



# DRAFT LONG-TERM PLAN 2021-31

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# Setting the scene

## Te horopaki



# Chair and Chief Executive's message

## He kupu nā te Heamana me te Tumuaki



Kia ora and welcome to our 2021-31 Long-term Plan (LTP) supporting information. This document sets out how we plan on managing the region's natural resources for the next 10 years and what we will do to make our place a healthy environment, where the people thrive.

This includes identifying the activities we propose to deliver and what rate contributions will be required to help cover the estimated costs for each year. During our consultation period we are asking our community to let us know what you think about our proposed plans. In order to give you the information you need to make this decision, a consultation document has been developed that is available on our website at [haveyoursay.horizons.govt.nz](https://haveyoursay.horizons.govt.nz) or on request by calling 0508 800 800.

The consultation document highlights what we believe are the most significant issues addressed in this, more comprehensive, supporting information document.

In planning for this LTP, Council has been operating in a 'holding pattern' due to a significantly revised 2020-21 Annual Plan when many of our work programmes and services were deferred or maintained at their current or a decreased level in response to COVID-19. We have also made Covid-recovery funding commitments for programmes such as Jobs for Nature and Infrastructure Climate Resilience projects which received significant investment from central government in 2020.

We are also required to deliver significant central government policy reforms such as their Essential Freshwater package that came into effect last year, as well as ensuring local decisions on urban growth and land use change consider the impact of climate change and ultimately how these affect our work programmes such as flood protection and Horizons' Sustainable Land Use Initiative.

Significant resources are also required to build the capacity of both iwi and Council to strengthen our collective decision making, with particular reference to fresh water.

Council has spent the past year workshopping Horizons' activities and levels of service for the next 10 years. We are proposing to prioritise our funding on key issues such as freshwater, climate change, biodiversity, data collection, and science monitoring and research to help inform our policies, work programmes, and reporting requirements for central government.

We have also taken into consideration what we need to plan for over the next 10 years alongside relative community affordability. Council will also continue to consider how we manage reserves and fund long-term capital projects and river management schemes, as well as investigating other revenue streams such as the future direction of our investments.

We are proposing an average rate increase of 8.0 per cent for Year 1, 7.3 per cent for Year 2, and 6.9 per cent for Year 3. We appreciate any rates increase isn't ideal and encourage you to read this document to understand what we are proposing and what you will receive from our work programmes in return should our LTP be adopted following community feedback.

It is important to note that these proposed rates will vary district to district due to factors such as a district rating revaluation, and specific rating inputs such as river schemes and urban passenger transport rates for certain areas. This does mean districts such as Ruapehu, Rangitikei and Taranaki in Year 1 of the 2021-31 LTP will see a rate increase higher than the proposed average rate increase of 8.0 per cent in their next rates invoice. Other ratepayers in different districts may be rated less than previous years. No rates invoice is the same, not even neighbour to neighbour.

To understand how the proposed rates translates to your individual property check out our rates search at [www.horizons.govt.nz/rates-search](https://www.horizons.govt.nz/rates-search) or our sample ratepayers found further in this document.

We also encourage you to read the consultation document to find out more about what we are planning for, what we have already committed to, our proposed vision and community outcomes, and items for consultation including proposed options for funding the implementation of central government's freshwater policy reforms, options for a proposed new activity for climate change, and proposed changes to the Lower North Island passenger rail services (the Capital Connection) and Palmerston North and Whanganui bus services. We have also included a summary of our 30 year infrastructure strategy and our financial strategy which are included in this supporting information.

The work we do has a direct impact on your day-to-day life and on providing an environment we are all proud of now and for our future generations. This is why we'd like to hear from you as to whether we have got it right before formally adopting our LTP in June 2021.

Having your say on how we manage the region's natural resources really can make a difference. Council looks forward to considering your submissions which you can provide via a form found online at [haveyoursay.horizons.govt.nz](https://haveyoursay.horizons.govt.nz), at one of our Horizons' service centres, or in your letterbox.

Ngā mihi nui

Rachel Keedwell  
Chair

Michael McCartney  
Chief Executive

# Our Region

## Manawatū-Whanganui

Around  
**250,000**  
**PEOPLE**  
call it home

**WE HAVE**  
**THREE**

major river systems,  
two coasts and the  
Central Plateau

Mean annual rainfall in the region  
ranges from 900mm

**TO OVER**  
**2,000mm**

**WE HAVE**  
**SEVEN**  
**DISTRICTS**  
and approximately  
**89%**

of our ratepayers  
live in urban centres

**WE HAVE ONE**  
**OF THE**

largest areas of hill  
country in New Zealand  
and highest proportion  
of highly erodible land  
of any region

The Horizons Region  
is made up of

**2.2 MILLION**  
**HECTARES**

of land (8% of New Zealand's total land area),  
plus 31,000 hectares of marine area

Approximately  
**109,000**  
**RATEPAYERS**

contribute to our  
work programmes

**206,000**  
**HECTARES**

or 18% of the nation's versatile  
soils are in the region

**THERE ARE**  
**OVER**  
**35,000km**

of waterways in the  
Horizons Region

**LAND USE IS:**



45% Sheep and beef  
33% Native cover  
8% Dairy  
5% Forestry  
9% Other

**WE HAVE OVER**

**230**  
**LAKES**

This includes 67 dune,  
44 riverine, 24 landslide,  
7 volcanic lakes and 88  
artificial reservoirs

**THERE ARE**

**40**

**ESTUARIES**

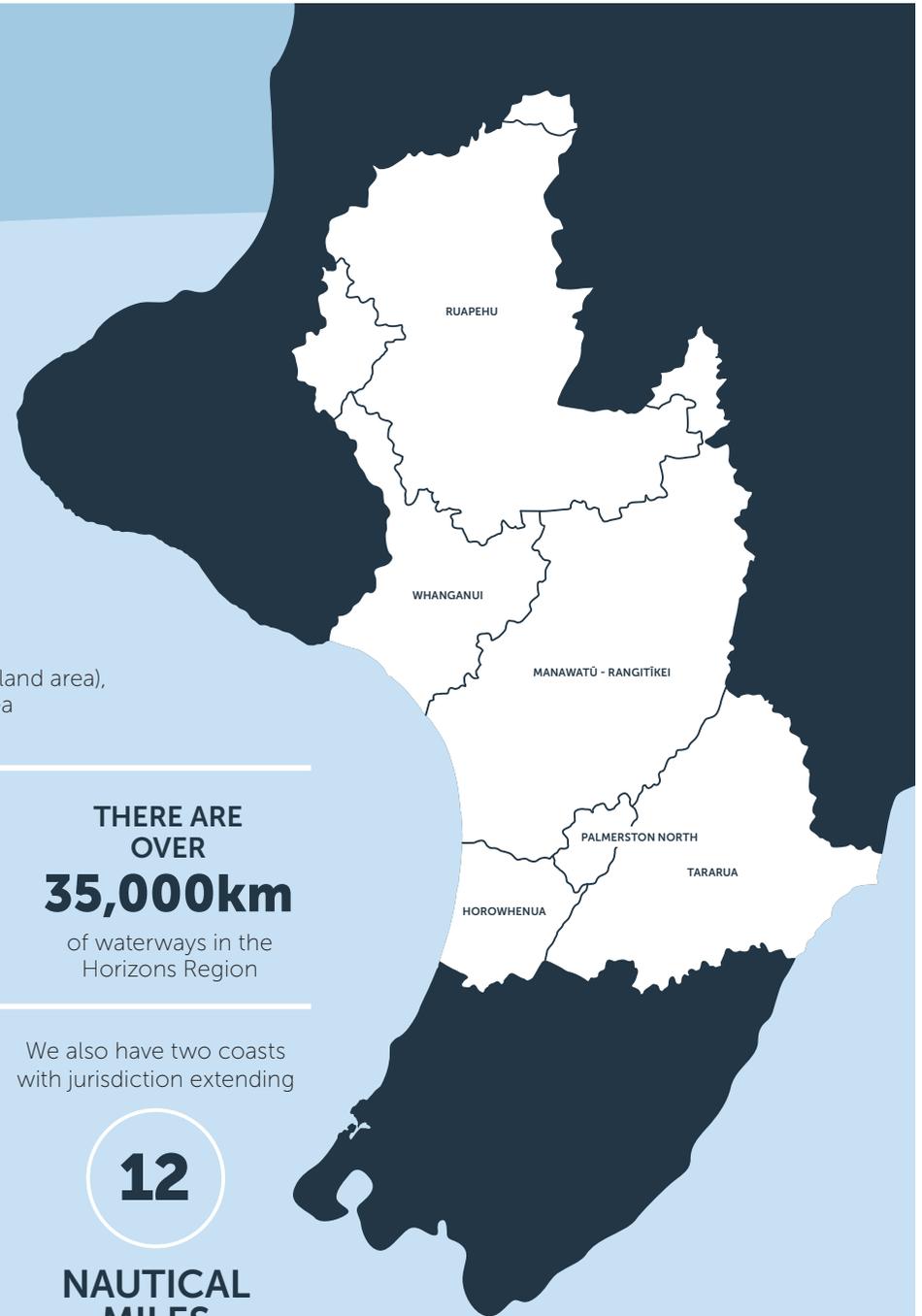
in our region, including Manawatū  
Estuary, an internationally  
recognised RAMSAR site

We also have two coasts  
with jurisdiction extending

**12**

**NAUTICAL**  
**MILES**

out to sea



# Your Councillors

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The region's six constituencies provide a total of 12 elected representatives who form the governance body of Horizons Regional Council, which is the trading name of the Manawatū-Whanganui Regional Council. Local government elections are run every three years, and the chair of the Council is elected by the members of the Council. The next election is due in October 2022.

The chief executive is employed directly by the Council. The chief executive, in turn, employs the staff of Horizons Regional Council. The staff of the Council number approximately 265 full-time equivalents. Around 65 per cent of the staff are based at the head office in Palmerston North. The remainder are located at service centres and depots throughout the region. The Council carries out much of its work through a number of standing committees. These are:

- Audit, Risk and Investment Committee
- Catchment Operations Committee
- Environment Committee
- Linklater Bursary Sub-Committee
- Manawatū River Users' Advisory Group
- Passenger Transport Committee
- Regional Transport Committee
- Strategy and Policy Committee

# Vision and community outcomes

## Te Wawata me ngā Hua ā-Hapori

Our community outcomes are what we aim to achieve to promote the social, economic, environmental, and cultural wellbeing of our communities in the present and for the future whilst taking a sustainable development approach (Local Government Act 2002).

As part of our Long-term Plan, Horizons as a local authority, is required to set out the region's community outcomes. For this Long-term Plan, Council has refreshed its community outcomes. This review was also an opportunity to reflect changes to the legislation in 2019.

The following are what Council has determined to be the high level outcomes that it pursues. They are:



**Our region's ecosystems are healthy**



**Our region has effective transport networks**



**Our region's communities are resilient to the impacts of natural hazards and climate change**



**Our region's economy is thriving**



**Our region's communities are vibrant and empowered**

These outcomes form a key part of our strategic approach and align with Council's vision for the region:

### **Tō tātou rohe – taiao ora, tangata ora, mauri ora.**

Our place – a healthy environment where people are thriving.



These community outcomes and our vision can only be fulfilled through Horizons working together with its communities. They are also a long-term commitment; they may take longer than the 10-year period of this Long-term Plan to fully realise.

Achievement of the community outcomes requires some level of prioritisation and trade-offs. To that end, Horizons has four strategic priorities to inform the next three years. They are (in no particular order):

- Freshwater
- Climate Change
- Unlocking Information, and
- Biodiversity

Whilst these four work streams are strategic priorities, they are not all that Horizons seeks to achieve. The following section further describes each outcome and how our work programmes advance the region towards achieving them.

# Our region's communities are resilient to the impacts of natural hazards and climate change

Communities understand natural hazards and our changing climate and are supported to respond and adapt.

This work primarily protects the economic and social wellbeing of our communities.

There are four components to this:

- Flood protection and control
- Emergency management
- Climate change
- Strategic management

Natural hazards, be they earthquakes, tsunamis, floods, droughts or pandemics, can be extremely disruptive to our economy and our communities. Our region has seen this during the 2004 and 2015 flooding events, the 2016 Kaikōura earthquake, and the current COVID-19 pandemic. Horizons works to ensure the region is resilient to these natural hazards in a variety of ways.

Flooding is the most significant hazard in our region, and many of our towns and cities have

been built on fertile floodplains. To protect our communities, we build and maintain a large network of flood protection, drainage and catchment monitoring infrastructure. Over the next 10 years we have a range of projects to increase the resilience and level of service of our schemes. In the near-term we will deliver a range of Climate Resilience projects to improve the resilience of schemes in the Rangitikei and Lower Manawatū Catchments. Longer term, we will also deliver projects to facilitate the urban expansion of Palmerston North, Foxton, Feilding and Levin, and improve resilience in Whanganui.

Horizons also coordinates the Manawatū-Whanganui Civil Defence and Emergency Management Group, working with others such as territorial authorities, Fire and Emergency New Zealand, defence forces and district health boards. We work together to reduce the risk from all types of hazards to our communities, ensure that the region is prepared for emergencies, respond to emergencies and disasters

when they occur, and help the region recover after an emergency or disaster.

Research commissioned by central and regional government, including Horizons, has demonstrated that climate change poses a significant risk to the future resilience of our region. Those effects are already beginning to become apparent. In the west of the region we are likely to see more rainfall and flooding, while in the east, more droughts. Sea level rise also poses risks to our coastal communities. How we adapt to a changing climate requires all of us, central government, local government, businesses and communities to work together to future-proof our region. As such, Horizons is partnering with our region's territorial authorities to identify the risks climate change poses to the region, and develop a climate action plan to address them.



# Our region's ecosystems are healthy

A full range of healthy ecosystems from the mountains to the sea, are valued for their intrinsic worth and provide sustainably for communities.

This work primarily protects and enhances the environmental wellbeing of our region and communities.

There are two main components to this:

- Freshwater quality and ecosystem health continue to be a challenging issue for our region. We are seeing improving trends in some areas and worsening trends in others. This is mirrored across New Zealand.
- Biodiversity on land also remains a challenge in our region and across New Zealand. Our region has lost most of its native habitats since human settlement, with some ecosystems such as wetlands and dune forests restricted to only small fragments.

Horizons is also responsible for the coastal marine area, extending 12 nautical miles out to sea.

A healthy environment is central to what we do. Recognising te mana o te taiao and ensuring that we are leaving our environment in a good state for future generations, drives many of Horizons' activities.

We work across the region to protect our land, water, air and coasts from inappropriate development and pollution through monitoring and enforcement of the One Plan. Over the next six years, in consultation with our communities, we will be developing new policies and rules in the One Plan to implement central government's Essential Freshwater package. This will include setting long-term visions for each of our catchments and action plans to achieve those visions. We will also have reviewed the rest of the One Plan by 2025.

Good environmental management requires robust science and data. Horizons has an extensive freshwater monitoring network across our region to identify issues and inform our responses, which we continue to expand. We also support a range of research projects to improve our understanding of environmental issues, including the impacts of climate change on our ecosystems.

We have a range of environmental projects in our Water Quality and Quantity, and Biosecurity and Biodiversity activities. Through our Priority Sites programme we identify and assess biodiversity sites, and contribute to the management of a select few,

based on their vulnerability and rarity in the region. We also carry out extensive freshwater habitat restoration throughout the region, including fish passage remediation and riparian enhancement.

We also work with farmers and growers to make on-farm improvements to their environmental performance through advice and subsidies for on-farm work. One example of this is our Sustainable Land Use Initiative, which subsidises erosion control measures such as tree planting on hill country farms and fencing. Over the next 10 years, we will also be working with farmers to roll out freshwater farm plans across many horticultural, arable and pastoral farms.

Many of our rural and urban communities are doing their own great work to improve the health of our environment. We support a number of community groups through our Partnership grants and contestable funding.



# Our region has effective transport networks

Safe, sustainable public transport and infrastructure planning that support connected communities and reduce the region's carbon emissions.

This work aims to enhance the economic and social wellbeing of our communities, and protect our environmental wellbeing.

Our region sits at the nexus of the Lower North Island and is the gateway from Wellington to Taranaki, Hawke's Bay and the rest of the North Island. Because of the centrality of our region, we have a role to play as an important transport corridor. Ensuring that people and goods can move through and around our region is critical to the region's economic function and social wellbeing.

There are 4 components to this:

- Land transport planning
- Public transport
- Total Mobility
- Road safety

In partnership with our territorial authorities and Waka Kotahi New Zealand Transport Agency, Horizons leads

the development of the Regional Land Transport Plan (RLTP), which takes a strategic lens to our region's current and future transport needs and provides for integrated decision making between the various organisations needed to deliver effective transport networks.

Public transport can play a significant role in our region's transport networks, and the development of well-functioning urban environments. For our cities, public transport can help reduce congestion. It can also enable those in our communities for whom private vehicles are not an option to still access employment and education and fully participate in community life. Over the next ten years we will continue to invest in our public transport networks to improve the services they provide. We will also be working with our communities to update our Regional Public Transport Plan by 2022.

For some in our communities, private and public transport are not suitable or available. For these people, we provide the Total Mobility Scheme, a



subsidised taxi service. This enables them to move around their communities, access services and participate in community life.

Transport contributes to a quarter of our region's greenhouse gas emissions. Significant changes to how we move around will be required to reach Parliament's net zero carbon dioxide target by 2050, and this will form part of our transport planning. In particular, we will consider how our public transport services can best contribute to reducing the region's transport emissions and will seek to provide an attractive alternative to the private car.

Deaths and serious injuries should not be an inevitable cost of travelling, and we will play our part in working towards central government's goal of no deaths or serious injury on our roads through a road safety education programme, and the development of road safety strategies.

# Our region's economy is thriving

A sustainable economy that supports communities to thrive socially, culturally and environmentally.

This work aims to enhance the economic wellbeing of our communities.

There are 5 components to this:

- Strategic Management
- Land drainage
- Land transport
- Biosecurity
- Land management

Horizons facilitates Accelerate25, a collaboration between all of the region's councils, iwi, business and central government to identify and act on strategic opportunities and enablers to enhance the region's economic performance and prosperity. Following a refresh in 2020, this programme will focus on a range of themes, including sustainable food and fibre production, and specialised services.

Our region's transport networks play a critical role in enabling economic activity. In particular, our

position in the centre of the lower North Island, with strategic connections north, south, east and west, provides significant opportunities to the regional economy. Accessing Central New Zealand is an Accelerate25 project aiming to capitalise on this.

Agriculture is a significant component of our region's economy, and Horizons has a range of activities to support the sector's prosperity. Our flood control and land drainage activities allow productive farming on land that would otherwise be unsuitable for agriculture or horticulture. As well as protecting our native ecosystems, our biosecurity work also protects farmers from pest plants and animals that could compromise agricultural production.

Our region has one of the highest proportions of highly erodible land in New Zealand, and soil erosion represents the loss of a valuable natural asset for primary production, in addition to its environmental impacts. Through the Sustainable Land Use Initiative, we support farmers to target and carry out erosion control works to protect our region's valuable soil resource.



# Our region's communities are vibrant and empowered

Communities are enabled to participate meaningfully in decision making and take action to benefit our collective wellbeing.

This work aims to empower communities to enhance all four wellbeings.

There are six components to this:

- Governance
- Community engagement
- Iwi and hapū
- Community partnerships
- Strategic management
- Information

A key function of local government is 'to enable democratic local decision making and action by, and on behalf of, communities'. Our councillors are an important component of this as representatives of their constituencies.

However, the councillors are not our only mechanism by which communities may participate meaningfully in decision making. We engage with our communities through a range of channels, including print, digital and in-person, seeking genuine two-way communication as we work towards our vision for the

region. Over the next 10 years we will be engaging with our communities on a range of important issues. In particular, we will be having ongoing conversations around freshwater as we work to implement the National Policy Statement for Freshwater Management by 2026.

