

Horizons Regional Council
Annual Report 2007 - 08

31 October 2008

Report Number 2008/EXT/938
ISSN No. 1176-9548
ISSN No. 1178-1505(e)

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Message from the Chairman and Chief Executive

Looking back on 2007-08, we can be pleased with Horizons' ability to deliver value to our ratepayers and the environment across our large and complex Region.

It was a year of progress and consolidation on the issues identified as priorities and set out in our 2006-16 Community Plan after extensive consultation with residents and partner organisations.

That planning exercise defined our core business, and our spending focus, as being water quality and quantity, sustainable land management, flood protection, native habitat protection and transport. In 2007-08 we continued to implement and deliver what we promised in our Community Plan.

While prolonged fine summer weather enabled good progress to be made on our river management schemes throughout the Region, including the Palmerston North City reach of the Manawatu River, the Oroua and the Lower Rangitikei, it was a very dry and difficult period for rural and urban residents in most parts of the region. Low water levels in many rivers and streams, along with depleted groundwater reserves, had an adverse impact on urban water supplies as well as pastoral and crop farmers, and showed that none of us – rural or urban, agricultural or recreational – can afford to take this most precious resource for granted.

The spotlight was on our efforts to ensure our systems for water allocation and monitoring around the Region are well understood and respected by all users. The dry conditions also put a great deal of stress on our work to maintain and improve water quality and vegetation management in and around streams, rivers and lakes as a key component of the Region's biodiversity values.

We are proud of the results being achieved through our work with landowners, local councils, and volunteer organisations to foster the preservation and restoration of stream and river margins, and our top wetland and native bush remnants.

Our keynote activities for the year included: managing river erosion and eliminating pest plants and animals in Totara Reserve Regional Park; offering new tools in the form of plans and assessments to manage our Region's water resource; and finding our enhancement programme along the Whanganui and Manawatu Rivers.

We are pleased to report significant progress across our Land Management activities, which focus on reducing erosion, protecting soil health and managing dune lands. The key focus is on preventing accelerated erosion in the Region's fragile hill country through the Sustainable Land Use Initiative (SLUI), which was developed following the disastrous hill country erosion and lowland flooding in February 2004.

A significant achievement this year was the confirmation of government funding as a share of the cost of SLUI programmes. This funding is \$5.873 million over four years, with \$1.122 million received in 2007-08. Combined with Horizons' ratepayer funding and landowners' contributions, this enabled SLUI to achieve its 2007-08 target of 80 Whole Farm Plans prepared and implementation starting on 44 properties.

On-farm works in the Whanganui Catchment area also continued, with significant funding from the Whanganui River Enhancement Trust (WRET), which provided \$100,000 during the year.

A great deal of work went into the notification, consultation and preparation for hearings of the One Plan, which began on schedule on 2 July 2008 but may take longer than anticipated to complete.

On the roads, we continued to see improvement in road safety statistics and increased bus passenger numbers while expanding some of our other services such as Total Mobility, and supporting initiatives such as the very successful Horowhenua Health Shuttle. Rapid increases in fuel costs are increasing the cost of operating public transport services. However, these are also now starting to encourage a greater use of public transport in the region.

Garrick Murfitt
CHAIRMAN

Michael McCartney
CHIEF EXECUTIVE

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Committee Membership

Strategy and Policy Committee

Chair: Council Chair or rotating Chair or Member
Deputy Chair: Deputy Chair Council or rotating Chair or Member
Members: All Councillors

Audit, Risk and Investment Committee

Chair: Cr PW Rieger QSO; Deputy Chair: Cr DB Meads
Members: Crs VJF Chettleburgh QSM ED, MC Guy and EB Gordon

Environment Committee

Chair: Cr AK Main; Deputy Chair: Cr JJ White
Members: Crs L Bailey, VJF Chettleburgh QSM ED, LR Burnell and MW Plowman

Catchment Operations Committee

Chair: Cr DB Meads; Deputy Chair: Cr MC Guy
Members: Crs EB Gordon, PW Rieger and RG Walker

Regional Land Transport Committee

Chair: Cr EB Gordon; Deputy Chair: Cr VJF Chettleburgh QSM ED;
Members: Cr PW Rieger QSO (Jul 06-Oct 07), Cr L Bailey (from Nov 07), Mayor B Duffy, Mayor I McKelvie, Mayor M Reynolds, Mayor S Morris, Cr G Cruden, Cr D Brown, Cr C A Anderson, Dr C Cheyne, Mr E Christiansen, Mr MJ Cloke, Ms L Tamehana, Ms L Campbell, Mr I Hunter, Mr W Middelberg, Inspector N Wynne and Mr M Hargreaves
Advisors: Ms S Foley and Mr M Gullery

Passenger Transport Subcommittee

Chair: Cr VJF Chettleburgh QSM ED
Members: Cr L Bailey, Cr RG Walker (Nov 07-Feb 08), Cr AK Main (from Feb 08), Cr D Colling, Cr A Anderson and Cr B Wilson

Manawatu River Users Group

Chair: Cr LR Burnell
Members: Cr L Bailey; and representatives from River User groups

Linklater Bursary Subcommittee

Any three Councillors as required nominated by Council Chairperson.

Welcome to The Annual Report

The Annual Report describes the work Horizons Regional Council (Horizons) has carried out over the financial year 2007-08.

The presentation and format is similar to last year. Altogether there are seven sections to this document. The first six sections are groups of activities that are further broken down into individual activities. The seventh section of the Annual Report includes the financial statements, and supplementary information.

Groups of Activities

- Environmental Management
- Risk Management
- Transport
- Representation and Governance
- Regional Relationships
- Corporate Support and Investment

These activities are a business planning mechanism used to complete the work.

The activities pages include a narrative section about the work completed during the year, including an overview, details of significant events or issues and a summary on the financial result for that activity. Following that is the level of service summary for the activity. This is in the form of a table and has the performance targets that have come out of the Community Plan 2006-16. Alongside each target are the actual results for the year, compared to the budget as well as a comparison to last year's actual results.

Financial Overview

The financial results for Horizons as a whole are found on pages 110-134. Horizons is showing an operating surplus for the year of \$3,125,000 against the Community Plan budget of \$1,596,000.

Significant items contributing to this variance are as follows:

- Government funding was received for the Sustainable Land Use Initiative (SLUI), with a commitment to fund the programme through to 2010-11. Funds received in this financial year totalled \$1,122,000. These funds were not budgeted in 2007-08, and not all of it was spent by year end.
- We received an additional unbudgeted dividend from CentrePort Ltd, net of tax \$181,000.
- Total received for flood damage reinstatement from insurance proceeds relating to capital expenditure was \$1,781,635. In addition \$60,100 was received from Horowhenua District Council, as a contribution to Himatangi Block Road rockwork. The combination of these two amounts was used to fund capital works for flood damage, but it explains a significant proportion of the surplus.

- Consents and Compliance areas, within the Regulatory Activity of the organisation, have both been subject to thorough reviews this financial year, and ended the year unfavourably against budget, and are included in the \$703,000 deficit for this Activity.
- The One Plan, reported under the Strategic Management activity, required more staff resourcing than expected along with additional external consulting time from expert witnesses and the initial costs of setting up the hearing process were higher than anticipated. However, expenditure across the other strategic management projects was managed carefully to minimise the overall effect of the high costs of the One Plan.

The Capital purchases summary on pages 135-136, which excludes infrastructural assets, shows spending of \$2.441 million against a budget of \$2.425 million.

Significant capital investment this year has been in Regional Park Development (\$214,000) including river and drainage works, pest control, signage and tracking, and the commencement of building an ablution and office block to be completed in 2008-09 year.

Flood plan mapping expenditure on modelling outputs (\$359,000), provides information on flood depths and extent of specific flooding scenarios. It is required to establish if design for flood protection is necessary.

The balance sheet shows a reduction in cash and investments against last year. We managed to fund all activities and capital works internally during the year. However at year end, we had begun the process of sourcing debt funding externally, specifically for the River drainage scheme works. This will be drawn down in the new year.

Net worth of the Horizons Regional Council is now \$298 million, of that \$251 million is represented by Infrastructural assets.























The Rating Summary table on page 136 shows the actual year-to-date balance of each rate type against the planned revenue and expenditure. It also shows the life to-date balance for each rate type.











General Rate activities, are funded by a combination of user charges, investment income and the General Rate. There was expenditure of \$14.010 million, against a budget of \$13.239 million. This was a \$771,000 deficit against a budgeted deficit of \$596,000 in the General Rate.

Target Rate activities, as separately shown in the table, were nearly all underspent.

These financial statements have been prepared in accordance with the New Zealand International Financial Reporting Standards.

Community Outcomes and Council Contribution

		ENVIRONMENT A healthy environment is our gift to future generations	ECONOMY Our economy is broad-based, growing and sustainable	SOCIAL Our great lifestyle is founded on a caring and involved community	CULTURAL Cultural diversity is welcomed for the richness it provides
		<ul style="list-style-type: none"> River health and aquatic ecosystems are sustained. The Region's native habitat is not compromised by flood protection works. Native plants, animals, ecosystems, and processes, are maintained and protected. Coastal landscape, habitats and waters are protected and enhanced. Reduced environmental impacts from well planned transport networks. 	<ul style="list-style-type: none"> Sufficient clean and healthy water for the Region's cities, farms and agricultural businesses. Business production continues during flood events, and flood protection is affordable. Coastal development opportunities are maintained. Economic sustainability for the Region's agricultural and horticultural industries. Reliable public transport and infrastructure enabling people to go freely about their business. 	<ul style="list-style-type: none"> Maintain clean healthy water for recreation, and to build a sense of pride in the Region's rivers Access to sufficient water for drinking. People feel safe from the threat of floods. Enjoyment of recreational activities within a natural coastal environment. 	<ul style="list-style-type: none"> Access to sufficient water for cultural activities. A sense of living heritage is maintained for the Region. Positive relationships exist within our communities
HORIZONS CONTRIBUTION Contribution: <input type="radio"/> Primary <input checked="" type="radio"/> Secondary					
Activity Group	Activities				
ENVIRONMENTAL MANAGEMENT	• Habitat				
	• Land Management				
	• Regulatory				
	• Strategic Management				
	• Water Quality				
	• Water Quantity				

		ENVIRONMENT A healthy environment is our gift to future generations	ECONOMY Our economy is broad-based, growing and sustainable	SOCIAL Our great lifestyle is founded on a caring and involved community	CULTURAL Cultural diversity is welcomed for the richness it provides
		<ul style="list-style-type: none"> River health and aquatic ecosystems are sustained. The Region's native habitat is not compromised by flood protection works. Native plants, animals, ecosystems, and processes, are maintained and protected. Coastal landscape, habitats and waters are protected and enhanced. Reduced environmental impacts from well planned transport networks. 	<ul style="list-style-type: none"> Sufficient clean and healthy water for the Region's cities, farms and agricultural businesses. Business production continues during flood events, and flood protection is affordable. Coastal development opportunities are maintained. Economic sustainability for the Region's agricultural and horticultural industries. Reliable public transport and infrastructure enabling people to go freely about their business. 	<ul style="list-style-type: none"> Maintain clean healthy water for recreation, and to build a sense of pride in the Region's rivers Access to sufficient water for drinking. People feel safe from the threat of floods. Enjoyment of recreational activities within a natural coastal environment. 	<ul style="list-style-type: none"> Access to sufficient water for cultural activities. A sense of living heritage is maintained for the Region. Positive relationships exist within our communities
Activity Group	Activities				
RISK MANAGEMENT	<ul style="list-style-type: none"> Biosecurity Emergency Management Rivers and drainage – Non schemes Rivers and drainage – Schemes Tb vector 				
TRANSPORT	<ul style="list-style-type: none"> Passenger Services Road Safety Transport Planning 				
REPRESENTATION AND GOVERNANCE	<ul style="list-style-type: none"> Representation Community Plan 				
REGIONAL RELATIONSHIPS	<ul style="list-style-type: none"> Community Relations Maori Engagement 				

PROGRESS TOWARDS ACHIEVEMENT OF COMMUNITY OUTCOMES

As the Community Outcomes have been changed in the LTCCP, this is the first year of reporting against these modified outcomes. As a result, it is not considered appropriate to report the results of any measurements undertaken during the year of progress towards the achievement of those outcomes in this Annual Report, and instead this will be covered next year, in the 2008-09 Annual Report.

Introducing the Environmental Management Group of Activities

Background

The environmental management activity group covers a number of core activities including: land management, water quantity and quality management, habitat protection, regulatory and strategic management, and pest plant and pest animal strategies. The majority of these core functions are specified in the Resource Management Act 1991 and the Biosecurity Act 1993.

Horizon's suite of environmental policies set regulatory and non-regulatory objectives for the Region. We also monitor the effectiveness of these methods and undertake research into existing and emerging environmental issues.

The regulatory management requires user of environmental resources to apply for resource consents while Horizons non-regulatory approach uses a number of 'tools' such as advice and information, education, funding assistance and direct service delivery to achieve its goals and objectives.

Priorities

A major project that traverses this group of activities is the review of existing environmental policy and the development of a new consolidated Regional resources plan – the One Plan. This Plan has identified four resource management priorities for our Region: water quantity, water quality, habitat protection and hill country erosion. These priorities are where much of our environmental management effort and resources will focus over the next 10 years. Regional Pest Management Strategies (RPMS) also guide significant parts of our environmental business.

The One Plan details how each of these priorities will be addressed in the Region and what we will do to implement these environmental policies. These actions are funded through this Annual Report.

Environmental Management Group of Activities (\$000)

ACTIVITY OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Net Operating Costs:			
Land Management	2,711	1,720	1,787
Water Quantity and Quality Management	1,974	1,963	1,784
Habitat	2,584	2,306	1,681
Regulatory	1,178	1,881	1,466
Strategic Management	2,471	2,533	2,015
Group Net Operating Costs	10,918	10,403	8,733
Capital Expenditure	51	258	1,272
Total to be Funded	10,969	10,661	10,005
Funded By:			
Rates Revenue	-10,327	-9,624	-8,733
Reserve Movement	-642	-1,037	-1,272
Total Funding	-10,969	-10,661	-10,005

Land Management Activity



Background

Agriculture is considered the foundation of our Region's economy and the land and soil resource underpins the Region's economic wellbeing. Agricultural practices can damage our resources. Loss of soil, primarily through erosion, creates major implications for water quality, native aquatic habitats and flood protection of lowland urban areas, as well as impacting directly on landowners.

Our land management activity focuses on reducing erosion, protecting soil health and managing dune lands, with a key focus on managing erosion in the Region's hill country. This activity also encompasses research and monitoring, advice and information, funding and incentives, the development of Whole Farm Plans (WFPs) and specific work programmes for the Region's hill country and the Whanganui Catchment area.

General Overview for the Year

The priority activity for the year continued to be delivery of the Sustainable Land Use Initiative (SLUI). SLUI is a targeted response to accelerated soil erosion in hill country and the downstream effects on our water quality and flood protection schemes. Under SLUI, Horizons aims to produce Whole Farm Plans on target properties and implement work programmes to reduce hill country erosion.

A significant achievement this year was the confirmation of government funding as a share of the SLUI programmes costs. This funding has been confirmed for four years and totals \$5,873,000. This year, \$1,122,000 was received.

Good progress has continued to be made in delivering Whole Farm Plans to farmers. The first stages of implementing works programmes have also met expectations.

Significant Events/Issues

- Coastal work targets were achieved under budget.
- SLUI government funding secured.
- SLUI achieved its target of 80 Whole Farm Plans and began implementation on 44 properties against the target of 46.
- Whanganui Catchment area targets were met with significant funding from the Whanganui River Enhancement Trust (WRET), which provided \$100,000 during the year. This funding assisted with implementation of works programmes. In the Whanganui Catchment.
- Horizons assisted external organisations with Ballance Farm Environment Awards and Meat and Wool NZ Monitor Farm programmes.
- We supported 100 environmental grant projects for erosion control.

Financial Results

Overall the Land Management activity showed an under-spend (or favourable variance against budget) of \$991,000. The majority of this variance was in the SLUI project. Weather delayed major planting programmes until July 2008.

Savings were made in other activity areas as efforts were prioritised toward the SLUI programme. This did not significantly affect overall project outputs.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Land Management Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
COASTAL ENVIRONMENT		58		54		17
Coastal survey completed						
Coastal hydrology monitoring						
Provide advice to facilitate four coastal care groups						
FLUVIAL RESOURCES		48		16		(31)
Review the fluvial resource research programme						
Analyse and report on fluvial resource data						
SLUI		1,390		941		993
Farms committed to protection works	80		87			
Farms implementing protection works	46		41			
Hectares retired.	1,000		727			
WHANGANUI CATCHMENT		517		111		143
Establish at least one new land management priority catchment project in the Whanganui Catchment						
REGIONAL LAND INITIATIVES		607		467		549
Deliver soil health programmes for 40 farms per year	40		0			
Support at least three monitor farms and publish results						
Establish at least two new land management priority catchment projects						
Make at least 150 grants per year available for land improvement projects	150		100			
LAND MONITORING AND RESEARCH		91		131		116
Land research for best management practice trials completed and presented to community groups						
Complete soil monitoring and soil health assessments for erosion						
Determine areas of erosion or sediment source modelling						
NET OPERATING COSTS		2,711		1,720		1,787

Land Management Level of Service (what the Council has delivered)

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

COASTAL ENVIRONMENT

Coastal hydrology monitoring

- Coastal hydrology monitoring is ongoing as a part of the overall hydrology monitoring programme.

Provide advice to facilitate four coastal care groups

- Advice to coastal issues was provided upon request. No formal coastal care groups exist but a number of community groups have been given advice along with some Territorial Local Authorities (Horowhenua, Tararua and Manawatu Districts) and government departments (DoC and Ministry of Defence).
- Environmental grant funding was made available to two coastal projects.

FLUVIAL RESOURCES

Analyse and report on fluvial resource data

- A report on the review of the fluvial monitoring and science programme by NIWA has been completed.
- Analysis on the available river cross section data for the Manawatu River from the Ashhurst bridge to the Opiki confluence has been completed. A report on this project has been drafted and is currently under review.

SLUI *

80 Farms committed to protection work

- 87 farm plans were mapped and drafted by contractors and staff. At 30 June, there were 26 farm plans fully documented and final.

46 Farms implementing protection work

- 41 farms started implementing protection work in 2007-08.

1,000 hectares retired

- 131 Whole Farm Plans have mapped total of 98,000 ha of land.
- 727 ha of land have been treated to date through a mix of planting, fencing and other work.

WHANGANUI CATCHMENT

Establish at least one new land management priority catchment project in the Whanganui Catchment

- No new priority areas established.
- Priority was given to getting greater coverage of farm plans and implementation within the two existing catchments.

REGIONAL LAND INITIATIVES
<p>Deliver soil health programmes for 40 farms per year</p> <ul style="list-style-type: none"> No new soil health plans completed. This project is on hold due to agreed priority and effort been directed to the Sustainable Land Use Initiative.
<p>Support at least three monitor farms and publish results</p> <ul style="list-style-type: none"> Monitor farms supported in Taranua (3), Manawatu (3), Rangitikei/Wanganui (1) and Ruapehu (1). All these hill country properties have been supported through completion of a SLUI Whole Farm Plan, where results are published. Monitor farms supported Manawatu (3 finishing units) through the development and presentation of Soil Health Plans.
<p>Establish at least two new land management priority catchment projects</p> <ul style="list-style-type: none"> One new catchment established (Waimiha, but approach has been to develop SLUI WFP in the area). SLUI priority catchments in five other areas. Existing priority projects supported (2 – land, 2 – water, 1 – biodiversity).
<p>Make at least 150 grants per year available for land improvement projects</p> <ul style="list-style-type: none"> Grants made available to 101 land projects (not including biodiversity and water quality projects). Uptake of projects to the end of June was 93%.
LAND MONITORING AND RESEARCH
<p>Complete soil monitoring and soil health assessments for erosion</p> <ul style="list-style-type: none"> This project was replaced last year by a manual for on site wastewater systems, to support the One Plan. Completed in 2006-07 Year.
<p>Determine areas of erosion or sediment source modelling</p> <ul style="list-style-type: none"> The areas of highly erodable land have been defined by the Landcare Research report in 2006-07. A report on the Sustainable Land Use Initiative (SLUI) whole farm plans monitoring project has been completed. This report provides a framework to estimate the possible reductions of sediment loss as a result of management actions such as soil conservation planting A report on the sources of sediment and phosphorus entering the upper Manawatu catchment has been completed.

* SLUI Project Group now Includes Wanganui Catchment, this was previously shown as a separate Project Group in the original Community Plan 2006-16.

Land Management Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-938	-1,419	-236
Expenditure	3,649	3,139	2,023
Net Operating Costs	2,711	1,720	1,787
Capital Expenditure	0	0	0
Total to be Funded	2,711	1,720	1,787
Funded By:			
Rates Revenue	-2,711	-1,720	-1,787
Reserve Movement	0	0	0
Total Funding	-2,711	-1,720	-1,787

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	1,321	779	1,304
Sustainable Land Use Initiative UAC (per property)	1,390	941	483
Total Rates	2,711	1,720	1,787

Water Quantity & Quality Management Activity



Background

The water quantity and quality management activity encompasses research and monitoring for water quantity, water quality and groundwater management.

General Overview for the Year

The water quality and quantity management activity has completed a wide range of projects during the 2007-08 year. These include completing a number of technical reports to provide input into the One Plan hearings, a range of monitoring investigations including an upgraded state of environment monitoring programme to measure impacts of major discharges on water quality, and an improved level of near real time monitoring for surface water abstraction consents.

Significant Events/Issues

- The low rainfall in early 2008 lead to widespread restrictions on surface water abstraction consents across the Region. This extended to power generation, community water supply, industry and irrigation consents to abstract surface water. Horizons' Watermatters monitoring and reporting system was put to the test during this period and proved to be a very useful management system for such conditions.
- Coverage of near real-time monitoring and automated compliance checking of water abstraction consents has increased markedly going from 45% of the consented volume to over 70% during the 2007-08 year.
- An integrated catchment monitoring programme was initiated in the Lake Horowhenua area. The survey has involved investigation of both groundwater and surface water quantity and quality over a range of flow conditions.
- Reporting was completed on the minimum flow investigations for the Makotuku and Makara rivers.

- A report on stock water drinking requirements was completed.
- A discharge monitoring programme was implemented in the Manawatu, Owhango and Whangahaeu catchments to identify the relative inputs from point source discharges to water quality.
- Water quality and low flow investigations have been completed in the Mangatainoka and Mowhanau catchments.
- Low flow gauging programmes were completed in a range of catchments throughout the Region.
- Cyanobacteria (a potentially toxic growth) was noted in some of the Region's rivers including popular swimming spots. Surveillance and monitoring was undertaken with warning signs being put in place to identify the risk to river users.
- A report on the sources of nitrogen and phosphorus into the regions water ways during low flows was completed.
- A report on the relative sources of phosphorus to the Upper Manawatu catchment was completed. The report identified the potential gains in terms of implementing best practice on farms to reductions to phosphorus entering water ways.

Financial Results

This activity ended the year \$11,000 under budget.

Some of the project groups exceeded budget due to priority demands for information. The activity has been managed carefully during the year, to meet overall budget expectations.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Water Quantity and Quality Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
WATER QUALITY MONITORING AND RESEARCH		749		861		694
Complete Upper Mangatainoka, upper Manawatu and Makotuku water quality management plans						
Complete Upper/Middle Oroua and one other water quality management plan						
Complete water quality management plans for three zones						
Monitor water quality and seasonal swimming spots						
SURFACE WATER QUANTITY MONITORING AND RESEARCH		575		651		684
Complete Oroua and Makotuku/Makara water resource assessments						
Complete Managatainoka and Makuri/Tiraumea water resource assessments						
Complete Waikawa/Manakau and Turakina water resource assessments						
Determine locations for low flow gauging run programmes						
Complete reports on gauging run programmes for high pressure water quantity areas						
Complete surface water quantity monitoring and low flow gauging						
Determine methodology for identifying permitted takes and develop a supporting database						
Develop water allocation management tools and present this information to water users						
GROUNDWATER MONITORING AND RESEARCH		394		337		321
Continue groundwater monitoring						
Upgrade and maintain groundwater information system and well database						
Refine regional groundwater model						
Review water allocation methodology and develop new alternative management tools						
WATER QUALITY AND AQUATIC HABITAT IMPROVEMENTS		256		114		85
Undertake aquatic habitat maintenance and enhancement works on one stream						
Target two new priority catchments for nutrient and bacteria improvement						
Continue implementation of Lake Horowhenua and Hokio Stream catchment management strategies						
Fulfil responsibilities under the Dairying and Clean Stream Action Plan for Manawatu-Wanganui						
NET OPERATING COSTS		1,974		1,963		1,784

Water Quantity and Quality Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

WATER QUALITY MONITORING AND RESEARCH

Complete water quality management plans for three zones

In place of developing water quality management plans for three zones, Horizons has focused on developing water quality management plans for all water management zones via the science and policy development as a part of the One Plan. The following projects have been undertaken as a part of this in 2007-08.

- The water quality framework technical report (to support the One Plan) has been expanded.
- A report on the nitrogen and phosphorus loads to rivers, an analysis of low flow state.
- A report documenting land use capability and existing land use in the water management zones.
- A periphyton monitoring workshop was held at Horizons to review the existing monitoring programme and to make recommendations for improving the programme. A periphyton monitoring plan for the Region has been completed in association with National Institute of Water and Atmospheric Research (NIWA) and Massey University following on from the outcomes of the periphyton workshop. A report documenting the periphyton monitoring review has been completed.

Monitor water quality and seasonal swimming spots

- Monitoring of water quality in the region is ongoing. This year is the first year where the programme has been expanded to monitor upstream and downstream of major discharges on the same day as the state of environment (SoE) programme. This programme will provide information on the relative inputs from point source discharges and non point source discharges. This year, twenty discharges in the Manawatu catchment, four in the Whangapehu catchment and one in the Owhango catchment have been included in the programme. As part of developing this programme a review of the existing programme has been undertaken.
- Mock ups of the water quality website have been completed. The database to underpin the website has been developed and loaded. Development of the software is underway. As a part of the website development protocols and software for automatic compliance checking of the data from the above monitoring programme have been developed.
- Monitoring of the swimming spots has been undertaken via two-weekly sampling runs from November to March. Results were communicated via Horizons website.
- Analysis of the upper Manawatu water quality intensive sampling runs 2007-08 has been undertaken. This project looked at invertebrate and fish communities as well as water quality at 27 sites in the upper Manawatu catchment. The report has been drafted and is under review.
- A water quality investigation in the Mangatainoka has been undertaken and preliminary results analysed.
- A water quality investigation of the Lake Horowhenua area has been undertaken and is continuing.
- A water quality investigation of the Moawhanau catchment has been undertaken and is continuing.
- Cyanobacteria has been identified in a number of the regions rivers including the Mangatainoka, Manawatu, and in a tributary of the Whanganui. Surveillance and monitoring was undertaken within the contact recreation programme.

SURFACE WATER QUANTITY MONITORING AND RESEARCH

Complete Waikawa/Manakau and Turakina water resource assessments

- A region-wide water allocation management approach has been developed as part of the One Plan. Current work is focusing on further research around the One Plan approach. The following projects have been undertaken as a part of this in 2007-08.
- A project has been completed to assess stock drinking water requirements. This work is to address a methodology for stock water provisions in the One Plan and for consent applications.
- A report on the instream incremental flow assessment of the Makotuku Stream has been completed. This work defines minimum flows for the Makotuku and Makara streams (near Raetihi).
- A project to review the minimum flows for the upper Manawatu area based on updated data sets has been undertaken. Further monitoring of the fish populations during low flows in the Raparapawai and Oruakeretaki Streams has been undertaken. A report on this work has been drafted.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

Complete reports on gauging run programmes for high pressure water quantity areas

- The low flow gaugings project has this year worked on consolidating existing data from many sources into a single database. The focus catchment for this work has been the Manawatu catchment upstream of the Gorge. A single archive containing the complete known data set for this area has been compiled and quality assured.

