



RUAPEHU



Financials and Policies

Introducing the Finances

Overview

Here we present standard financial statements in compliance with New Zealand Generally Accepted Accounting Practice (NZGAAP) and New Zealand International Financial Reporting Standards (NZIFRS). We also provide supplementary financial information giving revenue and expense details for regulatory management outputs (consents processing, consents hearings, compliance monitoring, and pollution incidents and hazards); revenue, expense, and balance details for individual river and drainage schemes; individual programmes for passenger transport services; and rating and balance details for passenger transport services. In addition, there is a section outlining our staffing and asset resources.

Funding Impact Statements are included that outline revenue and rating mechanisms and provide detailed rating values for general and targeted rates for the 2009-10 year. Finally, this part of the Community Plan contains projections of annual administrative charges set under the Resource Management Act 1991 and the Local Government Act 2002.

Statement Concerning Balancing of Budget

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

We have forecast, in our Prospective Income Statement, that the budget will be in balance over the 10 year period.

Consolidated Statement of Prospective Financial Performance to 30 June 2019

We, as required pursuant to Section 65 of the Financial Reporting Standards No. 42: Prospective Financial Statements, advise that:

Horizons Regional Council (the Council), in authorising the issue of the Community Plan, is responsible for the prospective financial statements presented, including the appropriateness

of the assumptions underlying the prospective financial statements and all other required disclosures, for the periods covered in this document.

The Council intends to update the prospective financial statements subsequent to the presentation, following approval of any changes arising as an outcome of public consultation.

The financial information contained within this Community Plan and its associated policies and documents, is prospective financial information in terms of current financial reporting standards, including Financial Reporting Standard (FRS) 42. The purpose for which it has been prepared is to enable the public to participate in the decision-making process relating to services to be provided by the Council to the community, for each of the 10 financial years ending 30 June 2010 to 2019, and to provide a broad accountability mechanism of the Council to the community.

In relation to those standards, the financial information for the 2009-10, 2010-11, 2011-12 financial years are considered to be a forecast, while the financial data relating to subsequent years is considered to be a projection. (A forecast is based on assumptions which the Council reasonably expects to occur, whereas a projection is based on one or more hypothetical but realistic assumptions).

Schedule 10 (Part 1, Section 11) of the Local Government Act 2002 (LGA 2002) requires any Long-term Council Community Plan (referred to by Horizons as the Community Plan) to clearly identify all the significant forecasting assumptions and risks underlying these financial estimates. Also, in any case where significant forecasting assumptions involve a high level of uncertainty, this fact must be disclosed and an estimate of the potential effects on the financial estimates provided.

A cautionary note is required. The actual results for the 10 years covered by this Community Plan are likely to vary from the information presented, and may vary materially depending upon the circumstances that arise during the period. The prospective information is prepared under Section 93 of the Local Government Act 2002 and may not be suitable for use in any other capacity.

This Statement is presented in two sections.

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

1. Significant Financial Assumptions

FINANCIAL ASSUMPTIONS																																														
Assumption											Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty																																	
<p>Inflation – Inflation rates applied for ‘Staff Costs’ are in line with our organisational priority of attracting and retaining suitably qualified staff. Inflation rates applied for ‘Other Costs’ are based on the 10 year forecast provided by Business and Economic Research Limited (BERL). The significant percentage rates of inflation used are reflected in the following table:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> <th>10</th> </tr> </thead> <tbody> <tr> <td>Staff costs</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> <td>4.0</td> </tr> <tr> <td>Other costs</td> <td>3.5</td> <td>3.4</td> <td>2.7</td> <td>2.8</td> <td>2.4</td> <td>2.6</td> <td>2.8</td> <td>2.9</td> <td>3.1</td> <td>3.3</td> </tr> </tbody> </table>	Year	1	2	3	4	5	6	7	8	9	10	Staff costs	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	Other costs	3.5	3.4	2.7	2.8	2.4	2.6	2.8	2.9	3.1	3.3											Actual rates are significantly different from the estimated rates.	LOW	Little or no impact expected.
Year	1	2	3	4	5	6	7	8	9	10																																				
Staff costs	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0																																				
Other costs	3.5	3.4	2.7	2.8	2.4	2.6	2.8	2.9	3.1	3.3																																				
<p>Interest Income – Revenues from this source are estimated at 5.5% for the term of this Community Plan.</p>											Actual interest rates are significantly lower than the estimated levels.	LOW	Any reduction would need to be met by increased General Rates revenues. See comment under net interest rate changes below.																																	
<p>Dividend Income – These income streams are based on expectations of the two port companies, as outlined in their respective Statements of Corporate Intent (SCI). Income from the CentrePort has been reduced to align with its Draft SCI.</p>											The current global or national economic downturn significantly reduces profits available for distribution to the two shareholders.	MEDIUM	Any reduction would need to be met by increased General Rates revenues.																																	
<p>Debt Costs – River and drainage schemes intend to continue to utilise external loans to finance future works. The interest rate on all calculated loans is estimated to be 7.5% p.a. over the term of this Community Plan. That rate applies to both internal and external loans. Some Scheme work and the One Plan are funded internally.</p>											Actual costs of borrowing exceed the estimated levels allowed for in this Community Plan.	LOW	Little or no impact expected. See comment under net interest rate changes below.																																	
<p>Interest Rate Charges – The current reduction in interest rates prompted by the global financial crisis will have an impact on interest paid and received. This impact will in turn flow into the rates paid by ratepayers and has been included in the Final Community Plan.</p>											If there are sudden changes in interest rates this will impact on rate requirements.	2009-10 LOW-MEDIUM 2010-11 – 2011-12 LOW-MEDIUM 2012-13 – 2019-19 LOW-MEDIUM	Little or no impact expected.																																	
<p>Revenues – Ratepayers’ ability to fund activities within this Community Plan continues over the term covered. The rate revenues required have been derived from the rate requirements within the respective activity areas as provided for by the Revenue and Financing Policy.</p>											Economic or other negative impacts reduce the funds available to ratepayers to meet Community Plan requirements.	VERY LOW	Little or no impact expected.																																	

All figures are exclusive of GST unless otherwise stated

FINANCIAL ASSUMPTIONS																																		
Assumption	Risk										Level of Uncertainty	Reasons and Financial Impact of Uncertainty																						
Sources of Government support meet the Revenue and Financing Policy applications for the activities covered in this Community Plan. Operating and capital subsidy revenues from New Zealand Transport Agency are maintained at current indicative levels. Sources of other funding meet the requirements of the Revenue and Financing Policy.	Withdrawal or reduction in Government support for the Sustainable Land Use Initiative (SLUI).										MEDIUM	Significant reduction in the level of work completed or increased length of the project by a number of years.																						
	Levels of support for transport related activities are reduced below current indicated levels.										LOW	Reduced financial support for transport and road safety activities within the Region.																						
	Level of consent applications fall significantly.										LOW	Little or no impact.																						
<p>Revaluations of Assets – The only significant non-infrastructure asset considered in this Community Plan is Regional House, in Palmerston North. For Community Plan purposes, estimates relating to the impact of the general triennial revaluation process have been incorporated in the asset values for the periods 2009-10, 2012-13, 2015-16 and 2018-19, using the 'Property' category percentage included in the BERL forecast.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> <th>10</th> </tr> </thead> <tbody> <tr> <td>Property</td> <td>2.6</td> <td>2.6</td> <td>2.7</td> <td>2.8</td> <td>2.8</td> <td>2.9</td> <td>3.0</td> <td>2.6</td> <td>2.2</td> <td>2.3</td> </tr> </tbody> </table>	Year	1	2	3	4	5	6	7	8	9	10	Property	2.6	2.6	2.7	2.8	2.8	2.9	3.0	2.6	2.2	2.3	Actual movements in property values do not match expectations.										LOW	No significant financial impact as revaluations are adjustments between assets and reserves.
Year	1	2	3	4	5	6	7	8	9	10																								
Property	2.6	2.6	2.7	2.8	2.8	2.9	3.0	2.6	2.2	2.3																								
Investments – While there is reference in this document to the potential sale of the Port of Napier Ltd shares, no adjustment has been made for that change in the financial statements over the 10 years.											LOW TO MEDIUM	Little, because if shares are sold then those funds will be transferred to some other investment facility and earn revenue.																						
Sale of CentrePort to CCTO – We will be establishing a CCTO and selling our shares in CentrePort to the CCTO in the 2009-10 year. At this point we have assumed that sale will be at book value (\$6.923 million), however, the sale may be at a different value. We have also assumed the CCTO will have a book value equal to the \$6.923 million book value of the shares.	To ensure we get the full advantage of establishing the CCTO to hold our shares, we may need to value both the sale and the CCTO at a different value. This may mean the statement of cashflows income and position will be different after the sale.										LOW TO MEDIUM	The final detail of sale price and subsequent values need to be fundraised in a manner that best benefits the Council taking into account cashflows, interest rate changes and taxation issues.																						

GENERAL ASSUMPTIONS			
Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
Population – It is assumed that any changes in the population of the Region will not have any significant impact on the delivery of services over the term of the Community Plan.	That there is a significant population shift between rural and urban areas.	LOW	Little or no impact, however such a shift may require a review of some Council activities and the application of funding policies to those activities.
Adverse Events – Other than as indicated within the Asset Management Plan section, no impact is anticipated from these causes.	Naturally occurring adverse events, including the impact of climate change, require major expenditure.	LOW	Little or no impact.
Climate Change – Our stance to climate change is to incorporate it into the policy and review processes of our organisation. In our main environmental policy document, the One Plan, we have incorporated a focus on assisting the Region to adapt to the effects of climate change. In particular we have incorporated policies and methods that promote resilient land management, responsiveness to water quality and quantity charges, and planning for changes in the scale and frequency of natural hazards. This focus has resulted in the increase of expenditure in this Community Plan on SLUI, water quality and quantity research, and scheme works. We assume that the expenditure will be at a level appropriate to encourage the Region to adapt in a timely manner.	Climate change may occur at a faster pace than predicted and/or at a faster rate than our community can afford in the current financial crisis.	LOW TO MEDIUM	Unknown impact at this stage.
Negative Effects – There are no negative effects to disclose within the groups of activities.	No risk.	LOW	

ASSUMPTIONS RELATING TO ASSET MANAGEMENT PLANS

Asset Management Plans (AMPs) have been prepared for the infrastructural assets in 32 River and Drainage Schemes. Five are channel maintenance Schemes with no assets and 26 manage infrastructural assets and therefore each has an Asset Management Plan. The prospective information contained in the financial summaries and financial statements is consistent with these Plans. Lifecycle assumptions are also contained in the Asset Management Policy in this volume.

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
Useful Life of Assets – Each Scheme AMP outlines the estimated useful life of each major type of Infrastructural Asset (IA). These lives are based upon professional advice and experience, and range from 20 years to an indefinite life. (For more specific details refer to individual AMPs.)	IAs may lose their carrying capacity or wear out earlier than anticipated and budgeted for in their respective AMPs.	LOW	Little or no impact.
Depreciation – This has been calculated on asset values at their latest revaluation date (1 July 2008), and thereafter, on additions, at cost. Levels of depreciation are reflective of the above useful lives where applicable.	Actual levels of depreciation are greater than budgeted for as a result of extra capital work or increased revaluation amounts.	LOW	Little or no impact.
Adverse Events (including climate change) – Due to the unpredictable nature of the timing and/or severity of these events (eg. flooding), it is difficult to estimate their likely impact. As a result, there has been no attempt to build in extra budgeted capacity in these AMPs. Normal emergency reserves will be presumed sufficient to meet any costs associated with such future events, along with recoveries from established insurance arrangements.	That adverse events are more serious, or occur at more frequent intervals than anticipated.	LOW TO MEDIUM	Unknown impact, but unlikely to require significant extra funding. Severe events may necessitate Government support.
Climate Change – In terms of our river and drainage schemes the effects of climate change are considered on a case-by-case basis during the regular scheme review or the design of new scheme works. If changes to a scheme to address climate change effects involve significant levels of expenditure, public consultation is undertaken to determine if the community wishes to pay the additional cost involved. An example would be the Lower Whanganui Scheme where a 0.5% AEP standard was recommended to allow for a reduction to 1% AEP in 50 years as a result of predicted global warming effects.	Climate change may occur at a faster pace than predicted and/or communities may not be able/prepared to pay for the additional costs required to future proof schemes against climate change.	LOW TO MEDIUM	Unknown impact at this stage.
Funds for Asset Replacement – Significant asset replacement will be funded by a mixture of rates, leases, gravel revenues, reserves and both internal and external loans (please refer to Debt Costs under Financial Assumptions above).	Estimated costs of replacement are insufficient to meet actual costs.	LOW	Experience in the management of these assets, together with the mixed source of funding, minimises any impact on the various schemes.
Changes in Population – Levels of service are not affected by changes in population growth.	-	-	-
Changes in Land Use – The demand for Scheme services is likely to increase with possible intensified use of the land adjacent to the Schemes or changes in the use of land from predominately dairy to other forms of production.	Assets require more frequent maintenance/ refurbishment/renewal/upgrades	LOW	Impact can be predicted through consultation and factored into future plans.
Revaluations of Assets – These will continue to be reviewed by independent professional valuers using industry standards every three years. This approach is in compliance with the provisions of relevant financial reporting standards.	-	-	-

2. Other Information

Issue	Treatment in this Community Plan.
Activities of Council	The Community Plan provides for some significant changes in the delivery and extent of some regional and pest management activities, and more detailed information regarding these is contained within the relevant activity group. Information on the changes to the way these activities may be funded (eg. by the introduction of new targeted rates) is also provided.
External Debt	Additional external loan funding is expected to be raised over the term of the Community Plan. The loan funding relates to River and Drainage Scheme loans.
Central Government (Including RMA changes)	No provision has been made within this Community Plan for impacts arising from any change in Central Government's policies, for local government in general, or regional councils in particular. The recent changes proposal by Central Government to the Resource Management Act have not been included in this Community Plan at this stage.
Goods and Services Tax (GST)	Except where stated otherwise, all figures are GST exclusive.
Investments	Council is reviewing the way we hold our investments to maximise efficiency and return to ratepayers. Significant drawdown could occur relating to exceptional expenditure requirements such as funding of a storm event or similar damage.
Levels of Service – General	Levels of service in the Community Plan have been developed in response to, and to provide performance measurements against, those activities agreed with the community that Council should be involved in, either as a service provider or funder, or both. Should any of these activities fail to materialise, or be undertaken at a level different from that indicated in the Community Plan, whether due to factors that are dissimilar to other assumptions in this Community Plan, or for any other reasons (such as adverse climatic events or Central Government involvement), then the levels of service in the Community Plan may not be appropriate.
Levels of Service – Specific	The Community Plan also contains specific levels of service assumptions included in each activity area. These are identified as targets under each project group within each activity, and are addressed in either qualitative or quantitative terms for the year.
Māori Engagement	The Community Plan contains a number of projects associated with activities intended to recognise and facilitate the engagement of Māori in the activities of Council, and the associated community outcomes.
Revenues	Council has set its projected operating revenues at levels sufficient to meet projected operating expenditures and, where applicable, those have been set according to funding policy criteria. Ongoing revenues, such as transport subsidies from Central Government agencies, are expected to continue in the long-term. Central Government funding for SLUI (Sustainable Land Use Initiative) has been confirmed until June 2011 and will be re-negotiated further into the future at that time.
Triennial Elections	During the term of the Community Plan, there are two triennial elections; namely October 2010 and October 2013. It is not considered necessary to make any allowance for any resultant changes in the approach Horizons takes in meeting the needs of the regional community.
Emissions Trading Scheme (ETS)	We consider that the uncertainty surrounding this scheme and the potential offset from our SLUI initiatives make any estimation of the effect of the ETS on our financial position and rates inaccurate. With this in mind no allowance has been made in this document for the Emissions Trading Scheme.

Prospective Statement of Income to 30 June 2019 (\$000)

	Annual Plan 2008-09*	2009-10	2010-11	2011-12	2012-13	Community Plan					
						2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Government Support & Activity Revenues (\$000) (Note 1)											
Catchment Management	4,257	5,313	5,863	6,252	6,807	6,839	6,964	7,101	7,246	7,393	7,556
Environmental Protection	1,576	1,520	1,581	1,625	1,678	1,726	1,770	1,816	1,866	1,921	1,961
Regional Leadership and Governance	560	820	874	762	783	804	820	836	858	883	901
Transport	3,077	3,925	4,114	4,413	4,370	4,484	4,649	4,733	4,869	5,062	5,102
Corporate Support and Investment Group											
Dividends Received	1,411	1,468	1,430	1,528	1,536	1,542	1,550	1,558	1,566	1,574	1,584
Interest Received (Note 2)	560	412	432	446	462	479	498	525	556	591	627
Rate Penalties	450	450	465	477	490	501	513	525	538	552	567
Total Activity Revenue	11,891	13,908	14,759	15,503	16,126	16,375	16,764	17,094	17,499	17,976	18,298
Rating Revenues – River and Drainage Schemes (pg 110)	10,297	10,515	11,165	12,004	12,304	12,639	12,514	12,666	12,620	12,636	11,960
Rating Revenues – Other	17,751	19,259	20,477	21,764	22,815	23,602	24,470	24,850	25,827	26,484	26,778
Rating Revenues	28,048	29,774	31,642	33,768	35,119	36,241	36,984	37,516	38,447	39,120	38,738
Total Activity and Rating Revenues	39,939	43,682	46,401	49,271	51,245	52,616	53,748	54,610	55,946	57,096	57,036
Expenses (\$000)											
Catchment Management (Note 2)	15,928	18,113	19,780	21,233	22,745	23,149	23,475	23,855	24,307	24,780	25,400
Environmental Protection	9,431	9,269	9,198	9,661	9,982	10,376	10,745	11,118	11,541	11,929	12,313
Regional Leadership and Governance (Note 3)	7,125	8,375	8,479	8,269	8,335	8,599	9,001	8,844	9,263	9,457	9,136
Transport	4,747	5,910	6,134	6,500	6,472	6,621	6,782	6,945	7,121	7,313	7,502
Total Operating Expenditure	37,231	41,667	43,591	45,663	47,534	48,745	50,003	50,762	52,232	53,479	54,351
Operating Surplus (Deficit) (Note 3)	2,708	2,015	2,810	3,608	3,711	3,871	3,745	3,848	3,714	3,617	2,685

Notes:

* The Annual Plan 2008-09 comparative figures have been realigned to fit the new Community Plan structure

1. These figures exclude rating revenues.

2. These figures exclude internal interest of:

505	537	540	545	536	514	481	438	393	349	316
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

3. These figures exclude internal interest of:

0	161	257	311	299	286	274	258	241	225	206
---	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

4. The Operating Surplus (Deficit) is after providing for:

Depreciation	3,562	3,496	3,515	3,609	3,503	3,606	3,524	3,645	3,276	3,156	2,904
Interest Paid	743	965	1,270	1,501	1,591	1,586	1,440	1,309	1,194	1,197	900

Prospective Statement of Comprehensive Income to 30 June 2019 (\$'000)

	Annual Plan	Community Plan									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue											
Finance Revenues	1,971	1,880	1,862	1,974	1,998	2,021	2,048	2,083	2,122	2,165	2,211
Other Revenues	9,920	12,028	12,897	13,529	14,128	14,354	14,716	15,011	15,377	15,811	16,087
Non Rate Revenue	11,891	13,908	14,759	15,503	16,126	16,375	16,764	17,094	17,499	17,976	18,298
Rates Revenue	28,048	29,774	31,642	33,768	35,119	36,241	36,984	37,516	38,447	39,120	38,738
Total Revenue	39,939	43,682	46,401	49,271	51,245	52,616	53,748	54,610	55,946	57,096	57,036
Expenditure											
Personnel Costs	12,535	13,859	14,194	14,782	15,308	15,834	16,360	16,887	17,414	17,942	18,470
Depreciation & Amortisation Expense	3,562	3,496	3,515	3,609	3,503	3,606	3,524	3,645	3,276	3,156	2,904
Finance Costs	743	965	1,270	1,501	1,591	1,586	1,440	1,309	1,194	1,197	900
Other Expenses	20,391	23,347	24,612	25,771	27,132	27,719	28,679	28,921	30,348	31,184	32,077
Total Operating Expenditure	37,231	41,667	43,591	45,663	47,534	48,745	50,003	50,762	52,232	53,479	54,351
Share of Associates Surplus (Deficit)	0	0	0	0	0	0	0	0	0	0	0
Surplus (Deficit) Before Tax	2,708	2,015	2,810	3,608	3,711	3,871	3,745	3,848	3,714	3,617	2,685
Income Tax Expense											
Surplus (Deficit) After Tax	2,708	2,015	2,810	3,608	3,711	3,871	3,745	3,848	3,714	3,617	2,685
Other Comprehensive Income											
Gain (loss) on asset revaluations	38,376	-71	54	25,323	-11	7	35,677	-1	-52	40,291	-102
Financial assets at fair value through equity	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income for the Year Net of Tax	38,376	-71	54	25,323	-11	7	35,677	-1	-52	40,291	-102
Total Comprehensive Income	41,084	1,944	2,864	28,931	3,700	3,878	39,422	3,847	3,662	43,908	2,583

All figures are exclusive of GST unless otherwise stated

Prospective Summary of Capital Purchases – Other to 30 June 2019 (\$000)

ACTIVITY GROUP	Annual Plan 2008-09*	Community Plan									
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Catchment Management											
Turbidity Monitoring	-	95	95	-	-	-	-	-	-	-	-
Continuous Nutrient Monitoring	-	65	65	65	65	65	65	65	65	65	65
Total Catchment Management	-	160	160	65	65	65	65	65	65	65	65
Environmental Protection Management											
Mobile Environmental Education Facility – Green RIG	-	50	24	24	50	24	24	50	24	24	51
Bait Stations	-	250	-	-	250	-	-	250	-	-	-
Total Environmental Protection Management		300	24	24	300	24	24	300	24	24	51
Regional Leadership and Governance											
Signage for the Region	-	-	6	6	6	-	-	-	-	-	-
K-Base, software	-	10	-	-	-	-	-	-	-	-	-
Emergency Management Response Capability	-	12	12	12	13	113	13	13	13	13	14
Business Continuity and Development	80	-	-	-	-	-	-	-	-	-	-
Flood Plain Mapping and Flood Forecasting	329	422	319	129	173	103	56	36	36	37	38
Flood Plain Mapping and Survey Information	187	41	43	45							
Information System Development	121	699	528	600	378	358	67				
Total Regional Leadership and Governance	717	1,184	908	792	570	574	136	49	49	50	52
Corporate Support and Investments											
Vehicle Purchases/Replacement	440	613	613	581	581	581	466	506	536	440	440
General Property Improvements	108	54	111	26	35	34	35	34	38	38	35
Finance Systems – General Ledger/Rates/Management	350	25	25	427	25	-	-	-	-	-	-
Electronic Document Management Systems	310	-	-	-	467	-	-	-	-	-	-
PABX/IVR Upgrade	-	-	149	-	-	-	-	-	-	-	-
Computer Hardware	189	159	159	159	159	159	159	159	159	159	159
Computer Software	20	18	18	18	18	18	18	18	18	18	18
Hydrology - New and Replacement Specialised Equipment	393	492	376	351	201	201	202	202	203	204	205
Total Corporate Support and Investments	1,810	1,361	1,451	1,562	1,486	993	880	919	954	859	857
Total Capital Purchases – Other	2,527	3,005	2,543	2,443	2,421	1,656	1,105	1,333	1,092	998	1,025

Notes:

* The Annual Plan 2008-09 comparative figures have been realigned to fit the new Community Plan structure.

Prospective Statement of Cash Flows to 30 June 2019 (\$000)

	Annual Plan 2008-09	2009-10	2010-11	2011-12	2012-13	Community Plan					
						2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Cash Flows from Operating											
Cash was provided from:											
Receipts from Rates	28,334	31,284	31,958	34,046	35,449	36,227	36,969	37,506	38,427	39,107	38,743
Receipts from Government Support	5,149	6,052	6,765	7,365	7,777	7,939	8,155	8,295	8,484	8,731	8,831
Receipts from Customers etc.	4,408	5,730	5,654	5,674	5,848	5,907	6,042	6,185	6,349	6,519	6,685
Receipts from Interest	560	412	432	446	462	479	498	525	556	591	627
Receipts from Dividends	1,411	1,468	1,430	1,528	1,536	1,542	1,550	1,558	1,566	1,574	1,584
Receipts from Rate Penalties	450	450	465	477	490	501	513	525	538	552	567
Net GST (received less paid)	34	214	38	34	39	-2	-4	-2	-3	-3	0
Total Operating Receipts	40,346	45,610	46,742	49,570	51,601	52,593	53,723	54,592	55,917	57,071	57,037
Cash was applied to:											
Suppliers and Employees	32,622	37,724	38,627	40,355	42,227	43,425	44,868	45,727	47,532	48,982	50,380
Taxation Paid (refunded)		0	0	0	0	0	0	0	0	0	0
Total Operating Payments	32,622	37,724	38,627	40,355	42,227	43,425	44,868	45,727	47,532	48,982	50,380
Net Cash from Operating	7,724	7,886	8,115	9,215	9,374	9,168	8,855	8,865	8,385	8,089	6,657
Cash Flow from Investing											
Cash was provided from:											
Sale of CentrePort to CCTO		6,923									
Investment Maturities	0	18,320	19,200	19,820	20,540	21,280	22,140	23,340	24,720	26,260	27,860
Total Investment Receipts	0	25,243	19,200	19,820	20,540	21,280	22,140	23,340	24,720	26,260	27,860
Cash was applied to:											
Purchase off CCTO		6,923									
Purchase of Intangible Assets	0	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructural Assets	10,098	9,008	7,711	7,187	5,810	5,878	4,324	4,414	4,527	4,648	1,005
Purchase of Fixed Assets	2,527	3,006	2,543	2,443	2,421	1,656	1,105	1,333	1,092	998	1,025
Investments Deposits	1,400	18,320	19,200	19,820	20,540	21,280	22,140	23,340	24,720	26,260	27,860
Total Investment Payments	14,025	37,257	29,454	29,450	28,771	28,814	27,569	29,087	30,339	31,906	29,890
Net Cash from Investing	-14,025	-12,014	-10,254	-9,630	-8,231	-7,534	-5,429	-5,747	-5,619	-5,646	-2,030

All figures are exclusive of GST unless otherwise stated

	Annual Plan 2008-09	2009-10	2010-11	2011-12	2012-13	Community Plan					2018-19
						2013-14	2014-15	2015-16	2016-17	2017-18	
Cash Flows from Financing											
Cash was provided from											
Loan Raised for CCTO Purchase		6,923									
Loans Raised	7,405	6,180	4,243	2,819	1,852	1,565	0	0	0	0	0
<i>Total Financing Receipts</i>	7,405	13,103	4,243	2,819	1,852	1,565	0	0	0	0	0
Cash was applied to											
Loan Interest	743	965	1,270	1,501	1,591	1,586	1,440	1,309	1,194	1,197	900
Additional Loans Repaid		6,923									
Loans Repayment of Debt	311	930	839	897	1,401	1,605	1,986	1,813	1,570	1,253	3,722
<i>Total Financing Payments</i>	1,054	8,818	2,109	2,398	2,992	3,191	3,426	3,122	2,764	2,450	4,622
Net Cash from Financing	6,351	4,285	2,134	421	-1,150	-1,626	-3,426	-3,122	-2,764	-2,450	-4,622
Net Cash Flow for the Period	50	157	-5	6	-7	8	0	-4	2	-7	5
Plus Opening Cash and Cash Equivalent	95	145	302	297	303	296	304	304	300	302	295
Closing Cash and Cash Equivalent	145	302	297	303	296	304	304	300	302	295	300
Made up of:											
Cash and Cash Equivalent	145	302	297	303	296	304	304	300	302	295	300
Closing Cash and Cash Equivalent	145	302	297	303	296	304	304	300	302	295	300

Prospective Statement of Financial Position to 30 June 2019 (\$'000)

	Forecast	Community Plan									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
ASSETS											
Current Assets											
Cash and Cash Equivalent	145	302	297	303	296	304	304	300	302	295	300
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Trade and Other Receivables	3,951	2,109	1,769	1,469	1,111	1,134	1,159	1,177	1,206	1,230	1,228
Accruals and Other Receivables	2,990	2,184	2,320	2,464	2,562	2,631	2,687	2,730	2,797	2,855	2,852
Prepayments	78	93	97	101	106	108	111	113	117	120	123
Inventories on Hand	352	437	464	493	514	527	536	550	555	579	570
Total Current Assets	7,516	5,125	4,947	4,830	4,589	4,704	4,797	4,870	4,977	5,079	5,073
Non-Current Assets											
Deposits	0	0	0	0	0	0	0	0	0	0	0
Equity Investments	5,832	5,832	5,832	5,832	5,832	5,832	5,832	5,832	5,832	5,832	5,832
Investments in Associates	6,923	0	0	0	0	0	0	0	0	0	0
Investments in Subsidiary	0	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923
Operational Assets	34,444	34,928	34,931	34,740	34,633	33,658	32,214	30,877	29,668	28,485	27,581
Intangible Assets	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775
Infrastructural Assets	301,101	309,135	315,871	347,353	352,188	357,091	396,149	399,588	403,140	447,127	447,157
Total Non-Current Assets	350,075	358,593	365,332	396,623	401,351	405,279	442,893	444,995	447,338	490,142	489,268
TOTAL ASSETS	357,591	363,718	370,279	401,453	405,940	409,983	447,690	449,865	452,315	495,221	494,341
LIABILITIES											
Current Liabilities											
Accounts Payable	3,982	3,101	3,234	3,379	3,537	3,630	3,753	3,817	3,980	4,094	4,212
Accruals and Other Payables	753	1,116	1,164	1,217	1,273	1,307	1,351	1,374	1,433	1,474	1,516
Provisions	3,153	2,604	2,716	2,839	2,971	3,049	3,153	3,207	3,343	3,439	3,538
Tax Payable	0	0	0	0	0	0	0	0	0	0	0
Advances	0	0	0	0	0	0	0	0	0	0	0
Debt – Current Portion	930	839	897	1,401	1,605	1,986	1,813	1,570	1,253	3,722	1,400
Total Current Liabilities	8,818	7,660	8,011	8,836	9,386	9,972	10,070	9,968	10,009	12,729	10,666
Non-Current Liabilities											
Provisions	–	–	–	–	–	–	–	–	–	–	–
Debt – Non-Current Portion	9,168	14,509	17,855	19,273	19,510	19,089	17,276	15,706	14,453	10,731	9,331
Total Non-Current Liabilities	9,168	14,509	17,855	19,273	19,510	19,089	17,276	15,706	14,453	10,731	9,331
TOTAL LIABILITIES	17,986	22,169	25,866	28,109	28,896	29,061	27,346	25,674	24,462	23,460	19,997
NET ASSETS	339,605	341,549	344,413	373,344	377,044	380,922	420,344	424,191	427,853	471,761	474,344

All figures are exclusive of GST unless otherwise stated

	Forecast 2008-09	2009-10	2010-11	2011-12	2012-13	Community Plan		2015-16	2016-17	2017-18	2018-19
						2013-14	2014-15				
REPRESENTED BY											
EQUITY											
Asset Revaluation Reserves	38,529	38,458	38,512	63,835	63,824	63,831	99,508	99,507	99,455	139,746	139,644
Restricted Reserves	178,717	182,009	185,574	189,280	192,991	196,862	200,607	204,455	208,169	211,786	214,471
Retained Earnings	122,359	121,082	120,327	120,229	120,229	120,229	120,229	120,229	120,229	120,229	120,229
Total Equity	339,605	341,549	344,413	373,344	377,044	380,922	420,344	424,191	427,853	471,761	474,344

Prospective Statement of Changes in Equity to 30 June 2019 (\$'000)