As tangata whenua, iwi and hapū have a special place in our region, and Horizons values the relationships and partnerships we have built together. Over the next 10 years, we will continue to invest in these partnerships, to input into a range of activities across Horizons including, freshwater, climate change and emergency management. We recognise that the pressure on the capacity of iwi and hapū to engage with local government is growing, and will provide resource to support this. We will also continue to play our role in post-settlement governance systems as appropriate.

We will also support our communities in their own actions to enhance the wellbeing of their



communities. We provide a range of grants for biodiversity work in both terrestrial and freshwater ecosystems, within our water quality and quantity, and biodiversity activities.

Horizons also holds a range of information and expertise which we seek to make accessible to our communities where possible, whether to inform farmers on environmental works, communities engaging in biodiversity projects, or homeowners seeking to understand natural hazard risk. Over the next 10 years, information accessibility is a particular priority for Horizons.

# What we are planning for?

## Te tiro whakamua

1

### Central government reform

The Government has been undertaking significant reform to the way natural and urban environments are managed. A suite of new National Policy Statements will require significant revisions to Horizons' Regional Policy and Regional Plan (collectively referred to as the One Plan), and particularly to the way we manage freshwater and indigenous biodiversity. The coming repeal and replacement of the Resource Management Act will likely bring further change to our work.

2

### Population growth/land-use change

Historically, several of the districts within our region have been planning for population declines. However, this trend has reversed in recent years and we are now expecting strong population growth across the region. The impacts of urban growth will place pressures on a range of our activities, including flood protection, transport and community engagement. We are also preparing for land use change to horticulture and forestry in some areas.

3

### COVID-19

The COVID-19 pandemic has required a significant response from our Emergency Management activity. Any resurgence will require the same. There will also be an economic impact on the region which has required a repositioning of Accelerate25, the economic component of our strategic management activity. Central government is introducing significant financial and policy resource to respond to the economic impact of COVID-19. Our Council has already been successful in securing co-funding for projects such as Jobs for Nature and Infrastructure Climate Resilience.

4

### Climate change

Significant mitigation action in our region is required to meet Parliament's carbon neutral target in 2050. This will particularly impact on land use and transport. Climate change also poses a number of adaptation risks to our region, such as increased flood and drought risk, as well as impacts on our native ecosystems.

5

### Working with iwi and hapū

Council's approach, Treaty settlements and Government reform are strengthening the place of iwi in our decision making, particularly for freshwater, emergency management and climate change. This requires significant resource to support the capacity of both iwi and Horizons, and intentional effort to grow meaningful and mutually beneficial relationships.

6

### Changing technology

Rapid advances to technology are changing the way we can gather, manage and share data. This in turn, creates changing expectations from our communities around how they can access and utilise the information we hold.

7

### Competitive talent market

Regional councils are often competing for similar skill sets, particularly where all regional councils are responding to the same pressures of central government reform.

# Summary of our infrastructure strategy

## He kupu poto mō te Rautaki Hanganga



Alongside our Long-term Plan, we are also planning for what the region will need over the next 30 years to manage the risk of flooding through our flood protection and control infrastructure, such as stop banks and pump stations.

This infrastructure is fundamental to building communities that are resilient to the impacts of natural hazards and climate change and to supporting a thriving economy. Our full Infrastructure Strategy is available in Section 3 of this plan, but its key elements are summarised here.

### Key issues

We have identified five key issues that shape our strategy:

#### Accelerating land-use change

Land-use change, particularly urban growth, can change the level of service expected from our flood protection assets. The fixed and long-term nature of the assets that Council uses in flood protection and drainage means that it is difficult for us to be agile in the face of rapid change.

#### Unsustainable land-use

Certain land-use practices can lead to unsustainable levels of erosion. The resulting sediment input into rivers can reduce the capacity of the river to convey water in a flood.

#### Climate change

Climate change is likely to change rainfall patterns across the region and will put pressure on most schemes. Rising sea levels are also expected which will place further pressure on our coastal communities. This all has implications for levels of service, scheme operations and maintenance activities.

#### Ensuring yesterday's assets perform to today's reliability expectations

Asset reliability is impacted by deteriorating asset condition as our assets age. In addition, while we regularly inspect and collect important data about the condition of our assets, which helps to inform our operations and maintenance programmes, some aspects of an asset's reliability cannot be fully assessed through this process.

#### Ensuring yesterday's assets meet today's community expectations

Tangata whenua and communities value the contribution our rivers make to their environmental, social and cultural wellbeing. Flood protection and drainage infrastructure can negatively affect these values, and some of our legacy infrastructure was not designed with these values in mind.

# What we plan to do

The Infrastructure Strategy is closely related to our Financial Strategy to make sure we deliver an appropriate level of flood protection and drainage that remains affordable for communities.

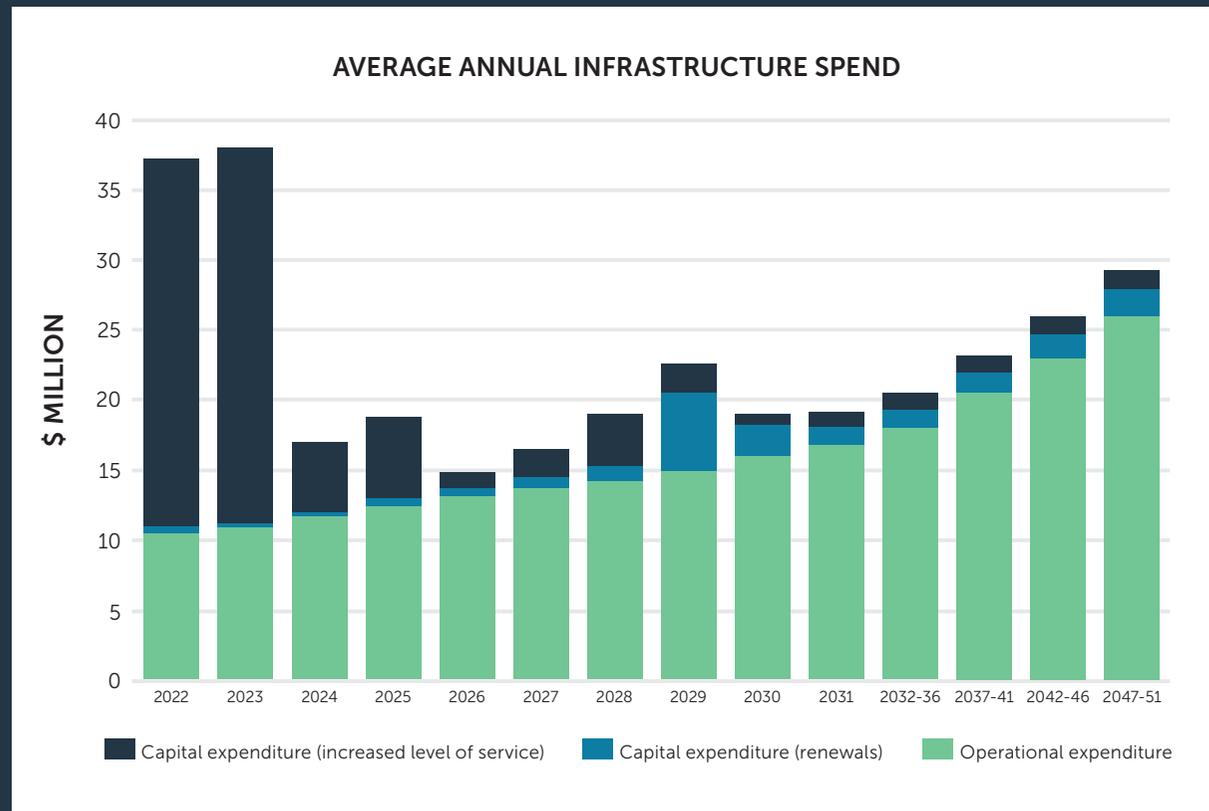
In the short-term, a major area of expenditure will be on Climate Resilience projects, to provide jobs in our communities while also future-proofing our river management networks for the key issues identified. \$33 million of work will be done in the Lower Manawatū (including Palmerston North), the Rangitikei and Foxton.

In addition to Climate Resilience projects, we are also planning or continuing a range of other capital projects across the region to provide for population growth, including \$7 million in Feilding and \$2.2 million in Foxton. Other projects will improve the resilience of the network, including \$2.2 million in Whanganui and several projects in the Manawatū. Some of these projects will be informed by further technical work and community engagement.

Historically, our approach to flood management has concentrated on building structures for flood protection. These can be expensive to build and maintain. Given the issues we expect to be facing over the next 30 years and beyond, we will consider other options to deal with the risk of flooding. Where appropriate, this may be instead of, or alongside, built structures. The Rangitikei River is a good example of where we are utilising this approach.

We will also continue with a rolling programme of scheme reviews, which will consider:

- The history and development of the scheme
- The levels of service expected of the scheme
- Updating understanding of catchment hydrology in terms of flood frequency and levels
- How the scheme is impacted by the key issues identified in the Infrastructure Strategy.



# Financial strategy

## Rautaki Pūtea



## 01 Background

The financial strategy brings together the overall direction for the financial aspects of the Long-term Plan (LTP) with a summary of the financial issues and consequences that arise from decisions made by the Council through the development of the LTP.

It will also help us consult with you about what we plan to do by making it clear how those plans will affect our services, rates, borrowings and investments.

Over the last 10 years, Council has undertaken considerably more capital investment than just renewals, reflecting a focus on improving service levels (in particular, flood protection). This capital expenditure has required significant additional funding support, with an increase in both debt and rates as a consequence. The focus of the 2021-31 LTP is ensuring that we maintain appropriate investment in infrastructure while responding to a number of new challenges:

### COVID-19

In recognition of the economic impact of COVID-19 on our region's businesses and households, Council decided to reduce the proposed average rates increase from 5.95% to 1% in the 2020-21 Annual Plan. This was achieved in part through deferring of a range of expenditure to this LTP.

Horizons has also captured significant Government funding for Jobs for Nature and Climate Resilience projects which has allowed us to bring forward or accelerate several capital and environmental projects. However, they do also require a contribution from Horizons' own rates revenue.

### Central government reform

The Government has been undertaking significant reform to the way natural and urban environments are managed. A suite of new National Policy Statements will require significant revisions to the One Plan, and particularly the way we manage freshwater and indigenous biodiversity. Reforms will also require increases in levels of service to several other activities.

### Central government funding

Council relies on central government funding to enable or accelerate several work programmes. We have assumed substantial Government support of the Lower North Island proposal, which would be unaffordable for Horizons if the level of support did not eventuate. We also project reductions in levels of service from a number of our environmental programmes when their Government funding contracts come to an end, assuming new sources of funding cannot be found.

### Climate change

Climate change is projected to have significant impacts on our region, requiring substantial and rapid mitigation and adaptation efforts. Horizons is no exception to this, and climate change will have a range of impacts on our activities. Horizons will be

addressing this through a range of projects over the next 10 years, including the creation and funding of a new climate change activity, and capital investment in the resilience of our flood protection and control infrastructure with Climate Resilience projects.

### Insurance costs

Insurance premiums are rising across the insurance industry. At the same time, the replacement value of our assets is also increasing. Combined, these two factors are challenging the affordability of insuring our assets, including for our flood protection and control infrastructure.

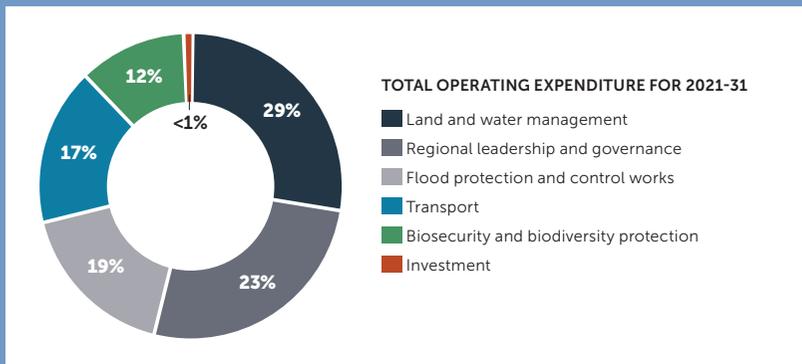
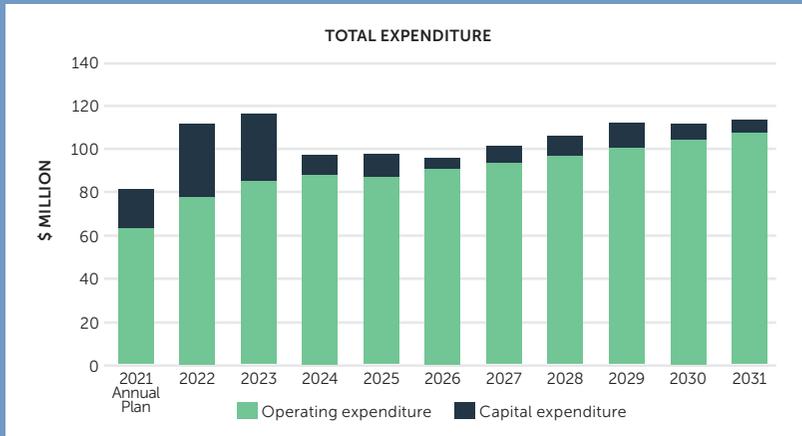
### Population growth and land use change

Population growth can have some impact on our activities. Growing towns and cities require improved public transport services to maintain well-functioning urban environments, and provision has been made for this in Whanganui and Palmerston North. Land use change to higher value land uses such as urban or horticulture can also require us to lift flood protection and drainage levels of service, and our Infrastructure Strategy identifies a number of projects to respond to this. However, Council prefers to direct urban growth and intensification away from flood prone land where practicable.

## 02 Operational expenditure

To respond to the pressures articulated in this LTP, our annual operating expenditure is projected to grow from \$64m in the 2020-21 Annual Plan to \$108m in 2030-31.

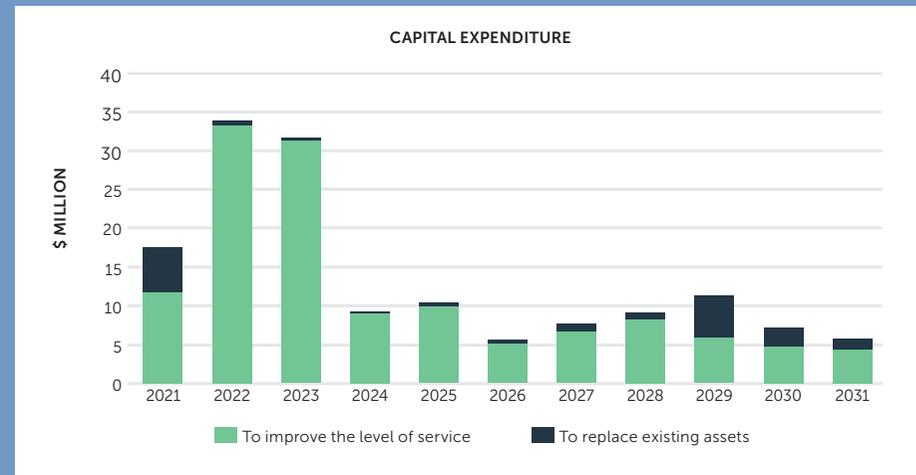
This is being driven by a range of projects and factors, including Essential Freshwater implementation, level of service improvements in public transport and high inflation costs (see our financial assumptions on page 148) compared to other regions.



## 03 Capital expenditure

Capital expenditure is categorised into renewals (renewing existing assets), service level (new assets that improves the service provided), and growth (new assets required to meet additional demand). Over the next 10 years we are planning \$132m in capital expenditure, including \$87.7m for infrastructure.

Around 90% of this will be for improving the level of service provided over the ten-year period and the balance for asset renewals. Most of these service improvements will occur in the first two years of this LTP to deliver Council's Climate Resilience infrastructure commitments. The graph below shows total capital expenditure for the next 10 years, infrastructure specific expenditure can be seen on page (see our capital expenditure on page 16) and in our Infrastructure Strategy (section 3).



### Renewals (looking after what we have)

It is important that Horizons continues to renew or replace assets to ensure that they are fit for purpose and deliver an agreed level of service. Funding for renewal expenditure for operational assets is rate funded as the assets are

depreciated over their lifetime. More long-term infrastructure assets such as flood control, are not fully depreciated. Council carries an infrastructure renewal reserve to cover some, but not all of these renewal costs. Based on our current trajectory, renewal of these assets will have to be mainly funded through borrowing, as we are currently prioritising scheme debt repayment over reserve build-up. This is not sustainable long-term, and we will explore how best to transition from debt repayment to funding depreciation over the next three years.

Renewal expenditure will largely go towards our flood protection and control assets, with some expenditure for our environmental monitoring network.

## Service improvements and increased demand

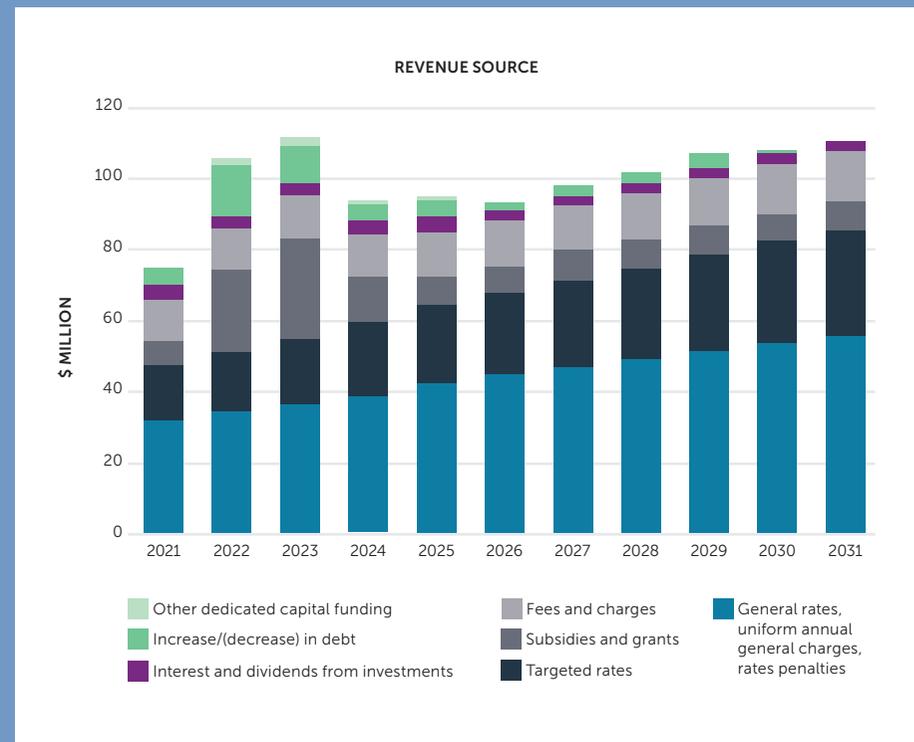
Council is also lifting its level of service in a range of areas to respond to a range of pressures, including climate change and population growth. This is primarily through our river management Climate Resilience projects in the first two years of this LTP, as described in the Infrastructure Strategy. These projects in the Rangitikei and Lower Manawatū Catchments include improvements to the resilience and environmental performance of the schemes. In the longer term, we will continue with smaller capital upgrade projects in the Manawatū, Rangitikei and Whanganui Catchments.

Horizons' forecast capital programme will see a significant increase in expenditure through Years 1-2 of this LTP. The primary driver of this increase are projects being delivered through central government's response to COVID-19. The response is designed to be rapid and to drive employment outcomes as well as complete important works. These projects are collectively described under the title of Climate Resilience Projects. Horizons is planning to deliver the projects as agreed with central government. In doing so Horizons will be managing a set of risks that impact delivery. These include regulatory processes, capacity, competition for infrastructure project providers, and compressed delivery timeframes. The latter are driven by Government's COVID-recovery requirements. To manage these risks, Horizons will continue to closely monitor the capital programme delivery through its Audit and Risk Committee, has put project structures in place internally, and is in regular and constructive dialogue with central government funding agencies over delivery timeframes as projects evolve. It is possible that some projects will see delivery timeframes extended as they get underway.

