manawatu River Accord.

Resource Consent and Pollution Management – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
CONSENTS PROCESSING					
Process all consents within Resource Management Act (RMA) timeframes	100%	100%	100%	100%	100%
Advise all consent holders of consent expiry dates six months prior to expiration	100%	100%	100%	100%	100%
COMPLIANCE MONITORING (See Note 1)					
Inspect rural discharge resource consents identified from the annual compliance monitoring programme	90%	90%	90%	90%	90%
Inspect Category 1 and Category 2 sites identified in the TA and industry monitoring programme	100%	100%	100%	100%	100%
Inspect Category 3 and Category 4 sites identified in the TA and industry monitoring programme	>60%	>60%	>60%	>60%	>60%
Take follow-up action for significant non-compliers	90%	90%	90%	90%	90%
INCIDENTS AND HAZARDS					
Respond to Category 1 environmental incidents immediately	100%	100%	100%	100%	100%
Respond to Category 2 environmental incidents within one day	100%	100%	100%	100%	100%
Respond to Category 3 environmental incidents within two weeks	100%	100%	100%	100%	100%
Respond to Category 4 environmental incidents when officer next in area	90%	90%	90%	90%	90%
Record Category 5 environmental incidents only – no response	90%	90%	90%	90%	90%
Update contaminated sites information database for one territorial authority each year	1	1	1	1	1

Notes:

- Industrial and territorial authorities are categorised between 1-4 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 four compliance assessments per year for it to be deemed fully inspected; and
 - A C4 site requires a site inspection over a three-year period.
- 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; and
 - Agricultural commerce.
- Breach of RMA.

Resource Consent and Pollution Management – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget	Budget	Budget	Budget	Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Compliance Monitoring	992	1,021	1,060	1,101	8,538
Consent Processing	1,135	821	843	874	6,807
RMA Advice	369	686	705	737	5,706
Incidents and Hazards	448	430	445	461	3,595
Total	2,944	2,958	3,053	3,173	24,646

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

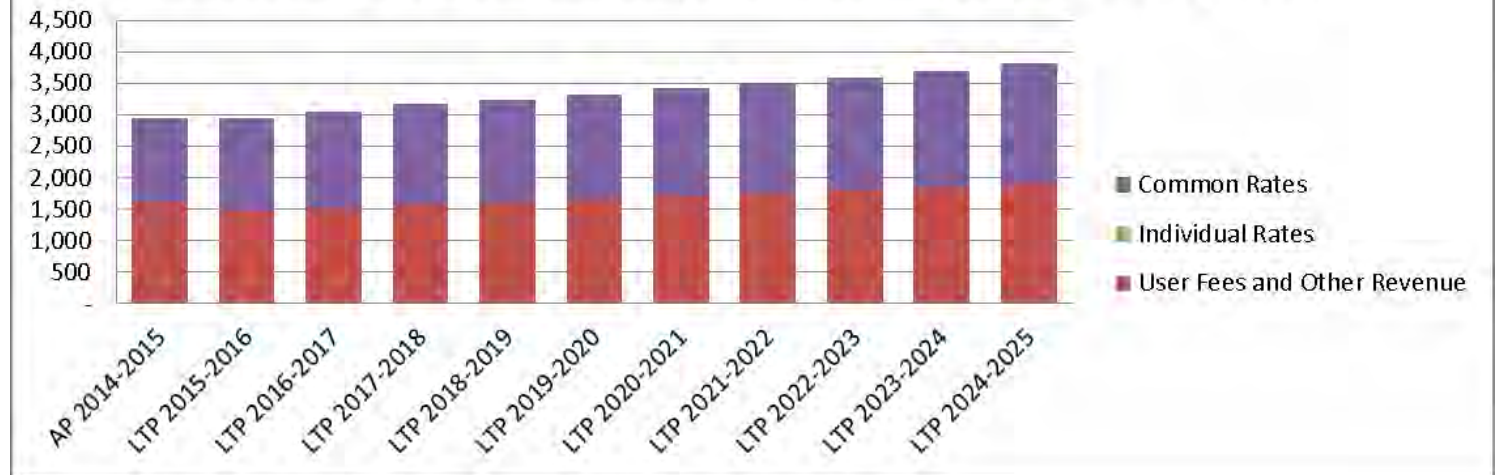
- Resource and Consent Monitoring (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

CONSENT & POLLUTION MANAGEMENT FUNDING (\$000)



	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	1,627	1,474	1,523	1,582	1,620	1,660	1,710	1,749	1,798	1,851	1,906
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	1,317	1,484	1,531	1,592	1,629	1,670	1,721	1,759	1,803	1,859	1,912
Total Income	2,944	2,958	3,054	3,174	3,249	3,330	3,431	3,508	3,601	3,710	3,818
Operating Expenditure	2,944	2,958	3,054	3,173	3,249	3,330	3,431	3,507	3,601	3,711	3,818
Operating Surplus/(Deficit)	-	-	-	1	-	-	-	1	-	(1)	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	-	-	-	1	-	-	-	1	-	(1)	-
Reserve Funding	-	-	-	1	-	-	-	1	-	(1)	-
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	-	-	1	-	-	-	1	-	(1)	-



Flood Protection and Control Works

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

In August 2014 Council undertook a comprehensive first level assessment of community risk associated with flood and/ or erosion hazards in those parts of the Region not serviced by river/ flood control schemes 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. Included in this LTP are studies undertaken for the Kaikokopu/Tuitaeika and

Ngatarua Streams (Wanganui); Makotuku and Ohura Rivers (Ruapehu); and Upper Makino and Makowhai Streams (Manawatu), over the first three years.

River and Drainage – Scheme

We will continue the planned level of service increase consulted on in the 2012-22 Long-term Plan and the 2014-15 amendment to that Plan. The following schemes will see capital works that significantly increase levels of flood protection and/or drainage:

- Lower Manawatu Scheme;
- Lower Manawatu Scheme – City Reach; and
- Rangitikei Scheme.

In addition, we are proposing changes in scope/ level of service for the following schemes:

- Lower Whanganui River Scheme;
- Taringamotu River Scheme;
- Hokio Drainage Scheme.

We are also proposing that we:

- Continue amenity enhancement funding in the interim for the Lower Manawatu and Lower Whanganui schemes and after 2017-18 make these funds available to all schemes, on a contestable basis;
- Make budget allowance for the effects of legislative changes in regard to large detentions dams owned by schemes;
- Continue the 10- yearly cycle of scheme audits;
- Begin to fund asset renewals;
- Increase scheme debt to a peak of \$40.1 million in 2017-18; and
- Continue to manage infrastructure asset risk through a combination of measures.

For individual schemes these increased levels of services will increase scheme costs, rates and debt over the term of this LTP as set out in the River and Drainage Scheme Activity (pages 77-88). Total rates will increase from \$12.10 million in 2015-16 to \$13.97 million in 2024-25, allowing for projected inflation.

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

	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
RIVER AND DRAINAGE – GENERAL ACTIVITY	459	446	417	402	413	422	426	429	443	451	460
RIVER AND DRAINAGE – SCHEMES ACTIVITY	10,771	10,095	10,497	11,014	11,125	11,258	11,205	11,199	11,348	11,062	11,315
Total Operating Expenditure	11,230	10,541	10,914	11,416	11,538	11,680	11,631	11,628	11,791	11,513	11,775
Capital Expenditure	7,044	6,904	5,843	5,942	1,445	1,448	1,430	1,475	1,439	1,597	1,539
Loan Repayments	2,582	1,922	2,068	2,160	2,256	2,370	2,536	2,516	2,691	2,937	3,048
Total Funding Required	20,856	19,367	18,825	19,518	15,239	15,498	15,597	15,619	15,921	16,047	16,362
Funded By											
User Fees and Other Revenue	1,788	1,764	1,859	1,975	2,031	2,165	2,261	2,385	2,522	2,441	2,585
Individual Rates	9,923	9,357	9,541	9,788	9,947	10,094	10,235	10,345	10,501	10,644	10,802
Common Rates	3,296	3,184	3,275	3,411	3,315	3,412	3,454	3,432	3,531	3,542	3,624
Loans and Reserves	5,849	5,064	4,150	4,344	(53)	(172)	(353)	(543)	(634)	(581)	(648)
Total Funded	20,856	19,369	18,825	19,518	15,240	15,499	15,597	15,619	15,920	16,046	16,363

Capital Expenditure \$000	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	7,044	6,670	5,561	5,678	1,162	1,017	1,036	1,057	1,093	1,122	1,154
Renew Existing Assets	-	234	282	264	283	431	394	418	347	476	385
Total Capital Expenditure	7,044	6,904	5,843	5,942	1,445	1,448	1,430	1,475	1,440	1,598	1,539

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

	AP 2014-15	Long-term Plan									
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	3,296	3,184	3,275	3,411	3,315	3,412	3,454	3,432	3,531	3,542	3,624
Targeted rates	9,923	9,357	9,541	9,788	9,947	10,094	10,235	10,345	10,501	10,644	10,802
Subsidies and grants for operating purposes	500	447	524	613	645	745	816	901	996	872	966
Fees and charges	1,288	1,317	1,335	1,363	1,386	1,420	1,445	1,484	1,526	1,569	1,619
Internal charges and overheads recovered		-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments		-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	15,007	14,305	14,675	15,175	15,293	15,671	15,950	16,162	16,554	16,627	17,011
Applications of Operating Funding											
Payments to staff and suppliers	5,996	3,815	3,861	3,972	4,023	4,114	4,199	4,341	4,534	4,756	5,055
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	3,796	5,894	6,219	6,611	6,683	6,733	6,600	6,454	6,425	5,924	5,887
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	9,792	9,709	10,080	10,583	10,706	10,847	10,799	10,795	10,959	10,680	10,942
Surplus (deficit) of Operating Funding (A-B)	5,215	4,596	4,595	4,592	4,587	4,824	5,151	5,367	5,595	5,947	6,069
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	2,383	3,269	1,993	1,834	(2,037)	(2,370)	(2,536)	(2,516)	(2,691)	(2,937)	(3,048)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	2,383	3,269	1,993	1,834	(2,037)	(2,370)	(2,536)	(2,516)	(2,691)	(2,937)	(3,048)
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	7,044	6,670	5,561	5,678	1,162	1,017	1,036	1,057	1,093	1,122	1,154
· to replace existing assets	-	234	282	264	283	431	394	418	347	476	385
Increase (decrease) in reserves	554	960	744	483	1,105	1,005	1,186	1,375	1,466	1,414	1,481
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	7,598	7,864	6,587	6,425	2,550	2,453	2,616	2,850	2,906	3,012	3,020
Surplus (deficit) of Capital Funding (C-D)	(5,215)	(4,595)	(4,594)	(4,591)	(4,587)	(4,823)	(5,152)	(5,366)	(5,597)	(5,949)	(6,068)
Funding Balance	-	1	1	1	-	1	(1)	1	(2)	(2)	1
Depreciation	1,437	833	833	833	833	833	833	833	833	833	833



River and Drainage (Non Scheme) Activity

Overview

The River and Drainage General Activity focuses 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 do

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 some degree. 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. We will progress those studies at a rate of two or three per year over the life of this LTP.

Studies are programmed for the Kaikokopu/Tuitaeika and Ngatarua Streams (Wanganui); Makotuku and Ohura Rivers (Ruapehu); and Upper Makino and Makowhai Streams (Manawatu), over the first three year period of this Plan.

Depending on the outcome of community consultation, options for mitigating any significant identified hazards could range from planning measures to the

construction of protection infrastructure. However given the uncertainty at this time of study findings and Council's hesitance to establish new river control schemes, no provision is made in this Plan for any such scheme.

We will endeavour 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 will 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 will 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 will fully fund the investigation, design, development, consultation and works supervision phases of mitigation proposals and will contribute 30per cent of the cost of actual mitigation works. Again the demand for this activity is largely weather/flood event related.

River and Drainage (Non Scheme) – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
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.	1	2	2	2	2 per year
Provide river and drainage advice on demand, in relation to flooding and erosion problems	18	18	18	18	18 per year
Survey rivers annually for identification and removal of obstacles presenting hazards to navigation and recreational use	5	5	5	5	5 per year
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	1 per year
Undertake investigations and designs, prepare engineering proposals for flood or erosion measures, and supervise works	10	10	10	10	10 per year
Apply funding assistance where criteria are satisfied	10	10	10	10	10 per year

River and Drainage (Non Scheme) – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget AP	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yrs 4-10
Investigations and Advice	325	303	275	264	2,041
Implementation	134	143	142	138	1,002
Total	459	446	417	402	3,043

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

This activity is funded by:

Common Rates

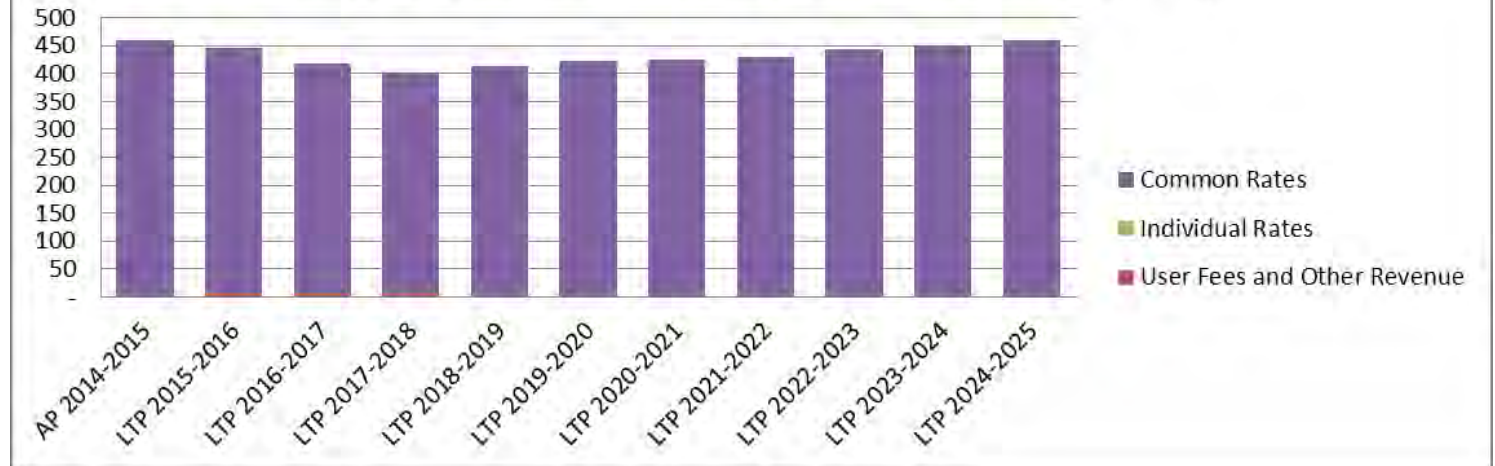
- River and Drainage (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

RIVER & DRAINAGE GENERAL FUNDING (\$000)



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	-	8	8	8	-	-	-	-	-	-	-
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	459	439	409	394	413	422	426	429	443	451	460
Total Income	459	447	417	402	413	422	426	429	443	451	460
Operating Expenditure	459	446	417	402	413	422	426	429	443	451	460
Operating Surplus/(Deficit)	-	1	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	-	1	-	-	-	-	-	-	-	-	-
Reserve Funding	-	1	-	-	-	-	-	-	-	-	-
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	1	-	-	-	-	-	-	-	-	-



River and Drainage (Schemes) Activity

Overview

The River and Drainage Schemes Activity is carried out under the Soil Conservation and Rivers Control Act 1941 and the Resource Management Act 1991. The schemes facilitate protection from flooding and erosion for both rural and urban communities, preventing significant disruption to the economic and social goals of these communities. Many of the Region's urban communities are located on flood plains and an appropriate standard of flood risk mitigation is essential for their safety and social goals. Similarly, the flood plains comprise highly productive land, and the protection of that land from flooding and the provision of good drainage is fundamental to the economic goals of not only the immediately affected areas but also the wider Region.

What we do

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 activities vary among the different schemes, as specified in the relevant scheme establishment, review and asset management documents.

We will implement maintenance programmes in respect of 34 river and drainage schemes to achieve agreed levels of service as set out in the respective Scheme or Asset Management Plans and in accordance with detailed programmes agreed with stakeholders at annual scheme meetings. In addition, we will continue with and in some cases will complete major capital upgrades in a number of schemes.

Asset Management

Council manages infrastructure assets with a total replacement value of \$372 million. Asset Management Plans are required to be prepared in consultation with stakeholders at three- yearly intervals and an audited revaluation of assets is required on the same cycle. Accordingly plans for each of the 27 schemes that employ infrastructure assets have been reviewed and are presented in draft form as part of this LTP. The plans have an effective date of 1 July 2015. The primary purposes of the review are to confirm that the proposed levels of service meet stakeholder expectations; to ensure that asset registers are current and that asset condition is accurately recorded; and to demonstrate that there is appropriate funding provision in future years to facilitate the level of asset maintenance and renewal required to achieve identified service levels and associated performance measures.

Major capital projects

Lower Manawatu Scheme (LMS)

A review of the 12-year Rural Upgrade Project was completed in August 2014 and confirmed that this major project is on target for completion in 2017-18 and within the original \$40 million budget, adjusted only for inflation. Accordingly the final three years of work will be completed within the term of this LTP. Those works will be reasonably evenly spread over the Manawatu, Oroua and Tokomaru Rivers, together with some outstanding individual property flood mitigation works in the Taonui Basin. Upon completion of the project, all property within the scheme benefit area will enjoy a uniform standard of flood protection, being from the 1 per cent Annual Exceedance Probability (100-year) flood.

Lower Manawatu Scheme – City Reach

In 2015-16 we will complete all outstanding work within the 8-year Lower Manawatu Scheme 'City Reach' flood protection upgrade project within Palmerston North City. Those outstanding works will comprise the suspended portion of channel realignment works at Anzac Park Cliffs; three areas of stopbank upgrade on the Mangaone Stream; and a significant recreational

amenity enhancement element at Dittmer Drive. Upon completion of the project, all of the Palmertson North 'City' area between Napier Road Drain and the Awapuni landfill, will be protected from the 0.2 per cent Annual Exceedance Probability (500-year) flood. In addition, the Turitea Science Campus will enjoy 500-year protection from Manawatu River flooding and 200-year protection from the Turitea Stream. As from 2018, all of the improved flood protection and amenity assets will be maintained in perpetuity by the Lower Manawatu Scheme. City Reach Project loans are scheduled for full repayment in 2025-26, at which time the Special Project rate over all Palmerston North 'City' properties will be discontinued.

Rangitikei Scheme

We will continue with our 15-year programme (Year 11 in 2015-16) of flood protection improvements in the Rangitikei Scheme. For the remainder of the project programme, annual expenditure on capital works will be maintained at a level of approximately \$200,000. We will also continue with a 15-year programme of channel clearance and capital works (Year 11 in 2015-16) designed to achieve increased flood channel width and to achieve and/or maintain design channel alignment.

Changes in scheme scope

Lower Whanganui River Scheme

We have made provision in this Plan to extend the scope of the Lower Whanganui River Scheme to include erosion protection works that will maintain present river channel alignment along the South Spit, upstream of the South Mole, and that will maintain existing alignment along the Balgownie to City Wharf section of the right bank. Along the South Spit, the works will involve deferred maintenance of a number of existing old groynes and erosion protection structures, while on the right bank, the integrity of new flood protection works and recreational amenities is dependant on the maintenance of old concrete rubble linings of extremely variable standard. We will set aside \$40,000 per year for these works. The targeted rate portion (\$32,000) will be collected from Lower Whanganui Scheme ratepayers, using the present flood protection rating differentials. However because the scheme rates were increased substantially in 2014-15 to allow for the funding of capital flood protection improvements at Kowhai Park in the one year, the net effect on rates in 2015-16 will be a reduction of approximately 66 per cent.

Taringamotu River Scheme

A new scheme to provide channel management services over a 32 km section of the Taringamotu River, extending from its confluence with the Ongarue River to Oruaiwi, was established in July 2012. As a result of subsequent submissions from scheme ratepayers, Council resolved in November 2012 to amend the scheme scope and in particular to provide for a review of scheme performance in 2014-15, and provide ratepayers with the opportunity to make submissions in support of either continuation, modification, or termination of the scheme at that time. In the intervening period, initial channel clearance work has progressed and as at June 2015 it is anticipated that 74 per cent (25.8 km) of the scheme length of river will have been covered.

Following consultation through the LTP statutory consultation process, we will now continue with the amended (Nov 2012) work programme for at least a further two years and will review the scheme's future through the 2017-18 Annual Plan process.

Hokio Drainage Scheme

We have made provision in this Plan for an increase in levels of service in relation to the Lake Horowhenua Clean-Up Project. Specifically, we have provided for the ongoing maintenance of a new sediment trap/wetland to be constructed at Levin (\$10,000 opex per year) and for drain improvements (\$105,000 capex per year for three years). Capital costs for the wetland will be funded through the Lake Horowhenua Accord. Total scheme rates will increase by approximately 98 per cent over three years to fund these increases in service level. Indicative rating impacts, as at the end of three years, including increases required irrespective of the increased service levels, are as follows:

- For an urban property in Levin having the average capital value of \$211,433, an increase of \$1.70 per year.
- For an urban property at Hokio Beach having the average capital value of \$112,694, an increase of \$0.38 per year.
- For a rural property in the Drainage South area, an increase of \$12.03 per ha plus an increase of \$41.78 UAC.

Amenity Enhancement Funding

Commencing in 2007-08, Council has applied General Rate funding to the construction of river recreational access and amenity enhancement elements to balance the harder engineering aspects of some of its larger flood control works. To date, the Lower Manawatu and Lower Whanganui River Schemes have benefited from that funding. Total funding will be maintained at the present level of \$100,000 per year for the term of this Plan and that payments of \$50,000 per year continue to be made to each of the Lower Manawatu and Lower Whanganui Schemes until 2016-17 and 2018-19 respectively. Commencing in 2017-18, uncommitted funds will then be available for other schemes on a contestable basis. The latter funding provision, including interest, is shown in the River and Drainage Schemes Emergency Reserve Summary table on page 202 of this Plan.

Flood Control Schemes with Detention Dams

Uncertainty remains around the scope and timing for introduction of a dam safety scheme proposed under the Building Act 2004 and the Building (Dam Safety) Regulations 2008. Subject to the final detail in the regulations, yet to be drafted, a number of scheme detention dams are expected to be either 'classifiable' or 'referable'. That being the case, a number of actions, including the development of dam safety assurance programmes and annual compliance processes will be required within the term of this LTP. Accordingly, some funding provision has been made within the 10-year forecasts for those schemes that have assets in the form of large detention dams. Given the present uncertainty however, it is likely that some changes in those provisions will be required to be made through an Annual Plan process once Central Government has confirmed its position and regulations, or some other measures, have been promulgated.

Scheme Audits

We will continue with a programme of scheme audits on a 10-year cycle. The purpose of the audits is to ensure that scheme management is in accordance with the most recent review recommendations or that any deviations from agreed management philosophy or programmes have been based on a well informed, considered and documented process. Audits will also consider whether actual scheme expenditure is aligned to assumptions made in the development of targeted rating systems and whether adjustments are required in that regard. Over the first 3 years of this Plan we will complete audits for the

Ohau-Manakau, Lower KIWITEA, Tutaenui, Ashhurst, Lower Whanganui, Makirikiri, Matarawa, Porewa and Makerua Schemes.

New River and Drainage Schemes

No provision is made in this Plan for the establishment of new schemes. While the benefit of such schemes may emanate from programmed hazard investigations under the Non-schemes Activity, any firm proposal would need to be addressed through a future draft Annual or Long-term Plan process.

Asset Renewal Funding

In accordance with the Local Government Act 2002 Amendment Act 2012, Council has prepared a 30-year Infrastructure Strategy as part of this LTP (refer page 204). Included in the Strategy are Council's updated Asset Management and Renewal Funding Policies. Traditionally Council has not funded depreciation on the grounds that the present generation has been funding, by way of loan servicing, substantial renewal projects. However some schemes have either not been undertaking renewals or have repaid loans that have been drawn down for renewals. Council's policy is that renewal funding for individual schemes is to commence as loan servicing costs drop below the renewal funding line. In accordance with that policy, the Ohau-Manakau, Pakihi, Porewa, Tawhatai-Mangaone, Forest Road, Foxton East, Himatangi, Hokio, Koputaroa, Makerua, Manawatu, Moutoa, TeKawhau and Whirikino Schemes will be rated for renewal reserve funding totalling approximately \$82,000 in the first year of this Plan.

Scheme Debt

New capital works proposals in this Plan and our intention to partially fund these by borrowing will result in an increase in scheme debt to a peak of \$39.50 million by the end of 2017-18 financial year. This increase in scheme debt levels will mean projected loan servicing costs will be \$4.9 million from 2018-19 onwards.

Scheme Funding and Rate Increases

A summary of expenditure and funding forecasts for 2015-16 for all schemes is presented in the Financial Information section at pages 67 in this Plan. Scheme rates increases will range from -66 per cent (Lower Whanganui Scheme) to +50

per cent (Hokio Drainage Scheme), with most increases being between 0 per cent and 5 per cent.

Recognising the large drawdown of emergency reserve funds for flood damage within the Rangitikei Scheme in recent years, provision has been made for an increase in contributions to the reserve fund in future years. In response to a recommendation from the Rangitikei Scheme Liaison Committee and following consultation, provision has been made for 5 per cent rates increases in each of Years 1, 2 and 3 for the purpose of increasing the rate at which the target reserve level is achieved.

Infrastructure Assets – Risk Management

Council will continue to manage its infrastructure assets risk through a combination of the following measures:

- Maintaining the impetus for increasing individual scheme reserves as a means of ultimately being in a position to self-insure against damage incurred in up to 1 in 50-year recurrence interval floods. This Plan makes provision for a net transfer to reserves of \$1.4 million over 3-years;
- Increasing self insurance capability through the continued growth of a regional infrastructure reserve, primarily funded through a four tier uniform annual charge. This Plan makes provision for \$300,000 to be added to that reserve;
- Purchasing commercial insurance (100 per cent cover) for all the major scheme ‘insurable’ infrastructure, with a current insured value of \$260 million under the umbrella of the Manawatu-Wanganui LASS Insurance Proposal. This cover has a deductible of \$3 million;
- Ensuring through good management of financial ratios, in accordance with its Liability Management Policy, that there is the capacity to borrow in order to fund damage reinstatement works arising from natural disaster events, should that be necessary; and
- Ensuring through prudent risk management processes, including insurance and balance sheet management, that the criteria for Central Government assistance through its National Civil Defence Emergency Management Plan will be satisfied in the event of a major natural disaster.

River and Drainage (Schemes) – What we will deliver (\$000)
Mandatory reporting (Non-financial Performance Measures Rules 2013)

LOWER MANAWATU SCHEME AND SPECIAL PROJECTS					
Objective	Measure	Target for 2015-16	Target for 2016-17	Target for 2017-18	Target for 2018-25
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	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.	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	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.	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	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.	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	As per Asset Management Plan Renewals programme.	Replace Kara Creek timber retaining wall.	As per Asset Management Plan Renewals programme.	As per Asset Management Plan Renewals programme.
New assets are constructed	Completion of new capital works programme	Complete all programmed 'Year 10' Rural Flood Protection Upgrade Project works. Complete final works (Mangaone Stream stopbanks) under City Reach Project. These works will increase standard to 1% AEP.	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.	As per Asset Management Plan Capex programme.

RANGITIKEI RIVER SCHEME					
Objective	Measure	Target for 2015-16	Target for 2016-17	Target for 2017-18	Target for 2018-25
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	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.	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	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.	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.	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.	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	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.	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	As per Asset Management Plan Renewal programme.	As per Asset Management Plan Renewal programme.	As per Asset Management Plan Renewal programme.	As per Asset Management Plan Renewal programme.
New assets are constructed	Completion of new capital works programme	Complete all programmed 'Year 11' Parewanui Flood Protection Upgrade Project works. These works will raise standard from approximately 2% AEP to 1% AEP. Complete 'Year 5' channel alignment project works.	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.	Complete all programmed 'Year 14' Rural Flood Protection Upgrade Project works. These works will raise standard from approximately 2% AEP to 1% AEP. Complete 'Year 8' channel alignment project works.

MANAWATU DRAINAGE SCHEME					
Objective	Measure	Target for 2015-16	Target for 2016-17	Target for 2017-18	Target for 2018-25
Flood and erosion protection and drainage assets and systems are maintained	Completion of agreed maintenance programme	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.	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	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.	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	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.	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	Replace Culvert B18.	Replace Culvert B23.	Replace Culvert B24.	As per Asset Management Plan Renewals programme.

MANGATAINOKA SCHEME					
Objective	Measure	Target for 2015-16	Target for 2016-17	Target for 2017-18	Target for 2018-2025
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	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.	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	Maintain the Burmeister, Kamo and Hamua stopbanks to 20, 10 and 5% AEP's respectively.	Maintain the Burmeister, Kamo and Hamua stopbanks to 20, 10 and 5% AEP's respectively. While also undertaking survey to confirm crest height.	Maintain the Burmeister, Kamo and Hamua stopbanks to 20, 10 and 5% AEP's respectively.	Maintain the Burmeister, Kamo and Hamua stopbanks to 20, 10 and 5% AEP's respectively.
Flood and erosion protection assets and systems are repaired	Response to flood event or damage	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.	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.	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.

South Eastern Ruahine Scheme					
Objective	Measure	Target for 2015-16	Target for 2016-17	Target for 2017-18	Target for 2018-2025
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	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.	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	Stopbanks are maintained to the 20% AEP standard.	Stopbanks are maintained to the 20% AEP standard.	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	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.	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.	Complete all capital works as outlined in the SER Asset Management Plan.	Complete all capital works as outlined in the SER Asset Management Plan.	Complete all capital works as outlined in the SER Asset Management Plan.	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	Target for 2015-16	Target for 2016-17	Target for 2017-18	Target for 2018-25
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. 	<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 Ohau-Manakau, Lower KIWITEA and Tutaenui Schemes.</p>	<p>Manage scheme and maintain scheme assets in accordance with scheme asset management plan (July 2016) and most recent scheme audit recommendations.</p> <p>Complete audits for Ashhurst, 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>	<p>Manage scheme and maintain scheme assets in accordance with scheme asset management plan and most recent scheme audit recommendations.</p> <p>As per audits programme.</p>

River and Drainage (Schemes) – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget	Budget	Budget	Budget	Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Akitio	21	7	7	18	85
Ashhurst Drainage Scheme	34	30	31	31	166
Eastern Manawatu Flood Control Scheme	45	52	53	51	212
Forest Road Drainage Scheme	10	10	10	11	95
Foxton East Drainage Scheme	20	21	21	22	186
Haunui Drainage Scheme	9	9	9	10	88
Himatangi Drainage Scheme	44	20	19	32	148
Hokio Drainage Scheme	41	62	62	70	547
Ihuraua Stream Flood Control Scheme	6	7	7	7	63
Kahuterawa	17	15	15	15	118
Koputaroa Drainage Scheme	319	310	314	319	2,323
LMS Scheme	3,427	3,507	3,806	4,163	30,176
Lower Kiwitea Scheme	162	133	112	114	838
Lower Manawatu Scheme Special Projects	635	568	584	583	2,500
Lower Whanganui River Scheme	405	387	409	392	2,670
Makerua Drainage Scheme	569	532	539	563	3,991
Makirikiri Flood Control Scheme	19	21	35	22	161
Manawatu Drainage Scheme	700	681	692	707	5,284
Mangatainoka River Scheme	705	498	506	516	4,016
Matarawa Flood Control Scheme	64	64	64	77	513
Moutoa Drainage Scheme	379	371	376	380	2,729
Ohau-Manakau Scheme	326	349	333	341	2,541
Pakihi Flood Control Scheme	3	3	2	5	45
Pohangina Oroua Catchment Scheme	362	313	316	320	2,491
Porewa Valley Flood Control Scheme	61	59	76	78	564
Rangitikei River Control Scheme	1,015	797	822	852	6,295
SE Ruahines Scheme	383	349	356	360	2,851
Taringamotu	72	73	74	76	585
Tawataia-Mangaone Scheme	8	10	10	10	88
Te Kawau Drainage Scheme	250	226	232	237	1,798

Turakina River Scheme	38	38	39	40	333
Tutaenui Flood Control Scheme	81	90	69	76	575
Upper Manawatu-Lower Mangahao Rivers Scheme	207	191	199	208	1,578
Upper Whanganui River Scheme	215	191	196	202	1,116
Whangaehu-Mangawhero River Scheme	98	79	79	81	543
Whirokino Drainage Scheme	22	24	24	25	200
Grand Total	10,772	10,097	10,498	11,014	78,512

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)

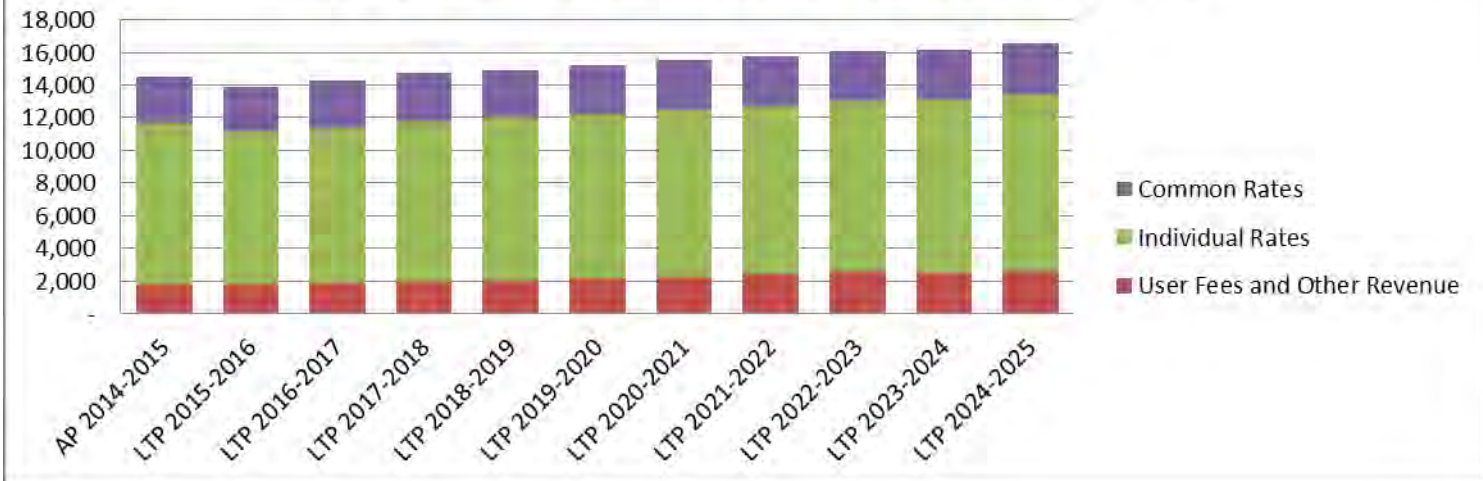
Common Rates

- River and Drainage (EQCV)

Percentage of total expenditure
for 10-year Plan



RIVER & DRAINAGE SCHEMES FUNDING (\$000)



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	1,788	1,756	1,851	1,967	2,031	2,165	2,261	2,385	2,522	2,441	2,585
Individual Rates	9,923	9,357	9,541	9,788	9,947	10,094	10,235	10,345	10,501	10,644	10,802
Common Rates	2,837	2,745	2,866	3,017	2,902	2,990	3,028	3,003	3,088	3,092	3,164
Total Income	14,548	13,858	14,258	14,772	14,880	15,249	15,524	15,733	16,111	16,177	16,551
Operating Expenditure	10,771	10,095	10,497	11,014	11,125	11,258	11,205	11,199	11,348	11,062	11,315
Operating Surplus/(Deficit)	3,777	3,763	3,761	3,758	3,755	3,991	4,319	4,534	4,763	5,115	5,236
Capital Expenditure	7,044	6,904	5,843	5,942	1,445	1,448	1,430	1,475	1,439	1,597	1,539
Loan Repayments	2,582	1,922	2,068	2,160	2,256	2,370	2,536	2,516	2,691	2,937	3,048
Total To Be Funded	5,849	5,063	4,150	4,344	(54)	(173)	(353)	(543)	(633)	(581)	(649)
Reserve Funding/(Repayments)	884	(128)	89	350	(273)	(173)	(353)	(543)	(633)	(581)	(649)
Net Loan Funding	4,965	5,191	4,061	3,994	219	-	-	-	-	-	-
Total Funded	5,849	5,063	4,150	4,344	(54)	(173)	(353)	(543)	(633)	(581)	(649)



Biosecurity and Biodiversity Management

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' (1) Biosecurity (or species- led pest plant and pest animal control); (2) OSPRI (formally Animal Health Board Tb vector) aimed at reducing bovine Tb in the Region; and (3) Living Heritage or biodiversity protection of bush and wetlands on a site by site basis, as well as the support of community biodiversity projects/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 three 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 prevents 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

We are proposing to complete the 10-year Plan (adopted in 2006) to expand the area covered by a sustainably managed possum control programme to 1.14 million hectares by 2015-16. We are also proposing to review our Regional Pest Management Strategy by aligning this with legislative changes to the Biosecurity Act and preparing a consolidated (ie. animal and plant) Regional Pest Management Plan.

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. We have therefore decided to fund a final year, being year 1 from a mixture of reserves and targeted rates and as of year 2 cease funding this activity. OSPRI are currently arranging alternative funding options.

Living Heritage

We are proposing to continue to fund our wetland and bush remnant programmes and continue to improve our understanding of the Region's biodiversity through research.

Due to increasing demand, we are increasing our support for community biodiversity projects and will increase funding and labour in this area.

Biosecurity and Biodiversity Group of Activities (\$000)

	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Biosecurity	5,782	5,493	5,445	5,513	5,663	5,809	5,959	6,125	6,281	6,480	6,665
Living Heritage	1,631	1,817	1,844	1,751	1,785	1,833	1,885	1,940	1,995	2,058	2,125
Total Operating Expenditure	7,413	7,310	7,289	7,264	7,448	7,642	7,844	8,065	8,276	8,538	8,790
Capital Expenditure	-	100	30	30	30	30	30	30	30	30	30
Total Funding Required	7,413	7,410	7,319	7,294	7,478	7,672	7,874	8,095	8,306	8,568	8,820
Funded By											
User Fees and Other Revenue	49	6	7	7	7	7	7	8	8	8	8
Individual Rates	2,312	2,044	1,943	2,016	2,062	2,115	2,170	2,232	2,290	2,363	2,431
Common Rates	4,854	5,084	5,188	5,241	5,379	5,519	5,666	5,825	5,978	6,166	6,351
Loans and Reserves	198	275	180	30	30	30	30	30	30	30	30
Total Funded	7,413	7,409	7,318	7,294	7,478	7,671	7,873	8,095	8,306	8,567	8,820

Capital Expenditure	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	-	100	30	30	30	30	30	30	30	30	30
Total Capital Expenditure	-	100	30	30	30	30	30	30	30	30	30

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

	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	4,854	5,084	5,188	5,241	5,379	5,519	5,666	5,825	5,978	6,166	6,351
Targeted rates	2,312	2,044	1,943	2,016	2,062	2,115	2,170	2,232	2,290	2,363	2,431
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	49	6	7	7	7	7	7	8	8	8	8
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	7,215	7,134	7,138	7,264	7,448	7,641	7,843	8,065	8,276	8,537	8,790
Applications of Operating Funding											
Payments to staff and suppliers	6,253	3,549	3,494	3,432	3,495	3,596	3,700	3,821	3,945	4,085	4,228
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,021	3,673	3,723	3,761	3,905	3,998	4,096	4,196	4,284	4,405	4,514
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	7,274	7,222	7,217	7,193	7,400	7,594	7,796	8,017	8,229	8,490	8,742
Surplus (deficit) of Operating Funding (A-B)	(59)	(88)	(79)	71	48	47	47	48	47	47	48
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	30	30	30	30	30	30
Increase (decrease) in reserves	(59)	(187)	(109)	41	18	18	18	18	18	18	18
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(59)	(87)	(79)	71	48	48	48	48	48	48	48
Surplus (deficit) of Capital Funding (C-D)	59	87	79	(71)	(48)	(48)	(48)	(48)	(48)	(48)	(48)
Funding Balance	-	(1)	-	-	-	(1)	(1)	-	(1)	(1)	-
Depreciation											
Depreciation	138	88	71	71	48	48	48	48	48	48	48



Biosecurity Activity

Overview

Regional biosecurity is focused on the control of pests, post border (pests that have established in NZ), and 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. The strategies are supported in legislation by the Biosecurity Act 1993.

What we do

Pest Animal Management

Pest animal control covers control work in three main categories:

- Work necessary to maintain the objectives of the Pest Animal Management Strategy (that includes substantial programmes such as the Possum Control Operations (PCO) and rooks);
- Advice and information to support stakeholder pest management; and
- Pest control works to protect valued sites.

Horizons provides effective animal pest control programmes to protect and enhance the nominated values at each selected site.

Pest Plant Management

Pest plant activity focuses on implementation of the Regional Pest Plant Management Strategy and supporting national initiatives at the regional level, ie. 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.

Horizons provides effective plant pest control programmes to protect and enhance the nominated values at each selected site.

Highlights

During this LTP we will see the initial stage of the PCO programme completed. This work will continue as a maintenance programme. This will see 1.4 million hectares of land managed in the programme.

The Regional Pest Management Strategy will be reviewed and become a Regional Pest Management Plan.

This will align our Strategy with recent changes to the Biosecurity Act and bring the Pest Plant and Pest Animal Strategies together in one plan.



Biosecurity – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
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.	<10% RTC	<10% RTC	<10% RTC	N/A* ¹	N/A* ¹
Additional hectares included in control programme	116,000	116,000	N/A* ¹	N/A	N/A
Possum densities are maintained at/below 5% RTC for all maintenance control programmes	<5% RTC	<5% RTC	<5% RTC	<5% RTC	<5% RTC
All known rookeries are treated annually to reduce crop losses and damage.	100%	100%	100%	100%	100%
Provide an urban/peri-urban animal pest management service. To assist urban ratepayers with specialist advice and equipment.	>300 responses per year	>300 responses per year	>300 responses per year	>300 responses per year	>300 responses per year
Animal pest control assistance/ enquiries are responded to within 48 hrs	100%	100%	100%	100%	100%
PEST PLANT MANAGEMENT					
Number of listed pest plants controlled to zero density/containments increases as per RPPMS	6 plant species	6 plant species	6 plant species	6 plant species	6 plant species per year
No new listed pest plants established in the Region	100%	100%	100%	100%	100%
Financially support the national biocontrol agent development programme	✓	✓	✓	✓	✓
Frontline inquiries for plant pest control assistance are responded to within 48 hrs	100%	100%	100%	100%	100%

Biosecurity – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget AP	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yrs 4-10
Pest Animal Biosecurity	3,601	3,871	3,981	4,005	31,078
Pest Plant (includes old man's beard)	1,481	1,447	1,463	1,508	11,903
Animal Health Board (AHB)	700	175	-	-	-
Total	5,782	5,493	5,444	5,513	42,981

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

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

This activity is funded by:

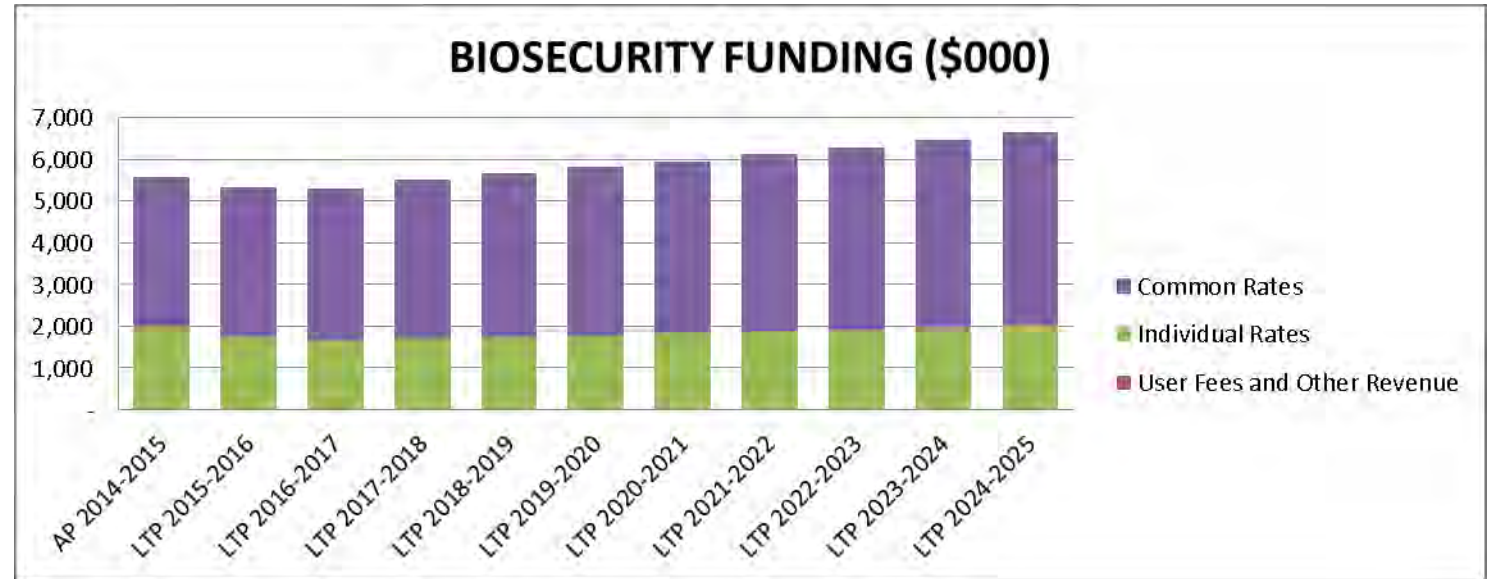
Individual Rates

- 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



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	1	6	7	7	7	7	7	8	8	8	8
Individual Rates	2,025	1,736	1,627	1,692	1,730	1,774	1,820	1,872	1,919	1,980	2,035
Common Rates	3,557	3,576	3,661	3,814	3,926	4,027	4,132	4,246	4,354	4,492	4,621
Total Income	5,583	5,318	5,295	5,513	5,663	5,808	5,959	6,126	6,281	6,480	6,664
Operating Expenditure	5,782	5,493	5,445	5,513	5,663	5,809	5,959	6,125	6,281	6,480	6,665
Operating Surplus/(Deficit)	(199)	(175)	(150)	-	-	(1)	-	1	-	-	(1)
Capital Expenditure	-	100	30	30	30	30	30	30	30	30	30
Total To Be Funded	(199)	(275)	(180)	(30)	(30)	(31)	(30)	(29)	(30)	(30)	(31)
Reserve Funding	(199)	(275)	(180)	(30)	(30)	(31)	(30)	(29)	(30)	(30)	(31)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	(199)	(275)	(180)	(30)	(30)	(31)	(30)	(29)	(30)	(30)	(31)



Living Heritage Activity

Overview

Living Heritage is the work Horizons undertakes to assist landowners and community groups to protect and enhance native habitats. 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 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.

To protect the Region's living heritage, Horizons is working towards managing 200 of the highest priority bush remnant sites and 100 of the highest priority wetland sites in the Region. Other projects are able to take advantage of our free, non-regulatory advisory service and some receive financial assistance by way of our Biodiversity Environmental Grant.

What we do

Protect/Enhance Priority Habitat Remnants (Private Habitat Protection)

Priority habitat protection involves working with landowners to identify bush and wetland sites of value and potential benefit to our regional biodiversity. The sites are then managed by activities such as fencing, pest control and restoration work, like planting.

Support Community Involvement in Biodiversity Protection (Public Habitat Protection)

Community biodiversity projects can operate similarly to those involving individual landowners but with community groups or multiple organisations in partnership with Horizons. Examples include the Totara Reserve Regional Park and the Manawatu Gorge project. Alternatively, the projects may have a narrower focus, sometimes limited to a single activity like animal pest control.

Provide Environmental Grant Funding to Communities and Individuals for Biodiversity Projects

Environmental Grant is the financial assistance Horizons gives to help people with the costs associated with their biodiversity projects. Most of this funding goes towards fencing and planting activities.

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. This includes providing advice to landowners and the community about the living heritage components of the One Plan. A key focus over the period of the LTP will be tracking the changes in the Region's living heritage and aligning methodologies with other regional councils and supporting of joint science projects with external agencies. This research and monitoring programme also provides support to the Biosecurity Activity of the LTP.

Highlights

We will protect and manage 9 additional high priority wetlands and 18 additional high priority bush remnants over a three-year period.

We will introduce a two- year fixed term position to enhance our ability to respond to increased demand from the community in the biodiversity and community enhancement space. This resource will be reviewed at the end of Year 2 of this Plan.

Living Heritage – What we will deliver (\$000)

PERFORMANCE MEASURES FOR LEVELS OF SERVICE	2014-15	2015-16	2016-17	2017-18	2018-25
*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
PROTECT/ENHANCE PRIORITY HABITAT REMNANTS					
Additional top 100 wetlands actively managed	3	3	3	3	3 per year
Additional top 200 bush remnants actively managed	6	6	6	6	6 per year
SUPPORT COMMUNITY INVOLVEMENT IN BIODIVERSITY PROTECTION					
Continue to support existing community-based biodiversity improvement projects	10	10	10	10	10 per year
Support new community projects as resources permit					
PROVIDE ENVIRONMENTAL GRANT FUNDING TO COMMUNITIES AND INDIVIDUALS FOR BIODIVERSITY PROJECTS					
Biodiversity projects supported	40	30	30	30	30 per year
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. 	Report on progress	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 per year	Report to Council on progress 5 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 campers to the park and the number of complaints/queries as a % of this figure.	100%	100%	100%	100%	100%

Living Heritage – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Biodiversity Research	161	175	176	183	1,466
Bush Remnants and Wetlands	563	590	610	653	4,749
Regional Parks	230	230	235	241	1,875
Environmental Initiatives	678	821	823	674	5,531
Total	1,632	1,816	1,844	1,751	13,621

What this work will cost

(Financial Summary \$'000)

This activity is funded by:

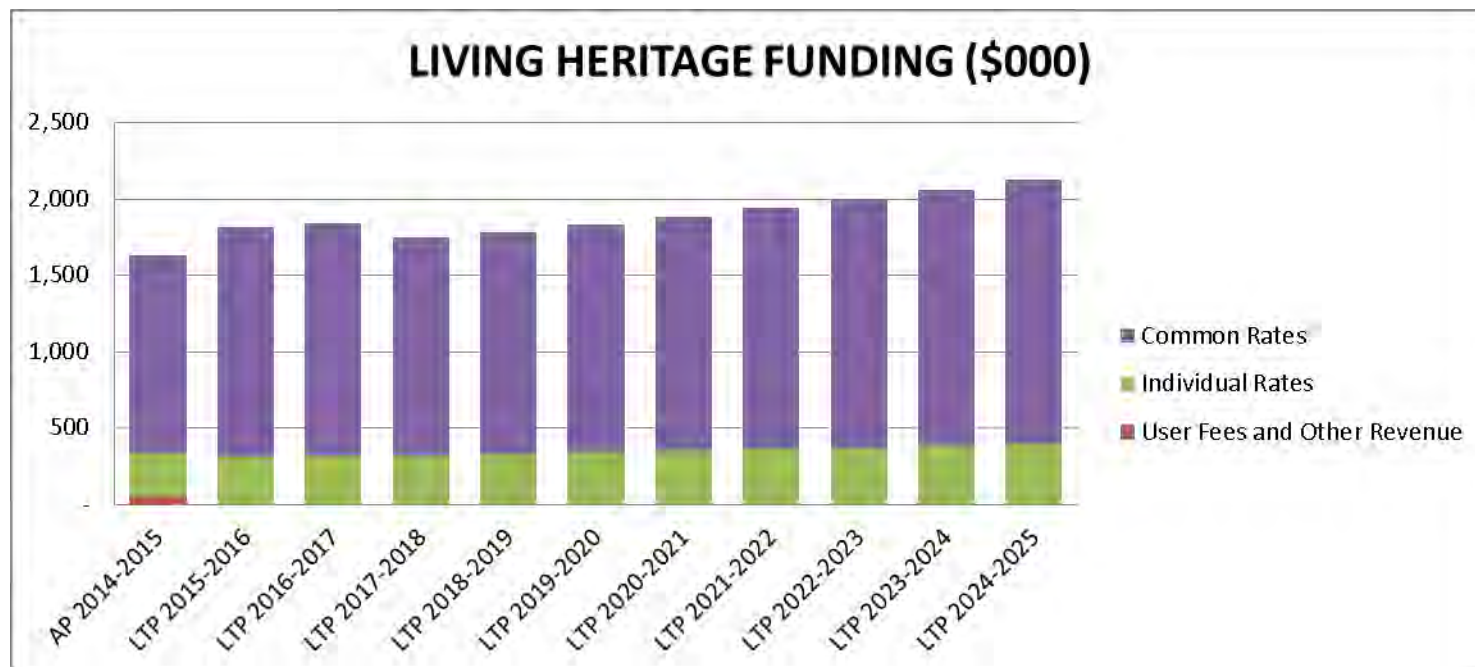
Individual Rates

- 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



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	48	-	-	-	-	-	-	-	-	-	-
Individual Rates	286	309	316	324	332	341	350	360	371	384	396
Common Rates	1,297	1,508	1,527	1,428	1,453	1,492	1,535	1,580	1,624	1,675	1,729
Total Income	1,631	1,817	1,843	1,752	1,785	1,833	1,885	1,940	1,995	2,059	2,125
Operating Expenditure	1,631	1,817	1,844	1,751	1,785	1,833	1,885	1,940	1,995	2,058	2,125
Operating Surplus/(Deficit)	-	-	(1)	1	-	-	-	-	-	1	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	-	-	(1)	1	-	-	-	-	-	1	-
Reserve Funding	-	-	(1)	1	-	-	-	-	-	1	-
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	-	(1)	1	-	-	-	-	-	1	-



Regional Leadership and Governance

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. This requires 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 focused on developing and nurturing positive working relationships with Māori represented by our Region's 16 iwi.

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 are proposing to continue to work with the community to achieve our aims and goals. In terms of rural advice we will focus on working with farmers to help the success of the nutrient management provisions of the One Plan. We will spend an average of \$2 million per year over the life of this Plan on the community relations activity, most of which will be funded by the Region's ratepayers.

Environmental Reporting

Over the first three years of this Plan environmental reporting will prepare for the State of the Environment Report as well as continue existing environmental monitoring and reporting. We will spend an average of \$300,000 per year for the first three years of this Plan on this activity, all of which will be funded by the Region's ratepayers.

Emergency Management

We will have similar levels of service and cost into the future for this activity. We are also proposing to take advantage of opportunities to piggy-back on the development of the hydrological digital telemetry network to improve emergency management radio communications. In addition we are proposing to review and upgrade the current hazard database we hold. This includes the digital mapping and modelling of a further 1000 km² of flood plain to aid in land use and emergency planning, plus an update of selected areas of the Region's seismic information. In total we are proposing to spend an average of \$2.17 million per year for the first three years of this Plan on this activity, of which \$1.50 million will be funded by the Region's ratepayers.

Governance

We will have similar levels of service and cost into the future for this activity taking into account the need for a representation review in 2019. We will spend an average of \$2.49 million per year for the first three years of this Plan on this activity, all of which will be funded by the Region's ratepayers.

Information

We will have similar levels of service and cost into the future for this activity. We will 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 will spend an average of \$3.90 million per year for the first three years of this Plan on this activity, all of which will be funded by the Region's ratepayers.

Hapū and Iwi Relationships

We will continue to support hapū and iwi environmental projects as well as maintaining involvement in Treaty settlement processes. We will spend an

average of \$229,000 per year for the first three years of this Plan on this activity, all of which will be funded by the Region's ratepayers.

Strategic Management

As well as continuing to facilitate One Plan implementation and maintaining capacity to deal with emerging issues, we are proposing to work with other councils and Central Government on regional growth strategies. We are proposing to spend an average of \$1.01 million per year for the first three years of this Plan on this activity, all of which will be funded by the Region's ratepayers.

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

	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
COMMUNITY RELATIONSHIPS	1,916	1,996	2,073	2,112	2,170	2,214	2,290	2,332	2,387	2,468	2,542
ENVIRONMENTAL REPORTING	253	265	298	308	316	322	334	343	353	364	376
EMERGENCY MANAGEMENT	2,068	2,133	2,110	2,173	2,269	2,294	2,314	2,415	2,373	2,411	2,478
GOVERNANCE	2,496	2,336	2,579	2,513	2,442	2,746	2,702	2,567	2,901	2,899	2,724
INFORMATION	3,672	3,675	3,883	4,138	4,376	4,531	4,705	4,798	4,924	5,063	5,221
HAPŪ AND IWI	181	224	229	237	243	250	257	264	272	280	289
STRATEGIC MANAGEMENT	950	1,259	1,167	1,092	850	841	822	798	774	746	725
Total Operating Expenditure	11,536	11,887	12,339	12,572	12,665	13,197	13,424	13,517	13,983	14,232	14,356
Capital Expenditure	871	1,542	1,136	926	857	786	936	1,281	662	670	693
Total Funding Required	12,407	13,429	13,475	13,498	13,522	13,983	14,360	14,798	14,645	14,902	15,049
Funded By											
User Fees and Other Revenue	3,184	3,029	3,165	3,304	3,384	3,457	3,540	3,622	3,723	3,826	3,950
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	8,630	9,164	9,261	9,426	9,874	10,102	10,365	10,603	10,718	11,008	11,080
Loans and Reserves	593	1,236	1,050	768	264	424	456	574	205	69	19
Total Funded	12,407	13,429	13,476	13,498	13,522	13,983	14,361	14,799	14,646	14,903	15,049

Capital Expenditure	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	871	1,542	1,136	926	857	786	936	1,281	662	670	693
Total Capital Expenditure	871	1,542	1,136	926	857	786	936	1,281	662	670	693

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

	AP 2014-15	Long-term Plan									
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	8,630	9,164	9,261	9,426	9,874	10,102	10,365	10,603	10,718	11,008	11,080
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	914	696	711	725	746	766	795	821	842	871	902
Internal charges and overheads recovered	2,270	2,333	2,454	2,579	2,639	2,691	2,745	2,801	2,881	2,955	3,048
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	11,814	12,193	12,426	12,730	13,259	13,559	13,905	14,225	14,441	14,834	15,030
Applications of Operating Funding											
Payments to staff and suppliers	8,877	3,293	3,548	3,651	3,400	3,705	3,755	3,747	4,100	4,174	4,117
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,958	7,795	7,998	8,096	8,311	8,471	8,608	8,729	8,883	9,072	9,225
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	10,835	11,088	11,546	11,747	11,711	12,176	12,363	12,476	12,983	13,246	13,342
Surplus (deficit) of Operating Funding (A-B)	979	1,105	880	983	1,548	1,383	1,542	1,749	1,458	1,588	1,688
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	871	1,542	1,136	926	857	786	936	1,281	662	670	693
Increase (decrease) in reserves	108	(437)	(257)	57	690	596	606	468	796	918	994
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	979	1105	879	983	1547	1382	1542	1749	1458	1588	1687
Surplus (deficit) of Capital Funding (C -D)	-979	-1105	-879	-983	-1547	-1382	-1542	-1749	-1458	-1588	-1687
Funding Balance	-	-	1	-	1	1	-	-	-	-	1
Depreciation	700	799	793	825	954	1,020	1,061	1,042	1,001	987	1,013



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 do

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 Horizon's 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 manages the coordination and communication of the Building Act 2004 requirements for dams to territorial authorities and ratepayers throughout

the Region. District Liaison will also administer the Building (Dam Safety) Regulations 2008 once they come into force on 1 July 2015.

Rural Advice

Operating similarly to District Liaison, the rural advice team provides free, non-regulatory advice with a rural focus. Again this is general advice, not the specific full professional advice required by a person making a consent application. Through the provision of day-to-day on-call support for a variety of farming operations, our rural advice team helps ensure significant businesses achieve and maintain required standards to reduce regulatory issues. There will be 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, Trees for Survival 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.

Highlights

There is a desire within Council to improve the way we engage with the community. There is also strong public demand for 'free' District Liaison and Rural Advice functions. We will maintain the general advice component of these functions at their current levels as we continue to increase understanding and support for our business throughout our regional communities.

Community Relationships – What we will deliver (\$000)

PERFORMANCE MEASURES FOR LEVELS OF SERVICE	2014-15	2015-16	2016-17	2017-18	2018-25
*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
PLAN AND IMPLEMENT LONG-TERM, STRATEGIC AND MEASURABLE COMMUNICATIONS					
Awareness and understanding of Horizons is maintained through a variety of channels (eg. print, media, online, events and sponsorship)	> 90%	> 90%	> 90%	> 90%	> 90%
Increase awareness and use of the website	Increase users by 10,000	Increase users by 10,000	Increase users by 10,000	Increase users by 10,000	Increase users by 60,000
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	20 days
Meet Building Act 2004 legislative requirements	100%	100%	100%	100%	100%
RURAL ADVISORY					
Deliver advisory services to the rural community (number of requests)		200	200	200	200 per year
CUSTOMER SERVICE					
Maintain 24-hour, seven days a week access to Horizons via internal and external call centre support	100%	100%	100%	100%	100%
95% of all calls received on a 24/7 basis are answered	95%	95%	95%	95%	95%
The Council provides a friendly, professional and knowledgeable service to its customers. Ninety percent of customers are satisfied with the friendliness, professionalism and knowledge of the service	90%	90%	90%	90%	90%
ENVIRONMENTAL EDUCATION					
Increase participation levels in the EnviroSchools, Trees for Survival and Waiora programmes at a manageable rate	32 EnviroSchools. 6 Trees for Survival Schools. 30 Waiora sessions per year	34 EnviroSchools. 6 Trees for Survival Schools. 31 Waiora sessions per year	36 EnviroSchools. 7 Trees for Survival Schools. 32 Waiora sessions per year	38 EnviroSchools. 7 Trees for Survival Schools. 33 Waiora sessions per year	50 EnviroSchools. 10 Trees for Survival Schools. 39 Waiora sessions per year

Community Relationships – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Community Communications	701	710	755	784	6,159
District Liaison	328	346	369	369	2,796
Customer Services	371	407	412	424	3,295
Rural Advisor	516	532	538	536	4,154
Total	1,916	1,995	2,074	2,113	16,404

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

This activity is funded by:

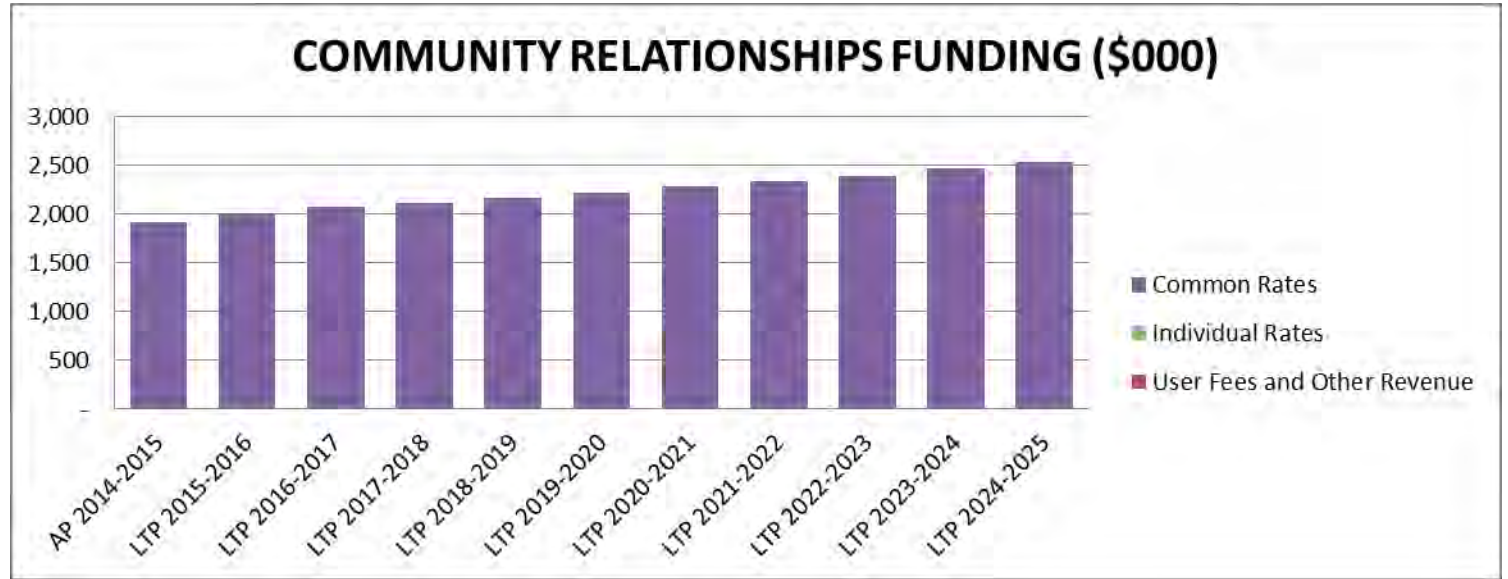
Common Rates

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

Percentage of total expenditure for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	-	5	6	2	3	2	8	10	4	3	3
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	1,916	1,991	2,068	2,110	2,167	2,212	2,282	2,322	2,383	2,465	2,538
Total Income	1,916	1,996	2,074	2,112	2,170	2,214	2,290	2,332	2,387	2,468	2,541
Operating Expenditure	1,916	1,996	2,073	2,112	2,170	2,214	2,290	2,332	2,387	2,468	2,542
Operating Surplus/(Deficit)	-	-	1	-	-	-	-	-	-	-	(1)
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	-	-	1	-	-	-	-	-	-	-	(1)
Reserve Funding	-	-	1	-	-	-	-	-	-	-	(1)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	-	1	-	-	-	-	-	-	-	(1)



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 do

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. Reporting provides a summary of the information in a way that can inform decision-making.