Complete surface water quantity monitoring and low flow gauging

- Water quantity monitoring through the network of continuous monitoring of sites has continued.
- Data for the year has been collected and an equivalent amount of hydrological data will be processed and stored on the hydrometric archive.
- Low flow gauging runs have been completed in the Waitaiki, Tokiahuru, Mangaehuehu, Mangawhero, Waiharuru, Makara, Makotuku, Mangatainoka including (Mangaramarama, Mangamaire, Bruce, Mangaraupiu, Mangaoranga, Pukohai, Makakahi etc), Waikawa, Ohau and tributaries.
- A detailed set of flow gauging runs for the streams around Lake Horowhenua have been undertaken over a range of flow conditions.
- A detailed set of flow gauging runs for the Moawhanau catchment have been undertaken over a range of flow conditions.
- Flow gaugings at a range of the discharge monitoring sites have also been completed during the year to establish flow relationships with flow recoding sites

Determine methodology for identifying permitted takes and develop a supporting database

- The approach to determining the location of permitted takes during 2007-08 has been through compliance officers asking landowners about their sources of water through their standard inspections.

Develop water allocation management tools and present this information to water users

- The *Watermatters* website that displays water use information to the public and consent holders has been functional for the year (www.horizons.govt.nz/watermatters).
- Upgrades to the site during the year include migration to the new Horizons website format and upgrading of the underlying databases.
- The automatic compliance checking tools and the website have worked well as a management tool during low flow conditions.
- The telemetry project for measuring water abstractions is now in its third year. Over 120 sites are automatically providing water abstraction data. These are automatically compliance tested each day and data updated to the *Watermatters* website.
- This year the programme has been working with the District and City Councils to establish automatic transfer of data between the telemetry systems. Over 70% of the Region's consented surface water volume for industrial, agricultural and water supply use, is transferred automatically and compliance tested on a daily basis to Horizons.
- The automatic notification (via email) of users when specific river conditions occur in relation to requirements for consents commenced in November.

GROUNDWATER MONITORING AND RESEARCH

Continue groundwater monitoring

- Groundwater monitoring continues through the SoE monitoring programme of both monthly and continuous monitoring.
- A detailed survey of wells in the Lake Horowhenua area has been initiated. This programme which was undertaken from March to June, monitored bore details and where possible, water level and/or water chemistry of over 600 wells. This data is to be included in a groundwater model for this area.
- A report on the feasibility of vertical mapping of aquifers using geophysical measurement techniques has been completed.

Upgrade and maintain groundwater information system and well database

- The upgrade of the information system has been completed and the data is up to date.
- Ongoing work with well drillers continues to ensure that bore logs are being forwarded to Horizons.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

Refine regional groundwater model

- A technical report to document the current state of knowledge around groundwater in the region has been drafted.
- A pump test guidelines document has been drafted and reviewed. This document has been produced to document the best practice methods for completing and analysing pump tests. The aim being to support and provide clear guidance for consent applicants as to how these tests can be completed.
- A project to conduct groundwater quality trend analysis has been initiated.

Review water allocation methodology and develop new alternative management tools

- A groundwater allocation framework has been developed as a part of the technical work to support the One Plan. Work has focused on the preparation of the groundwater technical report mentioned above.
- Further work on refinement of the approach in the one plan has also been undertaken.

WATER QUALITY AND AQUATIC HABITAT IMPROVEMENTS

Undertake aquatic habitat maintenance and enhancement works on one stream

- The Makakahi catchment was targeted on a catchment-scale for works (fencing and planting), although one-off works were undertaken on a number of waterways.
- Works continued in existing catchments, eg. Mateongaonga (Wanganui).

Target two new priority catchments for nutrient and bacteria improvement

- Only one new priority catchment was added in 2007-08 – the Makakahi catchment (near Eketahuna). Stream margins were fenced and planted.
- The target was not achieved because it relies on voluntary partnership and there was a greater demand for other works.

Continue implementation of Lake Horowhenua and Hokio Stream catchment management strategies

- All existing fences were battened. The lake margin is now completely fenced apart from a short length through a forestry block.
- Fencing and planting of bush remnants, wetlands and stream margins within the catchment continued
- The catchment management strategies are found in a non regulatory policy document developed in conjunction with Horowhenua District Council, Department of Conservation, Horizons and Lake Horowhenua Trustees. Copies are held in the library at Horizons Regional Council.

Fulfil responsibilities under the Dairying and Clean Stream Action Plan for Manawatu-Wanganui

- This included providing advice/assistance to dairy farmers wanting to retire streams or wetlands, or install stock crossings.
- Horizons continuing to undertake compliance inspections of dairy shed discharge consents and an improved compliance monitoring regime was provided towards the end of 2007-08.
- A new water quality standards and nutrient management regime was developed as part of the Proposed One Plan.

Water Quantity and Quality Management Financial Summary (\$'000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-722	-782	-683
Expenditure	2,696	2,745	2,467
Net Operating Costs	1,974	1,963	1,784
Capital Expenditure	0	0	0
Total to be Funded	1,974	1,963	1,784
Funded By:			
Rates	-1,974	-1,963	-1,784
Reserve Movement	0	0	0
Total Funding	-1,974	-1,963	-1,784

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	1,974	1,963	1,784
Total Rates	1,974	1,963	1,784

Habitat Protection Activity



Background

The aim of the Habitat Protection Activity is to reduce the decline of native habitats and their associated species within the Region. By combining research, monitoring, pest control, and funding assistance to landowners, we aim to protect significant habitats to ensure the ongoing survival of native species, many of which have fallen below critical levels. Habitats targeted include wetlands, forest fragments, and open country. Horizons' focus is principally on habitat that is located on privately owned land.

General Overview for the Year

Excellent results were achieved in the Habitat Protection Activity. The highlights were completing Year 2 of the Totara Reserve Regional Park, Manawatu Gorge and Massey Hill projects, meeting or exceeding the targets set for the wetlands and bush remnants projects, and completing the field work for the Western Plains forest fragments survey.

Significant Events/Issues

Highlights in the Habitat Protection Activity include:

- The number of high priority habitat sites under active management increased, with 13 additional wetlands and 20 bush remnants receiving fencing, planting and plant/animal pest control during the year.
- Pest control, camp ground redevelopment, and river management continued at Totara Reserve Regional Park, and work commenced on a new office/ablution block.
- Programmed works continued on the Manawatu Gorge and Massey Hill projects.
- 97% of known old man's beard sites were treated.

- Programmes were amended as part of the requirements of the new Regional Pest Plant Management Strategy.
- Demand for biodiversity and pest plant advice and assistance continued to increase.
- Animal pest control assistance continued at sites including Pukaha/Mt Bruce, Bushy Park and Turitea Reserve.
- Rates remissions were offered for the first time to owners of high priority habitat remnants.
- Field surveys of Western Plains forest fragments, undertaken as part of the biodiversity site prioritisation (bush) project, were completed.
- The regional wetland inventory was reviewed and updated, an aquatic biodiversity monitoring programme was instigated, baseline terrestrial biodiversity monitoring was carried out at 350 sites, and a methodology for assessing water take impacts on coastal lakes was implemented.

Financial Results

The Habitat Protection Activity ended the year \$278,000 under budget as well as meeting or exceeding most targets. This was due to the following reasons:

- Forecast savings in the old man's beard, wetlands and various animal pest control programmes.
- Savings from incomplete work at Totara Reserve Regional Park.
- Lower than expected uptake of the Canopy Rates Remission.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Habitat Protection Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
BIODIVERSITY MONITORING AND RESEARCH		1,179		889		386
Identify significant sites of indigenous aquatic, coastal and terrestrial native habitats						
Identified sites are assessed and prioritised with management plans developed annually						
Develop a native habitat monitoring programme						
BUSH REMNANTS		268		397		421
20 of the top 200 bush remnants come into active management	20		20			
An additional 20 of the Region's top-200 bush remnants receive pest plant and pest animal control	20		20			
Manage Old Man's Beard outside the containment area and in high value bush remnants						
COMMUNITY BIODIVERSITY		168		176		35
Support at least one community-led biodiversity initiative						
WETLANDS		277		237		232
Fence 90% of significant wetlands located on dairy farms						
10 of the top 100 wetlands come into active management	10		10			
NEW BIODIVERSITY WORKS		692		607		607
20 of the top 200 bush remnants come into active management	20		20			
10 of the top 100 wetlands come into active management	10		10			
30 high value habitat areas will receive pest plant and pest animal control	30		30			
NET OPERATING COSTS		2,584		2,306		1,681

Habitat Protection Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
BIODIVERSITY MONITORING AND RESEARCH
<p>Identified sites are assessed and prioritised with management plans developed annually</p> <ul style="list-style-type: none"> Field survey of approximately 350 of the Region's bush remnants has been completed. Parts of Wanganui, Rangitikei and all of the Manawatu and Horowhenua districts were covered during this survey. Digitisation of the vegetation mapping for sites surveyed during the bush remnant survey is now completed. The wetland inventory and prioritisation report has been rationalised and reviewed.
<p>Develop a native habitat monitoring programme</p> <p>Aquatic habitat monitoring</p> <ul style="list-style-type: none"> An electrofishing expert from Otago Regional Council has provided some training and guidance as a part of developing the monitoring programmes for fish populations. The annual biomonitoring (aquatic invertebrates and Periphyton) survey has been completed. The biomonitoring survey report has been drafted and is currently under review. Horizons are monitoring 10 aquatic habitat areas in partnership with DoC, including the streams around Lake Horowhenua. The fieldwork has been completed, and the report has been drafted and is currently under review. A report was completed on stream restoration in the Mateongaonga stream and the effect on inanga spawning and habitat. A fish barriers assessment and report has been completed in the Manawatu Catchment. The report found 91 barriers and of which 15 were identified as high priority and 8 as medium priority for repair. Thirteen of the highest priority sites were identified as easy to repair. The CADDIS (Cawthron Archival and Data Delivery Information System) database has been developed to improve Horizons' biomonitoring data storage. Version 1 has been delivered and is currently being used. A report on the new database has been completed.
BUSH REMNANTS
<p>20 of the top 200 bush remnants come into active management</p> <ul style="list-style-type: none"> A further 20 of the top-200 bush remnants came into active management in 2007-08, bringing the total number of top-200 bush remnants under active management to 60. Active management means the site is fenced, edges are planted, and the site receives initial and ongoing plant/animal pest control.
<p>An additional 20 of the Region's top-200 bush remnants receive pest plant and pest animal control</p> <ul style="list-style-type: none"> An additional 20 sites have come under active management receive plant and animal pest control where required. A large percentage of the top-200 bush remnants receive plant and animal pest control as a result of Horizons' region-wide possum and pest plant control activities.
<p>Manage Old Man's Beard outside the containment area and in high value bush remnants</p> <ul style="list-style-type: none"> 98% of existing Old Man's Beard sites were inspected in the control zone. Of the existing sites 97% were treated. Overall, good results were reported for the previous years control, with mainly only seedlings being found, as opposed to adult plants. Two large new sites were found in the Taumarunui area. Both received initial control this year.
COMMUNITY BIODIVERSITY
<p>Support at least one community-led biodiversity initiative</p> <ul style="list-style-type: none"> At least four community based biodiversity projects were supported this year being Manawatu Estuary Management Plan, Massey Hill, Manawatu Gorge and Ohau Loop. <p>These projects are all partnerships between individuals, community groups, and/or statutory authorities (eg. Territorial Authorities and Department of Conservation).</p>

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

WETLANDS

Fence 90% of significant wetlands located on dairy farms

- 14 of 24 of the top-100 wetlands are located wholly or partially on dairy land, are now fenced. (60%)
- This target was not achieved as many new dairy conversions occurred during the year, and increased the number of significant wetlands in the region, and it is a completely voluntary process.

10 of the top 100 wetlands come into active management

- A further 10 of the top-100 wetlands came into active management in 2007-08.
- This brings the total number of wetlands under active management to 60. This result was only possible through the participation of landowners and partnering organisations, eg. Tini Awa Trust, Biodiversity Condition Fund, QEII Trust and Nga Whenua Rahui.

NEW BIODIVERSITY WORKS

20 of the top 200 bush remnants come into active management

- This was covered as part of the Bush Remnants results, above.

10 of the top 100 wetlands come into active management

- This was covered as part of the Wetlands results, above.

30 high value habitat areas will receive pest plant and pest animal control

- This was covered as part of the Bush Remnants and Wetlands targets, above.

Habitat Protection Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	0	-187	-80
Expenditure	2,584	2,493	1,761
Net Operating Costs	2,584	2,306	1,681
Capital Expenditure	0	0	0
Total to be Funded	2,584	2,306	1,681
Funded By:			
Rates Revenue	-2,584	-2,306	-1,681
Reserve Movement	0	0	0
Total Funding	-2,584	-2,306	-1,681

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	1,621	1,359	991
Rangitikei OMB Eradication (Capital Value)	85	85	
Environmental Initiatives UAC (per property)	878	862	690
Total Rates	2,584	2,306	1,681

Regulatory Activity

Background

The Regulatory Management Activity involves implementation of Horizons' environmental policies and plans using regulatory methods. This activity covers: resource consent processing, compliance monitoring, responding to environmental incidents, Resource Management Act advice (focusing on natural resource use including whether resource consents are needed and how to apply), and district liaison activities that focus on the provision of land use advice for local authorities and the general public on matters such as subdivision and property development.

General Overview for the Year

The Compliance team's regulatory practice underwent some major changes during 2007-08, of \$703,000. There was a significant shift to increasing the level of enforcement taken against people who breach regional rules or resource consents. This shift in practice aims to achieve a greater level of compliance throughout the Region. This change in focus, coupled with a 50% staff turnover in the unit, resulted in monitoring targets not being met for the financial year.

The Consents team underwent significant changes. Essentially, a new permanent team was formed. In the interim the requirement to process resource consents in accordance with the Resource Management Act (1991) had to continue and alternative arrangements were made.

Our advisory service on resource management issues was well utilised by applicants and other interested parties. It assists in ensuring that applications lodged are less likely to require further requests for information.

The District Advice function involves cooperation and liaison with territorial authorities on matters where a joint approach is beneficial to residents. This activity is also concerned with dealing with enquiries and providing advice and submissions on consent applications made to territorial authorities. It assists Horizons in the achievement of its stated aims and objectives, and gives practical effect to its policies by ensuring issues of relevance to the Regional Council are considered in determinations made by territorial local authorities.

Significant Events/Issues

The Consents and Compliance teams have been the subject of thorough reviews during the past 12 months. This led to new manager appointments and as detailed previously, formation of substantially new teams.

The focus of the Consents team has been on reducing outstanding, unprocessed consents and developing a process and consent document which focuses on what is actually needed. An assessment of requirements led to a proposal in the 2008-09 Annual Plan for fixed charges, a shift in the public/private split of costs, and change in delegations.

The Compliance team's statistics reflect a tough focus on holding consent holders to account for consents they have. This reflects a shift away from sheer numbers of inspections to quality consents being granted, matched by quality monitoring.

The significant monitoring focus during the year was on water abstractions and use. To that extent the Watermatters automated monitoring was hugely beneficial and in essence real time data was received and enforcement action taken when required.

Horizons, along with all other North Island Regional Councils, were required to become accredited and registered as Building Consent Authorities (BCAs) in relation to the issuing of dam building consents, or to transfer that function to another Regional Council. All North Island Regional Councils have transferred their BCA functions to Environment Waikato. The decision to do this was made using the Local Government special consultative process. All other functions under the Building Act in relation to dams have been retained by Horizons.

A significant number of land development applications received by Horizons were large and complex, and required input from a wide range of staff.

Financial Results

A significant negative budget variation amounting to \$703,000, occurred in 2007-08. Contributing factors were the restructure and total replacement of the team during the year.

Consultants were required to continue the work until the permanent team was established. There was an expectation that a significant amount of consents work, that had occurred in the previous financial year would be invoiced and collected in 2007-08. This involved additional cost due to engaging lawyers and holding hearings in pursuit of that debt. However, the debt was unable to be recovered and was a contributing factor to the year end position in this activity.

The Compliance team was in a similar situation, with existing and new staff unable to achieve targets, a shift in the approach of the team to building a compliance culture externally, and a major shift toward holding consent holders accountable for their consents.

A substantial change in funding policy, along with changes to team make up and targets for the respective teams will ensure the issues encountered in 2007-08 will not be repeated into the future.

The District Advice project group ended the year \$41,000 over budget. The unfavourable position was as a result of the BCA establishment costs of \$34,000 being paid out to Environment Waikato, which was unbudgeted. In addition, staff costs were over budget due to high input required from other departments of Council for complex applications and appeals.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Regulatory Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
COMPLIANCE MONITORING		103		405		255
Inspect resource consents identified from the compliance monitoring programme						
Action taken as required to enforce regional rules						
ENVIRONMENTAL INCIDENT RESPONSE		278		329		280
Respond to all environmental incidents in accordance with Horizons' policy						
Take follow-up action for all non-compliers						
Take action as required to enforce regional rules						
HAZARDOUS SUBSTANCES		28		7		13
Maintain contaminated sites information database						
CONSENTS PROCESSING		171		655		439
Process all consents within Resource Management Act (RMA) timeframes						
Process all consents within periods of time waivers						
Fewer than half of all hearing decisions are overturned at appeal by Environment Court						
Half of all appeals are settled at mediation						
Advise all consent holders of consent expiry dates six months prior to expiration						
Initiate consent reviews within correct timeframes						
Improve the regulatory management database						
RESOURCE MANAGEMENT ACT (RMA) ADVICE		338		183		240
Address 80% of customer consent enquiries on first contact						
Increase the number of consent applications accepted on first receipt continually						
DISTRICT LIAISON		260		302		239
Respond to land development information enquiries						
Promote partnerships and protocol agreements with Territorial Authorities in the Region						
Review all district plan change proposals submitted to Horizons on a yearly basis						
Prepare and implement procedures for Regional Council requirements under the Building Act						
NET OPERATING COSTS		1,178		1,881		1,466

Regulatory Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS	
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	
COMPLIANCE MONITORING	
Inspect resource consents identified from the compliance monitoring programme	
<ul style="list-style-type: none"> 1,334 inspections were carried out on 38% of resource consents identified from the monitoring programme. This result is slightly below the forecast of 40%. This shortfall was due to high staff turnover during the year, time spent on other priority work such as implementation and operation of water quantity programme and increased time required for enforcement actions. 	
Action taken as required to enforce regional rules	
<ul style="list-style-type: none"> 224 non-compliances were identified from the 1334 inspections completed. This shows a 17% non-compliance rate. Volume of legal action has further increased this year. One successful prosecution was undertaken, five prosecutions are still awaiting resolution, one set of informations have recently been laid and two cases are to have informations laid. 57 abatement notices were issued and 55 infringement notices have been issued for non-compliances against resource consents. 	
ENVIRONMENTAL INCIDENT RESPONSE	
Respond to all environmental incidents in accordance with Horizons' policy.	
<ul style="list-style-type: none"> The number of incidents received for the year is 624. 67% of incidents responded to within agreed timeframes. Many incidents are taking longer to resolve than they have in the past which makes it difficult to respond within the agreed timeframes. 126 incidents were not responded to due to other work priorities. 	
Take follow-up action for all non-compliers.	
<ul style="list-style-type: none"> 36 abatement notices were issued, which is a significant increase on the previous year. 20 Infringement notices have been issued for breaching regional rules. 	
Take action as required to enforce regional rules.	
<ul style="list-style-type: none"> The volume of legal action has further increased this year. Three successful prosecutions were undertaken and five prosecutions are still awaiting resolution. 	
HAZARDOUS SUBSTANCES	
Maintain contaminated sites information database	
<ul style="list-style-type: none"> 313 records exist within the database, compared to 265 at the same time last year. Three reports are to be entered into the contaminated sites database. A physical inspection has also been undertaken of reports held in the library to ensure all are currently on the database. 	
CONSENTS PROCESSING	
Process all consents within Resource Management Act (RMA) timeframes	
<ul style="list-style-type: none"> A total of 334 decisions were completed, with 23.35% processed outside of the RMA timeframes. 	
Process all consents within periods of time waivers	
<ul style="list-style-type: none"> 23.35% of consents were processed outside of the RMA timeframes due to a change in focus of the team this year including having a greater focus on managing customer expectations. 	

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

Fewer than half of all hearing decisions are overturned at appeal by Environment Court

- We have had no decisions overturned at appeal by the Environment Court.

Half of all appeals are settled at mediation

- We have had 19 decisions appealed this year. Eight of them were resolved, five had the decisions upheld and three, the decision was modified. The remaining three, are still under action.
- 13 consents are still under appeal at present. Of those, five are currently undergoing consultation with four being settled in the near future as they have already been to mediation.

Advise all consent holders of consent expiry dates six months prior to expiration

- All consent holders are advised at nine months and five months, in writing, of the expiry of their consents.
- Any consents not applied for are also followed up with a phone call around the third to second month of expiry.

Initiate consent reviews within correct timeframes

- Reports seeking recommendations to review a consent are generated three months prior to review date.

RESOURCE MANAGEMENT ACT (RMA) ADVICE

Address 80% of customer consent enquiries on first contact

- We are continuing to develop a culture which attempts to meet our customers' expectations.

Continually increase the number of consent applications accepted on first receipt

- Our goal has been to determine whether an application has enough information. If not, the application is returned.
- An application is not accepted until all required information is available, to avoid additional information requests at a later time in the process.

DISTRICT LIAISON

Respond to land development information enquiries

- During the year, 350 formal and 465 informal requests for information were processed. This compares with 335 formal requests and 458 informal requests last year. The scope and complexity of the 2007-08 year applications has increased and has required a wider input from various Regional Council staff.
- 30 formal submissions were made by Horizons to land development proposals over the period and 10 formal hearings attended. An increasing number of responses have required legal advice.
- All requests for information were processed within target timeframes of 20 working days and informal requests were all processed within two working days.

Promote partnerships and protocol agreements with Territorial Authorities in the Region

- The protocol agreement for future development in Scotts Ferry has been delayed due to key staff leaving the Rangitikei District Council. This protocol will be progressed once staff appointments have been made.
- The development of a protocol with the Rangitikei District Council regarding future development in the Whangaeahu Village has been put on hold due to investigations being carried out regarding progressive re-location of residents. The development of a supporting practice note to the Proposed One Plan regarding development in floodable areas has superseded the requirement to develop this protocol.
- A protocol with the Manawatu District Council has been developed regarding development in scheme drainage areas.

Review all district plan change proposals submitted to Horizons on a yearly basis

- 20 Plan Changes were reviewed over the period, 11 formal submissions were made and 4 formal hearings attended. 1 Plan Change is currently being challenged in the environment court, 2 are not yet at the hearings stage.
- All Plan Changes were responded to within statutory timeframes.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

Prepare and implement procedures for Regional Council requirements under the Building Act 2004

- The Building Act 2004 requires all Regional Authorities to become accredited and registered as Building Consent Authorities (BCAs) to carry out Building Control functions in relation to dams (as defined under the Act) or transfers those BCA functions to another Regional Authority. Horizons have formally transferred its BCA functions to Environment Waikato with effect 1 July 2008. The transfer was made using the special consultative process under the Local Government Act.
- Horizons have retained all other non BCA functions under the Building Act in regards to Dams. Work will be ongoing to ensure that Horizons continues to meet its obligations under the Building Act.

Regulatory Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-1,203	-1,191	-1,087
Expenditure	2,381	3,072	2,553
Net Operating Costs	1,178	1,881	1,466
Capital Expenditure	0	0	0
Total to be Funded	1,178	1,881	1,466
Funded By:			
Rates Revenue	-1,178	-1,881	-1,466
Reserve Movement	0	0	0
Total Funding	-1,178	-1,881	-1,466

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	580	1,396	944
Uniform Annual General Charge (per property)	598	485	522
Total Rates	1,178	1,881	1,466

Strategic Management Activity

Background

The strategic management activity focuses primarily on planning for the future. This includes developing environmental policy for our Region, contributing to the development and implementation of Central Government environmental policy, and ensuring we have the long-term capability to deliver what we promise to our regional communities. To be successful in this role we need to be proactive in identifying opportunities to better manage the Region's natural resources, influence Central Government decision-making for the benefit of the Region, and respond effectively to new policy directions.

Projects previously within the strategic management activity which are now all being operationalised include the River Enhancement, the Sustainable Land Use Initiative, and the Green RIG among others.

General Overview for the Year

Significant progress has been made in the strategic management activity during the 2007-08 year as detailed in the following section.

Significant Events/Issues

The key work streams for the 2007-08 financial year were the notification, consultation and preparation for hearings of the One Plan.

Operationalising the Green RIG was a major effort with the transfer of this project to the Environmental Management Team now complete.

The Plant Pest Strategy was adopted by Council and Animal Pest Strategy was notified for public release.

The general policy programme of Council has been significant over this past three years and sits alongside increasing requirements to respond to national standards, national policy statements, and support for other non-regulatory Central Government programmes. Key amongst the successes for the 2007-08 financial year was a funding commitment from Government to the Sustainable Land Use Initiative in excess of \$5 million.

Financial Results

This activity ended the year \$62,000 over budget. Across the activity, most areas were favourable with the exception of the One Plan. The unfavourable variance in this area was a consequence of external consulting time from expert witnesses to the hearing process and start up costs for the hearing process currently underway.

The favourable position in other project groups has helped to minimise the impact of the high costs of the One Plan.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Strategic Management Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
INFORMATION		260		162		190
Improve the accuracy, availability, accessibility and security of information by developing a management plan for information and upgrading priority data						
Maintain the reliability of specialised information systems to enable 95% availability and less than 1% data loss from failures each year						
Improve efficiency of data collection and integrity of data collected by developing protocols and managing data collection with implementation of GIS applications						
WASTE MANAGEMENT		66		13		42
*Complete rural collection of agrichemicals throughout the Region and instigate urban collections when appropriate (\$50,000 Year 1 and Year 2)						
*Maintain regional contaminated land inventory (\$17,000 Year 1, \$15,000 Years 2-3)						
ENVIRONMENTAL RESEARCH AND MONITORING		108		201		1
Complete policy performance monitoring programme report						
AIR MONITORING		93		84		81
Monitor air quality and report results to Council, Ministry for the Environment and the public and develop long term strategies for Taumarunui and Taihape						
NEW PROJECTS/EMERGING ISSUES		815		570		408
*Develop a catchment framework approach to Horizons' business (\$47,000 Year 1, \$61,000 Year 2, \$57,000 Year 3)						
*Operate bus and complete 100 school visits for environmental education purposes (\$87,000 Years 1-3)						
Operate a regional park (Totara Reserve) (\$256,000 Year 1, \$254,000 Years 2-3)						
Manawatu and Whanganui River enhancement projects (\$200,000 Years 1-3)						
STRATEGY REVIEWS		0		56		76
Complete the review of the Regional Pest Animal Management Strategy						
Implement Regional Pest Animal Management Strategy						
ONE PLAN		839		1,027		990
Complete public notification on the One Plan						
Finalise One Plan methods particularly non-regulatory programmes						
Define areas of highly erodible land						
Develop policy aimed at reducing the loss of nutrients from farms						
ENVIRONMENTAL EDUCATION		290		420		227
Acquire a mobile environmental education facility (\$270,000 less \$100,000 Government support)						
Generate \$70,000 of additional funding for the He Tini Awa Trust						
NET OPERATING COSTS		2,471		2,533		2,015

Strategic Management Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed
INFORMATION
<p>Improve the accuracy, availability, accessibility and security of information by developing a management plan for information and upgrading priority data</p> <ul style="list-style-type: none"> • Priority systems identified and project plans to improve systems implemented and monitored. • External contractors engaged to deliver on data cleansing requirements. • Internal processes were reviewed to ensure data integrity is maintained. • System documentation available outlining level of accuracy achieved and procedures implemented.
<p>Maintain the reliability of specialized information systems to enable 95% availability and less than 1% data loss from failures each year</p> <ul style="list-style-type: none"> • All information systems have been operational to the required levels including Hydrology Telemetry – 98% availability with 0% data loss, <i>WaterMatters</i> – 96% availability and 2% data loss, Hydrology Gauging Register – 99% availability and 0% data loss. All these reports are held in the hydrology area. • Provision for failure has been determined for mission critical systems, but as yet has not been needed. • Ongoing monitoring and maintenance continues to keep systems operational at the required level.
<p>Improve efficiency of data collection and integrity of data collected by developing protocols and managing data collection with implementation of GIS applications</p> <ul style="list-style-type: none"> • Extreme event GIS / photographic data collection tested and proven through the Ohau event in early January 2008 • Requirements analysis completed for GIS SLUI (Sustainable Land Use Initiative) application, and product is now in the hands of the developers • Work is in progress on Farm Plan applications and integration with corporate databases. • Metadata protocols in place.
WASTE MANAGEMENT
<p>*Complete rural collection of agrichemicals throughout the Region and instigate urban collections when appropriate (\$50,000 Year 1 and Year 2)</p> <ul style="list-style-type: none"> • All rural communities have had an agrichemicals collection. • Palmerston North has had an urban collection.
<p>*Maintain regional contaminated land inventory (\$17,000 Year 1, \$15,000 Years 2-3)</p> <ul style="list-style-type: none"> • The inventory has been maintained. • Work commenced to create a regional database accessible to all the territorial authorities was put on hold because the territorial authorities did not see the need for the database.
ENVIRONMENTAL RESEARCH AND MONITORING
<p>Complete policy performance monitoring programme report</p> <ul style="list-style-type: none"> • The Tier 2 Clean Streams Accord Monitoring for the Mangapapa Stream has been completed and provided to Ministry for the Environment (MfE) • The Tier 2 Clean Streams Accord Monitoring for the Mangatainoka Stream (commissioned by MfE) has been drafted and is currently under review. • The Test farms project which is applying the One Plan farm strategy approach to 5 farms across the region has been completed. This project is also working on making the SLUI whole farm plan and farm strategy templates compatible. • The SLUI further questions project is complete. This project is addressing further questions in relation to the Farm strategies approach of the One Plan.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed

AIR MONITORING

Monitor air quality and report results to Council, Ministry for the Environment and the public and develop long term strategies for Taumarunui and Taihape

- Continuous, automated air quality monitoring continues in Palmerston North and Taihape.
- Horizons have supported the Warm Homes Air Quality Committee in Taumarunui in the real life emissions of log fires project. This month long project is part of a national programme run by Ministry for the Environment, involving NIWA and Councils and has been done in three locations – Taumarunui, Nelson and Rotorua.
- A website has been developed and established to display the monitoring information to the public.
- Software has been developed to check the information being collected and notify the appropriate staff when a breach of the national standard occurs.