## 04 Funding our activities

Council will fund its activities through a range of mechanisms, as identified in its Revenue and Financing Policy. Rates revenue will continue to make up the bulk of Council's revenue.

Government subsidies and grants will provide additional revenue in Years 1, 2 and 3 of this LTP, but will decline over the following years as COVID stimulus funding and other funding contracts (e.g. SLUI) come to an end. Council will continue to seek alternative sources of revenue to supplement rates funding.



# 05 Rates

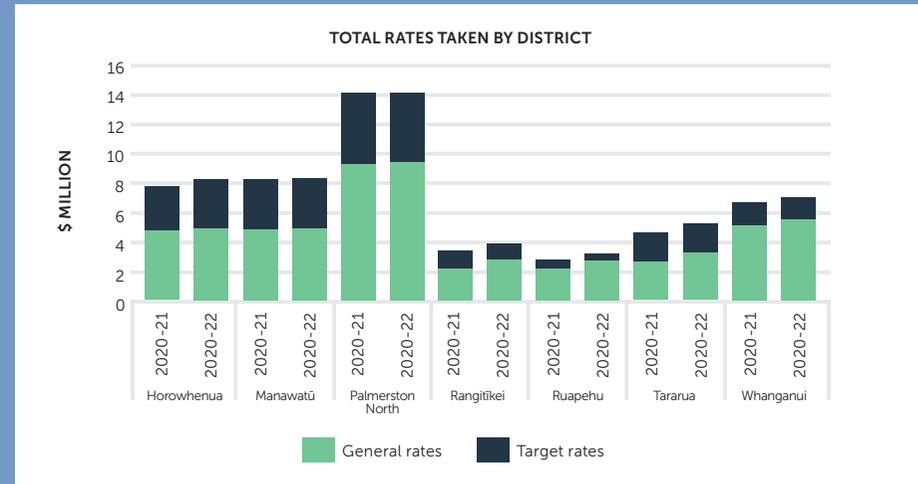
Council is very conscious of rates affordability. Through our budget process we have sought to prioritise what does and does not get funded based on legislative requirements, and the criticality of these activities to Council’s vision and community outcomes.

Council’s projected rate take for Year 1 is \$51m, rising to \$81.3m in Year 10. The average increase for the first four years will be between 6.9 and 8.5%. This strikes a careful balance between affordability and our ability to still meet statutory obligations, maintain levels of service and make some progress towards our community outcomes. Where possible, Council has sought to explore alternative funding sources, and our use of debt is discussed below. From Year 5 onwards, the average rates increase will range between 3.0 and 5.0%. Around 2.5-3% of our rates rises each year is in response to inflation, the remainder is to improve level of service, or maintain it in the face of other pressures. It is important to note that this increase is only reflective of growth in Council’s rates revenue; increases in capital value or number of rating units are not factored into these figures.



Council has set a limit on rates increases of no more than 10% for the term of this LTP. This will limit somewhat Council’s ability to respond to additional demands for service in Years 1-4 of this LTP.

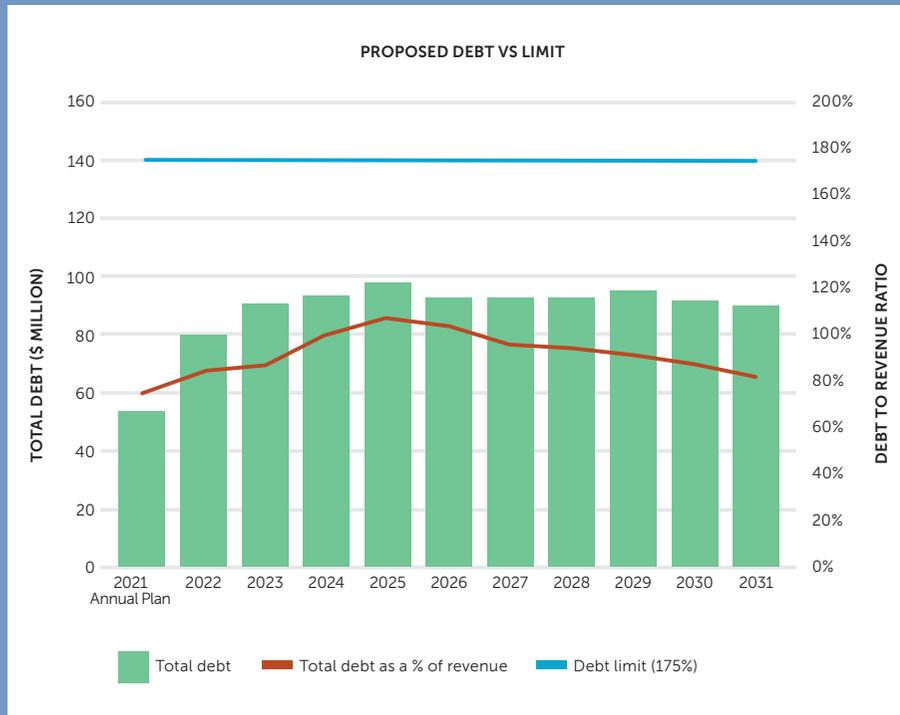
The average rates increases identified are averages across the region; there will be some variation between households, and within districts. This is due to changes in the targeted rates Council uses to fund certain activities.



# 06 Debt

To fund our capital expenditure programme and National Policy Statement for Freshwater Management implementation, Council will take on more debt. We project our total debt to rise from \$54 million (2020-21 Annual Plan) to \$98 million in Year 4 of this LTP.

As a proportion of our revenue, this equates to 76% in 2020-21, rising to 110% in Year 4 of this LTP, before slightly declining to 82% by Year 10. Council has set its debt ceiling at 175% of total revenue which is consistent with the Local Government Funding Agency (LGFA). This strategy will still leave considerable headroom underneath this limit, maintaining our flexibility to respond to unforeseen circumstances.



## 07 Investments

The primary purpose of our investments, as outlined in Council’s Investment Policy, is to generate revenue to further the vision and community outcomes identified in this plan. Horizons and our holdings company MWRC Holdings Ltd (MWRCH), have a range of investments, including CentrePort Ltd, property and a share portfolio.

Our previous financial strategy identified that Horizons has a relatively high dependency on rates revenue. To respond to this, we will continue to grow our investment assets, to generate more revenue that allows us to reduce the cost we would otherwise place on ratepayers. However, while our investment revenue is projected to grow, over the next 10 years it is expected to be outpaced by the growth in Horizons’ expenditure. Over Years 1 to 4 of this LTP, MWRCH will reduce its debt repayments, to allow more revenue to be used to generate a dividend. This will allow Council to reduce the rate demand it would otherwise need to ask of its communities. We are projecting \$3.7 million per annum average return in investment income for the first four years of this LTP, dropping to \$2.8 million per annum on average for Years 5 to 10. This will allow us to offset our rates take by 5% on average per year.

## 08 Unexpected events

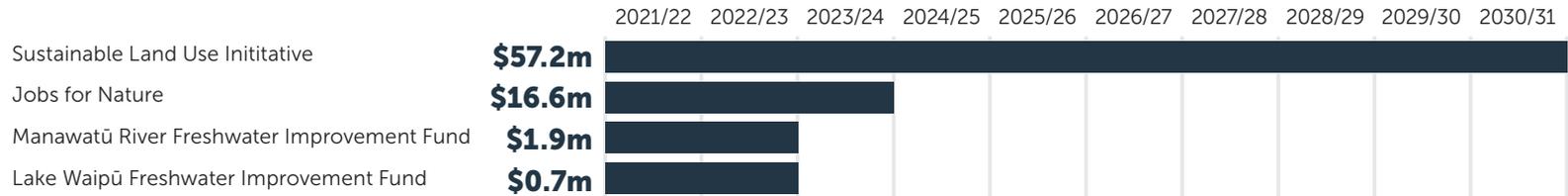
While unexpected events (such as a flood or storm event) are by definition unpredictable, they can have a significant impact on Horizons’ activities and finances, and it would be imprudent not to prepare accordingly. Our flood protection and drainage infrastructure are our main area of risk.

Due to their nature, these assets are always exposed to natural hazard risk. Currently, in the event of a significant adverse event, 60% of the repair cost would be borne by the Government, with Horizons covering the rest. Council will cease rating for an infrastructure insurance reserve which currently stands at \$4.6m. Given our relatively low renewal reserves, our portion would be funded through a mix of insurance, and borrowing. This strategy maintains headroom underneath the debt limit to allow for this. However, borrowing to fund repairs may constrain Council’s options to debt fund other future projects. Horizons maintains the option to increase our LGFA debt limit to 275% by obtaining a credit rating equivalent to an ‘A’ or higher; we will explore doing so in Year 1 of this LTP.

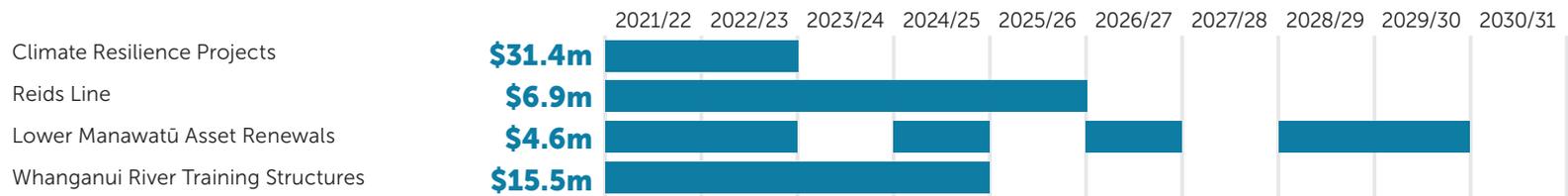
As highlighted earlier, insurance costs are becoming less and less affordable. Over the next few years we will explore alternative insurance models, looking to provide us with cost effective protection against unexpected events.

# Key initiatives over the next 10 years

## Land and Water Management



## Flood Protection and Control Works



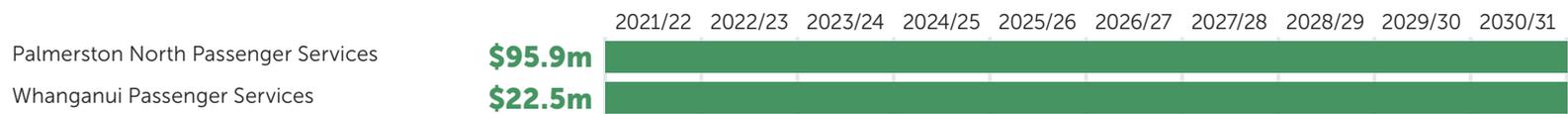
## Biosecurity and Biodiversity Protection



## Regional Leadership and Governance



## Transport



# Summary of Rates and their Changes for the Long-term Plan 2021-22

	Rating Method	Annual Plan	Long-term Plan Year 1		Long-term Plan Year 2		Long-term Plan Year 3					
		2020-21 (A)	2021-22 (B)	Annual Change (B-A) \$	%	2022-23 (C)	Annual Change (C-B) \$	%	2023-24 (D)	Annual Change (D-B) \$	%	
<b>Common Rates *1</b>												
General Rate	Capital Value (Equalised)	-	21,742	21,742	100%	23,826	2,084	0	25,039	1,213	6%	
Uniform Annual General Charge *2	UAGC per separately used or inhabited part of a property (SUIP)	4,400	5,015	615	14%	5,179	164	3%	5,381	202	4%	
Biosecurity	Capital Value (Equalised)	3,578	-	(3,578)	(100%)	-	-	-	-	-	-	
Emergency Management	Capital Value (Equalised)	1,921	-	(1,921)	(100%)	-	-	-	-	-	-	
Information	Capital Value (Equalised)	1,492	-	(1,492)	(100%)	-	-	-	-	-	-	
Resource and Consent Monitoring	Capital Value (Equalised)	2,271	-	(2,271)	(100%)	-	-	-	-	-	-	
River and Drainage	Capital Value (Equalised)	4,027	-	(4,027)	(100%)	-	-	-	-	-	-	
Strategic Management	Capital Value (Equalised)	1,955	-	(1,955)	(100%)	-	-	-	-	-	-	
Water Quality and Quantity	Capital Value (Equalised)	5,149	-	(5,149)	(100%)	-	-	-	-	-	-	
Sustainable Land Use Initiative (SLUI) UAC	SUIP	3,685	3,844	159	4%	3,994	149	4%	4,375	382	10%	
Environmental Initiatives UAC	SUIP	2,208	2,764	556	25%	2,959	195	7%	3,132	173	6%	
Targeted Rate Transport Planning etc	Capital Value (Equalised)	323	-	(323)	(100%)	-	-	-	-	-	-	
Drinking Water Monitoring and Research	SUIP	100	100	(0)	-	103	3	3%	107	4	4%	
<b>Individual Rates *3</b>												
Manawatū River Quality Improvement	SUIP	410	410	0	0%	423	13	3%	444	21	5%	
Production Pest Animal Management	Per hectare >4 ha	1,025	-	(1,025)	(100%)	-	-	-	-	-	-	
Production Pest Rook Management	Per hectare >4 ha	150	-	(150)	(100%)	-	-	-	-	-	-	
Infrastructure Insurance Reserve	SUIP	500	-	(500)	(100%)	-	-	-	-	-	-	
Biosecurity and Biodiversity (per ha)	Per hectare >4 ha	-	1,289	1,289	-	1,383	-	-	1,466	83	6%	
Rangitikei Old Man's Beard Eradication 4 ha and over	SUIP	48	-	(48)	(100%)	-	-	-	-	-	-	
Rangitikei Old Man's Beard eradication under 4 ha	SUIP	48	-	(48)	(100%)	-	-	-	-	-	-	
River & Drainage Scheme	Mix of Rating Mechanisms	9,820	10,245	425	4%	10,805	560	5%	11,342	537	5%	
River & Drainage Scheme Rates (UAC)	SUIP	1,181	1,248	67	6%	1,317	69	6%	1,382	65	5%	
Regional Park UAC	SUIP	258	24	(234)	(91%)	24	1	3%	25	1	4%	
Production Pest Plant Management	SUIP	155	-	(155)	(100%)	-	-	-	-	-	-	
	Per hectare >4 ha	26	-	(26)	(100%)	-	-	-	-	-	-	
Transport Passenger Services	Capital Value	2,501	3,022	521	21%	3,341	319	11%	4,336	995	33%	
Waiterere UAC	SUIP	7	-	(7)	(100%)	-	-	-	-	-	-	
Horowhenua Restoration	SUIP	186	339	153	82%	346	7	2%	354	8	2%	
<b>Sub Total</b>	<b>Total Common and Individual *3</b>	<b>47,424</b>	<b>50,042</b>	<b>2,619</b>	<b>5.52%</b>	<b>53,701</b>	<b>3,565</b>	<b>7.12%</b>	<b>57,385</b>	<b>3,684</b>	<b>6.86%</b>	
Penalties and Remissions		(160)	1,025			1,100			1,175			
<b>Grand Total</b>	<b>Total Funding From Rates</b>	<b>47,264</b>	<b>51,067</b>	<b>3,804</b>	<b>8.05%</b>	<b>54,801</b>	<b>3,734</b>	<b>7.31%</b>	<b>58,560</b>	<b>3,759</b>	<b>6.86%</b>	
UAC total (for 30% Cap)		12,590	13,744			14,346			15,201			
		<b>27%</b>	<b>26%</b>			<b>26%</b>			<b>26%</b>			

Rates in the above table are stated exclusive of GST

\*1 Common rates apply to all properties across the region and are either EQCV or uniform.

\*2 Due to the number of rates that do not apply to all properties, the total regional rate rise in percentage terms is potentially misleading and has not been provided.

\*3 Individual rates apply to properties depending on the location and size of each individual property. Some of these rates will not apply for some properties. For example, the pest animal per hectare rate will not apply to properties under 4 ha.

# Sample Ratepayers for 2021-22

## He rārangi utu reiti ā-rohe

To see how the proposed rates translate to your individual property check out our rates search at [horizons.govt.nz/rates-search](https://horizons.govt.nz/rates-search)

Hectares	Old CV	New CV	2020-21 Rates	2021-22 Estimate	Change \$	Change %
<b>Horowhenua District</b>						
					<b>Average for District</b>	<b>5.26%</b>
0.088	330,000	330,000	275.51	294.65	19.14	6.95%
0.082	340,000	340,000	272.75	277.27	4.52	1.66%
0.081	385,000	385,000	290.18	294.19	4.01	1.38%
596.582	1,770,000	1,770,000	2,448.55	2,516.95	68.40	2.79%
278.636	4,210,000	4,210,000	2,452.83	2,442.00	(10.83)	(0.44%)
619.050	970,000	970,000	1,779.13	1,853.87	74.74	4.20%
					<b>Average for District</b>	<b>1.28%</b>
<b>Manawatū District</b>						
0.045	300,000	300,000	327.15	338.40	11.25	3.44%
0.082	415,000	415,000	399.16	413.94	14.78	3.70%
0.441	610,000	610,000	523.65	542.51	18.86	3.60%
80.707	1,580,000	1,580,000	830.22	800.67	(29.55)	(3.56%)
87.279	2,010,000	2,010,000	1,110.40	1,085.22	(25.18)	(2.27%)
88.528	3,415,000	3,415,000	1,689.31	1,646.46	(42.85)	(2.54%)
					<b>Average for District</b>	<b>(0.10%)</b>
<b>Palmerston North District</b>						
0.085	320,000	320,000	346.90	356.46	9.56	2.76%
0.066	420,000	420,000	406.74	413.68	6.94	1.71%
0.101	590,000	590,000	516.90	523.90	7.00	1.35%
49.305	1,000,000	1,000,000	717.45	718.58	1.13	0.16%
0.154	1,780,000	1,780,000	1,293.66	1,295.11	1.45	0.11%
0.428	4,150,000	4,150,000	2,802.33	2,831.33	29.00	1.03%
					<b>Average for District</b>	<b>15.73%</b>
<b>Rangitikei District</b>						
0.065	99,000	175,000	168.07	197.75	29.68	17.66%
0.110	190,000	365,000	225.54	297.73	72.19	32.01%
0.081	255,000	430,000	1,227.07	1,476.17	249.10	20.30%
84.602	1,745,000	2,050,000	923.86	977.62	53.76	5.82%
1,062.300	1,780,000	2,410,000	2,128.31	2,388.49	260.18	12.22%
1,844.203	3,980,000	6,310,000	4,339.29	8,304.79	3,965.50	91.39%
					<b>Average for District</b>	<b>15.54%</b>
<b>Ruapehu District</b>						
0.103	115,000	190,000	185.83	215.43	29.60	15.93%
0.438	195,000	280,000	196.33	234.82	38.49	19.60%
0.260	295,000	370,000	302.62	304.04	1.42	0.47%
1,994.310	1,919,000	2,338,000	2,644.30	2,875.65	231.35	8.75%
86.911	1,940,000	2,490,000	1,006.80	1,190.76	183.96	18.27%
263.431	5,675,000	5,933,500	2,796.90	2,754.08	(42.82)	(1.53%)
					<b>Average for District</b>	<b>13.58%</b>
<b>Tararua District</b>						
0.075	118,000	320,000	190.28	291.75	101.47	53.33%
0.554	155,000	300,000	191.97	257.29	65.32	34.03%
0.216	225,000	375,000	305.33	375.13	69.80	22.86%
288.038	1,260,000	1,770,000	908.66	1,097.62	188.96	20.80%
191.017	3,810,000	3,810,000	2,422.39	2,374.66	(47.73)	(1.97%)
814.480	4,080,000	5,770,000	3,174.87	3,847.87	673.00	21.20%
					<b>Average for District</b>	<b>7.54%</b>
<b>Whanganui District</b>						
-	205,000	205,000	232.01	249.44	17.43	7.51%
0.030	355,000	355,000	321.38	342.76	21.38	6.65%
0.058	490,000	490,000	400.09	426.74	26.65	6.66%
419.866	1,160,000	1,160,000	1,093.94	1,129.94	36.00	3.29%
90.505	3,270,000	3,270,000	1,496.44	1,555.22	58.78	3.93%
1,039.360	5,510,000	5,510,000	3,445.94	3,600.87	154.93	4.50%



# Have your say

## Tuku whakaaro



Our proposed Long-term Plan outlines the work we propose to do in the next 10 years and what it will cost. We want to hear your feedback through the submission process.