Highlights

Over the next three years, the environmental monitoring and reporting aspect of this project will focus on state of environment reporting and monitoring the effectiveness of the various policies, strategies and non-regulatory programmes that are underway and providing input into programmes and policies that are in development. A full state of the environment report is programmed for 2018. The project will include contributions to national level reporting such as through the Land and Water Aotearoa website (LAWA) and reporting in relation to national requirements such as those of the National Policy Statement for Freshwater.

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 LTP contains a small budget to undertake such work.

Environmental Reporting and Air Quality Monitoring – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
ENVIRONMENTAL MONITORING AND REPORTING					
Complete State of the Environment reporting including reviewing and updating environmental indicators		Report to Council on progress 5 times per year	Report to Council on progress 5 times per year	A full SOE report in 2018	Report to Council on progress 5 times per year
Undertake policy and programme implementation effectiveness monitoring and provide input into programmes and policies that are in development.	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 per year	Report to Council on progress 5 times per year	Report to Council on progress 5 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.	100%	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 per year	Report to Council on progress 5 times per year
Monitor and report on air quality		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 per year	Report to Council on progress 5 times per year

Environmental Reporting and Air Quality Monitoring – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
SOE Policy and Performance Monitoring	201	209	241	249	1,942
Air Monitoring	52	56	57	60	465
Total	253	265	298	309	2,407

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

This activity is funded by:

Common Rates

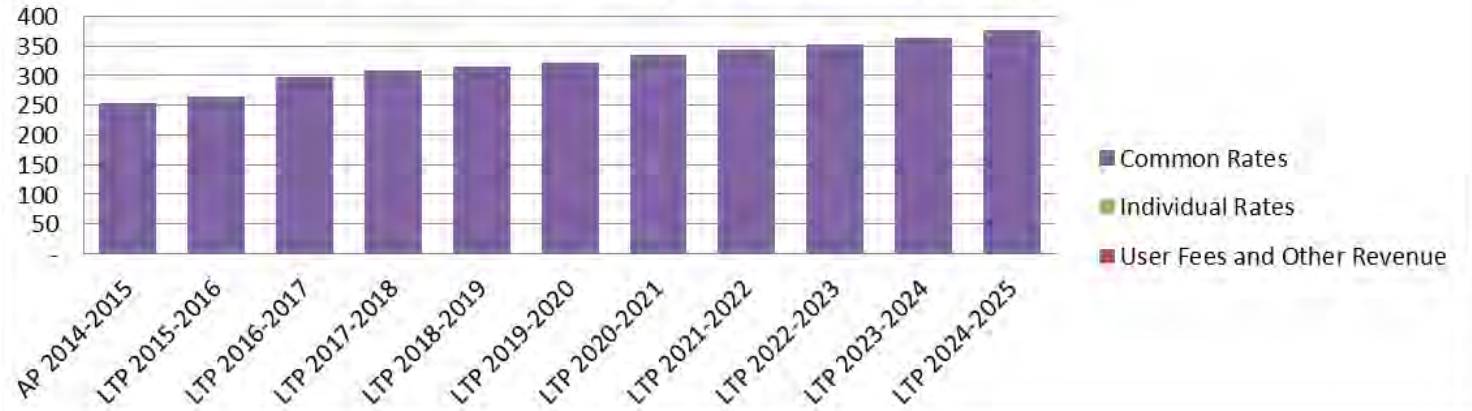
- General Rate (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity

**ENVIRONMENTAL REPORTING AND AIR QUALITY
MONITORING FUNDING (\$000)**



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	-	-	-	-	-	-	-	-	-	-	-
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	253	265	298	308	316	322	334	343	353	364	376
Total Income	253	265	298	308	316	322	334	343	353	364	376
Operating Expenditure	253	265	298	308	316	322	334	343	353	364	376
Operating Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	-	-	-	-	-	-	-	-	-	-	-
Reserve Funding	-	-	-	-	-	-	-	-	-	-	-
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	-	-	-	-	-	-	-	-	-	-



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;
- In-house health and safety responsibilities; and
- Contracted services for marine oil spill response and local emergency management services.

What we intend to do

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 began in January 2015; it is intended that the Plan will be approved as operative in June 2016 as part of the 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 and coordinate navigation and water safety initiatives in Wanganui in conjunction with the Whanganui River Navigation & Safety Group;
- Maintain teams for flood gate operation and flood barrier deployment;
- Coordinate Council health and safety services;
- 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 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.

We intend to maintain the current levels of service provided via the contract arrangements to ensure that the contracted local authorities continue to meet their respective legislative Civil Defence and Rural Fire requirements.

Services are provided to Maritime New Zealand (MNZ) to ensure a regional response capability for marine oil spill response within Horizon's 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.

Highlights

We will take advantage of opportunities to piggy-back on the development of the hydrological digital telemetry network to improve emergency management radio communications across Horizons' activities.

Following a review of the natural hazard information held by Council, we will undertake a project to update specific areas of the current hazard database held by Council. This project work will span Years 1-7 of the Long-term Plan.

This includes the digital mapping and modelling of a further 1000 km² of flood plain to aid in land use and emergency planning, plus an update of selected areas of the Region's seismic information.

Emergency Management – What we will 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 ten years	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
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%	100%
CDEM targets are reported to both the Joint Standing Committee and Coordinating Executive Group	4 per year	4 per year	4 per year	4 per year	4 per year
HORIZON'S RESPONSE CAPABILITY					
Emergency Operations Centre staff are trained (min. of 4 training activities/ yr) 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%	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.	100%	100%	100%	100%	100%
Manage and promote business continuity planning arrangements (BC Plans)	1 per year	1 per year	1 per year	1 per year	1per year
Manage and promote navigation safety	100%	100%	100%	100%	100%
CONTRACTED SERVICES					
Maritime New Zealand (MNZ) oil spill response capability maintained to MNZ audit standards	100%	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%	100%

Emergency Management – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget AP	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yrs 4-10
Horizons' Emergency Management	1,090	1,154	1,157	1,190	8,690
Contracted Services	731	653	664	682	5,368
CDEM Group	247	326	289	300	2,496
Total	2,068	2,133	2,110	2,172	16,554

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

This activity is funded by:

User Fees and Other Revenue

- Territorial Authority Contract Income

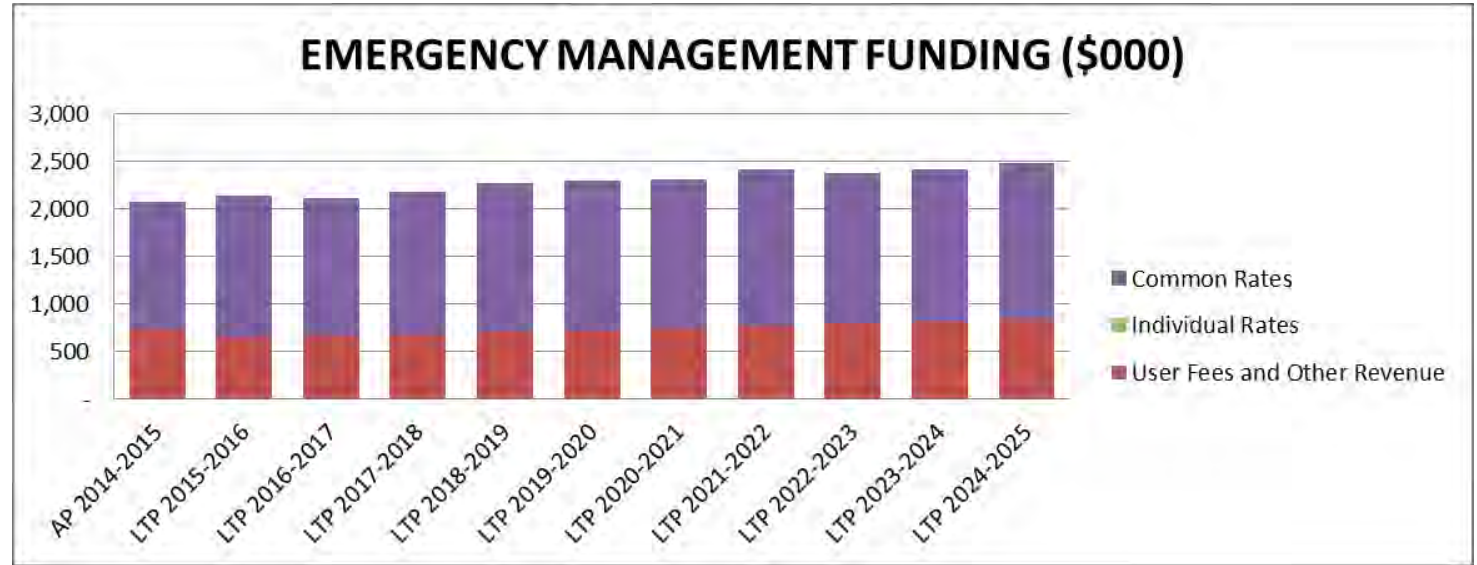
Common Rates

- Emergency Management Rate (EQCV)

Percentage of total expenditure for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	730	651	666	683	702	722	743	767	791	819	849
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	1,338	1,483	1,444	1,490	1,567	1,572	1,571	1,649	1,582	1,592	1,630
Total Income	2,068	2,134	2,110	2,173	2,269	2,294	2,314	2,416	2,373	2,411	2,479
Operating Expenditure	2,068	2,133	2,110	2,173	2,269	2,294	2,314	2,415	2,373	2,411	2,478
Operating Surplus/(Deficit)	-	1	-	-	-	-	-	1	-	-	1
Capital Expenditure	51	593	260	220	168	154	188	180	19	14	21
Total To Be Funded	(51)	(592)	(260)	(220)	(168)	(154)	(188)	(179)	(19)	(14)	(20)
Reserve Funding	(51)	(592)	(260)	(220)	(168)	(154)	(188)	(179)	(19)	(14)	(20)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	(51)	(592)	(260)	(220)	(168)	(154)	(188)	(179)	(19)	(14)	(20)

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 do

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.

Long-term Plan (LTP)

In order to ensure Council meets the current and future needs of communities, it is necessary to plan Council's activities with an eye to the future. Every three years Council will draft, consult on, and complete a Long-term Plan that looks 10 years into the future. In the years between LTPs, Council will undertake Annual Plans that make the minor adjustments that are necessary to ensure Council responds to changes in the environment. At the end of each year Council will report back to the community on how it went against its plans.

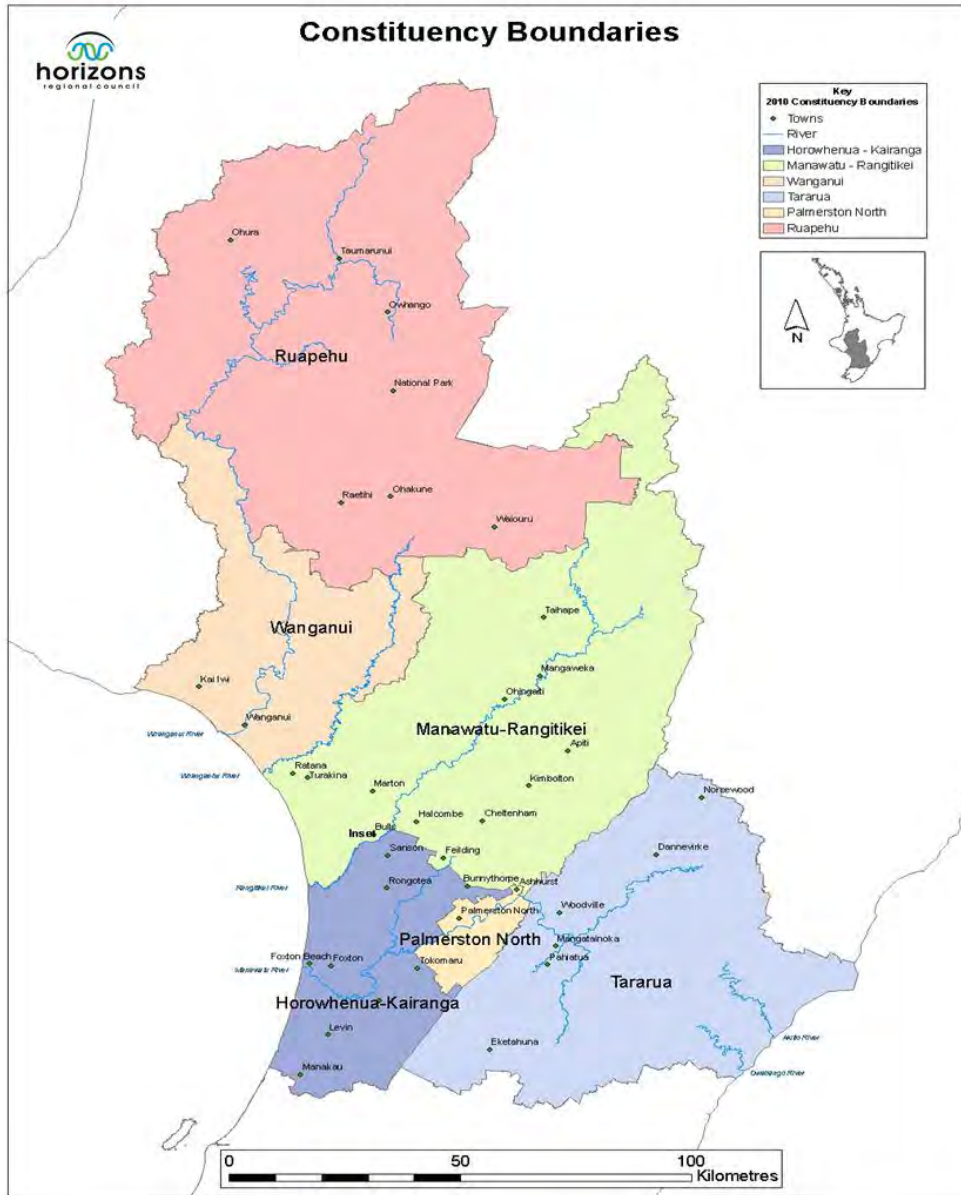
Highlights

All councils are legally required to review their representation arrangements at least every six years, so they are in place prior to an election. These arrangements were reviewed in 2013, and will be reviewed again in 2019.

Council will be interested in gaining community views at this stage and listen to your views on whether or not the current constituency boundaries meet your needs as a ratepayer and member of your community. The map on the next page shows the current constituency boundaries and representation in each area.

In the 2013 review, the constituency boundaries did not change, with 12 elected members representing the six constituencies.

The next local body elections will take place in October 2016. As part of this process, Horizons has considered its voting system for those elections, and resolved to use the First Past the Post voting system. It publicly notified this decision in June 2014. Electors (5 per cent) may demand a poll on this decision prior to 28 February 2015.



Constituency	No. of Members	Estimated Population
Horowhenua-Kairanga	2	38,600
Manawatu-Rangitikei	2	35,550
Palmerston North	4	83,440
Ruapehu	1	12,640
Tararua	1	17,420
Wanganui	2	43,530
	12	231,180

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
- 160 km of coastline, with the Tasman Sea to the west and Pacific Ocean to the east
- Is home to approximately 231,180 people

Governance – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
GOVERNANCE					
Undertake the triennial election process in accordance with the Local Electoral Act 2001 (October 2016)			✓		
Conduct Horizons' meetings and hearings in accordance with Horizons Regional Council Standing Orders	100%	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%	100%

Governance – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget AP	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yrs 4-10
Representation	2,111	2,150	2,390	2,104	17,075
Community and Annual Plan	385	186	189	408	1,906
Total	2,496	2,336	2,579	2,512	18,981

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

This activity is funded by:

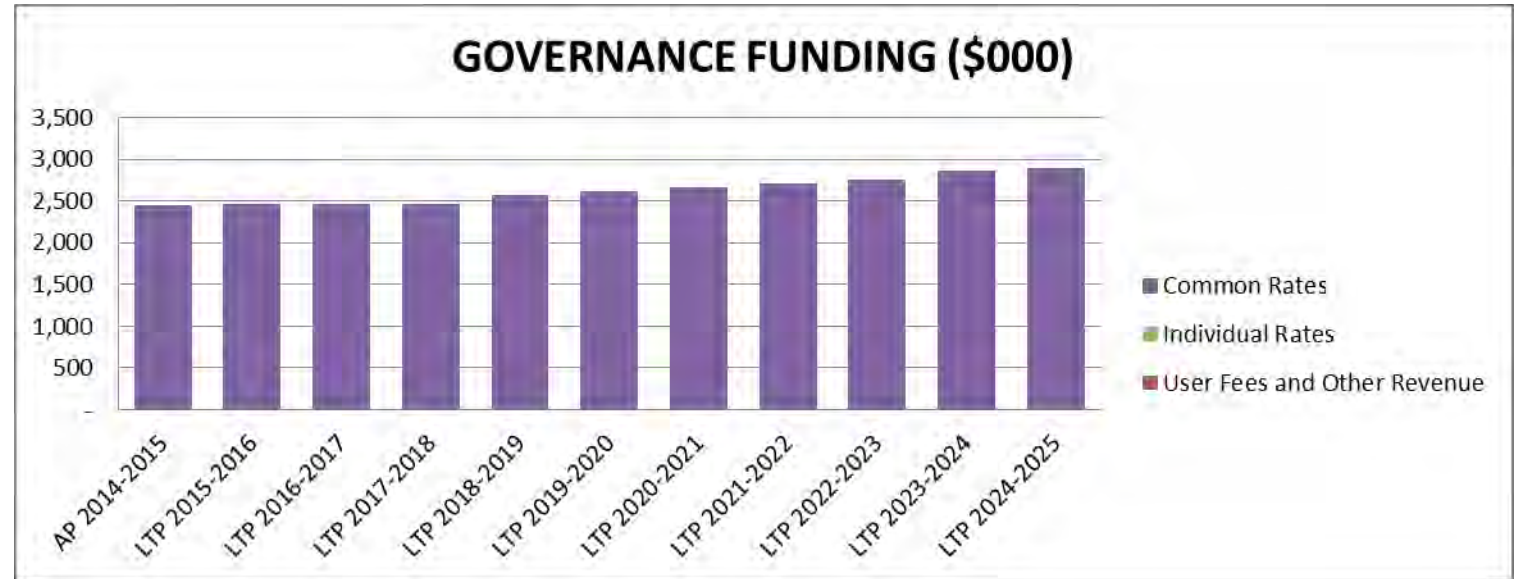
Common Rates

- Uniform Annual General Charge (UAC)

Percentage of total expenditure
for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	-	-	-	-	-	-	-	-	-	-	-
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	2,447	2,464	2,473	2,472	2,576	2,625	2,665	2,719	2,762	2,861	2,894
Total Income	2,447	2,464	2,473	2,472	2,576	2,625	2,665	2,719	2,762	2,861	2,894
Operating Expenditure	2,496	2,336	2,579	2,513	2,442	2,746	2,702	2,567	2,901	2,899	2,724
Operating Surplus/(Deficit)	(49)	128	(106)	(41)	134	(121)	(37)	152	(139)	(38)	170
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	(49)	128	(106)	(41)	134	(121)	(37)	152	(139)	(38)	170
Reserve Funding	(49)	128	(106)	(41)	134	(121)	(37)	152	(139)	(38)	170
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	(49)	128	(106)	(41)	134	(121)	(37)	152	(139)	(38)	170



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.

What we do

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 are flood warning and automated flood forecasting for the Region's major rivers.

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 these information resource by our Region's communities and ratepayers, thus allowing decision makers 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 audited 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 alongside 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.

Highlights

- We will continue to improve our data acquisition rates and the performance of our environmental monitoring network.
- We will work with other councils to build federated data systems for the exchange of environmental information.
- We will work with end-users to help them make best use of the federated data system for exchange of environmental information.
- We will implement extensions to our finance system to simplify financial reporting.

Information – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
CATCHMENT DATA					
Collection of 98.5% water level, rainfall, soil moisture, wind and water temperature data (approx. 15.2 m data-points p.a.)	98.5%	98.5%	98.5%	98.5%	98.5%
Collection of 90.0% of continuous data relating to other water quality parameters (approx. 2.0 m data-points p.a.)	90.0%	90.0%	90.0%	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%	95.0%

Information – Operating Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget AP	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yrs 4-10
Catchment Information	1,312	1,273	1,361	1,489	13,321
Catchment Data	2,360	2,374	2,493	2,619	20,077
Hydro Contracting Works	-	28	29	29	222
Total	3,672	3,675	3,883	4,137	33,620

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

This activity is funded by:

User Fees and Other Revenue

- Hydro Internal Recharge

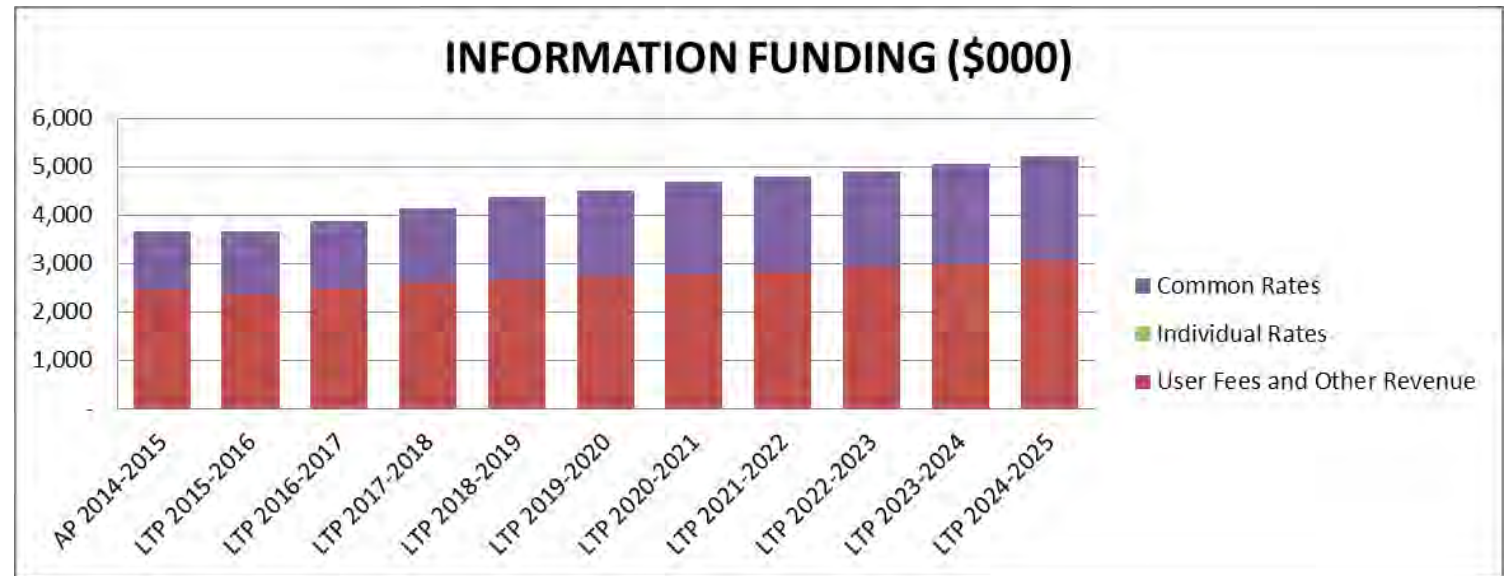
Common Rates

- Information (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	2,454	2,374	2,493	2,619	2,680	2,733	2,789	2,846	2,928	3,003	3,098
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	1,218	1,301	1,390	1,519	1,696	1,797	1,916	1,952	1,997	2,060	2,124
Total Income	3,672	3,675	3,883	4,138	4,376	4,530	4,705	4,798	4,925	5,063	5,222
Operating Expenditure	3,672	3,675	3,883	4,138	4,376	4,531	4,705	4,798	4,924	5,063	5,221
Operating Surplus/(Deficit)	-	-	-	-	-	(1)	-	-	1	-	1
Capital Expenditure	813	949	877	706	689	632	749	1,101	642	656	672
Total To Be Funded	(813)	(949)	(877)	(706)	(689)	(633)	(749)	(1,101)	(641)	(656)	(671)
Reserve Funding	(813)	(949)	(877)	(706)	(689)	(633)	(749)	(1,101)	(641)	(656)	(671)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	(813)	(949)	(877)	(706)	(689)	(633)	(749)	(1,101)	(641)	(656)	(671)



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 encourage iwi participation during decision-making processes, recognise iwi interests, and progress initiatives that enhance iwi capacity to participate in resource management.

What we will do

Treaty Settlement Participation

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

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 focus on improving working relationships with hapū and iwi to achieve mutually satisfactory outcomes. Initiatives include:

- Treaty settlement participation;
- Investigating options for joint management agreements;
- Memoranda of partnership;
- Identification of cultural sites of significance;
- Development of a wāhi tapu and wāhi tūpuna protection and discovery code of practice;
- Habitat restoration;
- Resource management capacity building;
- Iwi involvement in consent decision-making at an early stage;
- Support for iwi and hapū resource management plans;
- Development and implementation of a cultural monitoring framework; and
- Other projects such as accords and wider community environmental projects.

Highlights

The Regional Council has existing obligations under the Treaty Settlement for Ngati Apa. Several other settlements are expected to come into effect in the first years of this Long-term Plan, including Rangitāne o Tamaki Nui a Rua, Muaūpoko, and Tanenuiarangi Manawatū Incorporated. Under the terms of the Whanganui River Settlement, Horizons has specific responsibilities to support development and implementation of a strategy for the River. Relationship building with iwi of the Manawatu River will contribute to the Manawatu Leaders' Accord Action Plan. Iwi relationships are also central to the Lake Horowhenua Accord.

Hapū and Iwi Relationships – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
JOINT REGIONAL RESOURCE MANAGEMENT PROJECTS					
Implement One Plan Te Ao Māori methods	Ongoing	Method targets met	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	Deliverables met

Hapū and Iwi Relationships – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Iwi	181	224	229	237	1,855
Total	181	224	229	237	1,855

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

This activity is funded by:

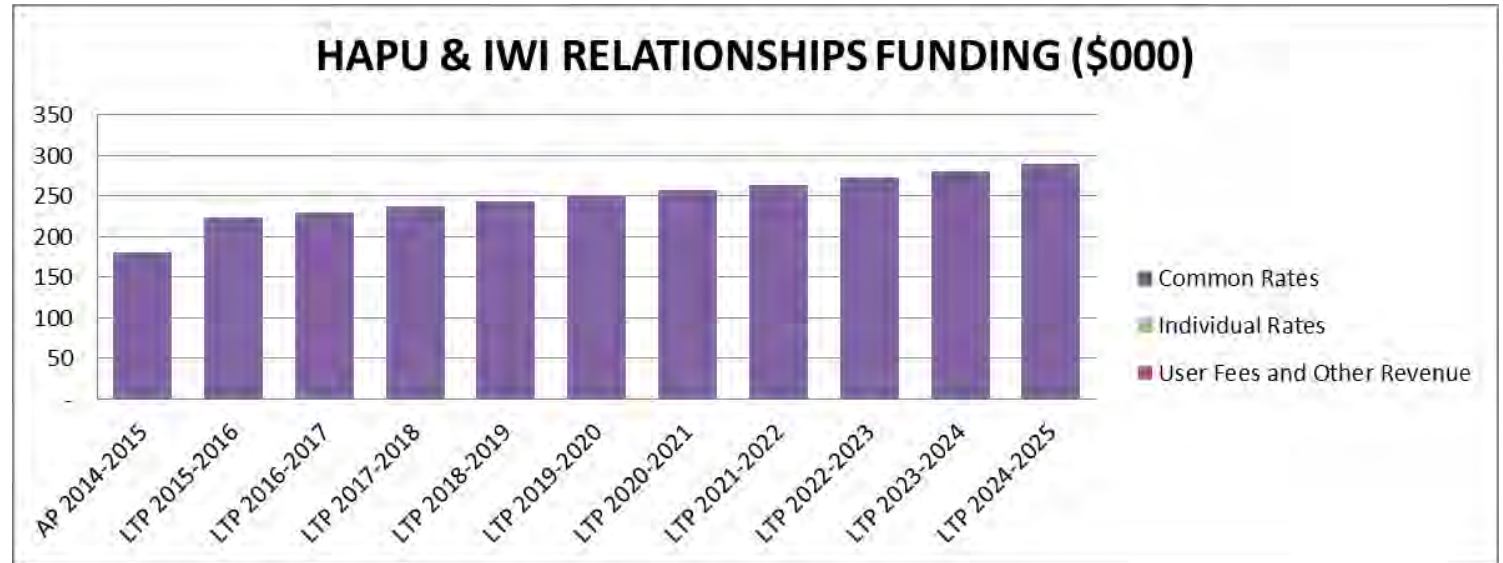
Common Rates

- Uniform Annual General Charge (UAC)

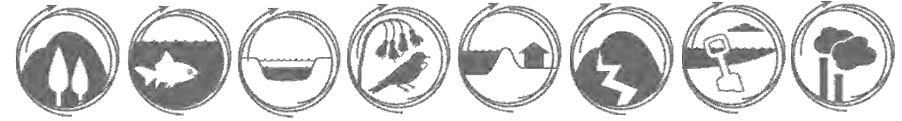
Percentage of total expenditure
for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	-	-	-	-	-	-	-	-	-	-	-
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	181	224	229	237	243	250	257	264	272	280	289
Total Income	181	224	229	237	243	250	257	264	272	280	289
Operating Expenditure	181	224	229	237	243	250	257	264	272	280	289
Operating Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	-	-	-	-	-	-	-	-	-	-	-
Reserve Funding	-	-	-	-	-	-	-	-	-	-	-
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	-	-	-	-	-	-	-	-	-	-



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 to 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 will do

One Plan Implementation and Monitoring

The One Plan became fully operative in December 2014. All rules have been implemented; work is continuing to implement non-regulatory methods laid out in the One Plan. The focus of the first three years of this Long-term Plan will be to monitor progress with implementation of the One Plan and begin to evaluate policy effectiveness.

If improvements to the Plan are identified, a plan change may be initiated. A plan change may also be triggered by national policy requirements in national policy statements (NPS) or national environmental standards (NES). A revised NPS for Freshwater Management came into effect on 1 August 2014. The One Plan is largely consistent with its requirements.

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 statements and environmental standards; and encouraging integration of work streams with territorial authorities during their district plan reviews and annual planning and processes. From time to time issues and opportunities arise where Horizons takes a leadership role on behalf of the Region. In the term of this LTP Council will further consider the issue of climate change. A focus area will be investigating opportunities identified in the Government-funded Regional Growth Study,

including increasing the value of the region's agribusiness sector, within environmental limits.

Several national policy instruments are at varying stages of development and may require Regional Council involvement during Years 1 to 3 of this Long-term Plan, including: the NPS for Biodiversity, NES Ecological Flows and Water Levels, Future Sea Level Rise, and Plantation Forestry. Further reform to the Resource Management Act is also being progressed and will require Horizons' consideration.

Regional Prosperity

Councils in the Horizons Region are collaborating to facilitate economic growth and prosperity for our communities. This collaboration has seen Central Government invest in a Regional Growth Study for the Horizons Region completed in April 2015. This study identified key opportunities for growing our regional economy. Government has highlighted the importance of councils collaborating with each other and with industry and iwi to facilitate growth.

Councils in the Region have also invested in the Central New Zealand Agribusiness Strategy. The strategy is an implementation plan that takes opportunities identified from the growth study and puts them into practice. The base strategy will be completed in June 2015.

The strategy builds on the strength the Region has in agribusiness from primary producers through to processors and research and development. Collectively the councils in the Horizons Region see significant advantages in building on our agribusiness base and aim to double the Region's agribusiness exports by 2025. As the results of the growth study and agribusiness strategy are put in place, councils are likely to continue to invest in growing our prosperity.

In this LTP Horizons' work in this area is covered through the Emerging Issues Activity.

Highlights

All of the rules and many of the non-regulatory methods identified in the One Plan (eg. Sustainable Land Use Initiative) are well-established. Others are yet to be given effect. A monitoring and evaluation framework is being developed to allow Horizons to track our progress in implementing the provisions of the One Plan, to assess whether it is having the intended effects, and to adapt it to changing circumstances. Horizons is also working with districts and the private sector to develop and implement a Central New Zealand Agribusiness Strategy.

Strategic Management – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
ONE PLAN IMPLEMENTATION					
One Plan implementation programme	Ongoing	Method targets met	Method targets met	Method targets met	Method targets met
Monitoring and evaluation of the One Plan	Ongoing	Monitoring programme implemented	Evaluation programme implemented		Evaluation cycles completed 2018/19 and 2021/22
National policies and standards incorporated into the Plan within statutory deadlines	100%	100% as required	100% as required	100% as required	100% as required

Strategic Management – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
New Projects/Emerging Issues	185	511	516	520	2,242
Strategy Reviews	23	-	-	-	-
One Plan	742	748	651	572	3,313
Total	950	1,259	1,167	1,092	5,555

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

This activity is funded by:

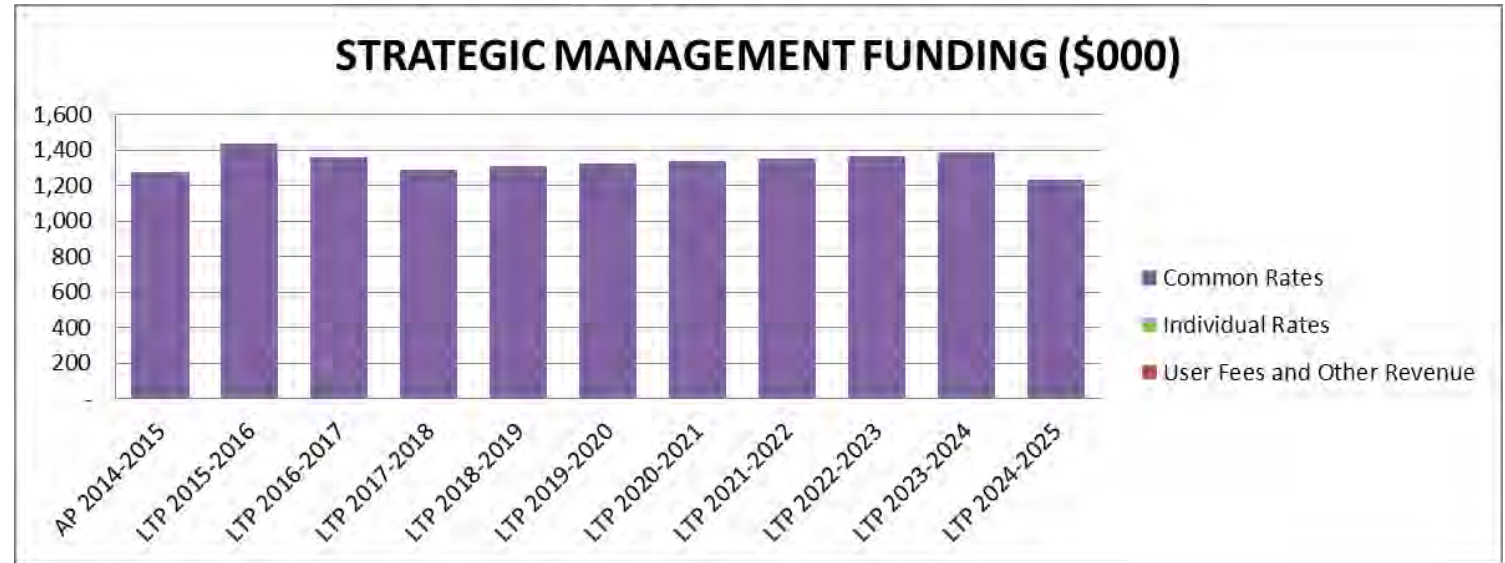
Common Rates

- Strategic Management Rate (EQCV)

Percentage of total expenditure for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	-	-	-	-	-	-	-	-	-	-	-
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	1,277	1,437	1,359	1,291	1,308	1,324	1,340	1,353	1,369	1,385	1,229
Total Income	1,277	1,437	1,359	1,291	1,308	1,324	1,340	1,353	1,369	1,385	1,229
Operating Expenditure	949	1,259	1,167	1,092	850	841	822	798	774	746	725
Operating Surplus/(Deficit)	328	178	192	199	458	483	518	555	595	639	504
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	328	178	192	199	458	483	518	555	595	639	504
Reserve Funding	328	178	192	199	458	483	518	555	595	639	504
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	328	178	192	199	458	483	518	555	595	639	504



Transport

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 (this funding is 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 will hold constant the levels of service for this activity with the majority of effort going into monitoring the effectiveness of the Regional Land Transport Plan. During the third year of this Long-term Plan we will commence the revision of the Regional Land Transport Plan, which must be in place by mid 2018. We will spend an average of \$193,000 per year for the first three years of this Plan on this activity, which will be funded by Central Government (\$76,000 per year) and the regional ratepayer (\$78,000 per year).

Passenger Transport

Generally we will keep levels of service at existing levels. However following reviews in Palmerston North and Feilding and other demand surveys, a number of new services are being proposed. Most of these services will be introduced in Years 2 or 3 of the Plan with the first year funded from reserves and later years funded from rates. We will spend an average of \$6.36 million per year for the first three years of this Plan on this activity, which will be funded by Central Government and other contributors (\$4.29 million year) and the Transport Scheme ratepayers (\$1.87 million per year).

Road Safety

The New Zealand Transport Agency have confirmed that road safety education is a core function of a regional council’s Regional Transport Committee. Council chose to reinstate the road safety activity in Year 2 and onwards. The funding arrangement will be as follows:

- Year 1 – An NZTA Funding Assistance Rate (FAR) of 65% equating to \$170,000 of local share
- Year 2 – An NZTA FAR of 64% equating to \$170,000 local share before movement in overheads (\$25,000 of reserves will be used to offset this).
- Year 3 – An NZTA FAR of 64% equating to \$170,000 local share before movement in overheads (\$25,000 of reserves will be used to offset this).
- Year 4 onwards – An NZTA FAR of 65% equating to \$163,000 local share before movement in overheads.

Transport Group of Activities (\$000)

	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TRANSPORT PLANNING	183	214	166	170	174	178	183	187	192	197	204
PASSENGER SERVICES	4,792	5,485	6,434	7,784	7,816	8,035	8,262	8,500	8,763	9,065	9,267
ROAD SAFETY	708	670	661	672	682	690	699	706	716	725	740
Total Operating Expenditure	5,683	6,369	7,261	8,626	8,672	8,903	9,144	9,393	9,671	9,987	10,211
Capital Expenditure	-	500	-	-	-	-	-	-	-	-	-
Total Funding Required	5,683	6,869	7,261	8,626	8,672	8,903	9,144	9,393	9,671	9,987	10,211
Funded By											
User Fees and Other Revenue	3,793	4,310	4,850	5,544	5,684	5,830	5,982	6,146	6,327	6,529	6,742
Individual Rates	1,408	1,422	1,736	2,634	2,672	2,746	2,823	2,908	2,996	3,099	3,089
Common Rates	232	231	190	204	240	250	261	271	280	292	311
Loans and Reserves	250	905	485	245	77	77	77	68	68	68	68
Total Funded	5,683	6,868	7,261	8,627	8,673	8,903	9,143	9,393	9,671	9,988	10,210

Capital Expenditure	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	-	500	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	500	-	-	-	-	-	-	-	-	-

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

	AP 2014-15	Long-term Plan									
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	232	231	190	204	240	250	261	271	280	292	311
Targeted rates	1,408	1,422	1,736	2,634	2,672	2,746	2,823	2,908	2,996	3,099	3,089
Subsidies and grants for operating purposes	3,255	3,370	3,824	4,487	4,599	4,717	4,839	4,969	5,114	5,277	5,448
Fees and charges	538	559	583	620	637	654	673	693	715	739	765
Internal charges and overheads recovered	-	382	443	437	447	459	471	483	498	512	529
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	5,433	5,964	6,776	8,382	8,595	8,826	9,067	9,324	9,603	9,919	10,142
Applications of Operating Funding											
Payments to staff and suppliers	4,900	4,979	5,797	7,140	7,148	7,344	7,545	7,760	8,000	8,271	8,434
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	783	1,341	1,413	1,436	1,474	1,509	1,549	1,583	1,621	1,666	1,726
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	5,683	6,320	7,210	8,576	8,622	8,853	9,094	9,343	9,621	9,937	10,160
Surplus (deficit) of Operating Funding (A-B)	(250)	(356)	(434)	(194)	(27)	(27)	(27)	(19)	(18)	(18)	(18)
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	-	500	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(250)	(855)	(435)	(194)	(27)	(27)	(27)	(18)	(18)	(18)	(18)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(250)	(355)	(435)	(194)	(27)	(27)	(27)	(18)	(18)	(18)	(18)
Surplus (deficit) of Capital Funding (C-D)	250	355	435	194	27	27	27	18	18	18	18
Funding Balance	-	(1)	1	-	-	-	-	(1)	-	-	-
Depreciation											
Depreciation	-	50	50	50	50	50	50	50	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 legislative change now requires the committee to prepare a Regional Land Transport Plan (RLTP). This identifies the Region's key land transport issues, the 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 will do

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 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. The current plan was completed in April 2015 and so the focus of the committee over the next three years will be implementation of that plan and delivery of its outcomes. The RTC will meet four times a year to receive reports on and make decisions on land transport matters.

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

The plan has been developed under the new Government Policy Statement that focuses largely on economic growth, productivity and freight efficiency. This will key into other work being carried out in the Region, specifically the Regional Growth Study and the Central New Zealand Agribusiness Strategy. The aim of this work is to identify economic growth opportunities within the Region. 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.

Other work streams will include working with TAs and NZTA 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 Plan will be reported on once a year, with the first report on its implementation to be prepared in early 2016.

During the third year of this Long-Term Plan, work will commence on the three-yearly review of the RLTP.

Transport Planning – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
PREPARE, IMPLEMENT, MONITOR AND REPORT ON THE REGIONAL LAND TRANSPORT PLAN					
Implement the Regional Land Transport Plan		✓	✓	✓	✓
Prepare monitoring report on the Regional Land Transport Plan		✓	✓	✓	✓
Prepare submissions on Central Government Policy		✓	✓	✓	✓
Review of the Regional Land Transport Plan				✓	

Transport Planning – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Transport Planning	183	214	166	170	1,315
Total	183	214	166	170	1,315

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

This activity is funded by:

User Fees and Other Revenue

- Government Support

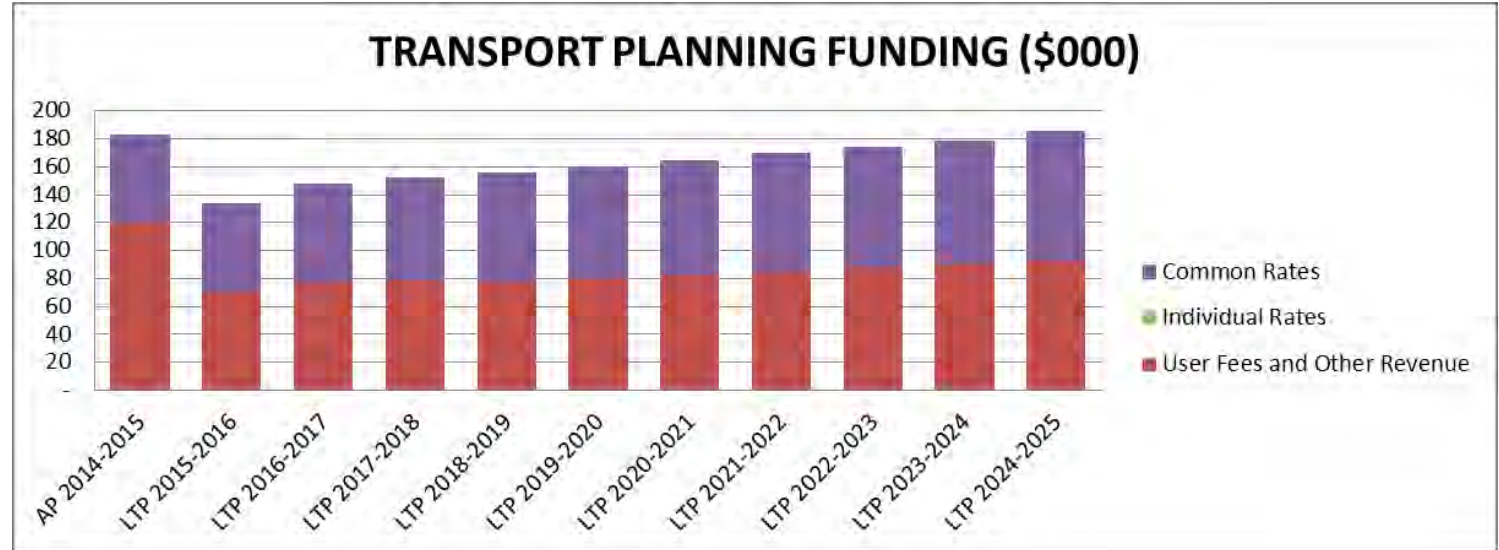
Common Rates

- Transport Planning & Road Safety (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	121	71	78	79	78	80	82	85	88	90	93
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	62	63	70	73	78	80	83	85	86	89	93
Total Income	183	134	148	152	156	160	165	170	174	179	186
Operating Expenditure	183	214	166	170	174	178	183	187	192	197	204
Operating Surplus/(Deficit)	-	(80)	(18)	(18)	(18)	(18)	(18)	(17)	(18)	(18)	(18)
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	-	(80)	(18)	(18)	(18)	(18)	(18)	(17)	(18)	(18)	(18)
Reserve Funding	-	(80)	(18)	(18)	(18)	(18)	(18)	(17)	(18)	(18)	(18)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	-	(80)	(18)	(18)	(18)	(18)	(18)	(17)	(18)	(18)	(18)



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. In the last five years we have seen steady growth in the number of people travelling by public transport, as fuel prices increase and people become more aware of the environmental cost of car travel.

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 to be adopted in June 2015.

In 2014-15 Horizons undertook a review of the Palmerston North urban bus service, specifically looking at the preferred route structure. A comprehensive consultation programme was undertaken, which received over 1,800 responses. The feedback strongly preferred the Enhanced Status Quo option, which is the current alternating loop structure with doubling of the frequency of buses. Work over the term of this LTP will focus on implementing changes to this service in line with what the feedback identified as important.

Work has also been undertaken on the Feilding to Palmerston North bus service in preparation for the contract extension in January 2016. A survey was circulated throughout the community to gauge support and demand for the current service with possible frequency improvements. Strong support was received for additional services to increase mobility between the two urban centres.

What we will do

Existing Services

We will continue with the existing passenger services throughout the Region. 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 six urban routes;
- Six bus routes servicing Massey University;
- Total Mobility services for 2,700 people with disabilities that prevent them using regular public transport; and
- A twice-weekly shoppers' service from Ashhurst.

Contract and Support Wanganui Passenger Transport Services

- An urban bus service on four routes between 7.00 am and 5.10 pm, with some weekend services, and weekday services between Castlecliff and various high schools in Wanganui.
- Total Mobility for 1,900 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;
- Total Mobility for 1,350 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 Levin Community Services Van, the Foxton Beach Community Van and the Foxton-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

In Ruapehu we provide:

- Total Mobility for 260 people with disabilities;
- 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 200 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.

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

Given the feedback received on the Palmerston North urban bus service review and the Feilding service review, and demand surveys for Wanganui to Palmerston North and Levin to Waikanae, over the life of this Plan we will introduce the following additional services:

- Increased frequency for the Palmerston North urban bus service from 40 minutes to 20 minutes for off peak services and from 20 minutes to 10

minutes for peak services. This will be funded via rates in Year 3 and onwards (\$800,000 per year);

- Late night bus services in Palmerston North. These will be funded via reserves in Year 2 and via rates in Year 3 and onwards (\$150,000 per year);
- Ashhurst to Palmerston North daily bus service. This will be funded via reserves in Year 2 and via rates in Year 3 and onwards (\$50,000 per year);
- Increased frequency for the Feilding to PN bus service. This will be funded via rates in Year 2 and onwards (\$50,000 per year);
- Wanganui to Palmerston North daily commuter service. This will be funded via reserves in Year 2 and via rates in Year 3 and onwards (\$30,000 per year);
- Levin to Waikanae daily commuter service. This will be funded via reserves in Year 3 and via rates in Year 4 and onwards. (\$35,000 per year);
- A new electronic ticketing system is being implemented for all buses. This will be funded via reserves at \$50,000 each year for 10 years to pay for the depreciation on the capital expenditure. The ticketing system will be installed in year 2;
- A new Commuter van service for Danniverke (\$5,000 per year).

Passenger Services – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
100% of all scheduled bus trips are operated		✓	✓	✓	✓
Achieve 1.7 million trips on public transport in the Region by 2018-19.	1.70 million	1.72 million	1.74 million	1.76 million	14.8 million
Install six new shelters each year on our urban bus routes	✓	✓	✓	✓	✓
Achieve 45-50% fare box recovery across all bus services (averaged).		✓	✓	✓	✓
Achieve 90% satisfaction with Total Mobility provision in the Region – as measured by survey	90%	90%	90%	90%	90%

Passenger Services – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Implementation of Services	4,792	5,104	6,011	7,368	56,448
Planning and Development	-	381	423	417	3,260
Total	4,792	5,485	6,434	7,785	59,708

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

This activity is funded by:

User Fees and Other Revenue

- Government Support

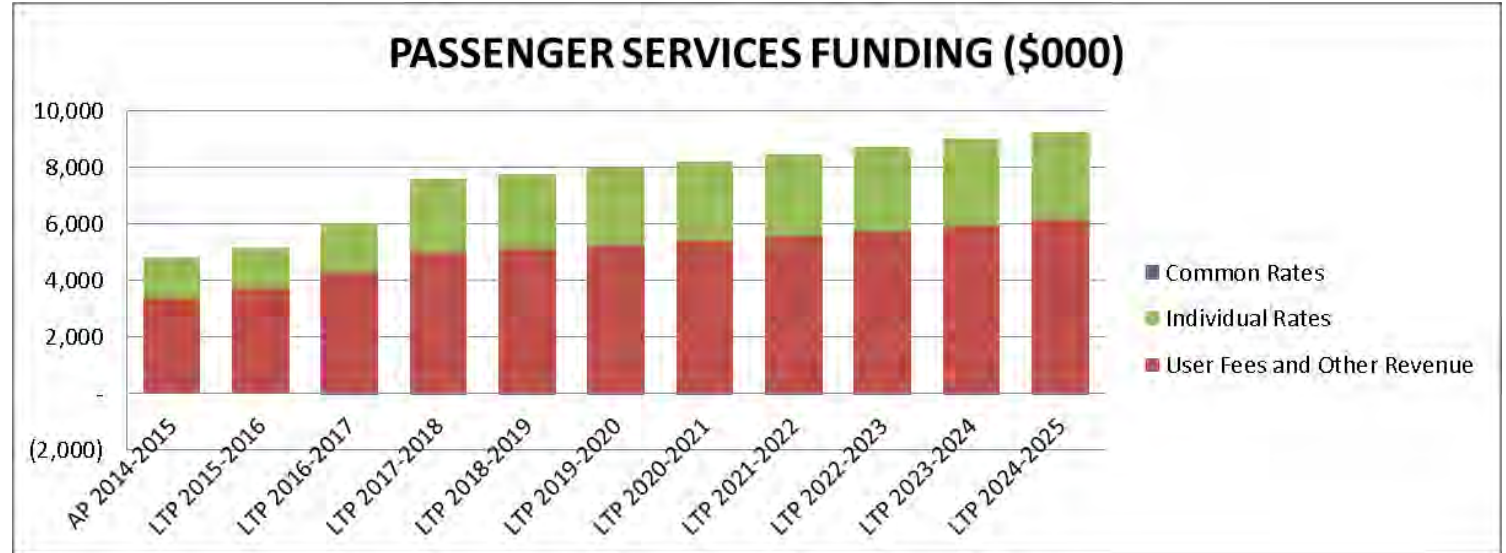
Individual Rates

- Passenger Services Rates (By District, CV)

Percentage of total expenditure
for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	3,396	3,738	4,276	4,969	5,105	5,249	5,399	5,560	5,738	5,938	6,148
Individual Rates	1,408	1,422	1,736	2,634	2,672	2,746	2,823	2,908	2,996	3,099	3,089
Common Rates	-	-	(20)	(20)	(19)	(19)	(19)	(19)	(21)	(21)	(20)
Total Income	4,804	5,160	5,992	7,583	7,758	7,976	8,203	8,449	8,713	9,016	9,217
Operating Expenditure	4,792	5,485	6,434	7,784	7,816	8,035	8,262	8,500	8,763	9,065	9,267
Operating Surplus/(Deficit)	12	(325)	(442)	(201)	(58)	(59)	(59)	(51)	(50)	(49)	(50)
Capital Expenditure	-	500	-	-	-	-	-	-	-	-	-
Total To Be Funded	12	(825)	(442)	(201)	(58)	(59)	(59)	(51)	(50)	(49)	(50)
Reserve Funding	12	(825)	(442)	(201)	(58)	(59)	(59)	(51)	(50)	(49)	(50)
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	12	(825)	(442)	(201)	(58)	(59)	(59)	(51)	(50)	(49)	(50)



Road Safety Activity

Overview

Every year thousands of New Zealanders are killed or seriously injured in crashes. In the Horizons Region over the last 5 years, 131 people have been killed on the Region's roads, which is far too many. Although this number is declining, the social cost to individuals, families and communities from the number of deaths and injuries continues to be a significant issue.

Road crashes place a substantial burden on the economy and health sector. The current social cost of road injuries is approximately \$3.8 billion per annum. These costs include the cost of the loss of life and life quality, 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 will do

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 TA's will contribute funding to assist with these programmes.

The programme will mainly focus 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, car jamborees etc;
- 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 will 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 Issues

In Year 1 of the LTP the Funding Assistance Rate (FAR) from NZTA will be 65%. In Years 2 and 3 the rate will drop to 64 per cent, but will return to 65 per cent for Year 4 onwards. Overall this constitutes a \$7,000 increase in local share funding

in Years 2 and 3 to maintain the Year 1 programme. Additionally Council has resolved to offset the local share component for Years 1 and 2 with \$25,000 of reserves in each year.

Road Safety – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
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. 	20	20	20	20	20

Road Safety – Operating Expenditure

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-25 Budget
	AP	Yr 1	Yr 2	Yr 3	Yrs 4-10
Road Safety	708	670	661	672	4,958
Total	708	670	661	672	4,958

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

This activity is funded by:

User Fees and Other Revenue

- Government Support

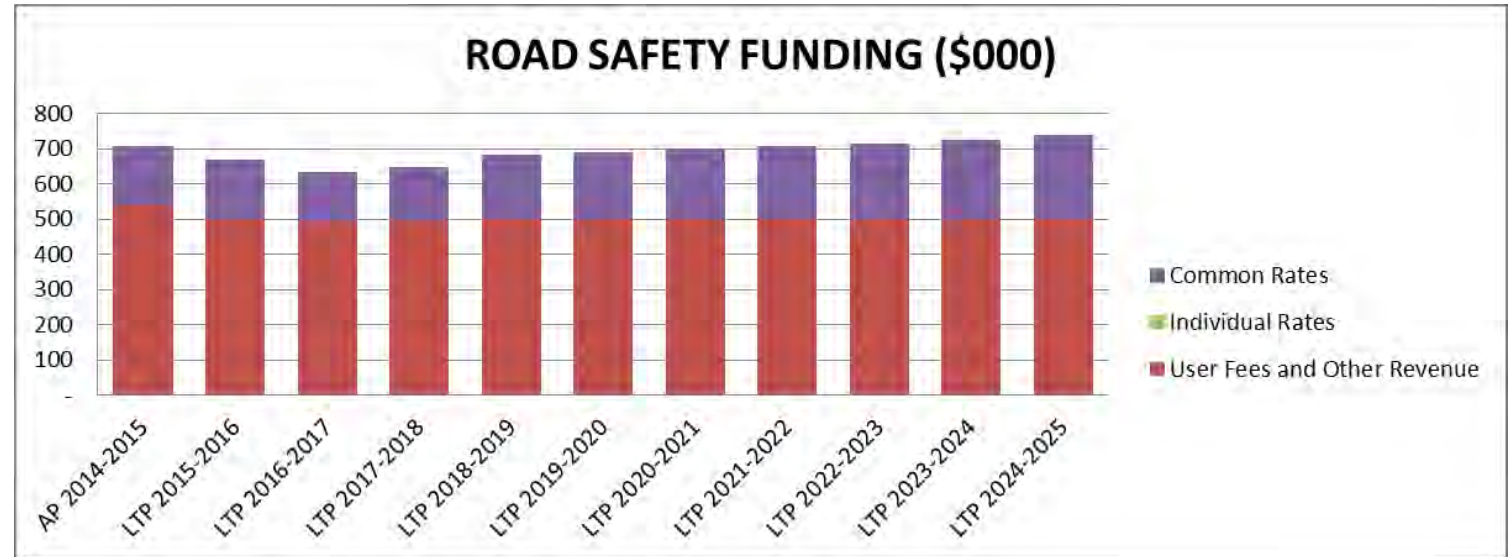
Common Rates

- Transport Planning & Road Safety (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	538	501	495	495	501	501	501	501	501	501	501
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	171	169	140	152	181	189	198	205	215	224	239
Total Income	709	670	635	647	682	690	699	706	716	725	740
Operating Expenditure	708	670	661	672	682	690	699	706	716	725	740
Operating Surplus/(Deficit)	1	-	(26)	(25)	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	1	-	(26)	(25)	-	-	-	-	-	-	-
Reserve Funding	1	-	(26)	(25)	-	-	-	-	-	-	-
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	1	-	(26)	(25)	-	-	-	-	-	-	-

Investment



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.

Significant negative effects on the community goals

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

Highlights

Investments

We will 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.

Investment Group of Activities (\$000)

	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
INVESTMENT	3,354	2,993	3,217	3,842	3,793	4,171	3,456	3,382	3,343	2,703	2,703
Total Operating Expenditure	3,354	2,993	3,217	3,842	3,793	4,171	3,456	3,382	3,343	2,703	2,703
Capital Expenditure											
Total Funding Required	3,354	2,993	3,217	3,842	3,793	4,171	3,456	3,382	3,343	2,703	2,703
Funded By											
User Fees and Other Revenue	4,787	4,926	5,361	6,064	6,078	6,392	5,982	5,812	5,860	5,219	5,304
Individual Rates											
Common Rates	(1,013)	(1,513)	(1,669)	(1,648)	(1,758)	(1,697)	(2,004)	(1,909)	(1,999)	(2,000)	(2,087)
Loans and Reserves	(420)	(420)	(475)	(574)	(526)	(524)	(523)	(521)	(519)	(517)	(515)
Total Funded	3,354	2,993	3,217	3,842	3,794	4,171	3,455	3,382	3,342	2,702	2,702

Capital Expenditure \$000	AP	Long-term Plan									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-

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

	AP 2014-15	Long-term Plan									
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	(1,013)	(1,513)	(1,669)	(1,648)	(1,758)	(1,697)	(2,004)	(1,909)	(1,999)	(2,000)	(2,087)
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	772	806	850	867	891	909	934	957	987	1,012
Internal charges and overheads recovered	2,618	2,428	2,672	2,989	2,956	2,882	2,681	2,466	2,250	1,626	1,443
Interest and dividends from investments	2,169	1,726	1,883	2,224	2,255	2,619	2,392	2,412	2,653	2,606	2,849
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
	3,774	3,413	3,692	4,415	4,320	4,695	3,978	3,903	3,861	3,219	3,217
Applications of Operating Funding											
Payments to suppliers	1,142	1,233	1,286	1,351	1,378	1,417	1,447	1,485	1,523	1,569	1,609
Payments to staff	-	-	-	-	-	-	-	-	-	-	-
Finance costs	1,745	1,220	1,295	1,764	1,654	1,891	1,073	875	700	136	-
Internal charges and overheads applied	467	541	636	727	761	863	936	1,022	1,120	998	1,094
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	3,354	2,994	3,217	3,842	3,793	4,171	3,456	3,382	3,343	2,703	2,703
Surplus (deficit) of Operating Funding (A-B)	420	419	475	573	527	524	522	521	518	516	514
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	420	420	475	574	526	524	523	521	519	517	515
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	420	420	475	574	526	524	523	521	519	517	515
Surplus (deficit) of Capital Funding (C-D)	(420)	(420)	(475)	(574)	(526)	(524)	(523)	(521)	(519)	(517)	(515)
Funding Balance	-	(1)	-	(1)	1	-	(1)	-	(1)	(1)	(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% owned holding company, MWRC Holdings Limited. The external commercial directors of this company provide 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 do

Investment Activities

In this activity we own and manage, via MWRC Holdings, Council's long-term investments such as CentrePort Limited shares. 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.

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.

Highlights

We will 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. Investment and borrowing risks are managed within the Investment and Liability Management policies outlined in the supporting documentation to the LTP.

Investment – What we will 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	2014-15	2015-16	2016-17	2017-18	2018-25
	Target AP	Target Yr 1	Target Yr 2	Target Yr 3	Target Yrs 4-10
INVESTMENT ACTIVITIES (INC. 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.	> 4.14%	> 4.81%	> 4.91%	> 5.01%	> 5.10% to 5.50%
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

	2014-15	2015-16	2016-17	2017-18	2018-25
	Budget AP	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yrs 4-10
Income Investments	3,354	2,971	3,195	3,820	23,393
Strategic Investments	-	22	22	22	154
Total	3,354	2,993	3,217	3,842	23,547

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

This activity is funded by:

User Fees and Other Revenue

- Dividend
- Interest
- Penalties

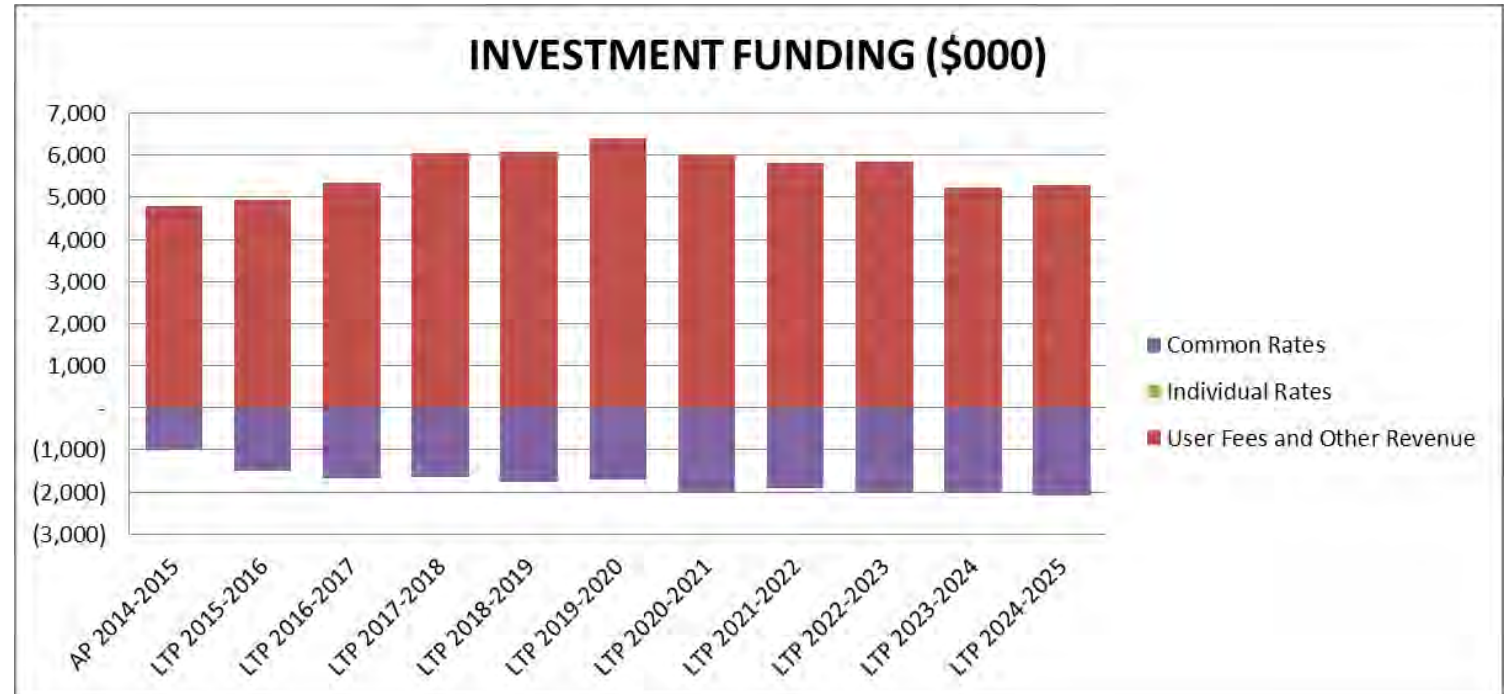
Common Rates

- Investment Rate (EQCV)

Percentage of total expenditure
for 10-year Plan



■ This activity



	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
User Fees and Other Revenue	4,787	4,926	5,361	6,064	6,078	6,392	5,982	5,812	5,860	5,219	5,304
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	(1,013)	(1,513)	(1,669)	(1,648)	(1,758)	(1,697)	(2,004)	(1,909)	(1,999)	(2,000)	(2,087)
Total Income	3,774	3,413	3,692	4,416	4,320	4,695	3,978	3,903	3,861	3,219	3,217
Operating Expenditure	3,354	2,993	3,217	3,842	3,793	4,171	3,456	3,382	3,343	2,703	2,703
Operating Surplus/(Deficit)	420	420	475	574	527	524	522	521	518	516	514
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total To Be Funded	420	420	475	574	527	524	522	521	518	516	514
Reserve Funding	420	420	475	574	527	524	522	521	518	516	514
Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Total Funded	420	420	475	574	527	524	522	521	518	516	514



Financial Information

Introducing the Finances

Overview

Here we present prospective 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 giving revenue and expense details for regulatory management outputs (consents processing, consents hearings, compliance monitoring, and pollution incidents and hazards); revenue, expense, and balance details for individual river and drainage schemes; individual programmes for passenger transport services; and rating and balance details for passenger transport services. In addition, there is a section outlining our staffing and asset resources.

Funding Impact Statements are included that outline revenue and rating mechanisms and provide detailed rating values for general and targeted rates for the 2015-16 year. Finally, this part of the Long-term Plan contains projections of annual administrative charges set under the Resource Management Act 1991 and the Local Government Act 2002.

Statement Concerning Balancing of Budget

Section 100 of the Local Government Act 2002 requires us to ensure that each year's projected operating revenues are set at a level sufficient to meet each year's projected operating expenses. Despite that requirement, a Local Authority may set projected operating revenues at a different level from that required to balance its budget, if it resolves that it is financially prudent to do so.