	Forecast 2008-09	2009-10	2010-11	2011-12	2012-13	Community Plan		2015-16	2016-17	2017-18	2018-19
						2013-14	2014-15				
Asset Revaluation Reserves											
Balance at 1 July	153	38,529	38,458	38,512	63,835	63,824	63,831	99,508	99,507	99,455	139,746
Increase in Revaluation Reserves	38,376	-71	54	25,323	-11	7	35,677	-1	-52	40,291	-102
Balance at 30 June	38,529	38,458	38,512	63,835	63,824	63,831	99,508	99,507	99,455	139,746	139,644
Restricted Reserves											
Balance at 1 July	175,206	178,717	182,009	185,574	189,280	192,991	196,862	200,607	204,455	208,169	211,786
Plus Transfer from Retained Earnings:											
River & Drainage Schemes	3,536	3,292	3,565	3,706	3,711	3,871	3,745	3,848	3,714	3,617	2,685
Transport Schemes	-25	0	0	0	0	0	0	0	0	0	0
Balance at 30 June	178,717	182,009	185,574	189,280	192,991	196,862	200,607	204,455	208,169	211,786	214,471
Retained Earnings											
Balance at 1 July	123,162	122,359	121,082	120,327	120,229	120,229	120,229	120,229	120,229	120,229	120,229
Net Surplus (Deficit) after Tax for the Year	2,708	2,015	2,810	3,608	3,711	3,871	3,745	3,848	3,714	3,617	2,685
Less Transfer from Restricted Reserves:											
River & Drainage Schemes	-3,536	-3,292	-3,565	-3,706	-3,711	-3,871	-3,745	-3,848	-3,714	-3,617	-2,685
Transport Schemes	25	0	0	0	0	0	0	0	0	0	0
Balance at 30 June	122,359	121,082	120,327	120,229	120,229	120,229	120,229	120,229	120,229	120,229	120,229
Total Equity at 30 June	339,605	341,549	344,413	373,344	377,044	380,922	420,344	424,191	427,853	471,761	474,344

Supplementary Information

River and Drainage Scheme Statement of Cost of Services 2009-10

Scheme	Total Costs of Services	Income										Total Income	Loan Advance	Deprn Not Funded	Opening Balance	Closing Balance	
		Scheme Rates (Incl. Interim Rates)	Territorial Bulk Rates	General Rate (excl. Scheme Review)	General Rate - Review /Classif.	Other Income	Insurance /Govt Grant	Transfer from/to Other Scheme	Transfer from Reserve	Govt Assistance	Emergency Reserve Interest						
RIVER SCHEMES																	
Akitio	72,612	34,000	-	8,522	-	-	-	-	-	-	-	42,522	30,000	-	315	225	
E Manawatu	79,890	42,000	-	9,378	-	-	-	-	-	-	-	51,378	28,000	-	1,550	1,038	
Ihuraua Strm	4,183	2,700	-	837	-	-	-	-	-	-	-	3,537	-	-	3,588	2,942	
L Kiwitea Strm	193,633	117,110	-	29,179	-	-	-	10,000	-	-	1,525	157,814	-	36,213	364	758	
LMS Spec Proj	2,668,661	891,375	-	212,400	100,000	-	-	-	-	-	6,659	1,210,435	1,500,000	-	-3,379	38,394	
Lwr Manawatu	6,414,791	2,740,380	-	837,263	25,000	900,000	-	-2,872,169	50,000	-	119,760	1,800,233	4,603,206	268,901	-223,150	34,400	
Makirikiri	21,916	13,600	-	3,249	-	-	-	-	-	-	73	16,922	-	5,099	-339	-234	
Mangatainoka	820,094	497,415	-	114,101	10,000	-	-	-	80,718	-	36,896	739,130	-	76,694	8,604	4,334	
Matarawa Val	70,445	49,600	-	12,155	-	-	-	-	-	-	601	62,356	-	7,770	4,829	4,510	
Ohau-Manakau	465,731	221,428	-	76,440	4,320	-	-	-	85,000	-	16,133	403,321	62,500	577	-519	148	
LMS Makino	-14,818	-	-	-	-	-	-	2,872,169	-	-	-	2,872,169	-2,853,206	-	-33,781	-	
Pakihī Valley	29,136	3,028	-	827	25,000	-	-	-	-	-	-	28,855	-	-	613	332	
Pohangina-Oro	535,155	291,988	-	90,603	-	-	-	995,336	-860,336	-	-22,027	495,564	-	69,169	-26,087	3,491	
Poh-Goulter's Gully	79,996	-	-	-	-	-	-	-995,336	996,336	-	79,996	80,996	-	-	-1,000	-	
Porewa Valley	53,220	32,365	-	7,444	8,480	2,140	-	-	-	-	2,059	52,488	-	4,461	2,306	6,035	
Rangitikei River	1,561,455	497,500	-	185,476	51,280	250,000	-	-	-	-	44,504	1,028,759	250,000	238,293	76,241	31,839	
S E Ruahines	542,903	401,930	-	89,814	-	-	-	-	-	-	19,020	510,763	-	44,815	5,227	17,903	
Tawata-Man	17,838	6,587	-	1,908	8,000	-	-	-	-	-	-	16,495	-	-	11,270	9,927	
Tutaenui	75,781	60,405	-	14,532	-	-	-	-	5,000	-	584	80,521	-	536	-6,518	-1,242	
Up Manawatu	322,221	219,619	-	48,983	-	-	-	-	-	-	17,257	285,860	29,000	11,047	2,453	6,138	
Up Whanganui	326,362	127,536	-	31,378	-	15,000	-	-	-	-	10,117	184,031	135,000	9,353	-1,032	990	
Whangaehu/Mangawhero	267,871	100,462	-	26,574	-	-	-	-	-	-	-	127,036	135,000	-	6,538	703	
L Whanganui	2,274,556	400,000	-	114,824	-	80,000	-	-	-	-	437	595,260	1,700,000	-	-3,698	17,007	
DRAINAGE SCHEMES																	
Ashhurst	94,774	29,843	-	7,955	-	-	-	-	-	-	-	37,798	55,000	-	3,282	1,306	

All figures are exclusive of GST unless otherwise stated

Scheme	Total Costs of Services	Income										Total Income	Loan Advance	Deprn Not Funded	Opening Balance	Closing Balance	
		Scheme Rates (incl. Interim Rates)	Territorial Bulk Rates	General Rate (excl. Scheme Review)	General Rate - Review /Classif.	Other Income	Insurance /Govt Grant	Transfer from/to Other Scheme	Transfer from Reserve	Govt Assistance	Emergency Reserve Interest						
Forest Rd Dr	15,569	5,553	-	1,568	6,984	-	-	-	-	-	-	-	14,105	-	745	3,372	2,653
Foxton East Dr	11,833	8,977	-	2,347	-	-	-	-	-	-	-	-	11,324	-	100	308	-101
Haunui Dr	7,500	6,000	-	1,500	-	-	-	-	-	-	-	-	7,500	-	-	644	644
Himatangi Dr	18,743	10,266	-	3,709	-	-	-	-	-	-	-	-	13,975	-	-	15,742	10,974
Hokio Dr	76,384	25,003	-	6,277	-	-	-	-	-	-	-	-	31,280	35,000	-	19,069	8,965
Koputaroa Dr	343,970	216,939	-	52,897	14,280	-	-	-	-	-	-	3,182	287,299	-	62,022	4,123	9,473
Makerua Dr	597,287	379,458	-	101,777	14,280	-	-	-	-	25,000	-	8,855	529,370	-	65,269	13,566	10,918
Manawatu Dr	532,644	292,693	-	79,291	-	-	-	-	-	30,000	-	10,114	412,098	120,000	6,077	957	6,488
Moutoa Dr	732,485	246,983	-	64,262	-	-	-	-	-	5,000	-	8,524	324,770	350,000	52,650	9,155	4,089
Te Kawau	202,415	108,161	-	34,403	-	-	-	-	-	30,000	-	15,807	188,371	-	14,592	797	1,345
Whirokino Dr	23,893	16,962	-	4,514	-	-	-	-	-	2,500	-	1,193	25,169	-	129	-1,098	307
Total	19,541,129	8,097,866	-	2,276,385	267,624	1,247,140	-	-	10,000	449,218	-	381,269	12,729,502	6,179,500	974,512	-105,688	236,699

Scheme	Work Costs			Management Costs											Deprn.	Emerg. Reserve Interest	Emerg. Reserve Contrib.	Loan Repay – Interest	Loan Repay – Principal	Total Costs of Services
	Repairs & mainten.	Capital	Total Work Costs	Engineer Mgmt	AMP	Admin	Valuation	Asset Insur. etc.	Hydro	Scheme Review /Classif.	Survey /Design	Lease Mgmt	Legal etc	Total Mgmt Costs						
RIVER SCHEMES																				
Akitio	50,000	-	50,000	12,960	-	143	-	-	-	-	-	-	-	63,103	-	-	-	5,039	4,470	72,612
E. Manawatu	53,000	-	53,000	15,360	46	2,816	-	37	-	-	-	-	-	71,259	-	-	5,000	1,666	1,965	79,890
Ihuraua Stream	1,950	-	1,950	2,200	-	33	-	-	-	-	-	-	-	4,183	-	-	-	-	-	4,183
L KIWITEA Stream	75,000	-	75,000	34,960	1,372	492	-	1,986	-	-	-	-	-	113,810	36,213	1,525	10,000	23,909	8,176	193,633
LMS Spec. Project	-	2,104,037	2,104,037	-	-	-	-	-	-	-	91,653	-	4,310	2,200,000	-	6,659	-	462,002	-	2,668,661
Lower Manawatu	750,000	3,260,000	4,010,000	454,084	99,148	57,317	-	179,735	164,650	25,000	121,032	15,000	8,619	5,134,585	268,901	119,760	50,000	523,799	317,746	6,414,791
Makirikiri	4,500	-	4,500	3,856	798	90	-	991	-	-	-	-	-	10,235	5,099	73	500	2,705	3,304	21,916
Mangatainoka	406,000	110,000	516,000	112,540	6,950	1,927	-	16,314	11,041	10,000	-	-	1,732	676,504	76,694	36,896	30,000	-	-	820,094
Matarawa Valley	22,000	2,000	24,000	12,376	1,323	356	-	1,534	-	-	-	-	-	39,589	7,770	601	1,300	10,490	10,695	70,445
Ohau-Manakau	105,000	220,000	325,000	51,380	5,253	1,048	-	12,853	2,903	4,320	-	-	1,720	404,477	577	16,133	-	33,691	10,853	465,731
LMS Makino	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,618	-130,436	-14,818

Scheme	Work Costs			Management Costs											Deprn.	Emerg. Reserve Interest	Emerg. Reserve Contrib.	Loan Repay – Interest	Loan Repay – Principal	Total Costs of Services
	Repairs & mainten.	Capital	Total Work Costs	Engineer Mgmt	AMP	Admin	Valuation	Asset Insur. etc.	Hydrol	Scheme Review /Classif.	Survey /Design	Lease Mgmt	Legal etc	Total Mgmt Costs						
Pakihī Valley	1,840	-	1,840	948	370	3	-	297	-	25,000	-	-	-	28,458	-	-	-	364	314	29,136
Pohangina-Oroua	200,000	-	200,000	100,752	5,778	900	-	7,941	3,652	-	-	-	-	319,023	69,169	-22,027	35,000	66,349	67,641	535,155
Poh-Goulter's Gully	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,996	-	-	-	79,996
Porewa Valley	16,500	-	16,500	9,984	3,801	289	-	3,646	-	8,480	-	-	3,000	45,700	4,461	2,059	1,000	-	-	53,220
Rangitikei River	370,000	375,000	745,000	127,652	37,846	5,570	-	59,262	8,866	51,280	-	2,500	3,000	1,040,976	238,293	44,504	50,000	112,685	74,997	1,561,455
SE Ruahines	150,550	50,000	200,550	125,560	9,909	4,223	-	10,170	-	-	-	-	1,732	352,144	44,815	19,020	30,000	33,698	63,226	542,9003
Tawataia-Man	5,200	-	5,200	2,800	209	23	-	186	-	8,000	-	-	1,120	17,538	-	-	300	-	-	17,838
Tutaenui	22,000	-	22,000	16,464	902	2,161	-	890	12,012	-	-	-	3,500	57,929	536	584	2,000	7,295	7,437	75,781
Upper Manawatu	117,970	55,000	172,970	50,440	6,832	4,966	-	13,460	6,914	-	-	-	-	255,582	11,047	17,257	20,000	12,752	5,583	322,221
Upper Whanganui	17,500	200,260	217,760	37,480	2,746	4,109	-	6,323	-	-	-	-	-	268,418	9,353	10,117	15,000	23,474	-	326,362
Whangaehu/Mangawhero	20,400	165,000	185,400	38,860	-	2,002	-	-	-	-	-	-	-	226,262	-	-	-	26,650	14,959	267,871
L Whanganui	75,000	1,821,621	1,896,621	44,280	-	19,483	-	-	10,555	-	-	-	7,500	1,978,439	-	437	-	195,046	100,634	2,274,556
DRAINAGE SCHEMES																				
Ashhurst	4,124	55,000	59,124	9,642	48	1,118	-	38	-	-	5,310	-	-	75,280	-	-	-	8,006	11,488	94,774
Forest Rd Dr	4,000	-	4,000	3,296	278	13	-	253	-	6,984	-	-	-	14,824	745	-	-	-	-	15,569
Foxton East Dr	6,000	-	6,000	3,720	18	667	-	17	-	-	-	-	-	10,422	100	-	-	1,004	307	11,833
Haunui Dr	4,673	-	4,673	2,496	176	14	-	141	-	-	-	-	-	7,500	-	-	-	-	-	7,500
Himatangi Dr	15,000	-	15,000	3,004	167	238	-	134	-	-	-	-	-	18,543	-	-	200	-	-	18,743
Hokio Dr	23,000	35,000	58,000	4,308	74	100	-	90	-	-	-	-	-	62,572	-	-	10,000	1,561	2,251	76,384
Koputaroa Dr	134,000	6,000	140,000	41,960	4,418	1,198	-	4,202	-	14,280	-	-	-	206,058	62,022	3,182	-	55,696	17,012	343,970
Makerua Dr	273,000	35,000	308,000	77,070	4,700	416	-	4,121	-	14,280	-	-	-	408,587	65,269	8,855	-	56,860	57,716	597,287
Manawatu Dr	200,000	140,000	340,000	62,170	14,036	1,885	-	12,624	-	-	-	-	1,720	432,435	6,077	10,114	10,000	60,618	23,400	532,644
Moutoa Dr	145,000	365,000	510,000	51,030	3,322	190	-	2,745	-	-	-	-	-	567,287	52,650	8,524	-	61,586	42,438	732,485
Te Kawau Dr	110,000	10,000	120,000	42,500	2,799	1,115	-	2,491	-	-	-	-	-	168,905	14,592	15,807	-	2,443	668	202,415
Whirokino Dr	10,000	-	10,000	3,538	259	95	-	238	-	-	-	-	-	14,130	129	1,193	-	6,466	1,975	23,893
Total	3,393,207	9,008,918	12,402,125	1,559,670	213,578	115,000	0	342,719	220,593	167,624	217,995	17,500	37,953	15,294,757	974,512	381,269	260,300	1,911,472	718,819	19,541,129

All figures are exclusive of GST unless otherwise stated

Statement of Accounting Policies to 30 June 2019

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 (an Exempt Council Controlled Organisation), and its associate CentrePort Limited. Its 23.08% equity share of its associate is equity accounted.

The prospective financial statements presented are those of the "parent entity", HRC, only, and are for the ten years ended 30 June 2019. These statements have been prepared at the "parent entity" level only, as group financials are not considered appropriate, because the group information is not readily available. Also, group financials have no impact on the Funding Impact Statement (FIS).

The prospective financial statements of the "parent entity" HRC comprise the following groups of activities of HRC: Catchment Management, Environmental Protection, Regional Leadership and Governance, Transport 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 (NZIFRS).

The prospective financial statements presented are those of HRC, and are for the years ended 30 June 2010-19. The Community Plan 2009-19, including the prospective financial statements, was authorised for distribution by Council on 25 March 2009, and was adopted by Council on 7 July 2009.

Basis of preparation

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

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

Changes in Accounting Policies

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

New Standards, Amendments and Interpretations Adopted:

The prospective financial statements for the years ended 30 June 2009-19 include the impact (if applicable and material), of the adoption of the following standards:

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)*, which replaced NZ IAS 1 *Presentation of Financial Statements (issued 2004)*, and is effective for reporting periods beginning on or after 1 January 2009. This revised standard includes, *inter alia*, options for the presentation of income and expense, including a statement of comprehensive income. HRC adopted this standard for the year ending 30 June 2010, and, accordingly, the prospective financial statements include an activity based "Statement of Prospective Financial Performance to 30 June 2019" and an income/expense grouped "Prospective Statement of Comprehensive Income to 30 June 2019".
- 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. HRC adopted this standard for the year ended 30 June 2009.
- 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. HRC has yet to adopt this standard, pending the outcomes of the Financial Reporting Standards Board (FRSB) review of its application to Public Benefit Entities (PBEs).
- 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. These revised standards require changes in the manner acquisitions and business combinations are reported in the financial statements. HRC adopted these standards for the year ended 30 June 2010, which 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 included elsewhere in these Notes to the Prospective 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 cost, adjusted when applicable for any loss of service potential. 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 Prospective 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:

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.

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 2009, 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. Consequent upon the adoption of NZ IAS 23 *Borrowing Costs (revised 2007)* for the year ending 20 June 2010, (see reference under **Changes in Accounting Policies**), all borrowing costs are capitalised if they are material, and are directly attributable to the acquisition, construction, or production of a qualifying asset.

- i. From 1 July 2008 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 2008 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. Revaluation of infrastructural assets occurs every three years.

Depreciation and Amortisation

Fixed assets as listed below are depreciated on a 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 and Electronics	5-12 years
Intangible Assets (incl. Computer Software)	4-15 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 sluice gate structure	100 years
Major floodgate structures	70 years
Floodgate culverts (over 1.2 metres)	70 years
Pumpstation structures	70 years
Pumpstation pumps	50 years
Pumpstations 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 revaluations 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 offsets 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 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 asset's ability to generate net cash flows and where the entity would, if deprived of the asset, replace its 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 prospective 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.

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

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 prospective 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, the useful lives of HRC's infrastructural assets 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 Community Plan identifies the long-term expenditure needs in relation to these Asset Management Plans, and sets out the sources and level of funding necessary to achieve these.

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

Summary Funding Impact Statement to 30 June 2019

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

Funding From Rates	Rate Name	Rate Mechanism	Annual Plan	Community Plan									
			2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Common Rates													
General Rate		Capital Value (Equalised)	10,225	10,735	11,333	12,372	12,938	13,264	13,670	14,063	14,398	14,735	14,831
Uniform Annual General Charge		Per Separately Used or Inhabited Part of a Property (SUIP)	3,951	3,156	3,336	3,328	3,149	3,391	3,572	3,326	3,682	3,794	3,522
Sustainable Land Use Initiative (SLUI) UAC		SUIP	1,855	2,592	3,166	3,480	3,962	4,022	4,091	4,154	4,222	4,292	4,356
Environmental Initiatives UAC		SUIP	1,014	1,794	1,745	1,790	1,812	1,866	1,899	1,943	1,995	2,042	2,097
Targeted Rate Transport Planning etc.		Capital Value (Equalised)	288	150	135	119	120	115	105	101	95	82	114
Individual Rates													
Production Pest Animal Management		Per Hectare > 4 ha	913	782	892	903	1,075	1,149	1,225	1,302	1,385	1,473	1,528
AHB Tb Vector Funding				160									
Production Pest Rook Management		Per Hectare > 4 ha	227	164	167	172	202	206	211	215	220	225	230
Rangitikei OMB Eradication		Capital Value 4 ha and over	85	60	60	60	60	60	60	60	60	60	60
Rangitikei OMB Eradication		Capital Value under 4 ha		26	26	26	26	26	26	26	26	26	26
River and Drainage Scheme		Capital Value (Equalised) and Per Hectare	7,498	7,509	8,031	8,631	8,860	9,158	9,126	9,228	9,210	9,215	8,701
River and Drainage Scheme		SUIP	122	487	534	576	591	611	611	618	618	620	590
Regional Park		SUIP	229	231	240	246	252	258	263	269	276	282	289
Production Pest Plant Management		Per Hectare > 4 ha	244	79	80	83	78	81	83	85	87	90	92
Production Pest Plant Management		Uniform Annual Charge < 4 ha	41	13	13	14	13	13	14	14	15	15	15
Targeted Rate Transport Passenger Services		Capital Value	1,356	1,836	1,884	1,967	1,982	2,022	2,028	2,111	2,157	2,169	2,286
Total Funding From Rates			28,048	29,774	31,642	33,767	35,120	36,242	36,984	37,515	38,446	39,120	38,737
UAC Total (for 30% Cap)			7,212	8,273	9,034	9,434	9,779	10,161	10,450	10,324	10,808	11,045	10,869
UAC Percentage compared to 30% Cap ^{*1}			25.71%	27.79%	28.55%	27.94%	27.84%	28.04%	28.26%	27.52%	28.11%	28.23%	28.06%
Funding From Other Sources													
Fees, User Charges and Other Revenue			5,238	5,975	6,131	6,163	6,351	6,414	6,562	6,715	6,893	7,079	7,255
Government Support			4,682	6,052	6,765	7,365	7,777	7,939	8,155	8,295	8,484	8,731	8,831
Dividends and Interest			1,971	1,880	1,862	1,974	1,998	2,021	2,048	2,083	2,122	2,165	2,211
Net Loan Inflow (Outflow)			7,094	5,250	3,634	3,072	1,661	1,620	334	297	690	977	-1,892
Reserves (including Depreciation Reserves)			2,925	4,753	3,816	2,951	2,857	2,044	1,352	1,605	1,215	1,051	1,237
Total Funding From Other Sources			21,910	23,910	22,208	21,525	20,644	20,038	18,451	18,995	19,404	20,003	17,642
TOTAL FUNDING FROM ALL SOURCES			49,958	53,684	53,850	55,292	55,764	56,280	55,435	56,510	57,850	59,123	56,379

*1 Section 21 of the Local Government (Rating) Act 2002 limits the amount of rates that can be charged on a per property (Uniform Annual Charge) basis to 30% of total rates.

Annual Funding Impact Statement for the year ending 30 June 2010

Notes:

1. All rates in this Funding Impact Statement are inclusive of GST.
2. The final date for payment for all rates is 25 September 2009. Except where prior arrangements are made, penalties for late payment will be applied at the maximum rates allowable, being 10% on 2 October 2009 and 10% on all accumulated rate arrears on 15 July 2009 and 18 January 2010.
3. Definition of Separately Used or Inhabited Dwelling Part of a Rating Unit. Under Schedule 10, Part 1, Section 10 1 d (iii) (B) of the Local Government Act we are now required to state our definition of a Separately Used or Inhabited Dwelling Part of a Rating Unit:

"A separately used or inhabited dwelling part of a rating unit is only recognised as such if there is an individual property title for that part of the rating unit."

Equalised Capital Value

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

General Rate Differentiation Across Constituent Districts

ECV \$ at 1/9/07	General Rate Yield (including UAGC) 2008-09	District/City	ECV \$ at 1/9/08	General Rate Yield 2009-10	UAGC Yield 2009-10	Total Yield 2009-10
5,849,740,691	2,161,273	Horowhenua DC	5,968,794,410	1,583,072	554,914	2,137,987
7,892,558,900	2,541,561	Manawatu DC	8,109,101,330	2,138,297	450,160	2,588,457
12,122,623,690	4,316,363	Palmerston North CC	11,292,544,443	2,960,360	1,017,246	3,977,606
4,258,363,161	1,410,435	Rangitikei DC	4,256,396,600	1,128,908	266,492	1,395,400
4,229,969,810	1,420,346	Ruapehu DC	4,212,519,400	1,114,263	284,716	1,398,979
4,869,911,081	1,625,458	Tararua DC	5,287,401,450	1,402,231	316,132	1,718,363
6,239,974,450	2,423,371	Wanganui DC	6,333,095,395	1,679,829	684,590	2,364,419
75,285,800	26,894	Part Stratford DC	67,477,200	17,895	6,324	24,219
1,889,000	564	Part Taupo DC	1,889,000	501	68	569
77,056,545	20,413	Part Waitomo DC	80,204,050	21,273	680	21,953
45,617,373,128	15,946,678		45,609,423,278	12,046,629	3,581,322	15,627,951

Notes: Equalised Capital Value and Capital Value based on 2008-09 equalisation certificate.

Each year, because of the equalisation process, different areas of the Region will show different increases or decreases. However, these variations tend to smooth out when considered over the longer term.

Uniform Annual General Charge (UAGC)

District/City	Class	Number of Rating Units	2009-10 \$34 (GST Inclusive)	
			UAGC Dollars per Property 2009-10	Revenue Sought 2009-10
Horowhenua DC	UAGC	16,321	34.00	554,914
Manawatu DC	UAGC	13,240	34.00	450,160
Palmerston North CC	UAGC	29,919	34.00	1,017,246
Rangitikei DC	UAGC	7,838	34.00	266,492
Ruapehu DC	UAGC	8,374	34.00	284,716
Tararua DC	UAGC	9,298	34.00	316,132
Wanganui DC	UAGC	20,135	34.00	684,590
Part Stratford DC	UAGC	186	34.00	6,324
Part Taupo DC	UAGC	2	34.00	68
Part Waitomo DC	UAGC	20	34.00	680
Total Uniform Annual General Charge		105,333		3,581,322

General Rate (EQCV)

District/City	Class	Rate	Rate	Revenue Sought 2009-10
		Defence Properties \$ per \$ of Capital Value 2009-10	All Other Properties \$ per \$ of Capital Value 2009-10	
Horowhenua DC	01N		0.0002660	1,583,072
Manawatu DC	02N	0.0000670	0.0002689	2,138,297
Palmerston North CC	03N	0.0000470	0.0002658	2,960,360
Rangitikei DC	04N		0.0002659	1,128,908
Ruapehu DC	05N	0.0000400	0.0002668	1,114,263
Tararua DC	06N		0.0002653	1,402,231
Wanganui DC	07N	0.0002650	0.0002675	1,679,829
Part Stratford DC	08N		0.0002652	17,895
Part Taupo DC	09N		0.0002652	501
Part Waitomo DC	10N		0.0003094	21,273
Total General Rate				12,046,629

Targeted Rate: Regional Transport Planning and Road Safety (EQCV)

	Class	Rate All Other Properties \$ per \$ of Capital Value 2009-10	Revenue Sought 2009-10
Horowhenua DC	01T	0.0000064	38,089
Manawatu DC	02T	0.0000064	51,196
Palmerston North CC	03T	0.0000063	70,990
Rangitikei DC	04T	0.0000064	27,172
Ruapehu DC	05T	0.0000064	26,799
Taranua DC	06T	0.0000064	33,827
Wanganui DC	07T	0.0000065	40,818
Part Stratford DC	08T	0.0000064	432
Part Taupo DC	09T	0.0000064	12
Part Waitomo DC	10T	0.0000075	516
Total Regional Transport Planning and Road Safety Rate			289,851

Targeted Rate: Transport Passenger Services (including Total Mobility)

	Class	Rate All Urban Properties \$ per \$ of Capital Value 2009-10	Revenue Sought 2009-10
Horowhenua DC	01U	0.0000473	117,452
Manawatu DC	02U	0.0000631	122,256
Palmerston North CC	03U	0.0001288	1,287,570
Rangitikei DC	04U	0.0000284	24,166
Ruapehu DC	05U	0.0000236	26,353
Taranua DC	06U	0.0000250	10,306
Wanganui DC	07U	0.0000815	361,723
Total Transport Passenger Services (including Total Mobility) Rate			1,949,826

Targeted Rate: Sustainable Land Use Initiative

Property Type	Class	Number of Rating Units	Rate Uniform Annual Charge \$ per Property 2009-10	Revenue Sought 2009-10
Separate Properties – Region-wide	SLUI	105,333	27.83	2,931,417
Total Sustainable Land Use Initiative Rate		105,333		<u>2,931,417</u>

Targeted Rate: Environmental Initiatives

Property Type	Class	Number of Rating Units	Rate Uniform Annual Charge \$ per Property 2009-10	Revenue Sought 2009-10
Separate Properties – Region-wide	ENVI	105,333	19.26	2,028,712
Total Environmental Initiative Rate		105,333		<u>2,028,712</u>

Targeted Rate: Production Pest Animal Management

District/City	Class	Properties >4 ha \$ per Hectare 2009-10	Revenue Sought 2009-10
Properties greater than 4 ha	PPAM	0.546	881,093
Total Production Pest Animal Management Rate			<u>881,093</u>

Targeted Rate: AHB Tb Vector Funding

District/City	Class	Properties >4 ha \$ per Hectare 2009-10	Revenue Sought 2009-10
Properties greater than 4 ha	PPAM	0.111	180,001
Total AHB Tb Vector Funding Rate			<u>180,001</u>

Targeted Rate: Production Pest Rook Management

District/City	Class	Properties >4 ha \$ per Hectare 2009-10	Revenue Sought 2009-10
Properties greater than 4 ha	PPRM	0.114	184,540
Total Production Pest Rook Management Rate			<u>184,540</u>

Targeted Rate: Production Pest Plant Management

District/City	Class	Properties <4 ha Uniform Annual Charge \$ per Property 2009-10	Properties >4 ha \$ per Hectare 2009-10	Revenue Sought 2009-10
Properties greater than 4 ha	PPPM		0.055	89,256
Properties less than 4 ha	PPUA	0.16		14,743
Total Production Pest Plant Management Rate				<u>103,999</u>

Targeted Rate: Rangitikei Eradication 4 ha and over

Property Type	Class	Rate All Properties 4 ha and over 2009-10	Revenue Sought 2009-10
Rangitikei District	OMBE	34.83	67,501
Total Rangitikei Eradication Rate			<u>67,501</u>

Targeted Rate: Rangitikei Eradication under 4 ha

Property Type	Class	Rate All Properties under 4 ha 2009-10	Revenue Sought 2009-10
Rangitikei District	OMBE	4.77	28,129
Total Rangitikei Eradication Rate			<u>28,129</u>

All figures are exclusive of GST unless otherwise stated

Targeted Rate: Regional Park

Property Type	Class	Number of Rating Units	Rate Uniform Annual Charge \$ per Property 2009-10	Revenue Sought 2009-10
Manawatu District	PARK	13,240	6.02	79,705
Palmerston North City	PARK	29,919	6.02	180,112
Total Regional Park Rate		<u>43,159</u>		<u>259,817</u>

Targeted Rate: River and Drainage Schemes

Rates 2009-10

River and Drainage Schemes	Class/Diff	\$ per Hectare (GST Incl)	\$ per \$ C.V. (GST Incl)	Revenue Sought 2009-10 (GST Incl)	River and Drainage Schemes	Class/Diff	\$ per Hectare (GST Incl)	\$ per \$ C.V. (GST Incl)	Revenue Sought 2009-10 (GST Incl)
RIVER SCHEMES									
Akitio	RC	24.028		14,849		F4		0.0005807	201,607
	DB	(lump sum)				F5		0.0001452	85,283
		12,993.750		12,993		FB	0.0000881		29,839
	CN	0.166		9,270		FG	0.0000916		151,882
				<u>37,112</u>		HF	464.20 (UAC)		355,581
Eastern Manawatu	EL	18.454		22,571		IC	9.34 (UAC)		465,839
	EU	12.301		8,143		IE	4.67 (UAC)		13,862
	IN	10.025		7,087		IF	3.08 (UAC)		21,029
						IS	4.67 (UAC)		52,027
	CN	0.107		9,450		IW	3.08 (UAC)		1,550
				<u>47,251</u>		PN		0.0000726	692,931
Ihuraua Stream	A	9.271		641		R1	46.592		185,515
	B	6.490		1,447		R2	9.318		1,677
	C	2.782		264		SA		0.0012258	5,260
	D	0.928		14		SB		0.0010815	51,664
	E	0.371		218		SC		0.0007210	6,392
	F	0.093		452		SD		0.0003605	23,043
					<u>3,036</u>				<u>3,082,946</u>
Lower Kiwitea Stream	CK	161.394		22,881	Lower Manawatu Special Project (On specified PN Scheme area)	SP		0.0001004	955,036
	MK	253.491		76,053					<u>955,036</u>
	CN	1.067		25,355	Lower Manawatu Interim Funding (HDC) (superceded)	AF		0.0000000	0
				<u>124,289</u>	(MDC)	BF		0.0000000	0
Lower Manawatu These are the new rates for the scheme, as adopted by Council on 7 July 2009.	CE	0.360		96,895	(PNCC)	CF		0.0000000	0
	CL	1.229		175,618	Lower Manawatu Makino Project (superceded)	H1		0.0000000	0
	CW	0.615		49,764					<u>0</u>
	DR	74.676		13,620	Makirikiri	A	54.233		1,328
	F1		0.0014518	240,215		B	37.963		4,062
	F2		0.0011615	115,302					
	F3		0.0008711	45,959					