There are a range of views held across our communities and Council would like to hear these. While we cannot adopt the recommendations made by every submitter, hearing a range of submissions allows Council to gauge what the desires of our wider community are.

The financial projections contained in this draft LTP may be updated to include either changes made in light of your submissions or any significant events that may occur before we adopt our final 2021-31 Long-term Plan on 22 June 2021.

Submissions open on 26 March and close at 5pm on 23 April 2021. There are a range of ways to give us your feedback:

### By Post

Fill out the submission form and send it to  
Freepost 217922  
Horizons Regional Council Private Bag 11025  
Manawatū Mail Centre  
Palmerston North 4442

### Write your submission

Write your submission as a normal letter and post it to the same address as above.

### Online

Go to [www.haveyoursay.horizons.govt.nz](http://www.haveyoursay.horizons.govt.nz) and submit online.

### By Email

Email your submission to [haveyoursay@horizons.govt.nz](mailto:haveyoursay@horizons.govt.nz)

Make sure you include your name, main contact number, full address and postcode, email address and whether you'd like to speak to your submission.

You can speak to your submission at a Council Submission Hearing if you wish, between 11-13 May 2021. Please let us know if you would like to address Council in person.

Please note, all submissions received are considered public documents and any contact details provided with your submission will be published in the resulting Council report, which will be available to the general public.



# Our activities Ā mātou mahi





# Land and water management

## Te Whakahaere Whenua me te Wai

### What we do

Through our land and water activities, we protect and enhance the region's environmental wellbeing for both current and future generations. This has co-benefits to our economic, social and cultural wellbeing. Through both regulatory and non-regulatory programmes, we work with iwi/hapū, landowners, businesses, councils and the community to make decisions on the management of the health of our freshwater and coastal marine ecosystems and enforce environmental regulation. We are also significantly involved in 'on the ground' action to restore ecosystems through activities such as hill country erosion control and riparian fencing and planting, often in partnership with central government, farmers and community groups. We also have a substantial science and monitoring programme which helps us report on the state of environment and inform our decisions, including refining our approach, to ensure that we target the right issues with the right actions.

### Why we do it

Our land and water activities primarily contribute to **healthy ecosystems** by protecting and enhancing the health of our waterways through:

- Regulating and monitoring the use of our environment to ensure its sustainable management, and that community and environmental values are upheld

- Working with and supporting landowners and community on initiatives to protect and restore ecosystems

There are co-benefits from this to supporting a **thriving economy** through:

- supporting farmers and growers to reduce soil erosion, ensuring our region will maintain its productive soil resource
- ensuring a fair and sustainable allocation of water for economic use

These activities also support **vibrant and empowered communities** through their support of farmers and community groups by providing funding and making our expertise available to empower them to make their own difference to their local environment.

### Challenges we face

#### Central government reform

The Government's Essential Freshwater package will shape a great deal of our work over the next five years. In particular, it will require a significant upscaling of our Resource Consent and Pollution Management activity as we implement the new National Environmental Standard for Freshwater and other regulations. Repeal and replacement of the Resource Management Act (RMA) may require further changes to these activities.

## **Increasing regulatory complexity**

As a result of increasing community expectation for water quality improvements, the consenting process for major discharges to the environment, such as municipal wastewater, is becoming increasingly contentious and complex. This results in resource consents that are increasingly resource-intensive both to develop and to monitor.

## **Shifting resource availability**

Our non-regulatory programmes rely on farmers and growers contributing to the cost of erosion control and freshwater protection works. If farmers' finances become constrained through the economic impacts of COVID-19, or through increasing regulatory costs, this may reduce the scope of action we can take. On the other hand, the new government regulations mentioned above will increase demand from farmers for co-funding from Horizons for on-farm work such as stream fencing, over and above what we are able to give. Many of our programmes also rely on central government funding, which is not guaranteed over the ten years of this LTP; any revision of Government's funding priorities may impact the level of service we are able to deliver.

## **Climate change**

Climate change will have several impacts on our freshwater ecosystems. Modelling undertaken by Manaaki Whenua Landcare Research for Horizons shows that sediment loads in rivers are predicted to increase by between 40 and 180% by 2090. Increasing temperatures may also affect the viability of native species. Sea level rise will impact a number of our region's threatened coastal ecosystems, estuaries and wetlands. It may also increase demand for water for agricultural and horticultural use when some of our sub-catchments are at or near, full allocation.

## **COVID-19 and the economy**

The economic recovery for COVID-19 is in part being driven by a significant increase in infrastructure spending by central and local governments, often enabled through the new fast-tracked consenting process. Consenting and monitoring these large projects will add to the resource pressure on resource consent and pollution management activity.

## **Changing technology**

Emerging technology is changing the way we can monitor our environment. New and better methods can provide new, more frequent and more accurate data but must be integrated into monitoring programmes.

## **Planning for the future**

Over the next ten years we will be transitioning the scope of our non-regulatory programmes across land and water in response to central government reform, such as Essential Freshwater. New requirements from Government for stream fencing and planting on farms will affect the programmes we already have in place for this, as will Government's intention for all farmers to have freshwater farm plans.

The size and scale of several of our programmes is enabled by central government funding to supplement ratepayer and landowner contributions. Additional funding from Jobs for Nature will enable us to invest in environmental improvements, including stream fencing, riparian planting and fish habitat improvement. When this, and other Government funding contracts end, we project a corresponding reduction in levels of service without new, equivalent sources of funding.

We are also increasing the scale of our regulatory activity to maintain core levels of service in response to new government legislation such as Essential Freshwater, increasing demand from infrastructure development, increasing demand for incident response and increasing regulatory complexity. To maintain

levels of service in priority areas, we will no longer proactively monitor lower risk sites.

We will also be increasing investment in our science and monitoring programmes in response to the new national regulations for freshwater management, including upgrades to lake and river monitoring and additional science capacity and resourcing to undertake reporting requirements and to inform policy development processes and water quality improvement works in catchments.

## **Strategies and Plans that guide our work**

Our work is largely shaped by the policies and rules of the One Plan. We also give effect to the Whanganui Catchment Strategy, the Manawatū River Leaders Accord and Action Plan and the Lake Horowhenua Accord and Action Plan.

## **Significant negative effects on community wellbeing**

Environmental wellbeing is the foundation of our economic, social and cultural wellbeing. There will always be some level of tension between environmental and economic wellbeing, particularly in our regulatory work. Horizons will continue to carefully balance this in our activities to enable economic activity, where appropriate, while ensuring that our environment will be left healthy for future generations.

## **Land Management**

Our land management activity responds to land-based issues which impact on the health of our soil and water resources. The land management programme has goals around hill country erosion management to increase the region's resilience to storm events, enabling sustainable land use, improving water quality and reducing the impact of sedimentation on levels of service for flood control infrastructure.

Our principal land management initiatives are the Sustainable Land Use Initiative (SLUI), the Whanganui Catchment Strategy (WCS) and our Regional Land and Coastal Programme. All these initiatives aim to protect and manage our region's vital assets – its land and soil.

## **Sustainable Land Use Initiative (SLUI)**

The SLUI programme is targeted at hill land that has been identified as being prone to erosion. The SLUI programme is co-funded by central government's Hill Country Erosion Fund and is currently in its fourth contract. Year 1 of the LTP will be the third year of the current four-year contract. This funding, combined with ratepayer and landowner funding, enables the development of SLUI Whole Farm Plans (WFP) with landowners to identify works to treat erosion and address water quality issues. The programme provides advice and grant funding to support the implementation of works to reduce hill country erosion and impacts on water quality.

The impact of climate change on hill country means that erosion control will continue to be important for our region.

## **Whanganui Catchment Strategy and Regional Land and Coast Programme**

The WCS and Regional and Coast work programmes also provide grant support to works programmes, usually on land of lesser priority to the SLUI programme. The WCS has received long-term funding from the Whanganui River Enhancement Trust (WRET). This co-funding adds to the ratepayer and landowner contributions to enable more works to be completed.

## **Other**

We also support and partner on a variety of industry-led programmes promoting sustainable land use. Major areas of support are to the Ballance Farm Environment Awards and the New Zealand Poplar and Willow Research Trust.

The land management team assists with the implementation of the One Plan by supporting landowners with advice relating to the consent requirements for hill country areas for cultivation, earth disturbance and vegetation clearance activities.

The land management programme also runs poplar and willow nurseries to supply erosion control material to landowners in the region. The cost of running the nursery is offset by revenue from sales.

## **Research and Monitoring**

Research and monitoring helps us target our resources to where they will have the greatest impact, such as improving our understanding of sediment source, transport and deposition. A significant component of our research goes towards supporting SLUI. We also provide land use and soil information to support farmers in their land management and to inform the development of Horizons' freshwater policy. We also monitor river gravel resources.

## **Changes in what we will deliver**

There will likely be a reduction in size and scale of SLUI if central government funding reduces at the end of the current contract for funding, as is currently projected. The Long-term Plan proposes some additional funding for SLUI in Year 3 to offset this potential reduction in funding.

## **Water Quality and Quantity**

Our water quality and quantity activities encompass the management of surface and groundwater quality and quantity and include both freshwater and coastal marine environments. This activity includes two broad components:

- The non-regulatory freshwater and partnership programme to improve water quality and aquatic habitats through a range of projects, and

- The science and monitoring programmes that track changes in the state of our waterbodies and inform our response to these issues

## **Regional Stream Fencing and Riparian Planting programme**

This project seeks to improve the swimmability and aquatic habitat of the region's rivers through stock exclusion from and riparian planting of the region's rivers and stream margins. Co-funding has been received through Government's Public Waterways and Ecosystem Restoration Fund as a part of central government's Jobs for Nature programme. This funding, combined with ratepayer and landowner funding, will enable a significantly larger scale programme than the previous Long-term Plan. This work aligns with implementing new central government regulation requiring fencing of some waterways.

## **Enhancing native fish populations through fish passage remediation**

This project seeks to gain a greater understanding of the region's native fish and their distribution while also undertaking action to remove impediments to fish passage throughout the region. The majority of this work is to be funded through the Public Waterways and Ecosystem Restoration Fund as a part of central government's Jobs for Nature programme. This funding, combined with ratepayer and fish barrier owner funding, will significantly increase the amount of fish monitoring and fish barrier repair work in the region. This work aligns with new central government policy requirements for regional councils to identify and remediate fish barriers.

## **Lake Horowhenua Accord and Lake Horowhenua water quality interventions project**

The Lake Horowhenua Accord is a partnership with the Lake Horowhenua Trust, Horowhenua District Council, Horowhenua Lake Domain Board, Department of Conservation and Horizons to

address water quality issues in Lake Horowhenua. An important component of the work under the Accord is the harvesting of weed to reduce the frequency of toxic conditions in the lake. Council has included budget in the LTP for lake weed harvesting to commence in Year 1, with the initial trial year and associated monitoring occurring in Year 1 of the LTP, and full implementation of weed harvesting from Year 2 onwards.

The Lake Horowhenua water quality interventions project is a new programme of work funded through central government's Jobs for Nature programmes. This project seeks to improve our understanding of the Horowhenua Freshwater Management Unit (FMU), the drivers of water quality and quantity, and to undertake interventions that will result in improvement in water quality and aquatic health within the FMU. The majority of the funding for this project has been received through the Public Waterways and Ecosystem Restoration Fund as a part of central government's Jobs for Nature programme. This funding, combined with ratepayer funding, will enable work to be undertaken at a significantly larger scale and greater pace than had been previously planned. This project aligns with the ongoing work programme to restore Lake Horowhenua and the review of the One Plan.

### **Manawatū River Accord and Freshwater Improvement Fund**

The Manawatū River Leaders' Accord was established in 2010. The second Accord Action Plan encompasses a range of activities aimed at improving water quality and achieving the goals of the Manawatū River Leaders' Accord. Initiated in the 2018-19 year, the Manawatū River Freshwater Improvement Fund project led by Horizons is to deliver on a range of initiatives over a period of five years, including upgrades to the Tokomaru wastewater treatment plant to discharge to land, stock exclusion from streams, aquatic habitat and fish passage enhancement, riparian planting, a mātauranga Māori and cultural monitoring project, an urban walkways project and community project support.

In addition to funding from Horizons, the project draws on funding from Government's Freshwater Improvement Fund, Horowhenua and Manawatū District Councils, Palmerston North City Council and landowners. Year 1 of this LTP will be year 4 of this five-year project. In year 3 of this LTP, some of the targeted rate funding for the Manawatū River Leaders' Accord will be utilised as co-funding for the Regional Stream Fencing and Planting project.

### **Lake Waipū Freshwater Improvement Fund**

The Lake Waipū Freshwater Improvement Fund project commenced in 2018 for a duration of five years. The project involves the upgrade of the sewage treatment plant at Rātana, diverting the discharge of wastewater (currently into Lake Waipū) to land. Horizons administers the project and will continue to undertake monitoring to inform future restoration initiatives for the lake. This project draws on funding from the Freshwater Improvement Fund, Horizons Regional Council and Rangitīkei District Council. Year 1 of this LTP is year 4 of this five-year project.

### **Research and monitoring**

We monitor the state and trends for a range of physical, chemical and biological attributes of water quantity and quality. We undertake a range of science to inform management of water quality and quantity, including groundwater, lake and estuary research, and the drivers of water quality outcomes. We also provide technical advice to support policy development, resource consent and compliance processes, implementation programmes and to the general public.

## **Changes in what we will deliver**

Through the Long-term Plan there is a temporary increase in size and scale of activity to deliver Jobs for Nature projects. Some activities are projected to reduce when central government co-funded projects are completed, e.g. SLUI, Jobs for Nature, and Freshwater Improvement Fund projects. There will be some reprioritisation of funding in response to central government's new freshwater regulations and an increase in the research and monitoring programme in response to new national regulation requirements for monitoring and science and to inform policy processes.

## **Resource Consent and Pollution Management**

This activity implements the regulatory component of Horizons' environmental management functions.

### **Resource consenting service**

Under the RMA, Horizons processes all applications relating to the use of natural resources, such as taking of or discharge to water or certain kinds of land and coastal use. Consents must be obtained unless an activity is permitted by the One Plan or by the RMA itself. In addition to processing resource consents, Horizons also provides advice on consent enquiries from the community.

### **Compliance and enforcement**

We monitor how resource users are complying with the conditions of resource consents and rules of the One Plan and national legislation, to ensure that activities will not have adverse

effects on the environment. The compliance programme has three key components:

- The rural programme, which focuses on farm dairy effluent, intensive land use, stock water takes and production forestry
- The water programme, which focuses on hydro-schemes, large irrigation takes, municipal water takes and implementing national water metering regulations, and
- The territorial authority and industry programme, which focuses on wastewater treatment plants, large industrial activities, and significant land development and roading projects

Where there is non-compliance with a rule in a plan or resource consent, Horizons will investigate and take appropriate enforcement action.

### **Incident response**

Horizons operates a 24-hour pollution response service. We investigate all reported environmental pollution incidents and undertake remedial action where appropriate. These incidents may result in an enforcement response.

## **Changes in what we will deliver**

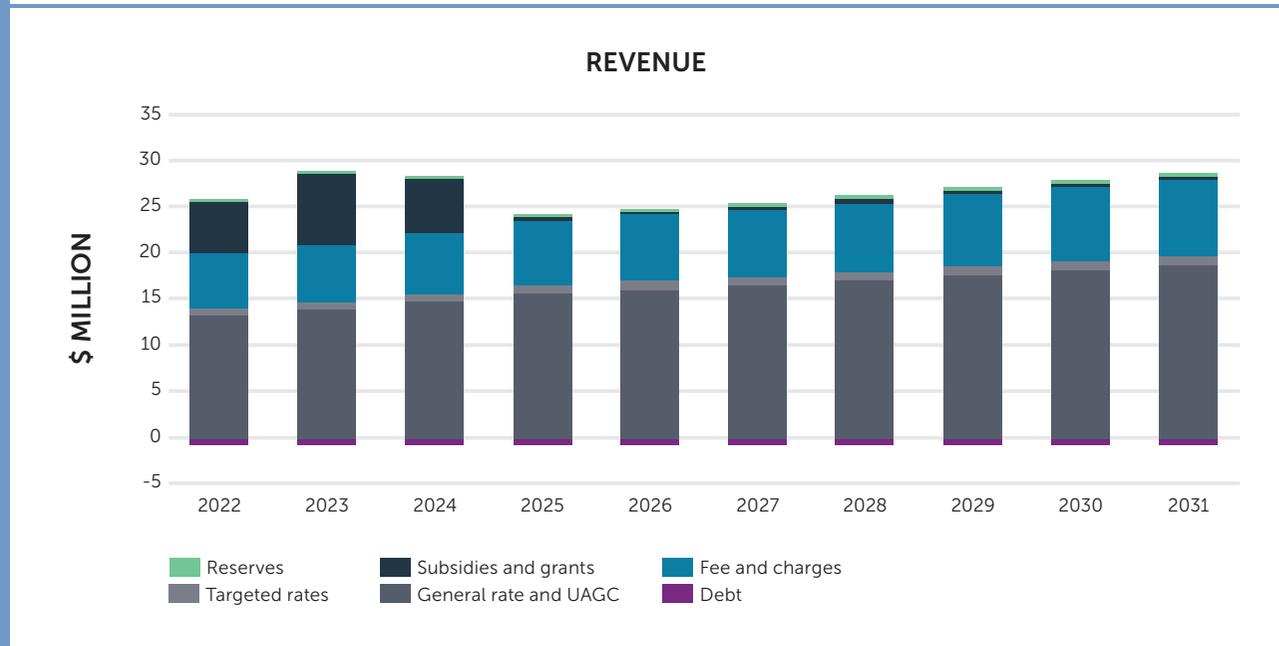
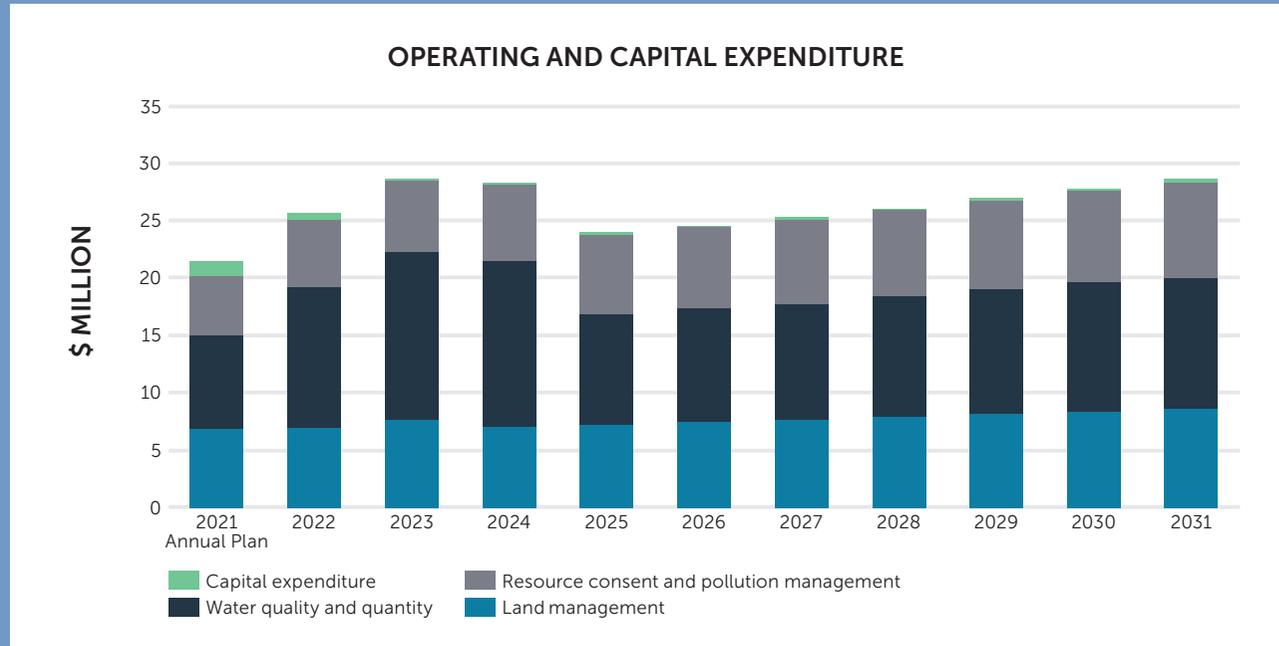
Significant increase in size and scale of activity to maintain levels of service in the face of a significant increase in the number of activities requiring resource consent and monitoring.