We have forecast, in our Prospective Statement of Comprehensive Revenue and Expense, that the budget will be in balance over the 10-year period.

Consolidated Statement of Prospective Financial Performance to 30 June 2025

We, as required pursuant to PBE FRS 42, have complied with PBE FRS 42 in the preparation of these prospective 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.

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span a 10-year period and include them within the Long-term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

The financial information contained within this Long-term Plan and its associated policies and documents, is prospective 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 each of the 10 financial years ending 30 June 2016 to 2025, and to provide a broad accountability mechanism of the Council to the community.

In relation to those standards, the financial information for the 2015-16, 2016-17, and 2017-18 financial years are considered to be a forecast, while the financial data relating to subsequent years is considered to be a projection. (A forecast is based on assumptions that the Council reasonably expects to occur, whereas a projection is based on one or more hypothetical but realistic assumptions).

Schedule 10 (Part 1, Section 17) of the Local Government Act 2002 (LGA 2002) requires any long-term plan to clearly identify all the significant forecasting assumptions and risks underlying these financial estimates. Also, in any case where significant forecasting assumptions involve a high level of uncertainty, this fact must be disclosed and an estimate of the potential effects on the financial estimates provided.

Cautionary Note

A cautionary note is required. The actual results for the 10 years covered by this Long-term Plan are likely to vary from the information presented, and may vary materially depending upon the circumstances that arise during the period. The prospective 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 prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Long-term Plan is prospective and as such contains no actual operating results.

This Statement is presented in two sections:

- Significant Forecasting Assumptions divided into financial assumptions, general assumptions and assumptions relating to River and Drainage Scheme Asset Management Plans; and
- Other information to assist in the interpretation and understanding of the financial information contained within the Long-term Plan.

Long-term Financial Strategy

Introduction

The Local Government Act 2002, Section 101, requires Council to “manage its revenues, expenses, assets, liabilities, investments, and future dealings prudently and in a manner that promotes the current and future interests of the community.” The Council’s ability to deliver its current and forecast levels of service is dependent on prudent financial management.

The financial strategy is the overall financial direction we are taking over the 10-year Plan and is arrived at by summarising all issues and consequences arising from our policy and service delivery decisions made through the development of this 10-year Plan. During this process we have reviewed a series of policy documents that make up the 10-year Plan, including:

- Revenue and financing policy – sets out how individual activities are funded;
- Liability management policy – sets out how Council will manage its external debt;
- Investment management policy – sets out how Council will manage its investments; and
- Financial contributions policy – sets out how Council will manage financial contributions in relation to the Resource Management Act 1991.

The purpose of the financial strategy is to facilitate:

- Prudent financial management by Council and provide a guide when considering proposals for funding and expenditure; and
- Consultation on Council’s proposals for funding and expenditure by making transparent the overall effect of those proposals on the Council’s services, rates, debt and investments.

At all times, we look to operate a balanced budget where in each year the operating expenditure is covered by operating revenues, and capital expenditure being funded by a mix of operating revenue, reserves or external debt.

Background

Over the last nine years, we have had to make some challenging financial decisions as a primary result of the major flooding experienced in our Region in 2004. Not only did this event result in \$12 million of unbudgeted expenditure immediately following the flood, it also led us, in consultation with our community, to commit to a \$70 million upgrade of our flood protection assets.

During this time a number of activities grew in support of our response to the flood, such as our Sustainable Land Use Initiative and improvement to our emergency response capability, as did other growth due to our One Plan, and information gathering and dissemination to stakeholders. These projects were started in a time of strong economic growth and certainty and, at that time, funding decisions on the capital components were made in favour of long-term borrowing with the view to intergenerational equity. The concept of intergenerational equity is where we seek to ensure that today’s ratepayers pay only for the services and assets that currently provide a benefit to the community and not for benefits that will be received by ratepayers in the future. This is best achieved by funding the costs of capital works with long-term debt thus spreading the cost of the asset across multiple generations.

A portion of our flood protection programme was originally funded from our existing cash reserves from pre-2004 with the balance being funded by long-term debt.

The global financial crisis remains and we are aware of the need to provide a fiscally prudent 10-year Plan that recognises these tough economic conditions, in particular the issue of rates affordability, while still maintaining levels of service and committing to our existing flood protection programme.

In 2014 we commissioned a second high level financial review of Council’s finances to aid with the strategic decisions included in this 10-year Plan. This report highlighted that there was a noticeable improvement in the net indebtedness as a result of prudent expenditure and the Council taking a conservative approach to its capital expenditure programme.

We have responded to this report by identifying key activities that require growth and looked to cap growth in other activities. This Plan sees an increase

in the levels of service in river protection to enable us to complete our post 2004 flood commitments within four years. A total capital expenditure of \$15.1 million will be required to meet our scheduled upgrade works. In addition, we see levels of service increases in pest management, information and water quality, with all other remaining activities retaining their levels of service over the life of this Plan. We believe these and other measures taken mitigate the issues raised in the financial review.

20 June Rainfall Event:

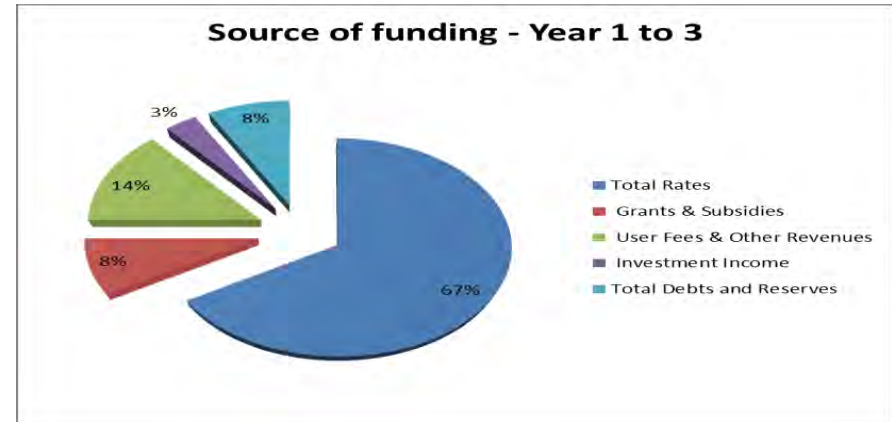
Finally, a rainfall event on 20 June 2015 has had a significant impact on our Region. At this stage we are in the process of assessing the damage and the cost associated with reinstating our flood protection and drainage infrastructure. While we are not yet in a position to quantify the impact on our finances, we do expect it to be significant.

It appears unlikely that the quantum of damage will be sufficient to trigger an insurance claim and accordingly reinstatement works will need to be funded by drawdowns on both individual scheme emergency reserves and the Infrastructure Reserve. Owing to the uncertainty around the costs associated with the event, no changes have been made to this Long-term Plan although once this has been determined Council may decide to make amendments to the Plan.

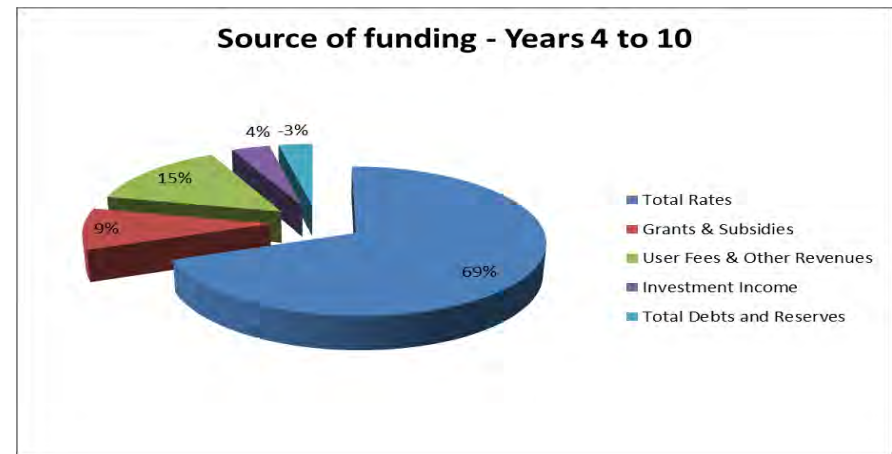
Sources of Revenue

Our activities are funded by a diverse mix of:

- Rates, both general and targeted;
- User fees;
- Grants and subsidies;
- Investment revenue;
- Reserves; and
- External debt.



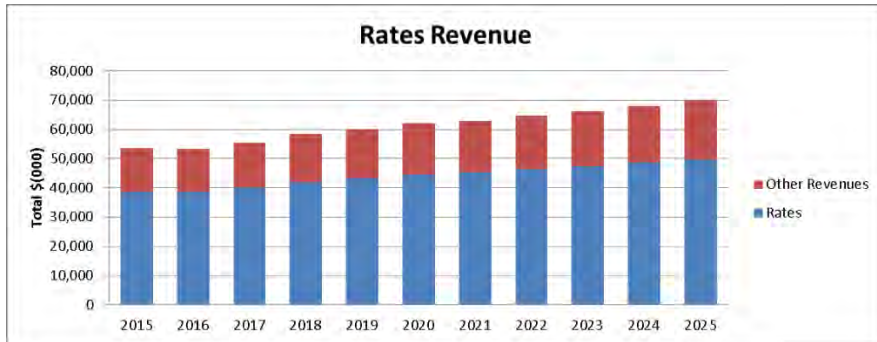
Funding sources for the first three years of the Long-term Plan are consistent with current funding streams. The remaining seven years of the Long-term Plan sees a shift in funding with debt and reserves reducing and rates increasing as a percentage.



All figures are exclusive of GST unless otherwise stated

Rates

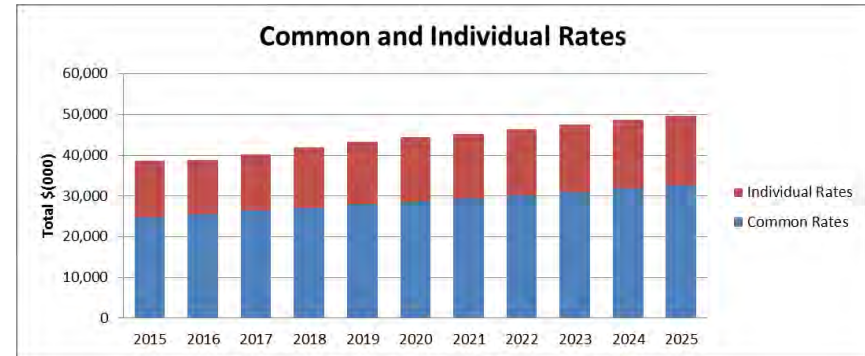
Over the 10-year life of this Plan, rates as a percentage of our total funding will slightly decrease from 72.4% to 71.3%. This is a result of our flood protection capital works programmes being completed and the external debt being repaid.



Operating revenues include rates, grants and subsidies, user fees, and investment revenue. The percentage of our operating revenues derived from rates remains consistent through the 10-year Plan at an average of 72% of our total operating revenue. We are aware that rate revenue accounts for a significant portion of our operating revenue in comparison to other regional councils within New Zealand, and with this the pressure to ensure rate funding streams are secure and sustainable in the long-term.

Common and Individual Rates

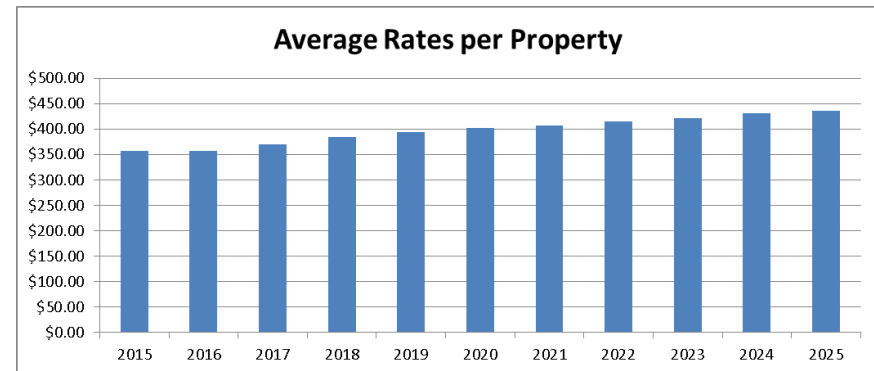
Rates revenue is made up of common and individual rates. Common rates are those rates that every ratepayer in the district pays, and are used to fund activities that the Region as whole will benefit from. Individual rates are those rates that are specifically targeted at a certain group of ratepayers and are set based on the perceived benefit those groups of ratepayers will receive from that individual activity.



Common rates as a percentage of total rate revenue remains consistent between 64.4% and 65.4% during the 10-year Plan.

Average Total Rates per Property

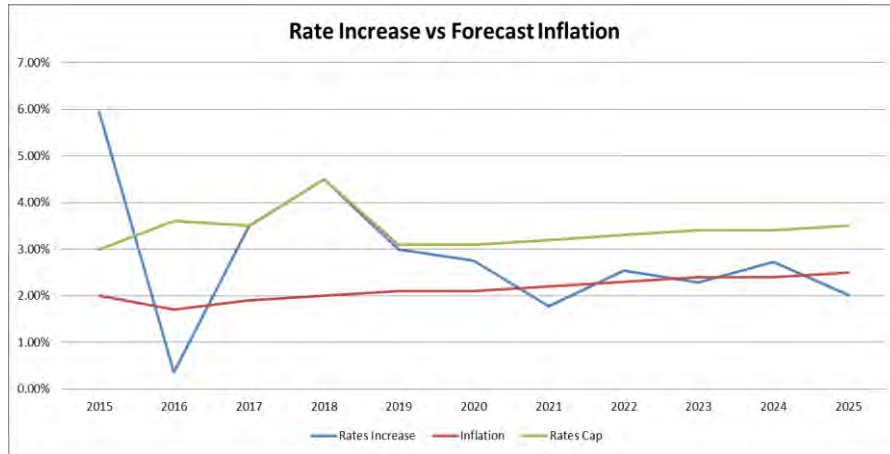
The Horizons Region covers a large area across seven district and city councils and includes approximately 108,343 ratepayers. Due to this diverse range of communities it can be difficult to calculate what is considered an average ratepayer and what the average rates paid across our Region is.



Average rates over the 10-year period of this Plan increase from \$358 to \$437.

All figures are exclusive of GST unless otherwise stated

Rates Increases versus Inflation



The 2014-15 Annual Plan saw a rate increase ahead of inflation primarily as a result of additional flood protection work in Wanganui being condensed to one year. As a result Year 1 of this Plan reflects a slight increase of 0.36% due to the Wanganui work now being completed and the removal of AHB funding from the Long-term Plan. This is followed by increases of 3.49% and 4.49% for Years 2 and 3 respectively, due to increased levels of service in Land Management and Water Quality Monitoring and Research. Year 4 (2019) onwards of the Plan sees a very conservative approach with no forecast level of service increases, which results in the rate increases averaging the forecast inflation.

We have set our rate caps for this LTP to be 3.9% increase for 2015-16, 3.5% for 2016-17 and 4.5% for 2017-18. From 2018-19 to 2022-25 the rate cap will be the Berl CPI rate of inflation as indicated above plus 1%.

Other Revenues

Grants and subsidies make up approximately 8.9% of our total operating revenues in Year 1 (average over 10 years: 9.4%). Our Sustainable Land Use Initiative (SLUI) and Transport activities are two Council programmes that have significant reliance on government grants and subsidies. Long-term government funding for Transport activities is extremely secure overall but may be subject to minor fluctuations in subsidy levels for certain programmes. The Sustainable

Land Use Initiative receives approximately 27% of its funding from the Ministry of Primary Industry (MPI). Council has secured funding to June 2019.

User fees account for approximately 15.5% of our total operating revenues in Year 1 (average over 10 years: 14.9%). User fees include:

- Consent fees, which provides 100% of the funding for consent activities that can be charged to consent holders;
- Compliance charges, which provides 65-80% of the funding for compliance monitoring activities that can be charged to consent holders;
- Scientific research, which provides 70% of the funding for our scientific research programmes; and
- Lease revenue from land blocks held as part of river and drainage schemes.

Debt and Cash Reserves

We use a combination of external debt and reserves to fund certain activities, though mainly capital expenditure.

Reserves are generally used to fund the replacement of plant and equipment and can be used for certain activities where rate surplus from prior years is used to offset future rate demands. We are forecasting the use of external debt to fund a portion of the river and drainage scheme capital works programme and reserves for other plant and equipment replacement programmes. All operational activities are fully funded with the exception of Emergency Management.

Insurance

Due to the events of February 2011 with the Christchurch and Japan earthquakes, our ability to insure our infrastructure assets has reduced considerably as we have been unable to reinsure with one of our commercial providers.

Due to this increased level of risk, we have increased the level of rating to build river scheme reserves and have introduced 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.

River and Drainage Scheme Financial Reserves

We currently rate 25 of our 31 river and drainage schemes for emergency financial reserves. Each scheme has a target reserve held to:

- Meet costs of un-programmed works, in particular flood damage repairs;
- Enable a rapid start on damage repairs; and
- Fund the deductible in respect of an insurance claim.

These scheme reserves are set out in section 2.7.2 of the Infrastructural Asset Management Plans – Part A (effective 1 July 2015).

Over the 10-year period of this Plan, we are increasing these scheme reserves from their current level of \$7.707 million to \$18.11 million. It is important to note that these reserves are used to help us fund capital works programmes by lending these funds internally, as the cost of using these funds is cheaper than borrowing externally.

In the event that we need to access these funds, we will look to borrow externally should our working capital not allow us to fund internally as and when required.

Infrastructure Insurance Reserve

After reviewing submissions on our previous Long-term Plan and receiving information regarding the unavailability of suitable infrastructure insurance we decided to introduce an Infrastructure Insurance Reserve Rate to build a reserve that could be called upon to restore our infrastructure assets after an event. In essence this is a self insurance rate that will ensure our resilience after a major event such as the 2004 flood or Christchurch scale earthquakes. In addition, many river and drainage schemes have opted to increase their rates to build reserves to aid self insurance.

To remain financially prudent while ensuring Council has the funds available to self insure its assets we introduced an Infrastructure Insurance Reserve Rate. As of 30 June 2014 this reserve has \$940,000. We plan to add \$420,000 in 2015-2016, \$520,000 in 2016-17, and from 2017 onwards \$620,000 per year. We have decided to rate \$120,000 per year of this amount from river and drainage CV and the rest by a 4 'tiered' Uniform Annual Charge (UAC) differentiated on the Capital Value of a property.

Over the life of the Plan this reserve will build to \$7.26 million unless it is called upon after an event.

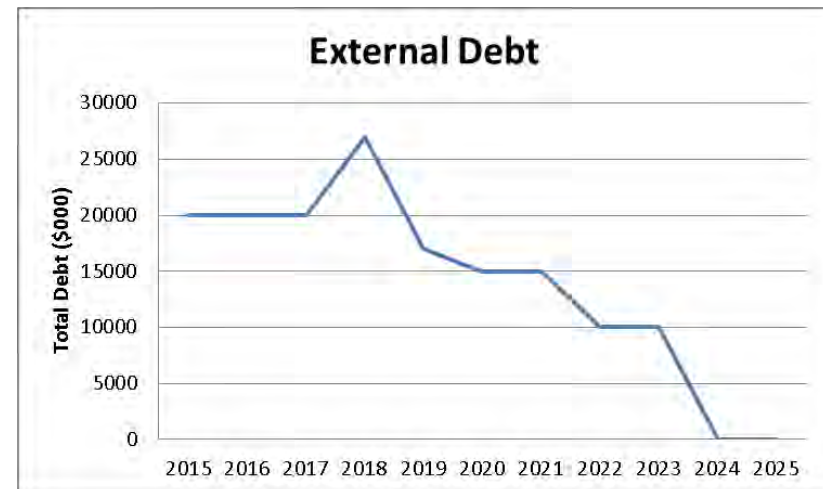
Infrastructure Renewal Reserve

Commencing in 2015-16, we will be progressively establishing separate renewal reserves for 20 schemes that employ infrastructure having a finite life. The combined renewal reserve will commence with a balance of zero at 1 July 2015 and following contributions and withdrawals for renewal works, will have a balance of \$0.93 million after 10 years.

External Debt

At the time of the 2006-2016 Long-term Plan, we implemented our flood protection capital works programme, which was funded primarily on debt. This capital works programme is approximately 70% of the way through the programme and scheduled to be completed in 2019. Our debt will peak at \$27 million in Year 3 (2018), and then reduce as Council will direct existing funding being used to pay for a portion of this capital works into debt repayment.

We apply the principal of 'inter-generational equity' to our debt funding of river and drainage capital works by having terms of 25 to 30 years.

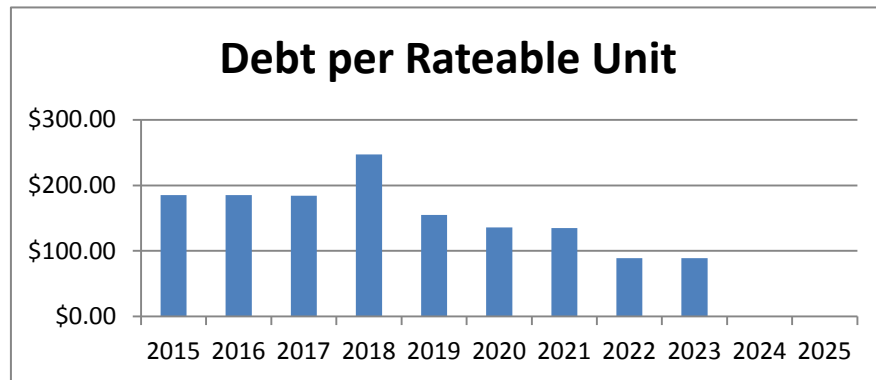


All figures are exclusive of GST unless otherwise stated

The above illustration shows peak debt and takes into account our working capital requirements that will occur during the financial year and not that represented at year end in the prospective statement of financial position (page 188).

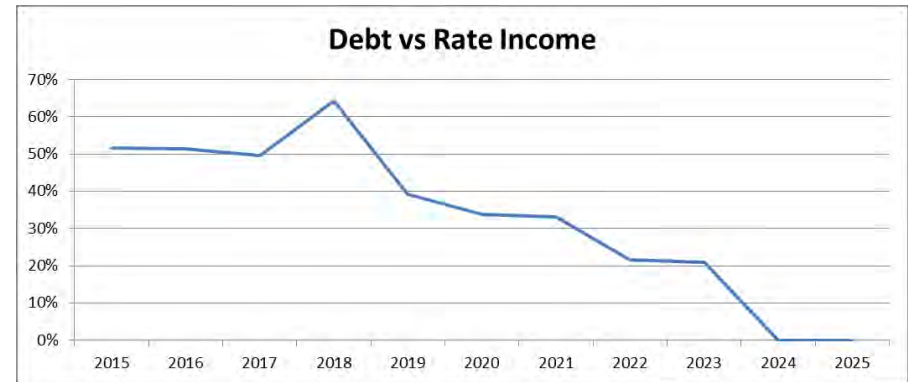
We manage our debt profile and interest rate exposures via the liability management policies included in this Long-term Plan (refer page 301). This policy requires us to have a 10% contingency for working capital by having either a debt facility available to be drawn on or cash reserves.

By 2018 we will need approximately \$4 million of additional facility available on top of our peak debt to meet our normal working capital requirements, plus a further \$3 million facility to cover a portion of our scheme emergency reserves. Our debt cap over this period is set at \$34 million for the programme of works included in this Plan; however we may need to borrow further to fund contingencies such as providing cash backing to our scheme emergency reserves, unplanned capital expenditure, or to fund our ability to respond to an emergency. As per normal practice, we will look to prioritise our existing funds first before committing ourselves to acquiring more debt. The graph below illustrates that while our debt is growing, the amount of debt when divided over the rateable units in our Region remains relatively small.



Unlike commercial organisations where debt is generally secured against a fixed asset base, our debt is secured against rate revenue. Our borrowing limits are set out in the liability management policy (refer page 317), which sets out a limit of 150% of net external debt versus total revenue. We currently sit at 37% but

will see this increase to 38% by Year 2 (2017) as our net external debt peaks and then decreases from Year 3 onwards.



Interest rates remain at historical low levels and we have and will continue to use financial instruments such as interest rate swaps to mitigate our future interest rate exposure. Our current average cost of borrowing is 5.9% and is forecast to increase to 6.0% in Year 1 of the Plan followed by gradual annual increases up to 7.0% by Year 5 of the Plan. The average cost of borrowing is forecast to increase as we refinance our existing facilities and replace these with facilities at higher margins.

In addition, we will be participating in the Local Government Funding Agency to access lower cost of funds compared to rates available from commercial banks and the bond markets.

Investment Revenue

Investment revenue is used to offset the General Rate. Investment revenue accounts for approximately 2.1% of Council’s total operating revenues for Year 1 (average over 10 years: 3.8%) and is derived from rate penalties, interest earned on cash investments and dividends from Council’s shareholding in CentrePort. This shareholding, along with the proceeds from the sale of our shareholding in the Port of Napier will continue to be owned by our subsidiary investment company, which will provide dividend revenue back to Council.

We are forecasting returns on cash investments at 4.81% in Year 1 gradually increasing to 5.41% by Year 10 of the Plan. Dividends are forecast in line with MWRC Holdings Statement of Corporate Intent.

All figures are exclusive of GST unless otherwise stated

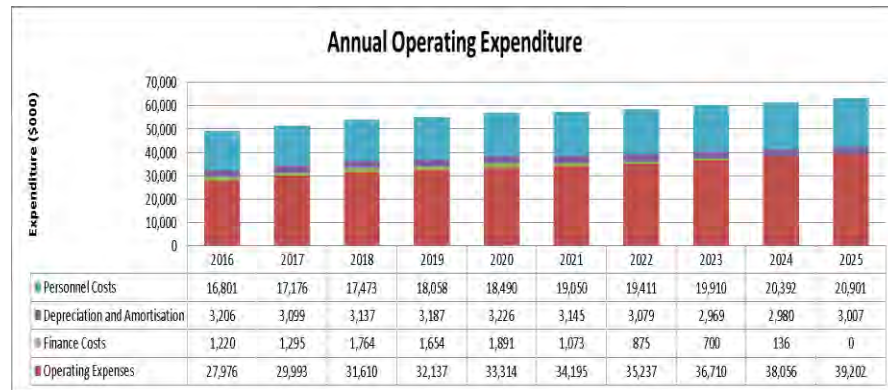
We consider our investment in CentrePort a strategic investment and have no intention of divesting ourselves of this investment in the foreseeable future.

MWRC Holdings Limited recently negotiated an investment opportunity to purchase a building using some of the \$9 million proceeds from the sale of our Port of Napier shares and will continue to look for further opportunities for investment.

Operating Expenditure

Operating expenditure is the on-going day-to-day cost of running our Council. Over the life of this Plan total operating expenditure will increase in total by 27.5% compared to the inflation forecast of 47%. This equates to a reduction in total expenditure less than the rate of inflation applied in the Plan. This is a result of depreciation and financing costs initially increasing and then reducing towards the end of the 10-year Plan, with personnel costs increasing on average by only 2.4% per annum.

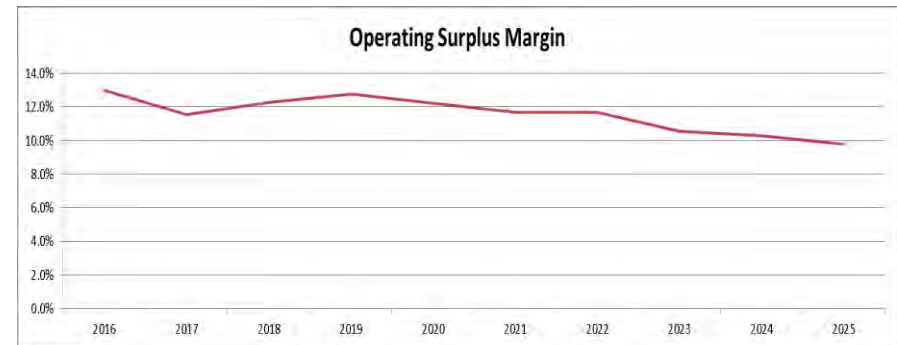
The reduction in depreciation is due to reassessment of the remaining useful life of our depreciating assets. Maintenance cost sits under operating expenditure as opposed to depreciation. Refer to the Infrastructure Strategy Plan for more details.



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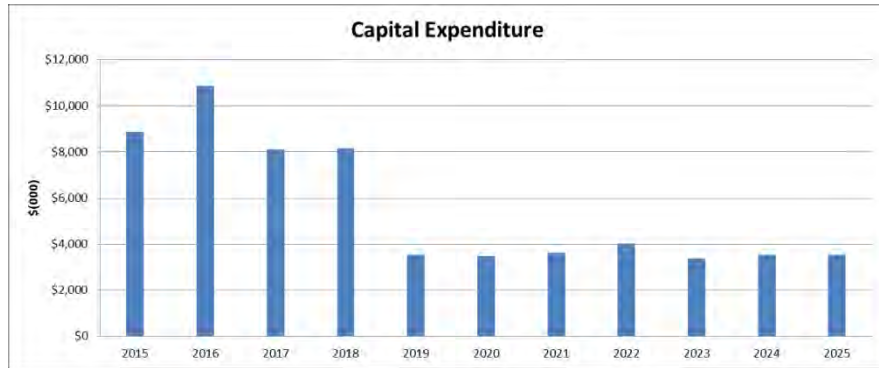
Operating Surplus

Our operating surplus margin is the annual surplus we have available to fund our capital expenditure, to meet interest and principal repayments on our debt or funds we have available to set aside to meet future contingencies. This margin is calculated by taking our operating surplus, adding back depreciation and finance costs and deducting finance revenues, and then dividing this amount by our rates and other revenues.



The introduction of the Infrastructure Insurance Reserve Rate has improved our margin and you can see the impact of the rate increase from \$420,000 to \$620,000 per annum between Year 1 and 3 in the above graph. This highlights that we will have the funding available to spend on capital expenditure, debt financing, maintenance of our infrastructure and contingencies going forward.

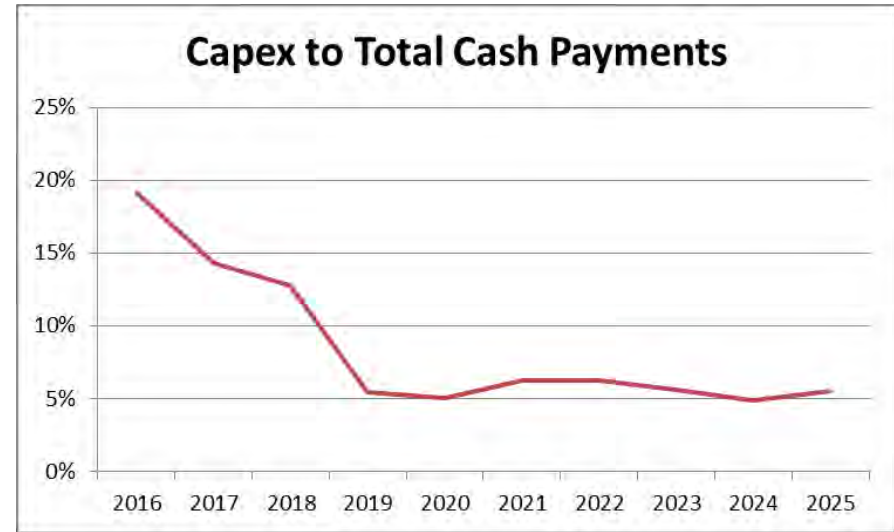
Capital Expenditure



Capital expenditure is where we look to either acquire or upgrade physical assets such as computer equipment, vehicles, buildings, and river protection assets.

Our capital expenditure will peak in 2016 at \$10.8 million and slowly reduce as our river protection works programme nears completion in 2019.

When comparing our capital expenditure to total cash payments, this highlights the scale of our current capital works programme in relation to our normal business operations. We consider our capital works programme for our river and drainage assets to be vital for the protection of our communities.



Cash Position

We will be entering into a 10-year period where cash reserves will be minimal as all available funds are utilised to fund our capital works programmes and repay debt. We are keenly aware this will leave us in a position where we may not be able to financially respond to contingencies without having to borrow external funds.

This cash position will reverse from 2020 onwards, where we will retain on average more cash during the year as working capital, but will use these funds to repay debt as it matures.

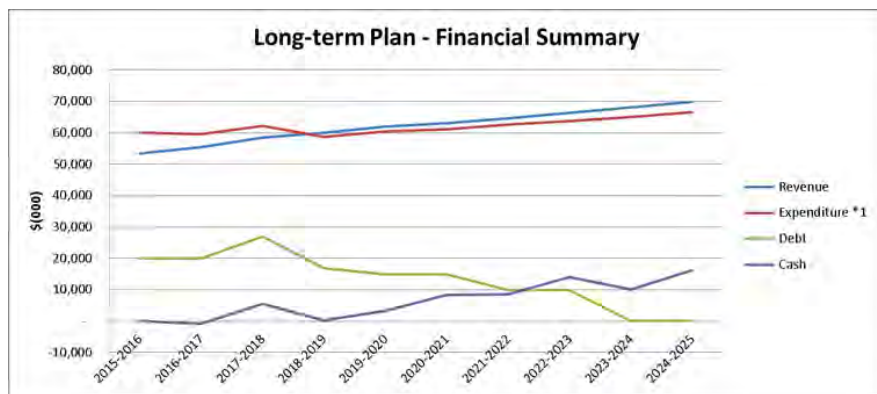
Our Overall Financial Position and Caps

The below graph provides an overview of spending and funding over this 10-year Plan.

We believe the Long-term Plan presented is fiscally responsible in light of current economic times, unavailability of suitable infrastructure insurance, and the need to complete our planned capital works programmes. Over the first three years of this Plan we will continue to see our total expenditure exceed our revenue as we continue with our planned capital works programmes. This gap

in revenue and expenditure will be funded by external debt and by Year 4 we will see our debt peak at \$27 million. Year 4 sees the cash balances gain a consistent improvement and debt levels start to decrease. It should be noted that our liability management policy would require us to have available a further \$7 million facility on top of this external debt to allow for liquidity.

the rate of inflation as indicated above plus 1%. Note, both of these caps assume a major natural event will not occur during the 10-year term of this Plan.



Note 1*: Expenditure includes non-cash items such as capital expenditure and depreciation.

Towards the end of this 10-year Plan, we will need to rationalise some of our capital renewal programmes, which may see some fixed assets either not replaced or have this replacement delayed. We do not anticipate this will have a negative effect on our levels of service over this 10-year period.

The LTFS also provides detail on the caps we are looking to set ourselves on our debt and rates increases over the 10-year Plan. For the first year of the LTP we are forecasting our rates to decrease on average by 0.36%. This amount will differ per district as capital values change, the Lower Whanganui Scheme is completed, the Animal Health Board Rate is removed and weed harvester operations will affect districts differently. As a result, the real impact on most districts will be an average increase of 3.85%. This will be followed by an increase of 3.49% (Year 2), 4.49% (Year 3) and then drop below the rate of inflation for Year 4 onwards. We have set our debt cap for the 10 years at \$34 million and our rate caps for this LTP to be 3.9% increase for 2015-16, 3.49% for 2016-17 and 4.49% for 2017-18. From 2018-19 to 2022-25 the rate cap will be

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Long-term Plan Disclosure Statement for Period 1 July 2015 to 30 June 2025

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 Long-term 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.

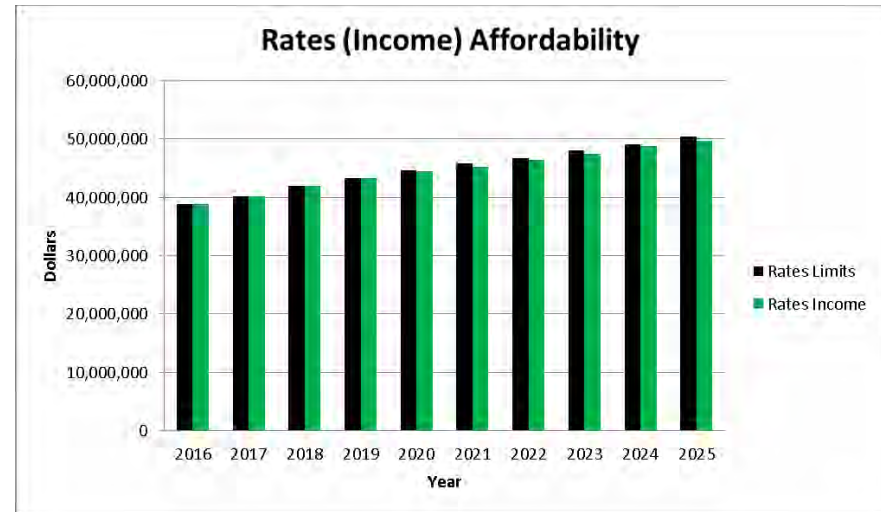
Rates affordability benchmark

The council meets the rates affordability benchmark if:

- Its planned rates revenue equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

Rates revenue affordability

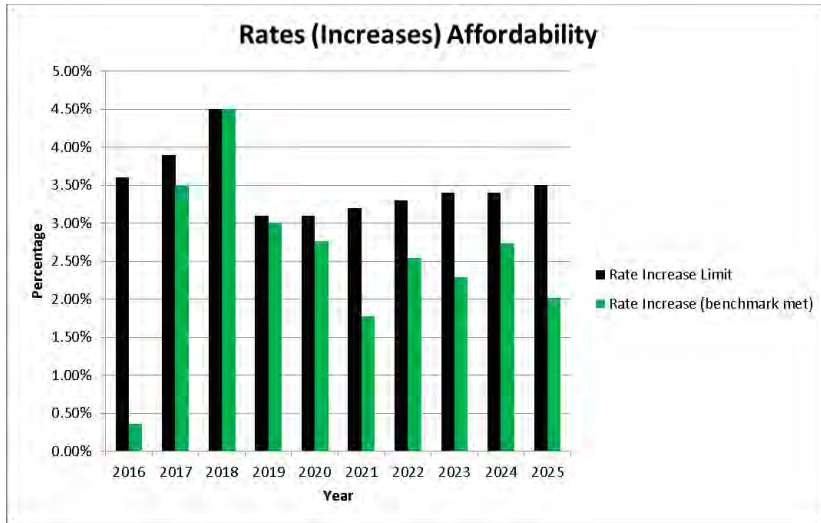
The following graph compares the Council's rates revenue with the quantified limit on rates contained in the financial strategy included in this Long-term Plan. The quantified limits are 38.7 million (2015), 38.7 million (2016), 40.2 million (2017), 42.0 million (2018), 43.3 million (2019), 44.6 million (2020), 45.8 million (2021), 46.8 million (2022), 48.0 million (2023), 49.1 million (2024) and 50.5 million (2025).



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Rates (increases) affordability

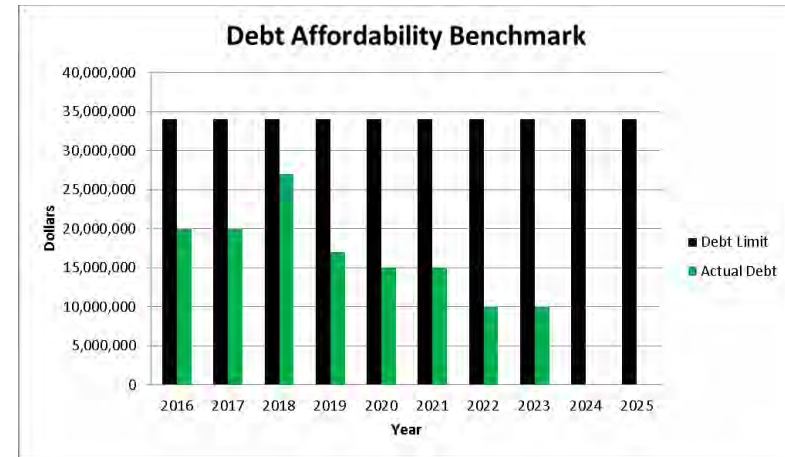
The following graph compares the council’s rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long-term Plan. Council have set the quantifiable limit at 3.6% for 2015-16, 3.9% for 2016-17 and 4.5% for 2017-18. From Year 4 onwards the limit is CPI plus 1%.



Debt affordability benchmarks

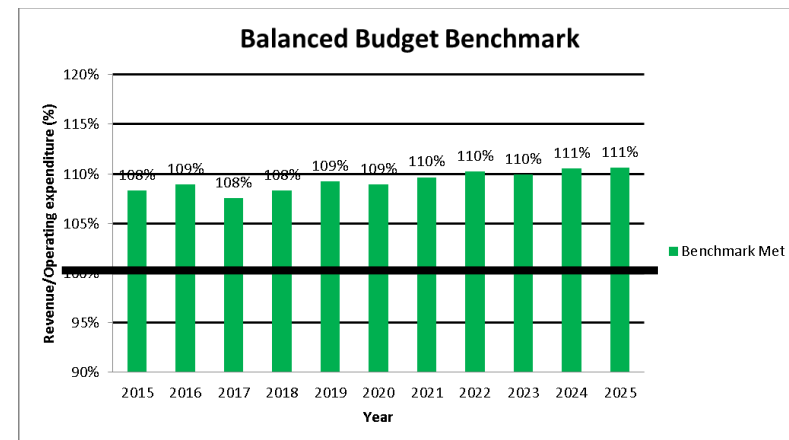
The Council meets with debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

The following graph compares Council’s planned debt with a quantified limit on borrowing, contained in the financial strategy included in this Long-term Plan. The quantified limit is \$34 million.



Balanced budget benchmark

The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

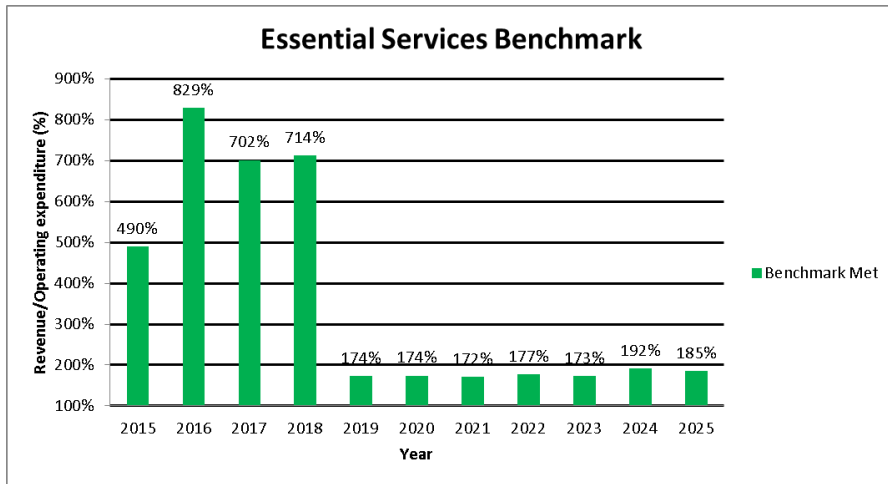


All figures are exclusive of GST unless otherwise stated

Essential services benchmark

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

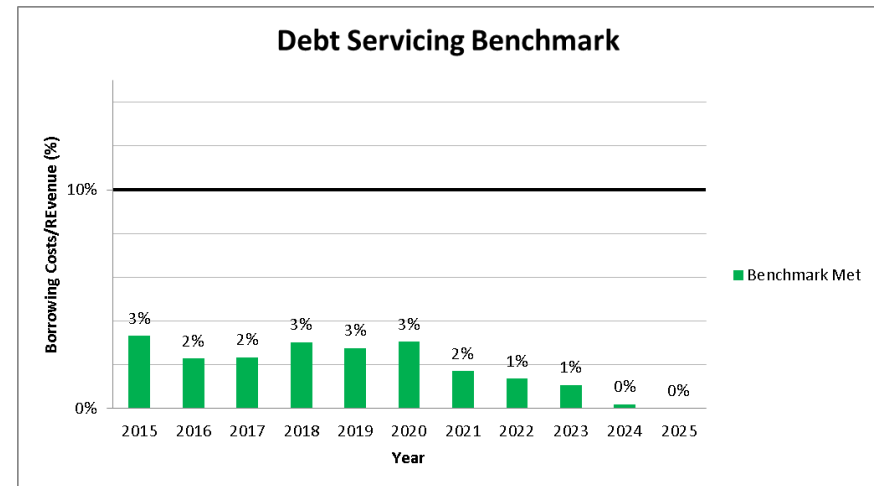
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council’s population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its planned revenue.



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30 Year Infrastructure Strategy

Purpose

Infrastructure accounts for approximately 20% and 86% respectively of Horizons Regional Council's (HRC's) operating and capital expenditure. This substantial expenditure allows Council to provide one of its core services being river control and flood protection, which significantly enhances the safety and economic wellbeing of the various communities within the wider Manawatu-Wanganui Region. It is the very reasonable expectation of those communities, that sound decisions are made around infrastructure maintenance and renewal, such that a high degree of resilience in network performance is assured and that both present and future generations pay their fair share of associated costs.

The Local Government Act 2002 Amendment Bill (No. 3) 2014 requires that Local Authorities include in their 2015-25 Long-Term Plans (LTP), infrastructure strategies covering the five main infrastructure categories, one of which is flood protection.

This Infrastructure Strategy outlines:

- The key infrastructure service issues to be considered over the next 30 years;
- The options for addressing those issues;
- The currently preferred option;
- The cost implications of that option.

Mandate and Geographic Context

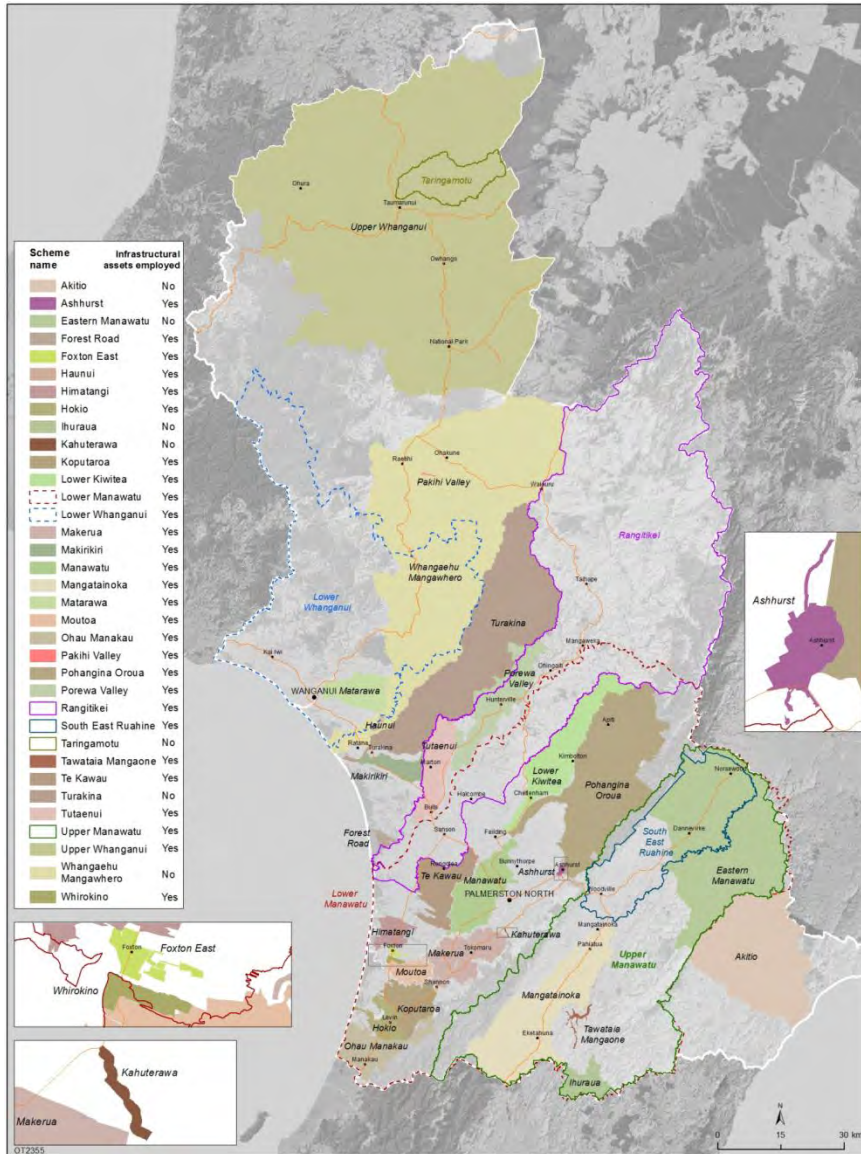
HRC has the functions, duties and powers of a Catchment Board under the Soil Conservation and Rivers Control Act 1941. A specific function is to prevent or minimise damage arising from flooding or erosion. HRC also has the functions, duties and powers of a Land Drainage Board under the land drainage provisions of the Local Government Act 1974 and the Land Drainage Act 1908, in respect of a number of drainage districts assigned under the Local Government Re-organisation Order 1989.

HRC performs its functions with respect to the above legislation through its management of 34 river and drainage schemes widely spread throughout the Manawatu-Wanganui Region. The schemes provide protection from flooding and erosion for both urban and rural communities. Many of the Region's urban communities are located on flood plains and an appropriate standard of flood risk mitigation is essential for their safety and social wellbeing. Similarly, the flood plains comprise highly productive land so the protection of that land from flooding, and the provision of good drainage, is fundamental to the economic wellbeing of not only the directly benefiting areas but also the wider Region.

Collectively, the schemes manage approximately 1,270 km of river channel and provide flooding and/or erosion benefits to approximately 750 km² of land plus 25 townships including the major urban areas of Palmerston North, Wanganui, Taumarunui, Feilding and Marton. In addition, approximately 550 km² of productive land receives drainage benefits from extensive gravity and pumping infrastructure.

Figure 1 shows the location of each of the 34 schemes. Of those, seven schemes have been established to address river channel management issues only and as such, do not employ infrastructure assets. It is the remaining 27 schemes, which collectively employ assets having a replacement value of \$366 million as at 1 July 2014, which are the subject of this Infrastructure Strategy. It should be noted that some of those 27 schemes have been primarily established to provide drainage benefits as opposed to flood protection benefits and may not strictly be encompassed by the new legislation. However for simplicity, Council has elected to include all of its river control, flood protection and drainage schemes within its new 30 Year Infrastructure Strategy.

Figure 1 – Location of Schemes



Infrastructure Description

Table 1 shows the type, quantity and replacement value of all the infrastructure assets employed within HRC’s river and drainage schemes.

Table 1 - Asset Type, Quantity and Replacement Value

Asset type	Measure	Replacement value as at 1 July 2014 (\$)	Book value as at 30 June 2014 (\$)
Stopbanks	490 km	120,000,000	113,900,000
Rock linings	578,000 tonnes	47,600,000	44,300,000
Concrete riprap	286,000 tonnes	24,000,000	21,600,000
Timber flood walls	3300 metres	2,100,000	1,900,000
Concrete floodwalls and retaining walls	1746 metres	2,100,000	1,900,000
Portable flood barriers	3	182,000	159,000
Detention dams	53	9,700,000	8,800,000
Floodgated culverts	468	12,500,000	6,900,000
Drainage channels	1090 km	25,000,000	23,200,000
Bridges	1	47,000	42,000
Grade controls	59	5,010,000	4,400,000
Groynes (various)	16,700 metres / 33,000 tonnes	7,483,000	6,700,000
Tied tree edge protection	183 km	26,300,000	24,000,000
Lateral riverbank erosion structures	14,300 metres	7,420,000	6,000,000
Protection planting	2,185 hectares	33,400,000	34,900,000
Major flood control / diversion structures	21	31,500,000	28,100,000
Pumpstations	23	9,400,000	8,400,000
Miscellaneous structures	40	2,300,000	2,100,000
TOTAL		\$366 million	\$337 million

Note: The above figures exclude forestry assets and work in progress.

All figures are exclusive of GST unless otherwise stated

Asset Age, Condition and Performance

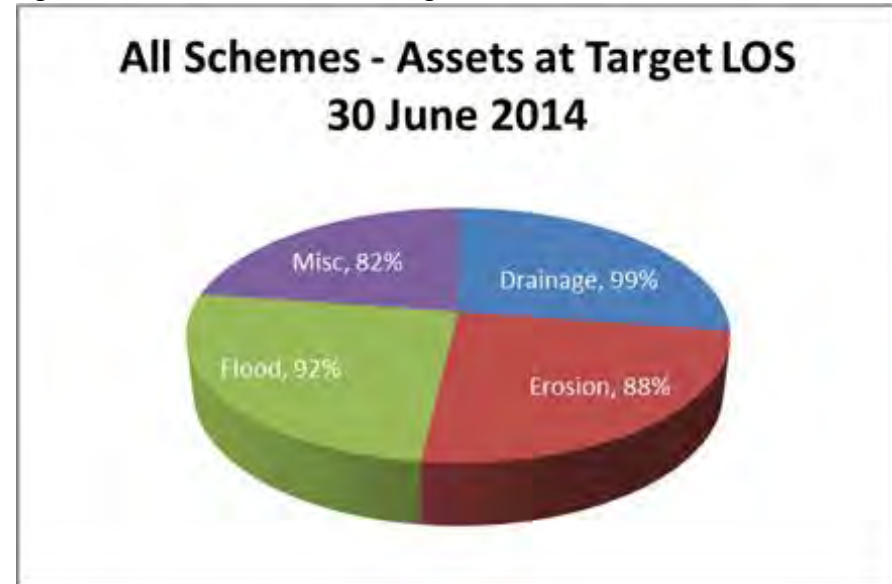
The infrastructure, which comprises some 3,750 separate assets, is of variable age. The major schemes were established in the 1960's however, those schemes often took ownership of assets from earlier drainage or river boards and as a result some of the most critical flood protection assets comprising stopbanks, flow diversion structures and floodgated culverts, range in age from 1 to 100 years. Nevertheless, most of that infrastructure is 'above ground' and is able to be inspected, condition rated, and maintained in perpetuity at, or near its full service potential. Furthermore, major capital upgrade projects that Council has committed to post the 2004 Manawatu-Wanganui regional floods, have resulted in substantial improvement in the standard of much of the primary flood protection infrastructure. Figures 2 and 3 below illustrate respectively the overall condition and performance against level of service targets of Council's assets.

Figure 2 – All Assets Condition Rating 2014



All figures are exclusive of GST unless otherwise stated

Figure 3 – All Schemes - Assets at Target LOS 30 June 2014



The performance of river control, flood protection and drainage assets is measured in terms of river flood or land run-off conveyance in a design event having a specified probability or return period. Performance of any particular asset, or group of assets, can therefore only be truly assessed when the prescribed, generally very rare, event occurs. In the interim, performance is assessed by way of surveyed channel dimension in relation to design dimension and on that basis, Council's major river schemes will meet prescribed performance targets upon the completion of all present capital upgrade projects in 2018-19.

LIFELINE ASSETS

Council is not a lifelines entity under the Civil Defence and Emergency Management Act 2002, nor does it manage any lifeline assets. Assets managed, particularly those related to flood and erosion protection, do however provide

valuable protection to many lifeline assets such as roads and gas, electricity and telephone networks.

LEVELS OF SERVICE – COMMUNITY EXPECTATIONS

Levels of service (LOS) for the various assets or 'systems' vary from scheme to scheme in accordance with affected community expectations. Those LOS are set out in detail in the respective scheme-specific Asset Management Plans. For example, stopbanks in the Rangitikei Scheme provide protection to the 2% AEP standard on the left bank at Tangimoana and to the 1% AEP standard on the right bank at Parewanui. In the Lower Manawatu Scheme (LMS), adopted standards are 0.2% and 1% for the urban area of Palmerston North and surrounding rural areas respectively. Those variations in LOS are reflected through the various differential rating categories of the subject schemes.

There is presently no indication of any community desire to change LOS for significant assets. As is discussed in some detail below, the planning environment, affordability issues and engineering considerations all conspire to deter demand for increased LOS. In the unlikely event that a particular community does seek an increase in LOS, then the resulting infrastructure would be treated as new capital works, funded largely by the direct beneficiaries, through changes to the relevant rating differentials. Accordingly, there is minimal risk that community expectations will not be accommodated through this Strategy. Communities themselves will determine whether or not they can afford an increased LOS or can afford to take the risks associated with a reduction in LOS. There is nothing in this Strategy that will preclude the very modest changes that could arise around community expectations over the next 30 years.

Neither is there presently any indication that current LOS are not sustainable. The primary production areas and major rural communities that benefit from Council's significant infrastructure are at present, economically sound and are expected to remain so for the foreseeable future. There are some urban flood schemes that protect areas with declining populations, such as Marton and Wanganui. Fortunately however, the schemes involved have low operating/maintenance costs and are expected to remain viable for at least the next 30 years.

All figures are exclusive of GST unless otherwise stated

ASSET MANAGEMENT POLICY

Council reviewed its Asset Management Policy in September 2014, to reflect both sector and Council experience with maintenance/renewal requirements and life cycles of the various flood and erosion control and drainage assets. Table 3 summarises the amended policy.

Table 3 - Summary of the Amended Asset Management Policy

Asset Type	Maintenance/Renewal Policy	Asset Life Cycle	Depreciate?	Approx. Value 1 July 2014	Insured?
Concrete riprap	<u>Maintain</u> to full service potential in perpetuity (periodic topping up etc.). If substantial damage occurs, opportunity may be taken to replace with rock. That would provide increased levels of service and be treated as new capital expenditure accordingly.	Infinite	No	\$24 million	Yes
Rock linings – engineered and non-engineered	<u>Maintain</u> to full service potential in perpetuity (periodic topping up etc.). If substantial damage occurs to non-engineered rock, opportunity may be taken to replace with a higher standard engineered asset. That would provide increased levels of service and be treated as new capital expenditure accordingly.	Infinite	No	\$47.6 million	Yes
Stopbanks – no settlement or loss of channel capacity	<u>Maintain</u> to design standard in perpetuity. If climate change impacts on levels of service, any upgrade would be treated as new capital expenditure.	Infinite	No	\$120 million	Yes
Stopbanks – structural deficiencies identified	<u>Maintain</u> in perpetuity and <u>Replace</u> when deficiencies are identified, as either an extraordinary maintenance or capital expense.	Infinite (unable to pre-determine deficiencies)	No	Included	Yes
Stopbanks – progressive loss of capacity	<u>Maintain</u> in perpetuity. Consult through scheme review process re options – i.e. reduced level of service or upgrade. If upgraded, treat as extraordinary capital expense. Where silt is removed on a planned and regular basis (eg. Oroua River), that will be treated as maintenance.	Infinite (possibly to reduced levels of service)	No	Included	Yes
Timber flood walls and stopbank retaining walls	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> .	50 years	Yes	\$2.1 million	Yes
Concrete flood walls and retaining walls	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> .	200 years	Yes	\$2.1 million	Yes

All figures are exclusive of GST unless otherwise stated

Asset Type	Maintenance/Renewal Policy	Asset Life Cycle	Depreciate?	Approx. Value 1 July 2014	Insured?
Portable flood barriers	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> .	50 years	Yes	\$182,000	Yes
Detention dams	<u>Maintain</u> earth embankments in perpetuity. Where siltation affects capacity, reinstate as a maintenance item or consult around option of reducing levels of service. <u>Renew</u> culverts and concrete spillways as capital expenditure.	Infinite (earth structures) 70 years (culverts and spillways) as an interim provision until individual asset assessments provide better information.	No Yes	\$9.7 million	Yes
Floodgated culverts - all	<u>Maintain</u> exposed components eg. flap gates and screens. <u>Renew</u> either entire structure or components as capital expenditure.	70 years	Yes	\$12.5 million	Yes
Drainage channels, including culvert crossings	<u>Maintain</u> in perpetuity, including re-grading and minor relocation. Where enlargement or relocation is required for increased levels of service, treat as a capital improvement.	Infinite	No	\$25 million	Yes/No
Bridges (concrete)	<u>Maintain and Renew</u>	200 years	Yes	\$47,000	No
Grade controls (loose rock/boulders) These typically have imprecise dimensions	<u>Maintain</u> as required. Total replacement may be required in rare instances and will be treated as capital expenditure - new.	Infinite	No	\$510,000	Yes
Grade controls and weirs (concrete structures)	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> .	70 years	Yes	\$4.5 million	Yes
Groynes - encased concrete	<u>Maintain</u> to extent possible. In event of undermine and collapse, replace as extraordinary capital expense.	Infinite	No	\$583,000	Yes
Groynes - permeable	<u>Maintain</u> as required. Will usually achieve intended purpose within their variable finite life. In rare situations where replacement is required, treat as capital expenditure – new.	Undefined	No	\$3.1 million	No

All figures are exclusive of GST unless otherwise stated

Asset Type	Maintenance/Renewal Policy	Asset Life Cycle	Depreciate?	Approx. Value 1 July 2014	Insured?
Groynes – impermeable rock	<u>Maintain</u> to full service potential in perpetuity (periodic topping up etc.). Total replacement may be required in rare instances and will be treated as new capital expenditure or maintenance if no increase in levels of service.	Infinite	No	\$3.8 million	Yes
Lateral riverbank retaining/erosion walls (timber, rail and netting, gabions)	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> . Because of the relatively minor scale of these structures, replacement will be treated as maintenance expenditure.	Undefined	No	\$720,000	Yes
Lateral erosion walls - mass blocs and tiered concrete	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> .	100 years	Yes	\$2.2 million	Yes
Lateral erosion walls – permeable mesh units	<u>Maintain</u> . These structures are of a temporary nature and have a variable finite life. Protect vegetation during establishment.	Undefined	No	\$4.5 million	Yes
Tied tree edge protection	<u>Maintain</u> in perpetuity (high maintenance cost). <u>Replace</u> as necessary as a maintenance expenditure.	Infinite	No	\$26.3 million	No
Protection planting and erosion protection reserves.	<u>Maintain</u> in perpetuity (high maintenance cost). <u>Replace</u> as necessary as a maintenance expenditure. New planting areas will be established as capital expenditure – new.	Infinite	No	\$33.4 million	No
Major flood control/diversion structures (Moutoa, Makino)	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> .	Concrete – 200 years control building 100 years, steelwork – 100 years. Electrical – 50 years (as an interim provision until individual asset assessments provide better information).	Yes	\$28.4 million	Yes

All figures are exclusive of GST unless otherwise stated

Asset Type	Maintenance/Renewal Policy	Asset Life Cycle	Depreciate?	Approx. Value 1 July 2014	Insured?
Other major floodgate & diversion structures (Flygers, Burkes, Sluggish, Moutoa etc.)	<u>Maintain</u> to full service potential within projected life of critical materials then <u>Renew</u> .	Concrete – 100 years Steel work– 100 years (as an interim provision until individual asset assessments provide better information)	Yes	\$3.1 million	Yes
Pumpstations	<u>Maintain</u> to ensure design service capacity. <u>Renew</u> (overhaul) components or entire structure as required. Potentially complete replacement could be required where land settlement significantly compromises effectiveness. That would be treated as an extraordinary capital expenditure.	Concrete – 100 years Mechanical (pumps and gates) and structural steel – 25 years. Electrical – 50 years.	Yes	\$9.4 million	Yes
Miscellaneous structures (amenity assets, spillways, security fences etc.)	<u>Maintain</u> in perpetuity. <u>Replace</u> if necessary and treat as either maintenance or extraordinary capital expense.	Infinite	No	\$1.9 million	No
TOTAL (excludes forestry and WIP)				\$366 million	

All figures are exclusive of GST unless otherwise stated

INFRASTRUCTURE ISSUES TO BE CONSIDERED

A number of issues potentially affecting the provision of flood and erosion control and drainage infrastructure over the next 30 years are discussed below. Several future scheme management issues are identified. In some cases it is possible to set out management principles now, and to at least make some general statements about the future with a degree of confidence. In other cases there is too much uncertainty about future events and circumstances. It would be wisest to defer decisions on these matters until more is known.

Changes will occur in the next 30 years that are not predictable now, just as many changes experienced over the past 30 years were not predictable in 1984. To keep the scope of the projections set out below within manageable limits, three assumptions have been made about the future:

- 1. Economic climate.** It is assumed that the regional economy will either be maintained or strengthened over the next 30 years. On that basis it is assumed that existing LOS will remain affordable for that period.
- 2. Regulatory environment.** It is assumed that Council's ability to maintain river systems and infrastructure will be unchanged over the next 30 years.
- 3. Operational cost drivers.** It is assumed that Council will be able to continue to engage the level of professional expertise required to maintain and monitor the performance of its existing infrastructure.

The areas of uncertainty are:

Growth or decline in demand: This is a major area of uncertainty for Territorial Authorities, who have to plan for changes in future demand for services. Those changes could be large, as could changes in their ability to fund extension of services, or even maintenance of existing services. By contrast, growth or decline in demand for flood protection services is not expected to occur. The main reasons are the planning environment, and affordability.

The One Plan Policy of flood risk avoidance means that no new flood hazards should be created, i.e. flood-protection should not be extended to facilitate development of currently floodable land. Thus, where population growth is

likely, eg. in Palmerston North, it will occur mainly in areas where there is no flood hazard, and no flood protection is needed. There will be some increase in density of development in areas that currently have either 1%, 0.5% or 0.2% Annual Exceedance Probability (AEP) protection, namely in Feilding, Wanganui and Palmerston North. However, Council has a clearly stated policy position that areas currently protected will not be extended. Furthermore, Council is very conscious of the potential impacts of new development within presently protected areas and has a policy of requiring any significant additional run-off to be mitigated by way of on-site detention.

The larger rural based flood schemes and Palmerston North's flood protection are at present economically sound, and expected to remain so. These larger schemes are all being upgraded at present, based on new information obtained as a result of the February 2004 floods. The upgrades impose a heavy financial commitment, and an expensive increase in LOS for those schemes is not anticipated within the 30 year timeframe.

There are some urban flood schemes protecting areas with declining populations (eg. Marton, Wanganui and Taumarunui). Fortunately these schemes have low maintenance costs and are therefore expected to remain viable for at least the next 30 years.

Climate change: The reality of climate change, and its origins in human activity, is accepted by 98% of scientists active in this field. It is demonstrated not just by globally increasing average temperatures, but also by such things as decreasing ice cover on mountains and polar regions, increasing incidence of hot days and nights, and many other measurements. For flood protection schemes, the greatest impacts of climate change will be larger floods and higher sea levels.