All figures are exclusive of GST unless otherwise stated

River and Drainage Schemes	Class/Diff	\$ per Hectare (GST Incl)	\$ per \$ C.V. (GST Incl)	Revenue Sought 2009-10 (GST Incl)	River and Drainage Schemes	Class/Diff	\$ per Hectare (GST Incl)	\$ per \$ C.V. (GST Incl)	Revenue Sought 2009-10 (GST Incl)
Pakihi Valley	A	34.362		3,407		F1	91.453		136,707
				3,407		F2	54.872		42,895
						F3	17.067		722
Pohangina-Oroua	DR	230.912		5,625		F4	28.417		5,917
	EZ	0.301		31		F5	48.420		10,660
	IA	132.357		7,785		F6	29.052		1,549
	IN	1.814		100,190		GF	237.08 (UAC)		12,091
	O1	100.796		40,149		GT	106.66 (UAC)		23,677
	O2	51.334		35,755		IN	0.398		14,773
	O3	80.637		449		RF		0.0024777	3,035
	O4	41.068		6,571		RH		0.0013600	3,740
	P1	133.487		42,630		RO		0.0000440	2,191
	P2	80.093		50,786		UF		0.0014506	12,091
	P3	13.434		1,731		UL		0.0000375	23,622
	P4	106.790		19,302		UT		0.0007188	23,677
	P5	64.074		2,474		UU		0.0000347	4,744
	P6	10.747		644		DR	184.186		16,186
				314,122					559,686
Porewa Valley	A		0.0039280	7,707	South-East Ruahine	CN	1.341		64,611
	B		0.0022790	7,124		DR	47.821		15,750
	C		0.0011000	9,500		IN	0.944		58,966
	D		0.0001970	1,849		M1	34.842		40,823
	E		0.0001180	1,033		M2	61.577		38,152
	F		0.0000400	4,992		M3	66.335		7,245
	U1		0.0003150	3,821		M4	68.475		29,947
	U2		0.0000790	454		M5	11.426		20,564
				36,480		RZ	0.019		4
						SZ	0.012		4
Rangitikei River	CD	0.241		5,679		W1	7.131		3,766
	CN	0.482		77,104		W2	14.944		11,216
	CU	0.241		6,135		W3	10.241		87,342
	E1	45.809		27,384	(Woodville only)	WO[U2]		0.0001790	22,117
	E2	18.324		14,863	(Dannevirke only)	DK[U1]		0.0001150	51,524
	E3	54.383		48,505					452,030
	E4	36.262		41,739					

All figures are exclusive of GST unless otherwise stated

River and Drainage Schemes	Class/Diff	\$ per Hectare (GST incl)	\$ per \$ C.V. (GST incl)	Revenue Sought 2009-10 (GST incl)	River and Drainage Schemes	Class/Diff	\$ per Hectare (GST incl)	\$ per \$ C.V. (GST incl)	Revenue Sought 2009-10 (GST incl)
Tawataia-Mangaone	B	23.636		2,150	Whangaehu-Mangawhero	IN	21.97		11,049
	C	7.879		5,168		CN	0.342		38,669
	D	3.940		91		UM	143.756		11,975
				<u>7,409</u>		UW	37.528		24,088
Tutaenui	TW	28.903		8,094		MW	16.014		20,856
	TL	13.687		5,906		LW	4.569		<u>3,854</u>
	IN	0.515		6,325					110,491
	CN	0.580		6,453	Lower Whanganui River (New)	W1		0.0001424	13,807
(Marton)	TM		0.0000785	30,441		W2		0.0000712	287,881
(Bulls)	TB		0.0000796	9,802		N1		0.0000240	99,307
				<u>67,021</u>		N2	UAC 14.46		49,005
									<u>450,000</u>
Upper Manawatu	U1	126.896		67,768					
	U2	92.646		9,506					
	U3	85.095		9,855					
	U4	62.772		6,652					
	M1	155.703		40,094					
	M2	184.694		5,402					
	EZ	0.107		15					
	IN	1.062		25,622					
	CN	0.285		76,868					
	D1	10.039		1,238					
	D2	7.888		1,688					
	D3	4.715		1,125					
	D4	14.662		1,238					
				<u>247,071</u>					
Upper Whanganui	IN		0.0000267	61,685					
	U1		0.0003997	27,531					
	U2		0.0001599	44,837					
	R1		0.0022641	306					
	R2		0.0011321	1,343					
	R3		0.0019549	2,270					
	R4		0.0009775	1,699					
				<u>139,645</u>					

River and Drainage Schemes	Class/Diff	\$ per Hectare (GST incl)	\$ per \$ C.V. (GST incl)	Revenue Sought 2009-10 (GST incl)
DRAINAGE SCHEMES				
Ashhurst	AN	UAC 14.60	.	16,128
	AC		0.0000656	16,128
	AL	84.855		819
	AU	22.572		499
				<u>33,574</u>
Forest Road	A	16.200		630
	B	12.150		2,148
	C	8.100		1,327
	D	4.050		1,875
	E	2.106		151
	F	1.134		114
				<u>6,245</u>
Foxton East	AC	UAC 77.00		1,001
	D1	35.879		1,284
	D2	17.939		653
	D3	12.791		151
	D4	7.841		342
	D5	35.879		60
(Foxton Township only)	U1		0.0000304	6,487
				<u>9,978</u>
Haunui	A		0.0001908	6,749
				<u>6,749</u>
Himatangi	A	8.905		4,357
	B	6.233		2,429
	C	3.117		1,969
	D	1.603		1,790
	E	0.624		829
	F	0.446		173
				<u>11,547</u>

River and Drainage Schemes	Class/Diff	\$ per Hectare (GST incl)	\$ per \$ C.V. (GST incl)	Revenue Sought 2009-10 (GST incl)
Hokio	AC	UAC 28.87		5,572
These are the new rates for the scheme, as adopted by Council on 7 July 2009.	DA	15.137		1,529
	DH	10.205		568
	DL	2.257		87
	DM	7.952		1,393
	DP	21.007		557
	DS	8.677		5,364
	IN	1.266		5,533
	UH		0.0000170	511
	UL		0.0000040	6,556
				<u>27,669</u>
Koputaroa	A1	18.200		3,249
	A2	9.100		1,940
	C1	37.366		1,116
	C2	24.661		3,147
	C3	12.331		1,374
	C4	39.540		3,908
	C5	26.097		2,791
	D1	24.321		11,787
	D2	12.161		892
	D3	25.435		3,740
	D4	12.717		943
	D5	15.468		5,433
	D6	7.734		887
D7	38.882		6,431	
D8	19.441		4,863	
F1	13.591		10,802	
F2	8.154		5,838	
F3	4.077		429	
F4	1.359		358	
F5	20.647		2,676	
F6	8.259		1,926	
I1	6.370		8,151	
I2	7.427		2,248	
I3	5.073		3,395	

All figures are exclusive of GST unless otherwise stated

River and Drainage Schemes	Class/Diff	\$ per Hectare (GST incl)	\$ per \$ C.V. (GST incl)	Revenue Sought 2009-10 (GST incl)	River and Drainage Schemes	Class/Diff	\$ per Hectare (GST incl)	\$ per \$ C.V. (GST incl)	Revenue Sought 2009-10 (GST incl)
	I4	6.291		4,314		PK	72.312		23,783
	IA	0.604		1,088		PM	51.772		11,042
	IK	1.217		6,358		PO	21.272		73,047
	IN	1.829		18,172		R1	33.080		4,009
	K1	41.478		6,116		T1	30.107		6,485
	K2	20.739		1,891					420,233
	P1	264.037		29,031					
	P2	174.264		30,808	Manawatu	DU	46.53 per rating unit		55,135
	P3	139.362		6,684		CC	47.387		7,108
	P4	91.979		8,868		CL	48.565		1,512
	P5	119.116		3,558		CN	1.852		28,385
	P6	78.617		10,034		DR	9.412		161,992
	P7	39.308		4,381		F1	44.628		52,571
	P8	118.265		11,688		F2	22.314		10,839
	P9	78.055		8,348		F3	4.463		968
				239,662					318,510
Makerua	B1	22.334		7,253	Moutoa	C1	104.744		13,004
	B2	8.933		1,171		C2	83.795		1,752
	C1	31.869		3,058		C3	31.423		171
	C2	12.748		1,832		D1	40.510		46,072
	CB	45.785		5,585		D2	22.789		16,228
	CK	34.431		11,324		D3	9.115		12,541
	CM	45.522		9,709		D4	13.737		13,923
	CO	22.278		76,501		D5	5.495		711
	G1	3.118		443		IN	5.631		25,318
	IN	4.125		31,712		P1	73.549		15,167
	K1	30.834		10,211		P2	58.839		49,246
	K2	12.334		12		P3	22.065		9,085
	L1	22.033		4,110		P4	58.273		35,005
	L2	8.813		3,011		P5	46.618		17,588
	M1	17.455		3,808		P6	17.482		1,765
	M2	6.982		898		PC	5.846		10,532
	O1	31.108		116,815					268,106
	O2	12.443		5,080					
	PB	76.604		9,344					

River and Drainage Schemes	Class/Diff	\$ per Hectare (GST Incl)	\$ per \$ C.V. (GST Incl)	Revenue Sought 2009-10 (GST Incl)	Total Rates Summary	Including GST	Excluding GST
Te Kawau	AC	43.00 per rating unit		22,917	Uniform Annual General Charge (UAGC)	3,581,322	3,183,397
	C1	6.739		556	General Rate	12,046,629	10,708,115
	C2	0.262		222	Regional Transport Planning and Road Safety	289,851	257,645
	CF	0.442		5,906	Transport Passenger Services	1,949,826	1,733,178
	CR	1.562		1,112	Sustainable Land Use Initiatives	2,931,417	2,605,704
	CU	21.698		909	Environmental Initiatives	2,028,712	1,803,300
	DA	1.238		1,708	Rangitikei Eradication 4 ha and over	67,501	60,001
	DO	3.361		13,782	Rangitikei Eradication under 4 ha	28,129	25,004
	DR	5.861		1,808	Production Pest Animal Management	881,093	783,194
	DS	6.966		51,454	AHB Tb Vector Funding	180,001	160,001
	FK	4.948		1,023	Production Pest Rook Management	184,540	164,036
	FM	11.463		12,491	Production Pest Plant Management	103,999	92,444
	P1	23.159		938	Regional Park	259,817	230,948
	P2	5.790		63	River Schemes	8,994,384	7,995,008
	PR	7.343		2,446	Factor Rounding		
					117,335		33,527,221
Whirokino	D1	27.003		3,005			
	D2	17.822		2,798			
	D3	2.700		10			
	D4	52.374		2,349			
	D5	20.950		558			
	F1	18.347		1,644			
	F2	11.008		45			
	F3	1.835		492			
	IN	1.961		908			
	P1	153.629		4,489			
P2	61.452		960				
P3	15.363		909				
				18,167			
Total Scheme Rates							
			Including GST	8,994,384			
			Excluding GST	7,995,008			

All figures are exclusive of GST unless otherwise stated

Annual Administrative Charges

Pursuant to Section 36 of the Resource Management Act 1991

A. Overview

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

The charges outlined here are for the period 1 July 2009-30 June 2010. They are for:

- Processing of resource consent applications (Section A);
- Compliance monitoring of resource consents (Section B);
- Research and monitoring (Section C);
- Undertaking generic administrative functions (Section D); and
- Financial contributions (Section E).

The charges are based on cost recoveries specified in this Annual Plan/Amendment. Projected recoveries for 2009-10 are \$711,962 for consents processing, \$599,179 for all compliance monitoring charges and \$862,959 for contributions from resource users to research and science programmes.

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

Public and private good

In its Funding Policy, the Council has identified the public and private good components of the various services that it provides. In broad terms, Council has determined that: 100% of the costs of processing resource consents that do not require a hearing are a private benefit, except for community applications, and 70% of the cost of conducting initial compliance inspections are a private benefit. Where, however, repeat compliance inspections are required because of poor performance, Council has determined the consent holder should pay 100% of the costs of those inspections. This is because the need to carry out further inspections is due solely to the actions of the consent holder.

Matching costs to benefits

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

In setting its charges in the Community Plan or Annual Plan/Amendment, the Council also considers two further principles:

Consistency

Council has long believed that charges should not vary greatly between years. This enables resource users to plan for charges made. Generally, charges are at a similar level to previous years, allowing for inflation.

Equity

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

B. Resource consent charges (incl. dam consents) and project information memoranda (PIM)

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

- a. Council's policy is to recover from applicants 100% of the costs of receiving, processing, and granting resource consent applications and their subsequent administration. It should be noted that some community-based applications (excluding TLAs) will not be charged with the full cost of processing their consents. Hearing costs have a 80-100% recovery rate;

- b. The Resource Management Act does not allow for charging of submitters to resource consent applications;
- c. Details of deposits and the charges applied for receiving, processing and granting of resource consents and the annual administration charge are presented in the schedule below; and
- d. The Council provides information free of charge on how to apply for resource consents. Note also that the Council provides free advice to district councils on land use consent applications.

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

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

All figures are GST exclusive.

Charges payable by applicants for resource consents, for the carrying out by the local authority of its functions in relation to the receiving, processing and granting of resource consents (including certificates of compliance and existing use certificates). Section 36(1)(b).		
ACTIVITY TYPE	FIXED MINIMUM CHARGE	DEPOSIT
Minor non-notified consent/permit: Discharge to land (excludes where there is more than one effluent type); Discharge to air (excludes odour); Take, use, dam or divert water (where in accord with water allocation limits); Land use (excludes gravel extraction); Coastal permits (excludes marine farms).	\$700	\$700
Other non-notified consent/permit: Other discharge to land; Other discharge to air; Discharge to water;	\$1,000	\$1,000

Other takes, uses, dams or diversions of water; Other coastal permits.		
Dam Project Information Memoranda (PIM): Large Value Dam (above \$100,000) Medium Value Dam (\$20,000 to \$99,999) Small Value Dam (\$0 to \$19,999)	\$1,000 \$750 \$500	\$1,000 \$750 \$500
Notified consent/permit (limited or full notification) (excluding hearing)	\$20,000	\$3,000
Certificates of compliance	\$700	\$700
Existing use certificates	\$700	\$700
Hearings for resource consent where:		
Heard by Council including drafting decision	\$700 per day per member of the hearing panel	
Heard by Commissioners	\$1,400 per day per Commissioner	

Charges payable by holders of resource consents, for the carrying out by the local authority of its functions in relation to the reviewing consent conditions, if:

1. the review is carried out at the request of the consent holder;
2. the review is carried out under Section 128(1)(a); or
3. the review is carried out under Section 128(1)(c) Section 36(1)(cb).

ACTIVITY TYPE	FIXED MINIMUM CHARGE	DEPOSIT
Review at the request of the consent holder	\$700	\$700
Review pursuant to Section 128(1)(a)	\$700	\$250
Review pursuant to Section 128(1)(c)	\$700	\$250

Charges for supply of documents payable by the person requesting the document. Section 36(1)(f).

ACTIVITY TYPE	FIXED MINIMUM CHARGE	DEPOSIT
Replacement copies of certificates, resource consents/permits.	\$10	\$10
Other documents.	\$1 per page	Total cost incurred

Notes:

1. In accordance with Section 36(3) of the Resource Management Act 1991, the Council reserves the right to recover its actual and reasonable costs for applications where costs exceed deposits*1. Such costs will be assessed on the following basis:
2. If the fixed charges are not sufficient to meet the Council's actual and reasonable costs then additional charges WILL be payable in accordance with the attached schedule of additional charges.
3. The Council will finally fix its fees including:
 - (i) charging the fixed charge or part thereof;
 - (ii) charging the fixed charge and additional charges under Section 36(3) having regard to the following criteria in Section 36(4) as set out below:

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

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

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

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

4. The deposits are required up front and no action will be taken in accordance with Section 36(7) until paid. That does not mean that the Council is required to complete the activity upon payment of the deposit. The costs incurred will be monitored and additional amounts up to the total of the fixed charge may be required. Then additional charges will also be required before completion of the task if the fixed charges are inadequate to cover the Council's actual and reasonable costs. Advice of up to one hour will be provided free of charge prior to making an application for a resource consent. Thereafter, customers will be informed that costs will be accrued and they will be invoiced for staff time whether a consent is lodged or not. It is expected that one hour will meet the needs of the majority of potential or actual applicants for a resource consent.

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

5. These charges shall come into effect on 1 July 2009 and remain in effect until 30 June 2010.
6. All charges are exclusive of GST.

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

SCHEDULE OF ADDITIONAL CHARGES

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

CONSULTANT CHARGES FOR ANY CONSENTS

WORK TYPE	RATE PER HOUR
Consultants' and solicitors' fees associated with all work types, including the processing of a consent or certificate (including specialist technical or legal advice or where a consent involves creating legal instruments).	At cost plus disbursements but not exceeding \$250 per hour.

CHARGES FOR HEARINGS

ITEM	CHARGE
Hearings for all applications and remittance fees, consultants' and solicitors' fees associated with all work types, including the processing of a consent or certificate (including specialist technical or legal advice or where a consent involves creating legal instruments).	At cost of officer's time per hour as per rates listed below. At cost, plus disbursements but not exceeding \$250 per hour.
Production of Order Papers	At cost plus disbursements
Advertising costs	At cost plus disbursements

CHARGES FOR COUNCIL OFFICERS AND DECISION MAKERS

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

HOURLY RATES	RATE PER HOUR
Group Manager	\$160
Manager, Team Leaders	\$140
Team Leader Compliance	\$140
Senior Policy Planner, Scientist, Technician	\$140
Senior Consents Planner	\$130
Policy Planner Scientist, Technician	\$110
Compliance Officer	\$110
Consent Planner, Reporting Officer	\$110
Consents Administrator	\$90
Commissioner	At cost plus disbursements
Hearings Committee Chair and Members	At cost plus disbursements

OTHER CHARGES

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

C. Resource consent monitoring charges

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

Overview of charging policy

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

- a. Council's policy (as outlined in the Revenue and Financing Policy) is to recover from consent holders:
 - i. 70% of the costs of monitoring activities which comply with consent conditions¹¹; and
 - ii. 100% of the actual costs of monitoring activities which do not comply with consent conditions.

Schedule of Charges

ANNUAL FEE FOR INSPECTIONS FOR ALL MONITORED CONSENTS

Type of consent	Annual fee 2009-10
Water – Telemetered	\$73
Water – Individually Inspected	\$288
Land – Individually Inspected	\$288
Water Bundled (First)	\$288
Water Bundled (Subsequent)	\$73
Land Bundled (First)	\$288
Land Bundled (Subsequent)	\$73
Air Bundled (First)	\$288
Air Bundled (Subsequent)	\$73

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

PER INSPECTIONS FEE FOR NON-COMPLYING CONSENTS

Type of non-compliance* ³	Per Inspection Charge 2009-10
Administrative non-compliance	\$690
Significant non-compliance	\$1,380

*³ As decided by the compliance manager based on time and costs generated by the non-compliance.

Non-compliance guidelines**ADMINISTRATIVE NON-COMPLIANCE RESOURCE CONSENTS**

The following are examples of standard non-compliances. It should be noted that these examples are indicative only and not a complete list of standard non-compliances. Each non-compliance will need to be assessed in the context of the consent granted and compliance history of the consent.

Nutrient Budget/Management Plan

Not having a nutrient budget and/or management plan or not supplying one in accordance with Resource Consent conditions.

Non Provision of Sampling/Monitoring Results

Not providing sampling/monitoring results in accordance with Resource Consent conditions.

Non Provision of Gravel Returns

Not providing gravel take volumes in accordance with Resource Consent conditions.

Non Provision of Water Take Returns

Not providing water take volumes in accordance with Resource Consent conditions.

SIGNIFICANT NON-COMPLYING RESOURCE CONSENTS

The following are examples of significant non-compliances. It should be noted that these examples are indicative only and not a complete list of significant non-compliances. Each non-compliance will need to be assessed in the context of the consent granted and compliance history of the consent. These activities will have actual or potential effects on the environment.

Ponding of Agricultural Effluent

Ponding of effluent (including solids) on soil surface, unauthorised by resource consent. This is at the time of irrigation, or any effluent on the soil surface five hours after irrigation has occurred.

Discharge of Agricultural Effluent to Water

Any unauthorised discharge of agricultural effluent (including solids) either directly to water or to land in circumstances that may allow the effluent to enter water.

Greater Effluent Discharge Volume than Authorised (consented volumes)

A combination of increased discharge volumes from an increase in stock numbers, a poor compliance history and an inadequate effluent system is a significant non-compliance. The increase in volume is not authorised by resource consent conditions and there are actual effects or high risk of potential effects occurring as a consequence.

Dairyshed Stormwater Diversions

Stormwater diversions are required in resource consents granted since 31 May 2007. If adequate storage is not available and diversions not installed, significant non-compliance occurs.

Discharge of Effluent from Underpasses

Agricultural effluent from an underpass that is or has been discharging effluent to water.

Water Abstraction Exceedence

Abstraction from a water source – either a surface take or groundwater take – that is over volumes authorised by resource consent.

Continued Non Provision of Sampling Results / Gravel Returns / Water take Returns

Continued occurrence of consent holder not providing sampling results or gravel volumes or water take volumes in accordance with resource consent.

Re-inspection

Continuation of unauthorised discharge to water/land where it may enter water.

Discharge Standards

Breaching the discharge standards required in resource consent conditions.

Note: The cost of any additional survey, consultant or laboratory analysis on samples collected in relation to undertaking these inspections will be recovered from the resource consent holder.

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2009 and remain in effect until 30 June 2010.
3. In setting these charges the Council had regard to the criteria set out in Section 36 of the Resource Management Act 1991.
4. All charges are exclusive of GST.

D. Research and monitoring charges

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

Overview of charging policy

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

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

Schedule of Charges

CHARGES FOR SURFACE AND GROUNDWATER TAKES

KCE Mangahao Limited	Mangahao – \$18,700.
Genesis Power Limited	Tongariro Power Development. - \$37,300 Plus additional costs for specific projects as per the Schedule of Administrative Charges
NZ Energy Limited	\$22,100.
Other non-domestic power schemes	A charge of \$3,500 until separate charge negotiated.
Other holders of permits	A charge of \$30 plus \$0.38 per cubic metre authorised as a maximum daily take.

CHARGES FOR LAND USE CONSENTS

Holders of land use Consents to remove gravel	\$0.15 per cubic metre authorised to be taken.
---	--

WATER QUALITY CHARGES FOR DISCHARGE CONSENTS

Type and Quantity	2009-10 Annual Fee
Benign Discharges (irrespective of type or quantity)	\$0
Discharges to Land <50 m ³ per day	\$164
Discharges to Land 50 to 99.9 m ³ per day	\$327
Discharges to Land >100 m ³ per day	\$490
Discharges to Water <50 m ³ per day	\$523
Discharges to Water 50 to 99.9 m ³ per day	\$588
Discharges to Water >100 m ³ per day	\$654
Unspecified Volume Discharges (water or land)	\$654
Discharges to Landfill (irrespective of type or quantity)	\$654

Notes:

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2009 and remain in effect until 30 June 2010.

3. In setting these charges the Council has had regard to the criteria set out in Section 36 of the Resource Management Act 1991.
4. All charges are exclusive of GST.
5. Surface water takes and Groundwater take permits granted prior to 31 March each year shall be liable for one-twelfth the annual charge for each month or part thereof, except that a minimum charge of \$30 (excluding GST) shall apply. Permits granted after 31 March each year shall not incur a charge until the following financial year.

E. Other administrative charges

The following charges are made pursuant to Sections 36(1)(a), (c), (e) and (f) of the Resource Management Act 1991, and/or Section 13 of the Local Government Official Information and Meetings Act 1987 (LGOIMA), and are payable firstly by applicants for the preparation or change of a policy statement or plan; secondly by persons seeking information in respect of plans and resource consents; and finally by persons seeking the supply of documents.

Schedule of Charges

Application for the preparation of a plan.	A deposit of \$1,000 or the actual and reasonable costs of notification, whichever is the greater.	
Application to change a policy statement or plan.	A deposit of \$500 or the actual and reasonable costs of notification, whichever is the greater.	
Information for general education/public use and normal public enquiries.	No charge for first half hour or 20 A4 photocopies. Beyond that, actual and reasonable costs may be charged.	
Information for planning, technical, commercial purposes.	Actual and reasonable cost recovery.	
Photocopies	Black and White	Colour
A4 single sided	10c per page	60c per page
A4 double sided	20c per page	\$1.20 per page
A3 single sided	20c per page	80c per page
A3 double sided	40c per page	\$1.60 per page
A2 single sided	80c per page	Not available

Copying charges are GST inclusive and should be paid immediately by cash, eftpos or cheque. For large amounts, credit may be approved on application.

Supply of Council documents.	A set charge may be made for recovery of production costs.
Request for information from Council databases.	After first half hour, \$90 per hour.

Notes:

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

Group Manager	\$160
Manager, Team Leader Consents	\$140
Team Leader Compliance	\$140
Area Engineer	\$140
Senior Consents Planner	\$130
Senior Policy Planner or Scientist	\$140
Senior Compliance Officer	\$130
Consents Planner	\$110
Consents Administrator	\$90
Compliance Officer	\$110
Technical Officer	\$90
Technician	\$90
Clerk	\$65
2. These charges shall come into effect on 1 July 2009 and remain in effect until 30 June 2010.
3. In accordance with Section 13 of the Local Government Official Information and Meetings Act (LGOIMA), a deposit for part of a charge for Council information may be sought in advance of a request being actioned.
4. In making these charges the Council has had regard to the criteria set out in Section 36 of the Resource Management Act 1991, and the practice guides accompanying the LGOIMA.
5. All charges are exclusive of GST.

F. Financial Contributions

(Pursuant to Section 108 of the Resource Management Act 1991)

Overview

The Council's Regional Plan for Beds of Rivers and Lakes and Associated Activities (Section 22) provides for financial contributions "where the activity for which consent is granted will cause or contribute to adverse effects on flood protection or erosion control works". The purpose of the financial contribution is "to mitigate or offset the adverse effects of the activity by protecting, restoring or enhancing the river bed, bank and/or flood protection or erosion control works, including (without limitation) maintenance and planting of vegetation, sediment replenishment, flood protection works, and including a contribution to such measures elsewhere in the general locality".

Schedule of Charges

GRAVEL EXTRACTION – RANGITIKEI RIVER

Holders of Consents to Take	A financial contribution of \$2 (excluding GST) per cubic metre of gravel extracted is set to avoid, remedy or mitigate the adverse effects. This financial contribution is applicable to land use consents for gravel extraction in the Rangitikei River and its tributaries where there is a consent condition requiring a financial contribution to be made for this purpose. The amount payable is set for the period 1 July 2009-30 June 2010.
-----------------------------	---

Introducing the Policies

Overview

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

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

The Revenue and Financing Policy outlines for each activity the benefits and beneficiaries of the activity and an allocation of how the activity should be funded. **The Financial Contributions Policy** outlines the conditions under which we require financial contributions to be made in relation to regional plans and resource consents.

The Treasury Management section contains a Liability Management Policy that outlines our approach to borrowing and to credit exposure. The Investment Policy outlines exposure limits for our various financial investments, as well as outlining the rationale for our port company shareholdings and policies for management of these two large investments.

The Asset Management Policy explains how we manage the \$180 million of infrastructural assets of 33 River and Drainage Schemes. This includes estimated life cycles as well as maintenance philosophies.

The Partnerships Policy explains under what conditions we will develop partnerships with the private sector to further our objectives.

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

The Consultation Policy outlines how we intend to consult with the community in developing plans and making decisions. The Māori Engagement Policy deals with the same issues but in respect of Māori; it also deals with the legislative requirement to build Māori capacity to contribute to decision-making processes.

The majority of these policies remain unchanged from the 2006-16 Community Plan. The policies that contain changes are:

- The Revenue and Financing Policy
- Liability Management Policy
- Investment Policy

The changes made to these policies will be outlined in a section entitled Significant Changes to the Policy and their Effect within each Policy.

Rates Collection

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

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

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

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

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

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

Towards the end of August/early September you will receive your annual rates assessment and rates invoice in a combined document. All rates, including river and drainage scheme rates, for Horizons Regional Council, will be charged on an annual basis, with the due date for payment being the last Friday in September. There will be the ability to spread payments on a monthly or quarterly basis if required (preferably using direct debit arrangements). This will need to be prearranged with our Rates Team and will incur a small financing charge (being a flat charge of 2%). Note this fee was reduced from 3% to 2% from 2009 onwards to recognise lower interest rates and economic conditions.

Payments are also able to be made using a freepost envelope enclosed with the assessment/invoice or by using electronic banking mechanisms. Apart from direct debit arrangements, these are our preferred methods; however over the counter payments may

still be made at any branch of NZ Post, at Regional House in Palmerston North, Wanganui and at our Service Centres during specified hours.

To find out more

- log on to our website – www.horizons.govt.nz or
- contact our Rates Team on freephone 0508 700 800.

Policies on Remissions and Postponements

1. Rates Remission Policy

A. General

a. Application

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

b. Pre-existing remissions

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

c. Review of remissions

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

B. Remission of penalties

a. Objective

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

b. Conditions and criteria

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

Remission of the penalty will be granted if the ratepayer is able to provide evidence that his/her payment has gone astray in the post or the late payment has otherwise resulted from matters outside his/her control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so. Ratepayers wishing to claim this remission will need to make an application on the form prescribed by Horizons Regional Council.

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

Decisions on remission of penalties will be delegated to the Chief Financial Officer as set out in the Council's delegations resolution.

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

a. Objective of the Policy

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

b. Conditions and Criteria

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

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

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

Decisions on remission of uniform charges will be delegated to the Chief Financial Officer as set out in the Council's delegations resolution.

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

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

a. Objective of the Policy

The objective of this policy is to provide rating relief for community, sporting and non-profit organisations. Specific objectives are:

- To enable Council to treat community, sporting and other non-profit organisations of the Region in a consistent manner (by adjusting for anomalies caused by some sections of the Local Government (Rating) Act 2002); and
- To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities that meet the cultural and social wellbeing needs of the residents; and
- To assist the organisation's survival and to make membership of the organisation more accessible to the general public.

b. Conditions and criteria

Rating units that meet the criteria under this policy may qualify for a remission of the full amount of all rates due except for the UAGC charge.

The criteria are assessed as at 1 July for the new rating year. The Council may remit rates where the application meets the following criteria:

- The rating units on which remission is given must be owned or used, exclusively or principally, by a community, sporting, or non-profit organisation. (Where the land is not owned by the organisation, the benefit of the remission must still flow to the organisation).

- The policy will also apply to land which falls within Schedule 1, s(21) of the Local Government (Rating) Act 2002, being land which is used for "the free maintenance or relief of persons in need", but which exceeds the 1.5 ha restriction.
- The policy will also apply to the 50% rateable portion of land which falls within Schedule 1, Part 2 of the Local Government (Rating) Act 2002, (being land used for showgrounds, games, sports, or the arts, as defined by the Act).
- The policy will also apply to that part of land which falls within Schedule 1, Part 2 s2) of the Local Government (Rating) Act 2002 being land for games or sports and for which a club liquor licence is in force; however in some cases an adjustment may be made in the amount of the remissions for the area covered by the liquor licence.
- The policy will not apply to organisations operated for the private pecuniary profit of any individual member, or which charge commercial tuition fees.
- The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Ratepayers and/or organisations wishing to claim a remission will need to make a full application in the first year of application of this policy. Applicants will need to complete the form prescribed by Horizons, and will need to provide the following information in support of their application:

- statement of objectives of the organisation
- full financial accounts at the most recent balance date
- other information as may be requested

In subsequent years, Council will need to confirm continuing eligibility and recipients will need to inform Council of changed circumstances.

All remissions are at the discretion of the Council and will be assessed on a case-by-case basis. Decisions on remissions of regional and scheme rates for such organisations will be delegated to the Chief Financial Officer as set out in the Council's delegations resolution.

E. Remissions for storm-affected properties

a. Objective of the Policy

The objective of this policy is to provide rate relief for income-generating properties affected by the February 2004 storm event.

b. Conditions and criteria

Where Central Government has established a reimbursement scheme for rates remitted in respect of income-generating properties that have been adversely affected by the February 2004 storm event, Council will remit rates in total up to the amount provided by Central Government.