# Land and water management

How we will fund these activities

- General Rate
- SLUI UAC
- Manawatū River targeted UAC
- Lake Horowhenua targeted UAC
- Grants and subsidies
- Fees and charges
- Borrowing

Further details can be found in the financial statements on pages 104 and 115.



## What We Will Deliver - Land and Water Management

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>Annual Plan Target 2020-21</b>	<b>Year 1 Target 2021-22</b>	<b>Year 2 Target 2022-23</b>	<b>Year 3 Target 2023-24</b>	<b>Years 4-10 Target 2024-31</b>
<b>SUSTAINABLE LAND USE INITIATIVE (SLUI)</b>					
Erosion reduction works programmes in targeted SLUI catchments (hectares).	3,100	3,100	3,100	2,900	2,900 per year
Hectares of Whole Farm Plan properties mapped per year.	20,000	20,000	20,000	10,000	10,000 per year
<b>REGIONAL LAND INITIATIVES AND WHANGANUI CATCHMENT STRATEGY</b>					
Manage environmental grant programme to deliver erosion reduction works (hectares).	175	175	175	175	175 per year
Support industry initiatives that promote sustainable land use via industry partnerships (incl. Whanganui River Enhancement Trust).	5	5	5	5	5 per year
Operate Council nursery and source additional commercial material to deliver poles (poplar and willow) to erosion control programmes (number of poles).	30,000	30,000	30,000	30,000	30,000 per year
<b>RESEARCH AND MONITORING</b>					
Annual report on the previous year's land and fluvial monitoring and research activities.	Achieved	Achieved	Achieved	Achieved	Achieved

## What We Will Deliver - Water Quality and Quantity

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> <b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>2020-21</b> <b>Target</b> <b>Annual Plan</b>	<b>2021-22</b> <b>Target</b> <b>Year 1</b>	<b>2022-23</b> <b>Target</b> <b>Year 2</b>	<b>2023-24</b> <b>Target</b> <b>Year 3</b>	<b>2024-31</b> <b>Target</b> <b>Years 4-10</b>
<b>FRESHWATER ENHANCEMENT TO ENABLE AND ENCOURAGE THE PROTECTION AND ENHANCEMENT OF WATER QUALITY, RIPARIAN MARGINS AND AQUATIC HABITAT</b>					
Deliver freshwater enhancement work within the Manawatū Catchment in alignment with the Manawatū River Leaders' Accord and through delivery of the Manawatū Freshwater Improvement Fund project, including: Stream fencing (km); Riparian plants (number); Remediation of barriers to fish passage (number); Community projects (funded).	50 km 40,000 4 9	50 km 40,000 4 9	50 km 40,000 4 9		
Delivery of the Jobs for Nature – Public Waterways and Ecosystem Restoration Fund Project Enhancing fish populations through fish passage remediation project, including: Investigation of selected areas for fish barriers; Fish / kakahi monitoring at a number of sites; and Remediation of barriers to fish passage (number).	New measure New measure New measure	1 12 6	1 12 7	1 12 7	n/a n/a 3
Deliver freshwater enhancement work in the Waipu Catchment through the Freshwater Improvement Fund project, including: Annual report to Council on the Waipu Catchment Freshwater Improvement Fund project.	Achieved	Achieved	Achieved		
Delivery of the Jobs for Nature – Public Waterways and Ecosystem Restoration Fund Project Regional Stream Fencing and Riparian Planting, including: Stream fencing (km); Riparian plants (number).	12 km 20,000	105 km 100,000	105 km 100,000	160 km 140,000	80 km per year 35,000 per year
Deliver freshwater enhancement work within the Lake Horowhenua Catchment in alignment with the Lake Horowhenua Accord and through delivery of the Jobs for Nature – Public Waterways and Ecosystem Restoration Fund Project Lake Horowhenua Water Quality Interventions including: Annual report to Council on lake restoration activity including the Jobs for Nature Fund project for Lake Horowhenua.	New measure	Achieved	Achieved	Achieved	Achieved
<b>IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S WATER RESOURCE</b>					
Annual report on the previous year's water quantity and quality monitoring and research activity and its findings.	Achieved	Achieved	Achieved	Achieved	Achieved

## What We Will Deliver - Resource Consent and Pollution Management

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-31</b>
<b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>Target Annual Plan</b>	<b>Target Year 1</b>	<b>Target Year 2</b>	<b>Target Year 3</b>	<b>Target Years 4-10</b>
<b>CONSENTS PROCESSING</b>					
Process consents within Resource Management Act (RMA) timeframes.*	85%	85%	85%	85%	85% per year
<b>COMPLIANCE MONITORING</b>					
Monitor compliance of all resource consents identified in the rural annual compliance monitoring programme.	90%	90%	90%	90%	90% per year
Monitor compliance on Category 1 and Category 2 (high priority) sites identified in the TA and industry annual monitoring programme.	100%	100%	100%	100%	100% per year
Take action in relation to significant or serious non-compliance.	90%	100%	100%	100%	100% per year
<b>INCIDENT RESPONSE and HAIL</b>					
All notifications of non-compliance from the public are responded to.**	100%	100%	100%	100%	100% per year
All HAIL enquiries are responded to within 10 working days.	100%	100%	100%	100%	100% per year

\* Consideration of national averages as reported by the Ministry for the Environment will be taken into account when measuring success against this measure.

\*\* Options for response include:

- Desktop response;
- Immediate site inspection;
- Planned site inspection;
- Phone call only;
- Referred to external contractor;
- Subject to investigation; and
- Referred to other agency (i.e. relevant territorial authority, Civil Aviation Authority etc.).



# Flood protection and control works

## Ārai Waipuke me te Mahi Whakahaere

### What we do

The flood protection and control works group of activities includes:

- River and Drainage General, and
- River and Drainage Scheme

Through these activities, we design, build, manage, and maintain river management and erosion protection schemes that provide protection from flooding, riverbank erosion and channel movement to 11 urban areas and 75,000 hectares of rural land.

This work enables the productive potential of a significant part of the region to be fully realised, protecting people, property and infrastructure from flooding.

### Why we do it

Our flood protection and river control activities primarily contribute to **resilient communities** by:

- Providing flood and erosion protection
- Providing information and advice about flood risk to enable informed decisions to be made
- Embedding climate change considerations within the activities

These activities also support a **thriving economy** through the direct and substantive benefits to the region's economic activity derived from flood protection, river control, land drainage infrastructure and activities.

### Challenges we face

As set out in the 30-year Infrastructure Strategy (78), we have identified what we think are the five most significant challenges to river management infrastructure in our region. These are:

#### Accelerating land-use change

The region is seeing rapid and accelerating population growth and resulting urban expansion. This is placing pressure on river management activity due to the stormwater these new urban areas generate and the flood protection they require.

#### Unsustainable land use

Pastoral farming and some other land uses in unsuitable locations can result in soil erosion, particularly from hill country slopes and stream banks. The sediment from this erosion can result in the build-up of river beds and berms, reducing the capacity of the river to convey water in a flood. The region has one of the highest proportions of highly erodible land in New Zealand, and sedimentation is a significant issue for the lower reaches of three

rivers in particular: the Rangitīkei River, the Ōroua River and the Manawatū River.

### **Climate change**

Climate change is likely to change rainfall patterns across the region and will put pressure on most schemes, particularly in the Whanganui and Rangitīkei catchments. Rising sea levels are also expected, which will place further pressure on our coastal communities. This all has implications for levels of service, scheme operations and maintenance activities.

### **Ensuring yesterday's assets perform to today's reliability expectations**

Reliability is a critical component of the effective function of the network and delivering on our community outcomes. However, this is impacted by deteriorating asset condition as the assets age. In addition, while we regularly inspect and collect important data about the condition of our assets, which helps to inform our operations and maintenance programmes, some aspects of an asset's reliability cannot be fully assessed through this process.

### **Ensuring that yesterday's assets meet today's community expectations.**

Our communities are placing increasing importance on the health and wellbeing of our rivers (Te Mana o te Wai). There is also increasing community expectation that they should be able to interact with their rivers, such as swimming in them or walking alongside them. Māori are also becoming increasingly involved in river management and bring a unique set of values and expectations to be considered (e.g. Te Awa Tupua). Flood protection and drainage infrastructure can negatively affect these environmental, social and cultural values, and some of our legacy infrastructure was not designed with these values in mind.

We also identify additional challenges:

### **Rising insurance costs**

Insurance premiums are rising across the insurance industry. At the same time, the replacement values of our assets are also increasing. Combined, these two factors are challenging the affordability of insuring our assets.

### **Building reserves in a low-interest environment**

Horizons maintains reserves to fund renewals and as a contingency against unexpected events. However, there is an opportunity cost to this, and building reserves becomes more difficult with low interest returned from them.

### **Planning for the future**

#### **General**

We will continue to undertake annual surveys of those rivers within the region where recreational or commercial boating can be undertaken and that have river management schemes to identify and remove man-made hazards to safe navigation.

We will continue to consider applications for environmental grants.

We will fully fund the investigation, design, development, consultation and supervision phases of mitigation projects and will contribute up to 30 per cent of the cost of obtaining any permissions or consents required and the construction itself.

We will endeavour to satisfy the demand for river and drainage engineering advice within the constraints of a relatively modest budget.

Our programme for scheme reviews can be found in the infrastructure strategy (Section 3). Our programme for operations and maintenance manual development, and the application of the code of practice is shown in Tables 1 and 2.

We are also looking to review our rating models for each scheme over the next ten years. Our current funding mechanisms are overly complex and cumbersome to administer. Our reviews will be prioritised based on current rating complexity and growth pressures placing particular priority on the Horowhenua.

In the short term, we will also reduce the rate at which we build reserves for selected schemes. This will be a risk-based approach, considering the resilience of each scheme.

### **Lower Manawatū Scheme**

The Rural Upgrade Project will be extended to 2021-22, Year 1 of this LTP - to complete the remaining work along the Ōroua River corridor. When complete, this will afford those protected a uniform 1-in-100 year return period (one per cent Annual Exceedance Probability) standard of flood protection.

In the 2018-2028 LTP, we made provision to increase the standard of flood protection works provided to Feilding to a 200-year return period standard. We estimate that the required works to complete the required land purchases and to modify the Reid Line Floodway will cost \$6.9 million over the first five years of this LTP.

In 2023-24, Year 3 of the LTP, we plan to begin investigations and design of flood protection for the Te Matai Road/Stoney Creek area immediately east of Palmerston North, with a view to undertaking construction in 2027-28. The project is intended to be funded through a loan and repaid as an operating cost against the Lower Manawatū Scheme.

An investigation into raising the flood protection for Foxton Beach and township, from its current 100-year standard to a 200-year standard, has been included in the LTP for 2024-25, Year 4 of the LTP. Allowances for property purchase, detailed design, and construction work have been budgeted for the following financial years and are intended to be funded by a 15-year loan repaid by way of a targeted rate on Foxton Beach and township ratepayers.

We will continue to work with Horowhenua District Council as it progresses its Foxton Futures programme.

### **Foxton Flood Protection**

One of the projects identified in our 2018-28 LTP focussed on addressing the high level of exposure the town of Foxton has to flooding. Additional funding for this has been received through Government's Climate Resilience fund, allowing a change in the scope of our mitigation approach.

### **Lower Whanganui River Scheme**

Whanganui District Council and Horizons have recognised that responsibility for managing the alignment of the lower reach of the Whanganui River better rests with Horizons through the Lower Whanganui Scheme. Horizons has planned for the transfer of these assets to the Regional Council and for essential maintenance work to ensure that the ageing river control works continue to function as intended to regulate the alignment of the lower reach of the river and protect the port.

We're also intending to carry on with the project currently underway around the training structures that line the lower reach of the Whanganui River, near the mouth. Horizons is a part of a collective that includes iwi/hapū, some of the marine businesses linked to Whanganui Port, Whanganui District Council (WDC), and part of the Te Puwaha/Whanganui Port Revitalisation Project. Horizons has, along with WDC, successfully secured funding from central government; in Horizons' case, \$7.5 million out of an estimated total cost of \$15 million, reducing the rating burden both at a local and regional level.

## **Matarawa Scheme**

In year 3, we intend to rebuild the diversion structure in the Matarawa Stream that diverts flood waters to the Mateongaonga Stream. The purpose of this rebuild is to reduce the flows in the Matarawa Stream during a flood event, thereby increasing the level of flood protection provided to those properties in Whanganui East. Prior to this work getting underway we will be communicating directly with the scheme ratepayers.

## **Koputaroa Scheme**

We have made provision to reconstruct the stopbanks along the lower reaches of the Koputaroa Stream; assets that form part of the Koputaroa Scheme. We're sharing the estimated \$1.2 million cost of undertaking that upgrade work with the Horowhenua District Council, recognising the impacts that increased stormwater discharge from a growing Levin will have on that scheme.

## **Rangitikei Scheme**

The Rangitikei Scheme is the largest and most challenging river control scheme that Horizons administers, encompassing a 63 km length of the Rangitikei River from the river mouth to Rewa. A number of factors prompted staff in 2019 to fundamentally reassess the management approach for the river. The current strategy is, in essence, to give the river more room and progressively transition the lease land at Parewanui into protection plantings.

Previous reviews identified an over-reliance on gravel extraction as a management tool, an activity that also used to generate income in the form of royalties that the scheme received. Although gravel extraction is now used in a much more measured way, the legacy of past over-extraction remains; a more mobile river corridor is a reflection of recovering bed levels, but the past bed degradation associated with the over-extraction of gravel means existing edge protection works are being undermined.

The technical work undertaken by Horizons and Massey University staff suggests the need to establish a mobility corridor to give the river more room and to transition the management interventions away from hard-edge protection to one focused more on contiguous planted riparian margins. Aligned to that is the need to establish vegetated margins set further back from the river. A significant part of the mobility corridor not currently river bed is privately owned land, necessitating landowners to progressively allow, in many cases, pastoral farmland to be planted in trees.

## **Strategies and plans that guide our work**

The important policies and plans that relate to the flood protection and control group of activities are:

- One Plan
- Strategic Asset Management Plan
- Scheme Asset Management Plans

## **Negative effects on the wellbeings**

Flood protection and control works play a vital role in protecting communities, property and infrastructure from flood hazards, but have the potential to impact river ecosystems and natural character as well as people's enjoyment of waterways. This is a particular concern for iwi and hapū in the region, who have strong ties with their ancestral rivers. Any negative effects are carefully managed both within the Resource Management Act framework and by maintaining engagement with iwi, hapū and other stakeholders and communities across the region. Consideration of the wider impact of these activities on environmental, social and cultural wellbeing is now a key issue in our infrastructure strategy.

## River and Drainage General

The river and drainage general activity is activity of a more general nature and not specific to particular schemes, including:

- Investigating erosion and flood risks and developing mitigation options in consultation with affected communities
- Identifying and removing hazards to boating in the region's major rivers, such as the Rangitīkei and Manawatū
- Providing technical and financial assistance to landowners for river management works outside defined scheme areas
- Undertaking scheme reviews
- Developing and updating operations and maintenance manuals for schemes, and
- Undertaking an assessment of performance of scheme assets through the application of the Code of Practice

In accordance with four broad criteria:

- the work is related to preventing or mitigating flooding or erosion
- it provides a benefit to a community rather than just an individual landowner
- the site for the work is located outside a scheme area, and
- the work is owned and maintained by the landowner

## Changes to what we will deliver

The application of the Code of Practice developed by river managers from around the country will provide a risk-based assessment to better understand the performance of our flood protection assets. This will enable us to better manage our schemes with regard to the reliability of the assets in delivering the levels of service expected of them.

Whilst we will continue to undertake reviews of flood control and drainage schemes, the focus of the reviews will shift from focusing on the current performance of the scheme to looking at how the scheme will meet future needs. As well as looking at how schemes can respond to the significant issues identified in the Infrastructure

Strategy, the reviews will also look at rating classifications with a view to simplification whilst ensuring equity.

## River and Drainage Scheme

The river and drainage scheme activity includes the design, management, operation and maintenance of the various river and erosion control and drainage schemes in the region.

We currently manage 23 river management and erosion control schemes that provide protection from flooding, riverbank erosion and channel movement to 11 urban areas and 75,000 hectares of rural land. That involves managing approximately 1,270 km of river channels and inspecting and maintaining nearly 500 km of stopbanks and 53 detention dams. These schemes allow the productive potential of a significant part of the region to be fully realised, protecting people, property and infrastructure from flooding.

We also manage 11 land drainage schemes that allow the productive potential of large areas of low-lying land to be fully realised. Approximately 62,000 ha of land benefits from this activity, requiring the inspection and maintenance of 22 pump stations and an associated 1,100 km of drain networks.

A further activity that Horizons undertakes as part of its river and drainage scheme functions is the formulation of asset management plans. We are required to prepare asset management plans at three-yearly intervals, and our infrastructural assets (which currently have a replacement value of \$650 million) must undergo regular revaluations to ensure these values are accurate. We have reviewed and updated the plans for the 27 schemes that have assets which are required to be inspected and maintained (as opposed to entirely activity-based schemes). We intend for these updated plans to be effective from 1 July 2021.