NEW PROJECTS/EMERGING ISSUES

Operate bus and complete 100 school visits for environmental education purposes (\$87,000 Years 1-3)

- The RIG hosted 26,200 visitors in its first year of operation, including 44 schools, 17 community events (eg. National Field Days), and 15 private events (eg. conferences or workshops).
- The targeted number of school visits was not achieved as it is not physically possible due to holidays and school work programmes were considered.
- The RIG received four awards:
 - 2007 ALGIM –Supreme Excellence in Innovation Award
 - 2007 SOLGM – Technology Innovation Award
 - 2007 International Green Apple Environmental Best Practice Award (Bronze – Australasia)
 - 2008 Green Ribbon “Environment in the spotlight”

Operate a regional park (Totara Reserve) (\$256,000 Year 1, \$254,000 Years 2-3)

- Existing plant and animal pest control programmes were continued, and new signage was installed.
- River control works, including debris removal, bank protection works, and beach ripping were carried out.
- A stopbank around the Camp Rangī Woods camping area was completed.
- Construction of a new ablution block was started, and redevelopment works in the new camping ground area were carried out, eg. new power points and plantings

Manawatu and Whanganui River enhancement projects (\$200,000 Years 1-3)

- Manawatu River enhancement has been designed and that design will be implemented as part of the Lower Manawatu Scheme. Some minor works (planting and clearance) completed.
- The Whanganui River enhancement has been designed but has encountered some implementation difficulties because of delays from the Wanganui District Council in implementing a critical element before the Horizons enhancement could take place. Some minor planting has been undertaken.

ONE PLAN

Finalise One Plan methods particularly non-regulatory programmes

- One Plan methods are funded in the Long Term Council Community Plan, and have been approved by Council.
- One Plan methods are currently going through the hearings process where they will be finalised in conjunction with the rest of the One Plan.

Develop policy aimed at reducing the loss of nutrients from farms

- Policy framework completed as part of the One Plan.

Strategic Management Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-145	-164	-485
Expenditure	2,616	2,697	2,500
Net Operating Costs	2,471	2,533	2,015
Capital Expenditure	51	258	1,272
Total to be Funded	2,522	2,791	3,287
Funded By:			
Rates Revenue	-1,880	-1,754	-2,015
Reserve Movement			
One Plan	-591	-779	-
Other	-51	-258	-1,272
Total Funding	-2,522	-2,791	-3,287

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	1,651	1,558	2,015
Regional Park (UAC per property in Manawatu District & PN City only)	229	196	-
Total Rates	1,880	1,754	2,015

Introducing the Risk Management Group of Activities

Background

Horizons is responsible for managing risk from natural and man-made hazards in the Region (Resource Management Act 1991, Civil Defence Emergency Management Act 2002, Soil Conservation and Rivers Control Act 1941, Maritime Transport Act 1994 and the Biosecurity Act 1993). The responsibilities under each Act differ, but the functions are related.

The key functions across this group of activities are the identification of hazards and risks, protection of people, property, infrastructure, the environment, and economy, and coordination of the regional response capability. We use policy, research, advice and information, funding, service delivery and regulatory management to fulfil these responsibilities. The risk management group covers five activities: biosecurity, Tb vector control, rivers and drainage (schemes and non-scheme) and emergency management.

Risk Management Group of Activities (\$'000)

ACTIVITY OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Net Operating Costs:			
Biosecurity & Regional Response	2,766	2,875	2,843
Tb Vector	830	800	677
Emergency Management	951	866	712
Rivers and Drainage-Non-Scheme	544	571	441
Rivers and Drainage-Scheme	6,766	6,178	4,537
Group Net Operating Costs	11,857	11,290	9,210
Capital Expenditure	7,911	8,900	6,585
Loan Repayments	420	689	893
Total to be Funded	20,188	20,879	16,688
Funded By:			
Rates Revenue	-14,049	-14,391	-12,813
Loans	-4,776	-5,479	-1,917
Reserve Movement	-1,363	-1,009	-1,958
Total Funding	-20,188	-20,879	-16,688

Biosecurity Activity

Background

The Biosecurity activity focuses on protecting the Region from threats to production – principally to the farming sector – posed by pest plants and animals or, where these are established, ensuring they are not allowed to spread further. Horizons also has a role in responding to, or supporting responses to, nationally significant biosecurity threats or initiatives, eg. responses to Foot and Mouth, Didymo (*Didymosphenia Geminata*) or Bovine Tuberculosis. The pests to be managed and the methods of control are set out in our Regional Pest Management Strategies (Plant and Animal) while we also have a commitment to enforce the control of plants deemed pests at a national level and listed in the National Plant Pest Accord. Biosecurity functions encompass monitoring, service delivery, funding, advice and enforcement.

General Overview for the Year

Year 2 of an expanded possum control programme was completed. The programme aims to bring all rateable land in Horizons' region into a control programme within 10 years. Known as Possum Control Operations (PCOs) this programme targets an average of 116,000 hectares of new country each year, including retired Animal Health Board (AHB) operations, former Self Help Group operations, and areas where Biodiversity or Sustainable Land Use initiatives would benefit. A total of 138,878 hectares were covered during the year, bringing the total area successfully completed under the programme to 238,616 ha. Successful completion is measured by residual trap catch (RTC) monitoring. A random selection of 10% of the area is monitored. There are two targets to maintain: former AHB controlled areas to below 5% RTC, and all other areas below 10% RTC. This year's results show former AHB controlled areas at 1.01% RTC, and the average of all other areas is 6.44% RTC.

There was further reduction of 10.3% in rook nests requiring treatment this year. This result keeps us on track to achieving the outcomes set out in the pest management strategy, with eradication as a long term goal. There continues to be a coordinated approach involving Greater Wellington and Hawke's Bay Regional Councils. The combined approach assists all partners in achieving their respective strategy goals.

Rabbit populations have mostly been well controlled by Rabbit Calicivirus (RCV). No releases of the virus were undertaken in urban and peri-urban locations during the year. Despite extremely favourable conditions through the breeding season, annual rabbit counts indicated only a slight increase in numbers and this was restricted to the southern part of the Region. There are no significant areas where rabbit densities are exceeding the levels set in the pest management strategy. Monitoring has revealed an increase in immunity levels within the Region's rabbit populations. However, careful use of the virus and adherence to best practice should ensure future successful releases will be possible.

Pest Plant activity saw Year 1 of the Regional Pest Plant Management Strategy (RPPMS) implemented. A full programme was delivered with biosecurity focus on biocontrol options for many pest plants including old man's beard, Californian and nodding thistle, ragwort, gorse and broom. Team members were also involved with helping set up an action group to look at control options for tutsan. Incursion response work, which focuses on new or potential new pest plants to the Region, was centred mainly on the establishment of a partnership group to manage the didymo threat and National Plant Pest Accord (NPPA) obligations regarding surveillance of pest plants of national interest. We also worked with MAF Biosecurity New Zealand to try to eradicate two small infestations of pyp grass from our Region. Advocacy work on behalf of our ratepayers for weed control on non-rated land is ongoing.

Ratepayer requests for advice or assistance with both animal and plant pests resulted in 1,083 responses with all initial responses made within 48 hours.

Significant Events/Issues

- Rook pest strategy targets met, population reduced by a further 10%.
- Year 2 of the possum programme completed, meeting all targets.
- Rabbit control targets met.
- New Pest Plant Strategy implemented.
- Animal Pest Strategy review initiated with draft out for consultation.
- Didymo incursion response plan formulated and long-term partnership group set up.

Financial Results

All Biosecurity projects reported under this activity group met or improved on the changes signalled in the 2007-08 annual plan, resulting in a small deficit against budget of \$109,000. As a result of management changes in nursery operations and the introduction of a new Regional Pest Plant Strategy significant budget adjustments were required in 2007-08. All variances in this activity group are offset by savings in the habitat activity group. These changes were endorsed by Council.

All possum control operations met or exceeded targets (both area targets and pest density targets), while the Biosecurity activity had another successful year of rook control where strategy targets were met. The major plant pest projects (zero density species, production pests and vector corridors) all met or exceeded their respective targets

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Biosecurity Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over current year, during which they will be monitored and assessed.
PEST ANIMAL MANAGEMENT *
<p>Pest density targets met – Possums (Residual Trap Catch (RTC) <10%)</p> <ul style="list-style-type: none"> Target of having 10% of all ex Animal Health Board jobs RTC monitored met. Three operations monitored with a target of <5% RTC were also met. A further monitor was undertaken using waxtag method targeting <15% Bite Mark Index (BMI) this returned a 0.77% BMI. Target of having 10% of all initial operations and ex Self Help Group (SHG) operations monitored was met with the monitor of two operations. The target performance outcome for these jobs is <10% RTC. Performance met with 3.51%RTC in the initial operation and 9.38% RTC in the ex SHG operation.
<p>95% customer requests/enquiries actioned within 48 hours</p> <ul style="list-style-type: none"> A total of 587 customer requests for assistance were made through Horizon's Frontline inquiry system, all were responded to within 48 hours (100%).
PEST PLANT MANAGEMENT
<p>Range and density of plant pests reduced by 20%</p> <ul style="list-style-type: none"> The range and density of all known pest plants across the Region has been reduced by over 20% this year.
<p>95% customer requests actioned within 48 hours</p> <ul style="list-style-type: none"> 100% of customer requests, being 496 for the year, were responded to within 24 hours.
<p>Continue zero-density control programme for African Feather Grass, Chinese Pennisetum and Nassella Tussock</p> <ul style="list-style-type: none"> African Feather grass – all known sites were visited during the year and control taken against all plants found. All but the upper Manawatu sites were rechecked in the autumn and any seedlings found treated. Chinese Pennisetum – The one known site was inspected and all plants found treated, monitoring of the site is to continue. Nassella Tussock – The site has been inspected for seedlings monthly during the year. There were two seedlings found on the penultimate inspection for the year the last inspection showed no seedlings found.
<p>Advice on pest plant identification and control methods provided</p> <ul style="list-style-type: none"> All requests for plant identification and control methods have been met. There have been 126 plants sent for expert identification as part of this service.

Biosecurity Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	0	-281	-42
Expenditure	2,766	3,156	2,885
Net Operating Costs	2,766	2,875	2,843
Capital Expenditure	0	0	0
Total to be Funded	2,766	2,875	2,843
Funded By:			
Rates Revenue	-2,766	-2,875	-2,843
Reserve Movement	0	0	0
Total Funding	-2,766	-2,875	-2,843

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	1,493	1,762	1,692
Targeted Production Pest Animal (per ha > 4 ha)-PS1	615	558	427
Targeted Production Pest Rook (per ha > 4 ha)-PS2	225	205	227
Targeted Production Pest Plant UAC (per property < 4 ha)	62	50	71
Targeted Production Pest Plant UAC (per ha > 4 ha)	371	300	426
Total Rates	2,766	2,875	2,843

Tb Vector Activity



Background

This was the final year of Horizons' contract arrangement with the Animal Health Board (AHB) to provide management services for Bovine Tuberculosis vector control across the Region. This included planning, delivering and monitoring of vector control operations in accordance with agreed policies and objectives. The annual vector control programme was aimed at preventing the spread of Tb vectors (mostly Possums) from vector-risk areas within or outside the region to vector-free areas, and at reducing the incidence of Tb within the vector-risk areas. Horizons made a financial contribution towards the AHB work from a targeted production pest animal rate and the general rate. The AHB itself is undertaking the Vector Management function from 1 July 2008.

General Overview for the Year

The total number of infected deer and cattle herds in the Region has declined from nine at the start of the year to six as at 30 June 2008. This is below the target level. Of the 49 vector control operations planned for the year, 40 were successfully completed by year-end. Nine operations have been carried forward into 2008-09. Eighteen proof of freedom surveys (concurrent with control) and five independent wildlife surveys have also been undertaken, with catches of possums, pigs, deer, ferrets, stoats and cats submitted for post-mortem. Operational audits of the contractors showed a high standard of compliance with operational plans, permits, protocols and reporting.

Significant Events and Issues

- Deloitte, on behalf of the AHB, conducted an audit of all aspects of Vector Management operations, with emphasis on assessing the adequacy of processes and internal controls. The summary of findings reported on 15 minor issues, with an overall favourable result.
- AHB's own performance review of the Vector Management unit in March 2008, stated there were no outstanding issues and noted another good period for the Vector Management team.

- AHB announced in November 2007 that it was taking over the Vector Management function from providers who had been previously contracted. This was a staggered process across NZ, which took effect on 1 July 2008 for Horizons. Two of the five staff from Horizons former Vector Management unit have been employed by AHB, in the new structure.

Financial Results

The end of year result is favourable against budget by \$30,000. This is due to the regional share for works being lower than budget because of the reduction in the approved works programme, while provision had to be made for staff redundancies arising from AHB's restructuring of Vector Management.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution

Tb Vector Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
WORK - REGIONAL Complete the programme of works as approved by AHB.		-		-		(48)
MANAGEMENT Complete the AHB's vector management service contract.		-		-		713
REGIONAL FUNDING *1 Regional funding is timely and accurate.		830		800		12
NET OPERATING COSTS		830		800		677

*1 Includes Horizons' share of TB vector contracts

Tb Vector Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS	
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	
WORK – REGIONAL	<p>Complete the programme of works as approved by Animal Health Board (AHB)</p> <ul style="list-style-type: none"> 40 of the 49 vector control projects and two of five independent surveys completed. The remaining nine vector control projects will be carried forward and completed by the end of August 2008. The three independent surveys will be carried forward and completed by the AHB.
MANAGEMENT	<p>Implement AHB's vector management service contract</p> <ul style="list-style-type: none"> Deloitte, on behalf of the AHB, conducted an audit on all aspects of Vector Management operations, with emphasis on the assessment of the adequacy of processes and internal controls. The summary of findings reported on 15 issues. AHB also conducted an 8-month performance review in March 2008 and this showed no significant issues arising during that period. An ISO 9001:2000 audit was conducted in October 2007 and showed good levels of compliance with Vector Management's Quality Plan. From early in 2008, Vector Management was required by AHB, to manage the business through the new Vector Management database "VectorNet".
REGIONAL FUNDING *	<p>Regional funding is timely and accurate.</p> <ul style="list-style-type: none"> Tight monthly processes and deadlines were enforced throughout the year to ensure that Regional funding was timely and accurate.

Tb Vector Financial Summary (\$'000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-6,592	-5,617	-5,439
Expenditure	7,422	6,417	6,116
Net Operating Costs	830	800	677
Capital Expenditure	0	0	0
Total to be Funded	830	800	677
Funded By:			
Rates Revenue	-830	-800	-677
Reserve Movement	0	0	0
Total Funding	-830	-800	-677

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	498	480	321
Targeted Production Pest Animal (per ha >4 ha)	332	320	356
Total Rates	830	800	677

Emergency Management Activity



Background

The Emergency Management activity focuses on protecting life, property and infrastructure in the Region from natural and technological hazards. It includes our response to earthquakes, flood and major pollution events, administration and coordination of the Manawatu-Wanganui Civil Defence Emergency Management Group, harbourmaster and river navigation safety duties, and management of the regional marine oil spill response.

Progress continues in developing partnerships among hazard management agencies within the Region. We continue to develop these partnerships and to build on, and honour, the commitments made in the Civil Defence Emergency Management (CDEM) Group Plan. The Council continues to enhance regional and local arrangements for all phases of emergency management.

The Region's capacity to respond to emergencies is expected to improve further as partnerships develop and improved cooperation and capability is fostered. Work is continuing on developing flood plain mapping and flood forecasting capability on the Region's significant flood plains. This work will enhance land use planning and flood protection measures.

General Overview for the Year

Emergency Management Office projects have been achieved and improvements to systems and procedures accomplished. The review of the CDEM Group Plan has been delayed at the request of the group to take advantage of Government guidelines still in the development stage. A detailed timeline for completion of a draft CDEM Group Plan for consultation in 2009-10 has been approved by the CDEM Group.

Flood plain mapping and flood forecasting projects continue to be implemented with Upper Mangaone, Upper Gorge and Whanganui modelling completed and several additional outputs completed. Work has commenced on Waikawa/Manakau/Ohau, Tutaenui,

Mangatainoka/Makakahi modelling. The Whangaehu assessment has been delayed until 2008-09.

Contracts were developed for Manawatu and Rangitikei Districts for the provision of emergency management services beginning 2008-09.

Horizons emergency plans and procedures have been reviewed and an emergency management duty officer role maintained 24/7. Emergency response capability has been tested in three exercises including Exercise Regroup, a CDEM Group pandemic exercise, and two marine oil spill exercises.

Business continuity equipment has been purchased to ensure emergency operations can continue should Council systems fail. Equipment has been tested to ensure inter-operability with the Green RIG and a neighbouring CDEM Group.

The Central Districts Field Days were a focus for public awareness. Horizons staff combined with emergency services and presented earthquake awareness information. An earthquake display was developed and is available for use throughout the Region.

Significant Events/Issues

- The Council has responded to two emergencies this year. The eruption at Ruapehu in September required a minimal response, however a stopbank breach in January required activation of the Emergency Operation Centre and close liaison with Horowhenua District Council. A storm surge event also produced damage at Akitio but did not require an emergency response by the Council
- Provision of emergency management services to Manawatu District Council as an emergency contract extended the resources of Horizons' Emergency Management Office.
- An extensive staff development programme for emergency management has commenced. This programme includes delivery by an external provider and the attainment of NZQA standards.

Financial Results

The year end financial position was \$85,000 under spent against the budget.

The favourable variance is largely due to reduced staff time involvement in CDEM and Horizons response activities, and external funding received for hazard research.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Emergency Management Level of Service (what the Council has delivered) (\$000)

<p>TARGETS FOR PROJECT GROUPS</p> <p>*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.</p>	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
HORIZONS' RESPONSE		577		562		621
Maintain Horizons' readiness and recovery response 24/7						
Complete the flood forecasting project						
Map and model the Region's critical flood plains						
MARINE OIL SPILL AND RIVER SAFETY MANAGEMENT (Maritime New Zealand and Harbourmaster)		25		8		8
Maintain oil spill readiness 24/7						
Uphold current river way bylaws						
SUPPORTING CDEM GROUP		342		296		82
Service the CDEM group						
Coastal (Year 1), landslip (Year 2) and technological hazard (Year 3) studies undertaken						
Assess and implement hazard studies recommendations (if within Horizons' resources) including: lifeline report, coastal report, landslip report						
Carry out projects for the CDEM Group including public communications, plan review, plan implementation						
HORIZONS' RECOVERY		7		-		1
Carry out annual training of staff and planning to recover from adverse events						
TOTAL RESULTS		951		866		712

Emergency Management Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
HORIZONS' RESPONSE
<p>Maintain Horizons' readiness and recovery response 24/7</p> <ul style="list-style-type: none"> Emergency Operating Centre (EOC) documentation has been amended and re-issued, including the Emergency Management Duty Office (EMDO) Guide and Whanganui Flood Action Plan. ISO 9001 rating has been achieved and re-certified. The first version of the communications manual has been completed. EOC training continues with a programme of monthly training sessions developed. A total of 12 courses have been held in the year with 114 attendances. The EMDO has responded to approximately 90 incidents this year including an eruption and a flood event. The Southern Ruapehu Lahar Group has become part of the Central Plateau Volcanic Advisory Group – administered by Horizons and co-chaired with Environment Waikato. Business continuity resources have been purchased and have been configured to ensure a minimum level of operation can be achieved at short notice. Business Continuity Planning (BCP) arrangements were tested as part of Exercise Regroup, a Civil Defence Emergency Management Group pandemic exercise.
<p>Complete the flood forecasting project</p> <ul style="list-style-type: none"> Modelling of the Manawatu River catchment upstream of the Manawatu Gorge has been completed. This model is now operational. River level forecast have been made available via the Horizon's internet site.
<p>Map and model the Region's critical flood plains</p> <ul style="list-style-type: none"> Flood mapping (1:100year Annual Exceedance Probability (AEP) & 1:200yr AEP) of the Waikawa and Manakau Streams in the Horowhenua have been completed. Additional model runs were undertaken to determine the effects of sea level rise due to global warming and also the impacts of storm surge combined with high river flows. Flood mapping (1:100yr AEP & 1:200yr AEP) of the Tutaenui Stream Catchment from upstream of Marton to its confluence with the Rangitikei river, has been completed. Flood Mapping of the Mangatainoka and Makakahi Rivers has been completed from Hamua to downstream of Pahiatua. In addition to 1:100yr AEP & 1:200yr AEP events a flood decision support tool has also been developed. The Upper Mangaone Fine Grid model was completed during the year. Flood maps of the lower Oroua River, Makino and Taonui basin were prepared to identify the extent of flooding without the Oroua River stop banks being upgraded. Numerous flood maps have been placed on Landview to maximise access to the information.
MARINE OIL SPILL AND RIVER SAFETY MANAGEMENT (Maritime New Zealand (MNZ) and Harbourmaster)
<p>Maintain oil spill readiness 24/7</p> <ul style="list-style-type: none"> MNZ equipment held in Region maintained in accordance with MNZ requirements. Oil spill response team maintained to the numbers and training standard required by MNZ. To ensure staff were fully trained for oil spill readiness, various staff attended the following training courses during the year: marine oil spill manager training, MNZ/Regional Council, National Oil Spill Response Team training, oil spill field operator training or refreshers, Shoreline Clean-up Assessment Team training, oiled wildlife response training, Regional On-scene Commanders refresher training. Table-top exercise was conducted for an oil spill in the Port of Wanganui followed (months later) by a field deployment exercise based on the same scenario.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

Uphold current river way bylaws

- Training in this area included 10 staff attending in-house Manawatu River Bylaws training for enforcement officers and the Harbourmaster attended west-south-west pleasure boating safety forum in Wellington.
- Manawatu River User's Advisory Group (MRUAG) meetings held in December 2007 and June 2008.
- Advisory signs on Manawatu River inspected and maintained as required.
- Advice given to members of the public as required.
- Four honorary enforcement officers and three Horizons staff attended Manawatu River Bylaws training at Manawatu Marine Boating Club.

SUPPORTING CDEM GROUP

Service the CDEM Group

- Scheduled meeting of the Joint Committee and Coordinating Executive Group went ahead with the exception of one Coordination Executive Group (CEG) meeting.
- Significant additional work was undertaken to support Manawatu District Council in CDEM due to a staff shortage.
- Developed Emergency Management Services contracts for Manawatu and Rangitikei in anticipation of the new financial year and employed two staff to undertake these contracts.

Coastal (Year 1), landslip (Year 2) and technological hazard (Year 3) studies undertaken

- A landslide hazard study report was commissioned and received. The report evaluates the probability of movement for each of the five landslide terrains.
- Further consideration is being given to near-real time monitoring of the Taihape landslide and funding options are being explored as this falls outside the scope of the current works programme.

Assess and implement hazard studies recommendations (if within Horizons' resources) including: lifeline report, coastal report, landslip report

- GNS Science was commissioned to undertake tsunami run-up modelling based on new national standards for modelling. The results of this work have only just been received by the Council. This work will form the basis of public consultation and response planning.

Carry out projects for the CDEMG including public communications, plan review, plan implementation

- The review of the CDEM Group Plan has been extended on the recommendation of the CEG. The timeline will allow the Group to make use of a Director's Guide currently still in development.
- Conducted Exercise Regroup to test pandemic arrangements across the Group.
- Agreed on a software package to facilitate collaboration between Group members.
- Developed and staffed an earthquake awareness displayed for Central Districts Field Days.

HORIZONS' RECOVERY

Carry out annual training of staff and planning to recover from adverse events

- Ongoing training for staff in response and recovery roles.
- This phase of the Business Continuity Planning project has been completed and the next phase has been planned. Sufficient hardware and software has been purchased for very basic business continuity and recovery activities to be undertaken. We remain vulnerable in the area of Interactive Voice Response dial-outs and a manual system is the current arrangement.

Emergency Management Financial Summary (\$'000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-97	-110	-140
Expenditure	1,048	976	852
Net Operating Costs	951	866	712
Capital Expenditure	343	444	591
Total to be Funded	1,294	1,310	1,303
Funded By:			
Rates Revenue	-951	-866	-712
Reserve Movement	-343	-444	-591
Total Funding	-1,294	-1,310	-1,303

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	951	866	712
Total Rates	951	866	712

Rivers and Drainage – Non Scheme Activity



Background

The Rivers and Drainage – Non-scheme activity focuses on protecting life, property and infrastructure from flooding and erosion outside of those areas covered by separately rated schemes.

The activity includes:

- Investigating and quantifying identified flooding and erosion risks;
- Providing engineering advice on flood and erosion mitigation;
- Subsidising qualifying mitigation measures through the environmental grant facility;
- preparing engineering proposals, work programmes and associated funding systems for the establishment of new river management schemes.

General Overview for the Year

The development of a comprehensive engineering proposal for a new river management scheme on the Whanganui River, was completed and taken through a full stakeholder consultation process.

Investigations were undertaken in respect of a serious erosion problem immediately upstream of the SH57 bridge on the Tokomaru River and designs for mitigation works were provided.

Other general investigations were undertaken in respect of flooding or erosion problems at Totara Reserve, in the Pohangina Valley; on the Mangateitei Stream in Ohakune; and on the Oroua River at the Feilding water supply intake.

A relatively high level of requests for advice in respect of isolated flooding and erosion problems was maintained throughout the year and appropriate responses were provided in all instances.

A number of requests for advice led to the development of environmental grant-assisted works proposals and to the implementation of mitigation works. A total of 14 such works, that provided a community benefit, were completed. Some of the more substantial works were:

- In the Pakihi Valley (Raetihi) channel improvement works over 3.3 km of the Mangahouhou Stream were completed to overcome a flooding problem affecting five properties and District roads.
- Channel clearance works were completed over 35 km of the lower Turakina Stream to mitigate flooding and erosion problems on 17 properties.
- Channel realignment and protection works were completed on the Kahuterawa Stream to mitigate erosion risks for three properties.