The Council will decide on the properties affected and the level of remission to be applied, but it will also consider applications made by ratepayers.

In determining the properties eligible for remissions and the amounts to be applied, Council will follow the generic policy and guidelines produced by the regional working group of officers (as adopted by Council on 27 July 2004).

Decisions on remissions of rates for affected properties will be delegated to the Chief Financial Officer as set out in the Council's delegations resolution.

2. Rates Postponement Policy

A. General

a. Application

This policy is prepared under Sections 102 and 110 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in Section 83 of the same Act.

b. Review of postponements

All postponements of rates will be reviewed on at least a six-monthly basis to ensure that the terms under which any postponement of rates was granted are being complied with. Notification of any change in the circumstances of a rating unit, eg. change of ownership, will also give rise to the review of any postponements applying to that rating unit at the time of notification of the change.

B. Extreme financial circumstances

a. Objective

The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

b. Conditions and criteria

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or the authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the region or in another region).

The ratepayer (or authorised agent) must make an application to Council on the form prescribed by Horizons Regional Council.

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Even if rates are postponed, as a general rule, the ratepayer will be required to pay the first \$250 of the rate account in any one year.

Where the Council decides to postpone some of the rates, the ratepayer must first make acceptable arrangements for payment of non-postponed rates, for example by setting up a system for regular payments.

Any postponed rates will become payable:

- on the death of the ratepayer(s) or
- when the ratepayer(s) ceases to be the owner or occupier of the rating unit or
- when the ratepayer(s) ceases to use the property as his/her residence or
- at a date specified by the Council.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year.

The policy will apply from the beginning of the rating year in which the application is made, although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which s/he would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Decisions on postponement for extreme financial circumstances will be delegated to each of the Group Manager Corporate Services and the Manager Accounting Services as set out in the Council's delegations resolution.

3. Rates Remission Policy for Māori Freehold Land

A. General

This Policy is written under Sections 102(4)(f) and 102(5)(a) of the Local Government Act (LGA) 2002 and addresses the rating of Māori freehold land. The Policy provides

for the fair and equitable collection of rates from Māori freehold land, recognising that certain Māori-owned freehold lands have particular conditions, features, ownership structures, or other circumstances determining the land as having limited rateability under legislation. This Policy also acknowledges the desirability of avoiding further alienation of Māori freehold land.

Māori freehold land is defined by Section 5 of the Local Government (Rating) Act 2002 as "land whose beneficial ownership has been determined by the Māori Land Court by freeholder order". Only land that is the subject of such an order may qualify for remission under this Policy.

B. The objectives

The objectives of this Policy are to fulfil the Council's legal obligations under Sections 102(4)(f) and 108 of the Local Government Act 2002 and to provide rates relief for Māori freehold land in multiple ownership, to recognise, support and take account of:

- a. Facilitating any wish of the owners to develop the land for economic use;
- b. The presence of waahi tapu that may affect the use of the land for other purposes;
- c. The importance of associated housing in providing kaumatua support and enhancement for marae;
- d. The importance of the land for community goals relating to:
 - i. The preservation of the natural character of the coastal environment;
 - ii. The protection of outstanding natural features; and
 - iii. The protection of significant indigenous vegetation and significant habitats of indigenous fauna.
- e. Matters related to the legal, physical and practical accessibility of the land; and
- f. Land that is in, and will continue to be in, a natural and undeveloped state.

C. Legal basis

- a. Under the Local Government Act 2002 and the Local Government (Rating) Act (LGRA) 2002 and as provided by Sections 102(4)(f), 108 and the matters in

Schedule 11 of the Local Government Act (LGA) 2002 and Section 114 of the Local Government (Rating) Act 2002, this Policy sets out:

- The objectives to be achieved by the remissions of rates on Māori freehold land;
- The conditions and criteria to be met in order for rates to be remitted; and
- The process of application and consideration of rates remission under this Policy.

D. Conditions and criteria

In order for a property, or part of a property to qualify for a rates remission under this Policy it must meet all of the required criteria and at least one of the optional criteria:

a. Required Criteria (all)

A property must be:

- i. Māori freehold land as defined in the LGRA 2002;
- ii. In multiple ownership defined as two or more owners;
- iii. Unoccupied. Occupation for this policy is where a person/persons does/do one or more of the following for their significant profit or benefit:
 - leases the land to another party
 - permanently resides upon the land
 - depastures or maintains livestock on the land or
 - undertakes significant commercial operations

Under this Policy land must not be occupied as defined above unless the land and its housing are used to contribute to the kaumatua support and enhancement of the marae under optional criteria 4.2.3 below.

b. Optional Criteria (at least one)

A property must be/have:

- i. Development of the land for economic use. If any land is to be developed for economic use, particularly if it will provide employment for local Māori, a rates remission will be considered. This remission will decrease in proportion to the property's increased economic use through development. Plans of the

development and financial projections will be required to support application under this criterion:

- ii. The presence of waahi tapu that may affect the use of the land for other purposes. A rates remission will be considered on a property or part of a property where the use of that property is affected by the presence of waahi tapu.

In order to enhance transparency regarding Māori freehold land rates remissions, a public register of remissions will be established. This register will outline the property, its owners, the reason for the remission, the date remission is first granted and the history of rates remitted. While the register will not give the precise location on the property of the waahi tapu, its presence in general will be disclosed. Landowners applying for a rate remission under this criterion will need to decide if they wish to publicly disclose the presence of waahi tapu on their properties prior to applying;

- iii. Where houses are in the vicinity of the marae, representations for rates remissions will be considered, taking into account the contribution to the kaumatua support and enhancement of the marae;
- iv. Used for preservation/protection of character or coastline, outstanding natural features, significant indigenous vegetation and habitats of indigenous fauna. Applications under this criterion need to be supported by an existing Department of Conservation or Regional Council Management Plan, eg. in the DOC Coastal Management Plan for the area;
- v. Accessibility Issues
If it is difficult to legally, physically or practically access a property, a rates remission will be considered. Examples of accessibility issues are:
 - the property is landlocked by properties owned by other people/entities
 - access is legally available by paper road or easement but the road does not exist
 - a road ends or passes a property but a river, ravine, cliff or other impediment prevents practical access

- vi. In a natural and undeveloped state, and will continue to remain in such state. If the property is in, and will remain in, a natural and undeveloped state, and there is no significant financial income, a rates remission will be considered.

E. Process of application and consideration for rates remission under this Policy

a. Applications

On application to Council, consideration will be given for the remission of rates on Māori freehold land under this Policy.

The application for rates remission under this Policy shall include:

- details of appropriate contacts
- details of property and occupancy
- the condition(s), as listed in Section 4 of this Policy, under which the application is made
- any relevant information to support the application, such as historical, ancestral, cultural, archaeological, geographical or topographical information
- details of the financial status of the land supported by full financial statements
- a copy of any agreements or licences to operate on the land
- details of any Māori land rate remission granted by any Local Territorial Authority
- a declaration stating that the information supplied is true and correct and that any changes in circumstances during that period of rate remission will be notified to the Council

b. Consideration of Applications By the Chief Executive Officer

All applications for rates remission under this Policy shall be considered and decided upon by the Chief Executive Officer (CEO) or to whoever the CEO delegates this responsibility

Any decision as to whether any land or part thereof meets, or continues to meet, the qualifying criteria shall be made by the CEO.

c. Six-year duration

Any remission of rates granted under this policy will generally apply for a six-year period.

In order to align with the Council's Long-Term Council Community Plan cycle all remissions will be reviewed in January 2012 and six-yearly after that review.

If the use of a property changes within the period the owners will notify the Council immediately and the remission status of the property will be reviewed.

Any changes of rates remission status will be effective from the date the property use changed.

d. Right of appeal to full council

If an applicant considers the decision of the CEO is not correct s/he may appeal to the full Council.

e. Public register

In order to facilitate transparency in relation to Māori Freehold Land Rates Remissions a public register will be held for all remissions granted. This register will detail for remissions made:

- property identification and location
- applicant/owner
- detailed reason why the remission was granted
- when the remission was first approved
- history of remissions for each year since approval

F. Chief Executive Officer can consider properties without application by owners

a. CEO-Generated Applications

If a property could qualify for a rates remission but the owners have not applied for the remission the CEO can consider the granting of a remission of rates under the criteria outlined in Section 4 of this Policy.

An example of the situation where this CEO-generated application could apply is where the presence of an unregistered urupa is publicly known but an application has not been made as owners are geographically dispersed.

G. Rate and penalty arrears write off

a. Intention to write-off rate arrears and penalties

For a number of landlocked properties considerable rate arrears have accrued over the past decade due to an inability of the property to sustain the rates assessed.

Council intends to write off these arrears, on a case-by-case basis, once the CEO has approved a Māori land rate remission for individual properties.

- b. CEO can recommend arrears write-off to Council
When considering a Māori land rate remission the CEO is to assess any rates and penalty arrears on the property. If these arrears have resulted from the inability of the property to sustain the rates the CEO is to recommend to Council that the arrears be written off.

H. Right to change

- a. Council reserves the right to change criteria
The Council reserves the right to add, delete, or alter, in any way, the above conditions and criteria from time to time.

When making such changes Council will follow its consultation policy and ensure affected parties are engaged in the change process.

I. Definition of Separately Used or Inhabited Dwelling Part of a Rating Unit

- a. Under Schedule 10 Part 1 section 10 1 d (iii) (B) of the Local Government Act we are now required to state our definition of a Separately Used or Inhabited Dwelling Part of a Rating Unit:
"A separately used or inhabited dwelling part of a rating unit is only recognised as such if there is an individual property title for that part of the rating unit."

3. Rates Remission Policy Environmental Works

A. General

This policy is written under Section 102 (5) (a) of the Local Government Act and addresses rates remissions for the purposes of recognising works on private land that meets Horizons Regional Council environmental strategic directions.

Throughout this Plan Horizons Regional Council has detailed a number of work programmes which are designed to improve the natural environment ranging from pest control through to wetland protection. It is important to recognise that ratepayers are

introducing their own initiatives on their land which are complementary to Horizons Regional Council's work programme.

This policy encourages rates remissions that recognise the efforts of landowners who have introduced sound land management practices, whether they are for flood protection, habitat protection or sustainable land use.

B. The Objectives

The Objectives of this policy are to fulfill Council's legal obligations under section 102 of the Local Government Act 2002 and to provide rates relief for land to recognise, support and take account of:

- (1) Native or exotic vegetation on land that falls within a contributor rating category within a Scheme carried out under the Soil Conservation and Rivers Control Act 1941, the Land Drainage Act 1941, and the drainage provisions of the Local Government Act 2002,
- (2) Land that is not subject to Horizons Regional Council possum control but has an alternative/approved pest control programme,
- (3) Habitat that is being actively managed as part of Horizons Regional Council's top 100 wetland or top 200 bush remnant programmes, and
- (4) Land that has been retired as part of an approved Whole Farm Plan.

C. Legal Basis

Section 102 of the Local Government Act states that:

- (5) A local authority may adopt all or any of the following policies:
 - (a) a rates remission policy.

D. Conditions and Criteria

- (1) Native or exotic vegetation on land that is managed under a Scheme.
 - (i) The area of land covered with appropriate vegetation must not be less than 20 hectares,
 - (ii) The vegetation is closed canopy native or exotic either potential or actual provided there is no access to the vegetation for livestock,

- (iii) A Land Improvement Agreement is recorded against the property title acknowledging that the vegetation cannot be removed or grazed,
 - (iv) The land has been surveyed and registered with Horizons Regional Council,
 - (v) The land will be assessed by Horizons Regional Council for its relationship with a particular catchment and scheme. If it is identified that the potential effect of the vegetated land on the catchment is negligible, there will be no rates remission, and
 - (vi) The area is available for monitor by Horizons Regional Council at least bi annually.
- (2) Land that is not subject to Horizons Regional Council possum control but has an alternative/approved pest control programme.
- (i) The area of land involved in an alternative pest control programme is not less than 2500 hectares,
 - (ii) The alternative control programme is approved by Horizons Regional Council,
 - (iii) Possum control is carried out to performance targets set by Horizons Regional Council as measured by residual trap catch index, and
 - (iv) The area is available for monitor by Horizons Regional Council at least bi annually.
- (3) Habitat that is being actively managed as part of Horizons Regional Council's top 100 wetland or top 200 bush remnant programmes.
- (i) The land must be identified by Horizons Regional Council as being one of the regions top 100 wetlands or top 200 bush remnants,
 - (ii) The management of the wetland or bush remnant is of a sufficient standard (as assessed by Horizons Regional Council) to warrant rates remission,
 - (iii) The land is protected by covenant with Queen Elizabeth 2nd Trust (QEII Trust), Nga Whenua Rahui, the Department of Conservation, or Territorial Authority, and
 - (iv) The area is available for monitor by Horizons Regional Council at least bi annually.
- (4) Land that has been retired as part of a Whole Farm Plan.
- (i) The Whole Farm Plan has been lodged with Horizons Regional Council and approved by Horizons Regional Council,

- (ii) The Land is identified and confirmed by Horizons Regional Council as being Highly Erodible land, and
- (iii) Rates remission will be applied to the part of land where the vegetation is closed canopy native or exotic, either potential or actual provided there is no access to the vegetation for livestock.

E. Rates Remission Calculations

The formulas and rating instruments apply to individual rates remission categories as follows:

- (1) Native or exotic vegetation on land that is managed under a Scheme carried out under the Soil Conservation and Rivers Control Act 1941, the Land Drainage Act 1941, and the drainage provisions of the Local Government Act 2002

Rating instrument	Scheme Contributor Rate only (no remission in respect of direct benefit rates).
Amount	Equivalent to the number of hectares with closed canopy cover.

- (2) Land that is not subject to Horizons Regional Council possum control but has an alternative/approved pest control programme

Rating instrument	Per hectare rate
Amount	Equivalent to the number of hectares managed under the alternative pest control.

- (3) Habitat that is being actively managed as part of Horizons Regional Council's top 100 wetland or top 200 bush remnant programmes

Rating instrument	General Rate
Amount	\$200 remission for wetlands and bush remnants under active management.

Or

Habitat that is **not** being actively managed as part of Horizons Regional Council's top 100 wetland or top 200 bush remnant programmes.

Rating instrument General Rate
Amount \$50 remission for wetlands and bush remnants protected at the landowners discretion.

- (4) Land that has been retired as part of an approved Whole Farm Plan

Rating instrument General Rate
Amount Percentage of general rate on the property calculated by the area of retired land with closed canopy cover over the total area of the property.

Or

Rating instrument General Rate
Amount \$300 remission for retired land with closed canopy cover.

- (5) For all new rate remissions being processed, the remission can only be approved if the total annual value of rate remissions, as set by Council in the Annual Plan/Community Plan process, will not be exceeded if the remission is approved.

F. Process of Application

Land owners or Horizons Regional Council staff on the behalf of landowners will fill out an application for remission form to be forwarded to the Team Leader Processing, who will process the remission once the Financial Controller has approved the remission.

Remissions are to be reviewed every 5 years, or if it comes to the attention of Horizons Regional Council that the land no longer is eligible for rate remission. Property owners must inform Horizons Regional Council immediately the property is no longer eligible for a rate remission. Any cancellation of remissions will be backdated to the date the property was no longer eligible for a remission.

Revenue and Financing Policy

Pursuant to Section 103 of the Local Government Act 2002

Introduction

This policy has been prepared in accordance with the Local Government Act 2002 and, in particular, Sections 101, 102 and 103. It identifies the funding sources and mechanisms that are to be used to finance Horizons' operating expenses and capital expenditure for the financial year commencing 1 July 2009.

Local Government is statutorily required to identify the costs of its functions and fund them appropriately. This involves the allocation of costs to the functions followed by a determination of the most appropriate form of funding.

The majority of revenue and financing policies are not significantly different from those in the Funding Policy adopted in 2006. This document will set out:

- Significant changes to the policy and their effects,
- Summary table of the Revenue and Financing Policy,
- Legislative background, including available funding sources and mechanisms,
- Detailed Revenue and Financing Policy

Significant changes to the policy and their effects

Through a number of workshops we closely examined who benefits from activities and who contributes towards the need for activities. Benefits and contributions were considered at individual, local, regional and national levels. After taking into account the levels of benefit/contribution and practical issues (such as legal ability to charge, cost effectiveness, transparency and affordability), the following significant changes to who pays for what activities have been made.

Lower Manawatu Scheme Land Value and Differentiated UAC

The Scheme review of the LMS Scheme has seen the introduction of both land value and differentiated UACs within the Scheme Targeted Rate. The review has also eliminated the need for the special interim rate, which is now incorporated among the Scheme rates. The

rate effects of the new Scheme system are many and varied and are outlined in the River and Drainage Scheme Activity section of the plan.

Biosecurity – environmental and amenity pests

Traditionally environmental and amenity pest management has been funded 100% out of the General Rate. Also, some biocontrol work on Crown land has traditionally been funded from the production pest plant rates. After considerable debate we have decided to fund these activities 50% from the General Rate and 50% from the Environmental Initiatives Uniform Annual Charge (UAC). We perceive there is a per property component of this rate which more accurately would be reflected in having part of the rate as a UAC.

Consent application processing

In 2008-09 Council made changed the funding policy to 20% general rate and 80% user fees for consent processing. This change was to allow for consents that contained a community good component. This change resulted in some confusion about what we considered was a community good. Some consent holders, especially our local territorial authorities, equated community good with community representation. To clarify this issue we have made it clear in the wording that the community good applies to community groups excluding territorial authorities. Also the funding split applies to the activity in total rather than individual consents where the percentage may vary depending on the community nature of the applicant. Most consent holders will be charged 100% of the consent processing costs. There has been no rate impact from this change.

Consent hearings

A similar confusion surrounded consents that went to hearing. In order to eliminate this issue consents that go to hearing will be treated in the same manner as consents that do not go to hearing. There has been no rate impact from this change.

RMA advice and District Liaison

In the last revenue and financing policy these activities were funded via the Uniform Annual General Charge (UAGC) as we considered the benefits accrue on a per property basis. While we still consider benefits accrue on a per property basis we wish to limit the impact of

UACs on lower valued properties. We have chosen to increase targeted UACs and reduce the Uniform Annual General Charge (UAGC) as we consider it more appropriate to reflect, as accurately as possible, the distribution of benefits within the targeted rates rather than the general nature of the UAGC.

Environmental education (including Green RIG)

In the last revenue and financing policy the funding of the Environmental Education Activity, including the Green RIG, was funded 100% out of the General Rate. As we consider the benefits of this activity accrue on a per property basis we have transferred funding 100% to the Environmental Initiatives UAC.

Living Heritage – non strategy

This is a new rate that has been introduced in this review. It caters for a community wanting a living heritage project outside our strategies. In the event of this occurring the funding will come out of the community requesting the project. The funding for the Rangitikei Environment Group's Old Mans Beard Eradication Programme will be funded under this policy. We have decided that this policy will be funded from a differentiated Uniform Annual Charge on all Rangitikei District properties.

TA Emergency Management

This policy has been introduced to reflect our contracting to undertake emergency management roles in some of our territorial authorities. There has been no rate impact from this change.

Summary of Revenue and Financing Policy

Revenue and Financing Policy 2009 to 2019 – Summary Table

Policy Number	Fees & Charges %	Revenue and Financing Policy					
		Government Support %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	Type Of Targeted Rate *1
CATCHMENT MANAGEMENT							
Land – General	1			100.00%			
Land – Gravel Quantity (Fluvial) Research	2	60.00%		40.00%			
Land – Sustainable Land Use Initiative (SLUI)	3		50.00%			50.00%	SLUI (UAC)
Water Quality – Aquatic Habitats	4			100.00%			
Water Quality – Research	5	30.00%		70.00%			
Water Quantity – Research	6	30.00%		70.00%			
River and Drainage – Engineering Advice and Work	7			100.00%			
River and Drainage – Review and Audit	8			100.00%			
River and Drainage – Scheme (*2 20% of certain expenses)	9			20.00% *2		80.00%	Scheme Rates (Mixed EQCV, CV,LV, UAC, Per Ha)
ENVIRONMENTAL PROTECTION							
Biosecurity – Prodn Pest Animals (Ex Rooks, Inc Tb)	10			60.00%		40.00%	Pest Animal (Per ha >4 ha)
Biosecurity – Prodn Pest Rooks	11			10.00%		90.00%	Pest Rook (Per ha >4 ha)

Policy Number	Fees & Charges %	Revenue and Financing Policy					
		Government Support %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	Type Of Targeted Rate *1
Biosecurity – Prodn Pest Plants	12			30.00%		70%	Pest Plant (Per ha >4 ha) (60%). Pest Plant UAC <4 ha (10%)
Biosecurity – Environmental and Amenity Pests (Animal or Plant)	13			50.00%		50.00%	Environmental Initiatives UAC
Compliance Monitoring – Complier	14	70.00%		30.00%			
Compliance Monitoring – Non Complier	14	100.00%					
Pollution Incident and Complaints	15	As much as possible		Remainder			
Consents – Application Processing	16	80 to 100%		0 to 20%			
Consents – Hearings	16	80 to 100%		0 to 20%			
Consents – Environment Court	16			100.00%			
RMA Advice	17			100.00%			
Environmental Research – General (inc Air and Waste)	18			100.00%			
Environmental Education (inc Green RIG)	19					100.00%	Environmental Initiatives UAC
Living Heritage – General	20			50.00%		50.00%	Environmental Initiatives UAC
Living Heritage – Regional Park	21			10.00%		90.00%	Palmerston North City Council and Manawatu District Council UAC
Living Heritage – Non Strategy	22					100.00%	Targeted on requesting community
REGIONAL LEADERSHIP AND GOVERNANCE							
Community Relationships and Customer Services	23				100.00%		

Policy Number	Fees & Charges %	Revenue and Financing Policy					
		Government Support %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	Type Of Targeted Rate *1
District Liaison	24			100.00%			
Regional Emergency Management	25	10.00%		90.00%			
TLA Emergency Management	26	100.00%					
Governance and Representation	27				100.00%		
Information	28			100.00%			
Iwi	29				100.00%		
Strategic Management – General	30			100.00%			
TRANSPORT (EXCLUDING PASSENGER FARES)							
Transport Planning	31	25.00%				75.00%	Regional Transport and Road Safety EQCV
Transport Safety	32	75.00%				25.00%	Regional Transport and Road Safety EQCV
Transport Passenger Service (inc Total Mobility)	33	64.50%				35.50%	Transport Passenger Services CV
CORPORATE SUPPORT AND INVESTMENTS							
Investments	34			100.00%			
Event Recovery	35				100.00%		As decided at the time of the event

*1 **EQCV** Equalised Capital Value, Capital Value of the property taking into account different valuation dates around the region
CV Capital Value, Capital Value of the property Can be differentiated
UAC Uniform Annual Charge, same amount per property Can be differentiated
Per Ha Per hectare, same amount per hectare Can be differentiated

Legislative Background and Available Funding Sources/Mechanisms

Sections 100 to 110 of the Local Government Act 2002 set out the financial management requirements that apply to all Local Government Bodies. Specifically these sections outline the obligations and processes we must undertake to decide how to fund our activities.

The purpose of the Revenue and Financing Policy, as part of these obligations, is to explain how and why we fund our operating and capital expenditure from the sources indicated. The Policy must also show our consideration of a number of factors regarding each function. For ease of use we will use the following headings to work through this information:

- Which Community Outcome(s) are helped?
- Who benefits now and in the future?
- Who makes it worse?
- Is it worth funding separately?
- What are the impacts on the community?

Before considering the various activities we will outline the sources of funding listed in the Local Government Act 2002 that are the most relevant to us.

Direct Charges

Subject to the provisions of a number of statutes, we may directly charge beneficiaries for services. These beneficiary-pays charges may be made using a variety of methods, from set fees for certain activities to actual charges for time and materials based on charge-out rates.

Of particular relevance is Section 36 of the Resource Management Act 1991, which provides for us to recover costs from consent holders, applicants or the general public. Administrative charges made under Section 36 of the Resource Management Act 1991 are required to be fair and reasonable.

The other main legislative means for direct charging is under the provisions of Section 13 of the Biosecurity Act 1993. A variety of mechanisms are available, including fixed or hourly charges, and actual and reasonable charges. Any charges must be made “in accordance with the principles of equity and efficiency”.

Other direct charges include fees, and sundry charges.

Government Grants

The Government may provide funds to Horizons for specific purposes and projects across a range of our functions. In recent years, modest grants have been made to Horizons associated with certain resource management, civil defence and transport activities.

Rates

Rates are a substantial and traditional source of revenue for Local Government. Rates are a form of taxation based on the ownership or occupation of property.

Rating Bases – Under the provisions of the Local Government (Rating) Act 2002, there are four bases upon which rates can be made and levied (Land Value, Capital Value, Annual Value, and Area Systems). We have traditionally used both Capital Value and Area Systems and will continue their use.

General Rates – We may make and levy a regional General Rate, either across the Region, or within each constituent City or District, so that the rate made or levied may vary from District to District.

Changes introduced by the Local Government (Rating) Act 2002 now mean that, like City and District Councils, the Regional Council may operate a system of differential rating for the General Rate whereby rating levels may be varied for different categories of property; for example, rural versus commercial. Similarly, Regional Councils may levy a portion of the General Rate as a Uniform Annual General Charge (UAGC), as is common practice for most City and District Councils. Horizons makes use of a UAGC to ensure each rating unit in the Region contributes a minimum amount of the General Rate and also to moderate rates on high capital value properties. It should be noted that the dollar value of the UAGC will be rounded to the nearest dollar with any rounding being added or deducted to/from the Capital Value General Rate.

General Rates of Regional Councils may be made on either a Land Value or Capital Value basis. There are advantages and disadvantages to both Land and Capital Value rating systems.

Horizons has always used Capital Value (equalised) as our base for General Rates and in making this decision we have noted the following factors:

Firstly, Capital Value was the system considered appropriate for Council activities by the Local Government Commission when it established the Council in 1989. While there have been some changes to Horizons' activities since 1989, where those changes have resulted in activities less compatible with Capital Value rating, we have established separate targeted rates based on a more appropriate rating base. The per hectare rate for pest control is an example of appropriate adaptation of our rating base to better fit the expanding activity. Secondly, we are mindful that there is no one system of rating which completely addresses all sectoral concerns and funding principles. Thirdly, we have the view that a Capital Value system provides the greater degree of concurrence with the funding principles of the Local Government Act 2002. Finally, as the Region's District and City Councils revalue their properties at different times, we must, in order to be fair, apply an equalisation factor to Capital Value rates. Equalised Capital Value rating ensures properties are rated as if all properties were valued on the same day. Having considered these factors we have concluded that the system of rating for our General Rate requirements should be the equalised Capital Value system.

Targeted Rates – In addition to the General Rate, we are authorised to make other targeted rates for the purpose of undertaking any specific service or work for the benefit of all or part of our Region. These rates are normally applied to properties that have a direct beneficiary or cause/effect relationship with the function or service being provided (thus reflecting the locality concept).

Horizons has used targeted rates to fund land transport planning, road safety, passenger transport services, river and flood control works, land drainage works, and soil conservation schemes. These works are grouped into individual schemes with funding and expenditure accounted for on a separate basis for each scheme. Capital Value and Land Area bases have been used for these targeted rates.

In recent years, we have reviewed and subsequently "reclassified" several river control and drainage schemes using differentials. The reclassification of these schemes has been done primarily on a Land Area (rather than the previous Capital Value) basis. This is due to Land Area being a more equitable way of establishing cause and effect for such schemes. The latest change to the Lower Manawatu Scheme has added a Land Value rate as well as differentiated Uniform Annual Charges.

Council will also use Land Area for pest control targeted rates. These rates are targeted by the size of a property. Any property more than 4 ha will be charged by the hectare while properties less than 4 ha will be charged by a Uniform Annual Charge.

As already mentioned, Council has introduced a Uniform Annual Charge (UAC) for both the Sustainable Land Use Initiative and Environmental Initiatives. These are both considered to equally benefit properties within the Region, so a UAC is considered to be the appropriate funding mechanism.

Investment revenue

Horizons has a range of equity and cash investments that provide a source of income not related to any specific function or activity. Our primary investment assets are our 23% shareholding in CentrePort, our 8.33% shareholding in Port of Napier Ltd, and our reserve funds. Investment revenue is applied to offset General Rate requirements.

Reserves

Local Authorities have traditionally, and to varying degrees, developed reserve funds. Reserve funds have been used to allocate funds for special purposes such as asset replacement, future capital works, and for emergencies and contingencies. Horizons has a reasonable level of reserves which assist in the financial management of our activities. Consideration of the appropriate reserves and reserve levels is given as part of the Community Plan and Investment Policy.

Borrowing

Local Authorities may borrow New Zealand currency to finance their lawful functions. Borrowing is a useful method of funding the costs of a project where the benefits will accrue into the future, for example, funding the capital costs of a flood control scheme.

Capital expenditure

The funding of capital expenditure is addressed in two distinct ways, depending upon the nature of the expenditure.

Our routine ongoing plant and equipment purchases are necessary to complete our statutory obligations. These purchases are reasonably constant in nature and it is our intention to fund these from each year's depreciation charge. It is our policy to fully fund depreciation from operating revenue.

Major capital projects (eg. new flood control schemes) are required to be completed from time to time. As part of the evaluation process for each project, the funding of the construction of those projects will be addressed. Generally, these will be funded by way of a loan with repayments being funded by rating revenue from the particular scheme.

It should be noted that there are significant major capital projects indicated in the 2009 Community Plan for the Rangitikei and Lower Manawatu River Schemes. Both will be mainly funded by way of loans.

Detailed Revenue and Financing Policy by Function

The following pages outline funding considerations for key activities and functions.

1. Land Management – General

Land management encompasses advisory and other services to landholders related to soil conservation, erosion control practices and the wise use of soil resources for sustainable land management. Activities include advice on shelter belts, on-farm woodlots and regional farm forestry activities, economic and environmental assessments, land management and silvicultural advice on the retirement of land, wind breaks, poplar, willow and pine planting, primary sand stabilisation, riparian protection measures and bush retirement. It also includes research into land issues and care of our coastal land areas.

Also included is the provision, through various means, of programmes that enable our regional communities to be knowledgeable about soil conservation and the benefits of sustainable land management, the organising of field days, support as appropriate for land-care groups and the promotion of soil conservation within the Region by way of Environmental Grants. It should be noted, however, that this activity excludes the Sustainable Land Use Initiative (SLUI).

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution)
- Coastal Environment (direct contribution)
- Water Quality (co-benefit contribution)
- Flood Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

We considered there are a number of beneficiaries for this activity. New Zealand benefits from the retention and enhancement of the Region's land and the reduction of flood risk and associated disruptions. Both the Region in general and specific local communities benefit from the sustainable management of the Region, the protection of local natural ecosystems and the availability of information and advice. Private landowners benefit from the retention and enhancement of productive land if they undertake the work suggested in the advice provided.

While landowners benefit from the research and advice given, they often significantly contribute directly to the actual works required to retain and enhance land. Furthermore, given the natural and/or historical nature of some of the causes of soil management problems, it would be inequitable to allocate significant cost to current landowners. Although we consider some benefits might be catchment-based it is currently assumed benefits would, over time, be equally spread across the entire Region, especially when water quality and flood protection co-benefits are taken into account.

We consider that the total cost of the land management advisory function should be funded publicly. However, if we deliver or arrange some direct services or goods (eg. poplar poles, land works), the landowner is to bear such costs directly.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but, as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO LAND DEGRADATION

Exacerbators are land users whose activities cause or contribute towards soil erosion or degradation. Identification of "exacerbators" is complicated by the fact that these "exacerbators" are very often from the past. Also, erosion effects can occur through natural events.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider that the regional General Rate via Equalised Capital Value (EQCV) is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

We also conclude that the service delivery components will continue to be funded on a full cost recovery basis.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Land Management Policy	
The method of funding this function is:	
Advisory and Research	
General Rate (EQCV)*	100%
Service Delivery (if any)	
Direct charge to landowner	100%

*Includes 10% currently unrecoverable national share.