## **Changes to what we will deliver**

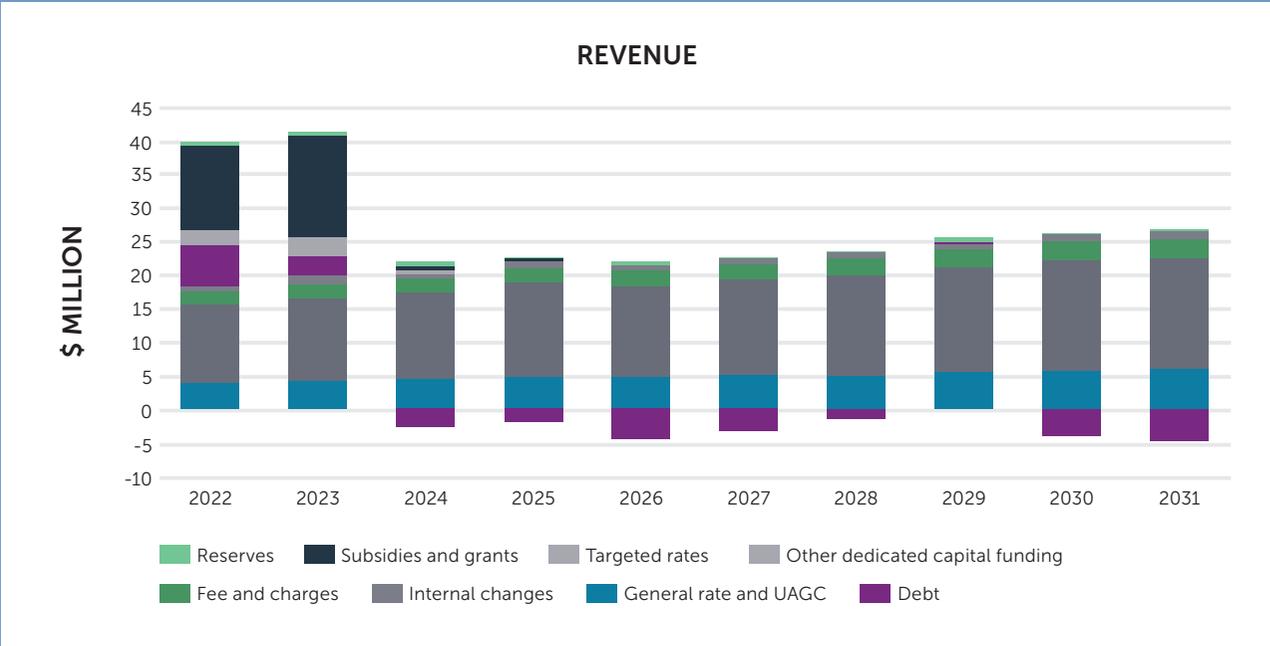
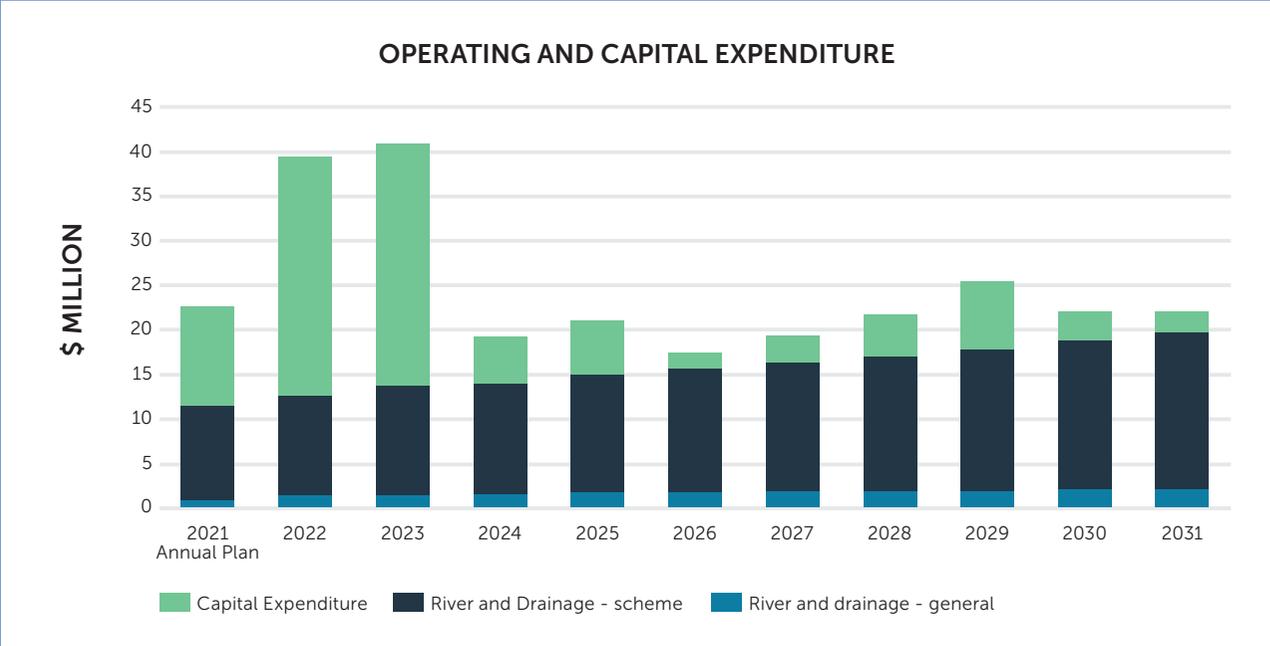
Continued upgrade of a range of schemes across the region, including through Climate Resilience projects, as discussed in 'planning for the future' and the Infrastructure Strategy.

# Flood protection and control works

How we will fund these activities

- General Rate
- Targeted scheme rates
- Borrowing
- Subsidies and grants
- Other funding

Further details can be found in the financial statements on pages 105 and 117.



**Table 2 - Programme of Operations and Maintenance Manual Development**

<b>Scheme</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Ashhurst										
Forest Road Drainage										
Foxton East Drainage										
Himitangi Drainage										
Hōkio Drainage										
Koputaroa Drainage										
Lower Kiwitea										
Lower Whanganui										
Makerua Drainage										
Manawatū Drainage										
Mangatainoka										
Moutoa Drainage										
Ōhau-Manakau										
Pohangina Ōroua										
South East Ruahine										
Tawataia-Mangaone Drainage										
Te Kawanui Drainage										
Tūtaenui										
Upper Manawatū-Lower Mangahao										
Upper Whanganui										
Whirokino Drainage										

## Financial and risk management policies

### Asset Renewal Funding

There are several key areas of expenditure that Horizons needs to allow for, both as robust operating practice and to comply with the relevant statutes. These include:

- Payment of operating and capital expenditure
- Payment of loan principal and interest, and
- Contributions to renewal reserves

Horizons has adopted approaches that vary scheme by scheme, taking into account debt levels, renewal reserve balances and the profile of upcoming renewal expenditure. Horizons has considered these factors alongside affordability to scheme ratepayers to ensure that appropriate funding is available, or set aside.

The policy included in this LTP is a continuation of that adopted in the previous LTP. That is, renewal funding for individual schemes is to commence as loan servicing costs drop below the renewal funding line. Contributions to renewal reserves are now being made by the Ashhurst, Lower KIWITEA, MāKIRIKIRI, Matarawa, Ōhau-Manakau, Pakihi, Pōrewa, South-East Ruahines, Tawataia-Mangaone, Tūtaenui, Forest Road, Foxton East, Himatangi, Hōkio, Koputaroa, Makerua, Manawatū, Moutoa, Te Kawau and Whirikino Schemes. (Note that all drainage schemes with assets are now making renewal reserve contributions.)

## Infrastructural Assets – Risk Management

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

- Schemes continue to build scheme reserves as and when they are able to. This will ultimately put the schemes in a position to self-insure against damage incurred in up to 1-in-50 year recurrence interval floods. This Plan makes provision for a net transfer to reserves of \$2.4 million over the first three years of this Plan
- Increasing self-insurance capability through the continued growth of a regional infrastructure reserve, funded through the General Rate. This Plan makes provision for \$120,000 to be added to that reserve annually
- Purchasing commercial insurance (100 per cent cover) for all the major scheme 'insurable' infrastructure, with a current insured value of \$260 million under the umbrella of the Manawatū-Whanganui Local Authority Shared Services Insurance Proposal. This cover has a deductible of \$3 million
- Ensuring through good financial management, in accordance with Horizons' Liability Management Policy, that there is the capacity to borrow in order to fund damage reinstatement works arising from natural disaster events, should that be necessary, and
- Ensuring through prudent risk management processes, including insurance and balance sheet management, that the criteria for central government assistance through its National Civil Defence Emergency Management Plan will be satisfied in the event of a major natural disaster.

## What We Will Deliver - Flood Protection and Control Works River and Drainage General

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2022-23 Target Year 2</b>	<b>2023-24 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
<b>INVESTIGATIONS AND ADVICE</b>					
In accordance with the programme identified in Table 1, carry out and report to Council on reviews of schemes, assessing whether the current management approach is sustainable, how best to meet the needs of the community now and in future and whether the associated funding model is both efficient and equitable (reports to Council).	New measure	3	2	3	2 - 5 per year
In accordance with the programme identified in Table 2, assess the performance of flood protection assets in line with the Code of Practice developed by River Managers Forum (schemes assessed).	New Measure	1	1	5	1 - 3 per year
In accordance with the programme identified in Table 3, produce operations, maintenance and surveillance manuals that capture scheme history, operating context and the inspection and maintenance activities required to deliver the levels of service to the relevant communities (Operations and Maintenance manuals produced).	New Measure	2	8	2	3 per year
<b>IMPLEMENTATION</b>					
Apply environmental grant funding assistance to applicants where criteria is satisfied (grants).	10	10	10	10	10 per year

## What We Will Deliver - River Management: All Schemes

Key Performance Indicator			Regional Area			
PROJECT GROUP: ALL SCHEMES			Northern	Central	Southern	Eastern
Objective	Measure	Target 2021-2031				
Flood and erosion protection assets and systems are maintained.	Completion of maintenance programme	Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Achieved	Achieved	Achieved
	System performance design standard	Schemes meet level of service requirements as documented in the Asset Management Plan.	Achieved	Achieved	Achieved	Achieved
	Completion of asset inspection programme	Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Achieved	Achieved	Achieved
Flood and erosion protection assets and systems are repaired.	Response to flood event or damage	Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Achieved	Achieved	Achieved
Assets are renewed at end of useful life or to address a service level change.	Completion of renewals programme	As per Asset Management Plan Renewal programme.	Achieved	Achieved	Achieved	Achieved
New assets are constructed.	Completion of new capital works programme	Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Achieved	Achieved	Achieved



# Biosecurity and biodiversity protection

## Tiaki Kōiora

### What we do

The indigenous species of Aotearoa are special as they are found nowhere else in the world. New Zealand's flora and fauna has been particularly vulnerable to the impacts of habitat loss and introduced pests. This has resulted in significant declines in biodiversity. Reversing these will take the concerted efforts of multiple agencies and communities. Through our biosecurity and biodiversity activities, we protect and enhance the region's environmental wellbeing for both current and future generations. Our biosecurity activity also plays an important role in safeguarding the economic wellbeing of our rural sector.

The biosecurity programme includes delivery of the Regional Pest Management Plan to control, exclude or eradicate plant and animal pests that have established breeding populations in New Zealand and pose a threat to our region's economy and ecosystems. We also manage some of our region's most threatened and fragile ecosystems. Much of our work is in partnership with landowners, community groups and other stakeholders who share our passion for our native taonga.

### Why we do it

Our biosecurity and biodiversity activity contributes to **healthy ecosystems** by protecting and enhancing the health of our indigenous ecosystems through:

- Implementation of the Regional Pest Management Plan
- Delivery of the regional possum control programme, rook control and an amenity pest programme
- Active management of high priority remnants of threatened ecosystems, including a regional park and
- Supporting community groups and other stakeholder groups to protect and enhance biodiversity on public and private land.

The biosecurity activity also supports a **thriving economy** through the control of plant and animal pests that may have an adverse effect on agriculture and other primary industries, and impact the regional economy as a whole.

This activity also supports **vibrant and empowered communities** through the support of landowners and community groups by providing funding and making our expertise available. We also maintain Tōtara Reserve, a regional park and campground.

## Challenges we face

### Climate change

Climate change will have a range of impacts on our ecosystems. Changing climate such as increased temperatures may make it easier for new pests and diseases to establish in our region and/or more favourable for the pests already in the region. Increased temperatures, changing rainfall patterns and increased likelihood of extreme weather events, may also place stress on some of our indigenous ecosystems.

### Central government reform

The National Policy Statement for Freshwater Management requires additional biodiversity work, including management of fish barriers and additional mapping of the region's wetlands. The proposed National Policy Statement for Indigenous Biodiversity is signalled for release and may require significant changes to the way we manage biodiversity in our region.

### OSPRI withdrawal from possum control

OSPRI NZ is continuing to cease control on areas of land in the region after it has met the threshold for freedom from disease (TB). OSPRI NZ is partway through a phased plan to withdraw from over 400,000 ha of land in the region. The specific timing of zones being declared TB free is dependent on a process that includes analysis of the operation, TB testing data, a submission to an external panel, and endorsement by the OSPRI board. Horizons is expanding the voluntary possum control programme into these areas; however, the specific timing and amount of additional required work each year is difficult to accurately predict.

### Planning for the future

Over the next ten years, we will continue our implementation of the Regional Pest Management Plan (RPMP). As OSPRI withdraws from possum control, we will continue to expand our operations into those areas where landowners permit. In other areas, where possum

populations are low, we may reduce the frequency of our operations. We will also trial a new bait type in the possum control programme, which may improve environmental outcomes.

The Biosecurity Plants programme is receiving further resourcing, following a recent review indicating we were unlikely to meet the RPMP objective for nine of the 55 pest plant species identified in the plan. In year one of the Long-term Plan, funding has been increased for Alligator weed and purple loosestrife.

We will continue to bring new high priority sites into our priority habitats programme and are expanding the programme's focus to more ecosystem types, seeking to restore and maintain a representative range of ecosystems to a healthy and functioning level. Additional resources are being phased in over the first three years of the programme to enable the programme to expand by 11 priority sites per year and improve the management of existing sites. After 2023, the budget is adjusted by inflation only with a target of three further sites per year.

We will also continue to support the work of our communities and partners through our community biodiversity programme, seeking to empower communities to engage with biodiversity. The way biodiversity projects are funded has changed from the previous LTP. Five sites have been allocated dedicated funding: Te Āpiti Manawatū Gorge, Kia Wharite, Pūkaha Mount Bruce, Bushy Park and Manawatū Estuary. The remainder of the available funding is contestable each year, with the contestable fund being increased to \$260,000 from year 1 of the Long-term Plan to enable further community biodiversity work to be undertaken. A further \$50,000 is allocated to community engagement projects. We will also continue to manage Tōtara Reserve and its campground as a regional park to provide further opportunities for local communities to connect with its biodiversity.

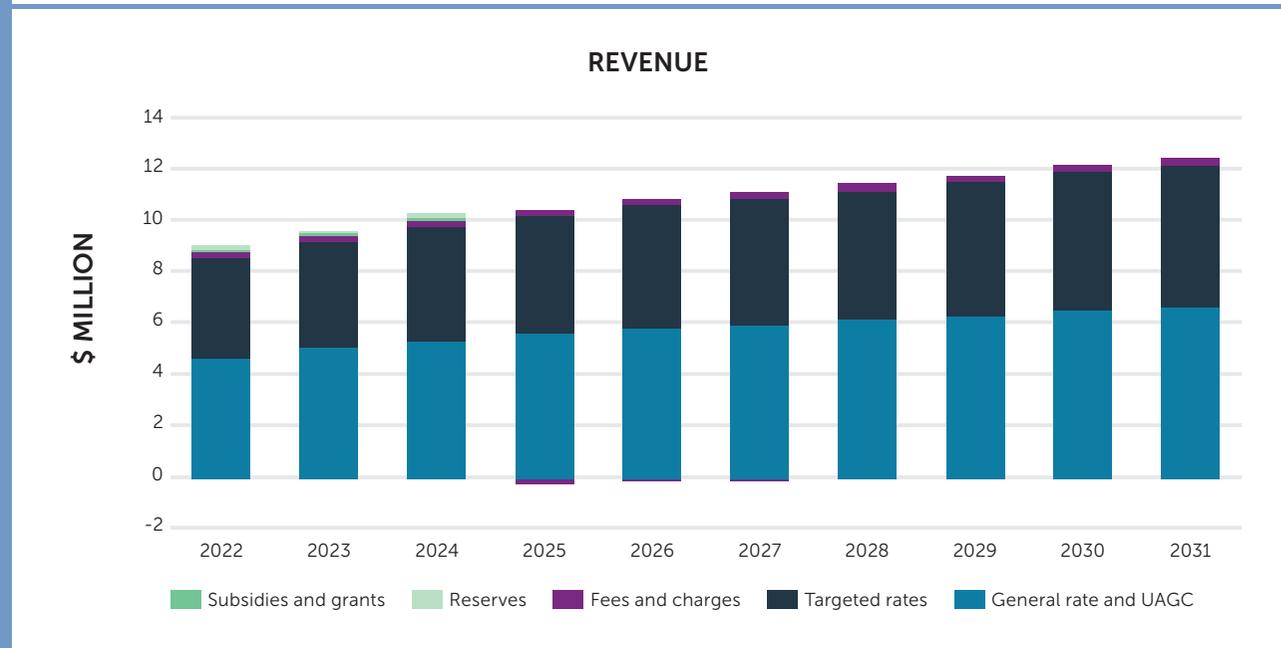
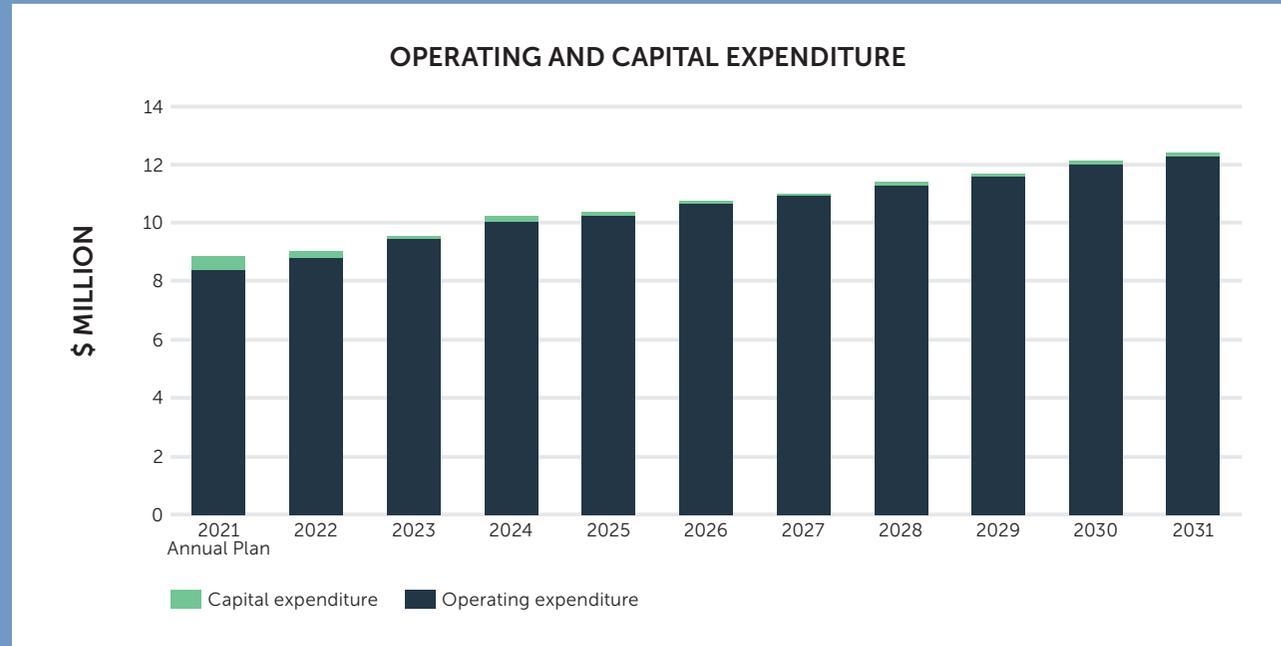
Central government has signalled the introduction of a new National Policy Statement for Indigenous Biodiversity (NPS-IB), which will likely require significant work from local government to implement, including the development of a Regional Biodiversity Strategy, and identification

# Biosecurity and biodiversity protection

How we will fund this activity

- General Rate
- Environmental Initiatives UAC
- Per ha targeted rate for properties >4 ha
- Regional Park targeted rate
- Camp user fees

Further details can be found in the financial statements on pages 104 and 117.