Sea level rise: Is more readily quantified than flood size increase. The most likely Intergovernmental Panel on Climate Change (IPCC) scenario gives a range of 100 mm to 200 mm of sea level rise over the next 30 years. This will create some problems, but will not be catastrophic. Much more serious problems will arise beyond the 30 year timeframe, because ongoing sea level rise is already locked in on a centuries to millennia timescale. By the end of the 21st century sea levels are expected to be 450 mm to 900 mm higher than today, and they will continue to rise after that.

Provision has been made for sea level rise in some cases, in particular the Foxton Beach floodwall, and the Balgownie flood protection, which is close enough to the mouth of the Whanganui River to be affected. In both instances the provision has been 0.2 m to allow for 50 years of sea level rise.

Increases in flood size: Can be assessed according to a method provided by the Ministry for the Environment (MfE). It is based purely on expected increases in air temperature, and the consequently increased ability of the atmosphere to retain and then precipitate moisture. The method is very simplistic, but is widely used in the absence of anything better. Applying this method, a flood described as a 1% AEP today would have a 26% chance of occurring in the next 30 years without climate change, and a 40% chance with climate change. Likewise, a 0.2% AEP would have a 6% chance of occurring in the next 30 years without climate change, and a 10% chance with climate change.

A second approach is to look for trends in long-term data. The Manawatu River is our best long-term data set, and it shows that the MfE approach is conservative. When all Annual Maxima are plotted against the year in which they occurred, the plot has a nebulous cloud of points that do not display any trend whatsoever. The large variability of flood size from year to year completely dominates the plot and no trend is apparent.

A third perspective is obtained from the IPCC findings, which show that flood sizes are clearly increasing in some parts of the world, but not in others. Large floods recorded in different regions of the world in the few centuries before 1900 were compared with floods since 1900. The picture that emerges is geographically quite uneven. Modern large floods equal or surpass historic large floods in India and Central North America. However, the historic floods were larger in Northern and Central Europe, Western Mediterranean and Eastern Asia. The mechanisms are complex, and the subject of ongoing research. We can however conclude that an absence of any increasing trend of flood size in this Region would not be anomalous.

It is encouraging to have the above indications that MfE predictions are probably conservative, but it can not be concluded that flood sizes will not increase in the future just because they have not increased yet. The atmosphere is warming, will hold more water in the future, and we can eventually expect to see larger floods.

The Whanganui River Scheme at Balgownie has climate change built into its design standard. It is designed for a present day 0.5% AEP flood, on the basis that this will be a 1% AEP by 2060, according to the MfE predictions.

In some other cases, particularly where new concrete structures provide flood protection, the structure has been future-proofed for a relatively modest incremental cost. The life cycle cost of building a slightly higher concrete floodwall now is probably less than building a lower wall now then trying to add to an inadequate wall in the future.

Most schemes however do not have an allowance for climate change. Expenditure on schemes is determined by affordability, so the best scheme that can be implemented for the available money is the scheme that exists. In effect, the schemes are designed for the highest achievable design discharge. The Rangitikei and the Lower Manawatu Schemes are, for instance, designed for a discharge that is the 1% AEP flood (and 0.2% AEP for Palmerston North) at present. The AEP will increase by an unknown amount over the 30 year timeframe, and that simply has to be accepted.

The schemes could theoretically be upgraded to provide a climate change allowance, but such improvements are not currently affordable, so scheme ratepayers have to accept the level of service provided. If an upgrade is eventually provided, that will be a decision made by a future Council in consultation with future ratepayers.

The other issue is that if the costs of global warming are incurred now, payment would have been made in advance for a future contingency. The current generations of ratepayers are already funding major upgrade projects that will benefit future generations, and it is arguably not equitable that they simultaneously fund a project whose main benefits lie in the future.

Emergency response planning: During the next 30 years it is to be expected that better information will be gathered about the likely size of extreme floods. In particular, it is possible that flood size increase might manifest as a step change rather than MfE's gradual, incremental change. A step change would occur if events such as Cyclone Bola become more likely to migrate as far south as this Region. There would be no sign of any trend in the Annual Maxima record, until suddenly there was a large outlier flood. Step change or not, as the 30 years

passes, understanding about the possible size and nature of future large floods will improve.

If scientific research indicates the possibility of large outliers, we will need to consider our response, which is unlikely to be physical works. We will however have the capability of generating a range of floodplain inundation scenarios using computer modeling. The output should be made available to the Territorial Local Authorities for their detailed emergency response planning.

River channel sedimentation: Some reaches of some scheme rivers are losing capacity due to sedimentation. The worst reaches are in the Manawatu River between Hamiltons Line and the Moutoa Sluiceways, the Oroua River downstream of Boness Road, and the Rangitikei River downstream of 15 km (the Bulls Bridge is at 22 km). Some minor schemes such as the Makirikiri are also losing capacity due to sedimentation.

Fine sediment deposition occurs in other reaches of the above rivers, but there is no net loss of flood carrying capacity because the deposition is offset by bed degradation. There may however be future maintenance issues as riverbanks become higher, and sometimes steeper in degrading reaches.

The Whanganui River is not losing capacity. Any deposition of silt on riverbanks is offset by bed degradation. Neither process is particularly pronounced. Large floods flush the river out at the downstream end, and enlarge the cross section for a time.

Silt deposition in the Oroua River has been assessed at 15,000 cubic metres per year ("Oroua River Investigation", Opus, 2005). The removal of that quantity of silt is programmed, so the problem is neutralised in the Oroua River.

Silt deposition in the Manawatu and in the Rangitikei is much more intractable, because the quantities are so large. There are currently no proposals to remove silt from those river systems, so the flood carrying capacity will slowly deteriorate. The volume of siltation on the Manawatu River berms and riverbanks was estimated at 800,000 cubic metres for the Oroua to Moutoa Gates reach alone, for a 20 year period. This was calculated from the best information available, which happened to be a rather sparse selection of cross section surveys.

It is on account of the intractability of addressing the sediment issue in the lower reaches of our major rivers that Council has placed considerable emphasis on its Sustainable Land Use Initiative (SLUI). That initiative aims to reduce erosion in the upper catchments through extensive retirement, natural re-vegetation, afforestation and land use change within priority catchment areas. As an indication of the expected benefits, Landcare Research modeling in the Manawatu catchment suggests that SLUI work completed to date will decrease the sediment entering watercourses by 11% or 313,000 tonnes per year by 2043. Continuing SLUI at current rates would result in a 27% overall reduction in the Manawatu catchment and 22% reduction in the Rangitikei by that same date.

However, while the SUI programme is expected to achieve a significant reduction in sedimentation in the lower river reaches in the long term, it must be accepted that there will continue to be loss of channel capacity in the short to medium term and the impacts of that need to be considered through this Strategy.

When upgrade works were planned after 2004, two ways of responding to the silt deposition were considered. The first was to remove 800,000 cubic metres every 20 years, and the second was to build the stopbanks with sufficient extra height to allow for 20 years of siltation. The additional stopbank height approach was adopted because of its much lower cost. Thus the stopbanks are built for the river system as it is expected to be in the year 2024, which is 10 years away at the time of writing this. This decision bought some time, but further decisions will be needed when the time thus bought runs out.

Raising of stopbanks is not an action that can be carried out every few decades, whenever siltation becomes excessive. Much of the stopbanking is already very high, and with increasing height comes the need for more rigorous engineering, with its associated costs, and more severe consequences when a failure eventually does occur. Eventually, a large expenditure will be required on silt removal, or a deteriorating standard will have to be accepted. One (or both) of those two things will have to happen.

More accurate information is needed about the rate of fine sediment deposition in the above rivers. A major improvement in our understanding of siltation locations and quantities would be achieved by carrying out a LiDAR survey of the affected rivers, and comparing it with the results of the January 2005 LiDAR survey. If a silt removal project is to be implemented, it would be much better

targeted if reliance is placed on LiDAR, which gives far more detailed output than cross section surveys. However cross section surveys are needed for definition of channel changes below water level. Once more accurate information on channel geometry is available, our understanding can be further improved through the development of sediment transport models. Information derived from such models may for example provide justification for an acceleration of the SLUI initiative.

The remaining 10 years of siltation allowance might in reality be more than 10 years or less than 10 years. Either way, there is a very real prospect that before the 30 year timeframe under discussion expires, the actual flood carrying capacity of the sedimentation reaches will have deteriorated to less than the design capacity. Ultimately, we will need to get community agreement to either engineer a solution (raise banks, or dredge channels and lower berms), or to accept a progressive decline in LOS. It is our intention to:

- Monitor the situation through programmed LiDAR and cross section surveys;
- Engage with the affected communities when a reduction in LOS becomes evident. That is likely to be within the next 30 years; and
- At least maintain the present impetus with the SLUI initiative.

Earthquake damage: Earthquakes are randomly distributed through time, and are at present unpredictable. The ability to predict might improve over the next 30 years, but no reliance is placed on this. Minor to moderate earthquakes occur on a regular basis, and there is no recorded instance of their causing damage to scheme assets in recent decades.

An indication of the size of earthquake likely to cause damage, and the annual probability of such an earthquake can be found in *“Liquefaction Study of the Sand Foundation Materials under the Moutoa Sluiceways”* (Riley Consultants, March 1996). The earthquake considered had a magnitude of 7.5, and was given a return period of 150 years. Thus a seriously damaging earthquake can be taken as having a 20% probability of occurring in the 30 year timeframe.

Note that the seriously damaging earthquake of February 2011 in Canterbury had a magnitude of only 6.2. The total quantity of energy released in that earthquake was very small in relation to the damage it caused. This was in part because it was a bullseye, and in part because it featured exceptionally large vertical accelerations. The reason for the vertical accelerations is not fully understood, but could relate to aspects of the geology of the Port Hills, which are comprised of very hard volcanic rock. Because it was so unusual, it should not be seen as a likely precedent for the next major earthquake in the Horizons Region.

Damage to structures: The conclusion of the Riley report on the Moutoa Sluiceways was that some liquefiable layers of sand existed in the foundations, and that a major earthquake might cause a small amount of settlement under two or three of the piers. Remediation before the earthquake is possible but expensive, and not without new risks. The recommendation was to accept the chance (but not the certainty) of damage, and carry out repairs after the event if necessary.

Studies of other structures with respect to potential earthquake damage have not been carried out, but the potential damage can be described in general terms. Pumpstations could settle, or on the other hand they might float up as a consequence of liquefaction. Outlet pipes could fracture. The watertight interface between water-retaining structures such as Burkes Drain Gates might be disrupted if there is differential movement between the structure and the adjacent earth.

Damage to stopbanks: The biggest issue for the schemes will most probably be damage to stopbanking systems. Where liquefaction occurs, damage to the stopbanks will include overall settlement (sometimes considerable) of the embankments, longitudinal cracking of the crest, slumping of batter slopes, and cracking and heaving of the ground at the toe.

Where stopbanks are very close to riverbanks, deep slips affecting both the stopbank batter and adjacent riverbank can be expected. It can also be expected that high, steep riverbanks composed of soft material will experience multiple slips. The resulting uneven channel shape will reduce flood carrying capacity.

As a very preliminary indication of the extent of Lower Manawatu Scheme stopbanks at risk, the risk of piping failure could be taken as a proxy for the risk

of failure due to liquefaction. Subsoil conditions are similar for both risks, i.e. saturated sands with minimal fines content. Maps are found at the backs of the Riley reports for the Lower Manawatu Scheme Review Stages 2A and 2B.

The Moutoa Floodway stopbanks carry the highest risk, with about 11 km of stopbank shown as having a moderate to very high risk of failure under bank-full hydraulic loading. About 6 km of Manawatu stopbanks downstream of the Moutoa Sluiceways have a similar risk. This should not be taken as conservative, given that the Waimakariri Scheme in Canterbury had 22 km of damaged stopbank on a much shorter stopbanking system.

Damage to drainage schemes: There are likely to be some serious impacts. Slumping in steep-sided drains is likely. Changes to the topography of flat land occurred in the Bay of Plenty during the Edgecumbe earthquake. The fall of drains changed and sometimes reversed, so that pumpstations could be at the upstream end of a drain instead of the downstream end.

Insurance: Many of the adverse effects of an earthquake are not covered by insurance, because some of the damage does not actually occur to an identifiable asset. The topography is not an asset. A pump that is able to pump, except that it is now at the wrong end of the drain, is likely to be a source of dispute. Riverbanks are not assets, although when they collapse they diminish flood carrying capacity.

Thus, insurance on its own will not be enough to fund reinstatement of schemes after a major earthquake. Also needed, will be a mix of emergency reserves, loans, rate increases, Central Government funding, and acceptance of a lower level of service, either temporarily or permanently.

Remedial works in advance to prevent earthquake damage: The experience of engineers at Environment Canterbury was that there were many surprises about what was damaged and what was not damaged. The effects of a major earthquake are much too uncertain, and the extent of possible remedial works much too large for remedial works in advance to be viable.

Furthermore, the indications are that during the 30 years under consideration there is a 20% chance that the works would be called upon to perform during an earthquake, and an 80% chance that there would not be a damaging earthquake.

If the millions of dollars needed for pre-emptive earthquake remediation were available, before spending it we should consider whether that was the best way to spend it.

It is therefore recommended that pre-emptive earthquake remediation should not be carried out, and that the damage should be repaired after the event. This of course does not preclude new structures from being designed and built with a suitable level of earthquake resistance.

Table 2 - Summary of Issues and Preferred Options

Issue	Key factors	Options. Most likely scenario in bold	Reasons for most likely scenario
Growth or decline in demand/level of service	<p>Affordability of increased extent or standard of flood or erosion protection is questionable.</p> <p>One Plan Policy requires avoidance as opposed to mitigation.</p> <p>Low cost of maintaining services in financially challenged areas is recognised.</p>	<p>1. No extension or increased standard of protection infrastructure within the next 30 years. Maintain current levels of service even where there is decline in population. Support a planning approach to flood risk management.</p> <p>2. Make provision for urban growth in flood prone areas through new infrastructure.</p> <p>3. Plan for increased protection standard in presently protected areas.</p>	<p>Development in flood prone areas should be avoided, as is required under the One Plan.</p> <p>A higher standard of protection can mean more severe consequences in event of failure.</p> <p>Low maintenance costs of infrastructure will facilitate retention of present levels of service in those areas that may suffer either population or general economic decline.</p>
Climate Change	<p>Significant uncertainty.</p> <p>Larger floods and higher sea levels are inevitable in time.</p> <p>No identifiable increasing trend of flood size in our Region at present.</p> <p>Current generation is already funding major scheme upgrades</p>	<p>1. Monitor for trend in sea level rise and flood size and inform decision-making by future benefiting generations around the options of declining protection standard or protection upgrade works, when trends become clear. Future-proof for global warming only where costs are modest and affordable. Maintain emphasis on emergency response planning.</p> <p>2. Build allowance for global warming into designs now.</p> <p>3. Do nothing.</p>	<p>Too much uncertainty at present.</p> <p>Affordability concern.</p> <p>Adding costs to current works raises an intergenerational equity issue – it is unfair to impose additional costs on the present generation for an uncertain need.</p>
River channel sedimentation	<p>Sedimentation is not impacting on safety in major urban areas. Sedimentation allowance is made in the Lower Manawatu Scheme and Rangitikei rural protection designs, however that could be fully utilised</p>	<p>1. Continue to monitor channel capacity in silting river systems, noting that there is a likelihood in the longer term of reduced level of flood protection service, that cannot be quantified at the present time. Design channel maintenance programmes</p>	<p>No present impact on level of service.</p> <p>Adding costs to current works raises an intergenerational equity issue – it is unfair to impose additional costs on present generation for a future benefit.</p>

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	<p>within the next 30 years. Further raising of stopbanks will be technically challenging and very costly. Dredging does not presently 'stack up' from a cost benefit perspective. Current generation is already funding major scheme upgrades.</p>	<p>to minimise siltation effects. Maintain or increase present level of SLUI programme. Consult affected communities, on limited options of silt removal or a progressively reducing standard of protection, when a reduction in level of service becomes apparent.</p> <p>2. Include increased provision for longer term sedimentation effects in design of upgrade works now.</p> <p>3. Initiate dredging programme now.</p> <p>4. Do nothing.</p>	<p>Dredging not presently justified on a cost benefit basis.</p> <p>SLUI programme provides the only practicable means of addressing sedimentation in the longer term.</p>
Earthquake damage	<p>Given the widespread nature of HRC's infrastructure, the likely effects of a major earthquake are extremely uncertain.</p>	<p>1. Repair earthquake damage after the event and maintain appropriate risk management (funding) practices for that purpose. Increase resistance in concrete structures where affordable.</p> <p>2 .Build higher standard of earthquake resistance into all structures now.</p> <p>3. Do nothing.</p>	<p>Extreme uncertainty as regards location and impact of a major earthquake.</p> <p>Pre-emptive earthquake strengthening all works would be cost prohibitive.</p>

MOST LIKELY SCENARIO FOR THE MANAGEMENT OF INFRASTRUCTURE

The most likely scenario for the management of assets over the next 30 years can therefore be summarised as:

- All present assets and new assets arising from committed upgrade projects to be maintained to full service potential;
- No demand for either an increase or decline in level of service (either extended/reduced areas protected or increased/decreased protection standard);
- Climate change impacts unlikely to be observed within the period;
- Possibility of sedimentation impacts late in the 30 year period, however no provision to be made for those until future benefiting generations consider options;
- Earthquake damage possible but neither scale nor location able to be predicted.

KEY ASSUMPTIONS

The underlying assumptions made in adopting this scenario are:

- A stable economic climate over the next 30 years will mean that existing LOS will remain affordable;
- No change from the present regulatory environment, particularly with respect to resource consents and Environmental Codes of Practice;
- An ongoing ability to engage the level of practical and professional expertise to monitor and maintain existing infrastructure;
- A combination of firm implementation of One Plan policy in respect of flood and erosion risk and affordability factors will tightly constrain demand for increased service levels. Accordingly, there should be no provision for growth in services;

- Present LOS will not be noticeably affected by climate change;
- Siltation impacts may become noticeable late in the 30 year term but will not be material;
- No significant change in the manner in which assets are managed. Management practices for the particular classes of assets employed are well established and unlikely to be significantly effected by changes in statutory or technical requirements during the 30 year term of the Strategy;
- Asset life cycles will be progressively refined through a proposed improvement programme, as referred to below. Nevertheless, the effect of any changes will not be felt within the 30 year term of this Strategy.

Accordingly, Council has prepared financial forecasts of operating, maintenance, and capital expenditure for the next 30 years, based on the above scenario. The capital renewal component of those forecasts, that is the timing of renewal expenditure, is in strict accordance with Council's recently amended Asset Management Policy in terms of depreciated/non-depreciated asset classes and life cycles, as set out in Table 3 above.

SIGNIFICANT DECISIONS TO BE MADE

Effect can be given to the most likely scenario without any further significant decisions by Council until late in the 30 year period. As referred to above, sedimentation effects could impact at that time and Council would then need to consult with the affected community/communities within the Rangitikei and Lower Manawatu Schemes, around options. Neither the precise timing, nor the scale of decisions to be made in that regard, can be predicted at this time. Nevertheless, any impact arising from sedimentation would be gradual and barely discernable for many years. Accordingly, the affected community would have ample time to consider options and to stage any resulting capital expenditure with other scheme funding commitments at the time. Furthermore, the proposed monitoring of channel capacity in silting river systems will provide advance warning of pending decision time, which can then be reflected in future reviews of this Strategy.

POTENTIAL EFFECTS OF UNCERTAINTY

As noted in Table 2 above, there is significant uncertainty as regards assumptions in respect of global warming and earthquake damage. The potential effects of that uncertainty are however not great. The impact of global warming, if current scenarios prove to be valid for our Region, will be very gradually felt and the community affected at that time will have ample opportunity to consider how, if at all, it may respond to a potential reduction in service level.

The short-term effects of dealing with the consequences of a major earthquake if and when it occurs, could be substantial in that communities could be left vulnerable to flooding or erosion or without land drainage for an extended period while assets are reinstated. There are however, neither practicable nor affordable means of avoiding those effects. Having a good Risk Management Policy in place, as discussed below, will however mitigate the effects to the extent possible.

INFRASTRUCTURE RESILIENCE TO NATURAL HAZARDS

Council's river control, flood protection and drainage infrastructure is particularly vulnerable to the risks associated with floods and earthquakes. In respect of the flood risk, the effects of which are quite predictable, asset resilience is enhanced through high design and construction standards applied to all structures. As discussed above, there are real affordability constraints that preclude strengthening of most structures for the uncertain effects of major earthquakes and accordingly Council provides for increased resistance in the designs for a limited number of concrete structures only.

Most importantly, Council manages its infrastructure risk through a combination of financial provisions as follows:

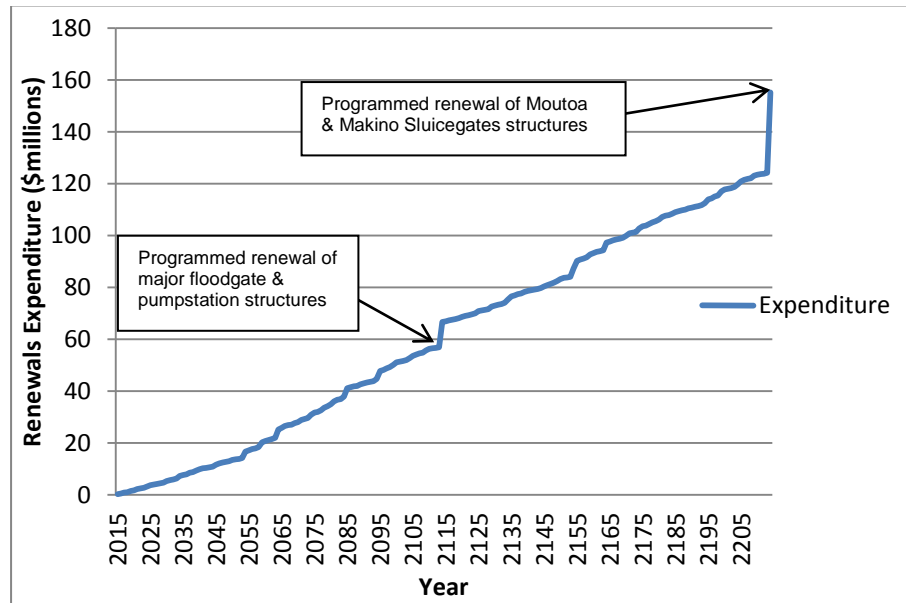
- Maintaining the impetus for increasing individual scheme reserves as a means of ultimately being in a position to self-insure against damage incurred in up to 1 in 50 year recurrence interval floods;
- Increasing self-insurance capability through the continued growth of a regional infrastructure reserve primarily funded through a four tier uniform annual charge;

- Purchasing commercial insurance (100% cover) for all the major scheme 'insurable' infrastructure, with a current insured value of \$260 million under the umbrella of the Manawatu-Wanganui LASS Insurance Proposal. This cover has a deductible of \$3 million;
- Ensuring through good management of financial ratios, in accordance with its Liability Management Policy, that there is the capacity to borrow in order to fund damage reinstatement works arising from natural disaster events, should that be necessary; and
- Ensuring through prudent risk management processes, including insurance and balance sheet management, that the criteria for Central Government assistance through its National Civil Defence Emergency Management Plan will be satisfied in the event of a major natural disaster.

INFRASTRUCTURE RENEWAL – MOST LIKELY SCENARIO

The amended Asset Management Policy referred to above has been applied to all scheme infrastructure to determine the level of renewals required over the next 30 years under the most likely scenario. Of the total 27 river and drainage schemes that employ infrastructure, 22 have assets that are unable to be maintained to full service potential in perpetuity and therefore require periodic renewal. Because some high replacement value assets have been assessed as having a useful life up to 200 years, it has been necessary to assess the total renewal requirements, including multiple renewals for some assets, over that extended period. The resulting 200-year renewal expenditure profile is shown in Figure 1 below.

Figure 1 – Renewals Expenditure Over 200 Year Period



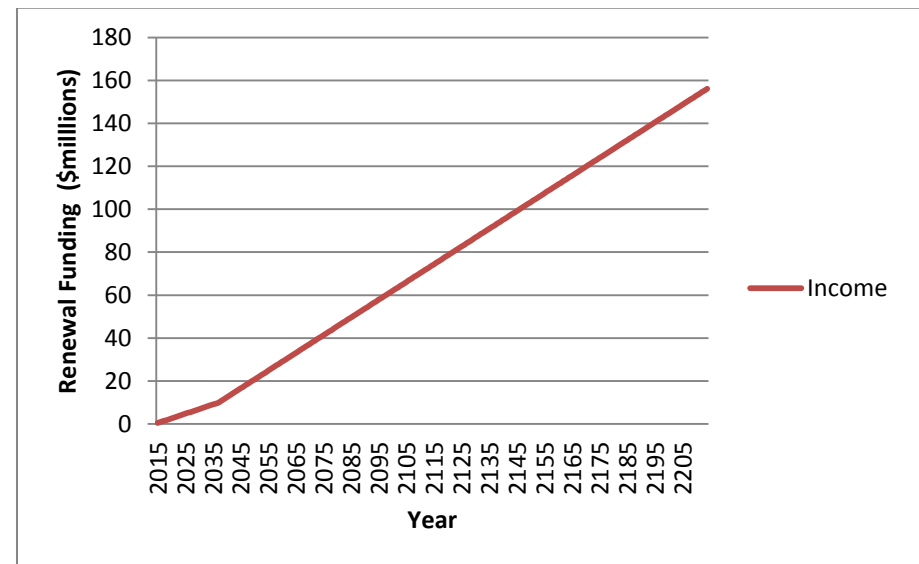
As is to be expected, given the large recent capital upgrades, renewal expenditure for the next 30 to 40 years is relatively low. The steep increases in expenditure generally reflect the renewal of major concrete, steel or timber structures including floodgated culverts, the Makino and Moutoa sluiceways, and the Makino spillway grade control structure.

DEPRECIATION/RENEWAL FUNDING

Council understands and accepts the need to fund the total cost of the services it provides, which by definition includes the cost of depreciation. However, following the widespread Manawatu-Wanganui storm event of February 2004, Council has committed to the upgrade of a substantial amount of its infrastructure in order to increase the resilience of various communities, to flooding in particular. While the majority of that work, estimated to cost approximately \$70 million, and programmed for completion by 2017-18, will provide increased LOS and is therefore of a ‘new capital’ nature, a significant

proportion can be classified as ‘capital renewals’. In any event, the present generation of a number of scheme communities is committed to the servicing of some substantial loans associated with infrastructure upgrades and Council is concerned at the inequity that would arise if those ratepayers were also required to fund the depreciation of those same assets. Accordingly, it is Council’s intention to defer the funding of depreciation for individual schemes until their annual loan servicing costs fall below the renewal funding line. On that basis, 16 schemes, will fund net transfers to depreciation/renewal reserves as from 2015-16, while the balance of schemes will commence contributions over the following 22 years and will then make increased contributions to meet renewal requirements in the longer term. Figure 2 illustrates the combined impact of that approach across all schemes over 200 years.

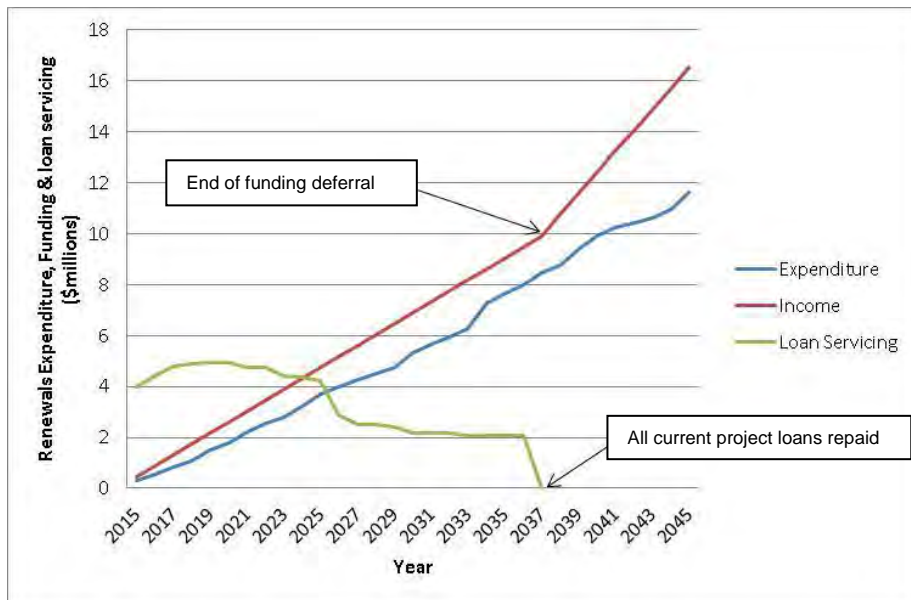
Figure 2 – Renewals Funding Over 200 Year Period



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Figure 3 shows the relationship between renewal expenditure and funding over the next 30 years. Loan servicing costs for current upgrade projects are also plotted to demonstrate the impact of deferred renewal funding over the first 21 years.

Figure 3 – Renewal Expenditure and Funding Over the Next 30 Years – Most Likely Scenario



TOTAL INFRASTRUCTURE COST – MOST LIKELY SCENARIO

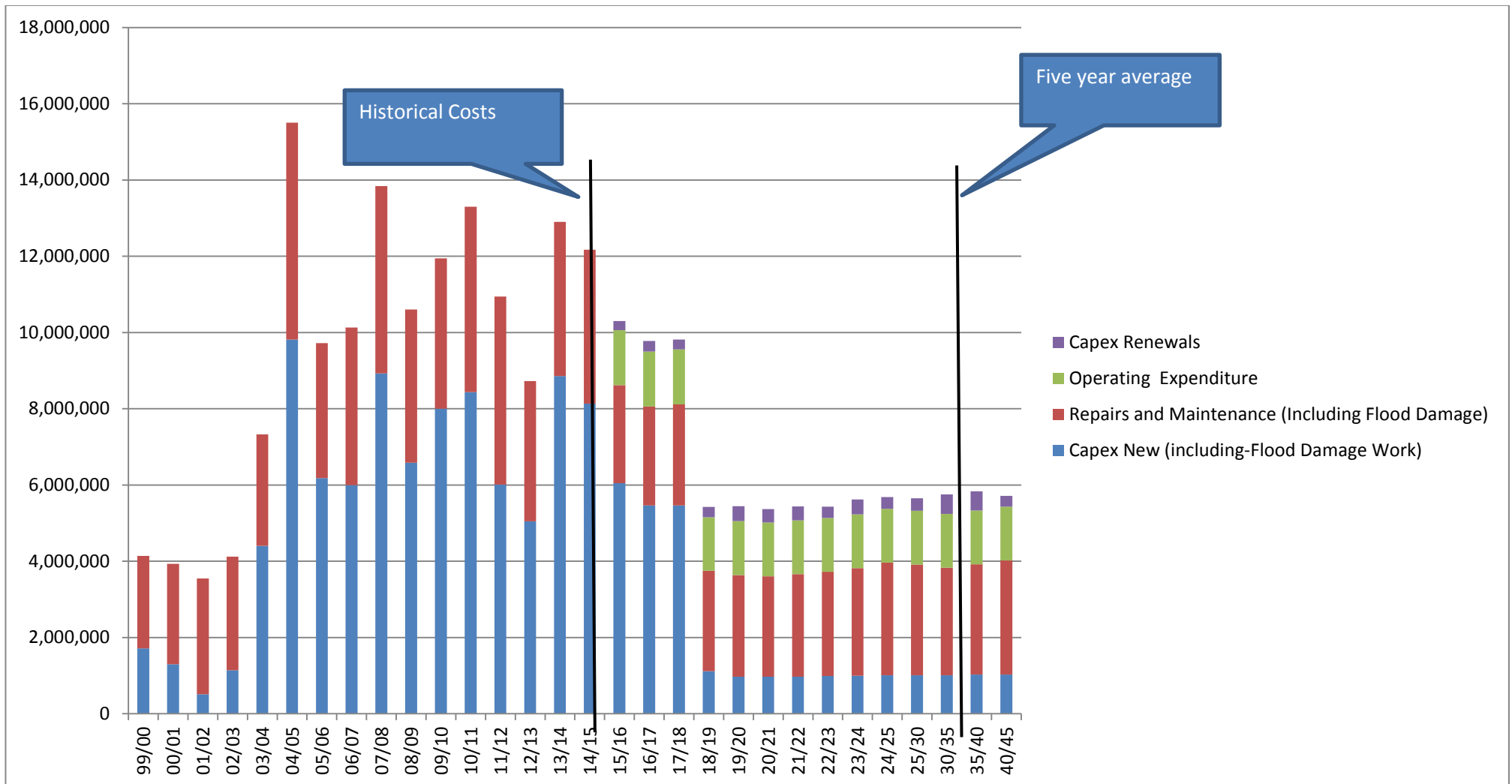
Figure 4 below shows the total forecast annual operating, maintenance and capital expenditure for the most likely scenario for the next 30 years, for those 27 schemes that employ infrastructure assets. The data behind Figure 4 (for years 2015-16 onwards) is presented in Annex A.

As is indicated in Table 2 above, a substantial proportion of Council’s infrastructure, including some 484 km of stopbanks and 53 detention dams, is maintained to its design standard in perpetuity. Accordingly, it is critical that financial forecasts adequately provide for funding of the maintenance activity.

Figure 4 includes some historical expenditure for comparison. It should be noted that the very large capital expenditure between 2004 and 2018 reflects the substantial flood protection upgrade projects that Council has committed to following the February 2004 Manawatu-Wanganui floods. The significant increase in operating/maintenance expenditure post-2004 reflects the large amount of flood damage reinstatement undertaken following those same floods, together with the progressive establishment of six new schemes over the period 2004 to 2012. The graph shows expenditure for each of the first 10 years of the Strategy and annual average expenditure for the next 20 years in five year blocks.

All figures are exclusive of GST unless otherwise stated

Figure 4 - All Schemes with Infrastructure - Forecast Total Works Expenditure



All figures are exclusive of GST unless otherwise stated

ASSET DISPOSALS

The nature of Council’s infrastructure assets is such that there are no disposals as such. Most assets are maintained in perpetuity and those that are renewed have only scrap value at the end of their useful life. Assets that are damaged in floods are written off, unless they are repaired within the same year. Accordingly, the above expenditure forecasts include no allowance for revenue on disposal.

RATING IMPACT OF MOST LIKELY SCENARIO

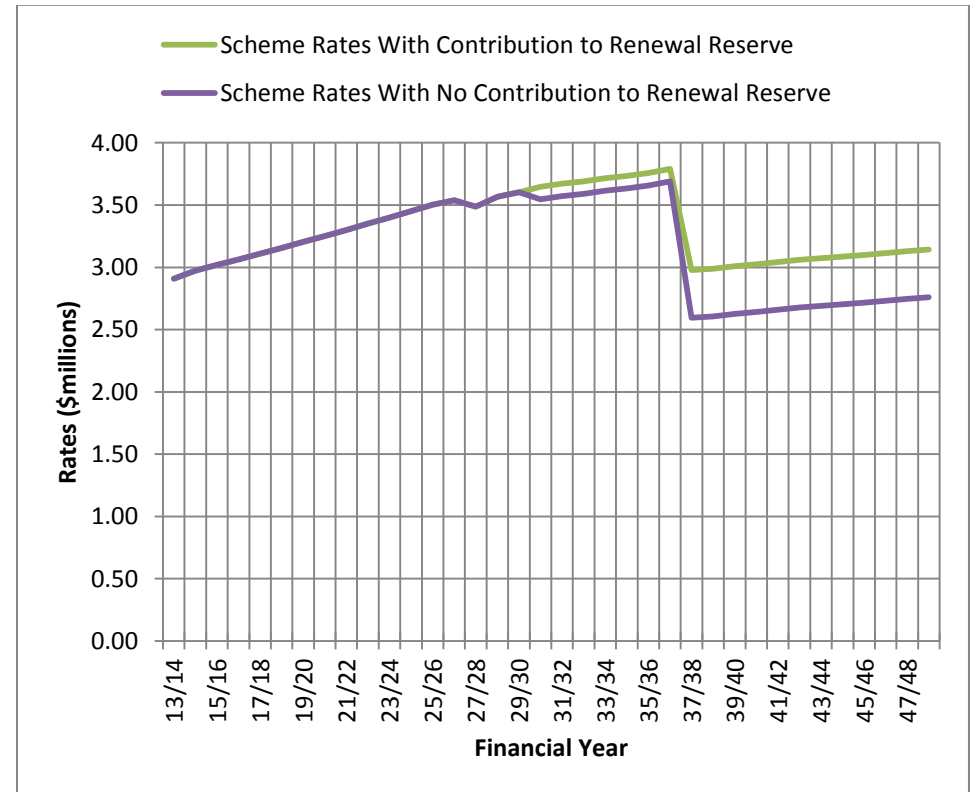
Scheme Rates

Council has in the past not specifically funded for renewals, primarily on the understanding that major capital upgrade works have been a valid substitute. Where assets have required renewal, this work has been funded either out of maintenance budgets or treated as new capital works. While Council’s amended Asset Management Policy will for some schemes allow for deferral of renewals funding as explained above, financial forecasts now include provision for the onset of renewal funding within the next 30 years for all schemes. To some extent, that funding will be achieved by way of more accurate classification of maintenance and renewal works and associated transfers within present budgets. In addition, some present scheme rates contributions to emergency reserve funds will be redirected to renewal reserves, where the desired level of emergency funding provision has already been achieved.

For the larger schemes that currently have loan servicing commitments associated with upgrade projects, Council’s Renewal Funding Deferral Policy will mean that the impact of renewal funding will be a lesser reduction in rating than would otherwise have occurred upon the repayment of current loans. The rating impact will therefore be masked. Figure 5 below illustrates that effect for the Lower Manawatu Scheme as an example.

However, a number of schemes will face increased rates specifically related to renewal works and/or contributions to renewal funds, as from 2015-16.

Figure 5 – Rating Impact at Onset of Renewal Funding – Lower Manawatu Scheme



General Rates

As provided for under Council’s Funding Policy, renewal works will qualify for a 20% General Rate contribution. Accordingly provision has been made in the 10 year forecasts that form part of the 2015-25 Long-term Plan for that contribution. The impact on the General Rate over the next 30 years, of renewal

All figures are exclusive of GST unless otherwise stated

works that would not previously have been provided for under the maintenance category of works, is estimated to be \$700,000.

ENVIRONMENTAL OUTCOMES

The maintenance and renewal of Council's infrastructure will necessarily have some transitory adverse effects on environmental wellbeing. That is on account of much of the infrastructure being located within river channels or at least immediately adjoining waterways. Consent and/or Code of Practice conditions will however ensure that these short-term effects are minimised and that environmental recovery is rapid once works are completed. These temporary adverse effects will be more than offset by the extensive positive benefits generated by the performance of the river control, flood protection and drainage infrastructure for economic and social wellbeing.

IMPROVEMENT PROGRAMME

This is the first Infrastructure Strategy prepared in accordance with the requirements of the Local Government Act Amendment Act (2014). In order to meet the intent of the legislation, Council has been required to make significant changes to its scheme management processes, particularly with regard to the disaggregation of operating, maintenance, capital 'new' and capital 'renewal' expenditure for forecasting and reporting purposes. It has also had to establish specific renewal and emergency reserve accounts as distinct from the previous general reserves accounts. It is anticipated that the better information emanating from those changes will facilitate an improved understanding overtime of the maintenance/renewal relationship and consequently an improvement in asset management overall.

Specific improvements envisaged over the next three years include:

- Changes to the depreciation process that will facilitate the application of different depreciation rates to components having different life cycles, within a single asset;
- Detailed assessments of major floodgate and diversion structures and detention dam culverts and spillways to confirm remaining life – renewal programme to be amended accordingly;

- An analysis of infrastructure networks to ensure that maintenance and renewal priority is accorded to those assets that have the potential to compromise the performance of critical networks.

INFLATION ASSUMPTION

The financial forecasts that form the basis of this Strategy do not include provision for inflation. Inflation projections are only available for the first 10 years and, if applied, would confuse the long-term renewals forecasting exercise. Furthermore, it can be assumed that the effect of inflation on renewals expenditure will be essentially offset by the interest earned on the depreciation/renewal reserve accounts, which has not been included in the forecasts either.

Annex A – All Schemes with Infrastructure – Expenditure Breakdown 2015-16

Scheme	Expenditure	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25-30	30-35	35-40	40-45
LMS	Opex	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	5000000	5000000	5000000	5000000
	Capex	5380358	4792588	4801218	528098	535509	537635	540208	552821	559020	566994	566994	566994	586994	586994
	Repair & Main	419214	436676	471414	447948	474880	436576	487524	517100	590990	716676	762676	744676	812676	910676
	Renewals	23450	39212	15450	56750	35000	77500	32572	13975	128796	3100	38393	108779	104565	97443
	Total	6323022	5768476	5788082	1532796	1545389	1551711	1560304	1583896	1778806	1786770	6368063	6420449	6504235	6595113
Ashhurst	Opex	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
	Capex	-	-	-	-	-	-	-	-	-	-	0		0	0
	Repair & Main	4288	5228	5960	6108	6148	6164	6172	6236	6260	6800	6800	6800	6800	6800
	Renewals	-	-	-	-	-	-	-	-	-	-	0	1680	0	0
	Total	7288	8228	8960	9108	9148	9164	9172	9236	9260	9800	9800	11480	9800	9800
Lower Kiwitea	Opex	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000
Foxton East Drainage	Opex	1600	1600	1600	1600	1600	1600	1600	1600	1600	1600	1600	1600	1600	1600
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	11400	11460	11500	11550	11610	11610	11630	11710	11750	11790	11790	11790	11790	11790
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	530	0
	Total	13000	13060	13100	13150	13210	13210	13230	13310	13350	13390	13390	13390	13390	13390
Himitangi Drainage	Opex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0

All figures are exclusive of GST unless otherwise stated

	Repair & Main	14000	14040	14065	14100	14140	14140	14155	14210	14235	14265	14265	14265	14265	14265
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	14000	14040	14065	14100	14140	14140	14155	14210	14235	14265	14265	14265	14265	14265
Hokio Drainage	Opex	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
	Capex	75000	75000	75000	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	38500	38676	38794	38940	39116	39116	39174	39408	39526	39642	39642	39642	39642	39642
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	115000	115176	115294	40440	40616	40616	40674	40908	41026	41142	41142	41142	41142	41142
Koputaroa	Opex	48500	48500	48500	48500	48500	48500	48500	48500	48500	48500	48500	48500	48500	48500
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	110465	111155	111816	112705	113695	113728	114137	115523	116045	116885	116885	116885	116885	116885
	Renewals	41747	60897	44000	5300	68195	4300	56970	24350	34835	13050	42798	59241	47638	22611
	Total	200712	220552	204316	166505	230390	166528	219607	188373	199380	178435	208183	224626	213023	187996
Makerua Drainage	Opex	108000	108000	108000	108000	108000	108000	108000	108000	108000	108000	108000	108000	108000	108000
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	176000	178087	179438	181510	183657	183762	184603	187801	189047	190999	190999	190999	190999	190999
	Renewals	81881	62291	72430	91060	117485	78060	90110	45841	60001	92290	79609	52621	94594	69076
	Total	365881	348378	359868	380570	409142	369822	382713	341642	357048	391289	378608	351620	393593	368075
Manawatu Drainage	Opex	210000	210000	210000	210000	210000	210000	210000	210000	210000	210000	210000	210000	210000	210000
	Capex	4099	4262	4337	4438	4502	4614	4614	4743	4804	4978	4978	4978	4978	4978
	Repair & Main	247500	249529	250914	252940	254969	255116	255907	259021	260259	262135	262135	262135	262135	262135
	Renewals	4100	32900	13700	16400	102300	103000	102350	101100	32900	85306	64624	60336	111658	28581
	Total	465699	496691	478951	483778	571771	572730	572871	574864	507963	562419	541736	537449	588771	505694
Moutoa	Opex	71000	71000	71000	71000	71000	71000	71000	71000	71000	71000	71000	71000	71000	71000

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	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	98500	100108	101149	102660	104348	104388	104995	107370	108371	109745	109745	109745	109745	109745
	Renewals	8000	42506	34506	45697	34506	42506	62935	74675	66453	84194	37943	82053	33033	49353
	Total	177500	213614	206655	219357	209854	217894	238930	253045	245824	264939	218688	262798	213778	230098
Ohau-Manakau	Opex	36000	36000	36000	36000	36000	36000	36000	36000	36000	36000	36000	36000	36000	36000
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	145000	145320	145628	146047	146497	146514	146716	147362	147600	147995	147995	147995	147995	147995
	Renewals	10600	0	13500	2950	0	3100	0	8900	0	0	480	5380	6120	10790
	Total	191600	181320	195128	184997	182497	185614	182716	192262	183600	183995	184475	189375	190115	194785
Te Kawau Drainage	Opex	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	123811	124551	125369	126358	127228	127425	127717	129233	129801	130736	130736	130736	130736	130736
	Renewals	63735	40400	60000	41000	36197	43900	16000	16400	46400	27700	56006	81300	87396	6060
	Total	202546	179951	200369	182358	178425	186325	158717	160633	191201	173436	201742	227036	233132	151796
Whirokino Drainage	Opex	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	12200	12200	12333	12447	12577	12594	12651	12832	12895	13000	13000	13000	13000	13000
	Renewals	700	0	1280	0	2646	0	2650	7900	0	0	1779	1640	1769	1896
	Total	14800	14100	15513	14347	17123	14494	17201	22632	14795	14900	16679	16540	16669	16796
Mangatainoka	Opex	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	Capex	113471	114046	114589	115104	115736	115769	115943	116784	117256	117637	117637	117637	117637	117637
	Repair & Main	308500	298500	308500	308500	308500	308500	308500	308500	308500	308500	308500	308500	308500	308500
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	423971	414546	425089	425604	426236	426269	426443	427284	427756	428137	428137	428137	428137	428137

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South Ruahines	Eastern	Opex	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	
		Capex	53361	53711	54049	54369	54744	54773	54878	55396	55680	55928	55928	55928	55928	55928
		Repair & Main	162000	162000	162000	162000	162000	162000	162000	162000	162000	162000	162000	162000	162000	162000
		Renewals	0	0	0	0	0	0	0	0	0	0	0	53271	0	0
		Total	217361	217711	218049	218369	218744	218773	218878	219396	219680	219928	219928	273199	219928	219928
Upper Lower	Manawatu- Mangahoa	Opex	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	
		Capex	63430	63710	63965	64210	64452	64491	64564	64948	65150	65364	65364	65364	65364	65364
		Repair & Main	93000	93000	93000	93000	93000	93000	93000	93000	93000	93000	93000	93000	93000	93000
		Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Total	158430	158710	158965	159210	159452	159491	159564	159948	160150	160364	160364	160364	160364	160364
Tawatai-Mangaone	Opex	165	165	165	165	165	165	165	165	165	165	165	165	165	165	
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Repair & Main	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	12400	0	
	Total	4165	4165	4165	4165	4165	4165	4165	4165	4165	4165	4165	4165	16565	4165	
Rangitikei	Opex	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	
	Capex	205045	206140	200543	201634	42850	43037	43407	45170	46015	46860	46860	37488	46860	46860	
	Repair & Main	281680	284720	287560	290400	294560	294560	295880	300240	303080	305720	209720	145720	145720	145720	
	Renewals	0	0	0	0	0	0	0	0	10600	0	0	0	0	0	
	Total	636725	640860	638103	642034	487410	487597	489287	495410	509695	502580	406580	333208	342580	342580	
Pohangina-Oroua	Opex	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	
	Capex	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	
	Repair & Main	110874	111006	111138	111270	111468	111468	111534	111732	111864	111996	111996	111996	111996	111996	
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

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	Total	330874	331006	331138	331270	331468	331468	331534	331732	331864	331996	331996	331996	331996	331996
Upper Whanganui	Opex	79600	79600	79600	48000	48000	48000	48000	48000	48000	48000	48000	48000	48000	48000
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	19900	19900	19900	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	1820	0
	Total	99500	99500	99500	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	61820
Matarawa	Opex	15200	15200	15200	15200	15200	15200	15200	15200	15200	15200	15200	15200	15200	15200
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	11685	11879	12062	12245	12514	12514	12600	12880	13063	13235	13235	13235	13235	13235
	Renewals	0	0	0	0	0	0	0	0	0	0	2520	0	0	0
	Total	26885	27079	27262	27445	27714	27714	27800	28080	28263	28435	30955	28435	28435	28435
Tutaenui	Opex	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	17765	18015	18245	18475	18810	18810	18915	19270	19500	19710	19710	19710	19710	19710
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	29765	30015	30245	30475	30810	30810	30915	31270	31500	31710	31710	31710	31710	31710
Porewa Stream	Opex	9600	9600	9600	9600	9600	9600	9600	9600	9600	9600	9600	9600	9600	9600
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	11275	11505	11715	11925	12230	12230	12325	12650	12860	13050	13050	13050	13050	13050
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	20875	21105	21315	21525	21830	21830	21925	22250	22460	22650	22650	22650	22650	22650
Pakihi Stream	Opex	1200	0	2400	0	2400	0	2400	0	2400	0	1440	960	1440	960
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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	Renewals	0	0	0	7800	0	0	0	0	0	0	0	0	0	0
	Total	1200	0	2400	7800	2400	0	2400	0	2400	0	1440	960	1440	960
Makirikiri Stream	Opex	2160	2160	2160	2160	2160	2160	2160	2160	2160	2160	2160	2160	2160	2160
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	3210	3270	3330	3390	3480	3480	3510	3600	3660	3720	3720	3720	3720	3720
	Renewals	0	0	0	0	0	0	0	0	9800	0	0	0	0	0
	Total	5370	5430	5490	5550	5640	5640	5670	5760	15620	5880	5880	5880	5880	5880
Forest Road Drainage	Opex	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	3859	3921	3983	4045	4138	4138	4169	4262	4324	4386	4386	4386	4386	4386
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	4959	5021	5083	5145	5238	5238	5269	5362	5424	5486	5486	5486	5486	5486
Haunui Drainage	Opex	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	4604	4676	4748	4820	4928	4928	4964	5072	5144	5216	5216	5216	5216	5216
	Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	6004	6076	6148	6220	6328	6328	6364	6472	6544	6616	6616	6616	6616	6616
Lower Whanganui	Opex	73200	73200	73200	73200	73200	73200	73200	73200	73200	73200	73200	73200	73200	73200
	Capex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repair & Main	91648	91712	91776	88800	88800	88800	88800	88800	88800	88800	88800	88800	88800	88800
	Renewals	0	0	0	0	0	0	0	0	0	0	1960	0	0	0
	Total	164848	164912	164976	162000	162000	162000	162000	162000	162000	162000	163960	162000	162000	162000
All Schemes Total		10296981	9774721	9813228	5423318	5446141	5364571	5437503	5429141	5619009	5679726	10151638	10239976	10333050	10214857

All figures are exclusive of GST unless otherwise stated

Council Controlled Organisations (CCOs)

What are CCOs?

The exact definition of a CCO is set out in section 6 the LGA 2002. In a nutshell it is any organisation where a council (or a number of councils) either directly or indirectly controls the organisation. This control can be ownership of shares, voting rights or the power to appoint directors or trustees. Currently Council has four CCOs as listed below:

- MWRC Holdings Limited;
- MW LASS Limited;
- Regional Software Holdings Ltd, and
- He Tini Awa Trust.

It should be noted that in this LTP we are proposing to invest in a further CCO namely the Local Government Funding Agency (LGFA).

MWRC Holdings Limited

Description and Objectives

MWRC Holdings Limited is our investment holding company that manages Council's CentrePort investment and is investigating investment opportunities for the sale proceeds from the sale of our shares in Port of Napier Limited. We own 100% of MWRC Holdings Limited, which equates to 25,400,000 shares. The company was established in December 2009 with the objective of providing a commercial basis for the management of Council's medium- and long-term investments. We have two directors, one of whom has external commercial expertise and experience. Investment in this company is provided for in our Investment Policy contained within this LTP document. It should be noted that the company's main investment, (23.08% of the shares in CentrePort Limited) is considered a strategic asset under our Significance and Engagement Policy, also contained within this document.

Nature and Scope of Activities

MWRC Holdings Limited is charged with commercially managing our medium- to long-term investments, which currently comprise our CentrePort Investment and \$9.1 million of cash that resulted from the sale of Port of Napier. It should be noted that the Port of Napier sales proceeds will only be transferred to the company when a suitable investment is found by the holding company.

Key Performance Targets

MWRC Holdings performance targets are set out in its 2015-16 Statement of Intent as shown below.

The targets are to:

- Provide a cash return on investments to the shareholder of at least 65% of Net Profit After Tax (NPAT);
- Operate within agreed budgets;
- Maintain positive cash flow; and
- Maintain the following financial performance targets.

	2015-16 \$000	2016-17 \$000	2017-18 \$000
Net Profit Before Tax	1,893	2,023	2,168
Revenue Return on Total Assets ¹	4.96%	4.68%	4.81%
Dividend/Subvention Payment	1,129	1,319	1,352
Capital Growth on Investments	5.14%	4.10%	4.32%

Note: 1. Return on Total Assets is the net profit before interest, tax, depreciation (EBITDA) divided by the total average assets

MW LASS Limited

Description and Objectives

MW LASS Limited is a CCO set up in 2008 by seven councils (Horizons Regional Council and Horowhenua, Manawatu, Rangitikei, Ruapehu, Taranaki and Wanganui District Councils) within the Region to investigate efficiencies and cost savings for the participating councils. We own one seventh or approximately 14% of this company. The company is considered to be a council controlled organisation under the Local Government Act 2002, but the member councils have resolved that it is exempt for the purposes of section 6(4)(i) of that Act for three years until 30 June 2016.

Nature and Scope of Activities

The focus of the company is to find cost savings and efficiencies for participant councils in any way it can. Activities range from joint tendering projects to actually employing staff to more effectively run Council operations such as archives.

Key Performance Targets

As an exempt CCO, MW LASS does not have performance measures and targets.

RSHL – Regional Software Holdings Limited

Description and Objectives

We have established a council controlled organisation with five other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by regional councils in the delivery of their activities under a long-term plan. The application suite being developed is called IRIS – Integrated Regional Information Software and as of the end of 2014 has been integrated into all six councils and is actively being used.

We hold shares in the council controlled organisation. The operating costs are being recovered from the participating councils using an agreed recovery formula taking into account each council's size and use of the system. We will maintain ownership of the council controlled organisation as long as it continues to operate and the Council continues to utilise the products developed by the council controlled organisation.

The main objectives of the IRIS project are:

- Continuity of supply;
- Influence/control of the destiny of regional council sector-specific software;
- Risk reduction;
- Economies of scale; and
- Standardisation of practice and/or adoption of best practice.

This council controlled organisation is a limited liability company. The shareholders of the council controlled organisation are the six regional councils that are developing the IRIS suite.

Nature and Scope of Activities

This CCO will develop and maintain the software required by the six participant councils.

Key Performance Targets

The council controlled organisation prepare an annual statement of intent. This statement of intent forms the basis of key performance targets and other measures by which the performance of the council controlled organisation is measured.

He Tini Awa Trust

Description and Objectives

He Tini Awa Trust is a charitable trust that protects and enhances natural bush, streams and wetlands by contributing funds towards:

- Fencing materials and labour;
- Plant purchase and labour;
- Earthworks; and
- Pest control materials and labour.

The Trust was established in January 2003 as an exempt CCO for the purposes of section 6(4)(i) of the Local Government Act 2002.

Nature and Scope of Activities

The Trust works with property owners and community groups by providing funding to enable them to carry out works that protect and/or enhance areas of wetland and natural or regenerating bush.

Key Performance Targets

As an exempt CCO the Trust does not have performance measures and targets.

All figures are exclusive of GST unless otherwise stated

I. Significant Financial Assumptions

FINANCIAL ASSUMPTIONS																																																									
Assumption											Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty																																												
<p>Inflation – Inflation rates applied in Years 2-10 for ‘Other costs’ and ‘Road costs’ are based on the 10-year forecast provided by Business and Economic Research Limited (BERL). For Staff costs a fixed yearly inflation rate of 2.5% was used as historically the BERL figures do not include allowance for staff gaining seniority. The significant percentage rates of inflation used are:</p> <table border="1"> <thead> <tr> <th>Costs</th> <th>Yr1</th> <th>Yr2</th> <th>Yr3</th> <th>Yr4</th> <th>Yr5</th> <th>Yr6</th> <th>Yr7</th> <th>Yr8</th> <th>Yr9</th> <th>Yr10</th> </tr> </thead> <tbody> <tr> <td>Staff</td> <td>0.0</td> <td>2.5</td> <td>5.1</td> <td>7.7</td> <td>10.4</td> <td>13.2</td> <td>16.0</td> <td>18.9</td> <td>21.9</td> <td>24.9</td> </tr> <tr> <td>Other</td> <td>0.0</td> <td>2.5</td> <td>5.1</td> <td>8.0</td> <td>11.1</td> <td>14.3</td> <td>18.0</td> <td>21.8</td> <td>26.1</td> <td>30.6</td> </tr> <tr> <td>Road</td> <td>0.0</td> <td>1.4</td> <td>3.6</td> <td>6.1</td> <td>8.8</td> <td>11.7</td> <td>14.9</td> <td>18.3</td> <td>22.0</td> <td>26.0</td> </tr> </tbody> </table> <p>‘Road costs’ rates were applied solely to Rivers and Drainage Scheme works, considered to be the most appropriate adjustor for this activity.</p>											Costs	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	Staff	0.0	2.5	5.1	7.7	10.4	13.2	16.0	18.9	21.9	24.9	Other	0.0	2.5	5.1	8.0	11.1	14.3	18.0	21.8	26.1	30.6	Road	0.0	1.4	3.6	6.1	8.8	11.7	14.9	18.3	22.0	26.0	Actual rates are significantly different from the estimated rates.	LOW	Little or no impact expected.
Costs	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10																																															
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Road	0.0	1.4	3.6	6.1	8.8	11.7	14.9	18.3	22.0	26.0																																															
<p>Dividend Revenue – These revenue streams are based on expectations of MWRC Holdings Limited, as outlined in the company’s Statement of Corporate Intent (SCI).</p>											The current global or national economic recovery is stalled by events overseas. A halt in recovery may significantly reduce profits available for distribution to the two shareholders.	LOW TO MEDIUM	Any reduction would need to be met by increased General Rates revenues.																																												
<p>Interest Rate Charges – The current reduction in interest rates prompted by the global financial crisis will have an impact on interest paid and received. This impact will in turn flow into the rates paid by ratepayers and has been included in the Long-term Plan. The interest rates we have used in the formulation of this LTP are:</p> <p>Interest Earned on Cash Investments</p> <table border="1"> <thead> <tr> <th>Yr1</th> <th>Yr2</th> <th>Yr3</th> <th>Yr4</th> <th>Yr5</th> <th>Yr6</th> <th>Yr7</th> <th>Yr8</th> <th>Yr9</th> <th>Yr10</th> </tr> </thead> <tbody> <tr> <td>4.81</td> <td>4.91</td> <td>5.01</td> <td>5.09</td> <td>5.14</td> <td>5.23</td> <td>5.26</td> <td>5.27</td> <td>5.34</td> <td>5.41</td> </tr> </tbody> </table> <p>Interest Paid on Loans</p> <table border="1"> <thead> <tr> <th>Yr1</th> <th>Yr2</th> <th>Yr3</th> <th>Yr4</th> <th>Yr5</th> <th>Yr6</th> <th>Yr7</th> <th>Yr8</th> <th>Yr9</th> <th>Yr10</th> </tr> </thead> <tbody> <tr> <td>6.00</td> <td>6.25</td> <td>6.75</td> <td>6.75</td> <td>7.00</td> <td>7.00</td> <td>7.00</td> <td>7.00</td> <td>7.00</td> <td>7.00</td> </tr> </tbody> </table>											Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	4.81	4.91	5.01	5.09	5.14	5.23	5.26	5.27	5.34	5.41	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	6.00	6.25	6.75	6.75	7.00	7.00	7.00	7.00	7.00	7.00	If there are sudden changes in interest rates this will impact on rate requirements.	2015-17 LOW 2018-20 LOW TO MEDIUM 2021-25 MEDIUM	Little or no impact expected.				
Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10																																																
4.81	4.91	5.01	5.09	5.14	5.23	5.26	5.27	5.34	5.41																																																
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6.00	6.25	6.75	6.75	7.00	7.00	7.00	7.00	7.00	7.00																																																
<p>Debt Repayment – Debt repayment levels for schemes is dependant on the actual level of interest rates compared to budgeted interest rates.</p>											If there are unanticipated changes to interest rates,	2015-17 LOW	Unknown impact at this stage																																												

All figures are exclusive of GST unless otherwise stated

FINANCIAL ASSUMPTIONS			
Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
	scheme debt repayment may be advanced (if rates are lower than budget) or delayed (if rates are higher than budget).	2018-20 LOW TO MEDIUM 2021-25 MEDIUM	
<p>Revenues – Ratepayers’ ability to fund activities within this Long-term Plan continues over the term covered. The rate revenues required have been derived from the rate requirements within the respective activity areas as provided for by the Revenue and Financing Policy.</p> <p>Sources of government support meet the Revenue and Financing Policy applications for the activities covered in this Long-term Plan. Operating and capital subsidy revenues from New Zealand Transport Agency are maintained at current indicative levels.</p> <p>Sources of other funding meet the requirements of the Revenue and Financing Policy.</p>	Economic or other negative impacts reduce the funds available to ratepayers to meet Long-term Plan requirements.	VERY LOW	Little or no impact expected.
	Withdrawal or reduction in government support for the Sustainable Land Use Initiative (SLUI).	MEDIUM	Significant reduction in the level of work completed or increased length of the project by a number of years.
	Levels of support for transport related activities are reduced below current indicated levels.	LOW	Reduced financial support for transport and road safety activities within the Region.
	Level of consent applications fall significantly.	LOW	Little or no impact.
<p>Revaluations of Assets – For Long-term Plan purposes, estimates relating to the impact of the general triennial revaluation process have been included using the Berl Rate for Roads on the Infrastructure Asset values for the periods 2015-25.</p>	Actual movements in property values do not match expectations.	LOW	No significant financial impact as revaluations are adjustments between assets and reserves.

GENERAL ASSUMPTIONS			
Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
Actual Financial Results – This Plan incorporates our actual financial results up to 30 June 2014. We have then projected forward to the opening balances as at 1 July 2015 based on the 2014-15 annual plan budgets. We consider that no significant financial event, that would require adjustments to our 2014-15 budgets, has occurred up until 30 June 2015.	An event may occur between March to June 2015 that has significant financial effect.	Low	Unknown impact at this stage.
Adverse Events – Other than as indicated within the Infrastructure strategy, no impact is anticipated from these causes.	Naturally occurring adverse events, including the impact of climate change, require major expenditure.	LOW	Little or no impact.
Climate Change – Our stance to climate change is to incorporate it into the policy and review processes of our organisation. In our main environmental policy document, the One Plan, we have incorporated a focus on assisting the Region to adapt to the effects of climate change. In particular we have incorporated policies and methods that promote resilient land management, responsiveness to water quality and quantity changes, and planning for changes in the scale and frequency of natural hazards. This focus has resulted in the increase of expenditure in this Long-term Plan on SLUI, water quality and quantity research. We assume that the expenditure will be at a level appropriate to encourage the Region to adapt in a timely manner.	Climate change may occur at a faster pace than predicted and/or at a faster rate than our community can afford in the current financial crisis.	LOW TO MEDIUM	Unknown impact at this stage.
Local Government Reform – Over the past few years there has been renewed debate about reform of local government. Events such as the creation of a single council in Auckland, the establishment of the Canterbury Earthquake Recovery Authority, and the appointment of commissioners to Environment Canterbury indicate Central Government's interest in reforming the sector. In addition a number of local authorities are themselves investigating amalgamation, including Nelson City and Tasman District where a referendum is due to be held on the issue. In our region we have established the MW-LASS CCO, a shared services vehicle to promote efficiency. Currently there are no proposals for structural change to local government within our Region. However future proposals for shared services generated by MW LASS and/or Central Government directives may impact on this LTP in terms of funding, delivery and performance management.	Significant changes to the structure of local government in the Region may significantly impact this entire plan.	MEDIUM	Unknown impact at this stage.
Other Central Government Changes – (including RMA changes) No provision has been made in this draft LTP in regard to possible central government legislative, regulatory or policy changes.	If a significant requirement was placed on Council by central government within the three year life of this plan an amendment to the plan may need to be made.	LOW	Such amendment would only be necessary if levels of service, or costs, or the way services are funded were significantly impacted by the requirement within the three year life of the plan. As most central government requirements have a reasonable lead in time or transitional arrangements, it is unlikely

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GENERAL ASSUMPTIONS																																																						
Assumption		Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty																																																		
				that a central government change would result in an LTP amendment before the next LTP needs to be developed and consulted on. Any financial impact is unknown at this stage.																																																		
Negative Effects – There are no negative effects to disclose within the groups of activities.		No risk.	LOW																																																			
<p>Population – Statistics New Zealand’s population projections¹ for the Region show there is expected to be a small increase in population between now and 2031. The regional projections are:</p> <table border="1"> <thead> <tr> <th>2011</th> <th>2016</th> <th>2021</th> <th>2026</th> <th>2031</th> </tr> </thead> <tbody> <tr> <td>232,600</td> <td>234,200</td> <td>237,100</td> <td>239,200</td> <td>240,000</td> </tr> </tbody> </table> <p>There is some variation in the projected populations to 2031 between the different territorial authorities within the Region, as the following table shows:</p> <table border="1"> <thead> <tr> <th>District</th> <th>2011</th> <th>2031</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>Ruapehu</td> <td>13,400</td> <td>10,350</td> <td>-22.76</td> </tr> <tr> <td>Wanganui</td> <td>43,600</td> <td>42,100</td> <td>-3.44</td> </tr> <tr> <td>Rangitikei</td> <td>14,850</td> <td>12,800</td> <td>-13.80</td> </tr> <tr> <td>Manawatu</td> <td>27,600</td> <td>30,000</td> <td>+8.70</td> </tr> <tr> <td>Palmerston North City</td> <td>84,600</td> <td>97,900</td> <td>+15.72</td> </tr> <tr> <td>Tararua</td> <td>17,700</td> <td>17,100</td> <td>-3.39</td> </tr> <tr> <td>Horowhenua</td> <td>30,700</td> <td>29,500</td> <td>-3.91</td> </tr> <tr> <td>Region</td> <td>232,600</td> <td>240,000</td> <td>+3.18</td> </tr> <tr> <td>New Zealand</td> <td>4,405,200</td> <td>5,194,600</td> <td>+17.92</td> </tr> </tbody> </table> <p>In addition, the Region’s population is aging. In 2011, one in six people were 65 or older; it is expected that in 2021 one in five will be, and in 2031 one in four. In Horowhenua, Rangitikei and Wanganui Districts, one in three people will be 65 or older by 2031.</p> <p>These statistics would suggest there will be no change in levels of our services driven by population changes.</p>		2011	2016	2021	2026	2031	232,600	234,200	237,100	239,200	240,000	District	2011	2031	% Change	Ruapehu	13,400	10,350	-22.76	Wanganui	43,600	42,100	-3.44	Rangitikei	14,850	12,800	-13.80	Manawatu	27,600	30,000	+8.70	Palmerston North City	84,600	97,900	+15.72	Tararua	17,700	17,100	-3.39	Horowhenua	30,700	29,500	-3.91	Region	232,600	240,000	+3.18	New Zealand	4,405,200	5,194,600	+17.92	If population predictions are too low we may face an additional level of service demand as population increases.	LOW	Little or no impact.
2011	2016	2021	2026	2031																																																		
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¹ Statistics New Zealand. (2012). *Subnational population projections, 2006 (base)-2031 (October 2012 update)*. Retrieved from http://www.statistics.govt.nz/browse_for_stats/population/estimates_and_projections/SubnationalPopulationProjections_HOTP0631UpdateOct12.aspx

All figures are exclusive of GST unless otherwise stated

ASSUMPTIONS RELATING TO ASSET MANAGEMENT PLANS

Asset Management Plans (AMPs) have been prepared for the infrastructural assets in 27 river and drainage schemes. An additional seven schemes have been established to address river channel management issues only and as such do not employ infrastructure assets. The prospective information contained in the financial summaries and financial statements is consistent with these plans. Lifecycle assumptions are also contained in the Asset Management Policy.