Other grant assisted works were completed on the Tutaenui Stream (2), Porewa Stream, Mangarangi Stream (Ormondville), Makirikiri Stream (Upokongaro), Mangahao River (3), Orakawhata Stream (Taihape) and Mangatoro Stream (east of Dannevirke)

Surveys were undertaken of all major rivers in the region that are used for recreational purposes, to identify 'man-made' obstacles arising from earlier river control works. Identified obstacles were subsequently removed or programmed for removal in conjunction with other scheduled works.

A 'self-help' flood monitoring network was established for the Lower Manawatu Scheme. The network involving 15 small groups of property owners will monitor stopbanks and provide information to Council's emergency operations centre during extreme flood events. Similar networks will be established in other areas during 2008-09.

Significant Issues/Outputs

The development of a new river management scheme proposal for the Lower Whanganui River was a major achievement. Comprehensive engineering investigations that identified the nature and extent of flood risk to the residential, commercial and industrial areas in Wanganui were completed and risk mitigation options were developed. A scheme proposal was then prepared to facilitate the execution and funding of a programme of capital flood mitigation works and ongoing channel and asset maintenance activities over a period of 30 years. A targeted differential rating system to fund the proposed scheme was also developed. A full consultation process based on a Statement of Proposal for the establishment of a new Lower Whanganui River Flood Protection and River Management Scheme was undertaken, culminating in the receipt and consideration of a large number of submissions through the Draft Annual Plan process.

A significantly amended scheme proposal was ultimately adopted by Council through adoption of the Annual Plan. The new rating system is to be applied as from 1 July 2008 and capital works have been scheduled for commencement in the 2008-09 construction season.

Financial Results

Total cost of specific investigations, new scheme development and river hazard surveys was \$308,193 against a budget of \$243,831; the provision of engineering advice cost \$135,094 against a budget of \$158,646; and environmental grant works, including engineering design and support, plus emergency works cost \$128,355 against a budget of \$142,057.

The overall river and drainage – non-scheme activity cost \$571,642 against a budget of \$544,534, that is an unfavourable budget of \$25,108.

River and Drainage – Non-Scheme Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
INVESTIGATIONS		384				288
Undertake investigations in relation to identified or potential flooding or erosion hazards, identify mitigation measures, develop river management plans and associated funding systems				103		
Provide river and drainage advice in relation to flooding and erosion problems				135		
Stage 1 and 2 investigations – Lower Whanganui River				185		
Survey rivers for identification and removal of obstacles presenting hazards to navigation and recreational use		25		20		25
IMPLEMENTATION		135				128
Respond to the need for urgent flood or erosion mitigation works in situations where there is insufficient time to identify beneficiaries and arrange funding				7		
Prepare engineering proposals for flood or erosion protection measures, supervise physical works and apply funding assistance where criteria are satisfied				121		
NET OPERATING COSTS		544		571		441

River and Drainage – Non-Scheme Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
INVESTIGATIONS
<p>Undertake investigations in relation to identified or potential flooding or erosion hazards, identify mitigation measures, develop river management plans and associated funding systems</p> <ul style="list-style-type: none"> • Lower Whanganui flood risk investigations, Stages 2 & 3 completed and Statement of Proposal for new River Management and Flood Protection Scheme included in Draft Annual Plan. • Investigations undertaken and design prepared for erosion protection of SH 57 bridge abutment on Tokomaru River at Tokomaru.
<p>Provide river and drainage advice in relation to flooding and erosion problems</p> <ul style="list-style-type: none"> • Numerous requests received and appropriate responses provided.
<p>Survey rivers for identification and removal of obstacles presenting hazards to navigation and recreational use</p> <ul style="list-style-type: none"> • Survey of all relevant rivers completed and obstacles/hazards identified and recorded. • Obstacles removed where practicable and others scheduled for removal when conditions allow.
IMPLEMENTATION
<p>Respond to the need for urgent flood or erosion mitigation works in situations where there is insufficient time to identify beneficiaries and arrange funding</p> <ul style="list-style-type: none"> • Initial rehabilitation work completed on Mateongaonga Stream (Wanganui) following damage to whitebait habitat.
<p>Prepare engineering proposals for flood or erosion protection measures, supervise physical works and apply funding assistance where criteria are satisfied</p> <ul style="list-style-type: none"> • Proposals were prepared in respect of 16 identified flooding or erosion problems throughout the region. 14 of these resulted in physical works being undertaken and environmental grant assistance being provided. On the Turakina River, channel clearance work, with the objective of mitigating both flooding and erosion problems, was completed over 33 km of river and involving 17 properties. On the Mangahouhou Stream at Raetihi, a flooding problem impacting on four properties and local roads was mitigated by channel improvement works completed over 3.5 km of stream channel. On the Kahuterawa Stream (Manawatu River tributary), channel instability and associated erosion problems, with the potential to impact on a number of properties and infrastructure, were mitigated with channel alignment and erosion control measures.

Rivers and Drainage – Non-Scheme Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-3	-189	-204
Expenditure	547	760	645
Net Operating Costs	544	571	441
Capital Expenditure	0	0	0
Total to be Funded	544	571	441
Funded By:			
Rates Revenue	-544	-571	-441
Reserve Movement	0	0	0
Total Funding	-544	-571	-441

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	544	571	441
Total Rates	544	571	441

River and Drainage – Scheme Activity

Background

The Rivers and Drainage – Scheme activity group includes the management, investigation, design and operational activities associated with flood and erosion control schemes and land drainage schemes, as set out in the respective scheme review and asset management documents.

The focus during the year has been to finalise and progress major capital work programmes associated with flood protection upgrades in a number of schemes. Considerable effort has also been made to complete outstanding damage reinstatement work resulting from the 2004 floods. Maintenance programmes were also implemented for 19 river management and 12 drainage schemes and a very full programme of scheme reviews and associated rating system reviews was completed.

General Overview for the Year

Comprehensive reviews of the Hokio and Haunui Drainage Schemes were completed and partial reviews were undertaken of the Koputaroa and Ohau-Manakau Schemes. Arising from the Hokio review was a proposal for increased level of service and extension of the scheme area. The review of the Haunui Drainage Scheme included a proposal to amalgamate that scheme with the Rakautaua Drainage Scheme, presently managed by the Rangitikei District Council. Consultation on that proposal will proceed in early 2008-09 with the objective of adopting a new combined scheme through the 2009-19 LTCCP. A proposal for a substantial increase in level of service, involving an upgrade of flood protection works on the Ohau River, emanated from a review of the flood protection elements of the Ohau-Manakau Scheme. Consultation processes in respect of the Hokio and Ohau-Manakau reviews will take place early in 2008-09. Proposals arising from the review of the Koputaroa Scheme, to extend the scheme area to encompass the adjoining Otauru catchment and to install a large new pump station in the Aratangata sub-catchment, were both declined by stakeholders through the subsequent consultation process. A proposed partial review of the Mangatainoka scheme rating system to accommodate an extension of flood protection services did not proceed following a decision to defer the latter works.

New rating systems were developed for each of the Hokio, Eastern Manawatu and Ashhurst Schemes, largely to accommodate significant changes in agreed levels of service. For the latter two schemes, the new rating systems will be applied and new work programmes will commence from 1 July 2008. Any changes in the Hokio Scheme rating will be confirmed through the 2009-19 LTCCP. Work was completed on the development of a new rating proposal for the Lower Manawatu Scheme, being the largest scheme managed by the Council, in preparation for an extensive stakeholder consultation process in early 2008-09.

A changed management regime for the Pohangina Scheme was developed through extensive stakeholder consultation. The changes, driven by future funding difficulties facing the scheme, will be implemented in 2008-09.

Central Government funding was secured early in the year for outstanding damage reinstatement related to the 2004 floods and very good progress has subsequently been made with the works required.

Investigation and design projects were either completed or progressed on the following schemes:

- Ohau-Manakau – earlier investigations were broadened, computer modelling of the Ohau River downstream of SH1 was completed, and options for flood protection upgrades were developed for stakeholder consideration.
- Lower Manawatu Scheme (Makino) – detailed designs for the Reid's Line flood spillway flow regulating and lower spillway drop structures were completed.
- Lower Manawatu Scheme (Taonui Basin) – detailed hydraulic analysis was completed and options were developed for mitigation measures to address adverse effects arising from the storage of increased volumes of flood water.
- Manawatu Drainage Scheme – detailed design work was undertaken to facilitate an upgrade to optimise performance of the overflow spillways on Burkes Drain.
- Koputaroa Drainage Scheme – preliminary designs were prepared for a new pump station at the Aratangata Drain outlet and for pumping and gravity outlet works on the Otauru Stream.

- Lower Manawatu Scheme (City Reach) – detailed investigations and design work was completed for the upgrade of a section of stopbank between Ruamahanga and Roxborough Crescents, and for a proposed major river channel realignment adjacent to Anzac Cliffs.
- Lower Manawatu Scheme (Oroua River) – extensive hydraulic modelling work was undertaken to confirm stopbank designs for the critical reach of the Oroua River upstream of the Kopane Bridge.
- Detailed hydraulic investigations and designs were completed for a section of new Rangitikei River stopbank at Parewanui.

Significant Events/Issues

A concerted effort was made to complete outstanding asset damage reinstatement work arising from the February 2004 floods. Works were completed at 19 sites, at a total cost of \$1.84 million. All works partly covered by insurance were completed and final claims were lodged in the sum of approximately \$0.85 million. Those works primarily involved the supply and placement of 23,000 tonnes of quarried armour rock at erosion sites. The total insurance payout since 2004, after allowing for deductibles and loss adjustment has been approximately \$9.0 million. At the end of the year only a small number of uninsured repair works were outstanding and they have been scheduled for completion within the first two months of the 2008-09 year. All uninsured costs associated with flood damage reinstatement have been covered by special Central Government grant.

Two new river management schemes were implemented during the year. In respect of the Akitio River Management Scheme, ratepayer/ scheme management relationships have been established, resource consents have been obtained and an initial programme of work has been completed. Scheme activity will largely involve management of river edge vegetation for flood flow conveyance and erosion control purposes. An initial work programme was completed under the new Lower Whangaehu/Mangawhero River Management Scheme, which is also focused on edge vegetation management.

The Lower Manawatu Scheme – Makino Project, was substantially completed. The project, designed to mitigate flood risk in Feilding, has involved the upgrade of the old Reid's Line spillway, including two substantial flow control structures. The total works cost amounted to \$2.6 million. The spillway is expected to be commissioned in November 2008, following the

installation of electrical and remote sluice gate control components. Feilding will then be provided with a '100-year' standard of protection from the Makino Stream flooding and flood events such as those experienced in 1961, 1976 and 2004 should be a thing of the past.

Works programmed for Year 1 of a seven year programme of flood protection upgrades for Palmerston North City were satisfactorily completed. Those works comprised raising of the stopbank between Ruamahanga and Roxborough Crescents, the installation of a major rock lining to maintain stopbank integrity at Dittmer Drive, and construction of substantial erosion protection works on the Mangaone Stream.

A 10-year programme of flood protection upgrade works on the rural section of the Lower Manawatu River progressed well with Year 2 works being completed on the Oroua River at Kopane and on the Manawatu River at Opiki.

Two new gravel reserves have been established on streams within the South Eastern Ruahines Scheme and good progress has been made with obtaining legal agreements to provide long term protection of the various reserves that form an integral part of the scheme's gravel management and stream control activities.

A number of improvements were made to drainage scheme assets, including the upgrade of all eight overflow spillways on Burkes Drain stopbanks, within the Manawatu Drainage Scheme; overhauls of two drainage pumps in the Makerua Scheme; refurbishment of the Moutoa Gravity outlet gates (year one of a two year programme); and the structural upgrade of the Sluggish Main Drain floodgates in the Te Kawai Scheme.

A third stage of capital works designed to provide flood protection at an enhanced (1% annual exceedance probability or '100-year') standard to the Parewanui area on the lower Rangitikei River was completed with the construction of 2.2 km of new stopbank at Nagel's Island. With the completion of that section, the Parewanui area, including Scott's Ferry settlement, is now protected from floods with a return period in the order of 50 years. Further improvements in protection standard will be achieved over the next few years.

Stage two of a three stage capital work programme on the Tutaenui Scheme was completed with major channel clearance work on the Tutaenui Stream between Station Road and Parewanui Road, Bulls.

All outstanding work required to upgrade the Matarawa Scheme – Mateongaonga flood diversion channel has been completed. That work will mitigate a long-standing flooding problem in the Wanganui East urban area.

A suite of 'global' consents were obtained in respect of gravel extraction and management activities in the Lower Manawatu River between the Manawatu Gorge and Riverbank Road. The consents, granted for a term of 20 years, will allow better management of the gravel resource in the interest of scheme management and particularly flood protection objectives.

Maintenance activities for all 31 river and drainage schemes were substantially completed in accordance with the respective asset management plans and with work programmes agreed with scheme stakeholders. Flood events had a significant impact in the Rangitikei, Pohangina-Oroua and Ohau-Manakau Schemes, resulting in damage to erosion protection assets which necessitated un-budgeted expenditure on repairs of \$35,000, \$590,000, and \$150,000, respectively. In the latter case that was largely offset by reallocation of a capital works budget.

A highlight for the year was the completion of an Environmental Code of Practice for River Works. The Code in effect forms part of and meets the requirements of Rule 16-13 of the Proposed One Plan. Once operational, the Code will provide permitted activity status for a large proportion of works undertaken within the River and Drainage Schemes activity.

A major project to develop a new rating system for the Lower Manawatu Scheme was completed during the year. The two year project has involved the first comprehensive review of the rating system since its adoption in 1959. The proposed new differential rating system, which comprises a total of 26 differential rating categories, has been based on a 'banks down' computer model of the entire Manawatu River floodplain. The Draft Rating Proposal will be the subject of an extensive non-statutory consultation and submissions hearing process to be conducted between August and December 2008, before being included in the 2009-19 Long Term Council Community Plan. The rating system will provide the basis of scheme funding for capital and maintenance works, along with scheme management activities, estimated to cost a total of \$117 million over the next 20 years.

Financial Results (refer to page 137)

The total cost of services for the River and Drainage – Scheme activity was \$19.57 million, against a budget of \$16.51 million. Within this unfavourable variance of \$3.06 million, there were a number of favourable and unfavourable variances for individual schemes.

Significant Favourable Results

- Works costs for the first year of operation for the Akitio Scheme were significantly reduced through a change in works methodology and programming.
- In the Whangaehu-Mangawhero Scheme, the works programme was reduced to take account of changes to the rating system agreed during the year and resulting reduced rates revenue.
- A \$0.5 million favourable variance in Total Cost of Services for the Upper Manawatu Scheme arose from actual asset depreciation being substantially less than an historic provision in the Annual Plan. That provision was appropriate under a different scheme management regime, when assets were not maintained. A change to the current management regime was made in 2004-05.

Significant Unfavourable Results (refer to pages 61-64, 137)

- Flood damage reinstatement (Lower Manawatu Scheme). No provision was made in the budget for outstanding 2004 flood damage repairs because at the time, full funding had not been secured. Final funding approval, by way of Central Government grant, was obtained in July 2007 and work to the value of \$1.84 million, funded partly by insurance and partly by Government grant, was subsequently undertaken. Accordingly expenditure on flood damage reinstatement had no impact on scheme accounts or rates.
- Rangitikei Scheme. Unbudgeted flood damage repairs cost approximately \$35,000 and were funded from scheme reserves and General Rate contribution. Contract costs associated with the Parewanui flood protection upgrade exceeded budget provision by \$70,000 and necessitated additional borrowing.
- Pohangina-Oroua Scheme. Unbudgeted flood damage repairs cost approximately \$590,000 and were funded from scheme reserves, borrowing and General Rate contribution.

- Makino Project estimates were revised and approved by Council following the securing of resource consents and completion of detailed designs. Actual expenditure exceeded the budget allowance by \$960,000.
- Significantly increased costs were incurred in the Makerua Drainage Scheme as a consequence of a stopbank failure early in 2008.
- An unfavourable variance of approximately \$50,000 in Total Cost of Services for the Ohau-Manakau Scheme resulted from damage reinstatement costs arising from a major flood in the Ohau River in January 2008.

The total General Rate contribution to River and Drainage – Schemes Activity was \$2.45 million against a budget of \$2.18 million.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

River and Drainage - Scheme Level of Service (what the Council has delivered) (\$'000)

<p>TARGETS FOR PROJECT GROUPS</p> <p>*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.</p>	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
AKITIO RIVER SCHEME		77		40		-
Manage scheme and maintain scheme assets						
EASTERN MANAWATU SCHEME		9		16		20
Manage scheme and maintain scheme assets						
Review rating system						
IHURAU SCHEME		4		4		4
Manage scheme and maintain scheme assets						
LOWER KIWITEA SCHEME		164		166		142
Manage scheme and maintain scheme assets						
LOWER MANAWATU SCHEME		1,508		510		390
Manage scheme and maintain assets (see additional targets at the end of this section)						
Complete 2004 flood damage repairs (subject to funding)						
Undertake major capital works						
Review Palmerston North City section of scheme						
Undertake initial capital stopbank upgrade works in Palmerston North City reach						
Complete post-flood scheme review report						
Obtain global resource consent for scheme activity						
Prepare scheme flood procedure plan						
Review/develop new targeted rating system						
LOWER MANAWATU SCHEME SPECIAL PROJECT		62		68		620
Repay project loans by June 2009						
LOWER MANAWATU MAKINO PROJECT		180		144		23
Undertake and complete major capital works to divert flood flows	5%		25%			
MAKIRIKIRI FLOOD CONTROL SCHEME		18		11		14
Manage scheme and maintain scheme assets						
MANGATAINOKA RIVER SCHEME		584		452		618
Manage scheme and maintain scheme assets						
Undertake minor capital works						

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
MATARAWA FLOOD CONTROL SCHEME		41		52		25
Manage scheme and maintain scheme assets						
Undertake and complete major capital works.			55%			
OHAU-MANAKAU SCHEME		196		370		183
Manage scheme and maintain scheme assets						
Undertake minor capital works						
PAKIHI FLOOD CONTROL SCHEME		3		2		3
Manage scheme and maintain scheme assets						
POHANGINA-OROUA RIVER CONTROL SCHEME		384		755		325
Manage scheme and maintain scheme assets						
Manage Goulters Gully Forest block						
POREWA VALLEY FLOOD CONTROL SCHEME		36		32		38
Manage scheme and maintain scheme assets						
RANGITIKEI RIVER CONTROL SCHEME		640		629		(33)
Manage scheme and maintain scheme assets (see additional targets at the end of this section)						
Undertake major capital works in accordance with 20-year programme (see additional targets at the end of this section)						
Review/develop new targeted rating system						
SOUTH EASTERN RUAHINES SCHEME		442		374		360
Manage scheme and maintain scheme assets						
Undertake minor capital works						
TAWATAI-MANGAONE SCHEME		9		8		7
Manage scheme and maintain scheme assets						
TUTAENUI FLOOD CONTROL SCHEME		63		103		43
Manage scheme and maintain scheme assets						
Undertake and complete major capital works						
UPPER MANAWATU – LOWER MANGAHAO RIVERS SCHEME		687		372		219
Manage scheme and maintain scheme assets (see additional targets at the end of this section)						
UPPER WHANGANUI RIVER SCHEME		66		(55)		133
Manage scheme and maintain scheme assets						
Undertake capital works in accordance with 5-year programme						

<p style="text-align: center;">TARGETS FOR PROJECT GROUPS</p> <p style="text-align: center;">*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.</p>	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
WHANGAEHU/MANGAWHERO SCHEME		64		204		-
Manage scheme and maintain scheme assets						
ASHHURST DRAINAGE SCHEME		10		9		29
Manage scheme and maintain scheme assets						
FOREST ROAD DRAINAGE SCHEME		8		8		6
Manage scheme and maintain scheme assets						
FOXTON EAST DRAINAGE SCHEME		7		13		21
Manage scheme and maintain scheme						
Undertake minor capital works						
Review/develop new rating system						
HAUNUI DRAINAGE SCHEME		22		17		6
Manage scheme and maintain scheme assets						
HIMATANGI DRAINAGE SCHEME		15		13		22
Manage scheme and maintain scheme assets						
Review/develop new rating system						
HOKIO DRAINAGE SCHEME		34		54		5
Manage scheme and maintain scheme assets						
Review/develop new rating system						
KOPUTAROA DRAINAGE SCHEME		281		343		(29)
Manage scheme and maintain scheme assets						
MAKERUA DRAINAGE SCHEME		391		489		488
Manage scheme and maintain scheme assets						
Undertake minor capital works						
MANAWATU DRAINAGE SCHEME		296		494		381
Manage scheme and maintain scheme assets (see additional targets at the end of this section)						
Undertake minor capital works						
MOUTOA DRAINAGE SCHEME		285		308		317
Manage scheme and maintain scheme assets						
Undertake minor capital works						

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
TE KAWAU DRAINAGE SCHEME		160		181		137
Manage scheme and maintain scheme assets						
Undertake minor capital works						
WHIRIKINO DRAINAGE SCHEME		16		(8)		20
Manage scheme and maintain scheme assets						
TOTAL RESULTS		6,762		6,178		4,537

River and Drainage – Scheme Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
AKITIO RIVER SCHEME
<p>Manage scheme and maintain scheme assets</p> <ul style="list-style-type: none"> • Inaugural year's maintenance programme completed apart from deferral of mechanical removal of willow. Resource consent for aerial spraying obtained and initial spraying programme completed. Scheme liaison committee established. • Investigation completed and report prepared on weir condition.
EASTERN MANAWATU SCHEME
<p>Manage scheme and maintain scheme</p> <ul style="list-style-type: none"> • Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements. • New rating system completed and adopted by Council for inclusion in Annual Plan and implementation in 2008-09.
IHURAU SCHEME
<p>Manage scheme and maintain scheme assets</p> <ul style="list-style-type: none"> • Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
LOWER KIWITEA SCHEME
<p>Manage scheme and maintain scheme assets</p> <ul style="list-style-type: none"> • Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
LOWER MANAWATU SCHEME
<p>Manage scheme and maintain assets (see additional targets at the end of this section)</p> <ul style="list-style-type: none"> • Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements. • February 2004 flood damage repairs 95% completed by year end. • New targeted rating system completed and approved by Council for purpose of stakeholder consultation.
<p>Undertake major capital works</p> <ul style="list-style-type: none"> • On the Manawatu River, programmed stopbank upgrade works completed at Opiki and Poplar Road. • On the Oroua River, programmed stopbank upgrade works completed at Kopane (left and right banks), at gas pipeline crossings, and at Rangiotu (major new culvert structure).
LOWER MANAWATU SCHEME SPECIAL PROJECT
<p>Repay project loans by 2009</p> <ul style="list-style-type: none"> • All programmed 'City Reach' Upgrade Project works were completed. • Stopbank upgrade works were completed in Palmerston North City, between Ruamahanga Reserve and Roxborough Crescent. • Substantial rock lining works, incorporating an enhancement element (river access steps) were completed at Dittmer Drive. • Erosion protection works (concrete walls) were constructed in the Mangaone Stream channel between Tremaine Avenue and Botanical Road.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

LOWER MANAWATU MAKINO PROJECT

Undertake and complete major capital works to divert flood flows

- Capital works, comprising flow diversion structure, flood spillway and outlet grade control, substantially completed.

MAKIRIKIRI FLOOD CONTROL SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

MANGATAINOKA RIVER SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Scheme audit process completed and report prepared.

Undertake minor capital works

- Hamua stopbank upgrade works deferred indefinitely through submission to 2007-08 Draft Annual Plan.

MATARAWA FLOOD CONTROL SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

Undertake and complete major capital works

- Mateongaonga diversion works comprising channel improvements, flow control structure, and bridge upgrades completed.
- Matarawa Stream stopbank upgrade deferred until 2008-09 due to other priorities for limited staff resources.

OHAU-MANAKAU SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Substantial flood damage repairs completed following January 2008 flood.
- Flood risk investigations completed and mitigation options report approved by Council for purpose of stakeholder consultation.

Undertake minor capital works

- Capital works (stopbank upgrade) deferred pending full investigation and outcome of stakeholder consultation process.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

PAKIHI FLOOD CONTROL SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

POHANGINA-OROUA RIVER CONTROL SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Extensive unprogrammed flood damage reinstatement work completed following July 2007 flood.

Manage Goulters Gully Forest block

- Agreed maintenance programme completed.

POREWA VALLEY FLOOD CONTROL SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

RANGITIKEI RIVER CONTROL SCHEME

Manage scheme and maintain scheme assets (see additional targets at the end of this section)

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Extensive unprogrammed flood damage reinstatement work completed following July 2007 flood.

Undertake major capital works in accordance with 20-year programme (see additional targets at the end of this section)

- Stage 3 (Russell-Nagel's Island) stopbank upgrade completed.

SOUTH EASTERN RUAHINES SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

Undertake minor capital works

- Establishment of new gravel reserves in Mangatua and Mangapapa catchments completed as programmed.

TAWATAI-MANGAONE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

TUTAENUI FLOOD CONTROL SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Stage 2 of Tutaenui Stream channel improvements (Station Road to Parewanui Road) completed.
- Stopbank work upstream of Calico Line – Marton deferred until 2008-09 on account of other priorities for limited staff resources.

UPPER MANAWATU – LOWER MANGAHAO RIVERS SCHEME

Manage scheme and maintain scheme assets (see additional targets at the end of this section)

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

UPPER WHANGANUI RIVER SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, with exception of programmed gravel management activity. Asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

Undertake capital works in accordance with 5-year programme

- Programmed capital work, comprising rock lining downstream of Matapuna rail bridge, completed.

WHANGAEHU/MANAWHERO SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed.

ASHHURST DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed.
- New rating system completed and adopted by Council for inclusion in Annual Plan and implementation in 2008-09.

FOREST ROAD DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

FOXTON EAST DRAINAGE SCHEME

Manage scheme and maintain scheme

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- New rating system adopted by Council for inclusion in Annual Plan and implementation in 2008-09.

Undertake minor capital works

- Minor capital works programme completed, being the culvert upgrade.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

HAUNUI DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirement.
- Scheme review, including incorporation of Rakatau Drainage Scheme, and development of new draft rating system completed and approved by Council for stakeholder consultation.

HIMATANGI DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

HOKIO DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirement.
- Scheme review (extended area) completed and new draft rating system developed for stakeholder consultation.

KOPUTAROA DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Partial scheme review and modified rating system completed. Changes adopted by Council for implementation in 2008-09.

MAKERUA DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Substantial unprogrammed flood damage reinstatement work undertaken following stopbank breach in January 2008.

Undertake minor capital works

- Minor capital works programme completed being the pumpstation and electrical upgrade and culvert upgrade.

MANAWATU DRAINAGE SCHEME

Manage scheme and maintain scheme assets (see additional targets at the end of this section)

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

Undertake minor capital works

- Upgrade of eight spillways on Burkes Drain stopbanks, and improvements to Taonui Road Drain and Whiskey Creek completed.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

MOUTOA DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Main gravity floodgates inspection/refurbishment 50% completed, with the balance to be completed in the next financial year as planned.

Undertake minor capital works

- Programmed minor capital works completed being the remote monitoring system for the pumpstation.

TE KAWAU DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.

Undertake minor capital works

- Upgrade of Sluggish Main Drain flood gate structure substantially completed.

WHIRIKINO DRAINAGE SCHEME

Manage scheme and maintain scheme assets

- Agreed maintenance programme completed, asset inspections undertaken and condition ratings recorded in accordance with Asset Management Plan requirements.
- Upgrade of Duck Creek stopbank completed.