## What We Will Deliver - Biosecurity

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> <b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2022-23 Target Year 2</b>	<b>2023-24 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
<b>PEST ANIMAL MANAGEMENT</b>					
Possum densities are maintained at/below 10% residual trap-catch (RTC) in existing/new possum control operation (PCO) areas. This is to enhance production, biodiversity, disease protection and amenity values.	<10% RTC	<10% RTC	<10% RTC	<10% RTC	<10% RTC
All additional hectares released from OSPRI control are included in the PCO programme.	100%	100%	100%	100%	100%
All known rookeries are treated annually to reduce crop losses and damage.	100%	100%	100%	100%	100%
Provide an animal pest management advisory service. All enquiries will be responded to within two working days.	100%	100%	100%	100%	100%

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> <b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>2020-21</b> <b>Target</b> <b>Annual Plan</b>	<b>2021-22</b> <b>Target</b> <b>Year 1</b>	<b>2022-23</b> <b>Target</b> <b>Year 2</b>	<b>2023-24</b> <b>Target</b> <b>Year 3</b>	<b>2024-31</b> <b>Target</b> <b>Years 4-10</b>
<b>PEST PLANT MANAGEMENT</b>					
Any exclusion category pest plants that are found in the Region are promptly managed; Response plans are produced when required; Required response plans are produced within two weeks; Response plans are enacted within their specified timeframes.	Achieved 100% 100%	Achieved 100% 100%	Achieved 100% 100%	Achieved 100% 100%	Achieved 100% 100%
Number of managed sites at zero-levels increases for pest plants identified for eradication in the Regional Pest Management Plan.	Overall % of managed sites at zero-levels increases by 10%	Overall % of eradication pest plant managed sites at zero-levels is greater than 75%	Overall % of eradication pest plant managed sites at zero-levels is greater than 79%	Overall % of eradication pest plant managed sites at zero-levels is greater than 83%	Overall % of eradication pest plant managed sites at zero-levels increases by 1% per year from the 83% target at the end of 2023-24
Number of managed sites at zero-levels increases for pest plants identified as progressive containment mapped in the Regional Pest Management Plan.	Overall % of managed sites at zero-levels increases by 10%	Overall % of progressive containment mapped pest plant managed sites at zero-levels is greater than 74%	Overall % of progressive containment mapped pest plant managed sites at zero-levels is greater than 78%	Overall % of progressive containment mapped pest plant managed sites at zero-levels is greater than 82%	Overall % of progressive containment mapped pest plant managed sites at zero-levels increases by 1% per year from the 82% target at the end of 2023-24
Financially support the national bio-control agent development programme and report annually to Council on this programme.	Financial support provided and an annual report provided to Council	Achieved	Achieved	Achieved	Achieved
Monitoring of some released biological agents will be completed to assess establishment and host damage (using the national protocol): 20 assessment plots will be monitored.	100%	100%	100%	100%	100%
Pest plant enquiries are responded to within 3 working days.	95%	95%	95%	95%	95%

## What We Will Deliver - Biodiversity

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2022-23 Target Year 2</b>	<b>2023-24 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
<b>PROTECT/ENHANCE PRIORITY HABITAT REMNANTS</b>					
Additional priority habitats managed to level 3 or higher (number of sites).	modified measure	11	11	11	3 per year
<b>SUPPORT COMMUNITY INVOLVEMENT IN BIODIVERSITY PROTECTION</b>					
Support existing community-based biodiversity improvement projects (number of projects).	10	10	10	10	10 per year
<b>IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S BIODIVERSITY</b>					
Annual report on the previous year's biodiversity monitoring and research activities.	Achieved	Achieved	Achieved	Achieved	Achieved
<b>TOTARA RESERVE REGIONAL PARK</b>					
Annual report on the management of Totara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility.	Achieved	Achieved	Achieved	Achieved	Achieved



# Regional leadership and governance

## Mana Whakahaere ā-rohe

### What we do

The regional leadership and governance group of activities combines a wide range of activities that allow Horizons to take a strategic outlook, coordinate our actions with other partners in the region and engage and build meaningful relationships with our communities and iwi/hapū, as we shape all of our activities to enhance the environmental, cultural, social and economic wellbeing of our region.

### Why we do it

Our regional leadership and governance activities primarily contribute to **vibrant and empowered communities** by:

- Providing effective democracy and community engagement services
- Providing advice and information to enable communities to make their own decisions and take action
- Building mutually beneficial relationships with iwi and hapū
- Ensuring the region's interests are represented in central government's policy development

These activities also support **healthy ecosystems** by:

- Informing good decision making through the monitoring of the state and trends of our ecosystems

- Developing strategy and regulation to protect and enhance our ecosystems
- Supporting the resilience of our ecosystems to climate change

These activities also support **natural hazard and climate change resilience** by:

- Providing regional support to civil defence and emergency management planning
- Providing a range of services to prepare for and respond to natural hazards, including flood warning and navigation safety
- Supporting the resilience of our communities to natural hazards exacerbated by climate change

There are co-benefits from this to supporting a **thriving economy** through:

- supporting regional economic development initiatives
- reducing the impact natural disasters have on the region's economy
- enabling good business decisions by making our data accessible

## Challenges we face

### Central government reform

The Government's Essential Freshwater package will shape a great deal of our work over the next five years. In particular, it will require a significant reworking of the freshwater chapters of the One Plan to give effect to the National Policy Statement for Freshwater Management 2020 (NPS-FM). This will require significant resource from the strategic management, information and community engagement activities. We will likely also need to respond to the National Policy Statements for Urban Development (NPS-UD), Indigenous Biodiversity (NPS-IB) and Highly Productive Land (NPS-HPL), and the National Planning Standards. The repeal and replacement of the Resource Management Act (RMA) may require further changes to these activities.

The Government is also proposing Emergency Management Systems reforms that may require an increase in our level of service and place pressure on current levels of resourcing.

### Changing technology

Rapid advances to technology are changing the way we can gather, manage and share data. This, in turn, creates changing expectations from our communities around how they can access and utilise the information we hold.

### Climate change

Parliament has set a target of net zero CO<sub>2</sub> emissions by 2050. Achieving this will require rapid and substantial changes to our region's economy and the way we live, including the operation of Horizons itself. In addition, the National Climate Risk Assessment has identified a range of the significant risks that climate change poses to New Zealand's communities, economy and natural and built environments.

## Population growth/land use change

Several districts in our region are experiencing population growth to a level they haven't experienced in quite some time. The urban development required to accommodate this will put pressure on our strategic management and community relationship activities.

### COVID-19 and the economy

The COVID-19 pandemic has required a significant response from our Emergency Management activity. Any resurgence will require the same. There will also be an economic impact on the region which has already required a repositioning of Accelerate25, the economic component of our strategic management activity. Central government is bringing significant financial and policy resource to respond to the economic impact of COVID-19.

## We are also responding to

Treaty settlements and redress, the work of iwi and hapū, and government policies are changing the role Māori play in the environmental, economic, social and cultural development of our region, and Horizons values this contribution. In particular, there is a shift towards co-governance and co-management arrangements. To make these partnerships effective and ensure that the aspirations of Māori are reflected in our decision making, Horizons will continue to grow the relationships we have with iwi and hapū and to explore mechanisms for joint management approaches. At the same time, iwi and hapū often have limited capacity to engage with and advise Horizons, which limits the benefits that could be gained from these partnerships. The coming implementation of the NPS-FM will put particular pressure on the engagement capacity of Māori.

## Planning for the future

Implementing the NPS-FM in the One Plan will consume much of this group of activities until 2026. Running in parallel, the rest of the One Plan must be reviewed in its entirety, in consultation with our communities, before 2025.

NPS-FM implementation requires a step-change in how we engage with our region's iwi and hapū. In particular, we will make a significant increase in the support we provide to the building of Māori capacity to be involved in catchment policy setting, catchment monitoring and to provide technical advice to Horizons on the application of Te Mana o te Wai and Mahinga Kai values. We will also explore mechanisms for shared decision making, whether through post-settlement structures or our own mechanisms.

We also expect significant additional demand as a result of Government's ongoing policy agenda, such as the NPS-UD, NPS-IB and RMA reform.

Climate change is now a key priority for Horizons. Initially, we will be focused on information gathering and planning, including a regional climate risk assessment, and a climate science plan. This will then influence actions taken in the regional Climate Action Plan, coordinating with the other councils in our region. The actions we take will also be influenced by the needs identified through engagement with our communities, including iwi/Māori. These actions will be brought to the community through subsequent Annual Plans and the 2024-2034 LTP. Also included is a \$50,000 per year contestable fund for community-initiated projects in response to climate change.

Horizons will also 'walk the talk' through a Corporate Emissions Inventory, which will guide our Corporate Emissions Reduction Plan to reduce the emissions of our activities.

We will grow our civil defence and emergency management capacity in anticipation of central government reform, and review

how we can best coordinate the region's emergency management needs during the review of the Group Plan.

We will continue to engage with our communities through a range of channels available to us. A particular priority is improving the way we manage data and information so that it can be fully utilised by Horizons and our region in the digital age.

## Strategies and plans that guide our work

The important policies and plans that relate to this group of activities are:

- One Plan
- Regional Climate Action Strategy
- Triennial Agreement for the Manawatū-Whanganui Region
- Manawatū-Whanganui Civil Defence Emergency Management Group Plan

We are also guided by Treaty of Waitangi settlements and the environmental management plans of our region's iwi.

These can all be found on our website.

## Negative effects on the wellbeings

Environmental wellbeing is the foundation of our economic, social and cultural wellbeing. There will always be some level of tension between environmental and economic wellbeing, particularly in our resource management planning. Horizons will continue to carefully balance this in our activities to enable economic activity where appropriate while ensuring that our environment will be left healthy for future generations.

## Emergency Management

This activity delivers a range of services aligned to emergency management, which contribute to keeping our communities safe and protecting our coastal marine environment. Our work can be divided into two distinct but interlinked strands of activities:

1. The Administering Authority for the Manawatū-Whanganui Civil Defence Emergency Management (CDEM) Group, including the staffing of the Group Emergency Coordination Centre.
2. The management of, and planning for, preparedness and response activities of Horizons to meet our statutory obligations. This includes the provision of flood warnings to the public, ensuring that adequate numbers of staff are trained to undertake a range of internal emergency management related activities, navigation safety functions, and contracted services with Maritime New Zealand for responses to marine oil spills within the region.

### **Changes to what we will deliver**

Horizons will increase the resourcing of the Group Office in order to better meet the challenges of current operations and impending reforms. We have not budgeted for the provision of contracted services to territorial authorities but will explore options for better coordination in managing the region's emergency management.

### **Climate change**

Responding to climate change will touch most of Horizons' activities. This particular activity is responsible for the planning and coordination of this work across the organisation, other councils in our region, and other relevant parties.

This activity has three objectives for our region over the next ten years:

1. That the risks associated with a changing climate are identified and addressed
2. That the transition to a low-emissions economy and lifestyle is supported, and barriers removed
3. That communities, councils, and central government work together effectively

Horizons, and the region's city and district councils, signed a Memorandum of Understanding in September 2019, undertaking to work together in response to climate change. By 30 June 2021, Horizons will have conducted a regional climate risk assessment.

### **Changes to what we will deliver**

This is a new activity that centralises and scales up climate change work done within other activities.

### **Strategic Management**

Collectively, the strategic management activity allows Council to look ahead, set broad policy direction, and develop guidance and frameworks for Council's future work while also responding effectively to Government policy direction for regional councils. This activity also includes our regional resource management planning and policy work, including the continued refinement and evolution of the One Plan and partnering across the region to support regional economic development.

### **Changes to what we will deliver**

There will be a significant increase in the size and scale of this activity as we align the One Plan with the NPS-FM and other national instruments within the mandatory timeframes. Some of this resource will be directed to supporting iwi engagement and capacity building to specifically support the policy process.

## **Iwi and Hapū relationships**

Engagement with tangata whenua is an 'all of Horizons' responsibility. However, often the most effective space for Māori to be engaged with is at the governance and strategy level. Therefore, this activity is responsible for supporting Horizons' role in post-settlement co-governance structures and building relationships with Māori to enable meaningful engagement and partnership in policy development. This activity also supports the rest of Horizons to engage with Māori by helping build cultural understanding and capability.

### **Changes to what we will deliver**

No significant change in this activity. However, significant investment is being made through Horizons' freshwater programme as Council gives effect to the Government's essential freshwater package.

## **Community Relationships**

### **Communications**

The primary functions of the communications team are to raise awareness and reputation, convey Council's vision in a meaningful way, and solicit genuine two-way communication. The emphasis of our work is to inform, educate, and empower our communities by being a trusted and credible source.

This is done through a variety of methods including media liaison, event management, publications and consultation documents, reports and summaries, and material for field staff, through to the use of digital channels, running communication campaigns, and conducting community engagement in an accessible and timely way. In addition to Horizons' work programmes, the team is the communications lead for partnership projects such as Te Āpiti-Manawatū Gorge and Manawatū River Leaders' Forum. The team also plays an important role in internal communication.

## **District advice**

The district advice team provides free, non-regulatory information and advice to members of the public regarding natural hazard risk and Horizons' One Plan requirements for specific properties and proposed developments. We also provide information and recommendations to territorial authorities to assist them in their decision making with respect to building, subdivision, potential growth areas and land use consent applications. We also manage the coordination and communication of the Building Act 2004 requirements for dams for both territorial authorities and ratepayers.

### **Rural advice**

The rural advice team provides free, regulatory and non-regulatory advice with a rural focus. We offer general advice, not the more comprehensive advice required by someone making a consent application, which is provided through the resource consents team (pages 28-33). Through the provision of day-to-day on-call support for a variety of farming operations, our rural advice team helps ensure significant businesses achieve and maintain required standards to reduce regulatory issues. There is a significant focus on working with farmers to help the success of the nutrient management provisions of the One Plan and new Essential Freshwater regulations.

### **Customer service**

Customer service is the first port of call for all general Horizons' enquiries via telephone and in person. Our customer service team aims to provide friendly, efficient service and advice 24 hours a day, seven days a week, contributing to the development of positive relationships with our communities.

## **Environmental education**

To engage with our region's young people, we facilitate Enviroschools throughout our region, as well as delivering programmes such as Wairoa Stream studies, pest tracking and trapping, native flora and fauna education, and other community engagement activities. In addition to the regional coordination of Enviroschools facilitators, the Environmental Educator works alongside community groups, the Department of Conservation, territorial authorities, and other environmental educator providers.

### **Changes to what we will deliver**

Increase in number of Enviroschools.

## **Information**

Robust, relevant, and timely information is the foundation upon which our policies and operational programmes are built. There are two aspects to this activity:

### **Environmental data**

Horizons has an extensive environmental monitoring network throughout the region. We provide a trustworthy data collection, management and delivery service that supports a range of activities, including flood protection and drainage, emergency management and science-related activities. The environmental data activity is also responsible for delivering asset management for environmental infrastructure, surveying services, regional web-cameras, digital radio network and flood forecasting in all major catchments.

The collected environmental data and information is also used by a range of external government and research agencies and is publicly available in near real-time via the Horizons' website.

## **Information management**

With the large quantity and variety of environmental, operational and financial information generated by Horizons, the systems and behaviours needed to ensure that data is stored and available to meet the region's current and future needs is very important. To achieve this, Information Management provides the expertise to improve Horizons' use and management of information.

### **Changes to what we will deliver**

Increases to environmental monitoring as required by NPS-FM 2020.

## **Environmental reporting and air quality monitoring**

### **Environmental reporting**

Environmental monitoring and reporting is critical for effective management as it provides knowledge of the state of the resource and allows the early detection of changes and trends. Further, it enables the effectiveness of policies, approaches and management to be evaluated and informs decision making. Environmental monitoring and reporting activities also contribute to annual state of the environment reporting for the region and national-level reporting such as through the Land and Water Aotearoa website (LAWA).

### **Air quality monitoring**

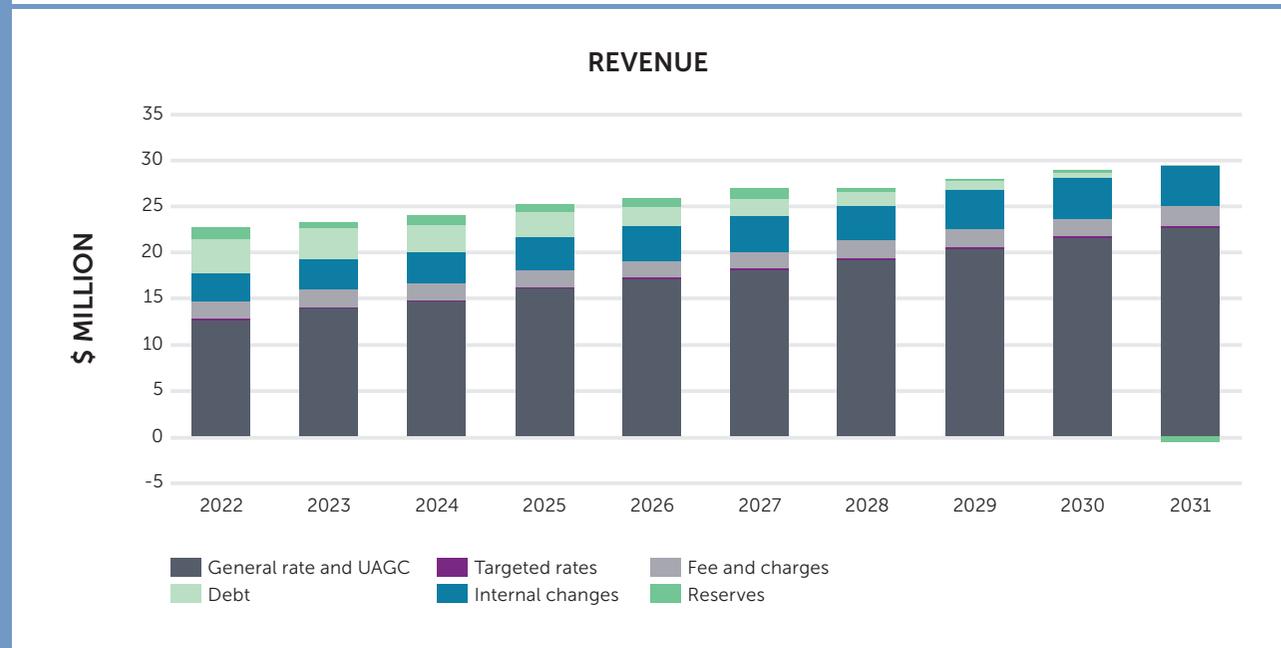
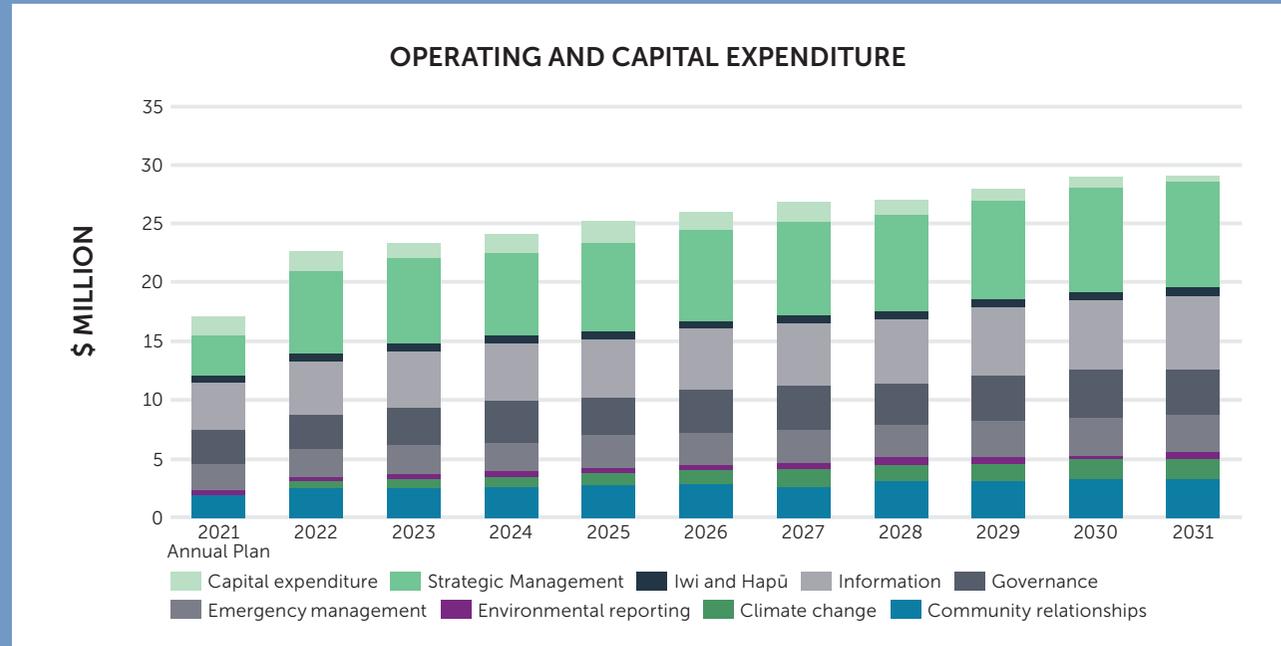
We monitor and report on air quality in the two air sheds designated under the National Environmental Standard for Air Quality (Taihape and Taumarunui). To improve air quality, we undertake an annual public awareness campaign to provide guidance around ways to improve air quality in the region by reducing emissions of particles and contaminants from domestic wood burners and backyard burning.