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
Useful Life of Assets – Each scheme AMP (Part A) outlines the estimated useful life of each major type of infrastructural asset (IA). These lives are based upon professional advice and experience, and range from 20 years to an indefinite life. (For more specific details refer to the Infrastructure Strategy and individual accounting policies.)	IAs may lose their carrying capacity or wear out earlier than anticipated and budgeted for in their respective AMPs.	LOW	Little or no impact.
Depreciation – Council’s amended (September 2014) Asset Management Policy provides for the commencement of funding for depreciation, subject to its Depreciation Funding Deferral Policy, as from July 2015. Depreciation is based on current depreciation charge adjusted for additions and revaluations.	Actual levels of depreciation are greater than budgeted for as a result of extra capital work or increased revaluation amounts.	LOW	Little or no impact.
Adverse Events – Due to the unpredictable nature of the timing and/or severity of these events (eg. flooding), it is difficult to estimate their likely impact. As a result, there has been no attempt to build in extra budgeted capacity in the AMPs. Normal emergency reserves will be presumed sufficient to meet any costs associated with such future events, along with recoveries from established insurance arrangements.	That adverse events are more serious, or occur at more frequent intervals than anticipated.	LOW TO MEDIUM	Unknown impact, but unlikely to require significant extra funding. Severe events may necessitate government support.
Insurance Cost – After the Christchurch earthquake Council had difficulty obtaining affordable replacement insurance for its infrastructure assets. However, by accepting a significantly higher excess, affordable insurance has been obtained for 100% replacement cover for all ‘insurable’ assets. Council is still rating to establish an infrastructure insurance reserve to ensure the excess and the general rate funded portion of reinstatement costs can be met.	Insurance premiums may become unaffordable in the future if another significant event occurs.	LOW	Increased premiums would increase rates either from the higher premium costs or the cost of self insurance. The impact is not known at this stage.
Climate Change – There is presently no detectable trend of climate change impacts in our region and considerable uncertainty as to the scale and onset of any such impact. It is Council’s view that it is unfair to impose additional costs on the present generation, which is already faced with major scheme upgrade costs, for an uncertain benefit to future generations. Accordingly, most current works designs do not include provision for climate change impacts. Exceptions are where additional standard can be achieved at modest cost, for example in recently completed flood protection works in Wanganui where a 0.5% Annual Exceedance Probability (AEP) standard was adopted in the expectation that in time climate change impacts are likely to reduce that to an acceptable 1% AEP standard. For further detail refer to the 30-year Infrastructure Strategy.	Climate change may occur at a faster pace than predicted and/or communities may not be able/prepared to pay for the additional costs required to future-proof schemes against climate change.	LOW TO MEDIUM	Unknown impact at this stage.
Funds for Asset Replacement – Significant asset replacement will be funded by a mixture of rates, reserves and both internal and external loans (please refer to the Revenue and Financing Policy, the Long-term Financial Strategy and the Infrastructure Strategy).	Estimated costs of replacement are insufficient to meet actual costs.	LOW	Experience in the management of these assets, together with the mixed source of funding, minimises any impact on the various schemes.

All figures are exclusive of GST unless otherwise stated

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
Changes in Population – Levels of service are not affected by changes in population growth – refer to 30-year Infrastructure Strategy.	-	-	-
Revaluations of Assets – Infrastructural assets - These will continue to be reviewed by independent professional valuers using industry standards every three years. Council is assuming that the impact of the periodic revaluation of infrastructural assets will be in line with the assumed rates of inflation. Land and buildings and forestry assets – Council is assuming that the impact of periodic revaluations will not be significant.	-	-	-

2. Other Information

Issue	Treatment in this Long-term Plan
External Debt	Additional external loan funding is expected to be raised over the term of the Long-term Plan. The loan funding relates to River and Drainage Scheme loans.
Central Government (Including RMA changes)	No provision has been made within this Long-term Plan for impacts arising from any change in Central Government’s policies, for local government in general, or regional councils in particular.
Goods and Services Tax (GST)	Except where stated otherwise, all figures are GST exclusive.
Investments	The Council’s holding company has recently acquired a commercial property investment, which will invest \$2.1 million of the \$9.1 million Port of Napier sale proceeds. It is assumed in this LTP that the remaining \$7 million will be invested by the start of the LTP.
Levels of Service – General	Levels of service in the Long-term Plan have been developed in response to, and to provide performance measurements against, those activities agreed with the community that Council should be involved in, either as a service provider or funder, or both. Should any of these activities fail to materialise, or be undertaken at a level different from that indicated in the Long-term Plan, whether due to factors that are dissimilar to other assumptions in this Long-term Plan, or for any other reasons (such as adverse climatic events or Central Government involvement), then the levels of service in the Long-term Plan may not be appropriate.
Levels of Service – Specific	The Long-term Plan also contains specific levels of service assumptions included in each activity area. These are identified as targets under each project group within each activity, and are addressed in either qualitative or quantitative terms for the year.
Māori Engagement	The Long-term Plan contains a number of projects associated with activities intended to recognise and facilitate the engagement of Māori in the activities of Council, and the associated community outcomes.
Revenues	Council has set its projected operating revenues at levels sufficient to meet projected operating expenditures and, where applicable, those have been set according to funding policy criteria. On going revenues, such as transport subsidies, SLUI grants, and water quality grants from Central Government agencies, are expected to continue in the long-term.
Triennial Elections	During the term of the Long-term Plan, there are three triennial elections; namely October 2016, October 2019, and October 2022. It is not considered necessary to make any allowance for any resultant changes in the approach Horizons takes in meeting the needs of the regional community.
Emissions Trading Scheme (ETS)	We consider that the offset from our SLUI initiatives will more than offset any effects of the Emissions Trading Scheme, and therefore no allowance has been made in this document.

All figures are exclusive of GST unless otherwise stated

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

	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Income											
Prospective Statement of Comprehensive Revenue and Expense											
Total Exchange and Non-exchange Revenue	52,675	53,600	55,442	58,470	60,114	62,010	63,006	64,601	66,273	68,040	69,796
Summary FIS											
Total Sources of Operating Funding	52,675	53,599	55,442	58,471	60,113	62,010	63,005	64,600	66,273	68,041	69,796
Expenditure											
Prospective Statement of Comprehensive Revenue and Expense											
Total Operating Expenditure	48,647	49,202	51,563	53,983	55,036	56,921	57,464	58,602	60,289	61,564	63,110
Summary FIS											
Total Applications of Operating Funding	44,878	45,997	48,464	50,847	51,849	53,695	54,318	55,523	57,320	58,584	60,103
Depreciation and Amortisation Expense	3,769	3,206	3,099	3,137	3,187	3,226	3,145	3,079	2,969	2,980	3,007
Total Expenditure	48,647	49,203	51,563	53,984	55,036	56,921	57,463	58,602	60,289	61,564	63,110

All figures are exclusive of GST unless otherwise stated

Prospective Cost of Service Statement for all Groups of Activities to 30 June 2025 (\$000)

	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Government Support and Activity Revenues											
Land and Water Management	5,234	4,833	4,845	4,923	5,019	5,136	5,252	5,368	5,509	5,658	5,808
Flood Protection and Control Works	1,788	1,764	1,859	1,975	2,031	2,165	2,261	2,385	2,522	2,441	2,585
Biosecurity and Biodiversity Management	49	6	7	7	7	7	7	8	8	8	8
Regional Leadership and Governance	3,184	3,029	3,165	3,304	3,384	3,457	3,540	3,622	3,723	3,826	3,950
Transport	3,793	4,310	4,850	5,544	5,684	5,830	5,982	6,146	6,327	6,529	6,742
Corporate Support	-	-	-	-	-	-	-	-	-	-	-
Investment	2,618	2,450	2,695	3,013	2,980	2,907	2,707	2,492	2,277	1,654	1,472
Dividends Received	1,100	1,129	1,319	1,352	1,384	1,416	1,449	1,483	1,517	1,553	1,590
Interest Received	419	597	564	872	871	1,203	943	929	1,136	1,053	1,259
Rate Penalties	650	750	783	827	843	867	884	907	930	959	983
Less Internal Revenue	(4,888)	(4,137)	(4,867)	(5,376)	(5,376)	(5,461)	(5,292)	(5,162)	(5,162)	(4,424)	(4,371)
Total Activity Revenue	13,947	14,731	15,220	16,441	16,827	17,527	17,733	18,178	18,787	19,257	20,026
Rating Revenues – River and Drainage Schemes	12,760	12,540	12,816	13,198	13,262	13,506	13,689	13,777	14,033	14,187	14,426
Rating Revenues – Other	25,968	26,327	27,407	28,832	30,026	30,978	31,583	32,646	33,454	34,597	35,344
Rating Revenues	38,728	38,867	40,223	42,030	43,288	44,484	45,272	46,423	47,487	48,784	49,770
Total Activity and Rating Revenues	52,675	53,598	55,443	58,471	60,115	62,011	63,005	64,601	66,274	68,041	69,796
Expenses (\$000)											
Land and Water Management	14,320	14,239	15,411	15,639	16,295	16,789	17,257	17,779	18,387	19,015	19,647
Flood Protection and Control Works	11,229	10,542	10,913	11,416	11,538	11,680	11,631	11,628	11,791	11,513	11,775
Biosecurity and Biodiversity Management	7,413	7,309	7,288	7,264	7,448	7,642	7,844	8,065	8,276	8,538	8,790
Regional Leadership and Governance	11,536	11,887	12,339	12,572	12,665	13,197	13,424	13,517	13,983	14,232	14,356
Transport	5,683	6,369	7,261	8,626	8,672	8,903	9,144	9,393	9,671	9,987	10,211
Investment and Other	3,354	2,993	3,217	3,842	3,793	4,171	3,456	3,382	3,343	2,703	2,703
Less Internal Expenditure	(4,888)	(4,137)	(4,867)	(5,376)	(5,376)	(5,461)	(5,292)	(5,162)	(5,162)	(4,424)	(4,371)
Total Operating Expenditure	48,647	49,202	51,562	53,983	55,035	56,921	57,464	58,602	60,289	61,564	63,111
Operating Surplus (Deficit)	4,028	4,396	3,881	4,488	5,080	5,090	5,541	5,999	5,985	6,477	6,685

All figures are exclusive of GST unless otherwise stated

Prospective Statement of Comprehensive Revenue and Expense to 30 June 2025 (\$000)

	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue											
Exchange Revenues											
Finance Revenues	419	597	564	872	871	1,203	943	929	1,136	1,053	1,259
Non-Exchange Revenues											
Development and Financial Contributions	91	-	-	-	-	-	-	-	-	-	-
Finance Revenues	1,750	1,129	1,319	1,352	1,384	1,416	1,449	1,483	1,517	1,553	1,590
Subsidies and Grants	4,920	4,740	5,014	5,637	5,749	5,867	5,989	6,119	6,264	6,427	6,598
Other Revenues	6,767	8,266	8,322	8,580	8,821	9,041	9,352	9,646	9,869	10,224	10,579
<i>Subtotal Other</i>	13,528	14,135	14,656	15,568	15,955	16,324	16,790	17,249	17,650	18,204	18,767
<i>Rates Revenue</i>	38,728	38,867	40,223	42,030	43,288	44,483	45,273	46,423	47,487	48,784	49,770
Total Non-exchange Revenue	52,256	53,003	54,878	57,598	59,243	60,807	62,063	63,672	65,137	66,987	68,537
Total Exchange and Non-exchange Revenue	52,675	53,600	55,442	58,470	60,114	62,010	63,006	64,601	66,273	68,040	69,796
Expenditure											
Personnel Costs	16,879	16,801	17,176	17,473	18,058	18,490	19,050	19,411	19,910	20,392	20,901
Depreciation and Amortisation Expense	3,769	3,206	3,099	3,137	3,187	3,226	3,145	3,079	2,969	2,980	3,007
Finance Costs	1,745	1,220	1,295	1,764	1,654	1,891	1,073	875	700	136	-
Other Expenses	26,254	27,976	29,993	31,610	32,137	33,314	34,195	35,237	36,710	38,056	39,202
Total Operating Expenditure	48,647	49,202	51,563	53,983	55,036	56,921	57,464	58,602	60,289	61,564	63,110
Share of Associates Surplus (Deficit)	-	-	-	-	-	-	-	-	-	-	-
Surplus (Deficit) Before Tax	4,028	4,397	3,879	4,487	5,078	5,089	5,542	5,999	5,984	6,476	6,686
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-
Surplus (Deficit) After Tax	4,028	4,397	3,879	4,487	5,078	5,089	5,542	5,999	5,984	6,476	6,686
Other Comprehensive Revenue and Expense Attributable to Council											
Gain (Loss) on Asset Revaluations	27,572	-	-	11,767	-	-	30,080	-	-	39,325	-
Financial Assets at Fair Value through Equity	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Revenue and Expense for the Year Net of Tax	27,572	-	-	11,767	-	-	30,080	-	-	39,325	-
Total Comprehensive Revenue and Expense	31,600	4,397	3,879	16,254	5,078	5,089	35,622	5,999	5,984	45,801	6,686

All figures are exclusive of GST unless otherwise stated

Prospective Summary of Capital Purchases – Other to 30 June 2025 (\$'000)

	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Nutrient Monitoring/Telemetry Eq	70	70	70	70	70	70	70	70	70	70	70
Horowhenua Clean-Up Fund	-	42	-	-	-	-	-	-	-	-	-
Nursery	-	21	10	-	-	-	-	-	-	-	-
JV Afforestation (Tfr to BS)	-	649	324	374	414	421	429	437	445	443	462
Land, Water and Air Management Total	70	782	404	444	484	491	499	507	515	513	532
Bait Stations	-	100	30	30	30	30	30	30	30	30	30
Biosecurity and Biodiversity Management Total	-	100	30	30	30	30	30	30	30	30	30
Historic Survey Data	81	42	41	43	44	46	46	47	50	50	52
Hydro Site Operation (Datalogger and Comms Upgrade)	-	44	-	-	-	-	-	-	-	-	-
Aerial Photography	-	139	133	32	32	33	158	153	37	38	39
CI Development	372	245	229	205	213	219	225	587	240	248	256
Establishing a Consistent Regional Vertical Datum	47	45	44	45	47	49	49	50	52	53	55
Ex NIWA Sites	-	45	-	-	-	-	-	-	-	-	-
Flood Plain Mapping	-	0	-	-	-	-	-	-	-	-	-
GIS Development	-	107	89	72	74	77	79	82	84	87	90
Herbertville Flood Warning System	-	-	-	-	-	-	-	-	-	-	-
Horizons Hazard Information Updates	-	489	199	203	150	142	170	167	-	-	-
Hydro Site Operation and Installation	352	283	341	309	278	209	190	182	180	180	180
Ohura Flood Modelling	-	-	31	-	-	-	-	-	-	-	-
Promotional Material	13	16	11	17	17	12	18	13	19	14	21
Replacement Vehicle Radios/Tracking Units	6	88	18	-	-	-	-	-	-	-	-
Regional Leadership and Governance Total	871	1,542	1,136	926	857	786	936	1,281	662	670	693
Ticketing System	-	500	-	-	-	-	-	-	-	-	-
Transport Total	-	500	-	-	-	-	-	-	-	-	-
IT Hardware Replacement	170	184	145	155	185	175	175	175	175	175	175
Financial Sys Ozone	100	100	103	105	-	-	-	-	-	-	-
IT GIS upgr/Replacemnt	19	-	-	-	-	-	-	-	-	-	-
Rating Software Review	-	50	-	-	-	-	-	-	-	-	-
Regional House	105	182	112	88	90	90	90	90	90	90	90
Service Centre/Depot	-	21	20	20	20	20	20	20	20	20	20
Survey Equipment	-	-	-	-	-	-	-	-	-	-	-
Vehicle Purchases	498	498	304	445	445	456	456	456	456	456	456
Corporate Support Total	892	1,035	683	813	740	741	741	741	741	741	741
Grand Total	1,833	3,959	2,254	2,213	2,110	2,048	2,206	2,559	1,947	1,954	1,995

All figures are exclusive of GST unless otherwise stated

Prospective Statement of Cash Flows to 30 June 2025 (\$'000)

	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Cash Flows from Operating											
<u>Cash was provided from:</u>											
Receipts from Operating Revenue	39,029	38,782	40,135	41,941	43,197	44,390	45,178	46,327	47,389	48,683	49,667
Development and Financial Contributions	4,920	-	-	-	-	-	-	-	-	-	-
Finance Revenues	6,833	1,726	1,883	2,224	2,255	2,619	2,392	2,412	2,653	2,606	2,849
Subsidies and Grants	423	4,740	5,014	5,637	5,749	5,867	5,989	6,119	6,264	6,427	6,598
Other Revenues	1,791	8,266	8,322	8,580	8,821	9,041	9,352	9,646	9,869	10,224	10,579
Total Operating Receipts	52,996	53,514	55,354	58,382	60,022	61,917	62,911	64,504	66,175	67,940	69,693
<u>Cash was applied to:</u>											
Interest Paid	1,745	1,220	1,295	1,764	1,654	1,891	1,073	875	700	136	-
Suppliers and Employees	42,616	44,629	47,019	48,929	50,038	51,645	53,083	54,482	56,451	58,275	59,926
Total Operating Payments	44,361	45,849	48,314	50,693	51,692	53,536	54,156	55,357	57,151	58,411	59,926
Net Cash from Operating	8,635	7,665	7,040	7,689	8,330	8,381	8,755	9,147	9,024	9,529	9,767
Cash Flow from Investing											
<u>Cash was provided from:</u>											
Sale of Operational Assets	-	-	-	-	-	-	-	-	-	-	-
Investment Maturities	-	-	-	-	-	-	-	-	-	-	-
Total Investment Receipts	-	-	-	-	-	-	-	-	-	-	-
<u>Cash was applied to:</u>											
Investment in Subsidiary	-	-	-	-	-	-	-	-	-	-	-
Purchase of Forestry Assets/SLUI Leases	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	500	505	510	515	520	526	531	536	541	547
Purchase of Infrastructural Assets	7,044	6,904	5,843	5,942	1,445	1,448	1,430	1,475	1,439	1,597	1,539
Purchase of Operational Assets	1,833	3,459	1,749	1,703	1,595	1,527	1,680	2,028	1,411	1,413	1,449
Investment Deposits	-	-	-	-	-	-	-	-	-	-	-
Total Investment Payments	8,877	10,863	8,097	8,155	3,555	3,495	3,636	4,034	3,386	3,551	3,535
Net Cash from Investing	(8,877)	(10,863)	(8,097)	(8,155)	(3,555)	(3,495)	(3,636)	(4,034)	(3,386)	(3,551)	(3,535)

All figures are exclusive of GST unless otherwise stated

	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Cash Flows from Financing											
<u>Cash was provided from:</u>											
Loans Raised	2,000	-	-	12,000	-	10,000	-	-	-	-	-
Total Financing Receipts	2,000	-	-	12,000	-	10,000	-	-	-	-	-
<u>Cash was applied to:</u>											
Additional Loans Repaid											
Loans Repayment of Debt	3,000	-	-	5,000	10,000	12,000	-	5,000	-	10,000	-
Total Financing Payments	3,000	-	-	5,000	10,000	12,000	-	5,000	-	10,000	-
Net Cash from Financing	(1,000)	-	-	7,000	(10,000)	(2,000)	-	(5,000)	-	(10,000)	-
Net Cash Flow for the Period	(1,242)	(3,198)	(1,057)	6,534	(5,225)	2,886	5,119	113	5,638	(4,022)	6,232
Plus Opening Cash and Cash Equivalent	8,377	3,471	273	(783)	5,750	526	3,411	8,531	8,644	14,281	10,259
Closing Cash and Cash Equivalent	7,135	273	(784)	5,751	525	3,412	8,530	8,644	14,282	10,259	16,491
<u>Made up of:</u>											
Cash and Cash Equivalent	7,135	273	(783)	5,750	526	3,411	8,531	8,644	14,281	10,259	16,491
Closing Cash and Cash Equivalent	7,135	273	(783)	5,750	526	3,411	8,531	8,644	14,281	10,259	16,491

All figures are exclusive of GST unless otherwise stated

Prospective Statement of Financial Position as at 30 June 2025 (\$'000)

ASSETS	AP		Long-term Plan								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Current Assets											
Cash and Cash Equivalents	7,135	273	(783)	5,750	526	3,411	8,531	8,644	14,281	10,259	16,491
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables	3,171	3,234	3,299	3,365	3,432	3,501	3,571	3,642	3,715	3,790	3,865
Accruals and Other Receivables	1,116	1,138	1,161	1,184	1,208	1,232	1,257	1,282	1,308	1,334	1,360
Prepayments and Leases - current portion	208	212	216	221	225	230	234	239	244	249	254
Inventories on Hand	527	538	548	559	570	582	593	605	617	630	642
Operational Assets held for resale	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	12,157	5,395	4,441	11,079	5,961	8,956	14,186	14,412	20,165	16,262	22,612
Non-current Assets											
Equity Investments	3	3	3	3	3	3	3	3	3	3	3
Investments in CCOs	34,400	34,400	34,400	34,400	34,400	34,400	34,400	34,400	34,400	34,400	34,400
Forestry Assets	1,000	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679
SLUI Land Leases	2,500	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610
Operational Assets	47,795	49,048	48,698	48,267	47,679	46,987	46,530	46,489	45,942	45,387	44,844
Intangible Assets	2,000	2,333	2,670	3,010	3,353	3,700	4,051	4,405	4,762	5,123	5,487
Infrastructural Assets	377,831	383,902	388,913	405,789	406,401	407,017	437,695	438,337	438,944	479,033	479,740
Total Non-current Assets	465,529	474,975	479,973	496,758	497,125	497,396	527,968	528,923	529,340	569,235	569,763
TOTAL ASSETS	477,686	480,370	484,414	507,837	503,086	506,352	542,154	543,335	549,505	585,497	592,375
LIABILITIES											
Current Liabilities											
Accounts Payable	1,510	1,540	1,571	1,602	1,634	1,667	1,701	1,735	1,769	1,805	1,841
Accruals and Other Payables	3,580	3,652	3,725	3,799	3,875	3,953	4,032	4,112	4,195	4,278	4,364
Provisions	3,019	3,079	3,141	3,204	3,268	3,333	3,400	3,468	3,537	3,608	3,680
Tax Payable	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-
Debt – Current Portion	-	-	5,000	10,000	12,000	-	5,000	-	10,000	-	-
Total Current Liabilities	8,109	8,271	13,437	18,605	20,777	8,953	14,133	9,315	19,501	9,691	9,885
Non-current Liabilities											
Derivative Financial Instruments	-	-	-	-	-	-	-	-	-	-	-
Debt – Non-current Portion	23,000	20,000	15,000	17,000	5,000	15,000	10,000	10,000	-	-	-
Total Non-current Liabilities	23,000	20,000	15,000	17,000	5,000	15,000	10,000	10,000	-	-	-

All figures are exclusive of GST unless otherwise stated

TOTAL LIABILITIES	31,109	28,271	28,437	35,605	25,777	23,953	24,133	19,315	19,501	9,691	9,885
NET ASSETS	446,577	452,099	455,977	472,232	477,309	482,399	518,021	524,020	530,004	575,806	582,490
REPRESENTED BY:											
EQUITY											
Asset Revaluation Reserves	104,672	93,828	93,828	105,595	105,595	105,595	135,675	135,675	135,675	175,000	175,000
Restricted Reserves (see Note 1)	8,113	8,656	9,355	9,846	10,962	12,005	13,243	14,646	16,149	17,562	19,037
Infrastructure Insurance Reserve	1,342	1,780	2,300	2,920	3,540	4,160	4,780	5,400	6,020	6,640	7,260
Financial Derivatives Reserves	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings (see Note 1)	332,450	347,835	350,496	353,871	357,213	360,639	364,323	368,298	372,160	376,603	381,193
Total Equity	446,577	452,099	455,979	472,232	477,310	482,399	518,021	524,019	530,004	575,805	582,490

All figures are exclusive of GST unless otherwise stated

Prospective Statement of Changes in Net Assets/Equity as at 30 June 2025 (\$'000)

	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Balance 1 July	414,977	447,702	452,099	455,978	472,232	477,310	482,399	518,021	524,020	530,004	575,805
Total Comprehensive Revenue and Expense	31,600	4,397	3,879	16,254	5,078	5,089	35,622	5,999	5,984	45,801	6,686
Balance at 30 June	446,577	452,099	455,978	472,232	477,310	482,399	518,021	524,020	530,004	575,805	582,491
Detailed Changes											
Asset Revaluation Reserves											
Balance at 1 July	77,100	93,828	93,828	93,828	105,595	105,595	105,595	135,675	135,675	135,675	175,000
Increase in Revaluation Reserves	27,572	-	-	11,767	-	-	30,080	-	-	39,325	-
Balance at 30 June	104,672	93,828	93,828	105,595	105,595	105,595	135,675	135,675	135,675	175,000	175,000
Restricted Reserves											
Balance at 1 July	7,231	7,707	8,655	9,353	9,844	10,960	12,004	13,242	14,645	16,147	17,560
Plus Transfer from Retained Earnings:											
River and Drainage Schemes Emergency Reserve	882	631	632	410	999	1,045	1,170	1,365	1,420	1,321	1,408
River and Drainage Schemes Capex Renewal Reserve	-	317	66	81	117	(1)	68	38	82	92	68
Balance at 30 June	8,113	8,655	9,353	9,844	10,960	12,004	13,242	14,645	16,147	17,560	19,036
Infrastructure Insurance Reserves											
Balance at 1 July	922	1,360	1,780	2,300	2,920	3,540	4,160	4,780	5,400	6,020	6,640
Plus Transfer from Retained Earnings	420	420	520	620	620	620	620	620	620	620	620
Balance at 30 June	1,342	1,780	2,300	2,920	3,540	4,160	4,780	5,400	6,020	6,640	7,260
Retained Earnings											
Balance at 1 July	329,724	344,807	347,836	350,496	353,872	357,214	360,640	364,324	368,300	372,161	376,604
Net Surplus (Deficit) after Tax for the Year	4,028	4,397	3,879	4,487	5,078	5,089	5,542	5,999	5,984	6,476	6,686
Less Transfer to Restricted Reserves	(882)	(948)	(699)	(491)	(1,116)	(1,043)	(1,238)	(1,403)	(1,503)	(1,413)	(1,475)
Less Transfer to Infrastructure Insurance Reserve:	(420)	(420)	(520)	(620)	(620)	(620)	(620)	(620)	(620)	(620)	(620)
Balance at 30 June	332,450	347,836	350,496	353,872	357,214	360,640	364,324	368,300	372,161	376,604	381,195
Total Equity at 30 June	446,577	452,099	455,977	472,231	477,309	482,399	518,021	524,020	530,003	575,804	582,491

All figures are exclusive of GST unless otherwise stated

Supplementary Information

River and Drainage Scheme Statement of Cost of Services (Revenue) 2015-16

Scheme	Total Costs of Services	Revenue										Total Reserve
		Scheme Rates (incl. Interim Rates)	General Rate (excl. Scheme Review)	General Rate - Review /Classif.	Other Revenue	Insurance /Govt Grant	Transfer from/To Other Schemes	Transfer from Renewal Reserve	Renewal Reserve Not Funded	Transfer from Emergency Reserve	Emergency Reserve Interest Revenue	
RIVER SCHEMES												
Ashhurst Stream	72,252	48,040	10,983						2,000		516	61,539
Akitio River	9,009	9,394	1,561								1,206	12,161
Eastern Manawatu	53,302	40,717	10,572								440	51,730
Ihuraua Stream	6,595	4,472	1,319									5,791
Lower Kiwitea Stream	170,393	108,459	25,007	22,500							12,858	168,824
Lower Manawatu Scheme Special Projects	2,474,007	921,993	259,768	50,000		61,000					167	1,292,928
Lower Manawatu River	9,664,911	3,018,303	961,300	5,500	956,000			18,760	332,790	150,000	162,072	5,604,725
Kahuterawa	14,670	10,250	2,934									13,184
Lower Whanganui River	550,848	376,000	92,338	50,000					13,000		7,310	538,648
Makirikiri Flood Control	35,265	16,388	3,692						5,398	1,402	1,038	27,918
Mangatainoka River	716,826	545,603	122,236		2,827						44,110	714,775
Matarawa Flood Control	87,131	53,055	12,197						6,750		1,477	73,479
Ohau-Manakau	458,265	283,953	71,028	22,500	10,000			8,480		30,000	13,589	439,550
Pakihi	4,493	3,687	697								109	4,493
Pohangina – Oroua River Control	561,436	350,000	103,865		90,000						17,111	560,976
Taringamotu	73,195	50,000	14,508		8,000						655	73,163
Porewa Valley Flood Control	67,159	45,587	10,472		1,900				1,028	1,087	2,814	62,888
Rangitikei River Control	1,275,599	638,082	180,045		160,000				9,000	30,000	53,631	1,070,757
South East Ruahines	535,275	406,677	77,429								33,102	517,208
Tawataia-Mangaone	11,232	7,800	1,894								442	10,136
Turakina	38,273	33,325	7,655									40,980
Tutaenui Flood Control	106,238	65,334	15,470	22,500					2,500		1,464	107,268
Upper Manawatu-Lower Mangahao	330,869	254,319	53,375								22,397	330,091
Upper Whanganui River	215,825	150,000	37,731		14,500				2,300		14,394	218,926
Whangaehu-Mangawhero	115,978	95,000	22,340								1,276	118,616
DRAINAGE SCHEMES												
Forest Rd Dr	10,855	7,220	1,895								33	9,148
Foxton East Dr	22,773	17,338	4,149								55	21,542
Haunui Dr	9,081	6,722	1,816									8,538
Himatangi Dr	20,918	13,619	3,574	1,320						1,500	893	20,905
Hokio Dr	176,217	49,851	12,328	7,600							825	70,604
Koputaroa Dr	498,680	232,854	63,924					33,398	10,890	77,000	13,558	431,623
Makerua Dr	865,371	434,965	111,991					65,505	23,434	103,000	12,959	751,854
Manawatu Dr	821,005	577,358	139,674					3,280	30,237	10,000	6,564	767,113
Moutoa Dr	501,274	290,501	68,108				5,197	6,400	16,677	8,500	8,025	403,408
Te Kawau Dr	400,811	170,047	50,272					50,988		80,000	11,033	362,340
Whirokino Dr	32,383	19,614	5,094					560	1,607	1,000	931	28,806
Total	21,008,413	9,356,527	2,563,240	181,920	1,243,227	61,000	5,197	187,371	457,611	493,489	447,051	14,996,633

All figures are exclusive of GST unless otherwise stated

River and Drainage Scheme Statement of Cost of Services (Revenue) 2015-16 continued.

Scheme	Loan Advance	Depreciation Not Funded	Opening Balance	Closing Balance
RIVER SCHEMES				
Ashhurst Stream	11,000	1,820	4,393	6,500
Akitio River			1,448	4,600
Eastern Manawatu			73	-1,500
Ihuraua Stream			2,824	2,020
Lower KIWITEA Stream			15,070	13,500
Lower Manawatu Scheme Special Projects	1,175,000		16,711	10,632
Lower Manawatu River	3,700,000	389,289	24,904	54,007
Kahuterawa			7,118	5,632
Lower Whanganui River		15,850	1,000	4,650
Makirikiri Flood Control		7,966	2,695	3,314
Mangatainoka River			24,827	22,777
Matarawa Flood Control		12,920	8,314	7,582
Ohau-Manakau		9,470	13,035	3,790
Pakihi			40	40
Pohangina – Oroua River Control			17,825	17,365
Taringamotu			3,154	3,122
Porewa Valley Flood Control		7,984	3,187	6,900
Rangitikei River Control	200,000	8,745	5,691	9,594
South East Ruahines		15,688	29,180	26,800
Tawataia-Mangaone		79	1,667	650
Turakina			3,036	5,743
Tutaenui Flood Control		424	10,205	11,659
Upper Manawatu-Lower Mangahao			5,078	4,300
Upper Whanganui River		2,474	26,812	32,387
Whangaehu-Mangawhero			5,770	8,408
DRAINAGE SCHEMES				
Forest Rd Dr		697	5,730	4,720
Foxton East Dr		971	4,068	3,808
Haunui Dr			5,630	5,087
Himatangi Dr		492	-440	40
Hokio Dr	105,000	737	-275	-151
Koputaroa Dr		63,552	18,592	15,087
Makerua Dr		116,507	34,922	37,912
Manawatu Dr		41,094	22,956	10,157
Moutoa Dr		94,777	31,601	28,512
Te Kawanui Dr		37,992	1,466	987
Whirokino Dr		3,105	4,905	4,433
	5,191,000	832,633	363,212	375,064

All figures are exclusive of GST unless otherwise stated

River and Drainage Scheme Statement of Cost of Services (Expenditure) 2015-16

Scheme	Work Costs						
	Opex Works			Capex Works			Total Work Costs
	Operating Works Expenditure	Repairs & Maintenance	Total Operating and Repairs & Maintenance Costs	Capex Renewals	Capex	Total Capex Costs	
RIVER SCHEMES							
Ashhurst Stream	3,000	4,288	7,288		11,600	11,600	18,888
Akitio River		1,000	1,000				1,000
Eastern Manawatu		26,000	26,000				26,000
Ihuraua Stream		2,000	2,000				2,000
Lower Kiwitea Stream	25,000	50,000	75,000				75,000
Lower Manawatu Scheme Special Projects					1,200,000	1,200,000	1,200,000
Lower Manawatu River	500,000	419,214	919,214	23,450	4,763,809	4,787,259	5,706,473
Kahuterawa		12,000	12,000				12,000
Lower Whanganui River	73,200	91,648	164,848				164,848
Makirikiri Flood Control	2,160	3,210	5,370				5,370
Mangatainoka River	2,000	308,500	310,500		113,471	113,471	423,971
Matarawa Flood Control	15,200	11,685	26,885				26,885
Ohau-Manakau	36,000	145,000	181,000	10,600		10,600	191,600
Pakihi	1,200		1,200				1,200
Pohangina – Oroua River Control	70,000	110,874	180,874		150,000	150,000	330,874
Taringamotu		57,000	57,000				57,000
Porewa Valley Flood Control	9,600	11,275	20,875				20,875
Rangitikei River Control	150,000	281,680	431,680		205,045	205,045	636,725
South East Ruahines	2,000	162,000	164,000		53,361	53,361	217,361
Tawataia-Mangaone	165	4,000	4,165				4,165
Turakina		25,300	25,300				25,300
Tutaenui Flood Control	12,000	17,765	29,765				29,765
Upper Manawatu-Lower Mangahao	2,000	93,000	95,000		63,430	63,430	158,430
Upper Whanganui River	79,600	19,900	99,500				99,500
Whangaehu-Mangawhero		20,400	20,400				20,400
DRAINAGE SCHEMES							
Forest Rd Dr	1,100	3,859	4,959				4,959
Foxton East Dr	1,600	11,400	13,000				13,000
Haunui Dr	1,400	4,604	6,004				6,004
Himatangi Dr		14,000	14,000				14,000
Hokio Dr	1,500	38,500	40,000		105,000	105,000	145,000
Koputaroa Dr	48,500	110,465	158,965	41,747		41,747	200,712
Makerua Dr	108,000	176,000	284,000	81,881		81,881	365,881
Manawatu Dr	210,000	247,500	457,500	4,100	4,099	8,199	465,699
Moutoa Dr	71,000	98,500	169,500	8,000		8,000	177,500
Te Kawau Dr	15,000	123,811	138,811	63,735		63,735	202,546
Whirokino Dr	1,900	12,200	14,100	700		700	14,800
	1,443,125	2,718,579	4,161,704	234,213	6,669,815	6,904,028	11,065,732

All figures are exclusive of GST unless otherwise stated

River and Drainage Scheme Statement of Cost of Services (Expenditure) 2015-16 continued.

Scheme	Management Costs									
	Engineer Mgmt	AMP	Admin	Asset Insur. etc.	Hydrol	Scheme Review /Classif.	Survey /Design	Lease Mgmt	Legal/Misc	Total Mgmt Costs
RIVER SCHEMES										
Ashhurst Stream	1,408	425	1,118		450					
Akitio River	4,620	250	143							250
Eastern Manawatu	20,680	250	2,816							250
Ihuraua Stream	4,312	250	33							
Lower Kiwitea Stream	21,340	1,775	492				22,500			
Lower Manawatu Scheme Special Projects										
Lower Manawatu River	460,104	147,336	57,317		184,437	168,110	5,500	141,468	15,000	12,000
Kahuterawa	2,420	250								
Lower Whanganui River	50,708	4,103	19,483		4,601	1,774				
Makirikiri Flood Control	5,368	1,059	90		1,176					
Mangatainoka River	142,005	11,796	1,927		16,721	8,643		4,116		2,000
Matarawa Flood Control	14,453	1,948	356		1,861	1,752				2,500
Ohau-Manakau	67,880	7,055	1,048		11,961	8,864	22,500	4,116		
Pakihi	1,034	476	3		421					350
Pohangina – Oroua River Control	112,507	5,183	900			2,900		4,116		
Taringamotu	15,290	250								
Porewa Valley Flood Control	14,630	4,894	289		4,645					6,000
Rangitikei River Control	158,458	39,078	5,570		38,160	12,060		4,116	2,500	
South East Ruahines	143,786	10,998	4,223			4,660		4,116		2,000
Tawataia-Mangaone	4,840	290	23		153					
Turakina	11,990	250				733				
Tutaenui Flood Control	18,743	1,125	2,161		1,055	8,665	22,500			4,600
Upper Manawatu-Lower Mangahao	64,393	6,920	4,966			2,781		4,116		1,000
Upper Whanganui River	36,167	2,980	4,109		3,945			4,116		
Whangaehu-Mangawhero	20,900	250	2,002			2,096				
DRAINAGE SCHEMES										
Forest Rd Dr	4,180	323	13							
Foxton East Dr	5,241	61	667		30					
Haunui Dr	2,860	203	14							
Himatangi Dr	3,410	221	238				1,320			
Hokio Dr	7,355	276	100				7,600			
Koputaroa Dr	48,365	5,090	1,198		5,107					
Makerua Dr	87,410	6,425	416		5,109					
Manawatu Dr	82,820	17,003	1,885		8,621					
Moutoa Dr	57,970	4,397	190		2,203					
Te Kawau Dr	39,202	5,039	1,115		3,456					
Whirokino Dr	2,960	402	95		316					
	1,739,809	288,631	115,000	0	294,428	223,038	81,920	170,280	17,500	30,950

All figures are exclusive of GST unless otherwise stated

River and Drainage Scheme Statement of Cost of Services (Expenditure) 2015-16 continued.

Scheme	Depreciation	Renewal Reserve		Emergency Reserve		Loan Repayment		Total Costs of Services
		Interest	Contribution	Interest	Contribution	Interest	Principal	
RIVER SCHEMES								
Ashhurst Stream	1,820		2,000	516	2,000	17,474	26,153	72,252
Akitio River				1,206		516	1,024	9,009
Eastern Manawatu				440		1,522	1,344	53,302
Ihuraua Stream								6,595
Lower Kiwitea Stream				12,858	10,000	11,671	14,758	170,393
Lower Manawatu Scheme Special Projects				167		567,547	706,293	2,474,007
Lower Manawatu River	389,289		351,550	162,072	250,000	1,006,762	607,493	9,664,911
Kahuterawa								14,670
Lower Whanganui River	15,850		13,000	7,310	53,000	125,970	90,201	550,848
Makirikiri Flood Control	7,966		6,800	1,038	1,000	306	5,092	35,265
Mangatainoka River				44,110	61,537			716,826
Matarawa Flood Control	12,920		6,750	1,477	5,000	1,235	9,994	87,131
Ohau-Manakau	9,470		37,564	13,589	20,000	34,922	27,696	458,265
Pakihi			300	109	600			4,493
Pohangina – Oroua River Control				17,111	25,000	6,913	55,933	561,436
Taringamotu				655				73,195
Porewa Valley Flood Control	7,984		4,000	2,814		165	863	67,159
Rangitikei River Control	8,745		9,000	53,631	104,000	96,395	107,161	1,275,599
South East Ruahines	15,688		9,342	33,102	90,000			535,275
Tawataia-Mangaone	79		1,240	442				11,232
Turakina								38,273
Tutaenui Flood Control	424		2,500	1,464	2,000	1,236	10,000	106,238
Upper Manawatu-Lower Mangahao				22,397	41,598	11,484	12,783	330,869
Upper Whanganui River	2,474		2,300	14,394	8,000	37,840		215,825
Whangaehu-Mangawhero				1,276	3,000	33,227	32,827	115,978
DRAINAGE SCHEMES								
Forest Rd Dr	697		500	33	150			10,855
Foxton East Dr	971		504	55	500	825	919	22,773
Haunui Dr								9,081
Himatangi Dr	492		344	893				20,918
Hokio Dr	737		413	825		5,803	8,108	176,217
Koputaroa Dr	63,552		101,951	13,558		27,989	31,158	498,680
Makerua Dr	116,507		175,950	12,959		32,299	62,415	865,371
Manawatu Dr	41,094		74,979	6,564		71,825	50,515	821,005
Moutoa Dr	94,777		57,932	8,025		42,154	56,126	501,274
Te Kawau Dr	37,992		100,427	11,033				400,811
Whirokino Dr	3,105		2,878	931		3,263	3,633	32,383
	832,633	-	962,224	447,051	677,385	2,139,343	1,922,489	21,008,413

All figures are exclusive of GST unless otherwise stated

Corporate Statement of Costs 2015-25

	2014-15 Target AP	2015-16 Target Yr 1	2016-17 Target Yr 2	2017-18 Target Yr 3	2018-25 Target Yrs 4-10
Corporate Support					
Employment Relations	731	745	760	772	5,891
Facilities and Asset Management	4,679	4,694	4,642	4,685	33,778
Information Services	2,718	2,763	2,736	2,832	21,362
Organisational Development	279	286	291	296	2,295
Council Support	213	213	218	223	1,716
Corporate Assets and Projects	322	368	377	386	2,966
CEO	457	470	481	493	3,908
Group Management (Corporate)	307	315	322	330	2,550
Finance	2,693	2,732	2,803	2,809	21,370
Internal Activities					
CEO - Other Team Centres	506	483	514	531	4,183
GEM Group	6,098	6,523	6,537	6,664	52,431
Operations Group	4,510	4,627	4,602	4,689	35,276
Regional Services and Info Grp	6,085	6,264	6,372	6,538	50,485
Strategy and Regulation Grp	4,417	4,659	4,870	4,989	38,730
Total Operating Expenditure	34,015	35,142	35,525	36,237	276,941
Capital Expenditure	898	1,035	683	813	5,186
	34,913	36,177	36,208	37,050	282,127
Depreciation	1,400	1,304	1,224	1,228	7,268

All figures are exclusive of GST unless otherwise stated

All figures are exclusive of GST unless otherwise stated

Statement of Accounting Policies to 30 June 2025

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, He Tini Awa Trust (an Exempt Council Controlled Organisation), MWRC Holdings Limited (MWRCH) Regional Software Holdings Limited (RSHL) and MW LASS. MWRCH’s 23.08% equity share of its associate is equity accounted. Horizons have a 15.5% 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 TA’s and HRC of which HRC has 14.29% (1/7) of the shares.

The prospective financial statements presented are those of the “parent entity”, HRC, only, and are for the 10 years ended 30 June 2025. These statements have been prepared at the “parent entity” level only, as group financials are not considered appropriate, because the group information is not readily available. Also, group financials have no impact on the Funding Impact Statement (FIS).

The prospective 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; Investment; and Corporate Support. 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 prospective financial statements presented are those of HRC, and are for the years ended 30 June 2016-25. The Long-term Plan 2015-25, including the prospective financial statements, was adopted by Council on 30 June 2015.

Basis of Preparation

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

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

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, and certain infrastructural assets. The prospective 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 prospective 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 (PBE's) the 2015-25 Prospective Financial Statements have been prepared based on our understanding of 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 are 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 structure	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.

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 prospective 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 we recognised in the surplus or deficit when incurred.
- Costs associated with development and maintenance of the Council's website are 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.

All figures are exclusive of GST unless otherwise stated

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 which 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:

1. Direct costs are those costs identified as being directly attributable to a project group, and are charged directly to that project group.
2. 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, 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 the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 2015 is \$7.708 million. Deposits in total of \$14.224 million and withdrawals in total of \$3.823 million are estimated to occur during the period 1 July 2015 and 30 June 2025. The total estimated closing balance of these reserves is \$18.109 million.

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

Included in the table is a provision for contestable funding of amenity enhancements in conjunction with scheme works, as discussed on page 82 of this Plan. While it is expected that there will be applications for that funding during the term of the LTP, withdrawals are not shown.

Reserve Name	Estimated Opening Emergency Reserve Balance 1 July 2015	Estimated Deposits 1 July 2015 to 30 June 2025	Estimated Withdrawals 1 July 2015 to 30 June 2025	Estimated Closing Balance 30 June 2025
Akitio River	20,798	17,529	-	38,327
Ashhurst Stream	8,894	32,196	-	41,089
Eastern Manawatu	7,594	26,288	-	33,883
Forest Road Drainage	563	2,477	-	3,040
Foxton East Drainage	954	1,675	-	2,629
Haunui Drainage	-	-	-	-
Himatangi Drainage	15,389	9,249	10,500	14,138
Hokio Drainage	14,216	10,016	8,000	16,231
Ihuraua Stream	-	-	-	-
Kahuterawa	-	-	-	-
Koputaroa Drainage	233,758	95,945	216,000	113,703
Lower Kiwitea Stream	221,682	288,085	-	509,767
Lower Manawatu River	2,794,337	4,379,688	2,090,000	5,084,025
Lower Manawatu Special Projects	2,874	2,422	-	5,296
Lower Whanganui River	126,035	470,138	-	596,173

All figures are exclusive of GST unless otherwise stated

Makerua Drainage	223,437	85,830	193,000	116,267
Makirikiri Flood Control	17,901	23,092	1,402	39,591
Manawatu Drainage	113,174	138,203	20,000	231,377
Mangatainoka River	760,509	1,462,477	-	2,222,986
Matarawa Flood Control	25,468	51,880	-	77,347
Moutoa Drainage	138,359	85,188	97,000	126,547
Ohau-Manakau	234,287	384,163	30,000	588,449
Pakihi	1,878	10,054	7,019	4,914
Pohangina-Oroua River Control	295,013	948,325	-	1,243,338
Porewa Valley Flood Control	48,517	36,691	14,910	70,297
Rangitikei River Control	924,665	2,052,268	849,000	2,127,933
South East Ruahines	570,724	1,469,523	-	2,040,247
Taringamotu	11,286	9,512	-	20,797
Tawataia-Mangaone	7,613	6,416	-	14,028
Te Kawau Drainage	190,232	82,731	143,000	129,963
Turakina	-	-	-	-
Tutaenui Flood Control	25,239	31,123	-	56,362
Upper Manawatu-Lower Mangahao	386,163	880,790	-	1,266,953
Upper Whanganui River	248,176	232,896	133,100	347,972
Whangaehu-Mangawhero	21,994	40,116	-	62,109
Whirokino Drainage	16,053	10,180	10,000	16,233
Amenity Enhancements Contestable	-	847,156	-	847,156
Total Scheme Reserve	7,707,782	14,224,322	3,822,931	18,109,167

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 2015 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 (in all instances that will be zero); the amounts that should normally be deposited into the respective accounts over the term of the LTP (\$7.679 million); the amounts that in accordance with Council's contribution deferral policy, will not be funded (\$4.250 million); the estimated withdrawals from the accounts for the purpose of funding renewals (\$2.502 million); and the estimated closing balances, including interest, at the end of the LTP term (\$0.928 million).

Reserve Name	Estimated Opening Capex Renewal Reserve Balance 1 July 2015	Estimated Capex Renewal Contribution (incl Interest) 1 July 2015 to 30 June 2025	Estimated Capex Renewal Contribution Not Funded 1 July 2015 to 30 June 2025	Estimated Transfers to Schemes from Renewal Reserve 1 July 2015 to 30 June 2025	Estimated Closing Renewal Reserve Balance 30 June 2025
Akitio River	-	-	-	-	-
Ashhurst Stream	-	21,000	18,000	-	3,000
Eastern Manawatu	-	-	-	-	-
Forest Road Drainage	-	6,675	-	-	6,675
Foxton East Drainage	-	6,728	-	-	6,728
Haunui Drainage	-	-	-	-	-
Himatangi Drainage	-	4,592	-	-	4,592
Hokio Drainage	-	5,513	-	-	5,513
Ihuraua Stream	-	-	-	-	-
Kahuterawa	-	-	-	-	-
Koputaroa Drainage	-	518,511	108,900	282,915	126,696
Lower Kiwitea Stream	-	-	-	-	-
Lower Manawatu River	-	3,515,500	3,174,856	340,644	-
Lower Manawatu Special Project	-	-	-	-	-
Lower Whanganui River	-	130,000	130,000	-	-
Makerua Drainage	-	979,783	190,657	633,160	155,966
Makirikiri Flood Control	-	86,344	5,398	7,840	73,106
Manawatu Drainage	-	791,539	302,370	475,245	13,924
Mangatainoka River	-	-	-	-	-
Matarawa Flood Control	-	80,768	13,500	-	67,268
Moutoa Drainage	-	621,677	166,770	396,782	58,125
Ohau-Manakau	-	138,577	-	31,240	107,337
Pakihi	-	3,578	2,100	-	1,478

All figures are exclusive of GST unless otherwise stated

Pohangina-Oroua River Control	-	-	-	-	-
Porewa Valley Flood Control	-	51,412	3,097	-	48,315
Rangitikei River Control	-	89,534	90,000	8,480	(8,946)
South East Ruahines	-	124,714	-	-	124,714
Taringamotu	-	-	-	-	-
Tawataia-Mangaone	-	16,554	-	-	16,554
Te Kawau Drainage	-	403,290	-	313,386	89,905
Turakina	-	-	-	-	-
Tutaenui Flood Control	-	29,914	5,000	-	24,914
Upper Manawatu-Lower Mangahao	-	-	-	-	-
Upper Whanganui River	-	23,000	23,000	-	-
Whangaehu-Mangawhero	-	-	-	-	-
Whirokino Drainage	-	30,212	16,070	12,141	2,001
Amenity Enhancements Contestable	-	-	-	-	-
Total Scheme Reserve	-	7,679,415	4,249,718	2,501,833	927,865

All figures are exclusive of GST unless otherwise stated

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

	AP	Long-term Plan									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	24,447	25,557	26,432	27,047	27,969	28,857	29,338	30,192	30,913	31,844	32,565
Targeted rates	14,281	13,310	13,790	14,983	15,320	15,626	15,935	16,231	16,574	16,939	17,205
Subsidies and grants for operating purposes	4,920	4,740	5,014	5,637	5,749	5,867	5,989	6,119	6,264	6,427	6,598
Fees and charges	6,858	8,266	8,322	8,580	8,821	9,041	9,352	9,646	9,869	10,224	10,579
Interest and dividends from investments	1,519	1,726	1,883	2,224	2,255	2,619	2,392	2,412	2,653	2,606	2,849
Local authorities fuel tax, fines, infringement fees and other receipts	650	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	52,675	53,599	55,441	58,471	60,114	62,010	63,006	64,600	66,273	68,040	69,796
Applications of Operating Funding											
Payments to Staff and Suppliers	43,133	44,777	47,169	49,083	50,195	51,804	53,245	54,648	56,620	58,448	60,103
Finance costs	1,745	1,220	1,295	1,764	1,654	1,891	1,073	875	700	136	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	44,878	45,997	48,464	50,847	51,849	53,695	54,318	55,523	57,320	58,584	60,103
Surplus (deficit) of Operating Funding (A-B)	7,797	7,602	6,977	7,624	8,265	8,315	8,688	9,077	8,953	9,456	9,693
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	2,383	-	-	7,000	(10,000)	(2,000)	-	(5,000)	-	(10,000)	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	2,383	-	-	7,000	(10,000)	(2,000)	-	(5,000)	-	(10,000)	-
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	7,044	6,670	5,561	5,678	1,162	1,017	1,036	1,057	1,093	1,122	1,154
· to replace existing assets	1,833	4,193	2,536	2,477	2,394	2,479	2,600	2,977	2,294	2,430	2,381
Increase (decrease) in reserves	1,303	(3,260)	(1,118)	6,469	(5,290)	2,819	5,051	43	5,566	(4,095)	6,159
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	10,180	7,603	6,979	14,624	(1,734)	6,315	8,687	4,077	8,953	(543)	9,694
Surplus (deficit) of Capital Funding (C - D)	(7,797)	(7,603)	(6,979)	(7,624)	(8,266)	(8,315)	(8,687)	(9,077)	(8,953)	(9,457)	(9,694)

All figures are exclusive of GST unless otherwise stated

Prospective Summary Funding Impact Statement to 30 June 2025 (\$'000)

(This should be read in conjunction with the Revenue and Financing Policy)

	Rating Method	Long-term Plan										
		AP 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Common Rates												
General Rate	Capital Value (Equalised)	949	778	611	518	490	620	381	557	548	641	646
Uniform Annual General Charge	UAGC per separately used or inhabited part of a property (SUIP)	3,593	3,653	3,690	3,729	3,871	3,948	4,038	4,120	4,197	4,348	4,429
Biosecurity	Capital Value (Equalised)	2,574	2,807	2,884	3,010	3,091	3,171	3,253	3,344	3,430	3,538	3,641
Emergency Management Information	Capital Value (Equalised)	1,364	1,480	1,446	1,491	1,567	1,573	1,573	1,642	1,589	1,601	1,643
Resource and Consent Monitoring	Capital Value (Equalised)	1,218	1,273	1,361	1,489	1,667	1,767	1,885	1,921	1,964	2,027	2,090
River and Drainage	Capital Value (Equalised)	1,317	1,484	1,531	1,592	1,629	1,670	1,721	1,759	1,803	1,859	1,912
Infrastructure Insurance Reserve	SUIP	3,416	3,304	3,395	3,531	3,435	3,532	3,574	3,552	3,651	3,662	3,744
Strategic Management	Capital Value (Equalised)	300	300	400	500	500	500	500	500	500	500	500
Water Quality & Quantity	Capital Value (Equalised)	1,254	1,437	1,359	1,291	1,308	1,324	1,340	1,353	1,369	1,385	1,229
Sustainable Land Use Initiative (SLUI) UAC	SUIP	3,314	3,754	4,093	4,294	4,527	4,690	4,828	4,985	5,181	5,371	5,567
Environmental Initiatives UAC	SUIP	3,283	3,353	3,704	3,648	3,836	3,959	4,072	4,226	4,386	4,536	4,703
Targeted Rate Transport Planning etc	Capital Value (Equalised)	1,871	1,704	1,751	1,737	1,789	1,834	1,893	1,942	1,993	2,061	2,126
Internal/Team Project	Capital Value (Equalised)	232	231	190	204	240	250	261	271	280	292	311
Individual Rates		-	-	-	-	-	-	-	-	-	-	-
AHB Tb Vector Levy	Per hectare >4 ha	652	150	-	-	-	-	-	-	-	-	-
Manawatu River Accord UAC	SUIP	400	410	423	435	484	513	543	578	614	655	699
Production Pest Animal Management	Per hectare >4 ha	1,115	1,309	1,354	1,420	1,452	1,490	1,529	1,573	1,614	1,665	1,714
Production Pest Rook Management	Per hectare >4 ha	153	142	135	129	133	135	138	142	145	150	153
Rangitkei old man's beard eradication 4 ha and over	SUIP	67	67	68	70	72	74	76	78	81	84	87
Rangitkei old man's beard eradication under 4 ha	SUIP	29	29	29	30	31	32	33	34	35	36	37
River and Drainage Scheme	Mix of Rating Mechanisms	8,883	8,264	8,427	8,645	8,786	8,916	9,041	9,138	9,276	9,402	9,541
River and Drainage Scheme Rates (UAC)	SUIP	1,040	1,092	1,114	1,142	1,161	1,178	1,195	1,208	1,226	1,243	1,261
Regional Park UAC	SUIP	184	207	212	216	222	228	233	240	247	255	263
Production Pest Plant Management	Per hectare >4 ha	90	115	118	122	125	128	131	134	138	142	143
	Uniform Annual Charge <4 ha	15	19	20	20	21	21	22	22	23	24	24
Transport Passenger Services	Capital Value	1,408	1,422	1,736	2,634	2,672	2,746	2,823	2,908	2,996	3,099	3,089
Waitarere UAC	SUIP	7	7	7	7	8	8	8	8	9	9	9
Horowhenua Weed Harvester	SUIP	-	76	166	125	174	179	183	189	194	200	207
Grand Total		38,728	38,867	40,223	42,030	43,288	44,483	45,273	46,423	47,487	48,784	49,770
Rating Base Information												
Projected No. of Rating Units *		108,118	108,343	108,446	109,099	109,755	110,414	111,077	111,743	112,412	113,085	113,762

*As at 30 June of the preceding year, eg. 2015-16 = as at 30 June 2015 >

All figures are exclusive of GST unless otherwise stated

Annual Funding Impact Statement for the Year Ending 30 June 2016

Notes:

1. All rates in this Funding Impact Statement are inclusive of GST.
2. The final date for payment for all rates is 25 September 2015. 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% on 30 October 2015 and 10% on all accumulated rate arrears on 16 July 2015 and 21 January 2016.
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 an unique valuation identifier for that part of the rating unit.”

General Rate Differentiation Across Constituent Districts

ECV \$ At 01/09/12	General Rate Yield (Inc UAGC) 2014-15	District/City	ECV \$ At 01/09/14	General Rate Yield 2015-16	UAGC Yield 2015-16	Total Yield 2015-16
5,422,118,710	803,113	Horowhenua DC	5,656,007,800	116,047	670,605	785,234
6,610,281,625	681,145	Manawatu DC	7,119,040,709	145,887	510,627	654,732
12,629,826,100	1,542,935	Palmerston North CC	12,917,546,145	264,553	1,237,899	1,499,220
3,393,766,613	398,140	Rangitikei DC	3,561,579,670	73,049	307,262	379,418
3,612,123,235	417,466	Ruapehu DC	3,594,579,259	73,775	327,288	400,162
4,506,388,538	483,617	Tararua DC	4,805,261,607	98,635	370,149	467,579
5,751,759,498	931,812	Wanganui DC	5,748,291,464	117,829	797,316	913,706
66,538,885	8,930	Part Stratford DC	67,912,210	1,392	7,371	8,746
1,857,000	124	Part Taupo DC	1,943,700	40	78	117
66,764,750	2,562	Part Waitomo DC	71,460,162	1,468	780	2,230
42,061,424,954	5,269,844		43,543,622,726	892,676	4,229,375	5,111,145

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.