2. Gravel Quantity (Fluvial) Research

When gravel is extracted from rivers we are required to monitor and research the effects of the extraction on the riverbed and banks.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution)
- Flood Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

As the research is required by the extraction of gravel, it could be argued that the full cost of the research should be met by the extractors. However, we consider our regional communities currently benefit from the removal of gravel from riverbeds, as generally the extraction of gravel reduces the build up of material in the riverbed and increases the water carrying capacity of rivers in times of flood. This increased capacity reduces the risk of flooding within the catchment. Although we consider some benefits might be catchment-based, we assume benefits would, over time, be equally spread across the entire Region. The Region also benefits because the information gathered can be used for other functions such as flood modelling.

PERIOD OF BENEFIT

We considered this function mainly gives benefit within the year it occurs. Some benefits will accrue to future generations from the information gathered but these are considered minor.

CONTRIBUTORS TO THE NEED FOR FLUVIAL RESEARCH

The gravel extraction consent holders are exacerbators, as the research would not need to be carried out if the gravel was not taken from our rivers.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the Region's share is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs for charging extractors for the number of cubic metres they actually extract, we consider these costs to be outweighed by fairness and transparency of direct charging.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the research will have positive environmental and economic benefits for the community.

Gravel Quantity (Fluvial) Research Policy	
The method of funding this function is:	
Gravel Monitoring and Research	
General Rate (EQCV)	40%
Direct charge (per m ³ extracted)	60%

3. Sustainable Land Use Initiative (SLUI)

Under SLUI we create Whole Farm Plans (WFPs) that are jointly produced with farmers to map and understand the soil types and land use of their whole farm, paddock by paddock. SLUI is targeted at priority land that is prone to erosion and helps with the implementation of the WFPs to significantly reduce erosion on the land. SLUI includes the Whanganui Catchment Strategy, which is targeted at specific erosion challenges in a unique catchment that has severe erosion issues.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution)
- Water Quality (co-benefit contribution)
- Flood Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

We consider there are a number of beneficiaries for this activity. New Zealand benefits from the retention and enhancement of the Region's land and the reduction of flood risk and associated disruptions. Both the Region in general and specific local communities benefit from the protection of erodible hill country and local natural ecosystems, improved downstream water quality and reduced flood risk. Private landowners benefit from the protection of productive land.

As the deforesting of erodible hill country was encouraged by Central Government in the past, we consider that at least a third of the cost should be recovered from Central Government. Ideally another third of the cost should be met by a regional rate, with landowners contributing the remaining third directly by the work carried out on their properties. We note that the cost incurred directly by property owners will not appear in our financial statements and therefore the landowners' share is not included in the final policy.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years, but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO ACCELERATED HILL COUNTRY EROSION

Prior landowners and Central Government have been the main exacerbators, whose actions in the past have led to the need for this expenditure today.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of a separate Uniform Annual Charge (UAC). Such a charge will be efficient and highly transparent to property owners.

As noted above, the amounts spent by landowners are outside our financial activities and therefore do not appear in our funding policy recommended below. However, it is expected that landowners will fund the cost as noted below.

OVERALL IMPACT ON WELLBEING

We consider that the use of a Uniform Annual Charge to be fair as the benefits accrue to all properties. While a UAC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Sustainable Land Use Initiative (SLUI) Policy

The method of funding this function is:

Land Owners	33%
Central Government	33%
Regional Council	34%

Sustainable Land Use Initiative

Central Government Funding	50%
SLUI UAC (per separate rating unit)	50%

4. Water Quality and Aquatic Habitat Improvement

This activity targets priority waterways for water quality improvement by working with individuals, community and iwi groups to improve those rivers, streams or lakes. Within this activity we also assist dairy farmers to deliver on their Dairying and Clean Streams Accord obligations.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quality (direct contribution)
- Groundwater (co-benefit contribution)
- Habitat Protection (co-benefit contribution) – Aquatic Habitats

DISTRIBUTION OF BENEFITS

The improved quality of streams, rivers and lakes enhances recreational activities, which benefit both people within the Region and people who visit the Region. Specific local communities benefit from the protection and enhancement of local aquatic ecosystems and improved water quality.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

Considerable effort by us over the past two decades has greatly reduced the number of easily identifiable exacerbators who are directly reducing water quality by discharging pollutants into waterways. However, it is currently difficult for us to easily and fairly identify exacerbators who are contributing through indirect pollutant sources such as farm fertiliser and effluent runoff. Therefore we cannot currently charge or rate such people directly.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Water Quality and Aquatic Habitat Improvement Policy	
The method of funding this function is:	
Water Quality Management and Aquatic Habitat Improvement	
General Rate (EQCV)*	100%

*Includes 10% currently unrecoverable national share.

5. Water Quality – Research

This activity involves research into streams, rivers, lakes, beaches and underground aquifers. The information gained is used in policy targeted at improving the quality of the water ecosystems in the Region.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quality (direct contribution)
- Groundwater (direct contribution)

DISTRIBUTION OF BENEFITS

The improved quality of streams, rivers and lakes enhances recreational activities, which benefit people within the Region and people who visit the Region. Specific local communities benefit from the protection and enhancement of local aquatic ecosystems and improved water quality.

PERIOD OF BENEFIT

The period of benefit is both now, for exacerbators contributing to the need for research, and in the future, for the Region as a whole due to improved quality of water. We consider the expenditure will be ongoing and the benefits cumulative so no adjustment for inter-generational equity is required.

CONTRIBUTORS TO POOR WATER QUALITY

There are two types of contributors to the need for this research – those who hold resource consents to discharge (point source dischargers) and those who contribute through runoff (non-point source discharges). Consent holders who hold resource consents for point source discharges significantly contribute to the need for the research and should bear part of the research cost. After taking all factors into account, including the cost incurred by point

source dischargers to mitigate the effects of their discharges on the environment, we consider point source discharge consent holders should contribute 30% of research costs.

We further considered that the volume and type of discharge should be taken into account when calculating the fees to be charged to the consent holder. Benign discharges (clean stormwater, residential septic tanks and river water from hydro power stations should not be charged. Higher volume and discharges to water should be charged more than lower volumes and discharges to land, as higher volume and discharges to water have a greater potential to affect the environment. This higher potential for damage leads us to consider Landfill discharges should be charged more, irrespective of volume. We consider the following ratios should be used when calculating the annual fees for discharges.

Type/Size of Discharge	Fee Level
Benign Discharges (irrespective of type or quantity)	0%
Discharges to Land <50 m ³ per day	25%
Discharges to Land 50 to 99.9 m ³ per day	50%
Discharges to Land >100 m ³ per day	75%
Discharges to Water <50 m ³ per day	80%
Discharges to Water 50 to 99.9 m ³ per day	90%
Discharges to Water >100 m ³ per day	100%
Unspecified Volume Discharges (water or land)	100%
Discharges to Landfill (irrespective of type or quantity)	100%

There are also those who are contributing indirectly through non-point sources such as farm fertiliser and effluent runoff. It is currently difficult for us to easily and fairly identify non-point source exacerbators and therefore they cannot currently be rated or charged directly. It should be noted that the effects of runoff are to be managed by regulation under the One Plan, at the cost to those contributing to runoff issues.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the regions share is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs for charging for discharges based on volume and type of discharge, we consider these costs to be outweighed by fairness and transparency of direct charging.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the research will have positive environmental and economic benefits for the community.

Water Quality – Research Policy	
The method of funding this function is:	
Water Quality Research	
General Rate (EQCV)*	70%
Annual charge – Discharge Consent Holder	30%

*Includes 5% currently unrecoverable national share.

6. Water Quantity – Research

This activity involves research into the quantity of water in our Region's streams, rivers, lakes, and underground aquifers. The emphasis is on managing the abstraction and use of water to ensure environmentally sustainable consumption.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Water Quantity (direct contribution)
- Groundwater (direct contribution)
- Water Quality (co-benefit contribution)
- Habitat Protection (co-benefit contribution) – Aquatic Habitats

DISTRIBUTION OF BENEFITS

Ensuring environmentally sustainable water supplies has wide environmental, economic, social, and cultural benefits for the Region as a whole.

PERIOD OF BENEFIT

The work we undertake now on water resource levels will also impact significantly on future generations in terms of promoting effective sustainable management of the physical resource. Although it is considered impracticable to measure these benefits, they are considered to accrue evenly over a long time.

CONTRIBUTORS TO UNSUSTAINABLE WATER TAKES

Although significant benefits accrue to the whole community from this function, the high level of research is generated by user demand for water. As water consent holders are both beneficiaries of and a major cause for the need for this activity, we consider they should contribute 30% of research costs.

We consider this charge should be set based on the consented daily volume of water. The granting of consent allows the removal of water from the total amount that can be allocated, even if it is not used. Charging for the consented volume will help ensure the Region's water supply is not locked up in consents that are not used. It will also give certainty to the per cubic metre rate required to recover the share of research costs.

As hydro power generation consent holders tend to involve large quantities of water and may have mitigating circumstances (eg. return of water into the waterways) the research charge cannot be equitably based on a per cubic metre charge. Each charge is individually negotiated with each consent holder. Once negotiated the charge must move in proportion to the cubic metre charge to other users.

To date there are a number of non-domestic hydro water takes that do not have a negotiated charge. In the absence of a negotiated charge the charge will be \$3,500 (2009-10), which will move in proportion to the cubic metre charge to other users from 2010-11 onwards.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the regions share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs for charging based on volume of take, we consider these costs to be outweighed by fairness and transparency of direct charging.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the research will have positive environmental and economic benefits for the community.

Water Quantity – Research Policy	
The method of funding this function is:	
Water Quantity Research	
General Rate (EQCV)*	70%
Consented cubic metre charge	30%

*Includes 5% currently unrecoverable national share.

7. River and Drainage – General Engineering Advice and Work

Drainage General Engineering encompasses river and drainage engineering that is outside the river and drainage Schemes, and general river and drainage engineering advice throughout the Region. An important component of this function is the Environmental Grant work that is undertaken in accordance with our eligibility policy.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Flood Protection (direct contribution)
- Natural Hazards (co-benefit contribution)

DISTRIBUTION OF BENEFITS

The benefits from this function are social, economic and cultural wellbeing as well as health and safety. Potential beneficiaries include the land owners who are able to protect themselves and their assets from floods and erosion, and who are able to maintain or improve their economic capability; and the local, regional and national communities who benefit through the protection of roading communications, schooling, social and economic wellbeing and health.

We noted that the benefit from this function is generally property related and that while benefits may be specific to local areas, over time benefits will occur across the Region and therefore there is no need to differentiate between parts of the Region.

PERIOD OF BENEFIT

We consider that the success of this function will give rise to benefits in future years, but as operating expenditure will generally be ongoing at a similar level each year (but weather and flood dependent) and the benefits cumulative; no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

Most investigative work is small scale and thus it would be inefficient to individually allocate costs, however large investigations could be jointly funded by us and the area concerned. We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

It should be noted that 70% of Environmental Grant work will be funded by the property owners (or properties' owners) that receive the grant and carry out the work. As we provide the grant for the remaining 30% of cost only and the property owner(s) provide the rest of the cost directly, the grant appearing in our financial statements will be funded 100% by the ratepayers. However, our staff will ensure property owners pay 70% towards the cost of the work.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

River and Drainage – General Engineering Advice and Work Policy	
The method of funding this function is:	
River and Drainage – General Engineering Advice and Work	
General rate (EQCV)*	100%

*Includes 10% currently unrecoverable national share.

8. River and Drainage Scheme – Review and Audit

This function covers the Scheme review and audit work undertaken on Schemes as required by Council.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Flood Protection (direct contribution)
- Natural Hazards (co-benefit contribution)

DISTRIBUTION OF BENEFITS

Although the benefits of this work apply to the river and drainage schemes in general, as outlined in the next policy, we have traditionally funded this cost from the General Rate as it is our (Council) policy that requires the reviews and audits to be undertaken.

PERIOD OF BENEFIT

We consider that the success of this function will give rise to benefits in future years, but as operating expenditure will generally be ongoing at a similar level each year (but weather and flood dependent) and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

While the existence of the Schemes means this work needs to be periodically carried out, it is Council policy that requires the work to be completed.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

River and Drainage Scheme – Review and Audit Policy	
The method of funding this function is:	
River and Drainage Scheme – Review and Audit	
General Rate (EQCV)*	100%

*Includes 10% currently unrecoverable national share.

9. River and Drainage Schemes (Excluding Review and Audit Work)

The function of river and drainage Schemes encompasses operational activities over large parts of the Region for flood and erosion control works on rivers and for land drainage works. It includes the operation, maintenance, ongoing asset management, construction, and improvement of 17 river engineering Schemes and 12 land drainage Schemes. The function also includes the ongoing review of the Schemes to recognise their evolving nature, monitor their effectiveness, optimise their benefits, set performance standards, maintain long-term management plans and ascertain the community's changing requirements.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Flood Protection (direct contribution)
- Natural Hazards (co-benefit contribution)

DISTRIBUTION OF BENEFITS

There are both private and public benefits from this function as its long-term aim is to prevent and/or control flooding and erosion, and provide land drainage at acceptable benefit-cost levels. The benefits from protection are social, economic, and cultural wellbeing as well as hazard mitigation and health and safety. We note that the benefit from this function is generally property related. The protection measures will tend to avoid erosion of property values of protected properties.

Beneficiaries can be broken down into four main groups. The first three of these groups (national, regional and local catchment) receive similar types of benefits. All three groups receive benefit through the protection of their relevant economy, transport networks, environmentally and recreationally important areas. They also benefit from reduced civil defence/emergency costs and less social disruption both during and after adverse flood events. However, the closer a property is to the actual area protected by flood works the higher the level of benefit it receives.

Properties outside the Region (national group) are estimated to benefit least (approximately 10%). Properties within the Region (regional group) would receive approximately 5% of benefit, while properties in the local catchment area (local group) are thought to receive 5% to 10% benefit.

The fourth group of beneficiaries (direct beneficiaries) are those properties that are directly protected by the flood or erosion control works. In addition to the benefits of the previous three groups, these properties receive less land/property damage from reduced frequency of flooding, decreased production loss from land erosion, and reduced psychological stress and trauma from a reduction in the frequency of flooding. We estimate properties in this group receive between 70 to 80% of the benefits of flood protection works.

PERIOD OF BENEFIT

We consider that the success of this function will give rise to benefits in future years, but as operating expenditure will generally be ongoing at a similar level each year (but weather and flood dependent) and the benefits will be cumulative, no adjustment for inter-generational equity is required. However, capital works, which have more direct benefits over time, will be funded through a combination of loan repayments/depreciation reserves/rates over the appropriate related timeframe.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Exacerbators include landowners who undertake activities that negatively impact on the Schemes. Where possible, the costs of repairing these negative impacts are charged directly to the landowner, eg. inappropriate grazing of stock on stopbanks. Other significant contributors to the need for this activity are owners or occupiers of properties where there has been the historic clearing of indigenous forests for pasture resulting in an increase in the level of water and sediment runoff. Many Schemes fund part (15-30%) of the scheme rate from a Contribution Contributor rate on developed pastoral land (per hectare). Some Schemes also use Capital Value or Uniform Annual Charges for their Contributor rate.

COSTS AND BENEFITS OF DISTINCT FUNDING

The national group benefits cannot currently be recovered and must be met by the general ratepayer. We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency. The cost of the Region's share will be calculated using the following formula:

	20% of Scheme Total Operating Costs
-	review, design, depreciation costs
+	loan servicing
-	loan advances
-	insurance/government grants received
-	revenues from assets, which the General Rate helped to fund

For the direct beneficiaries group, each Scheme will be funded by a separate set of targeted rates struck in accordance with a classification system established through consultation for the individual Schemes. These targeted rates will be set using any of the following bases and may be differentiated:

- Per hectare
- Capital Value
- Land Value
- Equalised Capital value
- Equalised Land Value
- Uniform Annual Charge (UAC) (per rating unit)

The amount of the Scheme rate will take into account what is not funded as part of the Region's 20% share and movements in reserves. Some Schemes also rate for indirect beneficiaries and exacerbators as part of their classification system.

We have noted several of the smaller schemes may need to receive a relatively greater level of regional support, without which they would cease to be financially viable. In these cases we have determined that an extra level of support by way of an added grant is appropriate, at least in the short term. We also note that Schemes can be subject to severe damage from time to time with restoration costs sometimes beyond the ability of an individual Scheme to bear. This requires, on a case-by-case basis, some variation in funding arrangements.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for the Region's share, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition we consider the use of a mix of rate types for the Scheme portion would not cause any adverse affects on the present or future social, economic, environmental and cultural wellbeing of the community. While the use of some UACs in a few Schemes is regressive in nature we do not consider that it will cause any adverse effects on present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed income, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

River and Drainage Schemes (Excluding Review and Audit Work) Policy

The method of funding this function is:

River and Drainage Schemes (excluding review and audit work)

General Rate (EQCV)*	20%
Scheme Targeted Rates (adjusted for reserves)	80%

*Includes 10% currently unrecoverable national share.

10. Biosecurity Production Pest Animal Management – including Tb Vector Control Operations but excluding Rooks

This function involves both vector control work (mainly possums) under contractual arrangement with the Animal Health Board (AHB) and the control of pest animals (excluding rooks) within the Region with the purpose of protecting the productive capacity of farms. While this function focuses on possum control, other animals such as rabbits, and goats will be managed – if it is considered necessary – to protect the Region's farming capacity.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Habitat Protection (direct contribution)
- Land Management (co-benefit contribution)
- Water Quality (co-benefit contribution)

DISTRIBUTION OF BENEFITS

Both the Nation and the Region benefit from this function. The reduction of possum and other pest animal numbers not only protects the national/regional economy; it also contributes towards the protection of significant environmental areas. The majority of the benefit of this activity, however can be attributed to farms and larger properties that derive protection from the negative effects of pest animals on their productive capacity and other features of their properties.

It is also acknowledged that any national component cannot currently be recovered.

PERIOD OF BENEFIT

Ongoing, and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

The main contributors to the need for this activity were past generations who introduced these pest animals. It could also be argued that people who do not control these pests on their properties contribute to the need for this activity. However, given the pandemic and mobile nature of these pests it would be difficult to identify those exacerbating the problem.

COST AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional general rate via equalised capital value, for the regions share is the most appropriate in the circumstances as it is efficient, and meets the need for transparency.

As Tb vector funding is reduced, the cost of this activity will increase, and therefore it is appropriate for fairness and transparency that the private benefit of this activity be funded by way of a targeted rate on properties over 4 ha in size. This rate will be a per hectare rate for these properties as the benefits will increase as the property size increases. It should be noted, even though urban properties over 4 ha in size may not be economically affected by pest animals, they can be physically affected through plant damage and can provide a reservoir for pest animals.

OVERALL IMPACT ON WELLBEING

We consider that the use of the general rate, for the Regions share, would not cause any adverse effects on present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition we consider the use of a per hectare rate for the target portion should not produce adverse affects on present or future social, economic, environmental and cultural wellbeing of the community.

Biosecurity Production Pest Animal Management – Including Tb Vector Control Operations but excluding Rooks Policy

The method of funding this function is:

Biosecurity Production Pest Animal Management – (excluding Rooks)

General Rate (EQCV)*	60%
Targeted per hectare, rate properties >4 ha	40%

In order to provide more transparency and clarity for ratepayers, this rate will appear as two lines on affected properties rate invoice. The first line will be called Production Possum Management and will cover possum management costs. The second line will be called AHB Tb Vector Funding and will cover the costs of funding the AHB Tb vector control programme.

*Includes 20% currently unrecoverable national share.

11. Biosecurity Production Pest Animal Management – Rooks

This function involves the control of rooks within affected areas of the Region with the purpose of protecting the productive capacity of farms and protecting the public.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

Both the Nation and the Region benefit from this function. The reduction of rook numbers protects the national/regional economy. Although rooks currently affect the northern and eastern parts of the Region, their aerial and mobile nature means production properties within the entire Region are protected by their containment and eventual elimination.

PERIOD OF BENEFIT

Ongoing, and therefore allocation of benefits over time not seen as applicable.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

The main contributor to the need for this activity is past generations who introduced rooks. It could also be argued that people who do not control these pests on their properties

contribute to the need for this activity. However, we do not want the public to attempt to control rooks, as they are extremely intelligent birds. This intelligence enables them to adapt to noticeable control methods such as shooting and such methods often speed their dispersal.

COST AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of a separate Uniform Annual Charge. Such a charge will not only be fair and efficient, but also highly transparent to property owners. We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

The targeted rate will be a per hectare rate for these properties as the benefits will increase as the property size increases. It should be noted, that even though urban properties over 4 ha in size may not be economically affected by pest animals, they can be physically affected through plant damage and can provide a reservoir for pest animals.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for the Region's share, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition we consider the use of a per hectare rate for the target portion should not cause adverse affects on the present or future social, economic, environmental and cultural wellbeing of the community.

Biosecurity Production Pest Animal Management – Rooks Policy	
The method of funding this function is:	
Biosecurity Production Pest Animal Management – Rooks	
General Rate (EQCV)*	10%
Targeted per hectare rate, properties >4 ha	90%

*Includes 10% currently unrecoverable national share.

12. Biosecurity Pest Plant Management – Production

This activity is focused on the monitoring, containment, control or elimination of plant pests that threaten our Region's productive capacity.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

A recent Horizons investigation into who benefits from, and who contributes to, the need for this activity highlighted that just under 20% of the benefits of this activity accrued to the regional communities and nearly 50% accrued to productive farm properties. For occasional operational activities such as service delivery of boundary control and non-compliance we consider the benefits to be entirely private to those who receive the services, therefore these will be funded on a full cost recovery basis.

PERIOD OF BENEFIT

It is considered that the success of this function will give rise to benefits in future years, but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

In the abovementioned study national entities such as NZ Transport Authority, DOC, LINZ, NZ Railways Corporation and the Defence Forces contributed 13% towards the need for this activity. As these entities cannot currently be rated or charged for their contribution to the activity, this burden will need to be borne by the regional ratepayers.

Farm properties (including forestry), those who sell, propagate and distribute pest plants or plants that contain pest plants and urban residential householders who purchase and plant pest plants contribute just over 20% to the need for this activity. These exacerbating properties as well as the properties that benefit from this activity will fund their share of the cost through targeted rates.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Properties that benefit from, or contribute to, the need for the activity will pay according to property size. Properties over 4 ha in size will be rated on a per hectare rate basis for 60% of the cost of the activity, as they are the main beneficiaries/contributors to the activity. A per hectare rate is used as the benefits will increase as the property size increases. Properties under 4 ha will be rated by way of a Uniform Annual Charge for 10% of the cost of this activity as it is considered that the majority of such properties benefit or contribute uniformly.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for the Region's share, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

In addition we consider the use of a per hectare rate for some of the target portion should not cause adverse affects on the present or future social, economic, environmental and cultural wellbeing of the community.

While the use the UAC is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Biosecurity Pest Plant Management – Production Policy	
The method of funding this function is:	
Biosecurity Pest Plant Management – Production	
General Rate (EQCV)*	30%
Targeted per hectare rate, properties >4 ha	60%
Pest Plant UAC properties <4 ha per separate rating unit	10%
Service Delivery – Boundary control/ Non-COMPLIANCE	
Charge to the landowner	100%

*Includes 13% currently unrecoverable national share.

13. Biosecurity Environmental and Amenity Pests Control

This activity is focused on the monitoring, containment, control or elimination of environmental and amenity pests (both animal and plant) that threaten our natural environment. It includes bio-control, general weed control, zero density control (mainly old man's beard), non-production animals such as wild cats, surveillance and infestation control.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Habitat Protection (direct contribution)

DISTRIBUTION OF BENEFITS

Approximately 40% of the benefit of this activity is received by national and regional communities while exacerbators contribute the remaining 60% for the need of this work (as outlined below). We consider that the benefits of this portion of the activity accrue equally to properties within.

PERIOD OF BENEFIT

This activity is ongoing and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTORS TO THE INTRODUCTION AND SPREAD OF PEST PLANTS

National interests (DOC land, road and rail networks) also contributed to nearly 40% of the need for this activity. Farms, urban areas and plant suppliers are also exacerbators and contributed just over 20% to the need for this activity. We reluctantly recognise that the national component cannot currently be recovered. We also acknowledge that individual exacerbators are difficult to identify and that targeted rating on farm properties for these non-production pests would not be fair or generally accepted.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity could be funded by way of a separate Uniform Annual Charge. Such a charge will be efficient and highly transparent to property owners.

Although the majority of the benefits of this activity accrue equally to properties, we consider it would be burdensome on lower value properties to rate this activity solely on a per property basis. Half of the cost of this activity will be rated as a Uniform Annual Charge and half on Equalised Capital Value. This mix of rating balances transparency, fairness and ability to pay.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate for half of this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

While the use of the UAC is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only fund half of this activity by way of a UAC. Any remaining issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Biosecurity Environmental and Amenity Pests Control Policy

The method of funding this function is:

Environmental Pest Plant Control

General Rate (EQCV)*	50%
Environmental Initiatives UAC (per separate rating unit)	50%

*Includes 38% currently unrecoverable national share.

14. Compliance Monitoring

We are required by law to monitor the exercise of resource consents that have an effect in the Region (Section 35(2)d of the Resource Management Act 1991).

Funded under this heading are monitoring compliance with consent conditions, monitoring compliance by resource users, and the staff costs of enforcement.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution)
- Water Quality (direct contribution)
- Water Quantity (direct contribution)
- Ground Water (direct contribution)
- Air Quality (direct contribution)
- Coastal Environment (direct contribution)

- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

The benefits of monitoring consents are similar to the benefits which flow from processing the consents, although the extent of benefit differs. Benefits are both direct to the consent holder in the sense of security that the consent is being complied with, and indirect to the public in ensuring compliance with conditions which were imposed to minimise adverse environmental effects. Some of the wider benefits extend beyond the Region. We acknowledge that any national component cannot currently be recovered.

PERIOD OF BENEFIT

This activity is ongoing and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

We identify non-complying consent holders as exacerbating this expenditure requirement, as non-compliance requires follow-up visits or enforcement action. Non-compliers give rise to 100% of the non-complying monitoring costs.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Although there are minor additional administration costs to charging monitored consent holders we consider the cost to be outweighed by fairness and transparency. This charge will be made as an inspection charge under Section 36 of the Resource Management Act 1991.

For all consents being monitored we will use an annual fee rather than a per inspection fee, particularly for standard discharges such as dairymed effluent. This will spread the burden of the fee over two years rather than having a larger bill every second year. On sites where more than one discharge requires inspection Council has also provided for discounting the additional inspections, as some of the time involved with inspections (like travel) does not significantly increase when multiple compliance inspections are carried out on one site.

We also note that some more complicated consent sites require multiple inspection and report analysis during the year. This additional monitoring increases staff time involvement and costs. In the interests of equity to other consent holders, these additional actual and reasonable costs will be recovered from the consent holder.

Considerable time savings accrue when telemeters are used in place of physical inspection or receipt and assessment of manual records. Council has agreed to discount those consents being monitored by telemeters to recognise this saving and encourage other water users to install such equipment.

The following ratios are to be used when calculating the annual fee:

Type of consent	Percentage
Water – Telemetered	25%
Water – Individually Inspected	100%
Land – Individually Inspected	100%
Water Bundled (First)	100%
Water Bundled (Subsequent)	25%
Land Bundled (First)	100%
Land Bundled (Subsequent)	25%

When a consent holder does not comply we incur additional costs both in the field and back in the office to deal with the non-compliance. The extent of the costs that are generated by the non-compliance are dependent on whether the non-compliance is standard or significant.

The following ratios are to be used when calculating non-compliance fees:

Type of non-compliance*1	Per Inspection Charge
Standard non-compliance	50%
Significant non-compliance	100%

*1 As decided by the compliance manager based on time and costs generated by the non-compliance.

The guidelines by which the manager of compliance will decide whether a non-compliance is standard or significant are:

STANDARD NON-COMPLIANCE RESOURCE CONSENTS

The following are examples of standard non-compliances. It should be noted that these examples are indicative only and not a complete list of standard non-compliances. Each non-compliance will need to be assessed in the context of the consent granted and compliance history of the consent.

Nutrient Budget/Management Plan

Not having a nutrient budget and/or management plan or not supplying one in accordance with resource consent conditions.

Non Provision of Sampling/Monitoring Results

Not providing sampling/monitoring results in accordance with resource consent conditions.

Non Provision of Gravel Returns

Not providing gravel take volumes in accordance with resource consent conditions.

Non Provision of Water take Returns

Not providing water take volumes in accordance with resource consent conditions.

SIGNIFICANT NON-COMPLYING RESOURCE CONSENTS

The following are examples of significant non-compliances. It should be noted that these examples are indicative only and not a complete list of significant non-compliances. Each non-compliance will need to be assessed in the context of the consent granted and compliance history of the consent.

Ponding of Agricultural Effluent

Ponding of effluent (including solids) on soil surface, unauthorised by resource consent. This is at the time of irrigation, or any effluent on the soil surface five hours after irrigation has occurred.

Discharge of Agricultural Effluent to Water

Any unauthorised discharge of agricultural effluent (including solids) either directly to water or to land in circumstances that may allow the effluent to enter water.

Greater Effluent Discharge Volume than Authorised (consented volumes)

A combination of increased discharge volumes from an increase in stock numbers, a poor compliance history and an inadequate effluent system is a significant non-compliance. The increase in volume is not authorised by resource consent conditions and there are actual effects or high risk of potential effects occurring as a consequence.

Dairyshed Stormwater Diversions

Stormwater diversions are required in resource consents granted since 31 May 2007. If adequate storage is not available and diversions not installed, significant non-compliance occurs

Discharge of Effluent from Underpasses

Agricultural effluent from an underpass that is or has been discharging effluent to water.

Water Abstraction Exceedence

Abstraction from a water source – either a surface take or groundwater take – that is over volumes authorised by resource consent.

Continued Non Provision of Sampling Results/Gravel Returns/Water take Returns

Continued occurrence of consent holder not providing sampling results or gravel volumes or water take volumes in accordance with resource consent.

Re-inspection

Continuation of the unauthorised discharge to water/land where it may enter water.

Discharge Standards

Breaching the discharge standards required in resource consent conditions.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for the Region's share of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the compliance activity will have positive environmental and economic benefits for the community.

Compliance Monitoring Policy

The method of funding this function is:

Compliance Monitoring – Complier

General Rate (EQCV)* 30%
Charge to consent holder per inspection 70%

The following ratios are to be used when calculating the annual fee:

Type of consent	Percentage
Water – Telemetered	25%
Water – Individually Inspected	100%
Land – Individually Inspected	100%
Water Bundled (First)	100%
Water Bundled (Subsequent)	25%
Land Bundled (First)	100%
Land Bundled (Subsequent)	25%

Note: Where a consent requires more than one inspection and/or analysis or report per year, the additional cost generated by this activity will be recovered 100% from the consent holder.

Compliance Monitoring – Non-Complier

Charge to consent holder per inspection 100%

The following ratios are to be used when calculating non compliance fee:

Type of non-compliance*1	Per inspection charge
Standard non-compliance	50%
Significant non-compliance	100%

*Includes 5% currently unrecoverable national share.

15. Pollution Incidents/Complaints

We respond to complaints from the public regarding environmental matters and investigate, monitor and, where necessary, resolve reported pollution incidents.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (indirect contribution)
- Water Quality (indirect contribution)
- Water Quantity (indirect contribution)
- Ground Water (indirect contribution)
- Air Quality (indirect contribution)
- Coastal Environment (indirect contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

The public at large, both current and future generations, indirectly benefits from this service.

Private individuals who reside or work immediately adjacent to reported pollution sites would benefit directly from our involvement in restricting the environmental damage incurred by such incidents. Since these incidents could occur anywhere in the Region at any time, it is extremely difficult to identify such individuals. We consider it inappropriate, in any case, to allocate costs to surrounding properties as a result of the actions or non-actions of others unless their complaints are vexatious or prove groundless.

PERIOD OF BENEFIT

It is impossible to measure the future benefit, so it is assumed this will accrue evenly over time.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

We would not need to be involved in this function but for the potential adverse effects on the environment of the actions or non-actions of polluters. Ideally, all costs of this function should be funded by direct charges to exacerbators. However, this does not allow for our maintenance of a capacity to respond. Also, it does not recognise that it is impossible on occasions to allocate costs back to polluters. Reasons for this inability to recover costs include the difficulty in identifying polluters and the obstacles and expense of recovering costs from some polluters.