LOWER MANAWATU SCHEME PERFORMANCE TARGETS

Level of Service Category	Asset	Level of Service	Required Performance Measure	Community Plan Target 2007-08	Targets Comments
FLOOD PROTECTION	STOPBANKS	PROVIDES FLOOD PROTECTION TO 100-YEAR STANDARD	All at condition rating 1	80% CR 2 or above	55% at CR1, 39% at CR2, 3% at CR3, 3% at CR4
		Subject to review completion and recommendations	Resurvey all stopbanks to compare actual with design	80%	Nil. Awaiting asset inspection/recording process review
	Floodgates	Maintain integrity of stopbank at a drainage outlet	All at condition rating 2 or above	80%	43% at CR1, 55% at CR 2, 2% at 3%
		Prevent the backflow of water	All at condition rating 3 or above	100%	100%
	Moutoa Floodgates	Divert river water to ensure downstream river levels do not exceed design flood levels	All at condition rating 1	100% at CR 1	100%
Erosion Protection	Rockwork	Maintain the river alignment to minimise lateral erosion	All at condition rating 1	75%	78%
	Concrete Rip Rap	Maintain the river alignment to minimise lateral erosion	All at condition rating 1	90%	92%
	Protection Planting	Maintain a protective buffer between active river channel and productive land	All at condition rating 1	60%	0% at CR1, 88% at CR2, 3% at CR3, 11% at CR4
	Bank Protection Structures	Maintain the river alignment to minimise lateral erosion	All at condition rating 2 or above	80%	72% at CR1, 24% at CR2, 3% at CR3, 1% at CR4
	Bed Control Structures	Maintain the river gradient and alignment to minimise lateral erosion	All at condition rating 2 or above	90%	100%
Drainage	Drainage Channels	Collect and convey catchment runoff to an outlet and minimise surface ponding. To maintain channel capacity that facilitates maintenance of appropriate groundwater levels	All at condition rating 1	100%	100%
	Floodgates	Prevent backflow to drainage areas, so it does not restrict drainage outlet	All at condition rating 2 or above	80% at CR 1 20% at CR 2	43% at CR1, 55% at CR 2, 2% at CR3
Pump stations	Land	Mitigate inundation by providing drainage when gravity outlets are affected by river levels	Always accessible condition rating 1	100%	100%
	Electrical		All at condition rating 1	100%	100%
	Mechanical		All at condition rating 2 or above	100%	100%
	Structural		All at condition rating 2 or above	100%	100%
	Pump		All at condition rating 1	100%	100%

Performance Targets for years 2008-16 will be determined through the Asset Management Plan review process in 2007-08 that will set the levels of service for the three years commencing 1 July 2008.

RANGITIKEI RIVER SCHEME PERFORMANCE TARGETS

Level of Service Category	Asset	Level of Service	Required Performance Measure	Community Plan Target 2007-08	Targets Comments
FLOOD PROTECTION	STOPBANKS	Provide flood protection to 50-year standard	All at condition rating 1	90% CR 2 or above	63% at CR1, 37% at CR2
	Floodgates	Maintain integrity of stopbank at a drainage outlet	All at condition rating 2 or above	80%	15% at CR1, 60% at CR2, 25%at CR3
		Prevent the backflow of water	All at condition rating 3 or above	100%	15% at CR1, 60% at CR2, 25%at CR3
Erosion Protection	Rockwork	Maintains the river alignment to minimise lateral erosion	All at condition rating 1	90%	2% at CR1, 79% at CR2, 10% at CR3, 2% at CR4, 7% at CR5
	Protection Planting	Maintains a protective buffer between active river channel and productive land	All at condition rating 1	60%	69% at CR1, 31% at CR2
	Bank Protection Structures	Maintain the river alignment to minimise lateral erosion	All at condition rating 2 or above	90%	2% at CR1, 80% at CR2, 8% at CR3, 2% at CR4, 8% at CR5
Drainage	Drainage Channels	Collect and convey catchment runoff to an outlet and minimise surface ponding. To maintain channel capacity that facilitates maintenance of appropriate groundwater levels	All at condition rating 1	100%	78% at CR1, 22% at CR3
	Floodgates	Prevent backflow to drainage areas, so it does not restrict drainage outlet	All at condition rating 2 or above	80% at CR 1 20% at CR 2	15% at CR1, 60% at CR2, 25%at CR3

Performance Targets for years 2008-16 will be determined through the Asset Management Plan review process in 2007-08 that will set the levels of service for the three years commencing 1 July 2008.

UPPER MANAWATU – LOWER MANGAHAO RIVER SCHEME PERFORMANCE TARGETS

Level of Service Category	Asset	Level of Service	Required Performance Measure	Community Plan Target 2007-08	Targets Comments
FLOOD PROTECTION	STOPBANKS	Provide flood protection to 5-year standard	All at condition rating 1	90% CR 2 or above	100% at CR1
			Resurvey all stopbanks to compare actual with design	100%	Nil. Awaiting asset inspection/recording process review
Erosion Protection	Rockwork	Maintains the river alignment to minimise lateral erosion	All at condition rating 1	100%	57% at CR1, 43% at CR2
	Protection Planting	Maintains a protective buffer between active river channel and productive land	All at condition rating 1	60%	27% at CR1, 73% at CR2
	Bank Protection Structures	Maintain the river alignment to minimise lateral erosion	All at condition rating 2 or above	90%	97% at CR1, 3% at CR4
Drainage	Drainage Channels	Collect and convey catchment runoff to an outlet and minimise surface ponding. To maintain channel capacity that facilitates maintenance of appropriate groundwater levels	All at condition rating 1	100%	100% at CR1

Performance Targets for years 2008-16 will be determined through the Asset Management Plan review process in 2007-08 that will set the levels of service for the three years commencing 1 July 2008.

MANAWATU DRAINAGE SCHEME PERFORMANCE TARGETS

Level of Service Category	Asset	Level of Service	Required Performance Measure	Community Plan Target 2007-08	Targets Comments
FLOOD PROTECTION	FLOODGATES	Maintain integrity of stopbank at a drainage outlet	All at condition rating 2 or above	97.5%	74% at CR1, 22% at CR2, 4% at CR3
		Prevent the backflow of water	All at condition rating 3 or above	100%	74% at CR1, 22% at CR2, 4% at CR3
	Stopbanks	Provide flood protection to 20 year standard	All at condition rating 1	90% CR 2 or above	77% at CR1, 18% at CR2, 5% at CR 3
			Resurvey all stopbanks to compare actual with design	20%	Nil. Awaiting asset inspection/recording process review
Drainage	Drainage Channels	Collect and convey catchment runoff to an outlet and minimise surface ponding and maintain channel capacity to facilitate maintenance of appropriate groundwater levels	All at condition rating 1	100%	98% CR1, 2% Cr2
	Floodgates	Prevent backflow to drainage areas	All at condition rating 2 or above	80% at CR 1 20% at CR 2	74% at CR1, 22% at CR2, 4% at CR3

Performance Targets for years 2008-16 will be determined through the Asset Management Plan review process in 2007-08 that will set the levels of service for the three years commencing 1 July 2008.

Rivers and Drainage - Scheme Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-1,344	-1,522	-3,481
Expenditure	8,110	7,700	8,018
Net Operating Costs	6,766	6,178	4,537
Capital Expenditure-			
Lower Manawatu (incl. Makino)	4,065	5,106	4,151
LMS Special Project	1,554	1,541	253
Rangitikei	750	799	737
Upper Whanganui	125	199	3
Other Sundry Schemes)	1,074	811	850
Subtotal	7,568	8,456	5,994
Loan Repayments	420	689	893
Total Capital & Debt Repayment	7,988	9,145	6,887
Total to be Funded	14,754	15,323	11,424
Funded By:			
Rates Revenue	-8,958	-9,279	-8,140
Loans	-4,776	-5,479	-1,917
Reserve Movement	-1,020	-565	-1,367
Total Funding	-14,754	-15,323	-11,424

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)	2,182	2,455	2,327
Individual Scheme Rates (mainly per ha, but also capital value and Uniform Annual Charges)	6,776	6,824	5,813
Total Rates	8,958	9,279	8,140

Introducing the Transport Group of Activities



Background

The Transport activity focuses on the provision of public transport services including special transport services for people with disabilities, the development of regional transport policy through the Regional Land Transport Committee and the provision of road safety and sustainability activities.

General Overview for the Year

Key activities for the year have included

- A major review of the urban bus services in Palmerston North.
- Contribution to a review of bus terminal facilities in Palmerston North commissioned by Palmerston North City Council.
- The completion of a trial service in the Fernlea area of Palmerston North.
- The introduction of improvements to the Total Mobility scheme as a result of the second phase of the Total Mobility review's recommendations.
- The review and re-tendering of a number of smaller bus services throughout the region.
- A programme of promotions of transport services in the region.
- The completion and adoption of a regional roading hierarchy.
- Formulation of recommendations to central government on the use of Regional funds for the region.
- Planning for the changes to the transport programming responsibilities of the Regional Transport Committee, as part of the Government's Next Steps review.
- Completion of a wide range of road safety activities, concentrating specifically on the issues of intersection crashes, driver fatigue, excess speed for the conditions, alcohol, pedestrian and cycle safety and the promotion of active transport modes.

- Continuation of work on a school travel plan trial in Palmerston North, aimed at modifying travel behaviour and therefore reducing private motor vehicle use, and commencement of a workplace travel plan trial for Horizons Regional Council.

Significant Events/Issues

- The 'Next Steps' review has increased and strengthened the role of regional councils and regional transport committees in transport planning and programming. This has required significant preparation in order to meet the challenge of completing the region's first transport programme in the new year.
- Rapid increases in fuel costs are increasing the cost of operating public transport services. However, these are also now starting to encourage a greater use of public transport in the region.

Financial Results

The Transport Activity was under-spent by \$118,000 in 2007-08. This was principally due to a delay in commencing the review of the Regional Land Transport Strategy (RLTS), delays in the construction of stock truck effluent facilities (to be constructed by the New Zealand Transport Agency, but to which Horizons Regional Council is contributing funding) and lower than expected costs in the road safety and sustainability area. An increase in government subsidy for Total Mobility (a transport service for people with special needs) also contributed to this result.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Transport Group of Activities (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-2,914	-3,042	-2,296
Expenditure	4,424	4,434	3,591
Group Net Operating Costs	1,510	1,392	1,295
Capital Expenditure	0	0	0
Total to be Funded	1,510	1,392	1,295
Funded By:			
Rates Revenue	-1,510	-1,392	-1,329
Reserve Movement	0	0	34
Total Funding	-1,510	-1,392	-1,295

Transport Financial Summary (\$000)

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Targeted Planning and Road Safety (EQCV)	275	139	186
Targeted Passenger Services (Capital value within urban areas)	1,235	1,253	1,143
TOTAL RATES	1,510	1,392	1,329

Transport Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
ROAD SAFETY		152		96		151
Develop annual action plan targeting regional road safety plan key areas						
Complete Road Safety Action Plan activities						
Improve on 2005-06 crash statistics in accordance with the Regional Road Safety Plan						
PASSENGER SERVICES PLANNING		-		-		-
Carry out scheduled service investigations and promotions						
Progressively implement Passenger Transport Plan						
Complete annual funding applications and claims						
Begin Passenger Transport Plan review						
PASSENGER SERVICES IMPLEMENTATION		1,215		1,223		1,099
Manage, review and re-tender services in accordance with contracts						
Review Massey Unlimited Access Service						
Establish Horowhenua Park and Ride facility						
Increase annual passenger numbers carried on subsidised services and Total Mobility, when compared with 2005-06 year						
TRANSPORT PLANNING		143		73		45
Complete annual RLTS monitoring report						
Implement and complete travel demand management trials in accordance with the Regional Land Transport Strategy						
Construct stock truck effluent facilities with Territorial Authorities						
Service Regional Land Transport Committee						
Coordinate annual regional funding recommendations						
Complete review of Regional Land Transport Strategy						
NET OPERATING COSTS		1,510		1,392		1,295

Transport Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS	
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	
ROAD SAFETY	
<p>Develop annual action plan targeting regional road safety plan key areas</p> <ul style="list-style-type: none"> A regional action plan for road safety activities has not been produced for 2008-09. Districts now produce their own road safety action plans, and the road safety education activities, undertaken by Horizons Road Safety Coordinators, form part of these plans. The plans are included in the Horizons land transport programme, which is produced annually. 	
<p>Complete Road Safety Action Plan activities</p> <ul style="list-style-type: none"> 8 Road Safety Action Plans were completed. A number of the other activities in partnership with the road safety stakeholders were also completed. 	
<p>Improve on 2005-06 crash statistics in accordance with the Regional Road Safety Plan</p> <ul style="list-style-type: none"> There were 41 road deaths in the region in 2007 compared with 31 in 2006 and 32 in 2005. This is in line with national trends which saw an increase in road deaths in 2007 after a record low in 2006. The number of injury crashes in the region rose from 628 in 2006 to 662 in 2007. 	
PASSENGER SERVICES PLANNING	
<p>Carry out scheduled service investigations and promotions</p> <ul style="list-style-type: none"> An investigation into a Dial a Ride service for Levin has been completed and a trial service has been tendered. A review of the Palmerston North Urban Bus service is almost complete and the second of two reports on the review will be presented to the Passenger Transport Subcommittee in August 2008. Promotions have been undertaken on the Wanganui and Palmerston North Urban bus services, the Fernlea Heights Bus service, the Levin Round Town service and the Marton to Palmerston North service. A region wide promotion for World Environment Day was completed in early June and planning is underway for a further region wide promotion scheduled for early in the new year. One of two transport needs assessments (for the Ruapehu District) is complete and will be presented to the Passenger Transport Subcommittee in August. A second Transport Needs Analysis (TNA) for the Tararua District is behind schedule and will be completed in the 2008-09 year, due to the demands of the Palmerston North Urban Review and the national Next Steps review. 	
<p>Progressively implement Passenger Transport Plan</p> <ul style="list-style-type: none"> The Ruapehu Transport Needs Assessment is complete. An investigation into the Palmerston North Urban service is almost complete and the second of two reports will be presented to the Passenger Transport Subcommittee in August 2008. 	
<p>Complete annual funding applications and claims</p> <ul style="list-style-type: none"> Annual funding applications for the 2008-09 year were submitted to Land Transport New Zealand by the end of March 2008 Monthly funding claims have been submitted to Land Transport New Zealand since the start of the financial year. Year end claims will be complete by 31 July 2008. 	
<p>Begin Passenger Transport Plan review</p> <ul style="list-style-type: none"> The Passenger Transport Plan Review will take place after the Regional Land Transport Strategy review is complete. The RLTS review has been delayed due to legislative requirements. 	

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

PASSENGER SERVICES IMPLEMENTATION

Manage, review and re-tender services in accordance with contracts

- The Taihape and Raetihi services have been reviewed and re-tendered. The Levin Urban service has been reviewed and will be re-tendered early in the new financial year.
- A commercial registration for the Feilding to Palmerston north service has been withdrawn and an emergency contract has been negotiated until a tender process for the service has been completed.

Increase annual passenger numbers carried on subsidised services and Total Mobility, when compared with 2005-06 year

- Bus passenger numbers have increased by 1.8% when compared with 2005-06 figures, after a decline in patronage during 2006-07. Most of this growth took place during the second half of the financial year.
- Total Mobility usage has grown by 1% when compared with 2005-06 figures, after a decline during 2006-07.

TRANSPORT PLANNING

Complete annual RLTS monitoring report

- This report was completed by 30 September 2007.

Construct stock truck effluent facilities with Territorial Authorities

- This project is being undertaken in partnership with the Territorial Authorities and Transit. Transit New Zealand is managing the project and has advised that it is behind schedule due to difficulties in confirming suitable sites. Construction of these facilities has therefore not commenced in 2007-08. Funding will therefore be held in transport reserves for this project.

Service Regional Land Transport Committee

- The Regional Land Transport Committee held six meetings during 2007-08, including two extraordinary meeting to adopt a regional roading hierarchy and approve regional funding recommendations, and to consider a package of works for strategic links between Palmerston North and Feilding.
- Other key business has included preparation for the implementation of the Next Steps changes, a government review of transport planning and funding. Implementation of Next Steps commences in 2008-09 and will see Regional Council coordination of all transport planning and programming for the region.

Coordinate annual regional funding recommendations

- This was completed in early April 2008.

Complete review of Regional Land Transport Strategy (RLTS)

- The review of the Regional Land Transport Strategy was scheduled to commence in 2007-08 and to be completed in 2008-09.
- The Regional Land Transport Committee deferred the commencement of the review, pending the enactment of the Land Transport Management Amendment Bill which altered requirements for strategies. It is now proposed to commence the review in late 2008-09.

Introducing the Representation and Governance Group of Activities

Background

The representation and governance activities provide the people of the Region with a local representative democracy that represents, reconciles and responds to the interests of residents and property owners. This activity encompasses public representation by Council and Committees, determination of Council policy, and the monitoring of policy implementation.

General Overview for the Year

- Rates and charges were set through the Annual Plan process.
- Council reviewed performance through regular reporting at its committee meetings, through the service performance reports, and through the adoption of the Annual Report.
- Eleven councillors provided governance for the Council through regular Council and committee meetings until the elections in October 2007, and thereafter 12 councillors provided this governance. The meetings ensured Council kept abreast of local, regional, national and international matters so that emerging issues of relevance for the Region could be investigated and planned for, and also provided opportunities for setting and monitoring policy.
- Sixteen Council meetings and 39 committee meetings were held during the year.
- Overall attendance by councillors at meetings relevant to their responsibilities was 90%.

Individual attendance as at 30 June was as follows:
(These figures represent a transitional period between two trienniums)

Bailey (nee Pearce), L	30 out of 32
Brookhammer, L	6 out of 8
Burnell, L	21 out of 26
Chettleburgh, V	43 out of 47
Fitzmaurice, V	7 out of 7
Gordon, EB	36 out of 39
Guy, Malcolm	7 out of 8
Guy, Murray	28 out of 28

Kirton, W	4 out of 7
Main, A	28 out of 32
Meads, D	34 out of 39
Fitzmaurice, V	7 out of 7
Murfitt, G	47 out of 55
Plowman, M	22 out of 24
Rieger, P	37 out of 38
Robinson, T	14 out of 17
Walker, R	23 out of 27
White, J	24 out of 24

Significant Events/Issues

The triennial local elections were held on 13 October 2007. The number of representatives had been increased from 11 councillors to 12 councillors through the representation review process which was completed in April 2007. Also through this process, the number of constituencies was decreased from eight to six. These are: Ruapehu (1), Wanganui (2), Manawatu-Rangitikei (2), Tararua (1), Palmerston North (4) and Horowhenua-Kairanga (2). Following the elections, six new councillors were welcomed onto Council.

Financial Results

Representation and governance activities ended the year in a favourable position against budget by \$172,000, principally due to less staff-time being charged to this activity than expected.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Representation and Governance Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
HORIZONS' REPRESENTATION		1,692		1,522		1,438
Undertake the triennial election process in accordance with the Local Electoral Act 2001						
Conduct Horizons' meetings and hearings in accordance with Horizons Regional Council standing orders						
Adopt the Annual Plan and Report by Council 2007-08						
Fulfil commitments in the triennial agreement						
COMMUNITY PLAN		176		174		153
Adopt the Annual Plan 2007/08 by 30 June 2008						
NET OPERATING COSTS		1,868		1,696		1,591

Representation and Governance Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
HORIZONS' REPRESENTATION
<p>Conduct Horizons' meetings and hearings in accordance with Horizons Regional Council standing orders</p> <ul style="list-style-type: none"> All Horizons' meetings and Council hearings were held in accordance with Horizon Regional Council's Standing Orders.
<p>Fulfil commitments in the triennial agreement</p> <ul style="list-style-type: none"> The Regional Chiefs' Forum is the principal body for effective enactment with territorial authorities. This Forum is active and meets all requirements of the Triennial Agreement.
HORIZONS' REPRESENTATION
<p>Adopt the Annual Plan and Report by Council 2007-08</p> <ul style="list-style-type: none"> The Annual plan and Amendment to the Community Plan 2006-16 was adopted on 24 June 2008. The Annual Report for 2006-07 was adopted on 9 October 2007. Both these reports were adopted within statutory deadline requirements

Representation and Governance Group of Activities (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	0	0	0
Expenditure	1,868	1,696	1,591
Group Net Operating Costs	1,868	1,696	1,591
Capital Expenditure	0	0	0
Total to be Funded	1,868	1,696	1,591
Funded By:			
Rates Revenue	-1,868	-1,696	-1,591
Reserve Movement	0	0	0
Total Funding	-1,868	-1,696	-1,591

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Uniform Annual General Charge (per property)	1,868	1,696	1,591
TOTAL RATES	1,868	1,696	1,591

Introducing the Regional Relationships Group of Activities

Background

Horizons exists to serve and support the regional communities, therefore we cannot be successful without community understanding, appreciation and support. To achieve this, we need to do a number of things very well, we need to listen and gather information from our regional communities and we must successfully communicate information and the outcomes of our work to our regional communities.

Although we have a duty to consult with regional communities under the Local Government Act 2002 and the Resource Management Act 1991, it also makes very good business sense to do so, good communication is one of our top priorities.

This group of activities covers Maori engagement and community relations. The methods used to carry out these activities are policy, advice and information and funding.

Regional Relationships Group of Activities (\$'000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Net Operating Costs:			
Maori Engagement	166	121	174
Community Relationships	1,047	1,076	795
Group Net Operating Costs	1,213	1,197	969
Capital Expenditure	0	18	8
Total to be Funded	1,213	1,215	977
Funded By:			
Rates Revenue	-1,213	-1,197	-969
Reserve Movement	0	-18	-8
Total Funding	-1,213	-1,215	-977

Iwi Maori Engagement Activity

Background

The Iwi Maori Engagement Activity has evolved to focus mainly on developing specific environmental projects with individual groups. This means that liaison with any overarching regional iwi collective is no longer an objective. However, ongoing dialogue with individual iwi groups is being maintained in recognition of Horizons' statutory obligations.

General Overview for the Year

The focus for the year has had three strands:

- Liaising with individual iwi about resource management concerns, particularly as they relate to the Proposed One Plan.
- Assisting capacity building within iwi groups to enable them to better engage in the resource management process. Activities included updating contact details via Horizons' website.
- The provision of funding and advisory assistance to a number of on-the-ground projects. These ranged from an in-house cadetship to site restoration of bushlands and remnants, and increasingly included provision of information and infrastructure for tangata whenua to develop knowledge systems.

Significant Events/Issues

The delivery and nature of the work carried out as part of this activity changed significantly when the iwi liaison officer's position was disestablished.

Financial Results

This activity is producing significant co-benefits. The activity was \$44,850 under-spent this financial year, as a consequence of funding recipients not drawing down on commitments made.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Iwi Maori Engagement Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
REGIONAL ENVIRONMENTAL PROJECTS AND PARTNERSHIPS		85		11		-
Fifteen complete projects and two memoranda						
IWI INITIATIVES		81		108		147
Respond to iwi issues in a timely manner						
IWI ADVICE		0				27
Provide advice to Horizons in a timely manner				2		
NET OPERATING COSTS		166		121		174

Iwi Maori Engagement Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
REGIONAL IWI ENVIRONMENTAL PROJECTS AND PARTNERSHIPS
<p>Fifteen complete projects and two memoranda</p> <ul style="list-style-type: none"> • Funding and advisory services were provided for 15 Iwi Maori projects as planned. Projects ranged from protection of bush and wetland remnants, information technology support through to providing an internship within the Horizons Policy Team. • One Memoranda of partnership completed with Tanenuiarangi Manawatu Incorporated and Te Mauri o Rangitaane o Manawatu. • Ongoing liaison with Ngati Apa over a significant site which will lead to a memorandum of understanding.
IWI INITIATIVES
<p>Respond to Iwi issues in a timely manner</p> <ul style="list-style-type: none"> • Issues are investigated and responded to as appropriate – current initiatives include involvement of Iwi in the One Plan, introduction of an Iwi intern position at Horizons and working with hapu on the Whanganui River, regarding such things as river access.

Iwi Maori Engagement Financial Summary (\$'000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	0	0	0
Expenditure	166	121	174
Net Operating Costs	166	121	174
Capital Expenditure	0	0	0
Total to be Funded	166	121	174
Funded By:			
Rates Revenue	-166	-121	-174
Reserve Movement	0	0	0
Total Funding Approved	-166	-121	-174

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Uniform Annual General Charge (per property)	166	121	174
TOTAL RATES	166	121	174

Community Relationships Activity

Background

The purpose of this activity is to raise awareness of Horizons and its business by making information about us and what we do available to all people in our Region. We achieve this through strategically communicating our roles and activities in a clear, concise and consistent manner using a range of cost effective tools.

General Overview for the Year

As recognition of Horizons grows across the Region, so does the demand for more timely, consistent, accurate and well written information. To meet this demand in 2007-08 several key focus areas were highlighted for improved communication to the public.

Work on the upgraded website, launched in September 2007, included creating a modern and professional site that maintains relevant and up-to-date information, is user friendly and easy to navigate. New functions include 'key word search', rates payments online, and compliance with the local government standards.

To support the new website function, other communication tools including radio and advertising were used in a targeted and cost effective manner as part of strategic communications to maintain and increase public awareness of Horizons' work.

Customer feedback highlighted that *Across The Region* (ATR) magazine continued to be our public's preferred method of receiving information about Horizons and our work. ATR is maintained to the highest standard and contains relevant and targeted information. We trialed a new delivery company during the year, to ensure that ATR was delivered in a cost effective manner to all homes in the Region. Feedback indicates that the new system was an improvement.

Several community consultations took place during 2007-08. Consultation on the Lower Whanganui River Flood Protection Scheme is one example. The Community Relationship activity provided important support to the consultation process. To raise awareness about

the consultation, the flood protection scheme and submission processes, tools including advertising, media, signage, radio and presentations were used in a co-ordinated, cost-effective and strategic manner.

The new Customer Services function has quickly become a key part of Horizons. Calls received and customer satisfaction are high. Customer Services has become the first port of call when people contact Horizons via the 0508 800 800 number or in person. There has been an ongoing positive response to this service.

Significant Events/Issues

- Raise the profile of Horizons Regional Council, what we do and how we do it
- Create consistent branding, messages
- Continue to supply relevant and timely information via the upgraded website
- Support the Communications function on key public consultations
- Support key events to provide an excellent information and interface with the public, ie. Central District Field Days and World Environment Day School Debates

Financial Results

Greater awareness of Horizons' business has led to an increase in staff time spent handling public information requests, particularly those of a more complex nature. This has resulted in more staff hours being required in this area than was budgeted.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Community Relationships Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
COMMUNITY COMMUNICATIONS		589		525		477
Improve measurable, strategic and planned communications with Horizons' regional communities						
Increase media interest in Horizons' business						
Increase readership of Horizons' newsletters and other promotional documents						
Increase understanding of Horizons' key outputs demonstrated through community feedback						
LINKLATER BURSARY		12		12		15
Increase awareness of the skills required to carry out key Horizons' functions						
PUBLIC INFORMATION		446		539		303
Respond quickly and effectively to information requests from the public						
NET OPERATING COSTS		1,047		1,076		795

Community Relationships Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
COMMUNITY COMMUNICATIONS
<p>Improve measurable, strategic and planned communications with Horizons' regional communities</p> <ul style="list-style-type: none"> • There are 30 active communications plans and strategies, each specifically formulated to get correct, timely and targeted information to the community. • Our three year goal to raise awareness and build Horizons reputation is on track. • Planned communication through the ATR (Across The Region newsletter), radio and press advertising has stayed targeted and with high relevance to the local communities in our region as supported by survey results.
<p>Increase media interest in Horizons' business</p> <ul style="list-style-type: none"> • We have sent out approximately 156 press releases this year, maintaining public interest by providing reliable and consistent messages and responses to media interest. • Over 700 articles have been published about Horizons in our Region's newspapers during this year. • Radio coverage has also been extensive across the whole of the region. • The number of information requests by media has steadily risen as relationships with media and interest in Horizons has increased.
<p>Increase readership of Horizons' newsletters and other promotional documents</p> <ul style="list-style-type: none"> • Readership of our newsletters (Across The Region) is high and getting larger through community targeted, well written stories. • We have trialled a new delivery system to get more copies of our ATR newsletter to the public. Feedback indicates more people have received the newsletter than by other systems. • We have used a combination of letterdrop, direct mail and paper-insert to reach targeted audiences.
<p>Increase understanding of Horizons' key outputs demonstrated through community feedback</p> <ul style="list-style-type: none"> • We have conducted a number of surveys to gather feedback from our customers. The information is being used to increase our understanding of our communities and identify the specific benefits of chosen communication tools. • We also receive feedback from our communities through one-on-one interaction in meetings and farm visits. There have been a number of opportunities for this through the SLUI (Sustainable Land Use Initiative), One Plan consultation, pre-hearings, meetings and the hearing process. • The communications team has a presence on major Horizon's projects which aids a consistent and customer led approach. • A strategic, planned approach to communications has increased community understanding of Horizons business. This is clear through the calls received and monitored by the Call Centre and the customer services unit.
LINKLATER BURSARY
<p>Increase awareness of the skills required to carry out key Horizons' functions</p> <ul style="list-style-type: none"> • Three students have received Linklater bursaries. • The most recent recipient of the Linklater bursary has secured a holiday job at Horizons as a Consents Cadet. • All three students have received excellent grades and their academic progress continues to be monitored.
PUBLIC INFORMATION
<p>Respond quickly and effectively to information requests from the public</p> <ul style="list-style-type: none"> • We have handled and resolved 103,535 customer calls immediately on the phone, and an estimated 142 public information requests received by email were actioned within 24 hours of receipt. • The customer service vision has been embedded and is working extremely well.