Uniform Annual General Charge (UAGC)

District/City	Class	Number of Rating Units	UAGC Dollars Per SUIP 2015-16	Revenue Sought 2015-16
Horowhenua DC	UAGC	17,195	39.0000000	670,605
Manawatu DC	UAGC	13,093	39.0000000	510,627
Palmerston North CC	UAGC	31,741	39.0000000	1,237,899
Rangitikei DC	UAGC	7,879	39.0000000	307,262
Ruapehu DC	UAGC	8,392	39.0000000	327,288
Tararua DC	UAGC	9,491	39.0000000	370,149
Wanganui DC	UAGC	20,444	39.0000000	797,316
Part Stratford DC	UAGC	189	39.0000000	7,371
Part Taupo DC	UAGC	2	39.0000000	78
Part Waitomo DC	UAGC	20	39.0000000	780
Total Uniform Annual General Charge		108,446		4,229,375

General Rate – Equalised Capital Value (EQCV)

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000205	116,047
Manawatu DC	02N	0.0000211	145,887
Palmerston North CC	03N	0.0000208	264,553
Rangitikei DC	04N	0.0000206	73,049
Ruapehu DC	05N	0.0000205	73,775
Tararua DC	06N	0.0000205	98,635
Wanganui DC	07N	0.0000200	117,829
Part Stratford DC	08N	0.0000206	1,392
Part Taupo DC	09N	0.0000226	40
Part Waitomo DC	10N	0.0000227	1,468
Total General Rate			892,676

All figures are exclusive of GST unless otherwise stated

Biosecurity Rate – Equalised Capital Value (EQCV)

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000742	419,169
Manawatu DC	02N	0.0000762	527,285
Palmerston North CC	03N	0.0000753	957,336
Rangitikei DC	04N	0.0000744	264,145
Ruapehu DC	05N	0.0000742	266,613
Tararua DC	06N	0.0000742	356,293
Wanganui DC	07N	0.0000722	426,467
Part Stratford DC	08N	0.0000744	5,036
Part Taupo DC	09N	0.0000816	144
Part Waitomo DC	10N	0.0000821	5,300
Total Biosecurity Rate			3,227,788

Emergency Management Rate – Equalised Capital Value (EQCV)

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000391	221,029
Manawatu DC	02N	0.0000402	278,061
Palmerston North CC	03N	0.0000397	504,865
Rangitikei DC	04N	0.0000393	139,293
Ruapehu DC	05N	0.0000391	140,586
Tararua DC	06N	0.0000391	187,874
Wanganui DC	07N	0.0000381	224,895
Part Stratford DC	08N	0.0000392	2,656
Part Taupo DC	09N	0.0000430	76
Part Waitomo DC	10N	0.0000433	2,795
Total Emergency Management Rate			1,702,129

All figures are exclusive of GST unless otherwise stated

Information Rate – Equalised Capital Value (EQCV)

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000337	190,228
Manawatu DC	02N	0.0000346	239,266
Palmerston North CC	03N	0.0000342	434,413
Rangitikei DC	04N	0.0000338	119,850
Ruapehu DC	05N	0.0000337	120,995
Tararua DC	06N	0.0000337	161,694
Wanganui DC	07N	0.0000328	193,543
Part Stratford DC	08N	0.0000337	2,286
Part Taupo DC	09N	0.0000370	65
Part Waitomo DC	10N	0.0000372	2,405
Total Information Rate			1,464,745

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

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000392	221,594
Manawatu DC	02N	0.0000403	278,752
Palmerston North CC	03N	0.0000398	506,137
Rangitikei DC	04N	0.0000393	139,612
Ruapehu DC	05N	0.0000392	140,945
Tararua DC	06N	0.0000392	188,354
Wanganui DC	07N	0.0000382	225,426
Part Stratford DC	08N	0.0000393	2,663
Part Taupo DC	09N	0.0000431	76
Part Waitomo DC	10N	0.0000434	2,802
Total Resource and Consent Monitoring Rate			1,706,362

All figures are exclusive of GST unless otherwise stated

River and Drainage Rate – Equalised Capital Value (EQCV)

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000873	493,429
Manawatu DC	02N	0.0000898	620,710
Palmerston North CC	03N	0.0000886	1,126,981
Rangitikei DC	04N	0.0000876	310,943
Ruapehu DC	05N	0.0000873	313,846
Tararua DC	06N	0.0000873	419,414
Wanganui DC	07N	0.0000850	501,983
Part Stratford DC	08N	0.0000875	5,929
Part Taupo DC	09N	0.0000960	170
Part Waitomo DC	10N	0.0000966	6,239
Total River and Drainage Rate			3,799,643

Strategic Management Rate – Equalised Capital Value (EQCV)

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000380	214,643
Manawatu DC	02N	0.0000390	270,039
Palmerston North CC	03N	0.0000385	490,241
Rangitikei DC	04N	0.0000381	135,248
Ruapehu DC	05N	0.0000380	136,524
Tararua DC	06N	0.0000380	182,446
Wanganui DC	07N	0.0000370	218,400
Part Stratford DC	08N	0.0000381	2,580
Part Taupo DC	09N	0.0000418	74
Part Waitomo DC	10N	0.0000420	2,714
Total Strategic Management Rate			1,652,908

All figures are exclusive of GST unless otherwise stated

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

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01N	0.0000992	560,682
Manawatu DC	02N	0.0001020	705,352
Palmerston North CC	03N	0.0001007	1,280,729
Rangitikei DC	04N	0.0000996	353,341
Ruapehu DC	05N	0.0000992	356,622
Tararua DC	06N	0.0000992	476,578
Wanganui DC	07N	0.0000966	570,473
Part Stratford DC	08N	0.0000995	6,737
Part Taupo DC	09N	0.0001091	193
Part Waitomo DC	10N	0.0001098	7,090
Total Water Quality and Quantity Rate			4,317,797

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

District/City	Class	All Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01T	0.0000061	34,587
Manawatu DC	02T	0.0000063	43,497
Palmerston North CC	03T	0.0000062	78,973
Rangitikei DC	04T	0.0000061	21,784
Ruapehu DC	05T	0.0000061	21,999
Tararua DC	06T	0.0000061	29,399
Wanganui DC	07T	0.0000060	35,190
Part Stratford DC	08T	0.0000061	415
Part Taupo DC	09T	0.0000067	12
Part Waitomo DC	10T	0.0000068	437
Total Regional Transport Planning and Road Safety Rate			266,293

All figures are exclusive of GST unless otherwise stated

Targeted Rate: Transport Passenger Services (including Total Mobility)

District/City	Class	All Urban Properties \$ per \$ of Capital Value 2015-16	Revenue Sought 2015-16
Horowhenua DC	01U	0.0000414	100,624
Manawatu DC	02U	0.0000737	138,518
Palmerston North CC	03U	0.0000859	921,856
Rangitikei DC	04U	0.0000272	22,478
Ruapehu DC	05U	0.0000089	7,557
Tararua DC	06U	0.0000242	16,774
Wanganui DC	07U	0.0001061	428,144
Total Transport Passenger Services Rate			1,635,951

Targeted Rate: Infrastructure Insurance Reserve Rate

Property Type	Class	Proposed Uniform Annual Charge Dollars per \$UIP 2015-16	Revenue Sought 2015-16
Properties up to and including \$250,000 Capital Value	IIR1	1.46	99,311
Properties greater than \$250,000 and up to and including \$500,000 Capital Value	IIR2	2.92	85,457
Properties greater than \$500,000 and up to and including \$1,000,000 Capital Value	IIR3	4.38	39,911
Properties greater than \$1,000,000 Capital Value	IIR4	18.95	120,808
Total Infrastructure Insurance Reserve Rate			345,487

All figures are exclusive of GST unless otherwise stated

Targeted Rate: Sustainable Land Use Initiative

Property Type	Class	Number of Rating Units	Proposed Uniform Annual Charge Dollars Per SUIP 2015-16	Revenue Sought 2015-16
Separate Properties Region Wide	SLUI	108,343	36.40	3,943,700
Total Sustainable Land Use Initiative Rate		108,343		3,943,700

Targeted Rate: Environmental Initiatives

Property Type	Class	Number of Rating Units	Proposed Uniform Annual Charge Dollars Per SUIP 2015-16	Revenue Sought 2015-16
Separate Properties Region Wide	SUIP	108,343	18.09	1,959,932
Total Environmental Initiatives Rate		108,343		1,959,932

Targeted Rate: Production Pest Animal Management

District/City	Class	Number of Rating Units	Proposed Properties > 4Ha Dollars Per Hectare 2015-16	Revenue Sought 2015-16
Properties greater than 4 Ha	PPAM	1,626,870	0.9260000	1,506,482
Total Production Pest Animal Management Rate		-		1,506,482

Targeted Rate: AHB Tb Vector Levy

District/City	Class	Number of Rating Units	Proposed Properties > 4Ha Dollars Per Hectare 2015-16	Revenue Sought 2015-16
Properties greater than 4 Ha	PPAM	1,637,528	0.106000	173,578
Total AHB Tb Vector Levy Rate		-		173,578

All figures are exclusive of GST unless otherwise stated

Targeted Rate: Production Pest Rook Management

District/City	Class	Number of Rating Units	Proposed Properties > 4Ha Dollars Per Hectare 2015-16	Revenue Sought 2015-16
Properties greater than 4 Ha	PPRM	1,626,785	0.1010000	164,305
Total Production Pest Rook Management Rate		1,626,785		164,305

Targeted Rate: Production Pest Plant Management

District/City	Class	Proposed Properties < 4Ha Dollars Per SUIP 2015-16	Proposed Properties > 4Ha Dollars Per Hectare 2015-16	Revenue Sought 2015-16
Properties greater than 4 Ha	PPPM		0.014	22,775
Properties less than 4 Ha	PPUA	1.394		132,464
Total Production Pest Plant Management Rate				155,239

Targeted Rate: Rangitikei Old Mans Beard Eradication

District/City	Class	Proposed Properties < 4Ha Dollars Per SUIP 2015-16	Proposed Properties > 4Ha Dollars Per Hectare 2015-16	Revenue Sought 2015-16
Properties greater than 4 Ha	OMBE		39.30	76,478
Properties less than 4 Ha	OMBE	5.54		32,828
Total Rangitikei Eradication 4 Ha and over Rate				109,306
Total Rangitikei Catchment Boundary				

Targeted Rate: Regional Park

Property Type	Class	Number of Rating Units	Proposed Uniform Annual Charge Dollars Per SUIP 2015-16	Revenue Sought 2015-16
Properties greater than 4 Ha	PARK	13,094	5.31	69,526
Properties less than 4 Ha	PARK	31,711	5.31	168,384
Total Regional Park Rate				
Total Palmerston North and Manawatu Catchment Boundaries		44,804		237,911

All figures are exclusive of GST unless otherwise stated

Targeted Rate: Manawatu River Water Quality Improvement

Property Type	Class	Number of Rating Units	Proposed Uniform Annual Charge Dollars Per SUIP 2015-16	Revenue Sought 2015-16
Manawatu River Catchment	AC	57,668	8.18	471,720
Total Manawatu River Water Quality Improvement Rate				471,720

Targeted Rate: Waitarere Beach Biodiversity Project

Property Type	Class	Number of Rating Units	Proposed Uniform Annual Charge Dollars Per SUIP 2015-16	Revenue Sought 2015-16
Waitarere Beach Community		860	9.37	8,054
Total Waitarere Beach Biodiversity Project Rate				8,054

Targeted Rate: Lake Horowhenua Weed Harvester

Property Type	Class	Number of Rating Units	Proposed Uniform Annual Charge Dollars Per SUIP 2015-16	Revenue Sought 2015-16
Levin District		17,653	5.00	88,265
Total Harvester Rate				88,265

All figures are exclusive of GST unless otherwise stated

Targeted Rate: River and Drainage Schemes

Rates 2015-16

River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$ per Land \$LV	Revenue Sought 2015-16
RIVER SCHEMES						
Akitio	RC	612.85	ha	7.052		4,322
	DB					3,781
				Total amount to be billed: (Lump Sum)		
	CN	56,142.04	ha	0.049		2,751
					scheme	<u>10,854</u>
Eastern Manawatu	EL	1,194.19	ha	18.792		22,441
	EU	638.26	ha	12.527		7,996
	IN	728.00	SUIP	9.650		7,025
	CN	88,125.57	ha	0.107		9,429
					scheme	<u>46,891</u>
Ihuraia Stream	A	91.01	ha	14.913		1,357
	B	211.48	ha	10.439		2,208
	C	90.31	ha	4.474		404
	D	27.09	ha	1.492		40
	E	573.83	ha	0.597		343
	F	5,306.53	ha	0.150		796
					scheme	<u>5,148</u>
Kahuterawa	NZ	1.00		4,031		4,031
	Defence			Total amount to be billed: (Lump Sum)		
	MU Farm	1.00		3,515		3,515
				Total amount to be billed: (Lump Sum)		
	KM	47.42		89.439		4,241
					scheme	<u>11,788</u>
Lower KIWITEA Stream	CK	141.72	ha	171.527		24,309
	MK	299.69	ha	251.297		75,311
	CN	23,354.41	ha	1.076		25,129
					scheme	<u>124,750</u>
Lower Manawatu	CE	272,874	ha	0.406		110,787
	CL	142,166	ha	1.386		197,043
	CW	79,466	ha	0.693		55,070
	DR	187	ha	84.667		15,831
	F1	135,292,170	\$LV		0.0019297	261,073
	F2	82,620,759	\$LV		0.0015438	127,547
	F3	44,632,570	\$LV		0.0011578	51,676
	F4	294,013,442	\$LV		0.0007719	226,943
	F5	492,317,150	\$LV		0.0001930	95,002
	FB	319,938,969	\$CV		0.0001047	33,504
	FG	1,668,292,264	\$CV		0.0001081	180,426
	HF	768		512.66		393,730
	HH	9	SUIP	256.33		2,307
	IC	50,164	SUIP	10.470		525,220
	IE	2,682	SUIP	5.240		14,054
	IF	6,160	SUIP	3.460		21,314
	IS	11,248	SUIP	5.240		58,937
	IW	575	SUIP	3.460		1,990
	PN	10,535,557,854	\$CV		0.0000745	784,478
	R1	3,985	ha	52.188		207,951
	R2	174	ha	10.438		1,812
	SA	3,845,740	\$CV		0.0016402	6,435
	SB	43,164,040	\$CV		0.0014473	62,470
	SC	8,701,930	\$CV		0.0009649	8,396
	SD	57,436,719	\$CV		0.0004824	27,709
					scheme	<u>3,471,574</u>
Lower Manawatu Special Project						
(On specified PN scheme)	SP	10,406,492,835	\$CV		0.0001006	1,046,581
Turitea	TU	9,775,000	\$CV		0.0014118	13,800
					scheme	<u>1,060,381</u>
Makirikiri	A	24.49	ha	56.969		1,395
	B	106.98	ha	39.878		4,266
	C	65.20	ha	28.485		1,857
	F	180.11	ha	5.697		1,026
	A1	24.49	ha	84.855		2,078
	B1	42.42	ha	59.399		2,520
	C1	8.25	ha	42.428		350
	F1	75.68	ha	8.486		642
	CN	5,229.81	ha	0.901		4,712

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River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$ per Land \$LV	Revenue Sought 2015-16	River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$ per Land \$LV	Revenue Sought 2015-16	
					scheme	18,847		MC	400.51	ha	6.862		2,748	
Mangatainoka	LH	226.01	ha	31.674		7,159	ML	40.96	ha	86.782			3,555	
	LM	46.10	ha	19.005		876	MU	57.00	ha	207.978			11,855	
	LL	591.62	ha	6.335		3,748	OL	33.30	ha	52.927			1,762	
	MH	788.06	ha	90.160		71,052	OM	74.99	ha	159.065			11,928	
	MM	1,271.19	ha	54.096		68,766	OT	115.04	ha	594.902			68,439	
	ML	537.32	ha	18.032		9,689	OU	52.13	ha	272.112			14,184	
	UH	393.43	ha	179.492		70,618	PD	69.26	ha	23.296			1,613	
	UM	249.58	ha	107.695		26,879	SD	53.21	ha	7.887			420	
	UL	505.14	ha	35.899		18,134	TD	134.08	ha	35.191			4,718	
	KL	170.52	ha	173.693		29,618	WD	265.87	ha	16.307			4,336	
	MR	508.56	ha	10.103		5,138	WL	87.39	ha	66.541			5,815	
	F1	456.49	ha	68.598		31,314	WU	80.99	ha	165.303			13,388	
	F2	744.47	ha	41.159		30,642	UO	49,428,009.38	\$CV		0.0001045		5,165	
	PU	217,914,582	\$CV		0.0004395	95,767	UM	28,080,494.36	\$CV		0.0001392		3,908	
	R1	30,100,000	\$CV		0.0006440	19,383	UW	63,522,018.31	\$CV		0.0002545		16,164	
	R2	6,830,000	\$CV		0.0006341	4,331						scheme	326,556	
	IN	39,556.92	ha	1.287		50,910								
	CU	15,936.13	ha	2.963		47,219	Pakihi Valley	A	100.12	ha	42.349		scheme	4,240
	CK	16,566.98	ha	0.759		12,574								
	CM	5,899.29	ha	0.113		667	Pohangina - Oroua	DR	19.76	ha	290.997			5,750
	DR	215.20	ha	106.880		23,000	EZ	367.89	ha	0.108			40	
					scheme	627,483	IA	279,290,649	\$CV		0.0004959		138,506	
Matarawa	M1	392.34	ha	49.623		19,469	IN	55,911.87	ha	0.007			391	
	M3	66.86	ha	9.925		664	O1	385.02	ha	76.089			29,296	
	M4	31.98	ha	9.925		317	O2	683.11	ha	93.973			64,194	
	L1	92.52	ha	7.444		689	O3	9.52	ha	60.871			579	
	L2	71.88	ha	7.444		535	O4	167.30	ha	75.179			12,578	
	L3	14.09	ha	29.774		419	P1	299.55	ha	174.301			52,212	
(Wanganui District Council)		1		21,648	Total amount to be billed: (Lump Sum)	21,648	P2	630.39	ha	104.581			65,927	
	MW						P3	128.86	ha	19.700			2,539	
	IN	309.00	SUIP	16.410		5,071	P4	188.75	ha	139.441			26,319	
	CN	8,068.16	ha	1.513		12,207	P5	44.09	ha	83.665			3,689	
					scheme	61,019	P6	32.78	ha	15.760			517	
Ohau-Manakau	AD	136.35	ha	24.352		3,321	Porewa Valley	A	1,514,480	\$CV	0.0058067		8,794	
	CD	5.25	ha	15.673		82	B	2,998,300	\$CV		0.0033679		10,098	
	CH	393.96	ha	43.649		17,196	C	6,936,310	\$CV		0.0016259		11,278	
	CL	1,427.90	ha	3.274		4,675	D	28,410,761	\$CV		0.0002903		8,249	
	FL	1,427.90	ha	6.674		9,530	E	6,897,690	\$CV		0.0001742		1,202	
	FH	395.06	ha	88.890		35,153	F	119,424,186	\$CV		0.0000581		6,935	
	HD	422.27	ha	129.27		5,459	U1	10,948,149	\$CV		0.0004645		5,086	
	IN	12,152.60	ha	5.985		72,733	U2	6,755,990	\$CV		0.0001161		785	
	KD	187.39	ha	27.526		5,158						scheme	52,426	
	L2	23.47	ha	22.787		535	Rangitikei River	CD	25,311.27	ha	0.284		7,188	
	LD	59.57	ha	45.573		2,715	CN	174,585.25	ha	0.568			99,164	
							CU	41,082.86	ha	0.284			11,668	

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River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$ per Land \$LV	Revenue Sought 2015-16	River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$ per Land \$LV	Revenue Sought 2015-16
	E1	601.51	ha	48.090		28,926		T2	154.53	ha	24.231		3,744
	E2	701.16	ha	19.236		13,488		T3	223.10	ha	16.783		3,744
	E3	1,207.19	ha	69.600		84,021		T4	1,371.76	ha	11.033		15,135
	E4	1,301.25	ha	58.930		76,683		T5	108.73	ha	4.794		521
	F1	1,474.68	ha	113.736		167,724		CN	82,725.68	ha	0.093		7,693
	F2	778.84	ha	68.242		53,149						scheme	38,327
	F3	40.92	ha	12.552		514							
	F4	165.08	ha	36.896		6,091	Tutaenui	TW	288.63	ha	31.435		9,073
	F5	219.46	ha	39.428		8,653		TL	455.16	ha	14.548		6,622
	F6	52.98	ha	23.657		1,253		IN	12,751.17	ha	0.557		7,102
	GF	51.00	SUIP	289.210		14,750		CN	11,682.28	ha	0.620		7,243
	GT	224.00	SUIP	136.610		30,601	(Marton)	UM	350,876,987	\$CV	0.0000973		34,126
	IN	40,415.16	ha	0.493		19,925	(Bulls)	UB	128,091,511	\$CV	0.0000858		10,993
	RF	650,000	\$CV	0.0048543		3,155						scheme	75,159
	RH	2,600,000	\$CV	0.0014958		3,889							
	RO	60,500,000	\$CV	0.0000449		2,715	Upper Manawatu	U1	597.71	ha	139.071		83,124
	UF	8,045,000	\$CV	0.0018334		14,749		U2	167.76	ha	100.912		16,929
	UL	600,081,212	\$CV	0.0000510		30,604		U3	145.74	ha	172.937		25,203
	UT	29,804,250	\$CV	0.0010267		30,599		U4	125.98	ha	82.625		10,409
	UU	129,569,190	\$CV	0.0000442		5,724		M1	257.73	ha	88.825		22,893
	DR	86.02	ha	218.392		18,785		M2	38.30	ha	278.674		10,672
						18,785		IN	23,940.37	ha	1.222		29,255
						734,019		CN	269,536.46	ha	0.315		84,904
						734,019		D1	123.72	ha	15.030		1,860
South East Ruahines	CN	49,280.58	ha	1.140		56,180		D2	214.00	ha	11.297		2,418
	DR	372.37	ha	49.413		18,400		D3	238.60	ha	11.691		2,790
	IN	64,539.32	ha	0.938		60,538		D4	84.44	ha	26.428		2,231
	M1	1,215.74	ha	35.052		42,614						scheme	292,687
	M2	626.48	ha	62.980		39,456							
	M3	109.90	ha	68.583		7,538	Upper Whanganui	IN	2,057,369,444	\$CV	0.0000372		76,555
	M4	444.46	ha	69.850		31,045		U1	53,025,977	\$CV	0.0006487		34,397
	M5	1,921.61	ha	11.059		21,251		U2	213,002,391	\$CV	0.0002595		55,270
	RZ	228.92	ha	0.020		5		R1	111,500	\$CV	0.0029568		330
	SZ	296.29	ha	0.016		5		R2	1,025,500	\$CV	0.0014784		1,516
	W1	533.44	ha	8.288		4,421		R3	906,600	\$CV	0.0026527		2,403
	W2	754.29	ha	15.380		11,601		R4	1,543,400	\$CV	0.0013263		2,047
	W3	8,564.94	ha	10.525		90,146						scheme	172,518
(Woodville only)	WO	112,784,430	\$CV	0.0002010		22,671	Whangaehu - Mangawhero	IN	418.00	SUIP	26.140		10,927
(Dannevirke only)	DK	408,647,696	\$CV	0.0001514		61,882		CN	128,400.12	ha	0.298		38,263
						467,751		UM	78.73	ha	77.049		6,066
Taringamotu	TM	496.39	ha	92.670		46,000		UW	656.60	ha	40.556		26,629
	CN	13,959.34	ha	0.824		11,502		MW	1,322.43	ha	17.510		23,156
						57,503		LW	843.73	ha	5.023		4,238
						57,503						scheme	109,279
Tawataia - Mangaone	B	111.50	ha	26.939		3,004	Lower Whanganui River	W1	107,491,900	\$CV	0.0001524		16,386
	C	658.86	ha	8.980		5,917		W2	3,567,143,134	\$CV	0.0000762		271,888
	D	11.17	ha	4.490		50		N1	3,674,820,321	\$CV	0.0000262		96,097
						8,970							
Turakina	T1	276.27	ha	27.106		7,489							

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River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$per Land \$LV	Revenue Sought 2015-16
	N2	3,384.20	SUIP	14.200		48,056
					scheme	432,426
DRAINAGE SCHEMES						
Ashhurst Stream	AN	1,164.00	SUIP	22.800		26,539
	AC	279,290,647	\$CV		0.0000950	26,538
	AL	9.66	ha	139.590		1,348
	AU	22.18	ha	37.110		823
					scheme	55,249
Forest Road	A	36.49	ha	19.341		706
	B	206.52	ha	14.506		2,996
	C	159.44	ha	9.671		1,542
	D	552.83	ha	4.836		2,673
	E	79.45	ha	2.515		200
	F	138.15	ha	1.354		187
					scheme	8,304
Foxton East	AC	19.00	SUIP	45.44		863
	D1	39.45	ha	30.414		1,200
	D2	36.36	ha	15.207		553
	D3	11.82	ha	4.892		58
	D4	43.65	ha	14.982		654
Foxton Township Only	U1	201,052,046	\$CV		0.0000826	16,613
					scheme	19,941
Haunui	A	27,038,001	\$CV		0.0002859	7,730
Himatangi	A	488.68	ha	19.419		9,490
	B	406.06	ha	9.344		3,794
	C	658.25	ha	2.337		1,538
	D	1,125.28	ha	.618		695
	E	1,361.08	ha	0.0930		127
	F	404.60	ha	0.048		19
					scheme	15,664
Hokio	AC	189.00	SUIP	49.000		9,261
	DA	100.99	ha	18.335		1,852
	DH	55.72	ha	12.346		688
	DL	38.35	ha	2.691		103
	DM	175.14	ha	9.623		1,685
	DP	26.51	ha	25.517		676
	DS	662.41	ha	15.084		9,992
	IN	4,452.93	ha	2.575		11,466
	UH	23,101,417	\$CV		0.0000452	1,043
	UL	1,570,143,200	\$CV		0.0000128	20,019
					scheme	56,786

River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$per Land \$LV	Revenue Sought 2015-16
Koputaroa	A1	174.10	ha	22.239		3,872
	A2	216.30	ha	11.120		2,405
	C1	29.87	ha	31.061		928
	C2	127.63	ha	20.500		2,616
	C3	111.44	ha	10.250		1,142
	C4	98.77	ha	32.900		3,249
	C5	106.87	ha	21.714		2,320
	D1	501.27	ha	28.331		14,202
	D2	80.31	ha	14.166		1,138
	D3	141.02	ha	32.846		4,632
	D4	62.84	ha	16.423		1,032
	D5	348.14	ha	18.891		6,577
	D6	113.15	ha	9.446		1,069
	D7	249.80	ha	41.090		10,264
	D8	165.29	ha	20.545		3,396
	F1	753.44	ha	17.036		12,836
	F2	722.57	ha	10.222		7,386
	F3	109.86	ha	5.111		561
	F4	172.96	ha	1.704		295
	F5	124.12	ha	25.389		3,151
	F6	237.63	ha	10.156		2,413
	I1	1,299.56	ha	6.221		8,085
	I2	305.15	ha	8.916		2,721
	I3	664.48	ha	5.699		3,787
	I4	635.17	ha	7.606		4,831
	IA	1,836.48	ha	0.716		1,315
	IK	5,276.49	ha	1.459		7,698
	IN	10,075.31	ha	2.182		21,984
	K1	132.51	ha	52.181		6,914
	K2	106.12	ha	26.091		2,769
	P1	109.95	ha	253.342		27,855
	P2	176.81	ha	167.206		29,564
	P3	47.96	ha	168.571		8,085
	P4	96.42	ha	111.257		10,727
	P5	29.87	ha	144.084		4,303
	P6	127.63	ha	95.095		12,137
	P7	111.44	ha	47.548		5,299
	P8	98.77	ha	143.147		14,138
	P9	106.87	ha	94.477		10,096
					scheme	267,793
Makerua	B1	305.98	ha	19.120		5,850
	B2	131.07	ha	7.649		1,003
	C1	95.96	ha	32.270		3,097
	C2	143.75	ha	12.908		1,856
	CB	128.08	ha	15.622		2,001
	CK	362.98	ha	20.534		7,453
	CM	213.28	ha	27.440		5,853
	CO	3,491.08	ha	19.329		67,479

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River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$per Land \$LV	Revenue Sought 2015-16	River and Drainage Scheme	Class/Diff	Rating Base	\$ per Hectare	\$ per Capital Value Dollar	\$per Land \$LV	Revenue Sought 2015-16
	EC	8,608.22	ha	1.314		11,311		P2	836.64	ha	79.763		66,733
	G1	139.03	ha	6.117		850		P3	410.66	ha	29.912		12,284
	K1	363.09	ha	47.529		17,257		P4	600.71	ha	79.608		47,821
	L1	212.87	ha	16.744		3,564		P5	375.93	ha	63.687		23,942
	L2	341.66	ha	6.698		2,288		P6	100.76	ha	23.883		2,406
	M1	218.14	ha	21.339		4,655						scheme	334,084
	M2	128.59	ha	8.536		1,098							
	O1	4,081.92	ha	30.175		123,172		Te Kawau	AC	527.50	SUIP	65.640	34,625
	O2	1,196.03	ha	12.07		14,436		C1	82.72	ha	10.474		866
	OC	6,004.39	ha	4.074		24,462		C2	847.77	ha	0.409		347
	PB	128.08	ha	149.187		19,108		CF	13,319.66	ha	1.032		13,746
	PK	362.98	ha	89.712		32,564		CR	712.82	ha	2.431		1,733
	PM	213.28	ha	102.958		21,959		CU	36.05	ha	29.778		1,074
	PO	3,490.93	ha	34.289		119,701		DA	1,633.24	ha	2.036		3,325
	R1	121.19	ha	29.305		3,552		DO	4,172.32	ha	5.037		21,016
	T1	215.42	ha	26.240		5,653		DR	303.82	ha	6.952		2,112
					scheme	500,221		DS	7,515.05	ha	10.206		76,699
Manawatu	DU	1,269.00	SUIP	56.20		71,318		FK	206.74	ha	12.685		2,623
	CC					11,686		FM	1,089.45	ha	29.402		32,032
					Total amount to be billed: (Lump Sum)			P1	40.50	ha	36.081		1,461
								P2	10.77	ha	9.020		97
								PR	331.77	ha	11.482		3,809
												scheme	195,565
	CL	31	ha	76.987		2,390		Whirokino	D1	111.28	ha	35.904	3,996
	CN	15,467	ha	8.689		134,391		D2	156.55	ha	16.846		2,637
	DR	17,213	ha	12.903		222,102		D3	3.99	ha	100.131		400
	P1	724	ha	163.317		118,273		D4	44.77	ha	68.028		3,045.3
	P2	176	ha	81.659		14,367		D5	25.73	ha	47.344		1,218
	P3	908	ha	40.830		37,081		F1	88.65	ha	19.554		1,734
	P4	267	ha	8.166		2,180		F2	3.99	ha	260.658		1,040
	IN	0	ha	0.00		0.00		F3	267.83	ha	0.648		174.2
	F1	1182	ha	34.560		40,838		IN	458.40	ha	2.461		1,128
	F2	498	ha	17.280		8,611		P1	28.16	ha	170.092		4,790
	F3	216	ha	3.456		747		P2	16.26	ha	117.815		1,916
								P3	47.73	ha	10.037		479
					scheme	663,984						scheme	22,557
Moutoa	B1	4.05	ha	323.846		1,310		Total Scheme Rates				Including GST	10,761,008
	B2	36.39	ha	259.077		9,428						Excluding GST	9,357,398
	B3	62.16	ha	48.577		3,019							
	C1	124.15	ha	70.071		8,699							
	C2	20.91	ha	56.057		1,172							
	C3	5.45	ha	21.021		115							
	D1	1,138.06	ha	27.732		31,561							
	D2	711.18	ha	15.798		11,235							
	D3	1,340.79	ha	6.32		8,474							
	D4	1,012.05	ha	7.265		7,353							
	D5	129.30	ha	2.906		376							
	MC	4,488.72	ha	17.285		77,587							
	P1	206.30	ha	99.704		20,569							

All figures are exclusive of GST unless otherwise stated

Total Rates Summary	Including GST	Excluding GST
General Rate	893	778
Uniform Annual General Charge	4,229	3,653
Biosecurity	3,228	2,807
Emergency Management	1,702	1,480
Information	1,465	1,273
Resource and Consent Monitoring	1,706	1,484
River and Drainage	3,799	3,304
Infrastructure Insurance Reserve	345	300
Strategic Management	1,653	1,437
Water Quality and Quantity	4,318	3,754
Sustainable Land Use Initiative UAC	3,944	3,353
Environmental Initiatives UAC	1,959	1,704
Targeted Rate Transport Planning etc	266	231
AHB Tb Vector Levy	174	150
Manawatu River Accord UAC	472	410
Production Pest Animal Management	1,506	1,309
Production Pest Rook Management	163	142
Rangitikei Old Man's Beard Eradication	109	95
River and Drainage Scheme	10,760	9,357
Regional Park UAC	238	207
Production Pest Plant Management	155	134
Transport Passenger Services	1,636	1,422
Waiterere UAC	8	7
Horowhenua Weed Harvester UAC	88	76
Grand Total	44,816	38,867

All figures are exclusive of GST unless otherwise stated

Annual Administrative Charges for the Year Ending 30 June 2016

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 2015 - 30 June 2016. 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 (PIM's) 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 Long-term Plan. Projected recoveries for 2015-16 are \$760,248 for consents processing, \$698,766 for all compliance monitoring charges and \$1,281,943 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% of the costs of processing resource consents are a private benefit, and 65 to 80% of the cost 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% 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 two further principles:

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% 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 MINIMUM CHARGE	LODGEMENT FEE
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ACTIVITY TYPE	FIXED MINIMUM CHARGE	LODGEMENT FEE
Minor non-notified consent/permit: Discharge to land (excludes where there is more than one effluent type); Discharge to air (excludes odour); Take, use, dam or divert water (where in accord with water allocation limits);	\$770	\$770
Land use (excludes gravel extraction); or Coastal permits (excludes marine farms).		
Other non-notified consent/permit: Other discharge to land; Other discharge to air; Discharge to water; Other takes, uses, dams or diversions of water; or Other coastal permits.	\$1,000	\$1,000
Notified consent/permit (limited or full notification) (excluding hearing)	\$20,500	\$3,250
Certificates of compliance	\$770	\$770
Existing use certificates	\$770	\$770
Location Transfer	\$770	\$770
Dairy Discharge (non-notified)	\$880	\$880
Ground Water Take for Stock (renewals, legalising existing takes and non-notified)	\$790	\$790
Surface Water Take for Stock (renewals, legalising existing takes and non-notified)	\$850	\$850
Riparian Water Take for Stock (renewals, legalising existing takes and non-notified)	\$850	\$850
Ground Water Take for Irrigation (within allocation and non-notified)	\$1,620	\$1,620
Surface Water Take for Irrigation (within allocation and non-notified)	\$1,050	\$1,050
Riparian Water Take for Irrigation (within allocation and non-notified)	\$1,050	\$1,050
Gravel Take (within allocation and non-notified)	\$1,450	\$1,450

All figures are exclusive of GST unless otherwise stated

ACTIVITY TYPE	FIXED MINIMUM CHARGE	LODGEMENT FEE
Hearings for resource consent where:		
) Heard by Council member	\$800 per day per member of the hearing panel	
) 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:

- 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).

Section 36(1)(cb).

ACTIVITY TYPE	FIXED MINIMUM CHARGE	LODGEMENT FEE
Review pursuant to Section 128(1)(a)	\$770	\$770
Review pursuant to Section 128(1)(c)	\$770	\$770

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

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.

All figures are exclusive of GST unless otherwise stated

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.

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.

2. These charges shall come into effect on 1 July 2015 and remain in effect until 30 June 2016.
3. 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	\$163
Manager	\$140
Team Leader Consents	\$140
Team Leader Compliance	\$140
Co-ordinator Biosecurity	\$140
Area/Project Engineer	\$140
Catchment Co-ordinators	\$140
Senior Policy Planner, Scientist	\$129
Senior Consents Planner, Hydrology Technician	\$129
Senior Compliance Officer	\$129
Compliance Officer	\$120
Policy Planner, Scientist, Hydrology Technician	\$112
Consent Planner, Reporting Officer	\$112
Emergency Management Officers	\$112
Communications Advisor	\$112
Surveyors	\$112
Environmental Management Officers	\$112
Land Management Officers	\$112
Supervisor Biosecurity	\$112
Consents Administrator	\$90
Technical Officer	\$90
Technician	\$90
Dam Safety Officer	\$90
Biosecurity Officer	\$90
Commissioner	At cost plus disbursements
Hearings Committee Chair and Members	At cost plus disbursements

OTHER CHARGES

PRE-LODGEMENT 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

All figures are exclusive of GST unless otherwise stated

	charged at cost as per the officer's time per hour above plus disbursements.
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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% of the costs of monitoring activities that comply with consent conditions; and
 - ii. 100% 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

Estimated number of hours	Annual fee 2015-16
4	384
8	768
10	960
20	1,920
30	2,880
40	3,840
45	4,320
60	5,760
70	6,720
90	8,640

Note: 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 2015-16
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% 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	\$163
Manager	\$140
Team Leader Consents	\$140
Team Leader Compliance	\$140
Co-ordinator Biosecurity	\$140
Area/Project Engineer	\$140
Catchment Co-ordinators	\$140
Senior Policy Planner, Scientist	\$129
Senior Consents Planner, Hydrology Technician	\$129
Senior Compliance Officer	\$129
Compliance Officer	\$120
Policy Planner, Scientist, Hydrology Technician	\$112
Consent Planner, Reporting Officer	\$112
Emergency Management Officers	\$112
Communications Advisor	\$112
Surveyors	\$112
Environmental Management Officers	\$112
Land Management Officers	\$112
Supervisor Biosecurity	\$112
Consents Administrator	\$90
Technical Officer	\$90
Technician	\$90
Dam Safety Officer	\$90
Biosecurity Officer	\$90
Commissioner	At cost plus disbursements
Hearings Committee Chair and Members	At cost plus disbursements

All figures are exclusive of GST unless otherwise stated

Notes:

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2015 and remain in effect until 30 June 2016.
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% of the costs of research and monitoring relating to gravel resources and 30% 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% of the costs of research and monitoring relating to water quality.

Schedule of Charges

CHARGES FOR SURFACE AND GROUNDWATER TAKES

KCE Mangahao Limited	Mangahao – \$10,462
Genesis Power Limited	Tongariro Power Development – \$40,975 Plus additional costs for specific projects as per the Schedule of Administrative Charges.
NZ Energy Limited	\$1,884

KEC Piriaka	\$10,462
Other non-domestic power schemes less than 0.2 CMS and greater than 0.05 CMS	A charge of \$209 until separate charge negotiated.
Other non-domestic power schemes less than 0.05 CMS	Nil
Other holders of permits	A charge of \$30 plus \$0.41 per cubic metre authorised as a maximum daily take.

CHARGES FOR LAND USE CONSENTS

Holders of land use consents to remove gravel	\$0.41 per cubic metre extracted.
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WATER QUALITY CHARGES FOR DISCHARGE CONSENTS

Additional Research Site (in addition to standard charge)	2015-16 Annual Fee
AFFCO Feilding	4,583
DB Breweries	8,500
Fonterra – Longburn	3,117
Fonterra – Pahiatua	1,567
Horowhenua District Council	7,400
Manawatu District Council	23,150
NZ Defence Force	6,550
Palmerston North City Council	8,483
Rangitikei District Council	24,733
Riverlands Manawatu	3,850
Ruapehu District Council	26,463
Scanpower	4,717
Winstone Pulp	4,483

Additional Monitoring at Site	2015-16 Annual Fee
Tararua District Council	As per contract

Standard Research Charge Type and Quantity	2015-16 Annual Fee
Discharge to Land <25	143
Discharge to Land >25 to 50	190
Discharge to Land >50 to 100	285
Discharge to Land >100 to 200	380
Discharge to Land >200 to 1,000	1,268
Discharge to Land >1,000 to 10,000	1,427
Discharge to Land 10,000+	1,585
Discharge to Water <25	285
Discharge to Water >25 to 50	380
Discharge to Water >50 to 100	571
Discharge to Water >100 to 200	761
Discharge to Water >200 to 1,000	2,536
Discharge to Water >1,000 to 10,000	2,853
Discharge to Water 10,000+	3,170
Unspecified Volume Discharge	1,585
Land Fill – High Impact	3,170
Land Fill – Medium Impact	476
Land Fill – Low Impact	159

Notes:

- All charges are payable on request.
- These charges shall come into effect on 1 July 2015 and remain in effect until 30 June 2016.
- 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.
- 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 surface and groundwater charge of \$30.

E. Dam Consents, Project Information Memoranda (PIM's) 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, PIM's and Dam safety work

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 100% 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	\$163
Manager	\$140
Team Leader Consents	\$140
Team Leader Compliance	\$140
Co-ordinator Biosecurity	\$140
Area/ Project Engineer	\$140
Catchment Co-ordinators	\$140
Senior Policy Planner, Scientist	\$129
Senior Consents Planner, Hydrology Technician	\$129
Senior Compliance Officer	\$129
Policy Planner, Scientist	\$120
Compliance Officer, Hydrology Technician	\$112
Consent Planner, Reporting Officer	\$112
Emergency Management Officers	\$112
Communications Advisor	\$112
Surveyors	\$112
Environmental Management Officers	\$112
Land Management Officers	\$112
Supervisor Biosecurity	\$112
Consents Administrator	\$90
Technical Officer	\$90
Technician	\$90
Dam Safety Officer	\$90
Biosecurity Officer	\$90
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:

- Council's policy (as outlined in the Revenue and Financing Policy) is to recover 30 to 40% 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:

- All charges are payable on request.
- These charges shall come into effect on 1 July 2015 and remain in effect until 30 June 2016
- 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.
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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.

Copy 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:

- Staff costs per hour will be assessed on the following basis:

HOURLY RATES	RATE PER HOUR
Group Manager	\$163
Manager	\$140
Team Leader Consents	\$140
Team Leader Compliance	\$140
Co-ordinator Biosecurity	\$140
Area/Project Engineer	\$140
Catchment Co-ordinators	\$140
Senior Policy Planner, Scientist	\$129
Senior Consents Planner, Hydrology Technician	\$129

HOURLY RATES	RATE PER HOUR
Senior Compliance Officer	\$129
Policy Planner, Scientist	\$120
Compliance Officer, Hydrology Technician	\$112
Consent Planner, Reporting Officer	\$112
Emergency Management Officers	\$112
Communications Advisor	\$112
Surveyors	\$112
Environmental Management Officers	\$112
Land Management Officers	\$112
Supervisor Biosecurity	\$112
Consents Administrator	\$90
Technical Officer	\$90
Technician	\$90
Dam Safety Officer	\$90
Biosecurity Officer	\$90
Commissioner	At cost plus disbursements
Hearings Committee Chair and Members	At cost plus disbursements

- These charges shall come into effect on 1 July 2015 and remain in effect until 30 June 2016.
- 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.
- 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.
- 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

All figures are exclusive of GST unless otherwise stated

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

Holders of Consents to Take	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 2015-30 June 2016.
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All figures are exclusive of GST unless otherwise stated



Financial Information

Introducing the Policies

Overview

In this section we present information outlining a range of policies that guide us in all of our business. A brief description of each policy is outlined in this overview.

The Rating Policy outlines the basis for rates collection, and for the remission and postponement of rates – for penalties, uniform charges on non-contiguous rating units, community, sporting, and non-profit organisations, storm affected properties, extreme financial circumstances, and Māori freehold land.

The Revenue and Financing Policy outlines for each activity the benefits and beneficiaries of the activity and an allocation of how the activity should be funded.

The Financial Contributions Policy outlines the conditions under which we require financial contributions to be made in relation to regional plans and resource consents.

The Treasury Management section contains a Liability Management Policy that outlines our approach to borrowing and to credit exposure.

The Investment Policy outlines exposure limits for our various financial investments, as well as outlining the rationale for our port company shareholdings and policies for management of these two large investments.

The Significance and Engagement Policy explains what decisions, matters, etc. will be considered significant and therefore will need to be processed through a comprehensive decision-making and consultation process.

We are proposing that the majority of these policies remain unchanged from the 2012-22 Community Plan. The policies that we are proposing to change are:

- The Rates Remission Policy;
- The Revenue and Financing Policy;
- The Liability Management Policy; and

- The Investment Policy.

The changes to the Liability Management and Investment Policies are minor typographical changes to update the policies to current business language and will not be highlighted as they are not significant.

The changes made to the rate remission and revenue and financing policies will be outlined in a section entitled Significant Changes to the Policy and their Effect, within each Policy.

Rates Collection

From 1 July 2003, Horizons began collecting all Regional Council rates directly from our ratepayers. Previously, most of our rates used to be collected for us by the 10 city or district councils (Territorial Authorities) around the Region. The exception was that, once a year, we directly billed most of the ratepayers in the individual river and drainage schemes for flood and erosion protection and land drainage activities.

All regional ratepayers now receive a separate annual rates notice for their Horizons rates.

Under the Local Government (Rating) Act 2002, all Local Authorities are required to provide two important pieces of information to ratepayers:

- A rates assessment that shows how all the rates for each property were calculated; and
- A rates invoice that shows how much is due.

The rating notice from Horizons combines this information into a single annual rates assessment/invoice.

The Rating Act also requires that Horizons develop a Rating Information Database (RID) showing details for each rating unit in terms of valuation number, location, valuation amounts, and rates liability. An updated version will be available for public inspection by 31 May each year: log on to our website – www.horizons.govt.nz – for details of how and where access is available.

Towards the end of August/early September you will receive your annual rates assessment and rates invoice in a combined document. All rates, including river and drainage scheme rates, for Horizons Regional Council, will be charged on an annual basis, with the due date for payment being the last Friday in September. There will be the ability to spread payments on a monthly or quarterly basis if required (preferably using direct debit arrangements). This will need to be prearranged with our rates team.

Payments are also able to be made using a freepost envelope enclosed with the assessment/invoice or by using electronic banking mechanisms. Apart from

direct debit arrangements, these are our preferred methods; however over the counter payments may still be made at any branch of NZ Post, at Regional House in Palmerston North, Wanganui and at our Service Centres during specified hours.

Prompt Payment Policy

General

a. Application

This policy is prepared under section 55 of the Local Government (Rating) Act 2002 to apply to all rates set by the Council in the 2012-13 financial year.

b. Objectives

The objective of the Early Payment Policy is to authorise a 3% discount where all Council rates assessed on a rating unit are paid on or before the due date for payment.

c. Conditions and Criteria

Where all Council rates assessed on a rating unit for the financial year are paid on or before the last Thursday of September, the early payment discount will apply. The discounted amount of rates will be specified on each rates assessment and invoice.

The effect of this policy, along with the payment and penalty dates outlined in the Annual Funding Impact Statement, is:

- Those who pay their rates in full by the due date will receive a 3% prompt payment discount.
- Those who pay their rates fewer than 30 days after the due date will not receive the 3% discount.
- Those who make arrangements to pay equal instalments at least quarterly by direct debit or automatic payment, before the 30 day penalty period applies, to

spread their payments over a period of time, will not receive the 3% discount, but they will not incur the 10% penalty unless they default on their agreement.

- Those who have not paid their rates within 30 days from the due date, and have not entered into an agreement with the Council to pay their rates over a period of time, will face a 10% penalty and will not receive the prompt payment discount.

To find out more

- Log on to our website – www.horizons.govt.nz or
- Contact our rates team on freephone 0508 700 800.

Policies on Remissions and Postponements

Significant change to the Remission Policy and their effects

As was the case with the previous Long-term Plan we have had a number of representations and submissions about our contiguous rating policy over the past two years. Under the Local Government Rating Act 2002 two adjoining properties that are used for the same purpose and owned by the same exact person could be treated as contiguous. Contiguous properties only have to pay one lot of Uniform Annual Charges (UACs) that would normally be charged to separate properties. If a farm had three separate properties but was deemed to be contiguous the ratepayer would only have to pay one set of UACs instead of three. Based on the LTP in the 2015-16 year this would mean the ratepayer would pay only \$93.72 for the common UACs instead of \$281.16.

Contiguity under the Act does not apply if there are dwellings on the separate properties nor does it apply to subdivisions that have been carried out or yet to be sold. Also the person who owns the property has to have the exact same name. For example a farm may be farmed by the one person as one farm, but the two properties might be owned by different entities (eg. one property is owned by the couple farming but the other property is owned by their family trust. In this case both properties are charged UACs. Another example is a forestry block with 15 properties that may be farmed as one forest but owned by different owners. Again in the forestry example contiguity does not apply.

In 2010 we introduced a non-contiguous rural rate remission that gave farms that were owned by the same person (exactly) and farmed as one unit but were not contiguous (say there was a runoff paddock a kilometre up the road) a rate remission to reduce the number of UACs paid to what would be paid if the properties were contiguous.

In the 2012-22 LTP we extended the rate remission to include contiguous unsold subdivisions if the properties are owned in the exact same name and contiguous forestry blocks being forested as one but in different owner names.

In this Long-term Plan we have further extend the contiguous rate remission to include:

- Contiguous farms being farmed as one but in different owner names.
- A dwelling on a motel site that is occupied by the person responsible for the day to day management of those motels.

It is difficult to estimate the financial impact of the changes as we do not know how many properties would be eligible for these new remissions nor the number of those properties that would apply for the remission. (Remissions are only granted from the year they are applied for, onwards.) Past experience has also shown that property owners are slow to take up these remissions meaning the full impact takes up to five years to occur.

It is roughly estimated that, over the next five years, other ratepayers, UACs in total will increase between \$1.00 to \$2.00 when extensions to the contiguous rate remissions are adopted.

In addition to this major change we made two minor changes to the remaining remission policies:

- The Chief Executive is allowed to write off rate arrears on properties that have been deemed eligible for Māori Land rate remissions. Under the current policy Council had to make this decision. We consider that the write off of arrears is an administrative function best suited to the CE rather than Council meetings.
- We will remove the Rates Remission Policy for Environmental Works as we have not been granting such remissions for a number of years. Instead we have been providing grants to support such works and will continue to do so.

1. Rates Remission Policy

A. General

a. Application

This policy is prepared under Sections 102 and 109 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in Section 83 of the same Act.

b. Pre-existing remissions

Where ratepayers received discretionary rate remissions from Horizons Regional Council for River and Drainage Scheme rates up until 30 June 2005, these will continue, provided their circumstances fit within the conditions and criteria of this Remissions Policy.

c. Review of remissions

All remissions will be reviewed on at least a three-yearly basis to ensure that the circumstances under which the remissions were granted continue to exist. Notification of any change in the circumstances of a rating unit, eg. change of ownership, will also give rise to the review of any remissions applying to that rating unit at the time of notification of the change.

B. Remission of penalties

a. Objective

The objective of this part of the Remission Policy is to enable the Council to act fairly and reasonably in its consideration of rates which the Council has not received by the penalty date. This may be due to circumstances outside the ratepayer's control, or because the ratepayer has opted to spread payments over the year rather than pay the single annual invoice amount.

b. Conditions and criteria

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness, or accident of a family member as at the due date.

Remission of the penalty will be granted if the ratepayer is able to provide evidence that his/her payment has gone astray in the post or the late payment has otherwise resulted from matters outside his/her control. Each application will be considered on its merits and remission will be

granted where it is considered just and equitable to do so. Ratepayers wishing to claim this remission will need to make an application on the form prescribed by Horizons Regional Council.

Remission of the penalty, with a possible deduction for financing and administration charges, will be made where the ratepayer elects to spread payment of a single annual amount due for the year over two or more payments. The amount of the financing and administration charge will be set annually as part of the rate resolution, and will consist of a percentage of the annual amount together with a flat charge.

Decisions on remission of penalties will be delegated to the chief financial officer as set out in the Council's delegations resolution.

C. Remission of uniform charges on non-contiguous rural rating units owned by the same owner

a. Objective of the policy

To provide for relief from uniform charges for rural land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.

b. Conditions and criteria

Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

The non-contiguous rating units on which remission is given must be owned by the same ratepayer, must each be classified as "rural" for differential purposes, and must be farmed as a single entity. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

D. Remission of uniform charges on contiguous unsold subdivisions units owned by the same owner

- a. Objective of the policy
To provide for relief from uniform charges for unsold subdivisions that are owned by the same ratepayer.
- b. Conditions and criteria
Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

This remission applies for financial years starting from 1 July 2012 onwards.

The contiguous rating units on which remission is given must be owned by the same ratepayer, must be available for sale, must not be used for different purposes or by different occupiers while awaiting sale nor rented as separate properties. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

E. Remission of uniform charges on contiguous forestry units owned by the same owner or different owners

- a. Objective of the policy
To provide for relief from uniform charges for forests that are owned by the same ratepayer or different ratepayers.
- b. Conditions and criteria
Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

This remission applies for financial years starting from 1 July 2012 onwards.

The contiguous rating units on which remission is given can be owned by the same ratepayer or different ratepayers and must be used as a single forestry business, must not be used for different purposes nor rented as separate properties. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

F. Remission of uniform charges on contiguous farms owned by different owners

- a. Objective of the policy
To provide for relief from uniform charges for forests that are owned by different ratepayers but farmed as one
- b. Conditions and criteria
Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

This remission applies for financial years starting from 1 July 2015 onwards.

The contiguous rating units on which remission is given can be owned by different ratepayers and must be used as a single farm business, must not be used for different purposes nor rented as separate properties. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

G. Remission of uniform charges on contiguous motel day to day managers dwelling.

- a. Objective of the policy
To provide for relief from uniform charges for day to day motel managers dwelling.
- b. Conditions and criteria
Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

This remission applies for financial years starting from 1 July 2015 onwards.

The contiguous rating units on which remission is given are for the dwelling that is occupied by the day to day manager of a motel business. This person (who can also be the owner of the business) occupies this dwelling in order to effectively day to day manage the motel. This remission will not apply if the person occupying the dwelling does not day to day manage the motel. For example the owner of a motel who has delegated the day to day running of the motel to another person.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

H. Remissions for community, sporting and non-profit organisations

This remission applies to owners of rating units where they meet the following objectives and operate as non-commercial/non-profit/non-business operations.

- a. Objective of the policy
The objective of this policy is to provide rating relief for community, sporting and non-profit organisations. Specific objectives are:

- To enable Council to treat community, sporting and other non-profit organisations of the Region in a consistent manner (by adjusting for anomalies caused by some sections of the Local Government (Rating) Act 2002); and
- To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities that meet the cultural and social wellbeing needs of the residents; and
- To assist the organisation's survival and to make membership of the organisation more accessible to the general public.

- b. Conditions and criteria
Rating units that meet the criteria under this policy may qualify for a remission of the full amount of all rates due except for the UAGC charge.

The criteria are assessed as at 1 July for the new rating year. The Council may remit rates where the application meets the following criteria:

- The rating units on which remission is given must be owned or used, exclusively or principally, by a community, sporting, or non-profit organisation. (Where the land is not owned by the organisation, the benefit of the remission must still flow to the organisation).
- The policy will also apply to land that falls within Schedule 1, s(21) of the Local Government (Rating) Act 2002, being land which is used for "the free maintenance or relief of persons in need", but which exceeds the 1.5 ha restriction.
- The policy will also apply to the 50% rateable portion of land that falls within Schedule 1, Part 2 of the Local Government (Rating) Act 2002, (being land used for showgrounds, games, sports, or the arts, as defined by the Act).
- The policy will also apply to that part of land which falls within Schedule 1, Part 2 s2) of the Local Government (Rating) Act 2002 being land for games or sports and for which a club liquor licence is in force; however in some cases an adjustment may be made in the amount of the remissions for the area covered by the liquor licence.
- The policy will not apply to organisations operated for the private pecuniary profit of any individual member, or which charge commercial tuition fees.
- The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Ratepayers and/or organisations wishing to claim a remission will need to make a full application in the first year of application of this policy. Applicants will need to complete the form prescribed by Horizons, and will need to provide the following information in support of their application:

- Statement of objectives of the organisation;
- Full financial accounts at the most recent balance date; and
- Other information as may be requested.

In subsequent years, Council will need to confirm continuing eligibility and recipients will need to inform Council of changed circumstances.

All remissions are at the discretion of the Council and will be assessed on a case-by-case basis. Decisions on remissions of regional and scheme rates for such organisations will be delegated to the chief financial officer as set out in the Council's delegations resolution.

2. Rates Postponement Policy

A. General

a. Application

This policy is prepared under Sections 102 and 110 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in Section 83 of the same Act.

b. Review of postponements

All postponements of rates will be reviewed on at least a six-monthly basis to ensure that the terms under which any postponement of rates was granted are being complied with. Notification of any change in the circumstances of a rating unit, eg. change of ownership, will also give rise to the review of any postponements applying to that rating unit at the time of notification of the change.

B. Extreme financial circumstances

a. Objective

The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances that affect their ability to pay rates.

b. Conditions and criteria

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or the authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the Region or in another region).

The ratepayer (or authorised agent) must make an application to Council on the form prescribed by Horizons Regional Council.

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Even if rates are postponed, as a general rule, the ratepayer will be required to pay the first \$250 of the rate account in any one year.

Where the Council decides to postpone some of the rates, the ratepayer must first make acceptable arrangements for payment of non-postponed rates, for example by setting up a system for regular payments.

Any postponed rates will become payable:

- On the death of the ratepayer/s; or
- When the ratepayer/s ceases to be the owner or occupier of the rating unit; or
- When the ratepayer/s ceases to use the property as his/her residence; or
- At a date specified by the Council.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year.

The policy will apply from the beginning of the rating year in which the application is made, although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which s/he would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Decisions on postponement for extreme financial circumstances will be delegated to each of the group manager Corporate Services and the manager Accounting Services as set out in the Council's delegations resolution.

3. Rates Remission Policy for Māori Freehold Land

A. General

This policy is written under sections 102(2)(e) of the Local Government Act (LGA) 2002 and addresses the rating of Māori freehold land. The policy provides for the fair and equitable collection of rates from Māori freehold land, recognising that certain Māori-owned freehold lands have particular conditions, features, ownership structures, or other circumstances determining the land as having limited rateability under legislation. This policy also acknowledges the desirability of avoiding further alienation of Māori freehold land.

Māori freehold land is defined by Section 5 of the Local Government (Rating) Act 2002 as "land whose beneficial ownership has been determined by the Māori Land Court by freeholder order." Only land that is the subject of such an order may qualify for remission under this policy.

B. The objectives

The objectives of this policy are to fulfil the Council's legal obligations under Sections 102(2)(e) and 108 of the Local Government Act 2002 and to provide rates relief for Māori freehold land in multiple ownership, to recognise, support and take account of:

- Facilitating any wish of the owners to develop the land for economic use;
- The presence of waahi tapu that may affect the use of the land for other purposes;
- The importance of associated housing in providing kaumatua support and enhancement for marae;
- The importance of the land for community goals relating to:
 - The preservation of the natural character of the coastal environment;
 - The protection of outstanding natural features; and
 - The protection of significant indigenous vegetation and significant habitats of indigenous fauna.
- Matters related to the legal, physical and practical accessibility of the land; and
- Land that is in, and will continue to be in, a natural and undeveloped state.

C. Legal basis

- Under the Local Government Act 2002 and the Local Government (Rating) Act (LGRA) 2002 and as provided by Sections 102(2)(e), 108 and the matters in Schedule 11 of the Local Government Act (LGA) 2002 and Section 114 of the Local Government (Rating) Act 2002, this policy sets out:

- The objectives to be achieved by the remissions of rates on Māori freehold land;
- The conditions and criteria to be met in order for rates to be remitted; and
- The process of application and consideration of rates remission under this policy.

D. Conditions and criteria

In order for a property, or part of a property to qualify for a rates remission under this policy it must meet all of the required criteria and at least one of the optional criteria:

a. Required Criteria (all)

A property must be:

- Māori freehold land as defined in the LGRA 2002;
- In multiple ownership defined as two or more owners; and
- Unoccupied. Occupation for this policy is where a person/persons does/do one or more of the following for their significant profit or benefit:
 - Leases the land to another party;
 - Permanently resides upon the land;
 - Depastures or maintains livestock on the land; or
 - Undertakes significant commercial operations.

Under this policy land must not be occupied as defined above unless the land and its housing are used to contribute to the kaumatua support and enhancement of the marae under optional criteria 4.2.3 below.

b. Optional Criteria (at least one)

A property must be/have:

- Development of the land for economic use. If any land is to be developed for economic use, particularly if it will provide employment for local Māori, a rates remission will be considered. This remission will decrease in proportion to the property's increased economic use through development. Plans of the

development and financial projections will be required to support application under this criterion;

- The presence of waahi tapu that may affect the use of the land for other purposes. A rates remission will be considered on a property or part of a property where the use of that property is affected by the presence of waahi tapu.

In order to enhance transparency regarding Māori freehold land rates remissions, a public register of remissions will be established. This register will outline the property, its owners, the reason for the remission, the date remission is first granted and the history of rates remitted. While the register will not give the precise location on the property of the waahi tapu, its presence in general will be disclosed. Landowners applying for a rate remission under this criterion will need to decide if they wish to publicly disclose the presence of waahi tapu on their properties prior to applying;

- Where houses are in the vicinity of the marae, representations for rates remissions will be considered, taking into account the contribution to the kaumatua support and enhancement of the marae;
- Used for preservation/protection of character or coastline, outstanding natural features, significant indigenous vegetation and habitats of indigenous fauna. Applications under this criterion need to be supported by an existing Department of Conservation or Regional Council Management Plan, eg. in the DOC Coastal Management Plan for the area;
- Accessibility Issues

If it is difficult to legally, physically or practically access a property, a rates remission will be considered. Examples of accessibility issues are:

- The property is landlocked by properties owned by other people/entities;
- Access is legally available by paper road or easement but the road does not exist; or
- A road ends or passes a property but a river, ravine, cliff or other impediment prevents practical access.

- vi. In a natural and undeveloped state, and will continue to remain in such state. If the property is in, and will remain in, a natural and undeveloped state, and there is no significant financial revenue, a rates remission will be considered.

E. Process of application and consideration for rates remission under this policy

a. Applications

On application to Council, consideration will be given for the remission of rates on Māori freehold land under this policy.

The application for rates remission under this policy shall include:

- Details of appropriate contacts;
- Details of property and occupancy;
- The condition(s), as listed in Section 4 of this Policy, under which the application is made;
- Any relevant information to support the application, such as historical, ancestral, cultural, archaeological, geographical or topographical information;
- Details of the financial status of the land supported by full financial statements;
- A copy of any agreements or licences to operate on the land;
- Details of any Māori land rate remission granted by any Local Territorial Authority; and
- A declaration stating that the information supplied is true and correct and that any changes in circumstances during that period of rate remission will be notified to the Council.

b. Consideration of Applications by the Chief Executive

All applications for rates remission under this Policy shall be considered and decided upon by the chief executive (CE) or to whomever the CE delegates this responsibility.

Any decision as to whether any land or part thereof meets, or continues to meet, the qualifying criteria shall be made by the CE.

c. Six year duration

Any remission of rates granted under this policy will generally apply for a six year period.

In order to align with the Council's Long-term Plan cycle all remissions will be reviewed in January 2012 and 6-yearly after that review.

If the use of a property changes within the period the owners will notify the Council immediately and the remission status of the property will be reviewed.

Any changes of rates remission status will be effective from the date the property use changed.

d. Right of appeal to full Council

If an applicant considers the decision of the CE is not correct s/he may appeal to the full Council.

e. Public register

In order to facilitate transparency in relation to Māori Freehold Land Rates Remissions, a public register will be held for all remissions granted. This register will detail for remissions made:

- Property identification and location;
- Applicant/owner;
- Detailed reason why the remission was granted;
- When the remission was first approved; and
- History of remissions for each year since approval.

F. Chief Executive can consider properties without application by owners

a. CE-Generated Applications

If a property could qualify for a rates remission but the owners have not applied for the remission the CE can consider the granting of a remission of rates under the criteria outlined in Section 4 of this policy.

An example of the situation where this CE-generated application could apply is where the presence of an unregistered urupa is publicly known but an application has not been made as owners are geographically dispersed.

G. Rate and penalty arrears write-off

- a. Intention to write off rate arrears and penalties
For a number of landlocked properties considerable rate arrears have accrued over the past decade due to an inability of the property to sustain the rates assessed. Council intends to write off these arrears, on a case-by-case basis, once the CE has approved a Māori land rate remission for individual properties.
- b. CE can write off arrears
When considering a Māori land rate remission the CE is to assess any rates and penalty arrears on the property. If these arrears have resulted from the inability of the property to sustain the rates the CE may write off such arrears.

H. Right to change

- a. Council reserves the right to change criteria
The Council reserves the right to add, delete, or alter, in any way, the above conditions and criteria from time to time.

When making such changes Council will follow its consultation policy and ensure affected parties are engaged in the change process.

I. Definition of Separately Used or Inhabited Dwelling Part of a Rating Unit

- a. 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 dwelling part of a rating unit is only recognised as such if there is an individual property title for that part of the rating unit.”

Revenue and Financing Policy

Pursuant to Section 103 of the Local Government Act 2002

Introduction

This policy has been prepared in accordance with the Local Government Act 2002 and, in particular, Sections 101, 102 and 103. It identifies the funding sources and mechanisms that are to be used to finance Horizons' operating expenses and capital expenditure for the financial year commencing 1 July 2015.

Local government is statutorily required to identify the costs of its functions and fund them appropriately. This involves the allocation of costs to the functions followed by a determination of the most appropriate form of funding.

The majority of revenue and financing policies are not significantly different from those in the Funding Policy adopted in 2006. This document sets out:

- Significant changes to the policy and their effects;
- Summary table of the Revenue and Financing Policy;
- Legislative background, including available funding sources and mechanisms; and
- Detailed Revenue and Financing Policy.

Significant changes to the policy and their effects

Through a number of workshops we closely examined who benefits from activities and who contributes towards the need for activities. Benefits and contributions were considered at individual, local, regional and national levels. After taking into account the levels of benefit/contribution and practical issues (such as legal ability to charge, cost effectiveness, transparency and affordability), and the submissions received during the consultation process, the following significant changes to who pays for what activities were made.

SLUI (Sustainable Land Use Initiative)

When this programme was established in 2006 we had very definite undertakings from Central Government regarding the funding they would provide and this certainty allowed us to have a defined 50/50% funding policy. Since that time the way Government funds SLUI has changed and the amounts will vary between years. Therefore to ensure we comply with our policy we need to change the policy to say that the government will fund the amount they grant and that the Region will fund the remainder. At this stage there will be no impact on the ratepayer from this change. If, in the future, Government funding is reduced we will decide at that time to either reduce SLUI services or increase rates to cover the shortfall and maintain levels of service.

Lake Horowhenua Weed Harvester

We have introduced a new service for Lake Horowhenua and need to establish a rating policy to recover the costs. We are proposing that the operating costs of this harvester be funded 80% from a per property charge on the Horowhenua District and 20% from the Biosecurity Equalised Capital Value rate across the whole region. This proposal means properties in the Horowhenua district will pay a uniform per property rate of \$5.00 while the rest of the region will pay \$39,000 which equates on average \$0.09 per \$100,000 of capital value if this proposal went ahead.

Water Quantity Research Charges

We have looked at both the amount to be funded from water charges and the structure of those charges. It has been determined that the 30% user fee recovery for our water quality research network is about right. However, where additional research is incurred, due to a point source discharges (eg. monitoring above and below the discharge) the user fee has been increased to 50% of this additional cost. In addition to this change we have determined that smaller discharges (less than 200 cubic metres a day) should be charged a lesser

proportion, while larger consents (200 CM a day and above) should be charged a higher proportion of the cost. We are proposing this option as we consider that these larger discharges are having a greater impact on the environment and therefore the cost of research. We are also proposing that landfills should be charged in respect to their likely environmental impact (high medium or low impact). The rate component of this activity is affected by increases in levels of service. Fees among consent holders are impacted by the changes along with increased levels of service. Please find a fee comparison below: Please note comparatives for 2012-13 have been given in the standard charges table as some fees were at a similar level in that year.

Standard Charges

Type of Discharge	Volume m ³	2014-15 % of Full Charge	2015-16 % of Full Charge	2012-13 Annual Fee	2014-15 Annual Fee	2015-16 Annual Fee	2016-17 Annual Fee
Benign	N/A	0%	0%	-	-	-	-
Land	Less than 25	7.5%	4.5%	143	100	143	153
Land	25 to < 50	10.0%	6.0%	191	133	190	204
Land	50 to < 100	15.0%	9.0%	286	200	285	306
Land	100 to < 200	20.0%	12.0%	382	266	380	408
Land	200 to < 1,000	40.0%	40.0%	763	532	1,286	1,360
Land	1,000 to < 10,000	45.0%	45.0%	859	598	1,427	1,530
Land	10,000 and >	50.0%	50.0%	954	665	1,585	1,701
Water	< 25	15.0%	9.0%	286	200	285	306
Water	25 to < 50	20.0%	12.0%	382	266	380	408
Water	50 to < 100	30.0%	18.0%	572	399	571	612
Water	100 to < 200	40.0%	24.0%	763	532	761	816
Water	200 to < 1,000	80.0%	80.0%	1,526	1,063	2,536	2,721
Water	1,000 to < 10,000	90.0%	90.0%	1,717	1,196	2,853	3,061
Water	10,000 and >	100.0%	100.0%	1,908	1,329	3,170	3,401
Land or Water	Unspecified	75.0%	50.0%	1,431	997	1,585	1,701
Landfill-High	Any volume	100.0%	100.0%	1,908	1,329	476	3,401
Landfill-Med	Any volume	100.0%	15.0%	1,908	1,329	159	510
Landfill-Low	Any volume	100.0%	5.0%	1,908	1,329	159	170

All figures above excl GST

Additional Charges

Additional Research Site (in addition to standard charge)	2014-15 Annual Fee	2015-16 Annual Fee	2016-17 Annual Fee
AFFCO Feilding	3,203	4,583	4,910
DB Breweries	2,950	8,500	9,107
Fonterra – Longburn	2,950	3,117	3,339
Fonterra – Pahiatua		1,567	1,679
Horowhenua District Council	4,915	7,400	7,928
Manawatu District Council	13,764	23,150	24,802
NZ Defence Force	4,184	6,550	7,017
Palmerston North City Council	5,589	8,483	9,088
Rangitikei District Council	13,933	24,733	26,498
Riverlands Manawatu	2,185	3,850	4,125
Ruapehu District Council	12,780	26,463	28,373
Scanpower	3,236	4,717	5,054
Winstone Pulp	1,966	4,483	4,803

Consents

Analysis of the time spent on consents shows that there is a significant portion of time spent on activities that are of a public good nature. What we are proposing to do is split out this time and associated costs and fund it directly from rates. The remaining time charged directly to consents will be 100% recoverable from the consent applicant. This change will see a small drop in the hourly rates (approximately 10%) charges on consents and a slight increase in rates of \$62,000, which equates on average to \$0.17 per \$100,000 of capital value.

Compliance

A similar analysis of time and costs has been undertaken on compliance activities. This analysis revealed that there were similar costs that were public good. We agreed to split out this time and cost and rate it 100% from rates. In addition Council considered the overall funding policy split and whether industrial and other large consents should be funded 70% fees and the rest from rates. We agreed that the impact of industrial and other larger consents be funded 80% by user fees and 20% by rates. In addition we agreed that non-industrial and smaller consents be funded 65% by user fees and 35% by rates. This change will see

moderate increase in charges for consents being monitored as illustrated in the table below. In total for these compliance changes rates would increase by \$75,000 which equates on average to \$0.20 per \$100,000 of capital value if this proposal went ahead.