COSTS AND BENEFITS OF DISTINCT FUNDING

We want to deal promptly with all complaints and reported incidents. We do not want to discourage people from reporting pollution by subsequently having to bear charges for dealing with it. The cost allocation should take account of the need for a balance between penalising polluters and encouraging public concern for the environment.

We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

We will always make **strenuous** efforts to identify polluters and recover costs from them. We have the ability to use instant fines and these will be applied where appropriate. This represents the most efficient funding mechanism to operate, reflects the ability to pay and is the most effective in meeting the need for transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for the Region's share of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the compliance activity will have positive environmental and economic benefits for the community

Pollution Incidents/Complaints Policy	
The method of funding this function is:	
Pollution Incidents/Complaints	
General Rate (EQCV)*	Remainder
Charge/fines to polluter	As much as appropriate

*Includes 5% currently unrecoverable national share.

16. Consent Management

We are obliged to process resource consent applications as part of our responsibilities under the Resource Management Act 1991. Performing this function is also in the environmental and economic interests of the Region.

This function includes receiving, processing and granting of consent applications, holding hearings, and making representations to the Environment Court, where required, for consent applications.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (indirect contribution)
- Water Quality (indirect contribution)
- Water Quantity (indirect contribution)
- Ground Water (indirect contribution)
- Air Quality (indirect contribution)
- Coastal Environment (indirect contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

This benefits the public generally and will benefit future generations. Some benefit extends beyond the Region to benefit New Zealand generally. Applicants get considerable direct benefit by being able to carry out activities restricted by the Resource Management Act 1991 for their own personal advantage. It is acknowledged that any national component cannot currently be recovered.

We want people to use the consent process properly, and so the direct costs should not be prohibitive. We also consider situations where hearings become difficult through no fault of the applicant (perhaps where there is a vexatious objection), and other hearings where there are genuinely wide issues relating to the public good which may justify a greater proportion of ratepayer funding.

PERIOD OF BENEFIT

We acknowledge that sustainable resource management benefits future generations. The benefits of a consent will run for the life of the consent (provided it is complied with). However, we note that it is probably not appropriate to fund this activity over time. It is quite different from capital works. This is recurring expenditure which remains at a similar level from year to year, so costs can be funded in the year in which they are incurred.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Enquiries from prospective applicants

This is a private good if the person making the enquiry goes on to lodge an application. The costs of the activity in that case should be 100% recovered from the applicant. However, in the absence of a subsequent application being lodged, the activity would need to be funded entirely from General Rates. Council will make an exception for lengthy enquiries from prospective consent applicants. Note: Those applicant enquiries that are short in duration

and do not lead to consent applications, and general public enquiries, will be funded as part of the RMA Advice Funding Policy below.

Processing applications received

The processing of applications received [including dam consents and project information memoranda (PIM)] is almost entirely a private good, being rival and excludable. Those seeking consents contribute to the need for, and the cost of, this activity. In some cases consents also impart a tangible commercial or monetary value to their holders (such as transferable water abstraction consents in fully allocated catchments). However, there is also a public benefit to some consents that are applied for by community groups, excluding Territorial Authorities (TAs or local Councils). TAs have been excluded as, although they represent the community, for the purpose of the Region they are considered a body corporate who pass on their own costs (including consent application costs) to the public under their own funding policies. We wish to avoid cross subsidy of consent costs for local Councils across their boundaries.

Accordingly we consider that the consent processing activity in its entirety should be funded 80% from user fees and 20% from the General Rate.

To be clear, the funding policy applies to the activity in entirety and not to each individual consent. The majority of consents will be 100% user charges with a few community based consents discounted.

Hearings for notified applications

Hearings are considered to be an extension of the application process and will be treated in the same manner as consent processing.

Environment Court representations

Council is legally unable to recover costs from Environment Court representations so these will need to be funded from the General Rate.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider the regional General Rate via Equalised Capital Value is the most appropriate funding method for recovering the Region's share of cost for this activity, as it is efficient, generally reflects the ability to pay and meets the need for transparency.

We consider the consent holder's portion of costs should be recovered as Section 36 charges under the Resource Management Act. Although there are additional administration costs to charging applicants, we consider the cost to be outweighed by fairness and transparency.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for the Region's share of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

We also consider that the assigning of cost to those contributing to the consents activity will have positive environmental and economic benefits for the community.

Consent Management Policy	
The method of funding this function is:	
Processing applications received (including dam consents and PIMs)	
General Rate (EQCV)*	0 to 20%
Section 36 charges to applicant	80 to 100%
Hearings for notified applications	
General Rate (EQCV)*	0 to 20%
Section 36 charges to applicant	80 to 100%
Environment Court	
General Rate (EQCV)*	100%

*Includes 5% currently unrecoverable national share.

17. Resource Management Act Advice

In order to ensure the achievement of our stated aims and objectives, we aid implementation of our policies by providing advice in relation to the responsibilities of the Region's residents under the Resource Management Act 1991. In particular, this occurs at a preparatory stage in the application for a consent but does not always result in an applications being made as the advice given may indicate that a consent is not necessary. Any advice under an hour's duration is not charged to a person making enquiries and needs to be recovered from rates.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (indirect contribution)
- Water Quality (indirect contribution)
- Water Quantity (indirect contribution)
- Ground Water (indirect contribution)
- Air Quality (indirect contribution)
- Coastal Environment (indirect contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experience the resulting general improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries mainly a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Those seeking advice contribute to the need for, and cost of, this activity, however in order to promote the achievement of our environmental mission and goals that these functions be funded by way of rates.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this advice will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge. Such a charge will be efficient, and transparent to property owners. However, given the other targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the Uniform Annual General Charge. We therefore suggest this activity be funded from the General Rate.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for the Region's share of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Resource Management Act Advice Policy	
The method of funding this function is:	
RMA Advice	
General Rate (EQCV)*	100%

*Includes 10% currently unrecoverable national share.

18. Environmental Research – General

This function provides for general research and monitoring, and includes state of the environment reporting and monitoring.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Air Quality (direct contribution)
- Land Management (indirect contribution)
- Water Quality (indirect contribution)
- Water Quantity (indirect contribution)
- Ground Water (indirect contribution)
- Coastal Environment (indirect contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

The main beneficiary in general of this function is the Region in general, although the air monitoring function benefits only the communities where monitoring is active.

PERIOD OF BENEFIT

Although the monitoring will result in benefits to the future health of these specific communities, the majority of the current community contribute to the need for this function. It is therefore not appropriate to allocate benefits between current and future generations.

CONTRIBUTORS TO POOR AIR QUALITY

The main contributors to the need for the air monitoring function are producers of air emissions. Domestic wood burners are likely to be a significant contributor. It should be noted, however that it is the communities' geographical and meteorological circumstances that make the producers of air emissions contributors. Such producers exist in other

communities of the Region, but the geography and climate of those other communities prevent the build-up of PM₁₀ and other air pollutants.

We consider that all contribute to the need for State of the Environment reporting.

COSTS AND BENEFITS OF DISTINCT FUNDING

We do not currently have sufficiently sophisticated information to target exactly who is contributing to the air quality problem. Therefore this function should be funded from the General Rates which we conclude is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

Environmental Research - General Policy	
The method of funding this function is:	
Environmental Research general	
General Rate (EQCV)	100%

19. Environmental Education – including the Green RIG

This activity aims to raise the community's awareness about the environment - how it works and is changing, and the drivers of change. Armed with this information, individuals and communities are then positioned to make informed decisions about how they want the environment to be managed into the future, and what role they will play in its management today. Raising the general awareness of school children and the wider community about the environment is the responsibility of our environmental education programme.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (Indirect contribution)
- Water Quality (indirect contribution)
- Water Quantity (indirect contribution)
- Ground Water (indirect contribution)
- Air Quality (indirect contribution)
- Coastal Environment (indirect contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

All citizens within our Region ultimately benefit from this greater awareness of our environment, as awareness will lead to more environmentally, economically and socially balanced decisions and actions.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO THIS ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the majority of the benefits of this activity accrue to people a per property charge via the Environmental Initiatives Uniform Annual Charge seems the most approximate way to rate for this activity. Such a charge will be efficient, and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of a Uniform Annual Charge (UAC) to be fair as the benefits accrue to people in general. While a UAC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Environmental Education – Including the Green RIG Policy

The method of funding this function is:

Environmental Education – Including the Green RIG

Environmental Initiatives UAC (per separate rating unit)	100%
--	------

*Includes 10% currently unrecoverable national share.

20 Living Heritage – General

The Habitat Protection Activity focuses on halting the decline of native habitats and species within the Region and ensuring the survival and restoration of significant habitats that are falling below critical levels. Habitats include wetlands, native bush remnants, the volcanic plateau grasslands, streams, rivers and lakes.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Habitat Protection (direct contribution)

DISTRIBUTION OF BENEFITS

The preservation of these habitats not only benefits the Region and the Nation but is also in the interest of the global community. While communities surrounding protected areas receive a higher level of benefit due to accessibility, the importance of protecting these areas for the good of all should not be overlooked. The uniqueness of these areas also attracts regional, national and international visitors. It is acknowledged that any national/international component cannot currently be recovered.

PERIOD OF BENEFIT

It is considered that this function will give rise to significant benefits in future years but as the expenditure will be ongoing and the benefits cumulative, no adjustment for inter-generational equity is required.

CONTRIBUTORS TO HABITAT LOSS

Prior generations have been the main exacerbators, whose actions in the past have led to the need to preserve the remaining areas. It is impossible to pass this cost back to these past generations.

COSTS AND BENEFITS OF DISTINCT FUNDING

Although the majority of the benefits of this activity accrue equally to properties, we consider it would be burdensome on lower value properties to rate this activity solely on a per property basis. Half of the cost of this activity will be rated as a Uniform Annual Charge (Environmental Initiatives) and half on Equalised Capital Value. This mix of rating balances transparency, fairness and ability to pay.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate, for half of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural

wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

While the use the UAC is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only fund half of this activity by way of a UAC. Any remaining issues of affordability, especially for the elderly on fixed income is addressed via the central government rates rebate scheme and our rates postponement policy.

Living Heritage – General Policy	
The method of funding this function is:	
Living Heritage – General	
General Rate (EQCV)*	50%
Environmental Initiatives UAC (per separate rating unit)	50%

*Includes 10% currently unrecoverable national share.

21. Regional Parks

We have taken over management of the Totara Reserve in the Pohangina Valley as a regional park.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Habitat Protection (direct contribution)

DISTRIBUTION OF BENEFITS

The main beneficiaries of this function are the local communities around Totara Reserve, which we consider receive 90% of the benefit of the reserve. However, we do consider there are some national and regional benefits from any regional park. Council acknowledges that the national benefits cannot currently be recovered. We believe the regional share should be funded from the General Rate.

PERIOD OF BENEFIT

The majority of the benefits will accrue as costs are incurred. Any future benefits will be cumulative and, as the expenditure is ongoing, no adjustment for intergenerational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

Ninety percent of the cost will be funded from the Manawatu District and Palmerston North City, with the remaining 10% from the General Rate. As we consider the benefits for the local community share accrues evenly to properties, a Uniform Annual Charge per property will fund the local share.

OVERALL IMPACT ON WELLBEING

While the use the UAC over the two local authorities is regressive in nature we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only fund 90% of this activity by way of a UAC. Any remaining issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

We consider that the use of the General Rate for 10% of this activity, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Regional Parks Policy	
The method of funding this function is:	
Regional Park	
General Rate (EQCV)*	10%
Targeted UAC Manawatu District/Palmerston North City	90%

*Includes 5% currently unrecoverable national share.

22 Living Heritage – Non Strategy

On occasion a community will want some living heritage work to be undertaken which is outside our current strategies.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Habitat Protection (direct contribution)

DISTRIBUTION OF BENEFITS

As such work is outside our strategies we would consider it to only have benefit to the requesting community.

PERIOD OF BENEFIT

Each request would need to be analysed on its project timeframe and resulting benefits.

CONTRIBUTORS TO HABITAT LOSS

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We would rate such a project to the community that will benefit from it.

OVERALL IMPACT ON WELLBEING

We consider a specifically targeted rate to be fair when a project is outside our strategies.

Living Heritage – Non Strategy Policy

The method of funding this function is:

Living Heritage – Non Strategy

Community Targeted Rate*	100%
--------------------------	------

*Currently there is one project that falls under this revenue and funding policy and that is the funding of the Rangitikei Environment Group Old Mans Beard Eradication Programme. This project will be funded by way of a differentiated uniform annual charge on the ratepayers of the Rangitikei District. Initially we considered a uniform annual charge over the whole district but considered that would be too burdensome on lower valued properties. Instead, we will rate 70% of the costs by way of a uniform annual charge on properties 4 ha and greater, and 30% by way of a uniform annual charge on properties less than 4 ha.

23. Community Relationships and Customer Services

The focus of this activity is our relationship with the community in general. Community communications and public information provide the community with information about who we are, what role we play in the community, and what specific issues and/or activities are important.

COMMUNITY OUTCOMES

This activity contributes indirectly to all community outcomes by making the public aware of the community outcomes what we do to achieve them.

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experience, in equal measure, the resulting improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of the Uniform Annual General Charge. Such a charge will be efficient and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of a Uniform Annual General Charge (UAGC) to be fair as the benefits accrue to all properties within a catchment. While the UAGC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Community Relationships and Customer Services Policy	
The method of funding this function is:	
Community Relationships and Customer Services	
Uniform Annual General Charge (per separate rating unit)	100%

24. District Liaison

In order to ensure the achievement of our stated aims and objectives, we aid implementation of our policies by providing advice in relation to the responsibilities of both the Council and the Region's residents under the Resource Management Act 1991. In particular, this occurs at a preparatory stage in the application for a consent but does not always result in an application being made as the advice given may indicate that a consent is not necessary. Any advice under an hour in duration is not charged to a person making enquiries and needs to be recovered from rates.

As the District and City Councils in our Region are important partners in environmental matters (especially regarding the impact of new developments), we devote resources to liaising with our fellow Councils.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (indirect contribution)
- Water Quality (indirect contribution)
- Water Quantity (indirect contribution)
- Ground Water (indirect contribution)
- Air Quality (indirect contribution)
- Coastal Environment (indirect contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experience the resulting general improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries mainly a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

It could be argued that this function would not be required if District and City Councils did not exist and therefore they should be directly charged. However, this function is a Regional Council initiative to promote our own objectives and, therefore, it would be inequitable to charge our fellow Councils.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this advice will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge (UAGC). Such a charge will be efficient, and transparent to property owners. However, given the other targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the UAGC. We therefore suggest this activity be funded from the General Rate.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

District Liaison Policy	
The method of funding this function is:	
District Liaison	
General Rate (EQCV)	100%

25. Regional Emergency Management

We maintain an emergency management capability to help co-ordinate and facilitate an immediate response to emergencies such as earthquakes, volcanic eruptions, floods and hazardous spills. This is a statutory requirement of Council under the Civil Defence Emergency Management Act 2002. This function is also concerned with the ongoing

development of a Civil Defence Emergency Management Group (CDEMG) for this Region. The CDEMG aims to provide an effective and efficient Region-wide emergency management system that makes the best use of available resources to meet the needs of all communities.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Natural hazards (direct contribution)
- Flood Protection (direct contribution)
- Coastal Environment (co-benefit contribution)
- Water Quality (co-benefit contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

Provision of this service indirectly benefits the public at large, mainly within the Region, although there is small portion of national benefit. The high degree of uncertainty surrounding the nature, frequency and location of such emergencies makes it impossible to assess the level of direct benefit that may accrue to private individuals or local communities. No one can be excluded from deriving potential benefit from the service.

PERIOD OF BENEFIT

Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We concluded that the regional General Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient, and meets the need for transparency.

The national share of this activity will be recovered by way of a grant.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

The national share of this activity will be recovered by way of a grant.

Regional Emergency Management Policy

The method of funding this function is:

Regional Emergency Management

General Rate (EQCV)	90%
Government support	10%

26. Territorial Authority Emergency Management

In the 2008-09 financial year we began to provide emergency management services under contract to Manawatu and Rangitikei District Councils. These services include the local delivery of their civil defence emergency management commitments and rural fire responsibilities.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Natural Hazards (direct contribution)
- Flood Protection (direct contribution)
- Coastal Environment (co-benefit contribution)
- Water Quality (co-benefit contribution)
- Habitat Protection (co-benefit contribution)

DISTRIBUTION OF BENEFITS

Provision of this service directly benefits the community to which the services are provided.

PERIOD OF BENEFIT

Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider that the cost of this activity should be met by way of contract payment from the territorial authorities that request the service.

OVERALL IMPACT ON WELLBEING

We consider that directly charging the territorial authorities would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

Territorial Authority Emergency Management Policy

The method of funding this function is:

Territorial Authority Emergency Management

Contract Payment	100%
------------------	------

27. Representation and Governance

Through their local representatives on the Council, the people of the Region are able to exercise their democratic right to be heard and to contribute to the decision-making process. In turn, the Council exercises governance by monitoring and reviewing the activities of management to ensure that its agreed strategies and policies are implemented in a manner consistent with the achievement of its stated goals and objectives.

COMMUNITY OUTCOMES

This activity contributes indirectly to all community outcomes through governance of the activities that contribute towards the outcomes.

DISTRIBUTION OF BENEFITS

The sole beneficiaries of this function are the communities within the Region who elected and are represented by the Council, since it is they who ultimately receive the benefit of the efficient and effective running of the business of environmental management in their area. As Horizons can rate only on properties, not people, the closest match to these benefits is through the Uniform Annual General Charge (UAGC) on each property.

PERIOD OF BENEFIT

The cost of this function is of an ongoing operational nature and does not incur any future benefit.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of the UAGC. Such a charge will be efficient and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of a UAGC to be fair as the benefits accrue to all properties within a catchment. While the UAGC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Representation and Governance Policy

The method of funding this function is:

Representation and Governance

Uniform Annual General Charge (per separate rating unit)	100%
--	------

28. Information

The Information Activity provides a core group of expertise dedicated to meeting our complex needs for high quality information collection, storage and access. This is a new activity, bringing together functions and staff that previously were dispersed throughout the organisation for planning, budgeting, operational and reporting purposes.

The focus is on identifying opportunities to improve our information systems by using up-to-date technologies that provide an integrated approach to information management across the organisation, from back-office functions to catchment monitoring for river levels and flows, and water quality.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Land Management (direct contribution)
- Water Quality (direct contribution)
- Water Quantity (direct contribution)
- Ground Water (direct contribution)

- Coastal Environment (direct contribution)
- Flood Protection (direct contribution)
- All other outcomes (indirect contribution)

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region as the information is used both internally and externally to make more balanced decisions among the community wellbeings.

PERIOD OF BENEFIT

Although this function carries mainly a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this information will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge (UAGC). Such a charge will be efficient, and transparent to property owners. However, given the other targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the UAGC. We therefore suggest this activity be funded from the General Rate.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties

Information Policy	
The method of funding this function is:	
Information	
General Rate (EQCV)	100%

29. Iwi

The focus of this activity is the partnership relationship we have with Māori, where we are seeking to strengthen Māori participation in decision-making and policy development.

COMMUNITY OUTCOMES

This activity contributes indirectly to all community outcomes through the involvement of Iwi in decision making.

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region that experience, in equal measure, the resulting improvement in the quality of their local environment.

PERIOD OF BENEFIT

Although this function carries a future public benefit, it is considered impracticable to measure it. The work involved is of an ongoing, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As the benefits will accrue equally to properties across the Region, this activity should be funded by way of the Uniform Annual General Charge. Such a charge will be efficient and highly transparent to property owners.

OVERALL IMPACT ON WELLBEING

We consider that the use of UAGC to be fair as the benefits accrue to all properties within a catchment. While the UAGC is a regressive rate we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Iwi Policy	
The method of funding this function is:	
Iwi	
Uniform Annual General Charge (per separate rating unit)	100%

30. Strategic Management – General

As part of our primary function to ensure the sustainable management of the Region's natural resources we formulate policy for inclusion in statutory documents and develop operational plans to translate policy into practice. This involves:

- Preparation of the One Plan and other regional strategies
- Refining policies and plans through public submission and hearing processes as required by the Resource Management Act 1991
- Liaison with, and participation of, iwi in policy formulation
- Development of internal policies and strategies such as monitoring strategies, environmental education programmes and enforcement policies
- Investigation of emerging issues and their implication for Horizons

COMMUNITY OUTCOMES

This activity contributes indirectly to all community outcomes through the improvement of our decision-making processes.

DISTRIBUTION OF BENEFITS

The public at large, including future generations, receive nearly all the benefit arising from this function. Although some of the policy work relates to parts of the Region producing public benefits for those specific areas, benefit areas are not significant enough to warrant separation. This public benefit also extends to those living outside the Region who may wish to make use of its natural resources for leisure or tourism. However, it is currently considered impracticable to attempt to identify these beneficiaries.

PERIOD OF BENEFIT

Policy and plan documents are considered to have benefits which extend over time, ranging between five and 15 years depending on the life of the particular document. With plans that have a life of 10 years or longer Council will reserve or loan fund the construction phase and fund the repayments and interest over the life of the plan to achieve inter-generational equity.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

As we consider the benefits of this advice will accrue equally to properties across the Region, this activity could be funded by way of the Uniform Annual General Charge (UAGC). Such a charge will be efficient, and transparent to property owners. However, given the other

targeted Uniform Annual Charges within this policy we consider it would be too burdensome to low value properties to fund this activity from the UAGC. We therefore suggest this activity be funded from the General Rate.

OVERALL IMPACT ON WELLBEING

We consider that the use of the General Rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties

Strategic Management – General Policy

The method of funding this function is:

Strategic Management – General

General Rate EQCV*	100%
--------------------	------

Strategic Management – 10 year + Plans

Construction - Reserve/Loan Funded *	100%
--------------------------------------	------

Principal, Interest and Ongoing Maintenance – General Rate EQCV	100%
---	------

*Includes 5% currently unrecoverable national share.

31. Transport Planning

Horizons is required by law to prepare and implement a Regional Land Transport Strategy (Section 29F of the Land Transport Act 1998).

Funded under this function are the implementation, monitoring and, where necessary, the review of the Regional Land Transport Strategy, and preparation and administration of the Annual Transport Programme.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Public Transport (direct contribution)

DISTRIBUTION OF BENEFITS

Both the Nation and the Region benefit from this function as it results in safer and more efficient transport links through and within the Region.

PERIOD OF BENEFIT

We consider that at least 80% of the expenditure on this function will give rise to benefits which will accrue in future years. We consider that these benefits will accrue over the next five years. However, we also note that there are some routine operational activities associated with the core plan work that would need to be funded annually. Furthermore, total costs for this function generally continue from year to year at about the same level therefore an adjustment does not need to be made for inter-generational equity reasons.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We have identified that a separate targeted rate for Regional Transport is the most appropriate and efficient tool for funding the public benefits identified for this activity. The transport rate will be levied across the Region on an Equalised Capital Value basis. We have also identified our access to NZ Transport Authority funding, which we consider should continue to be provided by Central Government (at current levels or more), given both the funding provided by transport levies of residents of the Region and the benefits of the transport system to out-of-Region residents.

The targeted rate for this activity would be non-differentiated; however both this function and the road safety function will be rated together to improve rating efficiency.

OVERALL IMPACT ON WELLBEING

We consider that the use of a separate targeted rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties

Transport Planning Policy

The method of funding this function is:

Transport Planning

Transport Planning and Safety Rate (EQCV)	75%
Government support	25%

32. Transport Safety

This function coordinates a programme of community road safety education and activities, aimed at reducing the number and social cost of road crashes in our Region.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Public Transport (direct contribution)

DISTRIBUTION OF BENEFITS

Central Government greatly benefits from this activity as fewer road crashes equate to lower health care, rehabilitation, and support costs. The Region's residents also benefit from fewer road crashes and subsequent economic and social costs.

PERIOD OF BENEFIT

Although there will be some future benefit from the campaigns, the expenditure is ongoing, and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTORS TO THE NEED FOR ACTIVITY:

People who are in the habit of driving unsafely do contribute to the need for this activity, but unfortunately such drivers cannot easily be identified.

COSTS AND BENEFITS OF DISTINCT FUNDING

We have identified that a separate targeted rate for regional transport is the most appropriate and efficient tool for funding the public benefits identified for this activity. The Transport Rate will be levied across the Region on an Equalised Capital Value basis.

We have also identified our access to NZ Transport Authority funding, which we consider should continue to be provided by Central Government (at current levels or more), given both the funding provided by transport levies of residents of the Region and the benefits of the transport system to out-of-Region residents.

The targeted rate for this activity would be non-differentiated; however both this function and the transportation function will be rated together to improve rating efficiency.

OVERALL IMPACT ON WELLBEING

We consider that the use of a separate targeted rate for this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural

wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Transport Safety Policy

The method of funding this function is:

Road Safety

Transport Planning and Safety Rate (EQCV)	25%
Government support	75%

33. Passenger Transport Services (including Total Mobility)

The purpose of this function is to support the provision and promotion of passenger transport services where this will significantly improve the mobility of the transport disadvantaged, road congestion, the environment, and safety.

Funded under this heading are evaluation of proposed new passenger transport services, review of existing services, review of the passenger transport plan and the provision of subsidies for passenger services.

COMMUNITY OUTCOMES

This activity contributes towards the following community outcomes:

- Public Transport (direct contribution)

DISTRIBUTION OF BENEFITS

The provision of passenger transport services directly benefits the users of the services, concessionary users of transport services and mobility scheme users. As services are mainly provided in the urban areas, there is a greater benefit to urban ratepayers. Businesses, retailers, educational institutions and urban communities generally benefit through the provision of passenger transport.

There are also indirect, public benefits through the promotion of public services, the reduction in traffic congestion, the advantages to the environment and the improvement in safety. There is also a social/community value in looking after those who are assessed as being mobility disadvantaged.

We consider that it is appropriate to consider different services and different classes of private beneficiaries separately given the differing abilities to pay. In particular, we have separated the following – City Services (children, students, the elderly, beneficiaries, the disabled and other users), Contracted Services, Community Services and Mobility.

PERIOD OF BENEFIT

Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We consider it appropriate to levy a targeted rate over all urban properties in which the services are provided, on the basis of Capital Value. Our share of Total Mobility services is to be rated by Capital Value within the urban areas in which they are available.

In some areas, organisations such as Massey University and UCOL provide subsidies for some services as their students receive additional benefits, and these need to be recognised in the overall funding policy.

The user charges are outside our financial activities and therefore do not appear in our funding policy recommended below. However, it is expected that users will fund the cost of the service through fare charges as follows:

City Services	
Children	50%
Students/Elderly/Beneficiaries/Disabled	67%
Other Users	100%
Total Mobility	
Eligible Users	50%
Contracted and Community Services	As per arrangement.

It should be noted that we, on a case-by-case basis, will operate services with a higher level of Council subsidy where the service is either being established or is struggling to be financially viable and is under review.

OVERALL IMPACT ON WELLBEING

We consider that the use of separate targeted rates for each community, would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Capital Value within each community, on the whole, addresses issues of affordability in terms of low value properties.

Passenger Transport Services (including Total Mobility) Policy	
The method of funding this function is:	
Passenger Services	
Transport Passenger Services Rate (CV)	35.5%
Government support	50%
Other support*	14.5%
*Average over all passenger services	
Total Mobility	
Transport Total Mobility Rate (EQCV)	60%
Government subsidy	40%

34. Investments

We own investments comprising strategic investments, such as our port shares, and income investments, such as our day-to-day working capital.

COMMUNITY OUTCOMES

This activity contributes indirectly towards all community outcomes by providing income that enables us to carry our activities at the levels set in the community plan.

DISTRIBUTION OF BENEFITS

The beneficiaries of this function are the communities across the Region.

PERIOD OF BENEFIT

Ongoing.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

We suggest that the income from this activity be offset against the General Rate.

OVERALL IMPACT ON WELLBEING

We consider that offsetting the General Rate with income from this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

Investments Policy	
The method of applying income from this activity:	
Investments	
General Rate (EQCV)	100%

35. Event Recovery

After a significant adverse event, such as the 2004 storm event, we may face considerable damage and recovery costs. Although the majority of these costs will be met by insurance and Central Government assistance, there will still be residue costs that will have to be met by our ratepayers.

COMMUNITY OUTCOMES

These will be considered at the time of the event.

DISTRIBUTION OF BENEFIT

We will need to assess who will benefit from the damage repair and recovery work to be undertaken after each event when the residual costs are known. We will also need to be sensitive to the ability of affected people to pay.

PERIOD OF BENEFIT

It is expected that the benefit of these costs will be mainly in the present.

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

If the amount is significant we will need to rate the additional funds as a separate targeted rate for fairness and transparency.

OVERALL IMPACT ON WELLBEING

This will be considered at the time of the event.

Event Recovery Policy	
The method of funding this function is:	
Event Recovery	
Separate Targeted Rate*	Remainder
Insurance and Government Assistance	As much as is appropriate
<ul style="list-style-type: none"> • Method to be decided based on effects of event 	

Policy on Financial Contributions

We are required, pursuant to Sections 104 and 106 of the Local Government Act 2002, to have a policy in relation to the purposes for which development contributions or financial contributions may be required.

Regional Councils have no power under the Local Government Act 2002 to require development contributions, therefore this policy specifically refers only to financial contributions.

Where we grant resource consent under the rules in our regional plans, we may impose a condition requiring that a financial contribution be made for the purposes specified in the plan.

The term 'financial contribution' is defined in Section 108(9) of the Resource Management Act 1991, to mean:

A contribution of:

- Money; or
- land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of the Māori Land Act 1993, unless that Act provides otherwise; or
- a combination of money and land.

Further matters relating to financial contributions are contained in Section 108(10) of the Act. Under this section of the Act, a consent authority must not include a condition in a resource consent requiring a financial contribution unless:

- the condition is imposed in accordance with the purpose specified in the plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and
- the level of contribution is determined in the manner described in the Plan.

Financial contributions may be required for various purposes, including for the purposes of ensuring positive effects on the environment, to offset any adverse affects, and to mitigate

adverse affects on the environment of use and development (environmental compensation). Financial contributions will be taken only where other mechanisms will not adequately address community concerns, or where circumstances of an individual case point clearly to a financial contribution as being the most appropriate option. The requirement for, and amount of, a financial contribution is determined during pre-hearing consultation on an application for a resource consent. A process that involves Horizons, the applicant, and any submitters to the application, determines the use and appropriateness of financial contributions in any given circumstances.

All monies collected under the financial contributions regime of the plan are collected by Horizons for use in such a manner as we deem fit in order to avoid, remedy, mitigate, or offset, the adverse effects on the environment of the activity that the financial contribution is levied on. When deciding how those contributions should be levied or allocated, consideration will be given to matters contained in public submissions on a resource consent application.

The Resource Management Act 1991 requires us to specify in each regional plan:

- the circumstances when such contributions may be imposed;
- the purposes for which such contributions may be required and used; and
- the manner in which the level of the contribution will be determined.

Each regional plan also sets out the matters which we will have particular regard to when deciding whether to impose a financial contribution and the form that that contribution takes.

Our regional plan for beds of rivers and lakes and associated activities (Section 22) provides for financial contributions where the activity for which consent is granted will cause or contribute to adverse effects on flood protection or erosion control works. The purpose of the financial contribution is to mitigate or offset the adverse effects of the activity by protecting, restoring or enhancing the river bed, bank and/or flood protection or erosion control works, including (without limitation) maintenance and planting of vegetation, sediment replenishment, flood protection works, and including a contribution to such measures elsewhere in the general locality. This has been applied specifically to gravel extraction on the Rangitikei River. A financial contribution (as at 30 June 2009 this is \$2, excluding GST, per

cubic metre of gravel extracted) is set to avoid, remedy or mitigate the adverse effects of gravel extraction on flood control and erosion control works in the Rangitikei River and its tributaries. This financial contribution is applicable to land use consents for gravel extraction in the Rangitikei River and its tributaries where there is a consent condition requiring a financial contribution to be made for this purpose. The amount payable is set each year in the Community Plan or Annual Plan.

Our Regional Coastal Plan (Section 31.3) provides for financial contributions in a wide range of circumstances and these are applied on a consent-by-consent basis.

Review of Policy

In accordance with the Local Government Act 2002, this policy will be reviewed and open for public comment via the special consultative procedure, on no less than a three-yearly basis. It will also be reviewed and consulted on at any other time within a three-year period when amendment to the policy may be required.