Community Relationships Financial Summary (\$'000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	0	-17	0
Expenditure	1,047	1,093	795
Net Operating Costs	1,047	1,076	795
Capital Expenditure	0	18	8
Total to be Funded	1,047	1,094	803
Funded By:			
Rates Revenue	-1,047	-1,076	-795
Reserve Movement	0	-18	-8
Total Funding	-1,047	-1,094	-803

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Uniform Annual General Charge (per property)	1,047	1,076	795
Total Rates	1,047	1,076	795

Introducing the Corporate Support and Investment Group of Activities

Background

This group comprises the corporate support activity and the investment activity. Both are integral parts of running Horizons as an efficient business that provides excellent service and value for money our ratepayers.

Our range of investments includes cash, bank term deposits, shares, special funds and investments in internal loans for scheme capital works. These investments fall under the investment activity where they are acquired, held and realised by Horizons in keeping with our community and environmental goals and objectives.

Corporate Support and Investment Group of Activities (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Net Operating Costs:			
Corporate Support	5,847	4,938	5,459
Investment	(3,075)	(3,434)	(2,875)
Group Net Operating Costs	2,772	1,504	2,584
Capital Expenditure	1,841	1,444	2,223
Total to be Funded	4,613	2,948	4,807
Funded By:			
Overhead Allocation	-5,847	-4,938	-5,459
Rates Revenue	3,075	3,434	2,875
Reserve Movement	-1,841	-1,444	-2,223
Total Funding	-4,613	-2,948	-4,807

Corporate Support Activity

Background

The Corporate Support activity provides management, human resource, financial, infrastructure technology, administration services, and corporate projects support to the day-to-day running of Horizons. This activity also encapsulates the activities of the office of the Chief Executive and Governance Support.

General Overview for the Year

Integration and management of the overall activities of the Council and staff

- This role is carried out by the Chief Executive to enable Council's policies and objectives to be implemented; this Annual Report outlines how this has been achieved.

Overall management of the Corporate and Governance Support group

- The key outcomes of the year include: efficiency savings, reclassification of the organisation's filing system, fire suppression technology for computer support services; review of scheme leases and setting up a shared services Council Controlled Organisation (CCO).
- The Triennial Election process was completed. The process resulted in a number of constituency boundary changes and an additional councillor for Palmerston North constituency.

Human Resource (HR) services

- HR services including staff recruitment, employment agreements, remuneration, payroll, training and development, health and safety, and staff welfare were provided as planned. Key elements for the year were:
 - Human Resource advice and payroll services were provided for 212.65 permanent full-time staff equivalents as at 30 June 2008. With casual and fixed-term staff excluded, the total was 198.63.

- Staff turnover for the year for permanent full-time and part time staff was 16.46%. With casual and fixed-term staff excluded, turnover was 13.09%. Combined staff turnover fell 2% over the year.
- Overall staff accidents and lost time injuries decreased during 2007-08.

Administrative, Property and Vehicle Management services

- Services were provided as planned:
 - Vehicle management services also undertook a vehicle fleet review to improve efficiencies.
- There were 22 requests under the Official Information Act in the year to 30 June 2008.

Accounting and Finance services

- Accounts processing and financial reporting services were provided as planned:
 - Actual rates collected for the year to 30 June 2008 were 96.3%, compared to 96.0% for the year ended 30 June 2007. A significant amount of rates arrears, ie. rates unpaid from earlier years, was collected during this year. This continues to be the focus of our revenue recovery officer.

Infrastructure Technology (IT) systems and services

- This activity provides hardware and wide area network services so the organisation can utilise data and information to carry out Horizons' business. The primary focus this year has been on:
 - Upgrading internal and external security systems and performance upgrades of the computer network servers.
 - Development of new internal IT support systems.
 - Upgrading mobile phone services.
 - Development of Business Continuation and Disaster Recovery functions.

Significant Events/Issues

- Motor vehicle fleet review.
- 2007 Triennial Elections.
- Formation of a shared services Council Controlled Organisation (CCO).

Financial Results

A key focus for Corporate was identification and implementation of cost efficiency gains while maintaining agreed levels of service. These efficiency gains contributed to the favourable end of year position. Additional costs associated with increased staff were absorbed into the existing budget.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution

Corporate Support Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
EMPLOYMENT RELATIONS		314		319		285
Provide administrative support to staff and councillors to meet all employment and health and safety related legislative and organisational requirements						
FACILITIES/ASSET MANAGEMENT		1,362		1,122		1,215
Administer and maintain all of Horizons-owned property assets						
INFORMATION SERVICES		358		355		449
Provide administrative support of all non-electronic Horizons documents while meeting relevant legislative requirements.						
Provide public access to relevant Horizons information.						
ORGANISATIONAL DEVELOPMENT		295		224		262
Provide administrative support for the development and implementation of all corporate training and development, recruitment and remuneration programmes						
COUNCIL SUPPORT		492		234		474
Provide governance and corporate secretarial and administrative support services						
IT OPERATIONS		1,075		1,091		823
Provide and maintain all computer systems to meet the operational requirements of Horizons						
IT GIS		91		73		70
Provide and support Horizons' GIS infrastructure.						
IT ADMIN		60		88		157
Facilitate the initiation of new applications to meet the business needs of Horizons						
CORPORATE PROJECTS		151		(67)		38
Deliver projects in support of emerging issues within Horizons' corporate function.						
CE		205		63		274
GROUP MANAGER CORPORATE & GOVERNANCE SUPPORT		39		54		(43)
Provide leadership and management of corporate support functions and administrative and advising support of governance function, through the CE.						
ACCOUNTING SERVICES		1,405		1,382		1,455
NET OPERATING COSTS		5,847		4,938		5,459

Corporate Support Level of Service (what the Council has delivered) (\$'000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
EMPLOYMENT RELATIONS
<p>Provide administrative support to staff and councillors to meet all employment and health and safety related legislative and organisational requirements</p> <ul style="list-style-type: none"> All administrative requirements have been met in relation to payroll and general Human Resource (HR) practice and legislation. Health & Safety: ACC 'Sphere of Influence Programme' (ACC funded 'healthy and safe employee wellbeing' programme) has continued this year: Improvements to Health & Safety (H&S) process management is on track, including a full update of Horizons Health & Safety manual. Continued focus on bedding in and supporting various structural changes. HR process improved to ensure alignment of HR resources to organisational outcomes.
FACILITIES/ASSET MANAGEMENT
<p>Administer and maintain all of Horizons-owned property assets</p> <ul style="list-style-type: none"> Corporate property capital and maintenance review structure established. Fire suppression system installed. Comprehensive review of all Horizons Scheme leases – programme to address any anomalies in place and progressing. Air conditioning installed – building on Regional House site. Completion of approved programmed maintenance and capital projects.
INFORMATION SERVICES
<p>Provide administrative support of all non-electronic Horizons documents while meeting relevant legislative requirements</p> <ul style="list-style-type: none"> Normal administrative support is ongoing. The new file classification structure is implemented. This is in preparation for moving towards an electronic document records management system (EDRMS) planned for the future. <p>Provide public access to relevant Horizons information</p> <ul style="list-style-type: none"> There have been 122,000 hits on the website Aug 07–July 08 since the new website was launched in Aug 07. The launch of a new website in Aug 07 has increased the amount of information available to the public. The new google-maps interface allows our customers and stakeholders to look are real-time information on water quality, air quality and water quantity and is state of art and a leader in the information technology area. Our website is now easy to navigate and provides up to date information on the One Plan hearings, allows people to pay their rates online and provides an overview of what Horizons Regional Council does
ORGANISATIONAL DEVELOPMENT
<p>Provide administrative support for the development and implementation of all corporate training and development, recruitment and remuneration programmes</p> <ul style="list-style-type: none"> Horizons People Plan objectives have progressed as planned including: Ongoing implementation of the Horizons leadership development programme (including a targeted 'potential leaders' programme); Recruitment support; Implementation of 'Work Life Balance' programme; Introduction of five weeks annual leave and various other attraction, retention and development initiatives. Corporate training programme completed as programmed including: Leaders Forums, Advanced Customer Service, Performance Management, Orientation and First Aid and various other short duration programmes offered to staff and management. Turnover figures have fallen to 13% from 15% last year. Horizons People Plan priorities are being implemented. Employment Agreements have been updated to meet current legislative requirements, including successful conclusion to the Collective Agreement negotiations.

TARGETS FOR PROJECT GROUPS

*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.

COUNCIL SUPPORT

Provide governance and corporate secretarial and administrative support services

- Secretarial and administrative support is provided to governance through the Governance Coordinator and Committee Secretary, and to Corporate by the Corporate and Governance PA Group Secretary.
- This provision of services has continued throughout the year.

IT OPERATIONS

Provide and maintain all computer systems to meet the operational requirements of Horizons

- The Technology Infrastructure is being supported and maintained. Upgrading of the systems including virtualisation is ongoing. This will allow for improved disaster recovery and business continuance planning capability as well as increased efficiency. A disaster recovery and business continuance site at Woodville has been planned.
- Back up and security systems are being upgraded, and an email archiving system has been purchased, but not yet installed.

IT GIS

Provide and support Horizons' GIS infrastructure

- GIS data is being increasingly used to assist in providing sound information for rates processing, One Plan, asset management, engineering projects and other areas in the organization. The support of this is currently contracted out.
- The infrastructure is updated sufficiently to facilitate the required information availability.

IT DEVELOPMENT

Facilitate the initiation of new applications to meet the business needs of Horizons

- Participation in Integrated Regional Council Information System (IRIS) project with a view to replacing current suite of powerbuilder applications (R2D2, TRS, Batman, Contacts, Land, etc). Horizons has tentatively agreed to be a partner in this project and will continue to be involved through the requirements and development phase of the project.
- Horizons has become a partner agency for the KiwImage project. Delivery of satellite imagery at a scale equivalent to the terralink imagery will occur from 2008-09. First delivery of imagery has been received.

CORPORATE PROJECTS

Deliver projects in support of emerging issues within Horizons' corporate function.

The following projects were completed during the year, in response to organisational requirements and efficiency goals

- Organisational Motor Vehicle fleet review completed. Recommendations incorporated into new Horizons Motor Vehicle Policy and implemented.
- Review of options for corporate asset management system completed and discussion on implementation with vendor progressing.
- New procurement agreements established.
- Development and implementation of electronic procurement system for Corporate/Protective clothing completed.
- Initial work on establishing quality assurance accreditation (ISO 9001:2000) has commenced for Corporate Services and Governance function.
- Completion of financial system implementation review and reimplementation project brief prepared.

GROUP MANAGER CORPORATE AND GOVERNANCE SUPPORT

Provide leadership and management of corporate support functions and administrative and advising support of governance function, through the CE

- A restructure of Corporate Services and Governance Support took place during the year. This realignment of functions has ensured that the leadership and management needs of the organisation have been met.
- A number of cost saving initiatives have been implemented within the Corporate and Governance Support group to reduce corporate expenditure.

Corporate Support Financial Summary (\$000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	0	0	-464
Expenditure	5,847	4,938	5,923
Net Operating Costs	5,847	4,938	5,459
Capital Expenditure-Corporate Support	1,455	1,154	1,826
Capital Expenditure-Other	386	290	397
Total to be Funded	7,688	6,382	7,682
Funded By:			
Overhead Reallocation	-5,847	-4,938	-5,459
Rates Revenue	0	0	0
Reserve Movement	-1,841	-1,444	-2,223
Total Funding	-7,688	6,382	-7,682

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Corporate overheads are not directly rated. They are allocated to activities and appear as part of their costs and rated in line with the applicable funding policy.			

Investment Activity

Background

One of the main purposes for holding investments is to reduce our reliance on general rating revenues to fund our activities. Horizons main investments are the shareholdings in two ports. We hold 23.08% of the shares in CentrePort Limited (Wellington) and 8.3% of the shares in the Port of Napier.

The balance of our investments, are shown as cash deposits with various banks. As we rate once a year, we invest our funds with banks to mature over the course of the financial year to meet our working capital requirements.

Rates penalty revenue is also reported in this section.

General Overview for the Year

Horizons did not meet budget expectations for interest earned over the year, to the extent of \$313,000.

We invest our funds in October each year. As interest rates increased over the year, we were unable to take advantage of those positive movements as the terms and maturity dates had been agreed when interest rates were lower.

However, we did make some savings with regard to interest expense, as we had sufficient working capital throughout the year to fund all our capital works internally. Therefore we did not need to draw down any external loan funding before the end of the financial year.

CentrePort has continued to develop the property portfolio within that Company, during this financial year, with the building of a large commercial complex opposite the Wellington Railway station.

Horizons had another successful year with regard to the collection of rates arrears. Penalty revenue did not meet the budgeted figure because we had fewer arrears on which to charge the penalties.

Significant Events/Issues

- A strategic management investment review commenced during the year, and is still continuing. The purpose of the review is to identify the most efficient and advantageous way of managing our investments.

Financial Results

Port of Napier returned a larger dividend than was budgeted and an additional unimputed dividend was received from CentrePort, which resulted in greater dividend revenue than budgeted.

Interest and penalty revenues received were less than budget.

The investment activity returned \$174,000 more revenue this financial year, than last year.

Contribution to Community Outcomes

See chart on pages ix-x entitled Community Outcomes and Council Contribution.

Investment Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS *The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.	Community Plan Budget 2007-08		Actual 2007-08		Actual 2006-07	
	Year 2 Community Plan	Project Group Net Operating Costs		Project Group Net Operating Costs		Project Group Net Operating Costs
INVESTMENT ACTIVITIES (INC PORT)		(2,475)		(2,963)		(2,517)
Monthly weighted average interest rate exceeds 90 day Bank Bill Buying Rate (BBBR)						
Dividends meet budget expectations and also comply with Port of Napier Limited (PONL) and Centre Port Limited (CPL) Statements of Corporate Intent levels.						
RATE PENALTIES		(600)		(471)		(358)
Apply penalties in accordance with the Local Government (Rating) Act 2002 and Horizons policies.						
NET OPERATING COSTS		(3,075)		(3,434)		(2,875)

Investment Level of Service (what the Council has delivered) (\$000)

TARGETS FOR PROJECT GROUPS
*The targets listed below (in lower case) are the detailed goals for each project over the current year, during which they have been monitored and assessed.
INVESTMENT ACTIVITIES (INC PORT)
<p>Monthly weighted average interest rate exceeds 90 day Bank Bill Buying Rate (BBBR)</p> <ul style="list-style-type: none"> We exceeded the 90 day BBBR in one month of the year, May. For the balance of months we had funds invested, we equalled the rate in one month and were under the BBBR for 6 months. During those six months the variations ranged from .05% under BBBR rate to .2% under the BBBR. Over the full year, we were .07% under the 90 BBBR.
<p>Dividends meet budget expectations and also comply with Port of Napier Limited (PONL) and Centre Port Limited (CPL) Statements of Corporate Intent (SCI) levels</p> <ul style="list-style-type: none"> PONL final dividend for the Year ending 30 September 2007, achieved 75% payout of surplus per Statement of Corporate intent. CPL paid out the amounts as stated in their Statement of Corporate Intent. This included an additional unimputed dividend, which had not been included in our budget for 2007-08.
RATE PENALTIES
<p>Apply penalties in accordance with the Local Government (Rating) Act 2002 and Horizons policies</p> <ul style="list-style-type: none"> Three penalty instalments were applied during the year, in line with the Local Government Rating Act and Horizons policies. In October 2007, penalties were charged on outstanding rates due for 2007-08 year. In July 2007 and February 08 penalty instalments were applied on rates arrears. This refers to rates that were due prior to 2007-08 year.

Investment Financial Summary (\$'000)

OPERATING AND FUNDING STATEMENT	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
Revenue	-3,075	-3,434	-2,875
Expenditure	0		0
Net Operating Costs	(3,075)	(3,434)	(2,875)
Capital Expenditure	0	0	0
Total to be Funded	(3,075)	(3,434)	(2,875)
Funded By:			
Rates Revenue	3,075	3,434	2,875
Reserve Movement	0	0	0
Total Funding	3,075	3,434	2,875

Rate Breakdown	Community Plan Budget 2007-08	Actual 2007-08	Actual 2006-07
General Rate (EQCV)*	-3,075	-3,434	-2,875
Total Rates	-3,075	-3,434	-2,875

Introducing the Finances

Overview

Here we present standard financial statements in compliance with generally accepted accounting practice and New Zealand international financial reporting standards. We also provide supplementary financial information which gives revenue and expense details for regulatory management outputs (consents processing, consents hearings, compliance monitoring, 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.

Income Statement for the year ended 30 June 2008 (\$'000) (The notes on pages 115-134 form part of these Financial Statements)

	Notes	Community Plan Budget 2007-08	Group Actual 2007-08	Council Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
Revenues (\$'000)						
Environmental Management Group	3.1.3/3.1.9	2,862	3,786	3,743	2,634	2,570
Risk Management Group (Includes interest \$322)		8,033	7,720	7,720	9,306	9,306
Transport Group		2,915	3,042	3,042	2,296	2,296
Representation and Governance Group		-	-	-	-	-
Regional Relationships Group		-	17	17	-	-
Share of associate profit using the equity method			1,604		4,428	
Other Activities		-	-	-	-	-
Corporate Support and Investment Group						
Dividends Received	3.1.1	1,230	546	1,647	445	1,276
Interest Received	3.1.1	778	465	465	674	674
(Excludes internal loan interest \$851, and interest included in other activities \$322)						
Rate Penalties		600	471	471	358	358
Total Activity Revenue		16,418	17,651	17,105	20,141	16,480
Rates Revenue	3.1.2	25,888	25,757	25,757	21,428	21,428
Total Revenue		42,306	43,408	42,862	41,569	37,908
Expenses (\$'000)						
Environmental Management Group	3.1.7	13,781	14,183	14,146	11,270	11,303
Risk Management Group (Excl internal loan interest \$851)		19,423	18,158	18,158	17,953	17,953
Transport Group		4,425	4,434	4,434	3,591	3,591
Representation and Governance Group	3.1.4	1,868	1,696	1,696	1,591	1,591
Regional Relationships Group		1,213	1,214	1,214	969	969
Total Activity Expenditure		40,710	39,685	39,648	35,374	35,407
Net Surplus (Deficit) before tax		1,596	3,723	3,214	6,195	2,501
Less Provisions for tax		-	89	89	-	-
Net Surplus (Deficit) after tax		1,596	3,634	3,125	6,195	2,501
NB:	The above Net Operating Costs are after providing for:					
Depreciation		3,382		2,913	2,574	2,574
Interest Paid		293		-	-	-

Statement of Cash Flows for the year ended 30 June 2008 (\$'000) (The notes on pages 115-134 form part of these Financial Statements)

Notes	Community Plan Budget 2007-08	Group Actual 2007-08	Council Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
<u>Cash Flows from Operating</u>					
Cash was provided from:					
Receipts from Rates	26,052	25,652	25,652	22,013	22,013
Receipts from Government Support	3,234	5,243	5,243	1,794	1,794
Receipts from Customers etc.	10,653	10,086	10,014	10,395	10,286
Receipts from Interest	778	1,010	1,010	731	731
Receipts from Dividends	1,230	1,647	1,647	1,276	1,276
Receipts from Rate Penalties	600	471	471	358	358
Total Operating Receipts	42,547	44,109	44,037	36,567	36,458
Cash was applied to:					
Suppliers and Employees	37,077	34,892	34,874	32,083	32,122
Net GST Movement (see note)	(28)	56	44	118	116
Total Operating Payments	37,049	34,948	34,918	32,201	32,238
Net Cash from Operating	3.5	5,498	9,161	4,366	4,220
<u>Cash Flow from Investing</u>					
Cash was provided from:					
Sale of Fixed Assets	-	290	290	350	350
Investment Maturities	-	26,100	26,100	22,881	1,381
Total Investment Receipts	-	26,390	26,390	23,231	1,731
Cash was applied to:					
Purchase of Fixed Assets	2,235	1,912	1,912	3,342	3,342
Purchase of Infrastructural Assets	7,568	8,915	8,915	6,654	6,564
Purchase of Intangible Assets	-	719	719	153	153
Investment Deposits	100	26,100	26,100	21,500	-
Total Investment Payments	9,903	37,646	37,646	31,559	10,059
Net Cash from Investing	(9,903)	(11,256)	(11,256)	(8,328)	(8,328)

	Community Plan Budget 2007-08	Group Actual 2007-08	Council Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
Cash Flows from Financing					
Cash was provided from					
Loans Raised	4,776	-	-	-	-
Total Financing Receipts	4,776	-	-	-	-
Cash was applied to					
Loan Interest	218	-	-	-	-
Loans Repayment of Debt	147	-	-	-	-
Total Financing Payments	365	-	-	-	-
Net Cash from Financing	4,411	-	-	-	-
Net Cash Flow for the Period	6	(2,095)	(2,137)	(3,962)	(4,108)
Plus Opening Cash	337	2,435	2,282	6,397	6,390
Closing Cash	343	340	145	2,435	2,282
Made up of:					
Cash and Bank	343	340	145	2,435	2,282
Bank Overdraft	-	-	-	-	-
Closing Cash Balances	343	340	145	2,435	2,282

Note: The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. This has been presented on a net basis as the gross amounts do not provide meaningful information for financial statement purposes.

Balance Sheet as at 30 June 2008 (\$'000) (The notes on pages 115-134 form part of these Financial Statements)

	Notes	Community Plan Budget 2007-08	Group Actual 2007-08	Council Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
ASSETS						
Current Assets						
Cash and Cash Equivalents		343	340	145	2,435	2,282
Other Financial Assets	3.1.12	2,500	1,000	1,000	-	-
Trade & Other Receivables	3.1.10/3.8.2	1,520	3,014	3,003	2,618	2,585
GST Receivable		-	748	748	556	556
Accruals and Other Receivables		3,000	2,990	2,990	3,474	3,474
Prepayments		100	78	78	54	53
Inventories on Hand	3.8.1	500	352	352	404	404
Total Current Assets		7,963	8,522	8,316	9,541	9,354
Non-Current Assets						
Deposits	3.1.12/3.4.1	11,925	-	-	1,000	1,000
Equity Investments	3.4.2	8,675	5,832	5,832	5,832	5,832
Investment in Associates	3.4.2	-	15,704	6,922	15,202	6,923
Intangible Assets	3.6	-	1,775	1,775	1,421	1,421
Operational Assets	3.6	34,155	34,444	34,444	34,451	34,451
Infrastructural Assets	3.6	244,517	251,003	251,003	243,055	243,055
Total Non-Current Assets		299,272	308,758	299,976	300,961	292,682
TOTAL ASSETS		307,235	317,280	308,292	310,502	302,036
LIABILITIES						
Current Liabilities						
Accounts Payable	3.1.11	5,000	5,905	5,882	4,187	4,177
Accruals and Other Payables		1,000	753	753	837	837
Income in advance		-	440	440	-	-
Provisions	3.8.3	2,500	1,754	1,754	1,579	1,579
Tax Payable	3.2	-	89	89	-	-
Advances		-	870	870	64	64
Debt – Current Portion		151	-	-	-	-
Total Current Liabilities		8,651	9,811	9,788	6,667	6,657
Non-Current Liabilities						
Provisions		-	-	-	-	-
Debt – Non-Current Portion		7,454	-	-	-	-
Total Non-Current Liabilities		7,454	-	-	-	-
TOTAL LIABILITIES		16,105	9,811	9,788	6,667	6,657
NET ASSETS		291,130	307,469	298,504	303,835	295,379

Balance Sheet as at 30 June 2008 (\$000)(cont'd) (The notes on pages 115-134 form part of these Financial Statements)

Notes	Community Plan Budget 2007-08	Group Actual 2007-08	Council Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
REPRESENTED BY					
EQUITY					
Asset Revaluation Reserves	-	2,098	153	2,098	153
Restricted Reserves *	168,486	175,206	175,206	171,986	171,986
Retained earnings *	122,644	130,165	123,145	129,751	123,240
Total Equity	291,130	307,469	298,504	303,835	295,379

Movements in Equity to 30 June 2008 (\$000) (The notes on pages 115-134 form part of these Financial Statements)

Notes	Community Plan Budget 2007-08	Group Actual 2007-08	Council Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
Equity at the Start of the Year	289,534	303,835	295,379	295,542	292,725
Net Surplus for the Year	1,596	3,634	3,125	6,195	2,501
Increases (Decreases) in Revaluation Reserves	-	-	-	153	153
Share of Associate Property Valn Increase	-	-	-	1,945	-
Total Recognised Revenues and Expenses for the Year	1,596	3,634	3,125	8,293	2,654
Equity at the End of the Year	291,130	307,469	298,504	303,835	295,379

(A summary of movements within Equity is included in Note 3.1.16)

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies as at 30 June 2008

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 subsidiary, He Tini Awa Trust (a Council Controlled Organisation), and its associate CentrePort Limited. Its 23.1% equity share of its associate is equity accounted.

The financial statements of the "parent entity" HRC, comprise the following groups of activities of HRC; environmental management, transport, regional relationships, governance, risk management, and corporate support and investment. As these activities are carried out for environmental and community benefit and not for financial return, HRC has designated itself as a Public Benefit Entity (PBE) for the purposes of New Zealand equivalents to International Financial reporting Standards (NZ IFRS).

The financial statements presented are those of HRC; are for the year ended 30 June 2008, and were authorised for distribution by Council on 28 October 2008.

Basis of Preparation

The financial statements of HRC have been prepared in accordance with the requirements of the Local Government Act 2002; Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

AS HRC meets the definition of a public benefit entity, it applies specific recognition and measurement requirements that apply to public benefit entities.

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

Basis of consolidation

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

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 investment in its associate, CentrePort Ltd, is initially recognised at cost, and the carrying amount is increased or decreased to recognise HRC's share of the surplus or deficit of the associate after the date of acquisition. HRC's investment in CentrePort Limited has been restated in the Group Accounts using the "accounting for equity method", using published accounts from that Company.

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 the funding received by the entity from HRC is greater than funding from other sources. The financial statements of HRC's subsidiary, the He Tini Awa Trust, have been consolidated into the Group Accounts.

Changes in Accounting Policies

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

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted.

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the HRC include:

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. This statement will allow readers to analyse changes in equity resulting from non-owner changes separately from changes with owners. The revised standard gives HRC the option of presenting items of income and expense, and components of other comprehensive income, either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). HRC intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- NZ IAS 2 *Inventories (amended 2007)* is effective for reporting periods beginning on or after 1 January 2008. This amendment requires public benefit entities (PBEs) to measure inventory held for distribution at cost, adjusted when applicable for any loss of service potential. Prior to this amendment, PBEs were required to measure inventories held for distribution at the lower of cost and current replacement cost.
- NZ IAS 23 *Borrowing Costs (revised 2007)* replaces NZ IAS 23 *Borrowing Costs (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset. This standard will also require borrowing costs to be considered when revaluing property, plant, and equipment to fair value, based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. HRC intends to adopt this standard for the year ending 30 June 2010, and has not yet quantified the potential impact of the new standard.
- NZ IFRS 3 *Business Combinations (revised 2008)* and the amended NZ IAS 27 *Consolidated and separate Financial Statements* are effective for reporting periods beginning on or after 1 July 2009 and must be applied proactively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
 - Partial acquisitions – Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
 - Step acquisitions – The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a position of good-will has been removed. Instead goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
 - Acquisition-related costs – These are generally recognised as expenses (rather than included in the cost of acquisition).
 - Contingent consideration – This must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with the other NZ IFRSs, usually in the income statement (rather than by adjusting the cost of acquisition).