Type of consent	2014-15 Annual Fee	2015-16 Annual fee	2016-17 Annual fee
Water – Telemetered	75	84	87
Water – Individually Inspected	300	334	348
Land – Individually Inspected	300	334	348
Water Bundled (First)	300	334	348
Water Bundled (Subsequent)	75	84	87
Land Bundled (First)	300	334	348
Land Bundled (Subsequent)	75	84	87
Air Bundled (First)	300	334	348
Air Bundled (Subsequent)	75	84	87

All figures above excl. GST

Nurseries

In the past nurseries have been a small component of our budgets, however with the increase in demand for seedlings generated by our SLUI project it now comprises a half million dollar activity. The cost of the nurseries has always been recovered from those purchasing the plants and we will formalise this policy by adding a revenue and financing policy for nurseries stating this 100% recovery via user charges.

Unsubsidised Transport Services

In 2009 Council introduced a biodiversity funding policy for biodiversity works outside our strategy. If a community wanted such works they had to fund them 100%. We have implemented a similar policy for transport services that does not receive government subsidy. If a community demands that the service be provided then the service will be 100% funded by that community by way of rates or user fees targeted to that community.

Summary of Revenue and Financing Policy

Revenue and Financing Policy 2015 to 2025 – Summary Table

Policy No.	Fees and Charges %	Revenue and Financing Policy					
		Grants and Subsidies %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	Type of Targeted Rate ^{*1}
LAND, AND WATER MANAGEMENT							
Land Management – General	1			100%			
Gravel Quantity (Fluvial) Research	2	68%		32%			
Sustainable Land Use Initiative (SLUI)	3		As Granted			Remainder	SLUI (UAC)
Water Quality and Aquatic Habitat Improvement	4					100%	Water Quality and Quantity (EQCV)
Manawatu River Water Quality Improvement	5					100%	Manawatu Catchment (UAC)
Horowhenua Weed Harvester	6			20%		80%	Type required
Water Quality – Research	7	30%				70%	Water Quality and Quantity (EQCV)
Water Quality – Additional Research Costs	7	50%				50%	Water Quality and Quantity (EQCV)
Water Quality – Consent holders research responsibilities	7	100%					
Water Quantity – Research	8	30%				70%	Water Quality and Quantity (EQCV)
Resource Management Act Advice	9					100%	Resource and Consent Monitoring (EQCV)
Consent Management – Application Processing (inc Hearings)	10	100%					Resource and Consent Monitoring (EQCV)
Consent Management – Environment Court	10					100%	Resource and Consent Monitoring (EQCV)
Compliance Monitoring – Complier Non-industrial/Large	11	65%				35%	Resource and Consent Monitoring (EQCV)
Compliance Monitoring – Complier Industrial/Large	11	80%				20%	Resource and Consent Monitoring (EQCV)
Compliance Monitoring – Non complier	11	100%					
Pollution Incidents/Complaints	12	As much as possible				Remainder	Resource and Consent Monitoring (EQCV)
FLOOD PROTECTION AND CONTROL WORKS							
River and Drainage – General Engineering Advice and Work	13					100%	River and Drainage (EQCV)
River and Drainage Scheme – Review and Audit	14					100%	River and Drainage (EQCV)

Policy No.	Fees and Charges %	Revenue and Financing Policy					Type of Targeted Rate *1
		Grants and Subsidies %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	
River and Drainage Scheme (excluding Review and Audit Work)						20% 80%	River and Drainage (EQCV) Scheme (Mixed, EQCV< CV,LV,UAC, Per Ha)
BIOSECURITY AND BIODIVERSITY MANAGEMENT							
Biosecurity Production Pest Animal Management – excluding Rooks						40% 60%	Pest Animal (Per ha >4 ha) Biosecurity (EQCV)
Biosecurity Production Pest Animal Management – Rooks						90% 10%	Pest Rook (Per ha >4 ha) Biosecurity (EQCV)
Biosecurity Pest Plant Management – Production						60% 10%	Pest Plant (Per ha >4 ha) Pest Plant (UAC <4 ha)
Biosecurity – Animal Health Board Tb Vector Control Levy						30%	Biosecurity (EQCV)
Biosecurity Environmental and Amenity Pests Control						100%	AHB Tb Vector Levy (Per ha >4 ha)
Living Heritage – General						50%	Environmental Initiatives (UAC)
Regional Parks			10%			50%	Biosecurity (EQCV)
Living Heritage – Non-strategy						90%	Palmerston North City Council and Manawatu District Council (UAC)
Rangitikei District OMB Eradication						100%	On community requesting activity
Waitarere Community Board Biodiversity Project Nurseries						70% 30%	ROMBR (UAC >4 ha) ROMBR (UAC <4 ha)
	100%					100%	Waitarere Beach Community (UAC)
REGIONAL LEADERSHIP AND GOVERNANCE							
Community Relationships and Customer Services					100%		
Environmental Education						100%	Environmental Initiatives (UAC)
Environmental Research – General				100%			
District Liaison/Rural Advice				100%			
Regional Emergency Management						100%	Emergency Management (EQCV)
Territorial Authority Emergency Management	100%						
Representation and Governance Information					100%		
Hapū and Iwi					100%		Information (EQCV)
Strategic Management – General						100%	Strategic Management (EQCV)

Policy No.	Fees and Charges %	Revenue and Financing Policy					Type of Targeted Rate ^{*1}
		Grants and Subsidies %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	
TRANSPORT							
36		40% to 50%				50% to 60%	Transport Planning and Safety (EQCV)
37		50% to 60%	10%			30% to 40%	Transport Passenger Service (EQCV) By District
37		60%				40%	Transport Passenger Service (EQCV) By District
38		67% to 75%				25% to 35%	Transport Planning and Safety (EQCV)
39						100%	On community requesting service, can be user fees.
INVESTMENT							
40				100%			4-Tiered Uniform Annual Charge (SUIP) Differentiated on Capital Value Bands To be decided after the event
41						100%	
42							

^{*1} **EQCV** Equalised Capital Value, Capital Value of the property taking into account different valuation dates around the Region
CV Capital Value, Capital Value of the property Can be differentiated
UAC Uniform Annual Charge, same amount per property Can be differentiated
Per ha Per hectare, same amount per hectare Can be differentiated

Legislative Background and Available Funding Sources/Mechanisms

Sections 100 to 110 of the Local Government Act 2002 set out the financial management requirements that apply to all local government bodies. Specifically these sections outline the obligations and processes we must undertake to decide how to fund our activities.

The purpose of the Revenue and Financing Policy, as part of these obligations, is to explain how and why we fund our operating and capital expenditure from the sources indicated. The policy must also show our consideration of a number of factors regarding each function. For ease of use we will use the following headings to work through this information:

- Which community outcome(s) are helped?
- Who benefits now and in the future?
- Who makes it worse?
- Is it worth funding separately?
- What are the impacts on the community?

Before considering the various activities we will outline the sources of funding listed in the Local Government Act 2002 that are the most relevant to us.

Direct Charges

Subject to the provisions of a number of statutes, we may directly charge beneficiaries for services. These beneficiary-pays charges may be made using a variety of methods, from set fees for certain activities to actual charges for time and materials based on charge-out rates.

Of particular relevance is Section 36 of the Resource Management Act 1991, which provides for us to recover costs from consent holders, applicants or the general public. Administrative charges made under Section 36 of the Resource Management Act 1991 are required to be fair and reasonable.

The other main legislative means for direct charging is under the provisions of Section 13 of the Biosecurity Act 1993. A variety of mechanisms are available, including fixed or hourly charges, and actual and reasonable charges. Any

charges must be made “in accordance with the principles of equity and efficiency.”

Other direct charges include fees, and sundry charges.

Government Grants

The Government may provide funds to Horizons for specific purposes and projects across a range of our functions. In recent years, modest grants have been made to Horizons associated with certain resource management, civil defence and transport activities.

Rates

Rates are a substantial and traditional source of revenue for local government. Rates are a form of taxation based on the ownership or occupation of property.

Rating Bases – Under the provisions of the Local Government (Rating) Act 2002, there are four bases upon which rates can be made and levied (Land Value, Capital Value, Annual Value, and Area Systems). We have traditionally used both Capital Value and Area Systems and will continue their use.

General Rates – We may make and levy a regional General Rate, either across the Region, or within each constituent city or district, so that the rate made or levied may vary from district to district.

Changes introduced by the Local Government (Rating) Act 2002 now mean that, like city and district councils, the Regional Council may operate a system of differential rating for the General Rate whereby rating levels may be varied for different categories of property; for example, rural versus commercial. Similarly, regional councils may levy a portion of the General Rate as a Uniform Annual General Charge (UAGC), as is common practice for most city and district councils. Horizons makes use of a UAGC to ensure each rating unit in the Region contributes a minimum amount of the General Rate and also to moderate rates on high capital value properties. It should be noted that the dollar value of the

UAGC will be rounded to the nearest dollar with any rounding being added or deducted to/from the Capital Value General Rate.

General Rates of regional councils may be made on either a Land Value or Capital Value basis. There are advantages and disadvantages to both Land and Capital Value rating systems. Horizons has always used Capital Value (Equalised) as our base for General Rates and in making this decision we have noted the following factors:

Firstly, Capital Value was the system considered appropriate for Council activities by the Local Government Commission when it established the Council in 1989. While there have been some changes to Horizons' activities since 1989, where those changes have resulted in activities less compatible with Capital Value rating, we have established separate targeted rates based on a more appropriate rating base. The per hectare rate for pest control is an example of appropriate adaptation of our rating base to better fit the expanding activity. Secondly, we are mindful that there is no one system of rating which completely addresses all sectoral concerns and funding principles. Thirdly, we have the view that a Capital Value system provides the greater degree of concurrence with the funding principles of the Local Government Act 2002. Finally, as the Region's district and city councils revalue their properties at different times, we must, in order to be fair, apply an equalisation factor to Capital Value rates. Equalised Capital Value rating ensures properties are rated as if all properties were valued on the same day. Having considered these factors we have concluded that the system of rating for our General Rate requirements should be the Equalised Capital Value system.

Targeted Rates – In addition to the General Rate, we are authorised to make other targeted rates for the purpose of undertaking any specific service or work for the benefit of all or part of our Region. These rates are normally applied to properties that have a direct beneficiary or cause/effect relationship with the function or service being provided (thus reflecting the locality concept).

Horizons has used targeted rates to fund land transport planning, road safety, passenger transport services, river and flood control works, land drainage works, and soil conservation schemes. These works are grouped into individual schemes with funding and expenditure accounted for on a separate basis for each scheme. Capital Value and Land Area bases have been used for these targeted rates.

In recent years, we have reviewed and subsequently “reclassified” several river control and drainage schemes using differentials. The reclassification of these schemes has been done primarily on a Land Area (rather than the previous Capital Value) basis. This is due to Land Area being a more equitable way of establishing cause and effect for such schemes. The latest change to the Lower Manawatu Scheme has added a Land Value rate as well as differentiated Uniform Annual Charges.

Council will also use Land Area for pest control targeted rates. These rates are targeted by the size of a property. Any property more than 4 ha will be charged by the hectare while properties less than 4 ha will be charged by a Uniform Annual Charge.

As already mentioned, Council has introduced a Uniform Annual Charge (UAC) for both the Sustainable Land Use Initiative and Environmental Initiatives. These are both considered to equally benefit properties within the Region, so a UAC is considered to be the appropriate funding mechanism.

Investment Revenue

Horizons has a range of equity and cash investments that provide a source of revenue not related to any specific function or activity. Our primary investment asset is our 23% shareholding in CentrePort, held by our holding company. Investment revenue is applied to offset General Rate requirements.

Reserves

Local Authorities have traditionally, and to varying degrees, developed reserve funds. Reserve funds have been used to allocate funds for special purposes such as asset replacement, future capital works, and for emergencies and contingencies. Horizons has a reasonable level of reserves that assist in the financial management of our activities. Consideration of the appropriate reserves and reserve levels is given as part of the Long-term Plan and Investment Policy.

Borrowing

Local Authorities may borrow New Zealand currency to finance their lawful functions. Borrowing is a useful method of funding the costs of a project where

the benefits will accrue into the future, eg. funding the capital costs of a flood control scheme.

Capital Expenditure

The funding of capital expenditure is addressed in two distinct ways, depending upon the nature of the expenditure.

Our routine ongoing plant and equipment purchases are necessary to complete our statutory obligations. These purchases are reasonably constant in nature and it is our intention to fund these from each year's depreciation charge. It is our policy to fully fund depreciation from operating revenue.

Major capital projects (eg. new flood control schemes) are required to be completed from time to time. As part of the evaluation process for each project, the funding of the construction of those projects will be addressed. Generally, these will be funded by way of a loan with repayments being funded by rating revenue from the particular scheme.

It should be noted that there are significant major capital projects indicated in this Long-term Plan for the Rangitikei and Lower Manawatu River Schemes. Both will be mainly funded by way of loans.

Detailed Revenue and Financing Policy by Function

The following pages outline funding considerations for key activities and functions.

1. Land Management – General

Land management encompasses advisory and other services to landholders related to soil conservation, erosion control practices and the wise use of soil resources for sustainable land management. Activities include advice on shelter belts, on-farm woodlots and regional farm forestry activities, economic and environmental assessments, land management and silvicultural advice on the retirement of land, wind breaks, poplar, willow and pine planting, primary sand stabilisation, riparian protection measures and bush retirement. It also includes research into land issues and care of our coastal land areas.

Also included is the provision, through various means, of programmes that enable our regional communities to be knowledgeable about soil conservation and the benefits of sustainable land management, the organising of field days, support as appropriate for land-care groups and the promotion of soil conservation within the Region by way of Environmental Grants. It should be noted, however, that this activity excludes the Sustainable Land Use Initiative (SLUI).

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution);
- Coastal Environment (direct contribution);
- Water Quality (co-benefit contribution);
- Managing Indigenous Biodiversity (co-benefit contribution); and
- Flood Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

We considered there are a number of beneficiaries for this activity. New Zealand benefits from the retention and enhancement of the Region's land and the reduction of flood risk and associated disruptions. Both the Region in general and specific local communities benefit from the sustainable management of the Region, the protection of local natural ecosystems and the availability of information and advice. Private landowners benefit from the retention and enhancement of productive land if they undertake the work suggested in the advice provided.

While landowners benefit from the research and advice given, they often significantly contribute directly to the actual works required to retain and enhance land. Furthermore, given the natural and/or historical nature of some of the causes of soil management problems, it would be inequitable to allocate significant cost to current landowners. Although we consider some benefits might be catchment-based it is currently assumed benefits would, over time, be equally spread across the entire Region, especially when water quality and flood protection co-benefits are taken into account.

We consider that the total cost of the land management advisory function should be funded publicly. However, if we deliver or arrange some direct services or goods (eg. poplar poles, land works), the landowner is to bear such costs directly.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but, as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO LAND DEGRADATION

Exacerbators are land users whose activities cause or contribute towards soil erosion or degradation. Identification of “exacerbators” is complicated by the fact that these “exacerbators” are very often from the past. Also, erosion effects can occur through natural events.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider that the regional General Rate via Equalised Capital Value (EQCV) is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

We also conclude that the service delivery components will continue to be funded on a full cost recovery basis.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Land Management Policy	
The method of funding this function is:	
Advisory and Research	
General Rate (EQCV)*	100%
Service Delivery (if any)	
Direct charge to landowner	100%

*Includes 10% currently unrecoverable national share.

2. Gravel Quantity (Fluvial) Research

When gravel is extracted from rivers we are required to monitor and research the effects of the extraction on the riverbed and banks.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution); and
- Flood Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

As the research is required by the extraction of gravel, it could be argued that the full cost of the research should be met by the extractors. However, we consider our regional communities currently benefit from the removal of gravel from riverbeds, as generally the extraction of gravel reduces the build up of material in the riverbed and increases the water carrying capacity of rivers in times of flood. This increased capacity reduces the risk of flooding within the catchment. Although we consider some benefits might be catchment-based, we assume benefits would, over time, be equally spread across the entire Region. The Region also benefits because the information gathered can be used for other functions such as flood modelling.

PERIOD OF BENEFIT

We considered this function mainly gives benefit within the year it occurs. Some benefits will accrue to future generations from the information gathered but these are considered minor.

CONTRIBUTORS TO THE NEED FOR FLUVIAL RESEARCH

The gravel extraction consent holders are exacerbators, as the research would not need to be carried out if the gravel was not taken from our rivers.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the Region’s share is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs for charging extractors for the number of cubic metres they actually extract, we consider these costs to be outweighed by fairness and transparency of direct charging.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the research will have positive environmental and economic benefits for the community.

Gravel Quantity (Fluvial) Research Policy	
The method of funding this function is:	
Gravel Monitoring and Research	
General Rate (EQCV)	32%
Direct charge (per m ³ extracted)	68%

3. Sustainable Land Use Initiative (SLUI)

Under SLUI we create Whole Farm Plans (WFPs) that are jointly produced with farmers to map and understand the soil types and land use of their whole farm, paddock by paddock. SLUI is targeted at priority land that is prone to erosion and helps with the both the development and implementation of the WFPs to significantly reduce erosion on the land. SLUI includes the Whanganui Catchment Strategy, which is targeted at specific erosion challenges in a unique catchment that has severe erosion issues.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution);
- Water Quality (co-benefit contribution); and
- Flood Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

We consider there are a number of beneficiaries for this activity. New Zealand benefits from the retention and enhancement of the Region's land and the reduction of flood risk and associated disruptions. Both the Region in general

and specific local communities benefit from the protection of erodible hill country and local natural ecosystems, improved downstream water quality and reduced flood risk. Private landowners benefit from the protection of productive land.

As the deforesting of erodible hill country was encouraged by Central Government in the past, we consider that Central Government should contribute to the cost. Ideally the remainder of the cost should be spilt equally between the rate payers of the region and property owners. We note that the cost incurred directly by property owners will not appear in our prospective financial statements and therefore the landowners' share is not included in the final policy.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years, but as the expenditure will be on-going and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO ACCELERATED HILL COUNTRY EROSION

Prior landowners and Central Government have been the main exacerbators, whose actions in the past have led to the need for this expenditure today.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of a separate Uniform Annual Charge (UAC). Such a charge will be efficient and highly transparent to property owners.

As noted above, the amounts spent by landowners are outside our financial activities and therefore do not appear in our funding policy recommended below. However, it is expected that landowners will contribute towards costs of works on their property.

OVERALL IMPACT ON WELLBEING

We consider that the use of a Uniform Annual Charge to be fair as the benefits accrue to all properties. While a UAC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Sustainable Land Use Initiative (SLUI) Policy

The method of funding this function is:

Sustainable Land Use Initiative

Central Government Funding

SLUI UAC (per SUIP)

As granted

Remainder

4. Water Quality and Aquatic Habitat Improvement

This activity targets priority waterways for water quality improvement by working with individuals, community and iwi groups to improve those rivers, streams or lakes. Within this activity we also assist dairy farmers to deliver on their Dairying and Clean Streams Accord obligations.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quality (direct contribution);
- Groundwater (co-benefit contribution); and
- Managing Indigenous Biodiversity (co-benefit contribution).

DISTRIBUTION OF BENEFITS

The improved quality of streams, rivers and lakes enhances recreational activities, which benefit both people within the Region and people who visit the Region. Specific local communities benefit from the protection and enhancement of local aquatic ecosystems and improved water quality.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

Considerable effort by us over the past two decades has greatly reduced the number of easily identifiable exacerbators who are directly reducing water quality by discharging pollutants into waterways. However, it is currently difficult for us to easily and fairly identify exacerbators who are contributing through indirect pollutant sources such as farm fertiliser and effluent runoff. Therefore we cannot currently charge or rate such people directly.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional Water Quality and Quantity Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Water Quality and Quantity Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Water Quality and Aquatic Habitat Improvement Policy

The method of funding this function is:

Water Quality Management and Aquatic Habitat Improvement

Water Quality and Quantity Rate (EQCV)*

100%

*Includes 10% currently unrecoverable national share.

5. Manawatu River Water Quality Improvement

This activity focuses on improving the water quality of the Manawatu River.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quality (direct contribution); and
- Managing Indigenous Biodiversity (direct contribution).

DISTRIBUTION OF BENEFITS

Improved water quality in the Manawatu River will mainly benefit those who live within the catchment area. Those who benefit most will be communities living either near to the river and/or on the lower reaches of the river. Some small benefit will accrue to the Region and nation as a whole.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

Considerable effort by us over the past two decades has greatly reduced the number of easily identifiable exacerbators who are directly reducing water quality by discharging pollutants into waterways. However, it is currently difficult for us to easily and fairly identify exacerbators who are contributing through indirect pollutant sources such as farm fertiliser and effluent run off. Therefore, we cannot currently charge or rate such people directly.

COST AND BENEFITS OF DISTINCT FUNDING

While there is some variance in benefit and contribution across the catchment, Council considers a UAC across the whole catchment is equitable and efficient given the low value in dollar terms of the UAC.

OVERALL IMPACT ON WELLBEING

It is acknowledged that a UAC is regressive in nature; however we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Any issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Manawatu River Water Quality Improvement (Interim)	
The method of funding this function is:	
Manawatu River Water Quality Improvement	
Manawatu Catchment UAC (per SUIP)	100%

6. Lake Horowhenua Weed Harvester

We have introduced a weed harvester on Lake Horowhenua to help improve the water quality in the lake.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quality (direct contribution);
- Groundwater (co-benefit contribution); and
- Managing Indigenous Biodiversity (co-benefit contribution).

DISTRIBUTION OF BENEFITS

The main beneficiaries of this function are the local communities around Lake Horowhenua, which we consider receive 80% of the benefit of the reserve. However, we do consider there are some national and regional benefits from any regional park. Council acknowledges that the national benefits cannot currently be recovered. We believe the regional share should be funded from the General Rate.

PERIOD OF BENEFIT

The majority of the benefits will accrue as costs are incurred. Any future benefits will be cumulative and, as the expenditure is on-going, no adjustment for intergenerational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Surrounding farms and the Horowhenua District Council and its predecessors have contributed to poor water quality in the lake. The Horowhenua District Council is contributing to other projects that improve water quality in the lake.

COSTS AND BENEFITS OF DISTINCT FUNDING

Eighty percent of the cost will be funded from the Horowhenua District, with the remaining 20% from the Water Quality and Quantity rate across the entire Region. As we consider the benefits for the local community share accrues evenly to properties, a Uniform Annual Charge per property will fund the local share.

OVERALL IMPACT ON WELLBEING

While use of the UAC over the two local authorities is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only fund 80% of this activity by way of a UAC. Any remaining issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

We consider that the use of the Water Quality and Quantity rate for 20% of this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Lake Horowhenua Weed Harvester	
The method of funding this function is:	
Regional Park	
Water Quality and Quantity (EQCV)*	20%
Targeted UAC (per SUIP) Horowhenua District	80%

*Includes 5% currently unrecoverable national share.

7. Water Quality – Research

This activity involves research into streams, rivers, lakes, beaches and underground aquifers. The information gained is used in policy targeted at improving the quality of the water ecosystems in the Region.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quality (direct contribution); and
- Water Quantity (co-benefit contribution).

DISTRIBUTION OF BENEFITS

The improved quality of streams, rivers and lakes enhances recreational activities, which benefit people within the Region and people who visit the Region. Specific local communities benefit from the protection and enhancement of local aquatic ecosystems and improved water quality.

PERIOD OF BENEFIT

The period of benefit is both now, for exacerbators contributing to the need for research, and in the future, for the Region as a whole due to improved quality of water. We consider the expenditure will be ongoing and the benefits cumulative so no adjustment for inter-generational equity is required.

CONTRIBUTORS TO POOR WATER QUALITY

There are two types of contributors to the need for this research – those who hold resource consents to discharge (point source dischargers) and those who contribute through runoff (non-point source discharges). Consent holders who hold resource consents for point source discharges significantly contribute to the need for the research and should bear part of the research cost. After taking all factors into account, including the cost incurred by point source dischargers to mitigate the effects of their discharges on the environment, we consider point source discharge consent holders should contribute 30% of research costs.

If the discharge site results in us having to incur additional cost then the consent holder of the site will be required to pay 50% of the additional cost. These charges will be listed separately in the Annual Administration Charges section of the relevant Long-term Plan or Annual Plan.

If the consent holder of the discharge site contracts us to undertake their consent monitoring responsibilities then they will be charged 100% of the additional site costs. These charges will be listed separately in the Annual Administrative Charges section of the relevant Long-term Plan or Annual Plan.

We further considered that the volume and type of discharge should be taken into account when calculating the fees to be charged to the consent holder. Benign discharges (clean stormwater, residential septic tanks and river water from hydro power stations) should not be charged. Higher volume and discharges to water should be charged more than lower volume and discharges to land, as higher volume and discharges to water have a greater potential to affect the environment. This higher potential for damage leads us to consider landfill discharges should be charged more, irrespective of volume. We consider the following ratios should be used when calculating the annual fees for discharges.

Type/Size of Discharge	Fee Level
Benign Discharges – (irrespective of type or quantity)	0.0%
Land <25 m ³ per day	4.5%
Land 25 to 49.999 m ³ per day	6.0%
Land 50 to 99.999 m ³ per day	9.0%
Land 100 to 199.999 m ³ per day	12.0%
Land 200 to 999.999 m ³ per day	40.0%
Land 1,000 to 9,999.999 m ³ per day	45.0%

Land 10,000 + m ³ per day	50.0%
Water <25 m ³ per day	9.0%
Water 25 to 49.999 m ³ per day	12.0%
Water 50 to 99.999 m ³ per day	18.0%
Water 100 to 199.999 m ³ per day	24.0%
Water 200 to 999.999 m ³ per day	80.0%
Water 1,000 to 9,999.999 m ³ per day	90.0%
Water 10,000 + m ³ per day	100.0%
Unspecified Volume Discharges (water or land)	50.0%
Discharges to Landfill Potential High Impact	100.0%
Discharges to Landfill Potential Medium Impact	15.0%
Discharges to Landfill Potential Low Impact	5.00%

There are also those who are contributing indirectly through non-point sources such as farm fertiliser and effluent runoff. It is currently difficult for us to easily and fairly identify non-point source exacerbators and therefore they cannot currently be rated or charged directly. It should be noted that the effects of runoff are to be managed by regulation under the One Plan, at the cost to those contributing to runoff issues.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional Water Quality and Quantity Rate via Equalised Capital Value, for the Region's share is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs for charging for discharges based on volume and type of discharge, we consider these costs to be outweighed by fairness and transparency of direct charging.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Water Quality and Quantity Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the research will have positive environmental and economic benefits for the community.

Water Quality – Research Policy	
The method of funding this function is:	
Water Quality Research	
Water Quality and Quantity Rate (EQCV)*	70%
Annual charge – Discharge Consent Holder	30%
Water Quality Research additional costs incurred by us	
Water Quality and Quantity Rate (EQCV)*	50%
Annual charge – Discharge Consent Holder	50%
Water Quality Research additional costs incurred for consent holders research responsibilities	
Water Quality and Quantity Rate (EQCV)*	0%
As per contract	100%

*Includes 5% currently unrecoverable national share.

8. Water Quantity – Research

This activity involves research into the quantity of water in our Region's streams, rivers, lakes and underground aquifers. The emphasis is on managing the abstraction and use of water to ensure environmentally sustainable consumption.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quantity (direct contribution);
- Water Quality (co-benefit contribution); and
- Managing Indigenous Biodiversity (co-benefit contribution).

DISTRIBUTION OF BENEFITS

Ensuring environmentally sustainable water supplies has wide environmental, economic, social, and cultural benefits for the Region as a whole.

PERIOD OF BENEFIT

The work we undertake now on water resource levels will also impact significantly on future generations in terms of promoting effective sustainable management of the physical resource. Although it is considered impracticable to measure these benefits, they are considered to accrue evenly over a long time.

CONTRIBUTORS TO UNSUSTAINABLE WATER TAKES

Although significant benefits accrue to the whole community from this function, the high level of research is generated by user demand for water. As water consent holders are both beneficiaries of and a major cause for the need for this activity, we consider they should contribute 30% of research costs.

We consider this charge should be set based on the consented daily volume of water. The granting of consent allows the removal of water from the total amount that can be allocated, even if it is not used. Charging for the consented volume will help ensure the Region’s water supply is not locked up in consents that are not used. It will also give certainty to the per cubic metre rate required to recover the share of research costs.

As hydro power generation consent holders tend to involve large quantities of water and may have mitigating circumstances (eg. return of water into the waterways) the research charge cannot be equitably based on a per cubic metre charge. Each charge is individually negotiated with each consent holder and this negotiation needs to take into account the volume of the water take, where the water is discharged and the resultant need for research expenditure. Once negotiated the charge must move in proportion to the cubic metre charge to other users from this LTP onwards.

To date there are a number of non-domestic hydro water takes that do not have a negotiated charge. In the absence of a negotiated charge the charge will be \$200 (2012-13), which will move in proportion to the cubic metre charge to other users from this LTP onwards.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional Water Quality and Quantity Rate via Equalised Capital Value, for the regions share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs for charging based on volume of take, we consider these costs to be outweighed by fairness and transparency of direct charging.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Water Quality and Quantity Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the research will have positive environmental and economic benefits for the community.

Water Quantity – Research Policy	
The method of funding this function is:	
Water Quantity Research	
Water Quality and Quantity Rate (EQCV)*	70%
Consented cubic metre and Hydroelectric charge	30%

*Includes 5% currently unrecoverable national share.

9. Resource Management Act Advice

In order to ensure the achievement of our stated aims and objectives, we aid implementation of our policies by providing advice in relation to the responsibilities of the Region’s residents under the Resource Management Act 1991. In particular, this occurs at a preparatory stage in the application for a consent but does not always result in an application being made as the advice given may indicate that a consent is not necessary. Any advice under an hour’s duration is not charged to a person making enquiries and needs to be recovered from rates. In addition there are activities during consent processing that are for public benefit and cannot be charged to the consent holder. This time will be charged to RMA Advice as it is often the result of RMA requirements.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (co-benefit contribution);
- Water Quality (co-benefit contribution);
- Water Quantity (co-benefit contribution);
- Air Quality (direct contribution);
- Managing Indigenous Biodiversity (indirect contribution); and
- Coastal Environment (co-benefit contribution).

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experiences the resulting general improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries mainly a future public benefit, it is considered impracticable to measure it. The work involved is of an on-going, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Those seeking advice contribute to the need for, and cost of, this activity, however in order to promote the achievement of our environmental mission and goals it is suggested that these functions be funded by way of rates.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this advice will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge. Such a charge will be efficient, and transparent to property owners. However, given the other targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the Uniform Annual General Charge. We therefore suggest this activity be funded from the Resource and Consent Monitoring Rate.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Resource and Consent Monitoring Rate, for the Region's share of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Resource Management Act Advice Policy

The method of funding this function is:

RMA Advice

Resource and Consent Monitoring Rate (EQCV)*	100%
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*Includes 10% currently unrecoverable national share.

10. Consent Management

We are obliged to process resource consent applications as part of our responsibilities under the Resource Management Act 1991. Performing this function is also in the environmental and economic interests of the Region.

This function includes receiving, processing and granting of consent applications, holding hearings, and making representations to the Environment Court, where required, for consent applications.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (co-benefit contribution);
- Water Quality (co-benefit contribution);
- Water Quantity (co-benefit contribution);
- Air Quality (direct contribution);
- Managing Indigenous Biodiversity (indirect contribution);
- Coastal Environment (co-benefit contribution); and
- Habitat Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

This benefits the public generally and will benefit future generations. Some benefit extends beyond the Region to benefit New Zealand generally. Applicants get considerable direct benefit by being able to carry out activities restricted by the Resource Management Act 1991 for their own personal advantage. It is acknowledged that any national component cannot currently be recovered. This component will be charged to the RMA advice activity.

PERIOD OF BENEFIT

We acknowledge that sustainable resource management benefits future generations. The benefits of a consent will run for the life of the consent

(provided it is complied with). However, we note that it is probably not appropriate to fund this activity over time. It is quite different from capital works. This is recurring expenditure, which remains at a similar level from year to year, so costs can be funded in the year in which they are incurred.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Enquiries from prospective applicants

This is a private good if the person making the enquiry goes on to lodge an application. The costs of the activity in that case should be 100% recovered from the applicant. However, in the absence of a subsequent application being lodged, the activity would need to be funded entirely from Resource and Consent Monitoring Rates. Council will make an exception for lengthy enquiries from prospective consent applicants. Note: Those applicant enquiries that are short in duration and do not lead to consent applications, and general public enquiries, will be funded as part of the RMA Advice Funding Policy.

Processing applications received

The processing of applications received [including dam consents and project information memoranda (PIM)] is almost entirely a private good, being rival and excludable. Those seeking consents contribute to the need for, and the cost of, this activity. In some cases consents also impart a tangible commercial or monetary value to their holders (such as transferable water abstraction consents in fully allocated catchments). However, there is also a public benefit to some consents that are applied for by community groups, excluding Territorial Authorities (TAs or local councils). TAs have been excluded as, although they represent the community, for the purpose of the Region they are considered a body corporate who pass on their own costs (including consent application costs) to the public under their own funding policies. We wish to avoid cross subsidy of consent costs for local councils across their boundaries.

Accordingly we consider that the consent processing activity should be funded 100% from user fees.

Hearings for notified applications

Hearings are considered to be an extension of the application process and will be treated in the same manner as consent processing.

Environment Court representations

Council is legally unable to recover costs from Environment Court representations so these will need to be funded from the Resource and Consent Monitoring Rate.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider the regional Resource and Consent Monitoring Rate via Equalised Capital Value is the most appropriate funding method for recovering the Region’s share of cost for this activity, as it is efficient, generally reflects the ability to pay and meets the need for transparency.

We consider the consent holder’s portion of costs should be recovered as Section 36 charges under the Resource Management Act. Although there are additional administration costs to charging applicants, we consider the cost to be outweighed by fairness and transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Resource and Consent Monitoring Rate, for the Region’s share of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the consents activity will have positive environmental and economic benefits for the community.

Consent Management Policy	
The method of funding this function is:	
Processing applications received (including hearings, dam consents and PIMs)	
Section 36 charges to applicant	100%
Environment Court	
Resource and Consent Monitoring Rate (EQCV)*	100%

11. Compliance Monitoring

We are required by law to monitor the exercise of resource consents that have an effect in the Region (Section 35(2)d of the Resource Management Act 1991).

Funded under this heading are monitoring compliance with consent conditions, monitoring compliance by resource users, and the staff costs of enforcement.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (co-benefit contribution);
- Water Quality (co-benefit contribution);
- Water Quantity (co-benefit contribution);
- Air Quality (direct contribution);
- Managing Indigenous Biodiversity (indirect contribution);
- Coastal Environment (co-benefit contribution); and
- Habitat Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

The benefits of monitoring consents are similar to the benefits that flow from processing the consents, although the extent of benefit differs. Benefits are both direct to the consent holder in the sense of security that the consent is being complied with, and indirect to the public in ensuring compliance with conditions which were imposed to minimise adverse environmental effects. Some of the wider benefits extend beyond the Region. We acknowledge that any national component cannot currently be recovered.

PERIOD OF BENEFIT

This activity is on-going and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

We identify non-complying consent holders as exacerbating this expenditure requirement, as non-compliance requires follow-up visits or enforcement action. Non-compliers give rise to 100% of the non-complying monitoring costs.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional Resource and Consent Monitoring Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding

method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs to charging monitored consent holders we consider the cost to be outweighed by fairness and transparency. This charge will be made as an inspection charge under Section 36 of the Resource Management Act 1991.

For all consents being monitored we will use an annual fee rather than a per inspection fee, particularly for standard discharges such as dairyshed effluent. This will spread the burden of the fee over two years rather than having a larger bill every second year. On sites where more than one discharge requires inspection Council has also provided for discounting the additional inspections, as some of the time involved with inspections (like travel) does not significantly increase when multiple compliance inspections are carried out on one site.

We also note that some more complicated consent sites require multiple inspection and report analysis during the year. This additional monitoring increases staff time, involvement and costs. In the interests of equity to other consent holders, these additional actual and reasonable costs will be recovered from the consent holder. As these consents have higher potential environmental impacts the proportion of cost recovered will be higher (80% as opposed to 65% of costs for smaller single inspection consents). A minimum fixed fee will be charged annually based on the estimated number of hours involved in inspecting the site discounted by the Resource and Consent Monitoring Rate share (20%). Any additional hours to the estimated hours will be billed at the end of the financial year.

Considerable time savings accrue when telemeters are used in place of physical inspection or receipt and assessment of manual records. Council has agreed to discount those consents being monitored by telemeters to recognise this saving and encourage other water users to install such equipment.

The following ratios are to be used when calculating the annual fee:

Type of Consent	Percentage
Water – Telemetered	25%
Water – Individually Inspected	100%
Land – Individually Inspected	100%

Water Bundled (First)	100%
Water Bundled (Subsequent)	25%
Land Bundled (First)	100%
Land Bundled (Subsequent)	25%

NON-COMPLIANCE RESOURCE CONSENTS

When a consent holder does not comply we incur additional costs both in the field and back in the office to deal with the non-compliance. These costs will be recovered 100% from consent holders with non-complying consents on an actual and reasonable basis.

Compliance Monitoring Policy

The method of funding this function is:

Compliance Monitoring – Complier Single Inspection	
Resource and Consent Monitoring Rate (EQCV)*	35%
Charge to consent holder on an annual basis	65%

The following ratios are to be used when calculating the annual fee:

Type of Consent	Percentage
Water – Telemetered	25%
Water – Individually Inspected	100%
Land – Individually Inspected	100%
Water Bundled (First)	100%
Water Bundled (Subsequent)	25%
Land Bundled (First)	100%
Land Bundled (Subsequent)	25%

Compliance Monitoring – Complier Multiple	
Resource and Consent Monitoring Rate (EQCV)*	20%
Charge to consent holder on an as inspected basis	80%

Compliance Monitoring – Non-complier	
Charge to consent holder per inspection on actual and reasonable basis	100%

*Includes 5% currently unrecoverable national share.

12. Pollution Incidents/Complaints

We respond to complaints from the public regarding environmental matters and investigate, monitor and, where necessary, resolve reported pollution incidents.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (co-benefit contribution);
- Water Quality (co-benefit contribution);
- Water Quantity (co-benefit contribution);
- Air Quality (direct contribution);
- Managing Indigenous Biodiversity (indirect contribution);
- Coastal Environment (co-benefit contribution); and
- Habitat Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

The public at large, both current and future generations, indirectly benefits from this service.

Private individuals who reside or work immediately adjacent to reported pollution sites would benefit directly from our involvement in restricting the environmental damage incurred by such incidents. Since these incidents could occur anywhere in the Region at any time, it is extremely difficult to identify such individuals. We consider it inappropriate, in any case, to allocate costs to surrounding properties as a result of the actions or non-actions of others unless their complaints are vexatious or prove groundless.

PERIOD OF BENEFIT

It is impossible to measure the future benefit, so it is assumed this will accrue evenly over time.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

We would not need to be involved in this function but for the potential adverse effects on the environment of the actions or non-actions of polluters. Ideally, all costs of this function should be funded by direct charges to exacerbators. However, this does not allow for our maintenance of a capacity to respond. Also, it does not recognise that it is impossible on occasions to allocate costs back to polluters. Reasons for this inability to recover costs include the difficulty in

identifying polluters and the obstacles and expense of recovering costs from some polluters.

COSTS AND BENEFITS OF DISTINCT FUNDING

We want to deal promptly with all complaints and reported incidents. We do not want to discourage people from reporting pollution by subsequently having to bear charges for dealing with it. The cost allocation should take account of the need for a balance between penalising polluters and encouraging public concern for the environment.

We concluded that the regional Resource and Consent Monitoring Rate via Equalised Capital Value, for the Region’s share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

We will always make **strenuous** efforts to identify polluters and recover costs from them. We have the ability to use instant fines and these will be applied where appropriate. This represents the most efficient funding mechanism to operate, reflects the ability to pay and is the most effective in meeting the need for transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Resource and Consent Monitoring Rate, for the Region’s share of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the compliance activity will have positive environmental and economic benefits for the community.

Pollution Incidents/Complaints Policy	
The method of funding this function is:	
Pollution Incidents/Complaints	
Resource and Consent Monitoring Rate (EQCV)*	Remainder
Charge/fines to polluter	As much as appropriate

*Includes 5% currently unrecoverable national share.

13. River and Drainage – General Engineering Advice and Work

Drainage General Engineering encompasses river and drainage engineering that is outside the river and drainage schemes, and general river and drainage engineering advice throughout the Region. An important component of this function is the Environmental Grant work that is undertaken in accordance with our eligibility policy.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcome:

- Flood Protection (direct contribution).

DISTRIBUTION OF BENEFITS

The benefits from this function are social, economic and cultural wellbeing as well as health and safety. Potential beneficiaries include the landowners who are able to protect themselves and their assets from floods and erosion, and who are able to maintain or improve their economic capability; and the local, regional and national communities who benefit through the protection of roading, communications, schooling, social and economic wellbeing, and health.

We noted that the benefit from this function is generally property related and that while benefits may be specific to local areas, over time benefits will occur across the Region and therefore there is no need to differentiate between parts of the Region.

PERIOD OF BENEFIT

We consider that the success of this function will give rise to benefits in future years, but as operating expenditure will generally be ongoing at a similar level each year (but weather and flood dependent) and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

Most investigative work is small scale and thus it would be inefficient to individually allocate costs, however large investigations could be jointly funded by us and the area concerned. We concluded that the regional River and Drainage Rate via Equalised Capital Value, for the Region’s share, is the most

appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

It should be noted that 70% of Environmental Grant work will be funded by the property owners (or properties' owners) that receive the grant and carry out the work. As we provide the grant for the remaining 30% of cost only and the property owner(s) provide the rest of the cost directly, the grant appearing in our prospective financial statements will be funded 100% by the ratepayers. However, our staff will ensure property owners pay 70% towards the cost of the work.

OVERALL IMPACT ON WELLBEING

We consider that the use of the River and Drainage Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

River and Drainage – General Engineering Advice and Work Policy	
The method of funding this function is:	
River and Drainage – General Engineering Advice and Work	
River and Drainage Rate (EQCV)*	100%

*Includes 10% currently unrecoverable national share.

14. River and Drainage Scheme – Review and Audit

This function covers the scheme review and audit work undertaken on schemes as required by Council.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcome:

- Flood Protection (direct contribution).

DISTRIBUTION OF BENEFITS

Although the benefits of this work apply to the river and drainage schemes in general, as outlined in the next policy, we have traditionally funded this cost from

the General Rate as it is our (Council) policy that requires the reviews and audits to be undertaken.

PERIOD OF BENEFIT

We consider that the success of this function will give rise to benefits in future years, but as operating expenditure will generally be ongoing at a similar level each year (but weather and flood dependent) and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

While the existence of the schemes means this work needs to be periodically carried out, it is Council policy that requires the work to be completed.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional River and Drainage Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the River and Drainage Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

River and Drainage Scheme – Review and Audit Policy	
The method of funding this function is:	
River and Drainage Scheme – Review and Audit	
River and Drainage Rate (EQCV)*	100%

*Includes 10% currently unrecoverable national share.

15. River and Drainage Schemes (Excluding Review and Audit Work)

The function of river and drainage schemes encompasses operational activities over large parts of the Region for flood and erosion control works on rivers and for land drainage works. It includes the operation, maintenance, ongoing asset

management, construction, and improvement of 17 river engineering schemes and 12 land drainage schemes. The function also includes the ongoing review of the schemes to recognise their evolving nature, monitor their effectiveness, optimise their benefits, set performance standards, maintain long-term management plans and ascertain the community's changing requirements.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcome:

- Flood Protection (direct contribution).

DISTRIBUTION OF BENEFITS

There are both private and public benefits from this function as its long-term aim is to prevent and/or control flooding and erosion, and provide land drainage at acceptable benefit-cost levels. The benefits from protection are social, economic, and cultural wellbeing as well as hazard mitigation and health and safety. We note that the benefit from this function is generally property related. The protection measures will tend to avoid erosion of property values of protected properties.

Beneficiaries can be broken down into four main groups. The first three of these groups (national, regional and local catchment) receive similar types of benefits. All three groups receive benefit through the protection of their relevant economy, transport networks, and environmentally and recreationally important areas. They also benefit from reduced civil defence/emergency costs and less social disruption both during and after adverse flood events. However, the closer a property is to the actual area protected by flood works the higher the level of benefit it receives.

Properties outside the Region (national group) are estimated to benefit least (approximately 10%). Properties within the Region (regional group) would receive approximately 5% of benefit, while properties in the local catchment area (local group) are thought to receive 5% to 10% benefit.

The fourth group of beneficiaries (direct beneficiaries) are those properties that are directly protected by the flood or erosion control works. In addition to the benefits of the previous three groups, these properties receive less land/property damage from reduced frequency of flooding, decreased production loss from land erosion, and reduced psychological stress and trauma from a reduction in

the frequency of flooding. We estimate properties in this group receive between 70% to 80% of the benefits of flood protection works.

PERIOD OF BENEFIT

We consider that the success of this function will give rise to benefits in future years, but as operating expenditure will generally be ongoing at a similar level each year (but weather and flood dependent) and the benefits will be cumulative, no adjustment for inter-generational equity is required. However, capital works, which have more direct benefits over time, will be funded through a combination of loan repayments/depreciation reserves/rates over the appropriate related timeframe.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Exacerbators include landowners who undertake activities that negatively impact on the schemes. Where possible, the costs of repairing these negative impacts are charged directly to the landowner, eg. inappropriate grazing of stock on stopbanks. Other significant contributors to the need for this activity are owners or occupiers of properties where there has been the historic clearing of indigenous forests for pasture resulting in an increase in the level of water and sediment runoff. Many schemes fund part (15%-30%) of the scheme rate from a Contributor rate on developed pastoral land (per hectare). Some schemes also use Capital Value or Uniform Annual Charges for their Contributor rate.

COSTS AND BENEFITS OF DISTINCT FUNDING

The national group benefits cannot currently be recovered and must be met by the general ratepayer. We concluded that the regional River and Drainage Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency. The cost of the Region's share will be calculated using the following formula:

- 20% of Scheme Total Operating Costs
- review, design, depreciation costs
- + loan servicing
- loan advances
- insurance/government grants received
- revenues from assets, which the General Rate helped to fund

For the direct beneficiaries group, each scheme will be funded by a separate set of targeted rates struck in accordance with a classification system established through consultation for the individual schemes. These targeted rates will be set using any of the following bases and may be differentiated:

- Per hectare;
- Capital value;
- Land value;
- Equalised capital value;
- Equalised land value; and
- Uniform Annual Charge (UAC) (per SUIP).

The amount of the scheme rate will take into account what is not funded as part of the Region’s 20% share and movements in reserves. Some schemes also rate for indirect beneficiaries and exacerbators as part of their classification system.

We have noted several of the smaller schemes may need to receive a relatively greater level of regional support, without which they would cease to be financially viable. In these cases we have determined that an extra level of support by way of an added grant is appropriate, at least in the short term. We also note that schemes can be subject to severe damage from time to time with restoration costs sometimes beyond the ability of an individual scheme to bear. This requires, on a case-by-case basis, some variation in funding arrangements.

It should be noted that some schemes receive revenue from leases, forestry and gravel extraction. If the assets or expenditure that produced this revenue was funded 100% from scheme funds then the revenue is 100% used to offset scheme rates. If any general or river and drainage rates funding has been used to fund the assets or expenditure that produced this revenue then the revenue will be offset 80% against scheme rates and 20% against the River and Drainage Rate.

OVERALL IMPACT ON WELLBEING

We consider that the use of the River and Drainage Rate, for the Region’s share, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition, we consider the use of a mix of rate types for the scheme portion would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. While the use of some UACs in a few schemes is regressive in nature we do not consider that it will cause any adverse effects on present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed income, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

River and Drainage Schemes (Excluding Review and Audit Work) Policy

The method of funding this function is:

River and Drainage Schemes (excluding review and audit work)

River and Drainage Rate (EQCV)*	20%
Scheme Targeted Rates (adjusted for reserves)	80%

*Includes 10% currently unrecoverable national share.

16. Biosecurity Production Pest Animal Management - excluding Rooks

This function involves the control of animal pests (excluding rooks) within the Region with the purpose of protecting the productive capacity of farms. While this function focuses on possum control, other animals such as rabbits and goats will be managed – if it is considered necessary – to protect the Region’s farming capacity.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution);
- Managing Indigenous Biodiversity (direct contribution); and
- Coastal Environment Management (indirect contribution).

DISTRIBUTION OF BENEFITS

Both the nation and the Region benefit from this function. The reduction of possum and other pest animal numbers not only protects the national/regional economy, it also contributes towards the protection of significant environmental

areas. The majority of the benefit of this activity however can be attributed to farms and larger properties that derive protection from the negative effects of pest animals on their productive capacity and other features of their properties.

It is also acknowledged that any national component cannot currently be recovered.

PERIOD OF BENEFIT

Ongoing, and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

The main contributors to the need for this activity were past generations who introduced these pest animals. It could also be argued that people who do not control these pests on their properties contribute to the need for this activity. However, given the pandemic and mobile nature of these pests it would be difficult to identify those exacerbating the problem.

COST AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional Biosecurity Rate via Equalised Capital Value, for the Region’s share is the most appropriate in the circumstances as it is efficient, and meets the need for transparency.

As Tb vector funding is reduced, the cost of this activity will increase, and therefore it is appropriate for fairness and transparency that the private benefit of this activity be funded by way of a targeted rate on properties over 4 ha in size. This rate will be a per hectare rate for these properties as the benefits will increase as the property size increases. It should be noted, even though urban properties over 4 ha in size may not be economically affected by pest animals, they can be physically affected through plant damage and can provide a reservoir for pest animals.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Biosecurity Rate, for the Region’s share, would not cause any adverse effects on present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition, we consider the use of a per hectare rate for the target portion should not produce adverse effects on present or future social, economic, environmental and cultural wellbeing of the community.

Biosecurity Production Pest Animal Management – Including Tb Vector Control Operations but Excluding Rooks Policy	
The method of funding this function is:	
Biosecurity Production Pest Animal Management – (excluding Rooks)	
Biosecurity Rate (EQCV)*	60%
Targeted per hectare, rate properties >4 ha	40%

*Includes 20% currently unrecoverable national share.

17. Biosecurity Production Pest Animal Management – Rooks

This function involves the control of rooks within affected areas of the Region with the purpose of protecting the productive capacity of farms and protecting the public.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution); and
- Managing Indigenous Biodiversity (direct contribution).

DISTRIBUTION OF BENEFITS

Both the nation and the Region benefit from this function. The reduction of rook numbers protects the national/regional economy. Although rooks currently affect the northern and eastern parts of the Region, their aerial and mobile nature means production properties within the entire Region are protected by their containment and eventual elimination.

PERIOD OF BENEFIT

Ongoing, and therefore allocation of benefits over time not seen as applicable.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

The main contributor to the need for this activity is past generations who introduced rooks. It could also be argued that people who do not control these pests on their properties contribute to the need for this activity. However, we do not want the public to attempt to control rooks, as they are extremely intelligent birds. This intelligence enables them to adapt to noticeable control methods such as shooting and such methods often speed their dispersal.

COST AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of a separate Uniform Annual Charge. Such a charge will not only be fair and efficient, but also highly transparent to property owners. We concluded that the regional Biosecurity Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

The targeted rate will be a per hectare rate for these properties as the benefits will increase as the property size increases. It should be noted, that even though urban properties over 4 ha in size may not be economically affected by pest animals, they can be physically affected through plant damage and can provide a reservoir for pest animals.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Biosecurity Rate, for the Region's share, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition, we consider the use of a per hectare rate for the target portion should not cause adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

Biosecurity Production Pest Animal Management – Rooks Policy

The method of funding this function is:

Biosecurity Production Pest Animal Management – Rooks

Biosecurity Rate (EQCV)*	10%
Targeted per hectare rate, properties >4 ha	90%

*Includes 10% currently unrecoverable national share.

18. Biosecurity Pest Plant Management – Production

This activity is focused on the monitoring, containment, control or elimination of plant pests that threaten our Region's productive capacity.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution);
- Managing Indigenous Biodiversity (direct contribution); and
- Coastal Environment Management (indirect contribution).

DISTRIBUTION OF BENEFITS

A recent Horizons investigation into who benefits from, and who contributes to, the need for this activity highlighted that just under 20% of the benefits of this activity accrued to the regional communities and nearly 50% accrued to productive farm properties. For occasional operational activities such as service delivery of boundary control and non-compliance we consider the benefits to be entirely private to those who receive the services, therefore these will be funded on a full cost recovery basis.

PERIOD OF BENEFIT

It is considered that the success of this function will give rise to benefits in future years, but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

In the abovementioned study national entities such as NZ Transport Authority, DOC, LINZ, NZ Railways Corporation and the Defence Forces contributed 13% towards the need for this activity. As these entities cannot currently be rated or

charged for their contribution to the activity, this burden will need to be borne by the regional ratepayers.

Farm properties (including forestry), those who sell, propagate and distribute pest plants or plants that contain pest plants and urban residential householders who purchase and plant pest plants contribute just over 20% to the need for this activity. These exacerbating properties as well as the properties that benefit from this activity will fund their share of the cost through targeted rates.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional Biosecurity Rate via Equalised Capital Value, for the Region’s share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Properties that benefit from, or contribute to, the need for the activity will pay according to property size. Properties over 4 ha in size will be rated on a per hectare rate basis for 60% of the cost of the activity, as they are the main beneficiaries/contributors to the activity. A per hectare rate is used as the benefits will increase as the property size increases. Properties under 4 ha will be rated by way of a Uniform Annual Charge for 10% of the cost of this activity as it is considered that the majority of such properties benefit or contribute uniformly.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Biosecurity Rate, for the Region’s share, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition we consider the use of a per hectare rate for some of the target portion should not cause adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

While use of the UAC is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Biosecurity Pest Plant Management – Production Policy	
The method of funding this function is:	
Biosecurity Pest Plant Management – Production	
Biosecurity Rate (EQCV)*	30%
Targeted per hectare rate, properties >4 ha	60%
Pest Plant UAC properties <4 ha per separate rating unit	10%
Service Delivery – Boundary Control/Non-compliance	
Charge to the landowner	100%

*Includes 13% currently unrecoverable national share.

19. Biosecurity – Animal Health Board/Tb Vector Control Levy

This activity is in its final year (Year 1 2015-16) of funding and will be funded with targeted rates and reserves to the value of \$175,000.

Biosecurity – Animal Health Board Tb Vector Control Levy	
The method of funding this function is:	
Biosecurity Production Pest Animal Management – (excluding Rooks)	
Targeted per hectare, rate, properties 4 ha and greater	100%

20. Biosecurity Environmental and Amenity Pests Control

This activity is focused on the monitoring, containment, control or elimination of environmental and amenity pests (both animal and plant) that threaten our natural environment. It includes bio-control, general weed control, zero density control (mainly old man’s beard), non-production animals such as wild cats, surveillance and infestation control.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution);
- Managing Indigenous Biodiversity (direct contribution);

- Water Quality (co-benefit contribution); and
- Coastal Environment Management (co-benefit contribution).

DISTRIBUTION OF BENEFITS

Approximately 40% of the benefit of this activity is received by national and regional communities while exacerbators contribute the remaining 60% for the need of this work (as outlined below). We consider that the benefits of this portion of the activity accrue equally to properties within the Region.

PERIOD OF BENEFIT

This activity is ongoing and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTORS TO THE INTRODUCTION AND SPREAD OF PEST PLANTS

National interests (DOC land, road and rail networks) also contributed to nearly 40% of the need for this activity. Farms, urban areas and plant suppliers are also exacerbators and contributed just over 20% to the need for this activity. We reluctantly recognise that the national component cannot currently be recovered. We also acknowledge that individual exacerbators are difficult to identify and that targeted rating on farm properties for these non-production pests would not be fair or generally accepted.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity could be funded by way of a separate Uniform Annual Charge. Such a charge will be efficient and highly transparent to property owners.

Although the majority of the benefits of this activity accrue equally to properties, we consider it would be burdensome on lower value properties to rate this activity solely on a per property basis. Half of the cost of this activity will be rated as a Uniform Annual Charge and half on Equalised Capital Value. This mix of rating balances transparency, fairness and ability to pay.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Biosecurity Rate for half of this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

While the use of the UAC is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only fund half of this activity by way of a UAC. Any remaining issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Biosecurity Environmental and Amenity Pests Control Policy	
The method of funding this function is:	
Environmental Pest Plant Control	
Biosecurity Rate (EQCV)*	50%
Environmental Initiatives UAC (per SUIP)	50%

*Includes 38% currently unrecoverable national share.

21 Living Heritage – General

The Habitat Protection Activity focuses on halting the decline of native habitats and species within the Region and ensuring the survival and restoration of significant habitats that are falling below critical levels. Habitats include wetlands, native bush remnants, the volcanic plateau grasslands, streams, rivers and lakes.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution); and
- Managing Indigenous Biodiversity (direct contribution).

DISTRIBUTION OF BENEFITS

The preservation of these habitats not only benefits the Region and the nation but is also in the interest of the global community. While communities surrounding protected areas receive a higher level of benefit due to accessibility, the importance of protecting these areas for the good of all should not be overlooked. The uniqueness of these areas also attracts regional, national and international visitors. It is acknowledged that any national/international component cannot currently be recovered.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO HABITAT LOSS

Prior generations have been the main exacerbators, whose actions in the past have led to the need to preserve the remaining areas. It is impossible to pass this cost back to these past generations.

COSTS AND BENEFITS OF DISTINCT FUNDING

Although the majority of the benefits of this activity accrue equally to properties, we consider it would be burdensome on lower value properties to rate this activity solely on a per property basis. Half of the cost of this activity will be rated as a Uniform Annual Charge (Environmental Initiatives) and half on Equalised Capital Value. This mix of rating balances transparency, fairness and ability to pay.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for half of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

While use of the UAC is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only fund half of this activity by way of a UAC. Any remaining issues of affordability, especially for the elderly on fixed income is addressed via the Central Government rates rebate scheme and our rates postponement policy.

Living Heritage – General Policy	
The method of funding this function is:	
Living Heritage – General	
General Rate (EQCV)*	50%
Environmental Initiatives UAC (per SUIP)	50%

*Includes 10% currently unrecoverable national share.

22. Regional Parks

We have taken over management of the Totara Reserve in the Pohangina Valley as a regional park.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution); and
- Managing Indigenous Biodiversity (direct contribution).

DISTRIBUTION OF BENEFITS

The main beneficiaries of this function are the local communities around Totara Reserve, which we consider receive 90% of the benefit of the reserve. However, we do consider there are some national and regional benefits from any regional park. Council acknowledges that the national benefits cannot currently be recovered. We believe the regional share should be funded from the General Rate.

PERIOD OF BENEFIT

The majority of the benefits will accrue as costs are incurred. Any future benefits will be cumulative and, as the expenditure is ongoing, no adjustment for intergenerational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

Ninety percent of the cost will be funded from the Manawatu District and Palmerston North City, with the remaining 10% from the General Rate. As we consider the benefits for the local community share accrues evenly to properties, a Uniform Annual Charge per property will fund the local share.

OVERALL IMPACT ON WELLBEING

While use of the UAC over the two local authorities is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only fund 90% of this activity by way of a UAC. Any remaining issues of affordability,

especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

We consider that the use of the General Rate for 10% of this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Regional Parks Policy	
The method of funding this function is:	
Regional Park	
General Rate (EQCV)*	10%
Targeted UAC (per SUIP) Manawatu District/Palmerston North City	90%

*Includes 5% currently unrecoverable national share.

23 Living Heritage – Non-strategy

On occasion a community will want some living heritage work to be undertaken that is outside our current strategies.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution); and
- Managing Indigenous Biodiversity (direct contribution).

DISTRIBUTION OF BENEFITS

As such work is outside our strategies we would consider it to only have benefit to the requesting community.

PERIOD OF BENEFIT

Each request would need to be analysed on its project timeframe and resulting benefits.

CONTRIBUTORS TO HABITAT LOSS

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We would rate such a project to the community that will benefit from it.

OVERALL IMPACT ON WELLBEING

We consider a specifically targeted rate to be fair when a project is outside our strategies.

Living Heritage – Non-strategy Policy	
The method of funding this function is:	
Living Heritage – Non-strategy	
Community Targeted Rate*	100%

* Currently there is one project that falls under this revenue and funding policy and that is the funding of the Rangitikei Environment Group Old Man’s Beard Eradication Programme. This project will be funded by way of a differentiated Uniform Annual Charge on the ratepayers of the Rangitikei District. Initially we considered a Uniform Annual Charge over the whole district but considered that would be too burdensome on lower valued properties. Instead, we will rate 70% of the costs by way of a Uniform Annual Charge on properties 4 ha and greater and 30% by way of a Uniform Annual Charge on properties less than 4 ha.

24. Waitare Community Biodiversity Project

This project aims to treat weed and biodiversity threats in the Waitare coastal community.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Control of Pest Plants and Animals (direct contribution); and
- Managing Indigenous Biodiversity (direct contribution).

DISTRIBUTION OF BENEFITS

This project will mainly benefit properties in the Waitare Beach Community and its surrounds. There will be some benefit to those within the Region and those outside the Region (particularly those from the Wellington area who may use the beach). This benefit would be no more than 5% and cannot easily be recovered.

At this development level of funding, all residents of the beach community benefit equally. If and when the project is expanded, differences between properties due to location will become more evident and this interim rating position will need to be changed in consultation with the residents of the beach community and surrounding area.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits both in the short term and in future years, but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

There are no significant contributors to the need for this activity.

COST AND BENEFITS OF DISTINCT FUNDING

As there is little variance in benefit and contribution across the beach community at this level of funding, Council considers a UAC across the beach community is equitable and efficient given the low value in dollar terms of the UAC.

OVERALL IMPACT ON WELLBEING

It is acknowledged that a UAC is regressive in nature, however we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Any issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Waitarere Community Biodiversity Project	
The method of funding this function is:	
Waitarere Community Biodiversity Project	
Waitarere Beach Community UAC ((per SUIP)	100%

25. Nurseries

Over the past few years the SLUI project has generated a demand for seedlings. As the market could not provide the quantity of seedlings required we created some nurseries to ensure plants were available for SLUI and other projects.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution);
- Water Quality (co-benefit contribution); and
- Flood Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

Provision of this service directly benefits the purchasers of the plants.

PERIOD OF BENEFIT

Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider that the cost of this activity should be met by way user fees for the purchase of plants.

OVERALL IMPACT ON WELLBEING

We consider that directly charging purchasers for plants would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

Nurseries Policy	
The method of funding this function is:	
Nurseries	
User Fees	100%

26 Community Relationships and Customer Services

The focus of this activity is our relationship with the community in general. Community communications and public information provide the community with information about who we are, what role we play in the community, and what specific issues and/or activities are important.

COMMUNITY OUTCOMES

This activity contributes indirectly to all community outcomes by making the public aware of the community outcomes and what we do to achieve them.

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experience, in equal measure, the resulting improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of the Uniform Annual General Charge. Such a charge will be efficient and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of a Uniform Annual General Charge (UAGC) to be fair as the benefits accrue to all properties within a catchment. While the UAGC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Community Relationships and Customer Services Policy

The method of funding this function is:

Community Relationships and Customer Services

Uniform Annual General Charge (per SUIP) 100%

27. Environmental Education

This activity aims to raise the community’s awareness about the environment - how it works and is changing, and the drivers of change. Armed with this information, individuals and communities are then positioned to make informed decisions about how they want the environment to be managed into the future, and what role they will play in its management today. Raising the general awareness of school children and the wider community about the environment is the responsibility of our environmental education programme.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Air Quality (indirect contribution);
- Land Management (indirect contribution);
- Water Quality (indirect contribution);
- Control of Pest Plants and Animals (indirect contribution);
- Managing Indigenous Biodiversity (indirect contribution);
- Coastal Environment (indirect contribution); and
- Flood Protection (indirect contribution).

DISTRIBUTION OF BENEFITS

All citizens within our Region ultimately benefit from this greater awareness of our environment, as awareness will lead to more environmentally, economically and socially balanced decisions and actions.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THIS ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the majority of the benefits of this activity accrue to people, a per property charge via the Environmental Initiatives Uniform Annual Charge seems the most appropriate way to rate for this activity. Such a charge will be efficient, and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of a Uniform Annual Charge (UAC) to be fair as the benefits accrue to people in general. While a UAC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Environmental Education – Excluding the Policy	
The method of funding this function is:	
Environmental Education	
Environmental Initiatives UAC (per SUIP)	100%

*Includes 10% currently unrecoverable national share.

28. Environmental Research – General

This function provides for general research and monitoring, and includes state of the environment reporting and monitoring.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Air Quality (direct contribution);
- Land Management (co-benefit contribution);
- Water Quality (co-benefit contribution);
- Control of Pest Plants and Animals (co-benefit contribution);
- Managing Indigenous Biodiversity (co-benefit contribution);
- Coastal Environment (co-benefit contribution); and
- Flood Protection (co-benefit contribution).

DISTRIBUTION OF BENEFITS

The main beneficiary of this function is the Region in general, although the air monitoring function benefits only the communities where monitoring is active.

PERIOD OF BENEFIT

Although the monitoring will result in benefits to the future health of these specific communities, the majority of the current community contribute to the

need for this function. It is therefore not appropriate to allocate benefits between current and future generations.

CONTRIBUTORS TO POOR AIR QUALITY

The main contributors to the need for the air monitoring function are producers of air emissions. Domestic wood burners are likely to be a significant contributor. It should be noted, however that it is the communities’ geographical and meteorological circumstances that make the producers of air emissions contributors. Such producers exist in other communities of the Region, but the geography and climate of those other communities prevent the build-up of PM₁₀ and other air pollutants.

We consider that all contribute to the need for state of the environment reporting.