Liability Management Policy

Changes in this Policy for this Community Plan

As a consequence of the change to the Investment Policy relating to funds available for internal investment, the borrowing limit in this Policy has been amended. This results in the ratio of internal loans to total investment increasing from < 50% to ≤ 67%.

1. Introduction and application

This Liability Management Policy has been prepared pursuant to Section 104 of the Local Government Act 2002. The policy is intended to apply, as appropriate, to every transaction which falls within the statutory definition of "borrowing", which is defined in Section 112 of the Local Government Act 2002 as:

"Borrowing"–

- a. Means the incurring, by any means of debt, to raise money
- b. Includes the incurring of debt:
 - i. Under any contract or arrangement for hire purchase, deferred payment, instalment payment, sale and lease back or buy back, financial lease, loan, overdraft, or other arrangement for obtaining debt finance
 - ii. By the drawing, acceptance, making, endorsement, issue, or sale of bills of exchange, promissory notes and other negotiable instruments and debt securities; but,
- c. Does not include debt incurred in connection with the hire purchase of goods, the deferred purchase of goods or services, or the giving of credit for the purchase of goods or services, if
 - i. The period for which the indebtedness is outstanding is less than 91 days and the indebtedness is not incurred again promptly after payment
 - ii. The goods or services are obtained in the ordinary course of the local authority's performance of its lawful functions, on terms and conditions available generally to

parties of equivalent creditworthiness, for amounts not exceeding in aggregate an amount

- (a) Determined by resolution of the local authority as not being so significant as to require specific authorisation
- (b) Recorded for the purposes of this subparagraph of this paragraph of this definition in the then current borrowing management policy of the local authority

d. And "borrow" has a corresponding meaning

For the purposes of subparagraph c ii (b) of the above definition, this Liability Management Policy does not apply to hire purchase, deferred payment, or the giving of credit for goods where transactions are for less than 91 days, or do not exceed in value \$400,000.

For the purposes of this policy, schemes are defined as those functional areas covered:

- by activities of a catchment board under the Soil Conservation and Rivers Control Act 1941 (for soil conservation and flood protection)
- in respect of these former drainage areas: Moutoa, Makerua, Manawatu, Oroua, and Sluggish River, under Part XXIX of the Local Government Act 1974
- separate rating area institutes under the Local Government Act 2002

Section 113 of the Local Government Act 2002 prohibits Horizons from borrowing or entering into incidental arrangements other than in New Zealand currency.

The policy is structured as follows:

- Use of Borrowing
- Borrowing Limits
- Form of Borrowing
- Security
- Interest Rate Exposure Policy
- Debt Repayment Policy

- Liquidity Policy
- Credit Exposure Policy
- Cash Management Borrowing
- Incidental Arrangements

2. Use of borrowing

Horizons has drawn down some long-term external debt for the completion of Scheme Asset Management Plans (AMPs), which has resulted in a requirement for borrowing to meet future scheme requirements. Accordingly, references to borrowing are related to possible future scenarios.

Where, as a result of the Community Plan or AMPs, debt funding is deemed appropriate, we will use term borrowing only to fund long-term projects, or capital additions of a significant nature, and where:

- the benefits of such expenditure are received over terms greater than one financial year but are not matched by a related or relevant outflow of funds, **and**
- the term of borrowing would be related to the expected economic life of the asset purchased or created

Although **internal borrowing** as a funding option is not covered by the definition of “borrowing” (see above), we consider it appropriate to maintain the option of internal borrowing to fund scheme capital works, provided our overall risk is not increased, and provided the individual risk from each loan is within our parameters.

The only form of borrowing to meet operating costs would be the use of overdraft facilities or other short-term facilities to cover temporary fluctuations in cash flow.

As part of the Revenue and Financing Policy, we take a project-by-project view of its activities, and allocate the funding resources accordingly. These may include term borrowing.

3. Borrowing limits

We will not exceed maximum levels of term borrowing as follows:

- for Infrastructural Assets

Ratio	Acceptable Range	Limit
Interest Expense/Operating Revenue	< 20%	20%
Net Debt/Infrastructural Assets	< 20%	20%
Internal Scheme Loans/Total Investments	≤ 67%	67%

- for Operational Assets

Ratio	Acceptable Range	Limit
Interest Expense/Operating Revenue	< 20%	20%
Net Debt/Total Other Assets	< 30%	30%

provided that, in no case, shall the **total** borrowing exceed 20% of the **total** assets of Horizons.

For the purpose of calculating the above ratios:

Infrastructural Assets

Infrastructural assets are assets such as roads, bridges, water, sewage, gas, telephone and electricity reticulation systems, dams, docks, railways, airports, stopbanks, river control works, and drainage systems.

Infrastructure, or system assets, are fixed assets with the following characteristics:

- they comprise a system or network of interdependent components
- this system interdependency may limit a component life to a lesser period than the expected life of the component by itself
- infrastructure assets have very long lives and the normal expectation is of an *indefinite* life. A finite life is determinable only when a decision is taken to replace the entire network, or to discontinue a section of it

- infrastructure assets are renewable rather than replaceable. Although, at any point in time, all components (excluding land and similar assets like earthworks) have a finite useful life, the asset as a whole can be maintained at a specified level of service potential by the continuous replacement and refurbishment of its components
- if infrastructure assets suffer severe failure, equivalent service levels from other sources are usually unobtainable for months or years

Interest Expense

Interest expense recorded in Council's accounts.

Operating Revenue

Operating revenue recorded in Council's accounts from which those servicing costs are to be met, excluding income from asset revaluations.

Net Debt

Gross debt less funds set aside for debt repayment.

Scheme Loans

Internal loans to fund Scheme capital works.

Total Investments

Total investments and deposits as recorded in the Council's accounts, excluding equity holdings and other investments in port companies.

Total Other Assets

Council's total assets excluding infrastructural assets.

4. Form of borrowing

Trade Credit

Horizons will arrange such terms and conditions as we consider necessary for the establishment and provision of normal trade credit to enable us to carry out our activities. Such credit shall not normally involve the issue of any security, undertaking, or collateral, as a condition of the provision of such credit. Finance leases and hire purchase are included within trade credit and **will** normally include a charge over the assets being purchased.

Primary Instruments

The **primary** instruments for other Horizons borrowing will be:

- bank call facilities including provision of overdrafts and standard credit lines
- bank, or other financial institutions', term loans or other credit facilities
- asset-based securities including mortgages
- issue of Horizons stock or debentures

Other

Instruments not specifically referred to in this policy may be used only with specific Horizons approval, with the provision that we **shall not** utilise any off-balance sheet financial instruments.

5. Security

It is our general policy to offer security for our borrowing by way of a charge over the rating revenues accessible overall, or portions of, rateable property within our jurisdiction. In the normal course of business the policy is not to offer security over any of our other assets. However, where doing so would help further our goals and objectives, we may, by specific Council resolution, offer such security on a case-by-case basis.

Where borrowing is by way of finance lease, or some other form of trade credit under which it is normal practice to provide security over the asset concerned, we **may** offer security over the asset.

6. Interest rate exposure policy

We will manage our borrowing requirements prudently in the interests of the Region, our inhabitants and ratepayers. In furtherance of this goal, we will keep the following objectives firmly in mind:

Cost Minimisation

We will endeavour to minimise the cost of our borrowing by:

- utilising external borrowing only where the criteria set out in Section 2 are met, and in accordance with this policy
- minimising the length of exposure by limiting the term of the borrowing to the life of the related asset acquired or created, provided that the economic impact of debt servicing is deemed acceptable
- prudent selection of funding instruments and mix to achieve lowest possible debt servicing costs

7. Debt Repayment Policy

It is our policy to repay debt as it falls due utilising one or more of the following:

- surplus operating funds
- rating revenues established for that purpose
- proceeds from the disposition of surplus assets or investments
- regular instalments of principal and interest, especially with internal Scheme capital works loans
- refinancing with new debt

Total debt levels are determined through the Community Plan, Annual Plans and Asset Management Plans.

8. Liquidity Policy

It is our policy to ensure the timely availability of funds to enable the related expenditure to be carried out, without incurring penalties or holding unnecessary cash reserves.

To enable us to manage this liquidity we will:

- match revenue requirements with expenditure streams and ensure timing differences, if any, are favourable to us
- ensure replacement funds are available no later than the repayment date, whether sourced from refinancing loans or other sources
- avoid significant concentration of credit risk, exposure or debt repayment maturities

9. Credit Exposure Policy

We will enter incidental arrangements only with creditworthy counterparties. These are selected on the basis of their current Standard and Poors (SandP) rating which must be A- or better.

10. Borrowing for cash management

This section applies to what might be described as borrowing to manage day-to-day fluctuations in cash flow.

We will maintain a committed cash facility not exceeding a limit of \$5,000,000, primarily for the urgent financing of emergency-related works and services. This facility may also be used for unexpected short-term fluctuations in operating cash flow, where appropriate investment maturities are not available. Our target is to maintain operating cash balances as close as possible to zero to minimise overdraft costs and maximise deposit rates, while meeting our obligations to staff and suppliers.

11. Incidental arrangements

We may, on terms and conditions as considered appropriate, enter into and perform any contract or arrangement that is referred to as an “incidental arrangement”. Incidental arrangements are further defined in Section 112 of the Local Government Act 2002 as:

- a. A contract or arrangement for the management, reduction, sharing, limiting, assumption, offset, or hedging of financial risks and liabilities in relation to any investment or investments or any loan or loans or other incidental arrangement, whether or not that contract or arrangement involves:
 - i. the expenditure, borrowing, or lending of money; or
 - ii. the local authority undertaking to make payments in exchange for another person undertaking to make payments to the local authority; or
 - iii. the creation or acquisition or disposal of any property or right; or
- b. A contract or arrangement with any bank, financial institution, or other person providing for any person to act as underwriter, broker, indemnifier, guarantor, accommodation party, manager, dealer, trustee, registrar, or paying fiscal, or other agent for, or in connection with, any loan or investment including the creation of a charge.

Hedging

Currently we have no approved hedging instruments for the management of our borrowing, however we may consider it prudent to enter into hedging arrangements for particular transactions, and may do so on advice from our financiers.

Agents

Where it is considered necessary for the efficient management of our Treasury Policy, and to assist in compliance with our legislative requirements, we will appoint only reputable persons or companies to fulfil the following roles:

- Financial/Investment Advisors
- Registrars/Paying Agents
- Brokers
- Trustees

Foreign Exchange

We have foreign exchange exposure through the occasional purchase of foreign exchange denominated goods and services.

By legislative restriction, we cannot borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

Other

Other forms of incidental arrangement may be entered into only with specific resolution of Council, and in accordance with the Community Plan.

Investment Policy

1. Introduction and application

This Investment Policy has been prepared pursuant to Sections 102 and 105 of the Local Government Act 2002.

The policy is structured as follows:

- general policy
- mix of investments
- acquisition of new investments
- revenue and proceeds of investments
- procedures for management and reporting to Council
- risk management

2. General Policy

We have a variety of investments (see Section 8) which, at any time, may include cash, trust funds, special funds, shares, property held for investment purposes and financial reserves, and investment in internal loans for Scheme capital works and funds loaned for the One Plan project (also see under Liability Management Policy).

These investments are acquired, held and realised by Horizons in furtherance of our community and environmental goals and objectives which are identified in our Community Plan and Annual Plans. To help meet these objectives, we will manage the following as an investment base to support the funding of our activities, thereby producing an investment income stream that reduces reliance on general rating revenues:

- Port equity-related investment portfolio (comprising our investments in shares or proceeds thereof allocated by the 1989 Local Government Reorganisation Order; rationale for this holding and our policy on future management are outlined in Section 9); and
- deposits resulting from reserve appropriations

In managing our investments generally we are not driven by commercial considerations alone. As a public body we are accountable in terms of social, economic, environmental, and cultural wellbeing of communities, and environmental management, and these considerations may lead to our making investment decisions which would not be made on commercial or financial considerations alone.

In managing our investments in accordance with our general policy, we will, consistent with optimising returns in the long term while balancing risk and return considerations, consider the following goals:

- achieve the goals and objectives set out in the Community Plan and the Annual Plan
- protect our investment
- maximise investment returns (which may include using a managed funds approach)
- ensure investments are of a type which provide us with funds when required
- manage our risk
- consider internal loans to fund Scheme capital works only provided our overall risk is not increased, and provided the individual risk from each loan is within our parameters.

3. Mix of investments

The level and mix of our investments are dependent upon, and consequently determined by, a number of factors including:

- the nature of the funds the investments represent
- the timing of possible demand for utilisation of those funds, and associated impact on liquidity
- our rationale for retaining those surplus funds in the form of investment

Thus investments comprise shares, convertible notes, government stock, and deposit instruments. Uses for these investments are summarised in the following table:

Nature of Funds	Term of Funds	Rationale For Retention
Working capital and surpluses due to temporary cash flow fluctuations	Short Term	Necessary to fund future cashflow requirements. Target is for a minimum current ratio of 1.8:1 (current assets [including deposits] to current liabilities). Targets for receivables are: For rates – overdues not to exceed 5% of the rates for the current year at balance date; and For other receivables – overdues not to exceed, on average for the year, 15% of the total receivables (other than rates) outstanding.
Disaster and Flood Damage Reserves	Short Term	For flood damage restoration and civil defence emergencies.
General Accumulated Reserves	Short-Medium Term	Maintain income stream to minimise general rate reliance.
Restricted Reserves – Scheme Emergency Reserves	Short-Medium Term	For flood damage restoration and/or capital replacement.
Capital and Asset Reserves	Medium-Long Term	Provision for asset replacement.
Investment Reserves	Long Term	Maintain income stream to minimise general rate reliance and provide dividend income as an alternative to interest.

4. Acquisition of new investments

Acquisition of investments, such as on-call and short-term deposits, is managed within the Treasury functions allocated to specified and authorised Horizons staff. This function covers the selection of initial deposits, reinvestment and maturities.

Acquisition and management of medium- to long-term investments are done in accordance with goals, objectives and provisions of the Community Plan and Annual Plans, with particular reference to the equity and associated investment holdings relating to port

companies. However, we may from time to time deem it appropriate, in terms of prudent financial management, to modify our investment profile; such a change would be entered into only through specific Council resolution and in compliance with the provisions of the Local Government Act 2002. As part of this medium to long-term investment strategy, Horizons' non-equity related investments will be linked to approximately three months equivalent of rating revenue. Fund surpluses to this requirement would then be available for internal investment (see following paragraph).

We will also maintain the option of internal investment in Scheme capital works, provided our overall risk is not increased, and provided the individual risk from each loan is within our parameters. (*See Liability Management Policy*). This option takes into account the special nature of schemes and related capital works, and the relationship between scheme ratepayers and Horizons. (For a broad definition of schemes, see the introduction to the Liability Management Policy).

Such internal loans will generally be charged at the Bank Bill Bid rate plus a margin of 0.25% or such other margin as Council may determine.

5. Revenue and proceeds of investments

Disposition of Revenue from Investments

Revenue from investment of funds reserved for particular purposes, such as Scheme Reserves and Capital Asset Reserves, are appropriated through the Statements of Financial Performance to the relevant reserves, utilising the weighted average interest rate earned from our non-equity related investments.

Revenue from other investments is retained as an income source in the Statements of Financial Performance to assist the funding of our general activities.

Revenue from Asset Sales

Revenue from the disposal of fixed assets is appropriated to the relevant Capital Asset Reserves and generally used for the purchase and replacement of fixed assets.

Abnormal Funding Items

We will generally use proceeds from abnormal funding items (such as the sale of a major capital item and reductions in our shareholdings) to maintain our capital reserves and investment portfolio, and not for operating expenditures.

6. Procedures for management and reporting to Council

Horizons' policy for the management and reporting of investments includes:

- The legislative necessity to maintain efficient financial systems for the recording and reporting (*inter alia*) of:
 1. all revenues and expenditures
 2. all assets and liabilities
 3. the treatment and application of special funds
- Adherence to our financial processes and delegations to Horizons staff to invest surplus short-term funds and negotiate reinvestments subject to the provision of adequate cash resources to meet normal expected demands
- A requirement to maintain investments to cover, in total, the balances contained in the Asset Replacement, Investments, Scheme Balances, General Disaster, and Scheme Disaster Pool Equity Accounts
- Periodic reporting of current investments to the Chief Executive and Executive, including details of investment types, maturity dates and interest rates applicable, including the current weighted average rate
- Periodic reporting to Council through a summary of investments, including investment amounts by type, year of maturity, total amounts, and appropriate weighted average interest rate

7. Risk Management

In managing our investments generally, we always seek to protect our investment and manage our risk. Accordingly, we have determined that Horizons is "risk averse", and will

apply the "prudent person" principle for the management of risk and return on our investments.

When investing cash we seek to minimise our risk by investing only in institutions with a high degree of security or credit rating, and by limiting maximum exposure in certain cases. We have established the following requirements for all cash investments:

Institution	Minimum S and P Credit Rating		Total Exposure Limit for each Counter Party
	Short Term	Long Term	
Government Stock/Bonds	N/A	N/A	Unlimited
Reserve Bank, Treasury Bills	N/A	N/A	Unlimited
Deposits with, and negotiable assets of, registered banks	A1	A1	25% of total investments at time of deposit
Other available investments within the provisions of the Trustee Act 1956	A1+	A1+	25% of total investments at time of deposit
Current Operating Account funds	N/A	N/A	25% to a maximum of five working days

In carrying out our statutory obligations under Section 101 of the Local Government Act 2002, to manage our revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of our regional communities, we must make our investments in accordance with the provisions of the Trustee Act 1956 as they apply to the investment of trust funds. In exercising our powers of investment, we are required to exercise the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others. We may also consider, in making any investment decisions:

- The desirability of diversifying investments
- The desirability of a managed funds approach
- The nature of existing investments
- The risk of capital loss or depreciation
- The potential for capital appreciation
- The likely income return
- The length of the term of the proposed investment

- The marketability of the proposed investment during, and on the determination of, the term of the proposed investment
- The effect of the proposed investment in relation to tax liability
- The likelihood of inflation affecting the value of the proposed investment

Equity investments, and associated dividend income, may also be considered by us as alternatives to fixed interest investments as a means of managing interest rate risk.

8. Schedule of Investments

Horizons Regional Council's Investments as reported at 30 June 2008

Nature of Investments	No of Shares	Book Value \$,000
Shares		
CentrePort Ltd (CPL)	5,405,691	6,922
Port of Napier Ltd (PONL)	1,750,000	5,830
New Zealand Local Government Insurance Corporation (NZLGIC)	2,000	2
Deposits (including Treasury Bills and TCDs)		1,000
TOTAL INVESTMENTS		13,754

9. Port Company Equity-related Investment Portfolio

a. CentrePort Ltd

NATURE OF INVESTMENT

We currently own 23.08% of the CentrePort Ltd (CPL). The balance of shares is held by the Wellington Regional Council.

CPL is an important operator for the Region and the CPL shares are a significant financial asset held by Horizons on behalf of our regional communities.

RATIONALE FOR HOLDING INVESTMENT

In 1991 we adopted several objectives in relation to port equity investments. These were, and continue to be:

- To maximise the value of our equities in CPL and Port of Napier Ltd (PONL)
- To review our port company holdings
- To ensure the export and import sectors of the Region are serviced by efficient ports
- To ensure both CPL and PONL are operated as successful commercial ports, recognising the importance of both ports to the Horizons Region
- To determine any change of shareholding on the basis of what is best for the ultimate success of the ports and what is the most appropriate role of local government in port ownership. In accordance with the following policy guidelines
 - The most appropriate role of local government is one of being able to 'influence' and not necessarily 'control' a regionally essential operation such as a port company
 - CPL and PONL would benefit from a wider base of shareholding, especially drawn from key port users
 - Any programme of planned divestment of shareholding in either or both ports should result in the best possible result for regional ratepayers
 - The strategic interests of this Region would be served by CPL, PONL, and Wanganui Port being complementary in their operations allowing for the future possibility of better utilisation of capital

Since 1991, we have retained our 23.08% holding in CPL. We will continue to consider potential divestment options in line with our policy but as the shareholding is a strategic asset held on behalf of the community any move towards sale would be preceded by a full public consultation process.

DISPOSITION OF REVENUE

Dividend and interest revenue from CPL is used to reduce rates.

Our accounting policy in respect of dividend revenue is that dividends are recognised when declared.

RISK MANAGEMENT

Our investment in CPL has some risk. Returns to the shareholders are driven by the level of profitability that CPL can continue to generate. Given the fixed cost nature of CPL's business, the level of revenue it can generate is the prime driver of profitability. Both the returns we can expect to receive from the investment and the ultimate value of this investment are therefore very dependent on the ability of CPL to protect and enhance its

revenue base. Much has been achieved to reduce our exposure to the risks associated with this investment.

Our ongoing risk management procedures include:

- appointing external directors with appropriate expertise to CPL's Board of Directors
- appointing our Chief Financial Officer (CFO) as reporting officer to the Council on related matters. Horizons CFO has quarterly briefings from CPL
- approving on an annual basis CPL's Statement of Corporate Intent
- receiving a formal briefing, and a half-yearly report on the results achieved and future outlook
- reviewing CPL's strategic plan at least every two years

POLICIES FOR MANAGEMENT OF INVESTMENT

The following policies will be applied by Horizons in the management of our investment in CPL:

- Horizons will continue to maintain the current risk management procedures and exercise ongoing governance through the Constitution, Statement of Corporate Intent, and the appointment of the Board of Directors
- Horizons will continue to review CPL's policy for dividends
- Horizons will continue to consider divestment options in line with our policy

b. Port of Napier Limited

NATURE OF INVESTMENT

We currently own 8.33% of Port of Napier Ltd (PONL). Shares are carried at their par value of \$1,750,000. The balance of shares is held by the Hawkes Bay Regional Council.

PONL is an important operator for the Region and the PONL shares are a significant financial asset held by Horizons on behalf of our regional communities.

PONL is a significant financial asset held by Horizons on behalf of the regional communities with its activities intertwined in the economic fabric of the Region.

PONL has consistently paid to shareholders by way of dividend at least 50% of post tax-paid profit.

RATIONALE FOR HOLDING INVESTMENT

These were, and continue to be the objectives in relation to the port equity investments continue as follows:

- To maximise the value of our equities in CPL and PONL
- To review our port company holdings
- To ensure the export and import sectors of the Region are serviced by efficient ports
- To ensure both CPL and the PONL are operated as successful commercial ports, recognising the importance of both ports to the Horizons Region
- To determine any change of shareholding on the basis of what is best for the ultimate success of the ports and what is the most appropriate role of local government in port ownership. In accordance with the following policy guidelines
 - The most appropriate role of local government is one of being able to 'influence' and not necessarily 'control' a regionally essential operation such as a port company
 - CPL and PONL would benefit from a wider base of shareholding, especially drawn from key port users
 - Any programme of planned divestment of shareholding in either or both ports should result in the best possible result for regional ratepayers
 - The strategic interests of this Region would be served by CPL, PONL, and Wanganui Port being complementary in their operations allowing for the future possibility of better utilisation of capital

We have maintained our investment in PONL as a financial asset but with due regard to the port's importance to the trading activity of the Region. Our objectives in relation to our investment are part of our overall approach to port equity investments as outlined above.

DISPOSITION OF REVENUE

Dividend and interest revenue from PONL is used to reduce rates.

Our accounting policy in respect of dividend revenue is that dividends are recognised when received. PONL's financial year is from 1 October to 30 September and this means that dividend revenues received by Horizons from PONL in any of our financial years is a mixture of interim dividends received for the current year and a final dividend received for the previous year.

RISK MANAGEMENT

Our investment in PONL has some risk. Returns to the shareholders are driven by the level of profitability that PONL can continue to generate. Given the fixed cost nature of PONL's business, the level of revenue it can generate is the prime driver of profitability. Both the returns we can expect to receive from the investment and the ultimate value of our investment are therefore very dependent on the ability of PONL to protect and enhance its revenue base. Past repayments of capital have reduced our risk exposure to the PONL investment.

Our ongoing risk management procedures include:

- appointing Horizons' Chief Financial Officer as reporting officer to the Council on related matters
- approving, on an annual basis, PONL's Statement of Corporate Intent
- receiving a formal briefing, and a half-yearly report on the results achieved and future outlook
- reviewing PONL's strategic plan at least every two years

POLICIES FOR MANAGEMENT OF INVESTMENT

The following policies will be applied by Horizons in the management of our investment in PONL:

- We will continue to maintain the current risk management procedures and exercise ongoing governance through the Constitution, Statement of Corporate Intent, and the appointment of the Board of Directors
- We will continue to consider divestment options in line with our policy

Asset Management Policy

Background

The Manawatu-Wanganui Regional Council (trading as Horizons Regional Council) administers 32 river and drainage Schemes within its Region. The purpose of the Schemes is to prevent and/or control flooding and erosion on the Region's rivers and to provide effective land drainage to areas of significant economic importance to the Region and to New Zealand.

The river control and drainage infrastructure assets that are managed by the Schemes are stationary systems or networks that serve defined communities. The systems as a whole are intended to be maintained indefinitely to specified levels of service by the continuing maintenance replacement and refurbishment of their component parts. Infrastructure assets are not tradeable as a system even though individual components such as pumps may have a tradeable value and be able to be sold.

This policy sets describes the asset and sets out typical asset life cycles. The asset life cycle is the expected life span of a particular asset type. The typical asset life cycle may be adjusted for local conditions. Assets with a finite asset life will be depreciated accordingly.

Management policy

The following policy will be applied to the management of Horizons Regional Council's Infrastructural Assets:

a. Concrete Rip Rap

Concrete rip rap provides protection against lateral erosion through the placement of concrete rubble, usually sourced from demolition sites, directly against the lower section of a riverbank. Concrete rip rap has been commonly used in the past as a less costly alternative to rock linings in situations where softer erosion protection measures are not effective. However aesthetic considerations have dictated some restrictions on the use of demolition concrete in recent years. Concrete rip rap does not in general

provide protection that is as effective as rock rip rap on account of the difficulty of achieving an appropriate grading of particle sizes.

The rubble is able to settle as the channel bed degrades and also provides immediate protection compared to vegetation based protection measures that take time to establish. Maintenance will include ongoing topping up of the concrete rubble as it settles, debris clearance and vegetation control.

The 2004 floods damaged significant quantities of concrete rip rap bank protection. Due to the inability to source the large volume of concrete rip rap lost in the flood, the high level of bank protection it provided and the risk of aggravated damage from this lost bank protection affecting critical assets such as stopbanks, it was agreed with LAPP and AIG insurance that rock could be used to replace concrete rip rap, as it would provide an equivalent level of protection and was immediately available. It was therefore agreed that concrete rip rap would forthwith be valued at the same rate as rock.

Concrete rip rap will be regarded as having an infinite life and will not be depreciated.

Concrete rip rap can be subject to localised damage by floods and in this event repairs will be treated as a maintenance expense.

In a very rare instance a river may change course during a flood rendering redundant some of the constructed bank protection. In this event the redundant concrete rip rap will not be maintained. If possible the concrete may be recovered for use elsewhere on the Scheme.

The cost of new concrete rip rap at new erosion sites on a river or the cost of complete rebuilding of concrete rip rap damaged by a flood will be treated as a capital expense which may be funded from rates, Scheme reserves or by way of a loan.

b. Culverts

Culverts provide permanent access across drains and natural watercourses, without either obstructing water flows or impeding fish passage.

Culverts are an integral part of a drainage channel and therefore are not valued or inspected separately. Culvert maintenance is incorporated into the scheduled drain maintenance programme. Culvert replacement will be funded by the Scheme so long as it is part of drainage improvements.

These structures are usually an incidental and very minor component of a stopbank or drainage channel and as such all these structures will be regarded as having an infinite life and all work to repair or replace these structures will be treated as a maintenance expense.

c. Detention Dams

All the detention dams managed by Horizons Regional Council were constructed at a time when significant Government subsidy was available for their construction. It is generally acknowledged that in the present user pays environment it would not be economic to replace most of the dams.

The dams are all earth fill structures with associated inlet and outlet concrete structures and culverts. The earth structure component of the dams will be regarded as having an infinite life and will not be depreciated.

All dams will be maintained to their design service potential except as noted below and all costs will be regarded as a maintenance expense.

Some dams are experiencing problems with gradual infilling of the ponding area due to siltation from upper catchment runoff. It is uneconomic to undertake any work to remedy this and this will be accepted as a gradual loss of service potential. It is noted that there has been a recent shift towards afforestation of the upper catchments in some of the detention dam Schemes and this may mitigate this problem.

The dams could be subject to major damage from flood or earthquake. In this event it is not intended to replace or rebuild the dam(s) as it would not be economic to do so.

Instead the dam or dams may be dismantled if this is required for safety reasons and the cost of this will be treated as an extraordinary maintenance expense and this will be funded from Council reserves.

The inlet and outlet structures and associated culverts within these dams and any concrete spillways nominally have a life of 70 years. It is anticipated that the inlet and outlet structures and some of the culverts will be capable of being refurbished or replaced at the end of their life with the costs being incidental to the value of the dam and therefore we will treat the cost as a maintenance expense. In the event of the failure or complete loss of a culvert or concrete spillway for a dam, such that significant cost would be required to replace it, the dam will be decommissioned. Consequently we will not apply depreciation to any component of the detention dams.

All dams managed by Horizons Regional Council will comply with the Building (Dam Safety) Regulations 2008.

d. Drainage Channels

All drainage channels will be regarded as having an infinite life and will be maintained to their design service potential. No provision will be made for depreciation.

Regular inspection of the drainage systems will be undertaken. This may involve inspection in both the spring and autumn which are the traditional seasons in which maintenance work is undertaken.

All mechanical cleaning of drains and chemical spraying of drains will be treated as a maintenance expense. Much of the drainage system is chemically sprayed each year. Some drains are mechanically cleaned on a one to three year basis. The necessity for drain maintenance is very dependent on weed growth in drains which can vary from season to season.

On a rare instance, either because of land settlement or severe siltation or changed land use, a drain may require substantial re-grading or relocation. This expense will be treated as an extraordinary capital expense and will be funded either directly from annual rates or from Scheme emergency reserves or by way of a loan.

e. Grade Controls

Grade controls control the bed of the watercourse by the placement of a structure across the full width of a channel. These structures artificially raise the bed level and thereby reduce the channel gradient and flow velocity. A vertical drop is created and the energy arising from that drop is dissipated on a short section of armoured bed or 'scour apron'.

These structures will generally be formed from quarried rock or river boulders, however other materials such as timber or culvert pipes may be utilised. In some situations piles may be driven to assist in retaining rock and maintaining structural shape and integrity.

Grade controls will be regarded as having a life of 50 years and will be depreciated accordingly.

All grade control structures will require periodic maintenance usually as a consequence of flood damage. All repair work will be treated as a maintenance expense. All new grade control structures will be treated as capital expenditure.

f. Groynes

Groynes modify channel alignment and mitigate lateral erosion through the placement of structures that protrude from riverbanks and reduce flow velocity immediately adjacent to those banks. Groynes may be classified as either permeable or impermeable and may take various forms and utilise a variety of materials.

Permeable groynes allow water to pass through them, which equalises the water pressure on both sides of the structure and minimises some of the scouring effect generally associated with groynes. When the flowing water passes through the permeable structures, the turbulence is reduced, the horizontal loading is reduced and bed load deposition occurs.

Impermeable groynes do not allow water to pass through them and therefore have a more positive effect in terms of flow deflection.

Groynes will be regarded as having a life of 20 years and will be depreciated accordingly.

Groynes will be maintained to their service capacity and all costs will be treated as maintenance expenditure. In some instances these structures may be capable of being refurbished to extend their life. In this case the expenditure will be treated as a capital cost.

g. Lateral Walls

Lateral walls prevent lateral erosion by the placement of rigid structures along the lower section of riverbanks. Lateral walls are often used where there is insufficient space to place rock or concrete rubble and where live edge protection works will not give the desired level of protection to the bank. These structures will be designed by a suitably qualified or experienced engineer. Considerations in the choice of lateral wall type include cost benefit, minimising the disruption to the environment, aesthetic and recreational impacts, practical construction constraints and future maintenance.

TIMBER WALLS

Timber walls are typically constructed from timber posts, railway irons or similar supports driven into the bed of the river and tied back to an anchor. Horizontal boards are fixed to the supports and backfilled between the wall and the stream bank with gravel or other suitable material. Rock is often placed on the river side toe of the lateral wall to protect against under scour and loss of backfill.