HRC will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on or after 1 July 2009.

Revenue

Revenue is measured at the fair value of consideration received.

Rates Revenue

HRC's rates are levied annually by Council resolution and relate to a financial year ended 30 June. Revenue from this source is recognised at the time rates are payable. Revenue from penalties applied to unpaid rates is recognised at the appropriate penalty date.

Revenue from Government

Revenue from Government Grants and Subsidies relating to HRC's expenditure is recognised on an accrual basis when the appropriate claim to the relevant Agency is completed. Non-expenditure related Grants are recognised within the relevant financial year when received or apportioned.

Other Grants and Bequests

Other grants and bequests, and assets vested in HRC, with or without conditions, are recognised as revenue when control over the assets is obtained. Revenue from all of these sources is included in the item Grants and Subsidies in the Income Statement, and details of the nature of, and other conditions attaching to, these revenues, are include elsewhere in these Notes to the Financial Statements.

Other Revenue

Other forms of income (excluding investment income), 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 received is recognised using the effective interest method.

Expenditure

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

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.

Trade and other Receivables are initially stated at fair value and subsequently measured at amortised cost (if applicable) using the effective interest method, less any provision for impairment. A provision for impairment of receivables is established when there is objective evidence that HRC will not be able to collect the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present day value of estimated future cash flows, using the effective interest method.

Inventories of HRC are deemed to be held for distribution, being material or supplies to be consumed in the rendering of services, and are valued at the lower of cost and current replacement cost. The carrying amount of these inventories at year end is included in the Balance Sheet. Any write down from cost to current replacement cost is recognised in the Income Statement, while the values attributed to the inventories consumed in the rendering of services is recognised elsewhere in these Notes to the Financial Statements.

Financial Assets and Liabilities are initially measured at fair value plus transaction costs. HRC classifies its financial assets and liabilities into four categories:

Financial assets at fair value through profit or loss

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, and are classified as current assets. Derivatives are also categorised as held for trading unless they are designated as hedges. At balance date HRC had a forward exchange contract.

Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition they are measured at amortised cost using the effective interest method, where applicable. Gains or losses are recognised through the Income Statement

Loans and receivables are classified as "trade and other receivables" in the Balance Sheet.

Held to maturity investments

These are assets with fixed or determinable payments and fixed maturities that HRC has the positive intention and ability to hold to maturity. These are stated at amortised cost using the effective interest method. Gains or losses are recognised through the Income Statement.

Financial assets at fair value through equity

These are those designated as fair value through equity, or not classified in any other category above. Gains or losses are recognised through equity. They comprise investments that HRC intends to hold long term but which may be realised before maturity.

HRC's 8.33% investment in the Port of Napier Ltd has been included in the "parent entity" accounts as at 30 June 2006 at revaluation. This independent revaluation was carried out by Deloitte, of Wellington, N.Z., using a discounted cash flow technique, and makes provision for HRC's minority interest shareholding of 8.33%. They advise that there has been no significant change to the valuation for the year ended 30 June 2008.

Foreign currency transactions

FCT's (including those for which foreign exchange contracts are held), are translated into the functional currency using the exchange rate prevailing at the dates of the transactions, and exchange gains and losses resulting from the settlement of such transactions are recognised in the financial statements as part of the cost of these settlements. At balance date, HRC had a balance of AUD 84,624 remaining in such contracts.

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 through the income statement account.

Property, Plant, and Equipment

Up to 30 June 2006, those asset classes that are revalued are valued on a three yearly valuation cycle as indicated below. 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. From 1 July 2007 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. These revaluations will be done as each Local Authority District is revalued, with each District being revalued on their respective three-yearly cycle.
- ii. Plant and vehicles are valued at cost less accumulated depreciation.
- iii. Furniture and fittings are valued at cost less accumulated depreciation.
- iv. Office equipment, scientific equipment and computer equipment are valued at cost less accumulated depreciation.
- v. Capital Work in Progress includes:
 - (a) assets in process of construction;
 - (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.

Included within the land infrastructural assets owned 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 have been undertaken by HRC and so legal ownership has been 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.

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 included in the income statement. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

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.

Infrastructural assets have been valued at depreciated replacement cost as at 1 July 2005 by HRC engineering staff that are directly associated with the administration of these schemes. The valuation methodology has been reviewed by John Philpott (MIPENZ), John Philpott Associates, to certify that the methodology is consistent with NZIFRS, IAS16.

Depreciation and Amortisation

Fixed 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	6-8 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 & Electronics	5-12 years
Intangible Assets (incl. Computer Software)	4-6 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:

Weirs	50 years
Rangitikei stopbanks	20 years
Gabions	20 years
Groynes	20 years
Permeable mesh units	20 years
Grade controls	50 years
Moutoa floodgate structure	100 years
Major floodgate structures	70 years
Floodgate culverts (over 1.2 metres)	70 years
Pumpstation structure	70 years
Pumpstation pumps	50 years
Pumpstation electrical/mechanical	25 years

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, stopgates, drainage channels, culverts, dams, 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 an asset revaluations reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserves, this balance is expensed in the income statement. Any subsequent increase on revaluation that off-sets a previous decrease in value so treated, will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible Assets

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 is amortised on a straight line basis over its expected useful life. For computer software, both acquired and developed, this has been estimated as being from four to six years.

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 Income Statement. 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 Income Statement.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserves, the balance is recognised through the income statement.

For assets not carried at a revalued amount, the total impairment loss is recognised in the income statement account.

Reversals of impairment losses are recognised similarly to the above treatment of impairment losses.

Employee Entitlements

Employee benefits that HRC expects to be remunerated within 12 months of balance date, are accrued at values based on actual entitlements at current rates of pay at balance date. These include annual leave earned to, but not taken at, balance date, and long service leave entitlements also earned but not taken. These benefits are based on actual entitlements earned and no provision has been made for benefits not yet due.

While HRC recognises that a potential liability may exist for sick leave to be taken in excess of current sick leave entitlements in any financial year, a review of sick leave will be taken at Balance Date, and provision will only be made if considered material.

Other Provisions

HRC recognises a provision for future expenditure, 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. Changes in these provisions are recognised in the Income Statement.

Borrowings

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

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
- Retained earnings

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 an expense in the Income Statement.

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.

Budget figures

The budget figures are those approved by HRC at the beginning of the year in the LTCCP/Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by HRC for the preparation of the financial statements

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 which 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 have been 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.

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 charged or credited to the income statement, except where it relates to items charged or credited directly to equity, in which case is dealt with in equity.

Currently, taxable income of HRC relates to income derived from dividends, from the Port of Napier Limited and CentrePort Limited, and the tax liability on these is usually met by imputation credits. All other income 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 judgments 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; for example 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;
- 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 have been 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.

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 LTCCP 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.

2. Statement of Contingencies and Commitments as at 30 June 2008

The potential claims by two groups of farmers in relation to damage and loss from the February 2004 storm event are still current. One claim is proceeding and there remains the potential for a second claim. Both are being managed by our insurers, and no cost to HRC is expected.

Apart from the above, there are no contingent liabilities as at balance date.

Associate/Subsidiary Contingent Liabilities

There are no contingent liabilities associated with HRC's associates or subsidiaries.

Liabilities of Associates/Subsidiaries for which the Group is severally liable.

There are no liabilities for which HRC is severally liable.

Operating Lease Commitments

Operating lease commitments are in respect of leases of office equipment. These rental contracts ceased during this financial year, and accordingly commitments were nil as at 30 June 2008. (last year \$11,000).

Council Actual 2006-07	Financial Term	Notes	Council Actual 2007-08
11	Less than one year		-
-	One to two years		-
-	Two to five years		-
11			-

Other Commitments

There are minor operating expenditure commitments of orders and hire contracts at balance date but these in total are immaterial.

Major capital commitments for river and drainage work, amounted to \$66,431 at balance date (last year nil).

A commitment of \$500,000 for a joint venture under the SLUI programme, entered into prior to balance date, will be commenced in the 2008-09 year.

3. Additional Disclosures

3.1 Operating Result for the Year

3.1.0 Capital expenditure has been funded by asset sales, interest on fund balances, and rate income. Depreciation on assets without an indefinite life is fully funded by rates, except for infrastructural asset depreciation, which is funded from reserves.

3.1.1 Dividends. Gross dividends were \$2,324,601 (last year \$1,904,405) less imputation credits of \$677,936 (last year \$628,373) giving net dividends of \$1,646,665 (last year \$1,276,032) received. External interest revenue for the year amounted to \$787,188 (last year \$925,097).

3.1.2 Rate Remissions and Penalties. Rate revenue is shown net of rates remissions. HRC's Rate Remission Policies provide for rates to be remitted as follows:

- Remission of penalties under certain situations to enable HRC to act fairly and reasonably.
- Remission of uniform annual charges on non-contiguous rural rating units owned by the same owner to enable HRC to act equitably.
- Remissions for Community, sporting and non-profit organisations.

HRC provided in the 2007-08 Annual Plan for remissions of \$17,493 (last year nil); at year end these totalled \$15,304 (last year \$89,201) as follows:

Council Actual 2006-07 \$000		Council Actual 2007-08 \$000
21,428	Total Rate Revenue	25,757
	Council Policy Remissions	
	(Penalties, UACs, non-contiguous rural properties)	
90	(Community, sporting and non-profit organisations)	3
-	Environmental Initiatives	12
90		15

For a detailed breakdown of Rates Revenue, please refer to the Rating Summary on page 136.

3.1.2.1 Rate Penalties.

Revenue from Rates Penalties for the 2007-08 financial year amounted to \$471,145 (last year \$357,923).

3.1.3 Grants & Donations. During the 2007-08 financial year HRC received grants and donations totalling \$59,419 towards the cost of establishing the Regional Park.

These are included in the revenue figure for the Environmental Management Group in the Income Statement on page 110.

This total included a donation of \$40,000 from the Eastern & Central Community Trust (ECCT). HRC acknowledges this support, and records its appreciation for ECCT's involvement in this project.

3.1.4 Remuneration and Severance Payments.

Total remuneration (including Salaries, and Meeting Allowances) paid to Councillors for the year amounted to \$521,981 (last year \$503,741) as follows:

Council Actual 2006-07		Council Actual 2007-08
-	Bailey L	22,680
31,124	Brookhammer L	9,610
-	Bumell LR	21,330
38,905	Chettleburgh V	38,777
34,236	Fitzmaurice V	11,278
43,573	Gordon EB	43,576
-	Guy MC	22,352
34,236	Guy MJF	10,570
31,124	Kirton WM	11,546
54,466	Main AK	61,644
57,579	Meads D B	54,920
105,357	Murfitt G (Chairman)	106,905
-	Plowman MW	21,630
42,017	Rieger PW	39,914
31,124	Robinson T	2,854
-	Walker RG	21,480
-	White JJ	20,915
\$503,741		521,981

3.1.5 Staff Remuneration.

Total remuneration paid to the Chief Executive (CE) was \$244,118 (last year \$234,436).

Total employee benefit expenses actually paid during the year ended 30 June 2008 amounted to \$12,619,835 (last year \$11,422,285), which together with a movement in employee entitlement provisions of \$75,506, gives an overall total of \$12,695,341 for the year (last year \$11,455,285).

There were three severance payments made this year for \$30,000; \$25,000; \$10,000; (last year four - \$257; \$27,722; \$908; \$24,860)).

3.1.6 **The Local Government Act** and various Accounting Standards require identification of items as follows:

Council Actual 2006-07 \$000		Council Actual 2007-08 \$000
204	• Insurance (fire and general, public liability)	180
156	• LAPP Disaster Mutual Fund	161
80	• Subscriptions, levies, fees	97
86	• External audit – Annual Report & Accounts	83
11	• External audit – LTCCP amendments	19
653	• Inventories consumed in the delivery of activities	700
(4)	• Change in impairment of receivables (decrease)	23
49	• Receivables actually written off	36
33	• Operational lease costs	11
394	• Gain (loss) on sale of fixed assets	200

3.1.7 Related Party Transactions

During the year Councillors and key management, as part of normal customer relationships, were involved in minor transactions with HRC (such as payment of rates). In addition, HRC provided Tb Vector Control operations, management services under contract to the Animal Health Board (AHB), an organisation of which G Murfitt (Council Chairman) is on the Members' Committee. These services amounted to \$5,605,997 excl GST (last year \$5,017,915). HRC is then charged back 10% of that total being our Region's share of the cost of the service. Except for these transactions, no other Councillors or key management have entered into any significant related party transactions with HRC. During the year, there was a grant to the value of \$50,861 (last year \$65,000) to the He Tini Awa Trust (see 3.1.9), together with a deemed grant of \$40,358 for administration costs provided by HRC (last year \$25,204).

3.1.8 Key Management Personnel Compensation

Group/Council Actual 2006-07 \$000		Group/Council Actual 2007-08 \$000
1,442	Salaries and other short term benefits	1,465
–	Post employment benefits	–
–	Other long term benefits	–
–	Termination benefits	–
1,442		1,465

Key management personnel include the Chairman, Councillors, Chief Executive and Group Managers.

3.1.9 He Tini Awa Trust

The He Tini Awa Trust satisfies the conditions for a Council Controlled Organisation (CCO) but HRC has resolved that it be an exempted organisation pursuant to Section 7(3-5) of the Local Government Act 2002 (LGA 2002). Consequently the Trust does not have a Statement of Intent and information normally required by the Act has not been included in the LTCCP. However, under GAAP the Trust is required to be consolidated with HRC's accounts.

The trust operates to generate funding from a range of sources (including HRC) to be applied to environmental enhancement projects.

3.1.10 Trade and other receivables

Group Actual 2006-07 \$000	Council Actual 2006-07 \$000		Group Actual 2007-08 \$000	Council Actual 2007-08 \$000
1,344	1,344	Rates Receivables	1,505	1,505
831	798	Trade & other receivables	1,597	1,586
508	508	Due from related parties (AHB)	–	–
(65)	(65)	Provision for Impairment	(88)	(88)
2,618	2,585		3,014	3,003

The carrying amount of receivables approximates their fair value.

Council	2006-07 \$000			2007-08 \$000		
	Gross	Impair	Net	Gross	Impair	Net
Not Past Due	1,026	–	1,026	1,073	–	1,073
Past due 1-30 days				46		
Impairment	74	–	74	–		46
Past due 31-90 days				223		
Impairment	58	–	58	(3)		220
Past due >90 days				1,749		
Impairment	1,492	(65)	1,427	(85)		1,664
	2,650	(65)	2,585	3,091	(88)	3,003
Group						
Not Past Due	33	–	33	11	–	11
	2,683	(65)	2,618	3,102	(88)	3,014

3.1.11 Trade and other payables

Group Actual 2006-07 \$000	Council Actual 2006-07 \$000		Group Actual 2007-08 \$000	Council Actual 2007-08 \$000
4,095	4,095	Trade & other payables	5,543	5,543
92	82	Due to related parties (AHB)	362	339
4,187	4,177		5,905	5,882

These are non-interest bearing and are settled on 30 day terms, therefore the carrying value of these approximates their fair value.

3.1.12 Other Financial Assets

Group Actual 2006-07 \$000	Council Actual 2006-07 \$000		Group Actual 2007-08 \$000	Council Actual 2007-08 \$000
-	-	Current portion		
		Held to maturity deposits	1,000	1,000
		Non-current portion		
1,000	1,000	Held to maturity deposits	-	-
1,000	1,000		1,000	1,000

3.1.13 Employee Entitlements

Group/Council 2006-07 \$000		Group/Council 2006-07 \$000
1,040	Annual leave provision	1,103
20	Long service provision	19
56	Time in lieu provision	69
1,116		1,191

These are included in General Provisions note 3.8.3

3.1.14 Sick Leave

No provision has been made for untaken sick leave accumulated at balance date, as a review of the last three financial years shows that the value taken in excess of entitlements is not material.

3.1.15 Events after balance date

There were no significant events after balance date.

3.1.16 Equity

Group Actual 2006-07 \$000	Council Actual 2006-07 \$000		Group Actual 2007-08 \$000	Council Actual 2007-08 \$000
		Asset Revaluation Reserves		
-	-	Balance at 1 July	2,098	153
2,098	153	Increase in revaluation reserves	-	-
<u>2,098</u>	<u>153</u>	Balance at 30 June	<u>2,098</u>	<u>153</u>
		Restricted Reserves		
168,349	168,349	Balance at 1 July	171,986	171,986
3,637	3,637	Plus Transfer from Retained Earnings	3,220	3,220
<u>171,986</u>	<u>171,986</u>	Balance at 30 June	<u>175,206</u>	<u>175,206</u>
		Retained Earnings		
127,193	124,376	Balance at 1 July	129,751	123,240
6,195	2,501	Net Surplus(Deficit) after Tax for the year	3,634	3,125
(3,637)	(3,637)	Less Transfer to Restricted Reserves	(3,220)	(3,220)
<u>129,751</u>	<u>123,240</u>	Balance at 30 June	<u>130,165</u>	<u>123,145</u>
<u>303,835</u>	<u>295,379</u>	All Balances at 30 June	<u>307,469</u>	<u>298,504</u>

Restricted Reserves include:

- River & Drainage Scheme retained earnings, emergency reserves, loan balances and infrastructural assets reserves.
- Passenger Transport Scheme retained earnings.
- Soil Conservation Scheme retained earnings.

Retained Earnings include:

- Fixed Asset and Investment appropriations, general disaster provision and working capital provision.
- General retained earnings

3.2 Taxation

HRC is a non-taxable entity except for the income it receives from its investments in the Port of Napier Ltd and CentrePort Ltd, and income from Council Controlled Organisations owned by other councils.

Group Actual 2006-07 \$000	Council Actual 2006-07 \$000		Group Actual 2007-08 \$000	Council Actual 2007-08 \$000
6,195	2,501	Net Surplus (Deficit) after tax	3,726	3,214
2,044	825	Prima facie tax expense at 33%	1,230	1,061
-1,416	-197	Less Permanent difference	-463	-294
-628	-628	Less Imputation credits	-678	-678
-	-	Tax Expense	89	89
-	-	Current Tax	89	89
-	-	Deferred Tax	-	-
-	-	Tax Expense	89	89

3.3 Financial Instruments

Financial instruments covered within these financial statements include: cash and bank, deposits balances; receivables and payables; cash investments, mortgages, convertible notes and equity investments.

Cash investments are held until maturity, and therefore no allowance had been made for a potential loss to market and, due to the nature and general short-term maturity of these investments, no allowance for interest rate risk is considered necessary.

Rates debtors are regarded as covered adequately by the Local Government (Rating) Act 2002 therefore credit risk is considered to apply only to the general debtors, for which, currently, no collateral is held. These general debtors have been reviewed and the provision for impairment is regarded as sufficient to meet any future write-offs. Accounts Payable covers normal trade creditors for which no collateral has been issued.

With the exception of equity investments, the carrying amount in the financial statement is approximately equivalent to the fair value. At balance date, there is no significant concentration of credit risks, or exposure to foreign exchange, nor are there any off-balance sheet financial instruments. At balance date, Horizons are commenced the process of securing loan funding for Capital works, to be drawn down in the new year. This timing was somewhat later than set down in the Annual Plan.

HRC also operates eight corporate credit cards with current limits totalling \$32,000.

3.3.1 Market Risk

Price risk -

HRC has shareholdings in the Port of Napier Limited, and CentrePort Limited (see note 3.4.2). Port of Napier Limited is held as "fair value through equity"; is not publicly traded, and therefore there is no risk associated with changes in market prices. HRC manages its investments in these companies through application of its investment policy, due governance, and full shareholder participation.

Currency risk-

HRC does not have any financial instruments designated in foreign currency, so there is no exposure to fluctuation in foreign exchange rates.

Interest Rate Risk –

HRC's cash investments, designated as "held to maturity" investments, are issued at fixed interest rates, and therefore are not subject to changes in value due to changes in market interest rates. There may, however, be fluctuations in the interest rates actually achieved that differ from those expected when budgeting returns on these investments.

3.3.2 Credit Risk

Credit risk is the risk that a third party will default on its obligation to HRC, causing HRC to incur a loss. Due to the timing of its cash inflows and outflows, HRC may invest surplus cash in term deposits and local authority stock, which gives rise to credit risk. HRC manages this risk through application of its investment policy, which limits the exposure to any one financial institution or organisation. This policy also limit investments to institutions or organisations with a Standard and Poor's credit rating of at least A1 for deposits with, and negotiable assets of, registered banks, and A1+ for all other available investments.

The latest credit rating available (May 2008) for the cash investment of \$1,000,000 held at balance date (see note 3.4) is AAA.

3.3.3 Liquidity Risk

In meeting its liquidity requirements, HRC maintains a target level of investments that must mature within the next 12 months. To meet unforeseen demands on its cash requirements, HRC can utilise a funding package arranged with its bankers, of up to \$1,000,000.

3.4 Investments

3.4.1 Movements in cash investments (\$000): (These are "held to maturity" investments with all gains or losses recognised in the Income Statement)

Details	Balance 1 July 2007	Advances/ Deposits	Repaid/ Withdrawn	Balance 30 June 2008	Maturing by 30 June 2009	Maturing by 30 June 2010	Maturing after 30 June 2010
ANZ Bank (includes National Bank)	-	10,000	10,000	-	-	-	-
ASB Bank	-	7,064	7,064	-	-	-	-
Bank of New Zealand	-	4,000	4,000	-	-	-	-
Commercial Bills	1,000	-	-	1,000	1,000	-	-
KiwiBank	-	5,036	5,036	-	-	-	-
TOTAL	1,000	26,100	26,100	1,000	1,000	-	-
Less Deposits with less than 3 months maturity, treated as Cash	-	-	-	-	-	-	-
Non-current Investments	1,000	-	-	1,000	-	-	-

(Notes: 1. Effective interest rates for these investments is 7.00%)

3.4.2 HRC's Shareholdings are as follows (\$000): (Equity Investments are designated as "fair value through equity" with all gains or losses recognised through equity).

	No of Shares	Group Actual 2007-08	Council Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
EQUITY INVESTMENTS					
NZ Local Government Insurance Corporation Ltd (This is included in the "Parent Entity" and Group accounts at cost, as no fair value amount is available.)	\$1 shares 2,000	2	2	2	2
Port of Napier Ltd HRC has 8.33% (1/12) of the shares. (This is included in the "Parent Entity" and Group accounts at revaluation)	\$1 shares 1,750,000	5,830	5,830	5,830	5,830
TOTAL EQUITY INVESTMENTS:		5,832	5,832	5,832	5,832
INVESTMENT IN ASSOCIATES					
CentrePort Ltd (formerly Port Wellington Ltd) HRC has 23.08% of the shares. (This is included in the 2007-08 "Parent Entity" accounts at cost, and in the Group Accounts using the "Accounting for Equity" method.)	\$1 shares 5,405,691	15,705	6,922	15,202	6,923
TOTAL INVESTMENTS IN ASSOCIATES:		15,202	6,922	9,660	6,923
<u>Movements in the carrying amount of investments in associates</u>					
Balance at 1 July		15,202		9,660	
Share of total recognised revenues and expenses		1,604		6,373	
Less share of Dividend		(1,101)		(831)	
Balance at 30 June		15,705		15,202	
Summarised financial information of associate companies					
	Assets	339,720		288,612	
	Liabilities	146,305		97,379	
	Revenues	52,227		52,918	
	Surplus (Deficit)	6,952		19,190	
	Groups Interest	23.08%		23.08%	

3.5. Reconciliation of operating cash flows with reported operating results for the year ended 30 June 2008

	Group Actual 2007-08	Actual 2007-08	Group Actual 2006-07	Council Actual 2006-07
Reported Surplus (Deficit) after Taxation	3,634	3,125	6,195	2,501
Add (Deduct) non-cash items:				
Depreciation	2,068	2,068	1,757	1,757
Depreciation – Infrastructural Assets	908	908	817	817
Loss (Gain) on Sale of Fixed Assets	(200)	(200)	(394)	(394)
Interest Accrued on Investments	(2)	(2)	(2)	(2)
Share of Associate Profit	(1,601)	-	(4,428)	-
Elimination of Associates Dividend	1,190	-	831	-
	<hr/>	<hr/>	<hr/>	<hr/>
	5,997	5,899	4,776	4,679
Add (Deduct) deferrals or accruals of past or future operating cash receipts or payments:				
Decrease (Increase) in Accounts Receivable	(449)	(427)	506	531
Decrease (Increase) in Accrued Revenue	436	483	(3,735)	(3,854)
Increase in Prepayments	(26)	(26)	(36)	(36)
Increase in Stock on Hand	52	52	173	173
Increase in Taxation Payable	89	89	-	-
Increase (Decrease) in Accounts Payable	1,924	1,911	317	362
Increase (Decrease) in Provisions and Advances	1,330	1,330	2,748	2,748
Net GST movement	(192)	(192)	(383)	(383)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,164	3,220	(410)	(459)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	9,161	9,119	4,366	4,220
	<hr/>	<hr/>	<hr/>	<hr/>

3.6. Property, Plant & Equipment as at 30 June 2008 (\$,000)

	Cost or Revaluation 1 Jul 2007	Accum. Depn. & Impairment Charges 1 Jul 2007	Carrying Amount 1 Jul 2007	Current Year Additions At Cost	Current Year Disposals At Cost	Current Year Transfers Accum Cost Depn. (Incl Disp)		Current Year Depreciation Movement	Revaluation Change	Cost or Revaluation 30 Jun 2008	Accum. Depn. & Impairment Charges 30 Jun 2008	Carrying Amount 30 Jun 2008
INTANGIBLE ASSETS												
Computer Software	1,815	(910)	905	719	-	254	138	(443)	-	2,788	(1,215)	1,573
Capital Work in Progress	516	-	516	(314)	-	-	-	-	-	202	-	202
TOTALS:	2,331	(910)	1,421	405	-	254	138	(443)	-	2,990	(1,215)	1,775
OPERATIONAL ASSETS												
Buildings	6,415	(412)	6,003	112	(8)	6	(1)	(164)	-	6,525	(577)	5,948
Communications Equipment	467	(463)	4	36	-	48	(34)	(13)	-	551	(510)	41
Computer Equipment	2,854	(2,310)	544	388	(4)	(270)	(123)	(116)	-	2,968	(2,549)	419
Equipment & Electronics	385	(148)	237	64	-	36	(23)	(55)	-	485	(226)	259
Fittings, Furniture & Equipment	4,597	(2,638)	1,959	38	(10)	(252)	171	(447)	-	4,373	(2,914)	1,459
Land – Owned	19,628	-	19,628	-	-	-	-	-	-	19,628	-	19,628
Land – Vested	2,749	-	2,749	115	-	-	-	-	-	2,864	-	2,864
Plant & Machinery	593	(381)	212	5	-	1	(1)	(34)	-	599	(416)	183
Scientific/Hydrological Equipment	1,475	(1,097)	378	264	-	177	(108)	(108)	-	1,916	(1,313)	603
Vehicles	5,607	(2,871)	2,736	660	(751)	-	666	(625)	-	5,516	(2,830)	2,686
Capital Work in Progress (Opening balance has been reclassified as Intangible assets)	-	-	-	354	-	-	-	-	-	354	-	354
TOTALS:	44,770	(10,320)	34,450	2,036	(773)	(254)	547	(1,562)	-	45,779	(11,335)	34,444
INFRASTRUCTURAL ASSETS												
River Systems	208,351	(1,746)	206,605	8,028	-	-	-	(706)	-	216,379	(2,453)	213,926
Drainage Systems	36,833	(383)	36,450	428	-	-	-	(202)	-	37,261	(585)	36,676
Capital Work in Progress	-	-	-	401	-	-	-	-	-	401	-	401
TOTALS:	245,184	(2,129)	243,055	8,857	-	-	-	(908)	-	254,041	(3,038)	251,003
TOTALS FOR PARENT ENTITY	292,285	(13,359)	278,926	11,298	(773)	-	-	(2,913)	-	302,810	(15,588)	287,222
TOTALS FOR SUBSIDIARIES	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS FOR GROUP:	292,285	(13,359)	278,926	11,298	(773)	-	685	(2,913)	-	302,810	(15,588)	287,222