COSTS AND BENEFITS OF DISTINCT FUNDING

We do not currently have sufficiently sophisticated information to target exactly who is contributing to the air quality problem. Therefore this function should be funded from the General Rates, which we conclude is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Environmental Research – General Policy	
The method of funding this function is:	
Environmental Research General	
General Rate (EQCV)	100%

29. District Liaison/Rural Advice

In order to ensure the achievement of our stated aims and objectives, we aid implementation of our policies by providing advice in relation to the responsibilities of both the Council and the Region’s residents under the Resource Management Act 1991. In particular, this occurs at a preparatory stage in the application for a consent but does not always result in an application being made as the advice given may indicate that a consent is not necessary. Any advice under an hour in duration is not charged to a person making enquiries and needs to be recovered from rates.

As the district and city councils in our Region are important partners in environmental matters (especially regarding the impact of new developments), we devote resources to liaising with our fellow councils.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (indirect contribution);
- Water Quality (indirect contribution);
- Water Quantity (indirect contribution);
- Air Quality (indirect contribution);
- Coastal Environment (indirect contribution); and
- Managing Indigenous Biodiversity (indirect contribution).

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experience the resulting general improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries mainly a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

It could be argued that this function would not be required if district and city councils did not exist and therefore they should be directly charged. However, this function is a Regional Council initiative to promote our own objectives and, therefore, it would be inequitable to charge our fellow councils.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this advice will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge (UAGC). Such a charge will be efficient, and transparent to property owners. However, given the other targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the UAGC. We therefore suggest this activity be funded from the General Rate.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

District Liaison Policy	
The method of funding this function is:	
District Liaison	
General Rate (EQCV)	100%

30. Regional Emergency Management

We maintain an emergency management capability to help coordinate and facilitate an immediate response to emergencies such as earthquakes, volcanic eruptions, floods and hazardous spills. This is a statutory requirement of Council under the Civil Defence Emergency Management Act 2002. This function is also concerned with the ongoing development of a Civil Defence Emergency Management Group (CDEMG) for this Region. The CDEMG aims to provide an effective and efficient Region-wide emergency management system that makes the best use of available resources to meet the needs of all communities.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Natural Hazards (direct contribution); and
- Flood Protection (direct contribution).

DISTRIBUTION OF BENEFITS

Provision of this service indirectly benefits the public at large, mainly within the Region, although there is small portion of national benefit. The high degree of uncertainty surrounding the nature, frequency and location of such emergencies makes it impossible to assess the level of direct benefit that may accrue to private individuals or local communities. No one can be excluded from deriving potential benefit from the service.

PERIOD OF BENEFIT

Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional Emergency Management Rate via Equalised Capital Value, for the Region’s share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

The national share of this activity will be recovered by way of a grant.

OVERALL IMPACT ON WELLBEING

We consider that the use of the Emergency Management Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

The national share of this activity will be recovered by way of a grant.

Regional Emergency Management Policy	
The method of funding this function is:	
Regional Emergency Management	
Emergency Management Rate (EQCV)	100%

31. Territorial Authority Emergency Management

In the 2008-09 financial year we began to provide emergency management services under contract to Manawatu and Rangitikei District Councils. These services include the local delivery of their civil defence emergency management commitments and rural fire responsibilities.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Natural Hazards (direct contribution); and

- Flood Protection (direct contribution).

DISTRIBUTION OF BENEFITS

Provision of this service directly benefits the community to which the services are provided.

PERIOD OF BENEFIT

Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider that the cost of this activity should be met by way of contract payment from the Territorial Authorities that request the service.

OVERALL IMPACT ON WELLBEING

We consider that directly charging the Territorial Authorities would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

Territorial Authority Emergency Management Policy	
The method of funding this function is:	
Territorial Authority Emergency Management	
Contract Payment	100%

32. Representation and Governance

Through their local representatives on the Council, the people of the Region are able to exercise their democratic right to be heard and to contribute to the decision-making process. In turn, the Council exercises governance by monitoring and reviewing the activities of management to ensure that its agreed strategies and policies are implemented in a manner consistent with the achievement of its stated goals and objectives.

COMMUNITY OUTCOMES

This activity contributes indirectly to all community outcomes through governance of the activities that contribute towards the outcomes.

DISTRIBUTION OF BENEFITS

The sole beneficiaries of this function are the communities within the Region who elected and are represented by the Council, since it is they who ultimately receive the benefit of the efficient and effective running of the business of environmental management in their area. As Horizons can rate only on properties, not people, the closest match to these benefits is through the Uniform Annual General Charge (UAGC) on each property.

PERIOD OF BENEFIT

The cost of this function is of an ongoing operational nature and does not incur any future benefit.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of the UAGC. Such a charge will be efficient and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of a UAGC to be fair as the benefits accrue to all properties within a catchment. While the UAGC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Representation and Governance Policy

The method of funding this function is:

Representation and Governance

Uniform Annual General Charge (per SUIP)

100%

33. Information

The Information Activity provides a core group of expertise dedicated to meeting our complex needs for high quality information collection, storage and access. This is a new activity, bringing together functions and staff that previously were dispersed throughout the organisation for planning, budgeting, operational and reporting purposes.

The focus is on identifying opportunities to improve our information systems by using up-to-date technologies that provide an integrated approach to information management across the organisation, from back-office functions to catchment monitoring for river levels and flows, and water quality.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (co-benefit contribution);
- Water Quality (co-benefit contribution);
- Water Quantity (co-benefit contribution);
- Coastal Environment (co-benefit contribution);
- Flood Protection (co-benefit contribution); and
- All other outcomes (indirect contribution).

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region, as the information is used both internally and externally to make more balanced decisions for the well being of the community.

PERIOD OF BENEFIT

Although this function carries mainly a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this information will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge (UAGC). Such a charge will be efficient, and transparent to

property owners. However, given the other targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the UAGC. We therefore suggest this activity be funded from the Information Rate (EQCV).

OVERALL IMPACT ON WELLBEING

We consider that the use of the Information Rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Information Policy	
The method of funding this function is:	
Information	
Information Rate (EQCV)	100%

34. Hapū and Iwi

The focus of this activity is the partnership relationship we have with Māori, where we are seeking to strengthen Māori participation in decision-making and policy development.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quality (indirect contribution);
- Managing Indigenous Biodiversity (indirect contribution);
- Flood Protection (indirect contribution); and
- Coastal Environment (direct contribution).

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experience, in equal measure, the resulting improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of the Uniform Annual General Charge. Such a charge will be efficient and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of UAGC to be fair as the benefits accrue to all properties within a catchment. While the UAGC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Hapū and Iwi Policy	
The method of funding this function is:	
Hapū and Iwi	
Uniform Annual General Charge (per SUIP)	100%

35. Strategic Management – General

As part of our primary function to ensure the sustainable management of the Region’s natural resources we formulate policy for inclusion in statutory documents and develop operational plans to translate policy into practice. This involves:

- Preparation of the One Plan and other regional strategies;
- Refining policies and plans through public submission and hearing processes as required by the Resource Management Act 1991;
- Liaison with, and participation of, iwi in policy formulation;

- Development of internal policies and strategies such as monitoring strategies, environmental education programmes and enforcement policies; and
- Investigation of emerging issues and their implication for Horizons.

COMMUNITY OUTCOMES

This activity contributes indirectly to all community outcomes through the improvement of our decision-making processes.

DISTRIBUTION OF BENEFITS

The public at large, including future generations, receive nearly all the benefit arising from this function. Although some of the policy work relates to parts of the Region producing public benefits for those specific areas, benefit areas are not significant enough to warrant separation. This public benefit also extends to those living outside the Region who may wish to make use of its natural resources for leisure or tourism. However, it is currently considered impracticable to attempt to identify these beneficiaries.

PERIOD OF BENEFIT

Policy and plan documents are considered to have benefits that extend over time, ranging between 5 and 15 years depending on the life of the particular document. With plans that have a life of 10 years or longer Council will reserve or loan fund the construction phase and fund the repayments and interest over the life of the plan to achieve inter-generational equity.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this advice will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge (UAGC). Such a charge will be efficient, and transparent to property owners. However, given the other targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the UAGC. We therefore suggest this activity be funded from the Strategic Management Rate (EQCV).

OVERALL IMPACT ON WELLBEING

We consider that the use of the Strategic Management Rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties

Strategic Management – General Policy	
The method of funding this function is:	
Strategic Management – General	
Strategic Management Rate EQCV*	100%
Strategic Management – 10-year + Plans	
Construction - Reserve/Loan Funded *	100%
Principal, Interest and Ongoing Maintenance –	
Strategic Management Rate EQCV	100%

*Includes 5% currently unrecoverable national share.

36. Transport Planning

Horizons is required by law to prepare and implement a Regional Land Transport Strategy (Section 29F of the Land Transport Act 1998).

Funded under this function are the implementation, monitoring and, where necessary, the review of the Regional Land Transport Strategy, and preparation and administration of the Annual Transport Programme.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcome:

- Public Transport (direct contribution).

DISTRIBUTION OF BENEFITS

Both the nation and the Region benefit from this function as it results in safer and more efficient transport links through and within the Region.

PERIOD OF BENEFIT

We consider that at least 80% of the expenditure on this function will give rise to benefits which will accrue in future years. We consider that these benefits will accrue over the next five years. However, we also note that there are some routine operational activities associated with the core plan work that would need to be funded annually. Furthermore, total costs for this function generally continue from year to year at about the same level therefore an adjustment does not need to be made for inter-generational equity reasons.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We have identified that a separate targeted rate for Regional Transport is the most appropriate and efficient tool for funding the public benefits identified for this activity. The transport rate will be levied across the Region on an Equalised Capital Value basis. We have also identified our access to NZ Transport Authority funding, which we consider should continue to be provided by Central Government (at current levels or more), given both the funding provided by transport levies of residents of the Region and the benefits of the transport system to out-of-Region residents.

The targeted rate for this activity would be non-differentiated; however both this function and the road safety function will be rated together to improve rating efficiency.

OVERALL IMPACT ON WELLBEING

We consider that the use of a separate targeted rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Transport Planning Policy	
The method of funding this function is:	
Transport Planning	
Transport Planning and Safety Rate (EQCV)	50-60%
Government support	40-50%

37. Passenger Transport Services (including Total Mobility)

The purpose of this function is to support the provision and promotion of passenger transport services where this will significantly improve the mobility of the transport disadvantaged, road congestion, the environment, and safety.

Funded under this heading are evaluation of new passenger transport services, review of existing services, review of the passenger transport plan and the provision of subsidies for passenger services.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcome:

- Public Transport (direct contribution).

DISTRIBUTION OF BENEFITS

The provision of passenger transport services directly benefits the users of the services, concessionary users of transport services and mobility scheme users. As services are mainly provided in the urban areas, there is a greater benefit to urban ratepayers. Businesses, retailers, educational institutions and urban communities generally benefit through the provision of passenger transport.

There are also indirect, public benefits through the promotion of public services, the reduction in traffic congestion, the advantages to the environment and the improvement in safety. There is also a social/community value in looking after those who are assessed as being mobility disadvantaged.

We consider that it is appropriate to consider different services and different classes of private beneficiaries separately given the differing abilities to pay. In particular, we have separated the following – City Services (children, students, the elderly, beneficiaries, the disabled and other users), Contracted Services, Community Services and Mobility.

PERIOD OF BENEFIT

Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider it appropriate to levy a targeted rate over all urban properties in which the services are provided, on the basis of Capital Value. Our share of Total Mobility services is to be rated by Capital Value within the urban areas in which they are available.

In some areas, organisations such as Massey University and UCOL provide subsidies for some services as their students receive additional benefits, and these need to be recognised in the overall funding policy.

The user charges are outside our financial activities and therefore do not appear in our funding policy recommended below. However, it is expected that users will fund the cost of the service through fare charges as follows:

City Services	
Children	50%
Students/Elderly/Beneficiaries/Disabled	67%
Other Users	100%
Total Mobility	
Eligible Users	50%
Contracted and Community Services	As per arrangement

It should be noted that we, on a case-by-case basis, will operate services with a higher level of Council subsidy where the service is either being established or is struggling to be financially viable and is under review.

OVERALL IMPACT ON WELLBEING

We consider that the use of separate targeted rates for each community would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Capital Value within each community, on the whole, addresses issues of affordability in terms of low value properties.

Passenger Transport Services (including Total Mobility) Policy	
The method of funding this function is:	
Passenger Services	
Transport Passenger Services Rate (CV)	30%-40%
Government support	50%-60%
Other support*	10%
*Average over all passenger services	
Total Mobility	
Transport Total Mobility Rate (EQCV)	60%
Government subsidy	40%

38. Transport Safety

This function coordinates a programme of community road safety education and activities, aimed at reducing the number and social cost of road crashes in our Region.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcome:

- Public Transport (direct contribution).

DISTRIBUTION OF BENEFITS

Central Government greatly benefits from this activity as fewer road crashes equate to lower health care, rehabilitation and support costs. The Region’s residents also benefit from fewer road crashes and subsequent economic and social costs.

PERIOD OF BENEFIT

Although there will be some future benefit from the campaigns, the expenditure is ongoing, and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTORS TO THE NEED FOR ACTIVITY:

People who are in the habit of driving unsafely do contribute to the need for this activity, but unfortunately such drivers cannot easily be identified.

COSTS AND BENEFITS OF DISTINCT FUNDING

We have identified that a separate targeted rate for regional transport is the most appropriate and efficient tool for funding the public benefits identified for this activity. The Transport Rate will be levied across the Region on an Equalised Capital Value basis.

We have also identified our access to NZ Transport Authority funding, which we consider should continue to be provided by Central Government (at current levels or more), given both the funding provided by transport levies of residents of the Region and the benefits of the transport system to out-of-Region residents.

The targeted rate for this activity would be non-differentiated; however both this function and the transportation function will be rated together to improve rating efficiency.

OVERALL IMPACT ON WELLBEING

We consider that the use of a separate targeted rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Transport Safety Policy	
The method of funding this function is:	
Road Safety	
Transport Planning and Safety Rate (EQCV)	25%-35%
Government support	65%-75%

39 Unsubsidised Transport Services

On occasion a community will want a transport service that is not subsidised by Central Government or another party. In the past we have not supported

unsubsidised services. However if a community expresses a strong desire that is widely supported for a subsidised service, we would consider its introduction provided the community paid for that service.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Public Transport (direct contribution).

DISTRIBUTION OF BENEFITS

As such work is outside government subsidy we would consider it to only have benefit to the requesting community.

PERIOD OF BENEFIT

Each request would need to be analysed on its project timeframe and resulting benefits.

CONTRIBUTORS

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We would rate such a project to the community that will benefit from it.

OVERALL IMPACT ON WELLBEING

We consider a specifically targeted rate to be fair when a project is outside government subsidy.

Unsubsidised Transport Services	
The method of funding this function is:	
Unsubsidised Transport Services	
Community Targeted Rate or user fee	100%

40. Investments

We own investments comprising strategic investments such as our shares in MWRC holdings and income investments, such as our day-to-day working capital.

COMMUNITY OUTCOMES

This activity contributes indirectly towards all community outcomes by providing revenue that enables us to carry out our activities at the levels set in the Long-term Plan.

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region.

PERIOD OF BENEFIT

Ongoing.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We suggest that the revenue from this activity be offset against the General Rate.

OVERALL IMPACT ON WELLBEING

We consider that offsetting the General Rate with revenue from this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

Investments Policy	
The method of applying revenue from this activity:	
Investments	
General Rate (EQCV)	100%

41. Infrastructure Insurance Reserve

The focus of this activity is to enable us to self insure our river and drainage infrastructure assets. This reserve, in time, will ensure we have a strong enough financial position to weather an adverse event.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcome:

- Flood Protection (direct contribution).

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that will benefit from the restoration of infrastructural assets after an adverse event. In addition the remainder of the Region will benefit from not having other Council services diminished by the need to divert funds towards infrastructural replacement after an event.

PERIOD OF BENEFIT

This reserve will benefit both the current community, through peace of mind regarding our ability to restore assets after an event, and the future community that exists in the few years post an adverse event as infrastructural assets are repaired and restored.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

The benefits of this reserve are complex and vary across the Region. Properties in river and drainage schemes will benefit more than properties outside such schemes. Higher values properties will tend to benefit more than lower value properties. In addition, all property owners will receive peace of mind benefits. To quantify such a mix of benefit would be extremely difficult, if not impossible to undertake with any accuracy. Therefore for efficiencies sake we have decided to rate using a four tiered UAC differentiated by Capital Value to acknowledge a mix of per property and Capital Value based benefit. Such a charge will be efficient and relatively transparent to property owners. We have decided that the following tiers and proportion of UAC will be applied:

Capital Value of Tiers	Percentage of 100% Charge
Up to and Including \$250,000 CV	7.69%
Greater than \$250,000 and up to and including \$500,000 CV	15.38%
Greater than \$500,000 and up to and including \$1,000,000 CV	23.08%
Greater than \$1,000,000 CV	100.00%

OVERALL IMPACT ON WELLBEING

We consider that the use of tiered UAC to be fair as the benefits accrue to all properties. While UACs tend to be a regressive rate, we consider that the use of a differentiated UAC based on Capital Values of properties helps to mitigate any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. A differentiated UAC also addresses affordability issues for low income ratepayers.

Infrastructure Insurance Reserve	
The method of funding this function is:	
Infrastructure Insurance Reserve	
Differentiated Uniform Annual Charge (per SUIP)	100%

42. Event Recovery

After a significant adverse event, such as the 2004 storm event, we may face considerable damage and recovery costs. Although the majority of these costs will be met by insurance and Central Government assistance, there will still be residue costs that will have to be met by our ratepayers.

COMMUNITY OUTCOMES

These will be considered at the time of the event.

DISTRIBUTION OF BENEFIT

We will need to assess who will benefit from the damage repair and recovery work to be undertaken after each event when the residual costs are known. We will also need to be sensitive to the ability of affected people to pay.

PERIOD OF BENEFIT

It is expected that the benefit of these costs will be mainly in the present.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

If the amount is significant we will need to rate the additional funds as a separate targeted rate for fairness and transparency.

OVERALL IMPACT ON WELLBEING

This will be considered at the time of the event.

Event Recovery Policy

The method of funding this function is:

Event Recovery

Separate Targeted Rate*	Remainder
Insurance and Government Assistance	As much as is appropriate
Method to be decided based on effects of event.	

Policy on Financial Contributions

We are required, pursuant to Sections 104 and 106 of the Local Government Act 2002, to have a policy in relation to the purposes for which development contributions or financial contributions may be required.

Regional councils have no power under the Local Government Act 2002 to require development contributions, therefore this policy specifically refers only to financial contributions.

Where we grant resource consent under the rules in our regional plans, we may impose a condition requiring that a financial contribution be made for the purposes specified in the plan.

The term 'financial contribution' is defined in Section 108(9) of the Resource Management Act 1991, to mean:

A contribution of:

- Money; or
- Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of the Māori Land Act 1993, unless that Act provides otherwise; or
- A combination of money and land.

Further matters relating to financial contributions are contained in Section 108(10) of the Act. Under this section of the Act, a consent authority must not include a condition in a resource consent requiring a financial contribution unless:

- The condition is imposed in accordance with the purpose specified in the Plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and
- The level of contribution is determined in the manner described in the Plan.

Financial contributions may be required for various purposes, including for the purposes of ensuring positive effects on the environment, to offset any adverse effects, and to mitigate adverse effects on the environment of use and development (environmental compensation). Financial contributions will be

taken only where other mechanisms will not adequately address community concerns, or where circumstances of an individual case point clearly to a financial contribution as being the most appropriate option. The requirement for, and amount of, a financial contribution is determined during pre-hearing consultation on an application for a resource consent. A process that involves Horizons, the applicant, and any submitters to the application, determines the use and appropriateness of financial contributions in any given circumstances.

All monies collected under the financial contributions regime of the Plan are collected by Horizons for use in such a manner as we deem fit in order to avoid, remedy, mitigate, or offset, the adverse effects on the environment of the activity that the financial contribution is levied on. When deciding how those contributions should be levied or allocated, consideration will be given to matters contained in public submissions on a resource consent application.

The Resource Management Act 1991 requires us to specify in each regional plan:

- The circumstances when such contributions may be imposed;
- The purposes for which such contributions may be required and used; and
- The manner in which the level of the contribution will be determined.

Each regional plan also sets out the matters that we will have particular regard to when deciding whether to impose a financial contribution and the form that that contribution takes.

Our 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. This has been applied specifically to gravel extraction on the Rangitikei River. A financial contribution (as at 30 June 2012 this is \$2, excluding GST, per cubic metre of gravel extracted) is set to avoid, remedy or

mitigate the adverse effects of gravel extraction on flood control and erosion control works in the Rangitikei River and its tributaries. 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 each year in the Long-term Plan or Annual Plan.

Our Regional Coastal Plan (Section 31.3) provides for financial contributions in a wide range of circumstances and these are applied on a consent-by-consent basis.

Review of Policy

In accordance with the Local Government Act 2002, this policy will be reviewed and open for public comment via the special consultative procedure, on no less than a three-yearly basis. It will also be reviewed and consulted on at any other time within a three-year period when amendment to the policy may be required.

Liability Management Policy

1. Introduction and Application

This Liability Management Policy has been prepared pursuant to Section 104 of the Local Government Act 2002. The policy is intended to apply, as appropriate, to every transaction that falls within the statutory definition of "borrowing", which is defined in Section 112 of the Local Government Act 2002 as:

"Borrowing"—

- a. Means the incurring, by any means of debt, to raise money.
- b. Includes the incurring of debt:
 - i. Under any contract or arrangement for hire purchase, deferred payment, instalment payment, sale and lease back or buy back, financial lease, loan, overdraft, or other arrangement for obtaining debt finance;
 - ii. By the drawing, acceptance, making, endorsement, issue, or sale of bills of exchange, promissory notes and other negotiable instruments and debt securities; but
- c. Does not include debt incurred in connection with the hire purchase of goods, the deferred purchase of goods or services, or the giving of credit for the purchase of goods or services, if:
 - i. The period for which the indebtedness is outstanding is less than 91 days and the indebtedness is not incurred again promptly after payment.
 - ii. The goods or services are obtained in the ordinary course of the local authority's performance of its lawful functions, on terms and conditions available generally to parties of equivalent creditworthiness, for amounts not exceeding in aggregate an amount:
 - (a) Determined by resolution of the local authority as not being so significant as to require specific authorisation.

- (b) Recorded for the purposes of this subparagraph of this paragraph of this definition in the then current borrowing management policy of the local authority.

- d. And "borrow" has a corresponding meaning:

For the purposes of subparagraph c ii (b) of the above definition, this Liability Management Policy does not apply to hire purchase, deferred payment, or the giving of credit for goods where transactions are for less than 91 days, or do not exceed in value \$400,000.

For the purposes of this policy, schemes are defined as those functional areas covered:

- By activities of a catchment board under the Soil Conservation and Rivers Control Act 1941 (for soil conservation and flood protection);
- In respect of these former drainage areas: Moutoa, Makerua, Manawatu, Oroua, and Sluggish River, under Part XXIX of the Local Government Act 1974; and
- Separate rating area institutes under the Local Government Act 2002.

Section 113 of the Local Government Act 2002 prohibits Horizons from borrowing or entering into incidental arrangements other than in New Zealand currency.

New Zealand Local Government Funding Agency Limited

Despite anything in this policy, Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example borrower notes;
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;

- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue; and
- Subscribe for shares and uncalled capital in the LGFA.

The policy is structured as follows:

- Use of Borrowing;
- Borrowing Limits;
- Form of Borrowing;
- Security;
- Interest Rate Exposure Policy;
- Debt Repayment Policy;
- Liquidity Policy;
- Credit Exposure Policy;
- Cash Management Borrowing; and
- Incidental Arrangements.

2. Use of Borrowing

Council's liabilities comprise of borrowings (external) and various other liabilities. Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Fund the balance sheet as a whole, including working capital requirements.
- Fund assets whose useful lives extend over several generations of ratepayers.

Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources, and ensure that the costs are met by those ratepayers benefiting from the investment.

Council may also borrow to fund investments in its 100% owned holding company, MWRC Holdings Limited (MWRCH).

Internal borrowing as a funding option is not covered by the definition of "borrowing", Council considers it appropriate to maintain the option of internal borrowing to fund scheme capital works, provided overall risk is not increased, and provided the individual risk from each loan is within Council parameters.

The only form of borrowing to meet operating shortfalls would be the use of overdraft facilities or other committed bank facilities to cover mismatches in operating cash flow.

As part of the Revenue and Financing Policy, Council will take a project-by-project view of its activities, and allocate the funding resources accordingly. These may include term borrowing.

3. Delegated Authorities

The Liability Management Policy related delegations are outlined below.

Activity	Responsibility
Approve policy document	Council
Alter policy document	Council
Approval of borrowing programme for the year	Council
Approval for charging assets as security over borrowing	Council
Approve new loans, borrowing facilities in accordance with the Council general resolution or through the adoption of the AP/LTP	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Refinancing of existing debt	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Negotiate bank facilities	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Approve borrowing and interest rate transactions outside policy	Council
Open/close bank accounts	Chief Financial Officer (delegated by Council)

Activity	Responsibility
Approve authorised cheque/electronic signatory positions	Chief Executive (delegated by Council)
Transfers of stock/register new debt issues	Seal register signatories
Borrowing management activity	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Interest rate risk management activity	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Approving allowable risk management instruments	Council
Adjust interest rate risk profile	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council) Per risk control limits
Managing funding maturities	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council) Per risk control limits
Maximum daily transaction amount (approved borrowing, cash management, interest rate risk management) excludes roll-overs on existing debt, interest rate swaps, and financial investments	Council (unlimited) Chief Executive (\$30 million) Chief Financial Officer (\$20 million)
Ensuring compliance with policy	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Policy review	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)

4. Borrowing Limits

Borrowing will be managed within the following limits:

- The external debt cap in the Long-term Financial Strategy (\$34 million);
- Net external debt as a percentage of total revenue* <150%;
- Net external interest as a percentage of total revenue* <15%;
- Net external interest as a percentage of annual rates revenue (debt secured under debenture) <20%; and
- Liquidity (term debt + committed loan facilities + available cash or cash equivalent) over existing external debt >110%.

Council also ensures that internal borrowing is no more than 67% of total infrastructural assets.

Disaster recovery requirements are to be met through the liquidity ratio.

For the purpose of calculating the above ratios:

* Revenue is defined as revenue from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Excludes government capital contributions (eg. developer contributions and vested assets).

• Annual rates revenue is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

• The liquidity ratio does not include cash/cash equivalents held within MWRCH.

Net external debt is defined as total external debt less liquid financial assets that would be available to repay debt.

Infrastructural Assets

Infrastructural assets are assets such as roads, bridges, water, sewage, gas, telephone and electricity reticulation systems, dams, docks, railways, airports, stopbanks, river control works, and drainage systems.

Infrastructure or system assets are fixed assets with the following characteristics:

- They comprise a system or network of interdependent components;
- This system interdependency may limit a component life to a lesser period than the expected life of the component by itself;
- Infrastructure assets have very long lives and the normal expectation is of an *indefinite* life. A finite life is determinable only when a decision is taken to replace the entire network, or to discontinue a section of it;
- Infrastructure assets are renewable rather than replaceable. Although, at any point in time, all components (excluding land and similar assets like earthworks) have a finite useful life, the asset as a whole can be maintained at a specified level of service potential by the continuous replacement and refurbishment of its components; and
- If infrastructure assets suffer severe failure, equivalent service levels from other sources are usually unobtainable for months or years.

Net Interest

Interest expense less interest received recorded in Council’s accounts.

5. Form of Borrowing

Trade Credit

Horizons will arrange such terms and conditions as Council considers necessary for the establishment and provision of normal trade credit to enable the carrying out of business activities. Such credit shall not normally involve the issue of any security, undertaking, or collateral, as a condition of the provision of such credit. Finance leases and hire purchase are included within trade credit and **will** normally include a charge over the assets being purchased.

Primary Instruments

The **primary** instruments for other Horizons borrowing will be:

- Committed bank call and term funding facilities including provision of overdrafts and cash advance facilities, term loans or other credit facilities;
- Issue of commercial paper (CP), bills, fixed rate bonds, floating rate notes (FRNs), to the wholesale and retail investor markets and the Local Government Funding Agency (LGFA); and

- Council may also use internal funds as a borrowing mechanism.

Alternative funding mechanisms such as leasing must be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Other

Instruments not specifically referred to in this policy may be used only with specific Council approval, with the provision that Council **shall not** utilise any off-balance sheet funding instruments.

6. Security

It is Council’s general policy to offer security under a Debenture Trust Deed for borrowing and interest rate management instruments by way of a charge over the rating revenues accessible overall, or portions of, rateable property within Council’s jurisdiction. In the normal course of business the policy is not to offer security over any of Council’s other assets. However, where doing so would help further Council’s goals and objectives, Council may, by specific Council resolution, offer such security on a case-by-case basis.

Any internal borrowing will be on an unsecured basis.

Where borrowing is by way of finance lease, or some other form of trade credit under which it is normal practice to provide security over the asset concerned, Council **may** offer security over the asset.

7. Interest Rate Exposure Policy

Exposure to interest rate risk is managed and mitigated through the controls below. These risk control limits will be only activated once 12 month forecast external core debt exceeds \$30 million.

Master Fixed/Floating Risk Control Limit	
Minimum Fixed Rate	Maximum Fixed Rate
50%	90%

Fixed Rate is defined as an interest rate re-pricing date beyond 12 months forward on a continuous rolling basis.

Floating Rate is defined as an interest rate re-pricing within 12 months.

The percentages are calculated on the rolling 12 month projected external core debt level calculated by management and signed off monthly by the Chief Financial Officer. (External core debt is the amount of total external core debt). This allows for pre-hedging in advance of projected physical drawdown of new external debt. When approved forecasts are changed, the amount of fixed rate/hedging in place may have to be adjusted to comply with the policy minimums and maximums.

At any time, the total of the fixed rate external core debt should be within the following maturity bands:

Fixed Rate Maturity Profile Limit		
Period	Minimum	Maximum
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	60%

- A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council.
- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 1.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- The forward start period on swap/collar strategies to be no more than 24 months, unless the forward start swap/collar starts on the expiry date of an

existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

- Interest rate instruments that have a term greater than 10 years must be approved by Council.

Dealing in interest rate instruments is limited to the approved interest rate instruments as follows:

Category	Instrument
Interest rate risk management	<ul style="list-style-type: none"> • Forward rate agreements (FRAs) on: <ul style="list-style-type: none"> ○ Bank bills ○ Government bonds
	<ul style="list-style-type: none"> • Interest rate swaps including: <ul style="list-style-type: none"> ○ Forward start swaps (start date less than 24 months, unless linked to existing maturing swaps) ○ Amortising swaps (whereby notional principal amount reduces) ○ Swap extensions and shortenings
	<ul style="list-style-type: none"> • Interest rate options on: <ul style="list-style-type: none"> ○ Bank bills (purchased caps and one for one collars) ○ Government bonds • Purchased interest rate swaptions, with the option term up to 18 months

Any other interest rate instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

8. Debt Repayment Policy

Council’s policy is to repay debt as it falls due utilising one or more of the following:

- Surplus operating funds;

- Rating revenues established for that purpose;
- Proceeds from the disposition of surplus assets or investments;
- Regular instalments of principal and interest, especially with internal Scheme capital works loans; and/or
- Refinancing with new debt.

Total debt levels are determined through the Long-term Plan, Annual Plans and Asset Management Plans.

9. Liquidity and Funding Risk Policy

Cash flow deficits in various future periods based on long-term financial forecasts are reliant on the maturity structure of term debt and bank facilities. Liquidity risk management focuses on the ability to borrow at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing facilities.

It is Council’s policy to ensure the timely availability of funds to enable the related expenditure to be carried out, and for obligations to be paid on due date, without incurring penalties or holding unnecessary cash reserves.

To manage and mitigate Council’s liquidity and funding risks Council has imposed the following controls:

- Match revenue requirements with expenditure streams and ensure timing differences, if any, are favourable to Council;
- Ensure replacement/renewal funds are available no later than the repayment date, whether sourced from refinancing loans or other sources. Council has the ability to pre-fund up to 12 months of forecast debt requirements including re-financings in liquid investments;
- Avoid significant concentration of credit risk, exposure or debt repayment maturities; and
- Term debt and committed bank funding facilities plus cash/cash equivalents, over existing external debt to be greater than 110%. The liquidity ratio does not include cash/cash equivalents held within MWRCH.

The Chief Financial Officer and Chief Executive have the discretionary authority to re-finance existing debt on more favourable terms and within the parameters of this policy.

The maturity profile of total committed funding in respect to all term debt and committed bank funding facilities is to be controlled by the following system with percentages calculated off existing external debt.

Period	Minimum	Maximum
0 to 3 years	15%	60%*
3 to 5 years	15%	60%*
5 years plus	10%	40%*

*To be adhered to when external debt levels are greater than \$30 million.

10. Credit Exposure Policy

In using Financial Risk Management instruments Council can be exposed to counterparty credit risk. This is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party.

Credit risk will be regularly reviewed by Council. Treasury related transactions would only be entered into with counterparties and limits approved on the basis of long-term credit ratings (Standard & Poor’s, Fitch or Moody’s) being A+ and above or short-term rating of A-1 or above.

The following framework will determine limits.

Counterparty/Issuer	Minimum long-term/short term credit rating	Interest rate risk management instrument maximum per counterparty (\$m)
NZ Registered Bank (per bank)	A+ / A-1+	10.0

In determining the usage of the above gross limits, the following weightings will be used:

- Interest rate risk management (eg. swaps, FRAs) – Transaction Notional × Maturity (years) × 3%; and
- Foreign Exchange – Transactional Principal Amount x the square root of the Maturity (years) x 15%.

To avoid undue concentration of exposures, financial instruments must be used with as wide a range of counterparties as possible. Where possible, transaction notional sizes and maturities should also be well spread. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and re-priced from.

11. Borrowing for Cash Management

This section applies to what might be described as borrowing to manage day-to-day fluctuations in cash flow.

For cash management purposes Council maintains a committed bank funding facility and/or cash/cash equivalents not exceeding a limit of \$5,000,000, primarily for the urgent financing of emergency-related works and services. This facility may also be used for unexpected short-term fluctuations in operating cash flow. In day to day cash management the target is to maintain operating cash balances as close as possible to zero to minimise bank costs and maximise deposit rates, while meeting obligations to staff and suppliers.

12. Incidental Arrangements

Council may, on terms and conditions as considered appropriate, enter into and perform any contract or arrangement that is referred to as an “incidental arrangement” (known as financial risk management instruments). Incidental arrangements are further defined in Section 112 of the Local Government Act 2002 as:

- A contract or arrangement for the management, reduction, sharing, limiting, assumption, offset, or hedging of financial risks and liabilities in relation to any investment or investments or any loan or loans or other incidental arrangement, whether or not that contract or arrangement involves:
 - the expenditure, borrowing, or lending of money; or
 - the local authority undertaking to make payments in exchange for another person undertaking to make payments to the local authority; or
 - the creation or acquisition or disposal of any property or right; or
- A contract or arrangement with any bank, financial institution, or other person providing for any person to act as underwriter, broker, indemnifier, guarantor, accommodation party, manager, dealer, trustee, registrar, or paying fiscal, or other agent for, or in connection with, any loan or investment including the creation of a charge.

Agents

Where it is considered necessary for the efficient management of the Liability Management Policy, and to assist in compliance with Council’s legislative requirements, Council will appoint only reputable persons or companies to fulfil the following roles:

- Financial/Investment Advisors;
- Registrars/Paying Agents;
- Brokers; and
- Trustees.

Foreign Exchange

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated goods and services.

Generally, all significant commitments for foreign exchange are hedged, using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Council.

By legislative restriction, Council cannot borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

Other

Other forms of incidental arrangement may be entered into only with specific resolution of Council, and in accordance with the Long-term Plan.

13. Internal Controls

Council's systems of internal controls over treasury activity include:

- Adequate segregation of duties among the core treasury functions of deal execution, confirmation, settling and accounting/reporting. There are a small number of people involved in treasury activity. Accordingly strict segregation of duties is not always achievable. The risk from this is minimised by the following processes:
 - A documented discretionary approval process for treasury activity;
 - Regular management reporting;
 - Regular operational risk control reviews by an independent audit function; and
 - Organisational, systems, procedural and reconciliation controls to ensure:
 - All treasury activity is bona fide and properly authorised; and
 - Checks are in place to ensure Council's accounts and records are updated promptly, accurately and completely.

14. Legal Risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks.

Council will seek to minimise this risk by adopting policies regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, and contacts for disputed transactions) to be sent to counterparties;
- The matching of third party confirmations and the immediate follow-up of anomalies; and
- The use of expert advice for any non-standardised transactions.

Agreements

- Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master

Agreements for financial instruments must be signed under seal by the Council.

- Council's appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

Financial Covenants and Other Obligations

- Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.
- Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

15. Accounting Treatment of Financial Instruments

Council use financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the prospective Statement of Comprehensive Revenue and Expense unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The Chief Financial Officer is responsible for advising the Chief Executive of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative product. All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

Investment Policy

1. Introduction and Application

This Investment Policy has been prepared pursuant to Sections 102 and 105 of the Local Government Act 2002.

The policy is structured as follows:

- General Policy;
- Mix of Investments;
- Acquisition of New Investments;
- Revenue and Proceeds of Investments;
- Procedures for Management and Reporting to Council; and
- Risk Management.

2. General Policy

Council has a variety of investments (see Section 3) which, at any time, may include cash, trust funds, special funds, shares, shares in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) (eg. MWRCH), property held for investment purposes and financial reserves, investment in internal loans for scheme capital works, and funds loaned for the One Plan project (also see under Liability Management Policy).

These investments are acquired, held and realised by Council in furtherance of its community and environmental goals and objectives that are identified in Council's Long-term Plan and Annual Plans. To help meet these objectives, Council will manage the following as an investment base to support the funding of its activities, thereby producing an investment revenue stream that reduces reliance on general rating revenues:

- Port equity-related investment portfolio (comprising Horizons investments in shares or proceeds thereof allocated by the 1989 Local Government Reorganisation Order; rationale for this holding and Council's policy on future management are outlined in Section 13); and
- Deposits resulting from reserve appropriations.

In managing its investments, Council generally is not driven by commercial considerations alone. As a public body it is accountable in terms of social, economic, environmental and cultural wellbeing of its communities, and environmental management. These considerations may lead to Council making investment decisions which would not be made on commercial or financial considerations alone.

In managing its investments in accordance with its general policy, Council will, consistent with optimising returns in the long-term while balancing risk and return considerations, consider the following goals:

- Achieve the goals and objectives set out in the Long-term Plan and the Annual Plan;
- Protect its investment;
- Maximise investment returns within the parameters of the Policy (which may include using a managed funds approach);
- Ensure investments are of a type that provide Council with funds when required;
- Manage its risk; and
- Consider internal loans to fund scheme capital works only, provided Council's overall risk is not increased, and provided the individual risk from each loan is within Council's parameters.

New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

3. Mix of Investments

The level and mix of Council's investments are dependent upon, and consequently determined by, a number of factors including:

- For strategic economic, social and commercial purposes consistent with Council's Long-term Plan and Annual Plan.
- To reduce current and future ratepayer burden.
- The retention of vested land.
- Holding short term investments for working capital requirements.
- Holding assets (such as property) for commercial returns.
- Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal revenue streams and assets.
- Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves.
- Invest proceeds from the sale of assets.

Council may hold the following investments:

- Equity investments (CCTO/CCO)

Equity investments may include investments held in CCO/CCTO and other shareholdings. Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the Long-term Plan. Equity investments may be held where Council considers there to be strategic community value.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Any purchase or disposition of equity investments requires Council approval. Council may also acquire shares that are gifted or are a result of restructuring.

Dividends received from CCO's/CCTO's and companies not controlled by Council are used firstly to repay debt in relation to that investment. Then, unless otherwise directed by Council, used to reduce other Council debt.

Any dividends received, and/or profit or loss arising from the sale of these investments must be recorded in accordance with appropriate accounting standards. Unless otherwise directed by Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then utilised to reduce other Council debt. Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, through the relevant Council committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

- Property

Council may own property investments for strategic and commercial purposes. Council reviews ownership through assessing the benefits including financial returns, in comparison to other arrangements that could deliver the similar results.

Surpluses generated from commercial and semi commercial property investments are treated as an internal dividend to Council. Other surpluses from property are treated as revenue in the related Council activity.

Property disposals are managed to ensure compliance with statutory requirements and where appropriate consultation with Community Boards and Committees.

Property purchases are supported by registered valuations and where appropriate a full business case analysis. Council will not purchase properties on a speculative basis.

All property acquisitions and disposals are approved by Council.

- Financial investments

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties.

Council may invest in approved financial instruments as set out in section 10. These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Financial investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Council may choose to hold specific reserves in cash and direct what happens to that investment revenue, in effect the revenue from financial investments will be an interest revenue stream into the treasury activity. The treasury activity pays interest on special funds and reserves.
- Internal borrowing will be used wherever possible to avoid external borrowing.

Loan Advances

Council may provide advances to CCOs, CCTOs, charitable trusts and community organisations for strategic and commercial purposes. New loan advances are by Council resolution only. Council does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable than those that would apply if Council were borrowing the money or obtaining the financial accommodation.

Council does not lend to CCTO's on more favourable terms than what it can achieve itself, without charging any rate or rate revenue as security.

Advances to charitable trusts, and community organisations do not have to be on a fully commercial basis. Where advances are made to charitable trusts and community organisations at below Council's cost of borrowing, the additional cost is treated as an annual grant to the organisation.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

Uses for these investments are summarised in the following table:

Nature of Funds	Term of Funds	Rationale for Retention
Working capital and surpluses due to temporary cash flow fluctuations	Short term	Necessary to fund future cash flow requirements. Target is for a minimum available committed bank funding facility and/or liquid assets of \$5 million. Targets for receivables are: For rates – overdues not to exceed 5% of the rates for the current year at balance date; and For other receivables – overdues not to exceed, on average for the year, 15% of the total receivables (other than rates) outstanding.
General Accumulated Reserves	Short to medium term	Maintain revenue stream to minimise General Rate reliance.
Restricted Reserves – Scheme Emergency Reserves	Short to medium term	For flood damage restoration and/or capital replacement.

4. Delegated Authorities

The Investment Policy related delegations are outlined below.

Activity	Responsibility
Approve policy document	Council
Alter policy document	Council
Approve acquisition and disposition of investments (other than financial instruments)	Council

Activity	Responsibility
Open/close bank accounts	Chief Financial Officer (delegated by Council)
Approve authorised cheque/electronic signatory positions	Chief Executive (delegated by Council)
Investment management activity	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Approve allowable risk management instruments	Council
Approve financial investment activity	Chief Financial Officer
Adjust interest rate risk profile	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council) Per risk control limits
Maximum daily transaction amount (approved investing, cash management, interest rate risk management)	Council (unlimited) Chief Executive (\$30 million) Chief Financial Officer (\$20 million)
Ensuring compliance with policy	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Policy review	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)

5. Acquisition of New Investments

Acquisition of financial investments, such as on-call and short-term deposits, is managed within the treasury functions allocated to specified and authorised Council staff. This function covers the selection of initial deposits, reinvestment and maturities.

Acquisition and management of medium- to long-term investments are done in accordance with goals, objectives and provisions of the Long-term Plan and Annual Plans, with particular reference to the equity and associated investment

holdings relating to port companies. However, Council may from time to time deem it appropriate, in terms of prudent financial management, to modify its investment profile; such a change would be entered into only through specific Council resolution and in compliance with the provisions of the Local Government Act 2002. As part of this medium to long-term investment strategy, Council's non-equity related investments will be linked to approximately three months equivalent of rating revenue. Fund surpluses to this requirement would then be available for internal investment (see following paragraph).

Council will also maintain the option of internal investment in scheme capital works, provided its overall risk is not increased, and provided the individual risk from each loan is within its parameters. This option takes into account the special nature of schemes and related capital works, and the relationship between scheme ratepayers and Council. (For a broad definition of schemes, see the introduction to the Liability Management Policy).

Such internal loans will generally be charged at Council's projected cost of borrowing plus a margin per the Long-term Plan for each annual period. Actual interest is paid annually in arrears taking into account the full cost of external borrowing for the year

6. Revenue and Proceeds of Investments

Disposition of Revenue from Investments

Revenue from investment of funds reserved for particular purposes, such as Scheme Reserves and Capital Asset Reserves, is appropriated through the prospective Statement of Comprehensive Revenue and Expense to the relevant reserves, utilising the weighted average interest rate earned from Council's non-equity related investments.

Revenue from other investments is retained as a revenue source in the prospective Statement of Comprehensive Revenue and Expense to assist the funding of Council's general activities.

Revenue from Asset Sales

Revenue from the disposal of fixed assets is appropriated to the relevant Capital Asset Reserves and generally used for the purchase and replacement of fixed assets.

Abnormal Funding Items

Council will generally use proceeds from abnormal funding items (such as the sale of a major capital item and reductions in Council’s shareholdings) to maintain its capital reserves and investment portfolio, and not for operating expenditures.

7. Procedures for Management and Reporting to Council

Council’s policy for the management and reporting of investments includes:

- The legislative necessity to maintain efficient financial systems for the recording and reporting (*inter alia*) of:
 1. All revenues and expenditures;
 2. All assets and liabilities; and
 3. The treatment and application of special funds.
- Adherence to Council’s financial processes and delegations to Council’s staff to invest surplus short-term funds and negotiate reinvestments, subject to the provision of adequate cash resources to meet normal expected demands;
- A requirement to maintain investments to cover, in total, the balances contained in the Asset Replacement, Investments, Scheme Balances, General Disaster, and Scheme Disaster Pool Equity Accounts;
- Periodic reporting of current investments to the chief executive and executive, including details of investment types, maturity dates and interest rates applicable, including the current weighted average rate; and
- Periodic reporting to Council through a summary of investments, including investment amounts by type, year of maturity, total amounts, and appropriate weighted average interest rate.

8. Risk Management

In carrying out Council’s statutory obligations under Section 101 of the Local Government Act 2002, 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 its regional communities, Council must make its investments in accordance with the provisions of the Trustee Act 1956 as they apply to the investment of trust funds. In exercising its powers of

investment, Council is required to exercise the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others. Council may also consider, in making any investment decisions:

- The desirability of diversifying investments;
- The desirability of a managed funds approach;
- The nature of existing investments;
- The risk of capital loss or depreciation;
- The potential for capital appreciation;
- The likely revenue return;
- The length of the term of the proposed investment;
- The marketability of the proposed investment during, and on the determination of, the term of the proposed investment;
- The effect of the proposed investment in relation to tax liability; and
- The likelihood of inflation affecting the value of the proposed investment.

9. Credit Exposure Policy

In managing its investments generally, Council will always seek to protect the investment and manage the risks. Accordingly, Council has determined that Horizons is “risk averse”, and will apply the “prudent person” principle for the management of risk and return on Council’s investments.

When investing cash, Council will seek to minimise its risk by investing only in institutions with a high degree of security or credit rating, and by limiting maximum exposure in certain cases. Council has established the following requirements for all financial investments:

Counterparty/ Issuer	Minimum long-term/ short term credit rating	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)	Total Financial Investment Portfolio
NZ Government	n/a	unlimited	none	unlimited	100%
LGFA	AA-/ A-1	20.0	none	20.0	50%
State Owned Enterprises	A+/ A-1	10.0	none	10.0	20%
NZ Registered Bank **	A+/ A-1	20.0	10.0	30.0	100%

Counterparty/ Issuer	Minimum long-term/ short term credit rating	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)	Total Financial Investment Portfolio
Corporate*	A+ / A-1	5.0	none	5.0	10%
Local Government*	A-1/A+	2.0	none	2.0	20%

**Subject to a maximum exposure no greater than 20% of the portfolio being invested at any one point in time.*

*** The limit amount can be exceeded up to a maximum period of five working days [the transactional bank account] where the excess amount relates to revenue related cash balances.*

In determining the usage of the above gross limits, the following weightings will be used:

- Investments (eg. Bank Deposits) – Transaction Notional × Weighting 100%;
- Interest Rate Risk Management (eg. swaps, FRAs) – Transaction Notional × Maturity (years) × 3%; and
- Individual counterparty limits are kept on a register by management and updated on a day-to-day basis with specific approvals made by the Chief Financial Officer. Credit ratings should be reviewed on an ongoing basis and in the event of material credit downgrade this should be immediately reported to Council and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

10. Approved Financial Investments and Liquidity Policy

Current approved investment instruments are as follows:

Category	Instrument
Cash and debt investments	Short term call and term bank deposits Bank certificates of deposit (RCDs) Treasury bills Government bonds LGFA FRNs/bonds/Commercial paper/borrower notes Local Authority, stock or State Owned Enterprise (SOE) /Corporate bonds (fixed rate and floating rate notes Local Authority, Promissory notes/Commercial paper

Debt instruments must be ranked as senior unsecured or secured debt obligations. No subordinated debt investments are allowed with the only exception being borrower notes or similar issued by the LGFA.

The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/issuer.
- Subordinated debt, junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

Internal borrowing may be used for the investment of funds managed by Council where there are no relevant restrictions on the investment of those funds.

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

11. Treasury Financial Investment Interest Rate/Maturity Limits

Short-term call and term bank deposits are invested for a term of up to 12 months. Other financial investments are invested for a term of no more than 2 years.

The following control limits are designed to manage interest rate and maturity risk on the financial investment portfolio. The portfolio comprises both cash and core treasury investments. Cash investments relate to matching investments with Council’s working capital funding and liquidity buffer amount requirements. Core treasury investments relate to unencumbered investments invested for terms of greater than three months. The assets of MWRCH are excluded.

An important objective of the financial investment portfolio is to match the portfolio’s maturity term to planned expenditure thereby ensuring that investments are available when required.

Period	Minimum Limit	Maximum Limit
0 to 1 year	40%	100%
1 to 2 years	0%	40%

The re-pricing risk profile can be altered, within the above limits through using approved interest rate instruments, and through using floating and fixed interest rate investments. Approved instruments are as follows:

Category	Instrument
Cash and debt investments	Short term call and term bank deposits Bank certificates of deposit (RCDs) Treasury bills Government bonds LGFA FRNs/bonds/Commercial paper/borrower notes Local Authority, stock or State Owned Enterprise (SOE)/Corporate bonds (fixed rate and floating rate notes Local Authority, Promissory notes/Commercial paper
Interest rate risk management	<ul style="list-style-type: none"> • Forward rate agreements (FRAs) on: <ul style="list-style-type: none"> ○ Bank bills. • Interest rate swaps including: <ul style="list-style-type: none"> ○ Forward start swaps (start date up to six months); and ○ Swap extensions and shortenings. • Interest rate options on: <ul style="list-style-type: none"> ○ Bank bills (purchased floors and one-for-one collars); and ○ Purchased interest rate swap options, with the option term up to six months.

Any other interest rate instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

12. Schedule of Investments

Horizons Regional Council's Investments as reported at 30 June 2014

Nature of Investments	No. of Shares	Book Value \$,000
Shares:		
MWRC Holdings Limited	34,400,000	34,400
New Zealand Local Government Insurance Corporation (NZLGIC)	2,000	2
MW LASS Ltd	1	1
Deposits (including Treasury Bills and TCDs)		1
TOTAL INVESTMENTS		34,404

In December 2009 Council, in accordance with the 2009-19 Community Plan, established a holding company (MWRCH) to manage its CentrePort Ltd shareholding and other investments that will be established over time. Council set up MWRCH with \$25,400,000 fully paid shares and sold its CPL shares to the holding company on 17 December 2009.

13. Port Company Equity-related Investment Portfolio

A. CentrePort Ltd

NATURE OF INVESTMENT

Council currently owns 23.08% of the CentrePort Ltd (CPL) via its holding company MWRCH. The balance of shares is held by the Wellington Regional Council.

CPL is an important operator for the Region and the CPL shares are a significant financial asset held by Horizons on behalf of Horizon's regional communities.

RATIONALE FOR HOLDING INVESTMENT

In 1991 Council adopted several objectives in relation to port equity investments, which the directors of the MWRCH will manage. These were, and continue to be:

- To maximise the value of Horizons' equities in CPL;

- To review Horizons' port company holdings;
- To ensure the export and import sectors of the Region are serviced by efficient ports;
- To ensure CPL is operated as a successful commercial port, recognising the importance of the port to the Horizons Region; and
- To determine any change of shareholding on the basis of what is best for the ultimate success of the ports and what is the most appropriate role of local government in port ownership. In accordance with the following policy guidelines:
 - The most appropriate role of local government is one of being able to 'influence' and not necessarily 'control' a regionally essential operation such as a port company;
 - CPL would benefit from a wider base of shareholding, especially drawn from key port users;
 - Any programme of planned divestment of shareholding in either or both ports should result in the best possible result for regional ratepayers; and
 - The strategic interests of this Region would be served by CPL and Wanganui Port being complementary in their operations allowing for the future possibility of better utilisation of capital.

Since 1991, Council has retained its 23.08% holding in CPL. Council will continue to consider potential divestment options in line with its policy but as the shareholding is a strategic asset held on behalf of the community any move towards sale would be preceded by a full public consultation process.

DISPOSITION OF REVENUE

A prudent percentage (as determined by the Board of MWRCH) of dividend and interest revenue from CPL is to be used to reduce rates.

Council's accounting policy in respect of dividend revenue is that dividends are recognised when declared.

RISK MANAGEMENT

Council's investment in CPL has some risk. Returns to the shareholders are driven by the level of profitability that CPL can continue to generate. Given the fixed cost nature of CPL's business, the level of revenue it can generate is the prime driver of profitability. Both the returns Council can expect to receive from the investment and the ultimate value of this investment are therefore very

dependent on the ability of CPL to protect and enhance its revenue base. Much has been achieved to reduce Council's exposure to the risks associated with this investment.

Council's ongoing risk management procedures include:

- Passing the management of the CPL investment into the hands of a commercially skilled MWRCH Board;
- Appointing external directors with appropriate expertise to CPL's and MWRCH's Boards of Directors;
- Appointing Horizons' chief financial officer (CFO) as reporting officer to the Council on related matters. Horizons' CFO has quarterly briefings from CPL and MWRCH;
- Approving on an annual basis MWRCH's Statement of Corporate Intent;
- Receiving a formal briefing, and a half-yearly report on the results achieved and future outlook; and
- Reviewing both MWRCH's and CPL's strategic plan at least every two years.

POLICIES FOR MANAGEMENT OF INVESTMENT

The following policies will be applied by Council in the management of its investment in CPL. The management of these policies is delegated to MWRCH.

- MWRCH will continue to maintain the current risk management procedures and exercise ongoing governance through the Constitution, Statement of Corporate Intent, and the appointment of the Board of Directors.
- MWRCH will continue to review CPL's policy for dividends.
- MWRCH will continue to consider divestment options in line with Horizons policy.

14. Reporting, Internal Controls and Legal Risks

Refer Liability Management Policy.

15. Accounting Treatment of Financial Instruments

Council use financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Prospective Statement of Comprehensive Revenue and Expense unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The Chief Financial Officer is responsible for advising the Chief Executive of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

Significance and Engagement Policy

A. Purpose and scope

The purpose of this policy is:

- To provide Council and officers with a clear set of criteria and procedures for assessing and deciding the significance of issues, proposals, assets, decisions and other matters under the Local Government Act 2002 (LGA); and
- To inform communities in the Horizons Region about how and when they can expect to be engaged in Council's decision-making processes, by outlining the general approach Horizons will take in assessing and deciding the appropriate level and type of community engagement.

The policy lists the matters that, under the LGA, must be decided using the Special Consultative Procedure and names the assets considered to be strategic assets. It sets out other methods Horizons expects to use when engaging with its communities on other matters, and indicates what factors may influence the choice of methods depending on the degree of significance.

Emergencies or emergency works are not included in this policy. It also excludes community engagement processes specified in Acts other than the LGA, for example plan development or resource consent decision-making under the Resource Management Act 1991.

The statutory requirements for significance and engagement policies is set out in Section 76AA of the LGA.

B. The special consultative procedure

Some decisions are defined as significant in the LGA, and require the use of the special consultative procedure set out in Section 83.

These decisions are:

- i. Adoption or amendment of a long-term plan (Section 93);
- ii. Adopting, amending or revoking bylaws identified in this policy as being of significant interest to the public or Horizons considers there could be a significant impact on the public (Section 156);
- iii. When any other Act requires the use of the special consultative procedure (Section 83).

Some decisions can only be taken if they are provided for in the long-term plan, and will therefore be included in that process's special consultative procedure (Section 97). They are:

- i. Significantly altering the intended level of service for a significant activity (including starting or stopping doing a significant activity); and
- ii. Transferring the ownership or control of a strategic asset to or from Horizons.

Horizons' strategic assets are listed in **Attachment 1**.

The special consultative procedure includes a requirement to create specified documents and make them widely available, and give public notice of the proposal. There must be a period during which people interested in the proposal can make their views known to Council. Horizons can choose to use the special consultative procedure to engage with the community on other matters, if it considers it would be appropriate.

C. Significance and other significant decisions

'Significance' can be viewed as a continuum, ranging from a very low level of significance (where a decision is 'not important'), to a very high level (where a decision is 'critical'). At some point in the continuum, the degree of significance

becomes high enough that the matter is 'significant'. Assessing the level of significance a decision will have is essentially a matter of judgment.

In the LGA, 'significance' relates to the degree of importance of decisions, proposals or matters and their likely impact on and consequences for the Region, on people who are particularly likely to be affected by or interested in them, and on Horizons' capacity to perform its role. Applying these definitions to Horizons' decision-making processes, the definition of significant for the purposes of this policy is:

An issue, decision, proposal or other matter is considered to be significant if it:

1. *Is determined to be significant by Council through resolution, and has not previously been consulted on using a special consultative procedure, including through the Long-term or Annual Plan; and*
2. *Is considered by Council to have a high degree of importance in terms of:*
 - *The Region;*
 - *Any person who is likely to be particularly affected by, or interested in, the issue, proposal, decision or matter; and*
 - *Horizons' capacity to perform its role, and the financial and other costs of doing so.*

D. Assessing significance

Council will consider each proposal or decision on a case-by-case basis to determine its level of significance, by applying the criteria set out in this policy and following the procedures set out below.

a. Criteria

Council will consider the following criteria in reaching a decision as to the significance of matters that are not required to have a special consultative procedure by the LGA:

The criteria will be considered together - a proposal that meets one of the criteria in isolation will not necessarily be significant.

- The number of people who may be affected;

- The potential impact on any affected person or persons;
- Whether the matter has a history of wide public interest in the Region, or is likely to generate considerable public interest;
- The extent to which the matter is consistent with Horizons' policies and plans;
- Whether the decision is permanent or can be reversed, such as the potential impact on the environment;
- Whether the decision is likely to be of high interest to Māori;
- The impact the decision will have on Council's resources and/or future direction; and
- Financial consequences.

b. Procedures

- Every report to Council (including its standing committees) must include a statement indicating that the decision, proposal or other matter has been considered in regard to Council's Significance and Engagement Policy.
- If the decision or proposal is considered to be significant, the report will also include a statement setting out how Sections 76-82 of the Local Government Act 2002 have or will be complied with.
- The recommendations in the report will ask the Council (or committee) to either confirm that the matter is significant and the degree of significance or determine an alternative status; and either confirm that Sections 76-82 have been met or agree what further actions are needed to ensure compliance.

E. Engagement

a. Background

Engagement can take many forms. It can be looked at as a spectrum of interaction between the public and an organisation, depending on the amount of influence the public has on the decisions that organisation makes. The International Association for Public Participation (IAP2) has developed a helpful resource, the IAP2 Public Participation Spectrum, which describes different levels of engagement (**Attachment 2**).

This policy uses the terms within the Spectrum to describe different levels of engagement. For the purposes of decision-making under the LGA, engagement will generally range between *consultation* and *informing*. Horizons has, and will continue to, use engagement methods to *involve* or *collaborate* with its communities at times.

In general, the more significant, or material, the impact or consequences of a decision or proposal, the more formal or extensive the engagement process is likely to be.

b. General approach

The most significant decisions and proposals usually will be included within the long-term planning processes and will be assessed against Horizons' strategic objectives. Therefore, wherever practicable, these matters will be included within a special consultative procedure to adopt or amend the Long-term Plan.

Horizons may also use the special consultative procedure for other matters if they are assessed as having a very high level of significance.

Matters that are not considered to be significant generally will be decided by Council or delegated to Horizons officers or a Council committee. Communities and affected individuals will be informed about these decisions and their implementation, for example through the annual report.

For matters that are assessed as being significant, Council will use one or a combination of consultation methods. Examples of some methods that may be used are:

- Formal and informal surveys;
- Public meetings; and
- Stakeholder workshops and focus groups.

The choice of engagement methods will depend on factors including:

- The size, location and characteristics of the communities that will be affected by the decision;

- The communities' preferences for engagement;
- What is already recorded about the communities' views and preferences;
- The degree of significance the matter is assessed as having;
- The criteria that were relevant in the assessment;
- The circumstances in which the decisions is to be taken or the issue arose;
- The cost of the method relative to the significance of the matter; and
- Whether there is good reason under the provisions of Part 1 of the Local Government Official Information and Meetings Act 1987 to withhold information.

F. Legal framework

a. Consultation and decision-making

The LGA sets out a framework for local authority decision-making. This framework requires councils to consider the views of those likely to be affected by or to have an interest in its decisions (Section 78), using a set of consultation principles (Section 82(a)). These include:

- Ensuring people affected by or interested in a decision have reasonable access to relevant information;
- Encouraging those people to present their views to council and ensuring they have a reasonable opportunity to do so;
- Giving people presenting their views clear information on the purpose of the consultation and the scope of decisions to be made following consideration of these views;
- Councils receiving those views with an open mind and giving them due consideration in making their decision; and
- Providing people who presented their views with access to a clear record of the decisions and explanatory material.

b. Inconsistent decisions

When a decision is made that is, or could have consequences that are, significantly inconsistent with this policy, Section 80 of the LGA applies. This provision requires that the inconsistency, the reasons for it, and any

intention Horizons may have to amend the policy to accommodate it, be set out when making the decision.

G. Attachments

Attachment 1: Strategic Assets

Strategic assets are defined in the LGA as being those that need to be retained to maintain a local authority’s capacity to achieve the outcomes it determines are important to the current or future well-being of its communities. The definition specifies that some assets, such as equity securities in a port company, are strategic.

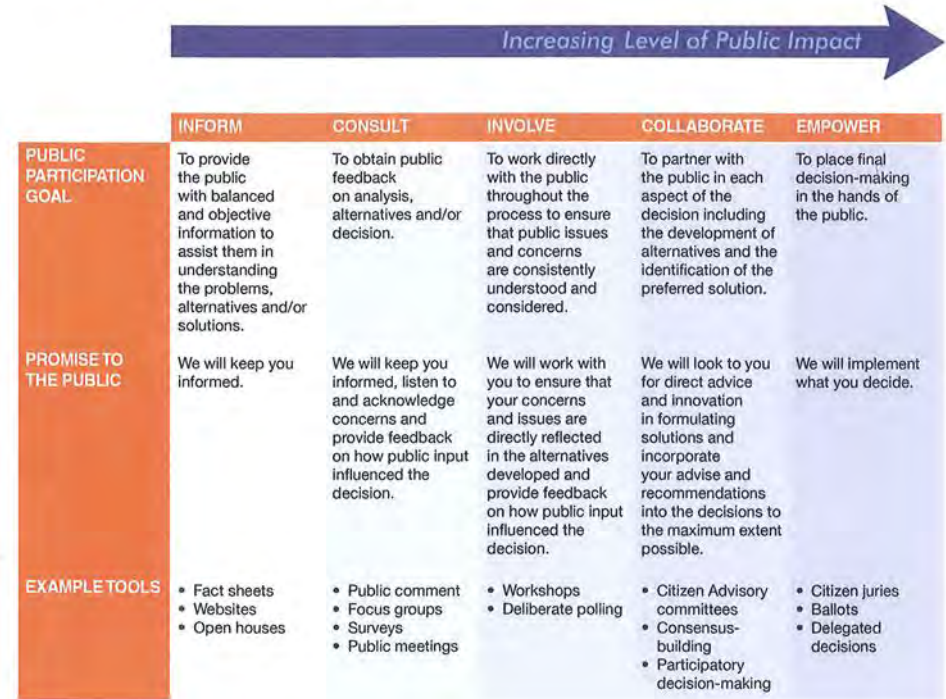
The assets Horizons considers to be strategic are:

1. 23.08% shareholding in CentrePort Ltd; and
2. River and Drainage Scheme taken as a whole but not any specific part of the asset group.

Horizons’ holdings include other assets that do not meet the definition of ‘strategic asset’ in the LGA. Decisions regarding those assets may be considered significant.

Attachment 2: IAP2 Public Participation Spectrum

iap2 public participation spectrum
developed by the international association for public participation





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Glossary of Terms

The following words and terms may appear in the Long-term Plan. The definitions provided relate to how the word or term is used in the Long-term 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 relate to biodiversity issues

Hapu

Whanau 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, hapu, 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 – non-scheme

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 (UAC's). 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 it 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

Whanau

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% – one basis point is the change from 6.25% to 6.26%, one hundred basis points is the change from 6.25% to 7.25%.

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, 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 2 option contracts on 2 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 – Read 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.

Audit Opinion



To the reader

Independent auditor's report on Horizons Regional Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Horizons Regional Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 30 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 153 to 155 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Council's audited information.

Uncertainties due to the potential impact of the recent rainfall event

Without modifying our opinion, we draw your attention to the disclosures on page 8, about the potential impact of the recent rainfall event. As a result of the rainfall event the Council's flood protection and drainage infrastructure have sustained damage. The Council has been unable to complete a detailed assessment of the remedial work needed. As a result, the Council is unable to determine the full cost of repairing the damage prior to the adoption of its plan.

In drawing your attention to this issue, we are not commenting on the merits of the policy content that it reflects. We consider the disclosures in the plan to be adequate.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.¹

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;
- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

The Council is also responsible for the publication of the long term plan, whether in printed or electronic form.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



Clint Ramoo, Audit New Zealand
On behalf of the Auditor-General, Wellington, New Zealand

CREDITS

PHOTOGRAPHY HORIZONS REGIONAL COUNCIL

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