Timber walls will be regarded as having a life of 50 years and will be depreciated accordingly.

CONCRETE WALLS

Concrete walls are typically constructed using pre-cast panels, poured in situ structures, or specialist pre-cast blocks such as Mass Blocs. Concrete block walls may incorporate additional soil stabilisation works such as synthetic geogrids.

Concrete walls will be regarded as having a life of 100 years and will be depreciated accordingly.

GABION BASKETS

Gabion baskets are wire mesh units filled with graded rock for placement along the bank toe to provide erosion protection. Gabion baskets are not used extensively on account of relatively high cost, limited life and questionable aesthetics.

Gabion baskets will be regarded as having a life of 20 years and will be depreciated accordingly.

They will be maintained to their service capacity and all costs will be treated as maintenance expenditure.

In some instances these structures may be capable of being refurbished to extend their life. In this case the expenditure will be treated as a capital cost.

h. Floodgate Culvert Major

These structures consist of circular culverts with a diameter of 1.2 m or greater and box culverts with a cross sectional area of 1.2 sq m or greater. The culverts are mostly reinforced concrete with a few formed steel culverts. All these culverts will be regarded as having a 70-year life and will be depreciated accordingly.

Generally all expenditure on existing structures will be treated as a maintenance expense including lowering of culverts where culvert pipes are reused. Any replacement of culverts or replacement of an entire gate will be treated as a renewal expense which will extend the life of the asset and therefore will be a capital expenditure.

i. Floodgate Culvert Minor

These structures consist of circular culverts with a diameter less than 1.2 m and box culverts with a cross sectional area less than 1.2 sq m with an associated small floodgate.

These structures are usually an incidental and very minor component of a stopbank or drainage channel and as such all these structures will be regarded as having an infinite life and all work to repair or replace these structures will be treated as a maintenance expense. For convenience the minor floodgates may be recorded and valued

separately within asset registers to ensure that inspection and maintenance requirements are recognised.

j. Major Flood Control Structure

The Regional Council manages and owns a very large flood control structure within the Lower Manawatu Scheme. Its purpose is to divert floodwaters through an alternative flood channel. The structure consists of a large radial concrete dam with nine radial steel gates and associated electrical control equipment. There is also a control building located nearby.

The concrete and gate components of the structure have been assumed to have a life of 100 years; the electrical components a life of 50 years; and the control building a life of 100 years. Each of these asset components will be depreciated accordingly. We will not replace the Flood Control Structure at the end of its service life or in the event of complete loss or failure of the structure.

Regular inspection and maintenance will be necessary to achieve the design life and all costs will be treated as a maintenance cost and funded from rates. Other than life cycle replacement (for example for the electrical components) the structure is not expected to incur any major unplanned expenditure except perhaps for earthquake damage.

In this event Council and Scheme reserves will be utilised to fund repairs if this is feasible and economic, otherwise the structure will be decommissioned.

k. Permeable Mesh Units

Permeable mesh units prevent erosion through the placement of prefabricated structural steel 'fence units' longitudinally along riverbanks. Permeable mesh units consist of rails, pre-fabricated mesh units, tree material and vegetation planting. The mesh units initially encourage siltation and aid vegetation establishment but remain as an integral part of permanent edge protection.

These structures will be considered to have a life of 20 years and will be depreciated accordingly.

They will be maintained to their service capacity and all costs will be treated as maintenance expenditure.

i. Protection Planting and Erosion Protection Reserves

Protection planting and erosion protection reserves prevent lateral erosion of the riverbank and maintain river alignment, by planting trees that develop strong root systems to stabilise the riverbank. Tree planting will also provide tree material for subsequent layering or use in heavy tied tree erosion protection works.

Willows continue to be the preferred species for primary erosion control immediately adjacent to the river channel. Willows are able to withstand the harsh environment of the river margins and may be specially bred so that they provide a good strong root system, do not spread readily, are not brittle, and are not readily palatable to stock and animal pests. In addition, the ability of the willow to be grown vegetatively from cut material means that it provides a potential resource, on site, for future protective works. Outside a willow planting zone, native pioneer species or production species may be planted.

Protection plantings will be regarded as having an infinite life and will not be depreciated.

The plantings will require periodic maintenance consisting of layering and replanting where localised flood damage has occurred or trees are diseased or have died, or have become too large and need to be felled. This work will be treated as a maintenance expense and will be funded from rates. New areas of planting will be treated as a capital cost which will usually be funded from rates.

m. Pumpstations

New pumpstations will be regarded as having an operational life of 50 years for the pumps, 70 years for the structure and 25 years for the electrical control equipment and mechanical components including floodgates, screens and catwalks. After 70 years it is expected that the pumpstations will either require complete replacement or very major refurbishment depending on the extent of renewal expenditure during its life.

Replacement of the pumpstation after 70 years may also be necessary due to changes in land use or land settlement requiring lower pumping levels. A 25-year life for the

electrical control equipment is justified by lower product life and technological redundancy. A 25-year life for mechanical components is justified by the corrosive environment in which they are typically located.

As far as practicable the pumpstations will be maintained at their original design service capacity for their expected life. Repairs and maintenance will be carried out as necessary to ensure that their intended life is achieved.

Approximately every seven years, pumps will be removed for a servicing check and partial overhaul if required. If substantial overhaul is necessary this will be treated as capital expenditure extending the life of the pump otherwise the expenditure will be treated as a maintenance cost.

A programme of regular inspections is in place using staff and contractors to check the ongoing performance of the pumpstations and identify maintenance requirements.

n. Rock Linings

Rock linings provide protection against lateral erosion through the placement of rock directly against the lower sections of riverbanks. The use of rock to armour banks is common on rivers where there is little tolerance for erosion on account of the close proximity of buildings or infrastructure or where high erosive forces preclude the use of softer erosion protection measures.

Rock linings are able to settle as the channel bed degrades and provides immediate protection compared to vegetation based protection measures that take time to establish. Ongoing maintenance will include topping up of the rock as it settles debris clearance and vegetation control. Rock is usually stockpiled adjacent to the site prior to and during the works.

Rock linings will be regarded as having an infinite life and will not be depreciated.

Rockwork can be subject to localised damage by floods and in this event repairs will be treated as a maintenance expense.

In a very rare instance a river may change course during a flood rendering redundant some of the constructed bank protection. In this event the redundant rock linings will not be maintained. If possible the rock may be recovered for use elsewhere on the Scheme.

The cost of new rock linings at new erosion sites on a river or the cost of complete rebuilding of rock linings damaged by a flood will be treated as a capital expense which may be funded from rates, Scheme reserves or by way of a loan.

o. Stopbanks

Stopbanks provide flood protection through the construction of earth embankments or other flood retaining structures. Stopbanking is the most effective and economical structural method of flood control for many New Zealand rivers.

All stopbanking will be regarded as having an infinite life except as noted below. Maintenance will be undertaken as necessary to maintain the design service potential of the stopbanking. This may require the repair of stock damage or in some instances the topping up of stopbanks where settlement of the stopbank or loss of channel capacity has occurred. The extent of settlement and channel loss is highly unpredictable and stopbank work arising from this will be treated usually as an extraordinary maintenance expense. However, if substantial breaking down and rebuilding of the stopbank is necessary, this will be treated as capital expenditure and where the likelihood of this occurring can be pre-determined the section of stopbank concerned will be depreciated and funded accordingly.

In some situations stopbanks require to be raised periodically in response to a decline in service potential arising from predictable aggradation of the river channel and consequent loss of flood carrying capacity. The cost of this work will be treated as capital expenditure and the work will be funded from Scheme emergency reserves or from loans.

Flood damage can also occur to stopbanking. This will also be treated as an extraordinary maintenance expense; however, Scheme emergency reserves will be maintained to provide for this unplanned expenditure.

Over time, stopbanking may be threatened by erosion of the river berm land adjacent to the stopbank. In this event, the stopbanking may need to be rebuilt in a new location. The cost of this work will be treated as capital expenditure and the work will be funded as an extraordinary capital expense from Scheme emergency reserves or by loan.

Some older stopbanking (>30 years) may have been constructed to standards that are inferior to present day standards. This stopbanking may be at greater risk of failure in the event of a major flood. Investigation and testing of all the Regional Council's 400 km of stopbanking to identify problems would be very costly and it would not be economic to do this unless there is some observed evidence of a problem such as seepage or obvious settlement.

In the event of significant damage or deterioration being found and a need to rebuild being identified, the cost will be treated as an extraordinary capital expense and it will be funded from Scheme emergency reserves or a loan will be raised as necessary.

p. Tied Tree Edge Protection

Tied tree edge protection prevents lateral erosion of the riverbank and maintains river alignment, by providing relatively heavy vegetative protection, developing strong root systems, and encouraging the deposition of sediment at the toe of the banks. Tied tree edge protection is the most common method of riverbank erosion control utilised throughout the region.

Appropriately sized trees for the size of channel are utilised and anchored in place with wire rope and either driven railway irons or concrete anchors to form a continuous protective live vegetation structure to buffer flows along the riverbank.

These structures are an integral part of edge protection planting work and as such will be treated as having an infinite life.

As for all planting work, tied tree work may require a high level of maintenance expenditure due to the high-risk environment in which these structures are located. All expenditure in established sites will be treated as maintenance expenditure.

q. Weirs and Drop Structures

Weirs are flumes that control the flow in the river while Drop Structures change bed levels of the river. Nominally, weirs have a 50-year life and drop structures a 70-year life, and will be depreciated accordingly. Most will, however, not require replacement if they have successfully achieved their intended purpose of creating gravel reserves. In the event of replacement being necessary, it will be treated as an extraordinary capital expense and will be funded from Scheme emergency reserves.

Conclusion

The policy outlined above has been developed as the typical approach to be taken to the management of the Regional Council's Infrastructural Assets. There may be a need to vary this policy, by exception, on some Schemes. Any variation will be identified in the Asset Management Plan for the Scheme.

This policy will be reviewed when the Regional Council next reviews its Asset Management Plans in December 2011.

Consultation Policy

1. Purpose

The purpose of this policy is to commit Horizons to a consistent approach to consultation that leads to high quality decisions and complies with the requirements of the Local Government Act 2002.

2. Scope

This policy focuses on formal consultation, although the guidance material and tools contained in the appendices may be of wider assistance. It forms part of a wider, yet to be developed, Horizons Regional Council Relationships Strategy.

This policy does not specifically address the relationship between Horizons and Māori. We recognise the special status of Māori and will develop appropriate processes for engaging with Māori as provided for in the Local Government Act.

Consultation or submission that may be required under the Resource Management Act is not included in this policy.

3. Our consultation commitment

We are committed to ongoing and effective consultation with the community. We recognise that we need the views and information held in the community to guide the decisions we make on behalf of the community and will use appropriate methods, tailored to participants' needs, to do this.

Elected members of Council have been voted into office to make decisions on behalf of the community. Both the law and the community hold the Council accountable for making responsible decisions that reflect the best interests of this community. While it is the role of elected members to represent community interests, consultation provides additional decision-making guidance.

Our vision is to be an essential partner in growing a prosperous Region appreciated for its lifestyle and environmental qualities. We have identified active community engagement as a

key success factor for the future and have adopted organisational values such as accountability and responsiveness. We cannot fulfil these without ongoing two-way communication with the community.

We will ensure that our approach to consultation effectively and efficiently meets statutory requirements. As required in Section 40(1)(h) we will make reference to this consultation policy in our Governance Statement.

4. Delivering on our commitment

We are committed to consulting with our regional communities, communities of interest and individuals who will enhance decision-making about those things that matter in the Region. Our consultation will be successful when:

- you know why we are consulting with you and what will happen to the views you express to us
- you are confident we are seeking the views of appropriate communities, groups and individuals
- you feel we give you the information you need to understand the subject
- you feel there are no unreasonable barriers to presenting your views to us
- you feel we listen to and understand your views and are confident we consider them with an open mind and
- you know the final outcome of consultation, why we made the decision(s) and how your view was considered when making the decision(s)

5. When will Horizons Regional Council consult?

It is not possible to cover all the situations when consultation is either required or advisable, however in general we will undertake formal consultation when:

- We are required to do so by statute;
- The decision is one identified as "significant" under our Significance Policy;
- We need community views and information to guide decision-making; and
- There is evidence of strong views or interest in a matter for decision by the community or community of interest.

6. What consultation means to us

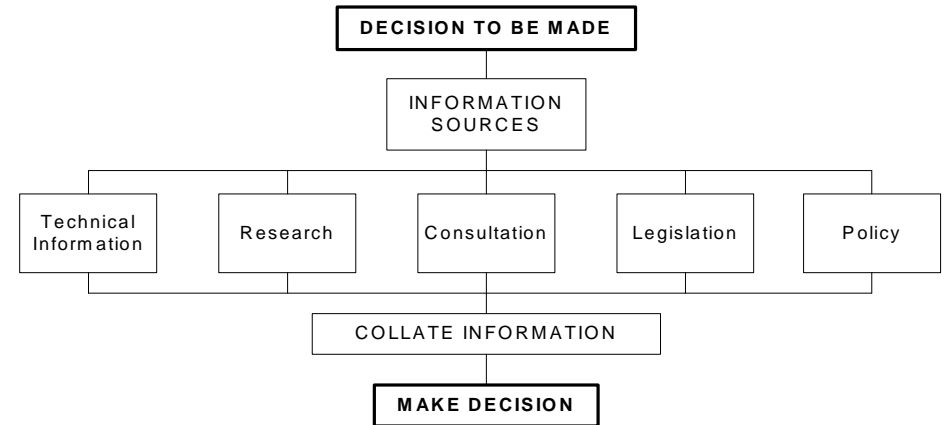
We define consultation as:

Exchanging information and ideas to ensure that the widest range of views are considered in making decisions.

The intent of this policy is to enhance decision-making through consultation, not to delegate responsibility for decision-making to those being consulted.

<p>Consultation is not just:</p> <ul style="list-style-type: none"> • Provision of information • Negotiation or • Always reaching consensus 	<p>Consultation may not be appropriate when:</p> <p>There is only one lawful course of action;</p> <p>Commercial sensitivities require protection;</p> <p>After assessing the balance of benefits and costs of consultation, the benefits of consultation are significantly outweighed by the costs; or</p> <p>There is a threat to public health and safety.</p>
--	---

The following model (from the Palmerston North City Council's consultation policy) illustrates the link between information gathering, including consultation, and decision-making.



Note: The diagram does not imply that all of the different types of information have to be collected at the same time.

7. The benefits of consultation to participants

Consultation offers those participating an opportunity to:

- obtain, understand and assess information used for decision-making
- state a view on the decision
- influence or enhance the final decision
- know the final decision and how it was determined and
- form an ongoing relationship with Horizons

8. Broad principles

Detailed guidelines will be developed to guide implementation of this policy. They will be attached to this document in the form of Appendices. The broad principles to be considered are:

- Present a proposal early in the decision-making process
- Encourage those people who will, or may, be affected by, or have an interest in, the matter to present their views ¹
- Ensure the purpose of the consultation, the scope of the decisions and who makes them are clear ²
- Provide participants with sufficient simple information in a form that helps them to understand, assess and form a view about the matter
- Provide participants with a reasonable opportunity to present their views according to their needs and preferences ³
- Ensure that consultation does not place an unreasonable cost on the community
- Listen, and carefully consider, the views presented
- Decide how the proposal should be changed, where appropriate
- Respond to those who presented views with the final decision and the reasons for it ⁴

9. Special consultative procedure

A special consultative procedure is required in circumstances specified in the Local Government Act 2002 (s83).

These circumstances include:

- Long-term Council Community Plan (s84 LGA)
- Annual Plan (s85 LGA)
- Adoption, amendment or review of bylaws (s88 LGA) and
- Change to a significant activity (s88 LGA)

Detailed information on this process should be sought directly from Section 83 of the Act.

10. Policy on significance (Local Government Act 2002, Section 90)

The Council has a policy on significance that sets out the Council's general approach to determining the significance of issues and proposals as well as the assets it considers significant.

11. Consultation guidelines

Guidelines are yet to be developed to assist us in undertaking consultation projects. These guidelines may include details on consultation planning, consultation plan template, communication guidelines and a consultation toolbox.

¹ LGA 2002 s82(1)(b)

² Ibid. (s82(1)(a) and (c))

³ Ibid. (s82(1)(d))

⁴ Ibid. (s82(1)(f))

Iwi Maori Engagement Policy

The Local Government Act 2002 (LGA) includes specific provisions requiring Horizons to engage Maori in decision-making and consultation processes, and to foster Maori capacity to participate in these processes. The relevant sections of the LGA relating to Maori include:

A general expectation in Section 14 that local authorities will provide opportunities for Maori to contribute to decision-making processes.

A requirement under Section 77 to take account of the relationships of Maori with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga, when making significant decisions in relation to land and bodies of water.

A set of requirements under Section 81 for establishing and maintaining a process for Maori to contribute to decision-making processes.

A requirement in Section 81 to also consider the means of fostering Maori capacity to contribute to decision-making processes and to provide information.

A requirement under Section 82 to ensure that processes are in place for consultation with Maori and that they comply with the general consultation provisions.

Horizons is also required to outline its strategy for achieving Section 81 in its Long-term Council Community Plan (Community Plan) and to report on actions taken in the annual report.

General Approach

Integral to fulfilling the Maori provisions of the LGA will be our ability to establish, enhance and maintain constructive working relationships with iwi, hapu and other Maori communities within the Region. This policy sets out the objectives we intend to implement to achieve this, but more specifically it addresses the notion of fostering Maori capacity in order to enable Maori to contribute to its decision-making processes.

Policy One – Development of Memoranda of Partnership with Hapu and Iwi.

Horizons will develop Memoranda of Partnership (MoP) with iwi, hapu and Maori communities within the Horizons Region. These MoPs will assist in establishing consultation protocols in line with the needs of specific hapu, iwi and Maori communities in order to facilitate their direct participation in our planning and decision-making processes.

Policy Two – Iwi Management Planning

In addition to fostering Maori capacity, we will set aside a nominal annual allocation of funding for the development of Iwi Management Plans to contribute to our decision-making processes. This funding will cover the costs of research and plan preparation. We will fund up to 50% of the total project costs.

We have achieved two Iwi Management Plans to date and are currently funding an initiative with hapu and iwi along the Rangitikei River, known as Nga Pae o Rangitikei.

Policy Three – Resource Management Act Processes

We will continue to notify, consult, and provide for participation by hapu, iwi, and Maori communities for resource consents. In addition to this, Maori Hearing Commissioners will be appointed to Resource Consent Hearings where required, to add value to any decisions made that affect hapu, iwi and other Maori communities.

We will endeavour to undertake meaningful consultation with hapu, iwi and Maori communities in development of regional environmental policy. Currently we are consulting with Maori on the One Plan via regional cluster hui. It is hoped that a comprehensive list of matters of significance to hapu, iwi and Maori communities will be articulated through this process so that we can plan to address them where possible.

Policy Four – Partnering Environmental Initiatives

We are committed to partnering with iwi and hapu on environmental initiatives. Working together on projects will include providing physical works funding and funding opportunities to help iwi have a strong voice in environmental processes.

Policy Five – Developing Capacity

We will seek to develop Māori capability by providing internships between iwi organisations and our policy team. These internships will not only seek to increase Māori capacity to be involved in decision-making but will also foster increased sharing of information and knowledge of each other.

Policy on Partnerships between Horizons Regional Council and the Private Sector

A. General

Partnership with the private sector is defined in Section 107(2) of the Local Government Act 2002 (LGA 2002), as any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business, but does not include:

- an agreement in which the only parties are local authorities or
- an agreement between one or more local authorities and one or more Council organisations or
- a contract for the supply of any goods or services to, or on behalf of, a local authority

This definition is quite wide – therefore partnerships will potentially encompass a wide range of arrangements between Horizons and the private sector. Thus the policy required under Sections 102 and 107 needs to be carefully constructed.

B. Policy

1. Circumstances in which Horizons Regional Council will enter into partnerships with the private sector

We may consider partnership arrangements with the private sector where such a partnership is likely to provide better delivery of objectives or outcomes and/or better value for money than other arrangements. We maintain an open mind on the commitment of our resources to such partnerships but will consider entering into such partnerships only when **all** of the following circumstances are met.

The partnership will assist us to further one or more of the objectives or community outcomes stated in our current Community or Annual Plan.

A partnership with the private sector has been identified as the best option for achieving the objectives(s), having regard to:

- the skills and experience available within Horizons
- the capacity for us to deliver the objective/outcome by ourselves

- the capacity and willingness of the private sector to deliver the objective/outcome by itself
- the need for us to retain a high degree of governance and control
- the ability to share risk on an equitable basis
- the proposal size justifying the transaction and ongoing management costs

Where the proposal or decision is significant, consultation with the community has indicated that there is general support for the partnership to proceed.

2. Consultation on any planned partnerships

Before a final decision is made to commit funding or other resources to any form of partnership with the private sector where the proposal or decision is significant (according to our policy on significance), we will consult with our community and key stakeholders. Where proposals are not deemed to be significant, consultation requirements will be determined on a case-by-case basis.

Depending on the circumstances, consultation may take the form of telephone surveys, focus groups, public meetings, questionnaires to ratepayers, and feedback opportunities on our website.

We will provide sufficient information to enable our regional communities to understand the proposed partnership. This information will include details about:

- why the partnership is being proposed
- the objectives to be achieved
- the private sector entity involved
- the financial arrangements for the partnership
- The risk sharing arrangements that are involved

In undertaking any consultation we will ensure that it complies with the principles of consultation listed in Section 82 of the LGA 2002.

3. Conditions

The conditions, if any, that we will impose before providing funding or other resources to any form of partnership with the private sector will be considered on a case-by-case basis and will depend on the nature of the proposed partnership. The types of areas where conditions may be developed include:

- contestability
- form and length of agreement
- confidentiality
- accountability, transparency and reporting requirements
- disclosure of relevant information (including business plans and/or budgets, legal documentation, annual financial statements)
- assignment to other parties
- distribution of profit (if any)
- delivery of products and services
- quality of products and services
- sanctions for failure to deliver

4. Assessment and management of risks associated with any partnerships

Risks will be assessed and managed on a case-by-case basis depending on the nature of the partnership's arrangements and the degrees of risk faced by Horizons. Risk analysis will principally focus on the exposure of Horizons, above and beyond the known funding or other resources that it may commit through the partnership arrangement. Independent expert advice may be sought to review the analysis and assist in identifying how risks are best managed. Risks will be managed through a variety of means that may include contractual arrangements, good management practice, ensuring the correct financial structures are in place, regular reporting and monitoring, and the development of contingency plans.

5. Monitoring and reporting of partnership arrangements

The necessity for, and frequency of, monitoring and reporting on partnerships will be determined at the time the authority for the partnership arrangement is approved by us. The provision of funding or other resources, together with any required delivery of outputs, will be monitored and formally reported on to us on a frequency agreed with us, but not

less than once a year. Management reports will be prepared regularly and will be monitored by relevant Horizons officers.

6. Assessment monitoring and reporting of effectiveness of partnerships

We will, at least once every three years, assess, monitor, and report on the extent to which objectives and/or community outcomes are furthered by the provision of funding or other resources to a partnership with the private sector.

7. Review of policy

In accordance with the LGA 2002, this policy will be reviewed and open for public comment through the special consultative procedure, on no less than a three-yearly basis. It will also be reviewed and consulted on at any other time within the three-year period when amendment to the policy may be required.

Significance Policy

A. General

- a. The objective of this policy is to ensure that Horizons' regional communities are fully informed about, and able to participate in, the consideration of issues, proposals, decisions or other matters that are significant, and/or that involve the Region's strategic assets.
- b. This policy outlines the general approach we will take in determining the significance of issues, proposals, decisions, and other matters. The policy includes criteria and procedures that we will use in assessing which issues, proposals, decisions and other matters are deemed to be significant, as required by Section 90 of the Local Government Act 2002. The assets we consider to be strategic assets are listed in Attachment 1 and the relevant provisions of the Local Government Act are set out in Attachment 2 to this policy.

c. **Statutory Requirements**

Section 90 of the Local Government Act 2002 requires:

- i. Every local authority must adopt a policy setting out—
 - (a) that local authority's general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters
 - (b) any thresholds, criteria, or procedures that are to be used by the local authority in assessing the extent to which issues, proposals, decisions, or other matters are significant
- ii. The policy adopted under subsection (1) must list the assets considered by the local authority to be strategic assets.
- iii. A policy adopted under subsection (1) may be amended from time to time.
- iv. A local authority must use the special consultative procedure both in relation to:
 - (a) the adoption of a policy under subsection (1); and
 - (b) the amendment, under subsection (3), of a policy adopted under subsection (1).

d. **Background**

The Local Government Act 2002 sets out a framework for local authority decision-making. This framework sets up two sorts of decisions, those that are 'significant' and those that are not 'significant'. 'Significance' in the Act relates to the degree of importance attributable to a decision, proposal or matter. The degree of importance can be visualised as lying along a continuum from insignificant to very significant.

The Act identifies some matters that it considers to be of high significance for the community and provides some general principles for identifying other matters of significance. The effect of a 'significant' decision is that we must follow a more rigorous consultation and decision-making process. For example, for decisions that are not 'significant' we must promote compliance with the Act's decision-making requirements. For those decisions that are 'significant' we must ensure appropriate compliance with the requirements (set out in Sections 76-82 of the Act). The policy on significance must set out how local authorities and their communities determine those matters likely to be significant to them.

e. **Inclusion in Community Plan and use of the Special Consultative Procedure**

Significance may also determine that a decision must be included in the Community Plan and in a statement of proposal that has been considered under a special consultative procedure.

Section 97 requires that we must provide for a decision in our Community Plan and in a statement of proposal if the decision would:

- Significantly alter the intended level of service provision for any significant activity (including a decision to commence or cease such activity)
- Significantly affect the capacity of Horizons, or the cost to us, in relation to any activity in the Community Plan
- Any decision to transfer the ownership or control of a strategic asset to or from the local authority
- Any decision to construct, replace, or abandon a strategic asset

In addition, Section 88 requires that we must use the special consultative process in relation to any proposal that alters the mode of delivery of a significant activity, for example a change from delivery by a local authority to a Council-controlled organisation, or another organisation.

f. **General Approach**

Assessing significance is essentially a matter of judgment. As a general rule important decisions and proposals will be included within the annual planning and budgeting processes and will be assessed against our strategic objectives. Major decisions will, wherever practicable, be included within the Community or Annual Plan. Decisions that are not considered significant will be covered by the requirements of our consultation policies.

Council will consider each proposal or decision on a case-by-case basis to determine whether the decision is significant. In determining this issue, the Council will apply the criteria set out in this policy and follow the procedures set out below.

The more significant, or material, the impact or consequences of the decision or proposal, the more likely it is that the matter will be 'significant' and the higher the standard of compliance required with Sections 76-82 of the Act. The Council will not make a decision or proceed with a proposal that we consider to be significant unless we are first satisfied that the decision-making requirements of the Act have been appropriately observed. The procedures below are designed to ensure observance of this policy.

Prior to delegating a decision on any specific matter to officers, the Council – or a Council committee – will consider the significance of the matter being delegated. Note that emergencies or emergency works are excluded from this policy.

B. Policy

a. **Definition**

An issue, decision, proposal or other matter is considered to be significant if it:

1. Is determined to be significant by Council through resolution, and has not previously been consulted on by the special consultative procedure through the Community or Annual Plan;

2. Is considered by Council to have a high degree of importance in terms of:

- the current and future social, economic, environmental, or cultural wellbeing of the Region
- any person who is likely to be particularly affected by, or interested in, the issue, proposal, decision or matter
- the capacity of the local authority to perform its role, and the financial and other costs of doing so

b. **Criteria**

Council will consider the following in reaching a decision as to the significance of a matter:

- The number of people who may be affected
- The potential impact on any affected person or persons
- The extent to which the matter is aligned with our policies and plans
- Whether the decision, proposal or other matter has a history of wide public interest in the Region, or is likely to generate considerable public controversy
- The irreversibility of the decision, such as the potential impact on the environment
- Whether the decision is likely to be of high interest to Māori
- The impact the decision will have on Council's resources and/or future direction
- Financial consequences

c. **Procedures**

- Every report to Council (including its standing committees) must include a statement indicating that the decision, proposal or other matter has been considered in regard to Council's policy of significance
- If the decision or proposal is considered to be significant, the report will also include a statement addressing the appropriate observance of Sections 76-82 of the Local Government Act 2002
- The recommendations in the report will ask the Council (committee) to either confirm the status of significance or determine an alternative status; and either confirm that Sections 76-82 have been met or agree what further actions are needed to ensure compliance

d. **Exclusions**

Emergencies or emergency works are excluded from this policy.

C. Attachments

Attachment 1: Strategic Assets

The Local Government Act 2002 requires that this policy shall identify all the strategic assets, as defined in Section 5 of the Act (attachment 2).

The assets we consider to be strategic are:

1. 23.08% shareholding in CentrePort Ltd.
2. 8.3% shareholding in Port of Napier Ltd.
3. River and drainage Scheme taken as a whole but not any specific part of the asset group.

Attachment 2: Definitions from the Local Government Act 2002

SECTION 5 (1) INTERPRETATION

activity means a good or service provided by, or on behalf of, a local authority or a Council-controlled organisation; and includes:

- a. the provision of facilities and amenities; and
- b. the making of grants; and
- c. the performance of regulatory and other governmental functions.

group of activities means one or more related activities provided by, or on behalf of, a local authority or Council-controlled organisation.

significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- a. the current and future social, economic, environmental, or cultural wellbeing of the district or Region;
- b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;
- c. the capacity of the local authority to perform its role, and the financial and other costs of doing so.

significant, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

SECTION 79: COMPLIANCE WITH PROCEDURES IN RELATION TO DECISIONS

1. It is the responsibility of a local authority to make, in its discretion, judgments:
 - a. about how to achieve compliance with Sections 77 and 78 that is largely in proportion to the significance of the matters affected by the decision; and
 - b. about, in particular:
 - i. the extent to which different options are to be identified and assessed; and
 - ii. the degree to which benefits and costs are to be quantified; and
 - iii. the extent and detail of the information to be considered; and
 - iv. the extent and nature of any written record to be kept of the manner in which it has complied with those sections.
2. In making judgments under subsection (1), a local authority must have regard to the significance of all relevant matters and, in addition, to:
 - a. the principles set out in Section 14; and
 - b. the extent of the local authority's resources; and
 - c. the extent to which the nature of a decision, or the circumstances in which a decision is taken, allow the local authority scope and opportunity to consider a range of options or the views and preferences of other persons.

SECTION 97: CERTAIN DECISIONS TO BE TAKEN ONLY IF PROVIDED FOR IN LONG-TERM COUNCIL COMMUNITY PLAN

1. This section applies to the following decisions of a local authority:
 - a. a decision to alter significantly the intended level of service provision for any significant activity undertaken by – or on behalf of – the local authority, including a decision to commence or cease any such activity;
 - b. a decision to transfer the ownership or control of a strategic asset to, or from, the local authority;
 - c. a decision to construct, replace, or abandon a strategic asset;
 - d. a decision that will, directly or indirectly, significantly affect the capacity of the local authority, or the cost to the local authority, in relation to any activity identified in the Long-term Council Community Plan.

2. A local authority must not make a decision to which this section relates unless:
 - a. the decision is explicitly provided for in the Council's Long-term Council Community Plan; and
 - b. the proposal to provide for the decision was included in a statement of proposal prepared under Section 84.

SECTION 5 (1) STRATEGIC ASSET

Strategic asset, in relation to the assets held by a local authority, means an asset or group of assets that it needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future wellbeing of the community; and includes:

- a. any asset or group of assets listed in accordance with Section 90(2) by the local authority; and
- b. any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- c. any equity securities held by the local authority in:
 - i. a port company within the meaning of the Port Companies Act 1988;
 - ii. an airport company within the meaning of the Airport Authorities Act 1966.

CREDITS

Photography

The beautiful photography of our Region showcased throughout this Report was the work of David Lupton, unless otherwise stated.

REPORT NO: 2009/EXT/996

ISSN NO: 1176-9750

ISSN NO: 1178-6574 (e)



HOROWHENUA



CONTACT

11-15 Victoria Ave
Private Bag 11025
Manawatu Mail Centre
Palmerston North 4442

T 0508 800 800
F 06 952 2929
help@horizons.govt.nz
www.horizons.govt.nz