3.7 Property, Plant & Equipment as at 30 June 2007 (\$,000)

	Cost or	Accum. Depn. &	Carrying	Current	Current	Current Year		Current Year	Revaluation	Cost or	Accum. Depn. &	Carrying
	Revaluation	Impairment	Amount	Year	Year	Transfers	Accum	Depreciation	Surplus	Revaluation	Impairment	Amount
	1 Jul 2006	Charges	1 Jul 2006	Additions	Disposals	Cost	Depn.	Movement		30 Jun 2007	Charges	30 Jun 2007
		1 Jul 2006		At Cost	At Cost						30 Jun 2007	
INTANGIBLE ASSETS												
Computer Software	1,573	(605)	968	242	-	-	-	(305)	-	1,815	(910)	905
Capital Work in Progress	250	-	250	266	-	-	-	-	-	516	-	516
TOTALS:	1,823	(605)	1,218	508	-	-	-	(305)	-	2,331	(910)	1,421
OPERATIONAL ASSETS												
Buildings	4,699	(217)	4,482	1,693	(103)	126	(75)	(120)	-	6,415	(411)	6,004
Communications Equipment	-	-	-	-	-	467	(463)	-	-	467	(463)	4
Computer Equipment	4,877	(4,365)	512	275	-	(2,298)	2,179	(124)	-	2,854	(2,310)	544
Equipment & Electronics	-	-	-	224	-	161	(148)	-	-	385	(148)	237
Fittings, Furniture & Equipment	7,366	(4,973)	2,393	228	(940)	(2,057)	2,898	(563)	-	4,597	(2,638)	1,959
Land – Owned	19,685	-	19,685	-	(57)	-	-	-	-	19,628	-	19,628
Land – Vested	2,749	-	2,749	-	-	-	-	-	-	2,749	-	2,749
Plant & Machinery	331	(175)	156	53	-	209	(171)	(35)	-	593	(381)	212
Scientific/Hydrological Equipment	-	-	-	358	-	1,117	(1,097)	-	-	1,475	(1,097)	378
Vehicles	5,051	(3,018)	2,033	1,554	(998)	-	757	(610)	-	5,607	(2,871)	2,736
Capital Work in Progress												
This has been reclassified as Intangible assets)												
TOTALS:	44,758	(12,748)	32,010	4,385	(2,098)	(2,275)	3,880	(1,452)	-	44,770	(10,319)	34,451
INFRASTRUCTURAL ASSETS												
River Systems	201,891	(1,122)	200,769	6,308	-	-	-	(624)	153	208,351	(1,746)	206,605
Drainage Systems	36,812	(190)	36,622	20	-	-	-	(193)	-	36,833	(383)	36,450
Capital Work in Progress	262	-	262	-	(262)	-	-	-	-	-	-	-
TOTALS:	238,965	(1,312)	237,653	6,328	(262)	-	-	(817)	153	245,184	(2,129)	243,055
TOTALS FOR PARENT ENTITY	285,546	(14,665)	270,881	11,221	(2,360)	(2,275)	3,880	(2,574)	153	292,285	(13,359)	278,926
TOTALS FOR SUBSIDIARIES	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS FOR GROUP:	285,546	(14,665)	270,881	11,221	(2,360)	(2,275)	3,880	(2,574)	153	292,285	(13,359)	278,926

3.8.1 Inventories on Hand as at 30 June 2008 (\$,000)

Council Actual 2006-07 \$000		Council Actual 2007-08 \$000
576	Opening Inventories on Hand	404
481	Purchases & Associated Costs	648
1,057		1,052
(653)	Inventories consumed in the delivery of activities	(700)
404	Closing Inventories on Hand	352

3.8.2 Provision for Receivables Impairment as at 30 June 2008 (\$,000)

Council Actual 2006-07 \$000		Council Actual 2007-08 \$000
(69)	Opening Balance	(65)
23	Receivables written off during the year	36
46		(29)
	Additional provisions made during the year:	
	Individual	(56)
(19)	Collective	(3)
65	Closing Balance	(88)

3.8.3 General Provisions as at 30 June 2008 (\$,000)

Council Actual 2006-07 \$000		Council Actual 2007-08 \$000
(1,469)	Opening balance	(1,579)
(244)	Accruals made during the year	(321)
(1,713)		(1,900)
134	Payments made during the year	146
(1,579)	Closing balance	(1,754)
	Made up of:	
(51)	Audit Fee	(81)
(87)	ACC	(138)
(1,116)	Employee Entitlements	(1,191)
(159)	Sundry Items	(202)
(166)	Valuation Fees	(142)

4. Supplementary Information

4.1 Capital Purchases (Additions at Cost) – Other to 30 June 2008 (\$000)

ACTIVITY GROUP	Community Plan 2007-08	Actual 2007-08	Actual 2006-07
Environmental Management			
Archiving of Survey Data relating to Fluvial Science and Engineering Schemes	51	42	29
Specialised Environmental Research and Monitoring Equipment			31
Mobile Environmental Education Facility (Big Green Rig Travelling Classroom)		2	1,045
Regional Park Development (Note \$82k was carried fwd from 2006-07)	0	214	167
Total Environmental Management	51	258	1,272
Risk Management			
Automated Flood Forecasting	56	63	61
Flood Plain Mapping	267	359	512
Horizons' Response – establishment of off-site infrastructure	20	22	18
Total Risk Management	343	444	591
Transport			
Levin Park and Ride Facility – Upgrade of Horowhenua Railway Station to be provided with proper park and ride facilities for Capital Connection Train commuters	0	0	0
Total Transport	0	0	0
Regional Relationships			
Signage – Development of Regional road-side signage advertising our activities/successes and our presence in the Region (Carried fwd from 20076-07)	0	17	8
Total Regional Relationships	0	17	8
Corporate Support and Investments			
Replacement of Furniture and Fittings	80	81	71
General Property Improvements	43	49	1,178
Vehicle Purchases/Replacement	630	648	1,050
Computer Hardware	159	212	107
Sundry Upgrades/Replacement	18	30	21
New Systems Software Development	365	228	241
New Financial Information System	350	184	-
Database & Web Development	-	0	15

Hydrology New and Replacement Specialised Equipment	386	290	339
Total Corporate Support and Investments	2,031	1,722	3,022
Total Capital Purchases – Other	2,425	2,441	4,893

4.2 Significant Acquisitions or Replacements (\$,000)

ASSET	BUDGETED 2007-08	ACTUAL 2007-08	REASON FOR PURCHASE OR REPLACEMENT	VARIANCE TO LTCCP
Flood Plain Mapping Software	\$267,000 plus \$220,000 carry forward from previous years	359	Development of in-house software for enhancement of flood modelling and risk management capabilities.	\$128,000 remaining carried forward to 2008-09.
Regional Park – Totara Reserves	Carry fwd from 2006-07 \$82,000	214	Development of Regional Park facility	Programme modifications due to seasonal opportunities.
River & Drainage Scheme CAPEX	\$7,571,000 plus carry forwards.	8,456	Capital improvements as per Asset Management Plans	Programme modifications due to seasonal opportunities.

4.3 Rating Summary to 30 June 2008 (\$000)

Rate Type	Community Plan 2007-08			Council Actual 2007-08			Opening Balance 1 Jul 2007	Closing Balance 30 Jun 2008
	Rates Revenue	Activity Expenditure	Surplus (Deficit)	Rates Revenue	Activity Expenditure	Surplus (Deficit)		
General Rate & UAGC	13,430	14,026	(596)	13,239	14,010	(771)	30,809	30,038
Environmental Incentives	878	878	–	878	862	16	–	16
Production Pest Animal Management	947	947	–	947	878	69	99	168
Production Pest Plants Management (ha)	371	371	–	371	300	71	(32)	39
Production Pest Plants Management (UAC)	62	62	–	62	50	12	(5)	7
Production Pest Rook Management	224	224	–	224	205	19	33	52
Sustainable Land Use Initiatives (SLUI) (UAC)	1,390	1,390	–	1,390	941	449	* (519)	(70)
Rangitikei Old Man's Beard Eradication	85	85	–	85	85	–	–	–
Regional Parks	227	227	–	227	196	31	43	74
River & Drainage Schemes	6,776	4,584	2,192	6,824	3,722	3,102	11,156	14,258
Transport Passenger Services	1,235	1,235	–	1,235	1,247	(12)	221	209
Transport Planning & Safety	275	275	–	275	136	139	112	251
TOTALS:	25,900	24,304	1,596	25,757	22,632	3,125	41,917	45,042

* This deficit is offset by savings endorsed by Council in other land activities (such as Coastal & Regional Land activities). These savings were initiated when Government support for SLUI was not forthcoming. These savings amounted to \$385,000 resulting in an overall deficit in the land activity of \$134,000.

River and Drainage Scheme Summaries 2007-08

Scheme	Total Costs of Services	Income								Total Income	Loan Advance	Deprn not funded	Opening Balance	Closing Balance
		Scheme Rates	Territorial Bulk Rates	General Rate (excl Scheme Revu/Class)	General Rate - Scheme Revu/Class/Desn	Other Income	Insurance / Government Assistance 05/06	Transfer from Reserve	Emergency Reserve Interest					
River Schemes														
Akitio River Scheme	40,467	29,821		7,393	-	-	-	-	-	37,214	3,500	-	-	247
E Manawatu	16,195	7,362		1,765	7,368	-	-	-	-	16,495	-	-	9,884	10,184
Ihuraua Stm	3,637	2,572		727	-	-	-	-	-	3,299	-	-	4,670	4,332
L Kiwitea Stm	174,303	103,748		27,324	-	10,000	-	-	471	141,543	-	36,213	47	3,500
Lwr Manawatu	6,989,214	1,791,029	564,628	793,966	188,452	950,443	1,781,635	-	71,763	6,141,916	650,000	267,435	4,779	74,916
LMS Spec Proj	1,620,282		764,584	202,930	-	-	-	-	5,633	973,147	600,000	-	71,697	24,562
LMS Makino Project	2,311,990	123,637		30,398	-	-	-	-	-	154,035	2,160,000	-	435	2,480
Makirikiri	21,549	13,025		3,263	-	-	-	-	25	16,313	-	5,211	237	212
Mangatainoka	714,229	426,656	63,619	115,159	5,629	1,220	-	-	26,108	638,391	-	76,694	3,768	4,625
Matarawa Val	103,042	33,894		6,188	-	-	-	-	332	40,414	63,000	7,770	8,135	7
Ohau-Manakau	411,112	138,264	10,615	37,388	33,914	-	-	-	14,680	234,860	175,000	577	866	192
Pakihi Valley	2,716	3,028		543	-	-	-	-	-	3,571	-	-	727	1,582
Pohangina-Oro	1,195,311	210,137	8,983	133,566	-	13,001	-	-	371,917	720,916	440,000	69,169	613	35,387
Poh-Goulter's Gully	68,373				-	-	-	-	6,704	67,128	-	-	7,950	0
Porewa Valley	45,227	30,241		7,636	-	2,056	-	-	1,587	41,520	-	4,461	1,124	1,879
Rangitikei Rvr	2,166,287	406,785	50,281	194,914	-	284,870	-	-	86,000	1,086,276	840,000	238,293	2,681	963
S E Ruahines	582,419	296,452	93,771	91,228	-	1,200	-	-	11,464	494,115	40,000	44,815	4,095	605
Tawataia-Man	7,962	6,587		1,592	-	-	-	-	-	8,179	-	-	11,982	12,199
Tutaenui	109,142		50,025	18,584	-	-	-	-	186	68,795	13,500	536	26,356	45
Up Manawatu	266,631	219,619		53,405	-	-	-	-	13,000	286,024	40,000	54,896	2,993	7,490
Up Whanganui	213,617	120,600		28,604	-	1,008	-	-	6,246	156,457	40,000	9,353	10,895	3,088
Whangaehu-Mangawhero R Scheme	210,274	87,360		21,655	-	-	-	-	-	109,015	102,000	-	-	741
Drainage Schemes														
Ashhurst	9,064	2,091		1,205	3,039	-	-	-	-	6,335	-	-	5,507	2,778
Forest Rd Dr	8,228	4,719		1,497	-	-	-	-	-	6,216	-	745	5,729	4,462
Foxton East Dr	13,921	2,776	2,339	1,302	2,811	-	-	-	-	9,228	4,500	100	186	92
Haunui Dr	16,506		5,782	1,447	9,269	-	-	-	-	16,498	-	-	1,093	1,085
Himatangi Dr	12,500	9,778		2,500	-	-	-	-	-	12,278	-	-	18,051	17,829
Hokio Dr	54,032	5,331		2,631	40,878	-	-	-	-	48,840	-	-	26,606	21,414
Koputaroa Dr	378,456	193,093		50,158	52,549	-	-	15,000	3,093	313,894	-	62,022	3,031	491
Makerua Dr	609,834	311,119		105,941	-	5,100	-	55,000	14,860	492,020	-	65,269	53,332	787
Makomako Dr	-	-		-	-	-	-	-	-	-	-	-	3,546	3,546
Manawatu Dr	557,192	262,543		68,351	-	1,022	-	10,000	9,358	351,275	200,000	6,077	3,849	4,009
Moutoa Dr	360,212	196,956		59,509	-	-	-	23,000	10,017	289,482	-	52,650	19,000	920
Oroua Dr	-	-		-	-	-	-	-	-	-	-	-	-	-
Te Kawau	231,004	83,976		33,523	-	221	-	40,000	18,797	176,517	30,000	14,592	19,608	9,713
Whirokino Dr	50,022	13,393		4,444	-	-	-	-	929	18,766	25,000	875	5,920	538
Total	19,574,950	5,136,592	1,614,627	2,110,736	343,908	1,270,141	1,781,635	594,213	322,416	13,174,268	5,426,500	907,962	323,122	256,902

River and Drainage Scheme Summaries 2007-08 (cont'd)

Scheme	Expenditure				Engineer Mgmt	AMP	Admin	Asset Insur. etc.	Hydro	Scheme Review / Classif.	Survey / Design	Lease Mgmt / Misc	Total Mgmt Costs	Deprn.	Emerg. Reserve Interest	Emerg. Reserve Contrib.	Loan Repay - Interest	Loan Repay - Principal	Total Costs of Services
	Repairs & mainten.	Capital Works from Flood Damage 2004/05	Capital	Total Work Costs incl flood repairs															
River Schemes																			
Akitio River Scheme	25,338	-	-	25,338	14,082	167	214	-	-	-	-	121	14,584	-	-	-	157	388	40,467
E Manawatu	4,636	-	-	4,636	3,860	41	290	-	-	7,368	-	-	11,559	-	-	-	-	-	16,195
Ihuraua Stm	2,200	-	-	2,200	1,384	-	53	-	-	-	-	-	1,437	-	-	-	-	-	3,637
L Kiwitea Stm	79,416	-	-	79,416	21,316	836	500	1,983	-	-	-	358	24,994	36,213	471	1,000	25,359	6,851	174,303
Lwr Manawatu	1,191,422	1,841,735	2,158,479	5,191,636	408,211	66,047	70,150	212,005	129,287	188,452	100,968	18,742	1,193,862	267,435	71,763	-	171,839	92,679	6,989,214
LMS Spec Proj	100,000	-	1,541,335	1,441,335	-	-	-	-	-	-	-	11	11	-	5,633	-	173,303	-	1,620,282
LMS Makino Project	-	-	2,018,253	2,018,253	-	-	-	-	-	-	-	-	-	-	-	-	144,149	149,588	2,311,990
Makirikiri	3,219	-	-	3,219	4,184	631	118	2,103	-	-	-	34	7,071	5,211	25	-	3,245	2,778	21,549
Mangatainoka	252,217	-	174,811	427,029	118,146	4,666	2,659	9,633	10,284	5,629	-	4,102	155,118	76,694	26,108	30,000	592	129	714,229
Matarawa Val	39,297	-	25,527	64,824	12,500	772	453	2,345	-	-	-	854	16,923	7,770	332	1,000	4,204	7,988	103,042
Oahu-Manakau	250,976	-	-	250,976	79,144	2,725	1,334	5,286	2,612	33,914	-	338	125,353	577	14,680	-	7,858	11,668	411,112
Pakih Valley	-	-	-	-	684	289	2	900	-	-	-	-	1,875	-	-	-	245	596	2,716
Pohangina-Oro	896,778	-	-	896,778	123,681	4,126	1,410	3,880	3,265	-	-	523	136,885	69,169	16,688	35,000	23,024	51,143	1,195,311
Poh-Goulter's Gully	-	-	-	-	-	-	-	-	-	-	-	1,246	1,246	-	67,128	-	-	-	68,373
Porewa Valley	12,833	-	-	12,833	11,959	2,936	444	9,152	-	-	-	854	25,346	4,461	1,587	1,000	-	-	45,227
Rangitikei Rvr	484,143	-	828,326	1,312,469	111,689	29,837	9,065	38,733	8,162	-	-	7,711	205,196	238,293	63,426	50,000	48,699	248,204	2,166,287
S E Ruahines	151,928	-	163,709	315,637	116,417	7,923	6,363	5,498	-	-	-	12,174	148,374	44,815	11,464	30,000	32,129	-	582,419
Tawataia-Man	4,940	-	-	4,940	2,552	160	53	257	-	-	-	-	3,022	-	-	-	-	-	7,962
Tutaenui	72,660	-	-	72,660	16,912	681	2,169	2,067	4,978	-	-	650	27,456	536	186	2,000	3,030	3,274	109,142
Up Manawatu	196,208	-	21,913	218,121	51,305	6,153	3,000	11,293	6,366	-	-	2,857	80,975	54,896	13,000	1,500	4,587	3,344	266,631
Up Whanganui	132,031	-	-	132,031	35,709	2,216	4,077	3,988	-	-	-	449	46,438	9,353	6,246	15,000	4,549	-	213,617
Whangaehu-Mangawhero R Schem	12,136	-	152,375	164,511	31,654	551	1,763	-	-	-	-	414	34,382	-	-	-	4,580	6,801	210,274
Drainage Schemes																			
Ashhurst	3,239	-	-	3,239	1,783	36	320	-	-	3,039	-	647	5,825	-	-	-	-	-	9,064
Forest Rd Dr	3,382	-	-	3,382	3,789	210	16	85	-	-	-	-	4,100	745	-	-	-	-	8,228
Foxton East Dr	5,839	-	-	5,839	3,166	48	500	108	-	2,811	-	11	6,643	100	-	-	876	463	13,921
Haunui Dr	4,608	-	-	4,608	2,475	133	21	-	-	9,269	-	-	11,898	-	-	-	-	-	16,506
Himatangi Dr	10,104	-	-	10,104	1,971	126	267	-	-	-	-	33	2,397	-	-	-	-	-	12,500
Hokio Dr	9,151	-	-	9,151	3,778	31	171	-	-	40,878	-	23	44,881	-	-	-	-	-	54,032
Koputaroa Dr	113,064	-	671	113,735	51,765	3,244	1,891	6,604	-	52,549	-	551	116,605	62,022	3,093	10,000	58,753	14,247	378,456
Makerua Dr	348,667	-	-	348,667	73,535	3,621	610	3,179	-	-	-	278	81,223	65,269	14,860	-	53,781	46,034	609,834
Makomako Dr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manawatu Dr	395,280	-	-	395,280	71,194	10,909	2,766	13,071	-	-	-	284	98,224	6,077	9,358	-	30,631	17,621	557,192
Moutoa Dr	182,326	-	-	182,326	45,348	2,582	282	562	-	-	-	311	49,085	52,650	10,017	-	49,428	16,707	360,212
Oroua Dr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Te Kawau	139,108	-	-	139,108	44,591	2,986	1,700	5,374	-	-	-	510	55,159	14,592	18,797	-	1,347	2,000	231,004
Whirokino Dr	31,720	-	-	31,720	6,256	158	194	276	-	-	-	11	6,896	875	929	1,000	5,802	2,801	50,022
Total	4,958,867	1,841,735	7,085,400	13,886,002	1,475,043	154,838	112,855	338,382	164,953	343,908	100,968	54,095	2,745,042	907,962	322,416	177,500	850,983	685,046	19,574,950

River and Drainage Scheme Summaries 2007-08 (cont'd)

Scheme Reserves

Closing Balance 2006-07 Credit (Debit)	Scheme	Interest Credited 2007-08	Transfers In 2007-08	Transfers Out 2007-08	Closing Balance 2007-08 Credit (Debit)
35,434	Koputaroa	3,093	10,000	(15,000)	33,527
5,400	Lower Kiwitea	471	1,000		6,871
822,026	Lower Manawatu	71,763			893,789
64,525	Lower Manawatu (Special Project)	5,633			70,158
170,216	Makerua Drainage	14,860		(55,000)	130,076
289	Makirikiri	25			314
107,196	Manawatu drainage	9,358		(10,000)	106,554
299,061	Mangatainoka	26,108	30,000		355,169
3,804	Matarawa Valley	332	1,000		5,136
114,743	Moutoa Drainage	10,017		(23,000)	101,760
168,153	Ohau-Manakau	14,680			182,833
(191,152)	Pohangina-Oroua	(16,688)	35,000	(371,917)	(544,757)
768,934	Pohangina-Oroua (Forestry)	67,128		6,704	842,766
18,182	Porewa	1,587	1,000		20,769
726,531	Rangitikei	63,426	50,000	(86,000)	753,957
131,317	South-East Ruahines	11,464	30,000		172,781
215,318	Te Kawau Drainage	18,797		(40,000)	194,115
2,125	Tutaenui	186	2,000		4,311
148,913	Upper Manawatu	13,000	1,500		163,413
71,542	Upper Whanganui	6,246	15,000		92,788
10,636	Whirokino Drainage	930	1,000		12,566
3,693,193	TOTALS	322,416	177,500	(594,213)	3,598,896

River and Drainage Scheme Summaries 2007-08 (cont'd)

Scheme Loans

Closing Balance 2006-07 Debit (Credit)	Scheme	Advances 2007-08	Repayments 2007-08	Closing Balance 2007-08 Debit (Credit)
-	Akitio	3,500	(388)	3,112
7,500	Foxton East Drainage	4,500	(463)	11,537
654,265	Koputaroa	-	(14,247)	640,018
282,391	Lower Kiwitea	-	(6,851)	275,540
1,588,576	Lower Manawatu	650,000	(92,679)	2,145,897
1,669,391	Lower Manawatu (Special Project)	600,000	-	2,269,391
525,218	Lower Manawatu (Makino Project)	2,160,000	(149,588)	2,535,630
598,900	Makerua drainage	-	(46,034)	552,866
36,137	Makirikiri	-	(2,778)	33,359
241,103	Manawatu Drainage	200,000	(17,621)	423,482
(6,591)	Mangatainoka	-	129	(6,462)
15,311	Matarawa Valley	63,000	(7,988)	70,323
550,428	Moutoa Drainage	-	(16,707)	533,721
-	Ohau-Manakau	175,000	(11,668)	163,332
2,725	Pakih Valley	-	(596)	2,129
36,397	Pohangina-Oroua	440,000	(51,143)	425,254
122,305	Rangitikei	840,000	(248,204)	714,101
337,784	South-East Ruahines	40,000	-	377,784
-	Te Kawau Drainage	30,000	(2,000)	28,000
26,992	Tutaenui	13,500	(3,274)	37,218
31,077	Upper Manawatu	40,000	(3,344)	67,733
30,660	Upper Whanganui	40,000	-	70,660
-	Whangaehu-Mangawhero	102,000	(6,801)	95,199
52,105	Whirokino Drainage	25,000	(2,801)	74,304
6,802,674	TOTAL S	5,426,500	(685,046)	11,544,128

Transport Schemes Summary 2007-08

Closing Balance 2006-07 Debit (Credit)	Transport Scheme	Net Cost of Services 2007-08	Rates Revenue 2007-08	Net (Surplus) Deficit 2007-08	Closing Balance 2007-08 Debit (Credit)
(27,959)	Horowhenua	90,856	(94,729)	(3,873)	(31,832)
(11,181)	Manawatu	61,280	(75,838)	(14,558)	(25,739)
(81,970)	Palmerston North	782,979	(738,655)	44,324	(37,646)
(5,887)	Rangitikei	18,726	(19,370)	(644)	(6,531)
(15,592)	Ruapehu	17,669	(18,742)	(1,073)	(16,665)
(3,572)	Tararua	4,689	(4,450)	239	(3,333)
(51,631)	Wanganui	271,311	(282,900)	(11,589)	(63,220)
(197,792)	Total Passenger Services	1,247,510	(1,234,684)	12,826	(184,966)
(89,727)	Regional Transport Planning	47,632	(123,451)	(75,819)	(165,546)
(9,998)	Road Safety	96,017	(151,524)	(55,507)	(65,505)
(99,725)	Total Planning & Road safety	143,649	(274,975)	(131,326)	(231,051)
(297,517)	TOTAL TRANSPORT SCHEMES	1,391,159	(1,509,659)	(118,500)	(416,017)

6. Statement of Compliance and Responsibility for the year ended 30 June 2008

6.1 Compliance


1. The Council and management of the Manawatu-Wanganui Regional Council confirm that all the statutory requirements of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

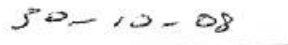
6.2 Responsibility

2. The Council and management of the Manawatu-Wanganui Regional Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
3. The Council and management of Manawatu-Wanganui Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
4. In the opinion of the Council and management of Manawatu-Wanganui Regional Council, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of Manawatu-Wanganui Regional Council.


CHAIRMAN


DATE


CHIEF EXECUTIVE


DATE

7. Auditor's Report

AUDIT NEW ZEALAND
Mana Aotake Aotearoa

AUDIT REPORT

TO THE READERS OF MANAWATU-WANGANUI REGIONAL COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Manawatu-Wanganui Regional Council (the Regional Council) and group. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the Regional Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Regional Council and group for the year ended 30 June 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the Regional Council and group on pages 1 to 136:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Regional Council and group's financial position as at 30 June 2008; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the Regional Council and group on pages 1 to 108 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 28 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Regional Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the amendments to the 2006-2016 Long Term Council Community Plan and the audit of the 2009-2019 Long Term Council Community Plan, we have no relationship with or interests in the Regional Council or any of its subsidiaries.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

Glossary of Terms

The definitions provided relate to how the word or term is used in the Annual Report or within Horizons Regional Council, which may differ from the purist's definition for a given word or term.

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

Catchment

The area occupied by a river system

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

Degradation

Damage to a natural resource

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

Fluvial

Something that is produced through the action in a stream or river

GIS

Geographical Information Systems

Governance

The function of elected members

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

He Tini Awa Trust

Environmental enhancement trust established and supported by Horizons Regional Council

Indicators

Measures used to track change, eg. water quality is an indicator of environmental health

Inter-generational equity

Being fair to both current and future generations when using resources or paying for infrastructure and facilities

Inventory

A stock-take, eg. wetland inventory

Irrigation Take

The abstraction of water for irrigation purposes

Iwi

A grouping of Maori based on ancestral ties

Iwi Management Plans

Plans outlining how iwi would like the natural resources of their area of interest managed

Iwi Maori

A term commonly used that is inclusive in nature recognising all facets of Maori society including iwi, hapu, taurahere, mataa waka, etc.

Linklater Bursary

Horizons Regional Council scholarship for high school students intending to take an environment-related course at University

Local Government

Regional, district and city councils

Lowland

Plains

Maori Freehold Land

Maori Freehold Land is defined by the Local Government (Rating) Act 2002 as "land whose beneficial ownership has been determined by the Maori 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

Publicly Notified

A notice is printed in the local newspapers informing the public on 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, Land Transport Safety Authority, Police, ACC, Transit NZ, Regional Health Boards, and AA tasked with improving road safety in the Region

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

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

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

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

Vector Risk Areas

Areas where Tb is present in the resident possum and ferret populations

Wetland

A permanently or seasonally wet area, usually with high biodiversity values

Whole farm business plans

Specific work programmes for the Region's hill-country and the Wanganui catchment