# Regional leadership and governance

How we will fund these activities

- General rate
- Uniform annual general charge
- Environmental Initiatives UAC
- Drinking water research UAC
- Internal charges
- Fees and charges
- Borrowing
- Reserves

Further details can be found in the financial statements on pages 105 and 119.



## What We Will Deliver - Emergency Management

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21</b> <b>Target</b> Annual Plan	<b>2021-22</b> <b>Target</b> Year 1	<b>2022-23</b> <b>Target</b> Year 2	<b>2023-24</b> <b>Target</b> Year 3	<b>2024-31</b> <b>Target</b> Years 4-10
<b>ACHIEVE CDEM BUSINESS PLAN TARGETS</b>					
Critical outputs pertaining to operational capability, community resilience and riskscape are monitored and reviewed.	Achieved	Achieved	Achieved	Achieved	Achieved
CDEM targets are reported to both the Joint Committee and Coordinating Executive Group (number of reports).	4	6	6	6	6
An operative Group Plan under the CDEM Act 2002 is in place at all times and reviewed within statutory timeframes by the Joint Committee	New	Achieved	Achieved	Achieved	Achieved
<b>HORIZONS' RESPONSE CAPABILITY</b>					
Emergency Operations Centre staff are trained and ready to respond; emergency management duty officer available 24/7/365; response manuals, flood action plans and procedures available and reviewed at least annually.	Achieved	Achieved	Achieved	Achieved	Achieved
Hazard Information is acquired and disseminated aligned to approved project plans.	Achieved	Achieved	Achieved	Achieved	Achieved
Emergency Management Office business continuity planning arrangements are in place and reviewed at least annually.	Achieved	Achieved	Achieved	Achieved	Achieved
<b>CONTRACTED SERVICES</b>					
Maritime New Zealand (MNZ) oil spill response capability maintained to MNZ audit standards.	Achieved	Achieved	Achieved	Achieved	Achieved

## What We Will Deliver - Strategic Management

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21</b> <b>Target</b> Annual Plan	<b>2021-22</b> <b>Target</b> Year 1	<b>2022-23</b> <b>Target</b> Year 2	<b>2023-24</b> <b>Target</b> Year 3	<b>2024-31</b> <b>Target</b> Years 4-10
<b>STRATEGIC MANAGEMENT</b>					
Resource management policy and plan reviews meet statutory deadlines.	Next catchment review initiated. Plan change 3 initiated.	Plan change required by national planning standards is notified.	Plan change required by NPS-UD is notified.	Work plans for freshwater planning are in place and reviewed semi-annually.	Plan change required by NPSFM is notified by 31 Dec 2024.
The organisation's strategic direction is reviewed and refreshed every three years.	New measure			Council agrees strategic direction in the first quarter of the 2023-24 financial year to inform the development of the LTP for 2024-34.	

## What We Will Deliver - Climate Change

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21</b> <b>Target</b> Annual Plan	<b>2021-22</b> <b>Target</b> Year 1	<b>2022-23</b> <b>Target</b> Year 2	<b>2023-24</b> <b>Target</b> Year 3	<b>2024-31</b> <b>Target</b> Years 4-10
<b>CLIMATE CHANGE</b>					
Implementation of Horizons' Climate Action Strategy is progressing.	New measure	Regional Climate Change Risk Assessment published.  Organisational GHG reduction plan published.	Climate change risks and issues for consideration through the 2024-34 LTP identified.  Progress towards organisational GHG targets in accordance with emissions reduction plan.  Regional Action Plan reviewed.	Progress towards organisational GHG targets in accordance with emissions reduction plan.	Progress towards organisational GHG targets in accordance with emissions reduction plan.

## What We Will Deliver - Community Relationships

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21</b> <b>Target</b> <b>Annual Plan</b>	<b>2021-22</b> <b>Target</b> <b>Year 1</b>	<b>2022-23</b> <b>Target</b> <b>Year 2</b>	<b>2023-24</b> <b>Target</b> <b>Year 3</b>	<b>2024-31</b> <b>Target</b> <b>Years 4-10</b>
<b>COMMUNICATIONS</b>					
Connect our communities with Horizons' work through a number of channels in a proactive and transparent way.	>90 media releases	>105 media releases	>110 media releases	>115 media releases	>140 media releases per year
	>1,950 media mentions	>1,850 media mentions	>1,860 media mentions	>1,870 media mentions	>1,940 media mentions per year
Likes/followers on social media (all accounts that Horizons manages).	>23,000	>21,000	>21,500	>22,000	>25,000
Videos produced.	16	18	20	22	24 per year
Website sessions.	>600,000	>610,000	>620,000	>630,000	>690,000 per year
<b>DISTRICT ADVICE</b>					
All information requests are met within statutory timeframes (each year responding to approximately 400 from the Territorial Authorities and 700 from the general public).	100%	100%	100%	100%	100%
All large dam applicants are advised of their responsibilities in order to meet the Building Act 2004 and all other process are completed.	100%	100%	100%	100%	100%
<b>ENVIRONMENTAL EDUCATION</b>					
Increase participation levels in the EnviroSchools and Waiora programmes at a manageable rate. Engage the community through environmental education opportunities.	50 EnviroSchools	75 EnviroSchools	77 EnviroSchools	79 EnviroSchools	81 EnviroSchools
	Modified measure	35 freshwater engagements	36 freshwater engagements	37 freshwater engagements	39 freshwater engagements
	33 community engagements	34 community engagements	35 community engagements	36 community engagements	38 community engagements per year

## What We Will Deliver - Iwi and Hapū Relationship

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21</b> <b>Target</b> <b>Annual Plan</b>	<b>2021-22</b> <b>Target</b> <b>Year 1</b>	<b>2022-23</b> <b>Target</b> <b>Year 2</b>	<b>2023-24</b> <b>Target</b> <b>Year 3</b>	<b>2024-31</b> <b>Target</b> <b>Years 4-10</b>
Iwi and hapū satisfaction with their collaborative relationships with Horizons.	Resurvey iwi and hapū perceptions. (target: improved satisfaction rating)		Resurvey iwi and hapū perceptions. (target: improved satisfaction rating)		Resurvey iwi and hapū biennially. (target: improved satisfaction rating)
Hui-a-iwi are held at least annually to advance agreed work programmes.	New measure	Achieved	Achieved	Achieved	Achieved

## What We Will Deliver - Information

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21</b> <b>Target</b> <b>Annual Plan</b>	<b>2021-22</b> <b>Target</b> <b>Year 1</b>	<b>2022-23</b> <b>Target</b> <b>Year 2</b>	<b>2023-24</b> <b>Target</b> <b>Year 3</b>	<b>2024-31</b> <b>Target</b> <b>Years 4-10</b>
<b>ENVIRONMENTAL DATA</b>					
Hydro-Climate - Collection of 98.5% water level, rainfall, soil moisture, wind, air temperature and air quality (approx. 15 million data-points p.a.).	98.5%	98.5%	98.5%	98.5%	98.5% per year
Continuous Water Quality - Collection of 92.0% of continuous data relating to water quality parameters (approx. 2.5million data-points p.a.).	90%	92%	92%	92%	92% per year
Continuous Lake Monitoring - Collection of 85% of continuous lake level and lake water quality data (approx. 2.0 million data-points p.a.).		85%	88%	90%	90% per year
NES Water Metering – Collection of 90% of continuous consented water abstraction data during standard water use periods, to support NES obligations (approx. 4.0 million data-points p.a.).		90%	90%	90%	90% per year
<b>INFORMATION MANAGEMENT</b>					
Map and data requests received from the public and external agencies are processed and delivered according to agreed timeframes.	95%	95%	95%	95%	95% per year

## What We Will Deliver - Environmental Reporting

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> <b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2021-22 Target Year 2</b>	<b>2022-23 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
<b>ENVIRONMENTAL MONITORING AND REPORTING</b>					
Provide an annual summary report on the state of the environment.	Achieved	Achieved	Achieved	Achieved	Achieved
Implement a science communication strategy and report progress to Council annually.	Achieved	Achieved	Achieved	Achieved	Achieved
Air, land and water environmental monitoring data is made available to the public via LAWA and/or Horizons' website.	New measure	Achieved	Achieved	Achieved	Achieved
Undertake environmental public education campaigns.	New measure	1	2	2	2 per year



# Transport Ngā Waka

## What we do

The regional land transport network is a key enabler of economic and social wellbeing, moving people and goods to, from and within the region efficiently, sustainably and reliably.

We facilitate regional land transport planning in partnership with Waka Kotahi New Zealand Transport Agency and our region's territorial authorities. We provide public bus services, and total mobility services, which provide door to door transport services for people with disabilities. We also support national and local road safety education programmes.

## Why we do it

Our transport activities contribute to achieving **effective transport networks** and a **thriving economy** by

- Contributing to an efficient and reliable transport network through the provision of public transport services giving people an alternative to private vehicle travel, supporting urban growth objectives, reducing congestion and carbon emissions by reducing vehicle movements, and providing rural communities with better access to essential services
- Enabling members of the community who have limited access to transport options to access work, education,

recreation, health and social services, and maintain a connection with the rest of the community, and in turn contributing to a productive regional economy

- Facilitating regional integrated transport planning across the region to support and enable regional growth initiatives such as Accelerate25 and Accessing Central NZ
- Providing road safety education, raising driver awareness of key road safety issues, and working with other key stakeholders to reduce the incidence and severity of road traffic crashes. The key focus is to change road user behaviour, making roads safer for people to use

## Challenges we face

### Responding to the region's needs and preferences

Understanding the changing needs of our communities and region is of critical importance to the way we plan for and operate our transport networks. Our region is projected to see strong population growth over the next ten years, and this will place increasing pressure on our transport networks. Strong freight growth will also place pressure on our arterial routes. We also have an ageing population, which will change the kinds of transport solutions that are needed. We are seeing demand for more frequent services, more responsive and easy-to-use information, modern vehicles, and greater integration between

transport modes. A response to this requires a greater need for community and stakeholder engagement and responsiveness in refining and trialling services - while keeping in mind affordability and value for money.

### **Trading off alternative transport options**

Our communities are demanding more frequent services and longer operating hours for public transport, while at the same time public transport use is declining in some areas. A challenge for us is to balance competing demands for transport services while being realistic about which mode of transport most efficiently delivers on our community outcomes.

### **Responding to climate change**

Transport contributes to a quarter of the region's greenhouse gas emissions. Significant reductions to our region's transport emissions will need to be made if New Zealand is to meet its net zero carbon goal. Decarbonising our transport networks is difficult, and there is particular tension between decarbonising our public transport fleet and providing public transport that provides a genuine and affordable alternative to the private car.

### **Emerging technologies**

The emergence of new technologies presents both challenges and opportunities for public transport. New payment systems and digital 'mobility as a service' apps are changing customers' expectations for public transport and create opportunities to better collect and utilise data. Car sharing schemes could result in significant changes to the role of public transport and demand for car parking spaces in cities and urban areas.

### **Making it affordable**

An ongoing challenge in managing our public transport network is balancing the demands for increased levels of service with affordability for users and ratepayers. We do this by regularly

monitoring the cost of our operations and programme of improvements with patronage and fare revenue.

### **COVID-19**

Use of public transport has been impacted by COVID-19, with people shifting to other modes of transport or working or studying from home more often. How quickly this recovers to pre-COVID levels of usage is unknown at this time. This has the potential to impact the ongoing affordability of providing services due to lower levels of fare revenue.

### **Planning for the future**

Looking ahead, we will support the Regional Transport Committee to implement the new Regional Land Transport Plan 2021-2031, develop measures to assess its implementation, and undertake a mid-term review of the Plan in 2024. We will also develop and implement a regional road safety strategy to assist the region in the delivery of Government's Road to Zero objectives and a regional speed management plan.

A number of enhancements to the region's public transport network are planned over the next ten years. Within the next three years, we will implement a new real-time information system to provide customers with up to date simple and visible information about their bus services.

In 2019 bus service changes and a new bus operating contract were introduced in Whanganui. Our recent focus has been on bedding in these changes. The focus over the next few years will be on further enhancement, such as increased service frequency from Year 2 of this LTP, to encourage greater usage of bus services in this growing, vibrant city.

Palmerston North is a growing city, and we will increase our levels of service to provide for this. The aim is to create a bus network that enables people to go where they need to, is frequent, reliable and consistent, and is an attractive alternative to the private car. Changes will be implemented following

community engagement and in conjunction with a new bus operating contract from Year 3 of this LTP.

Following these improvements, we will make ongoing enhancements to the bus network from Year 5 of the LTP onwards, with a focus on travel within and between the region's key urban centres.

In conjunction with Greater Wellington Regional Council, we are improving the level of service provided by the Capital Connection rolling stock. This is part of a wider Lower North Island passenger rail project to replace and improve rolling stock and infrastructure on Wairarapa and Manawatū rail lines.

- Funding has been included in the LTP for trains to replace the current trains between Palmerston North and Wellington (known as the Capital Connection) with modern long-distance, lower emissions commuter trains and for station improvements. The new train fleet would enable increased frequency of services on the Manawatū line.
- The total capital cost of the Lower North Island passenger rail project is currently estimated to be around \$300 million, with \$105 million allocated to the Manawatū rail line.
- We have assumed that central government will fund 90 percent of this cost, with the remainder being split between Horizons and Greater Wellington regional councils, based on kilometres travelled in each region. This means Horizons' share of the capital cost will be approximately \$4 million, spread over 35 years. This will go towards the design and build of new trains, and station and other infrastructure improvements in our region.
- We have also made provision of approximately \$0.4 million per annum for the ongoing operational expenditure for the running of this service, which is expected to begin by the end of 2027.
- A detailed Business Case and procurement strategy is currently under development by Greater Wellington Regional Council. These two documents will evaluate the different options and their associated costs and benefits. Part of this process will include confirming the level and timing of

available central government funding. Should the project not receive the 90 per cent capital contribution from Waka Kotahi, the project is unlikely to proceed. At this stage, the Business Case is due for completion and lodging with Government by mid-2021. If all parties are in agreement, a tender process is expected to commence in 2022, with first trains in service by the end of 2027.

Climate change is a key issue for Horizons. We will look to address the emissions of the region's transport network by working towards public transport networks that offer attractive alternatives to the private car and improving the fuel efficiency of the fleet.

Over the next few years, a number of our current bus contracts come up for tender. Additional funding has been allocated to support the review of the bus services linked to these contracts to ensure they are meeting the needs of the community and for the procurement of the services through the Government public transport operating model.

We will also increase the visibility and ease of use of the region's bus services by implementing a consistent bus network brand. To make the rollout of the brand cost-effective, changes will be implemented alongside planned timetable changes and the introduction of new bus operating contracts.

The region has an ageing population, and to support ongoing interaction with the community for this demographic, this LTP includes the provision of a new or replacement wheelchair hoist van each year.

## **Strategies and plans that guide our work**

The important policies and plans that relate to this group of activities are:

- Regional Land Transport Plan – the strategic document that guides the development of the region's transport system, including public transport

- Regional Public Transport Plan – sets the direction for public transport in the region, including funding and delivery

These can be found on our website.

## Transport planning

Horizons is responsible for the region’s land transport planning. It convenes, chairs, and provides secretariat support for the Regional Transport Committee and its associated sub-groups. Under the Land Transport Management Act 2003, the Committee is responsible for the preparation, review and implementation of the Regional Land Transport Plan (RLTP). The RLTP outlines the projects that the region supports for central government co-funding through the National Land Transport Fund.

Horizons is also responsible for the preparation, review and implementation of the Regional Public Transport Plan (RPTP). The RPTP sets out the framework for the provision and development of services and infrastructure integral to public transport in our region. It is a statutory document and is prepared following the provisions in the Land Transport Management Act 2003. A review of the RPTP is required to be undertaken in Year 1 of this LTP.

### Changes to what we will deliver

Delivery of road safety and speed management strategies under new central government policy.

### Passenger Services: Public Transport

Horizons provides public transport across the region. Reflecting population size and transport needs, most of our expenditure is on the bus networks in the cities of Palmerston North and Whanganui, and Feilding, plus a number of intra-regional commuter services across the region serving the Horowhenua, Manawatū, Rangitīkei, and Ruapehu districts. We also contribute to the Capital Connection rail service between Palmerston North and Wellington. Our ambition is that public transport becomes

the preferred choice of transport for more people, and contributes to greenhouse gas emission reductions in our region.

### Changes to what we will deliver

Improvements to regional public transport networks, including Whanganui, Palmerston North and rail, as discussed in ‘planning for the future’.

Implement a new real-time information system and roll out of a new bus network brand.

### Passenger Services: Total Mobility

Through the Total Mobility scheme, we provide people with permanent disability or impairment with a subsidised transport service, including wheelchair accessible services.

### Changes to what we will deliver

Hoist van funding will be made available to at least two transport operators during 2021-2023 for hoist replacement or to add to the existing fleet. This was not provided in the previous LTP funding round.

### Road Safety

Working in partnership with others, such as NZ Police, we undertake a programme of road safety education activities to address key causes of road crashes in our region. Through our work and the work of our partners, we give effect to the National Policy Statement for Road Safety and Vision Zero, seeking to eliminate death and serious injury on our roads.

### Changes to what we will deliver

No significant change.

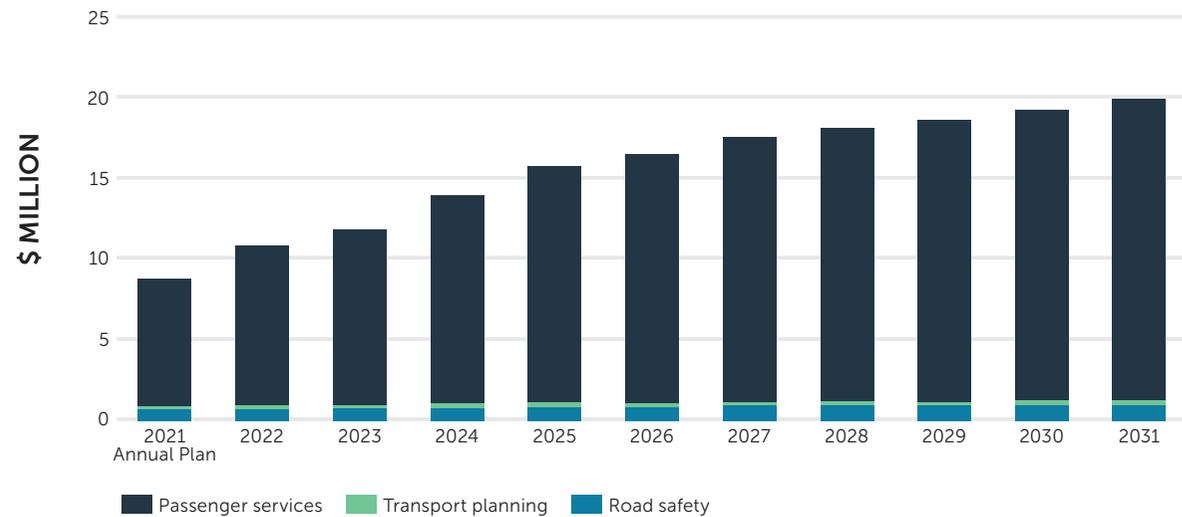
# Transport

How we will fund these activities

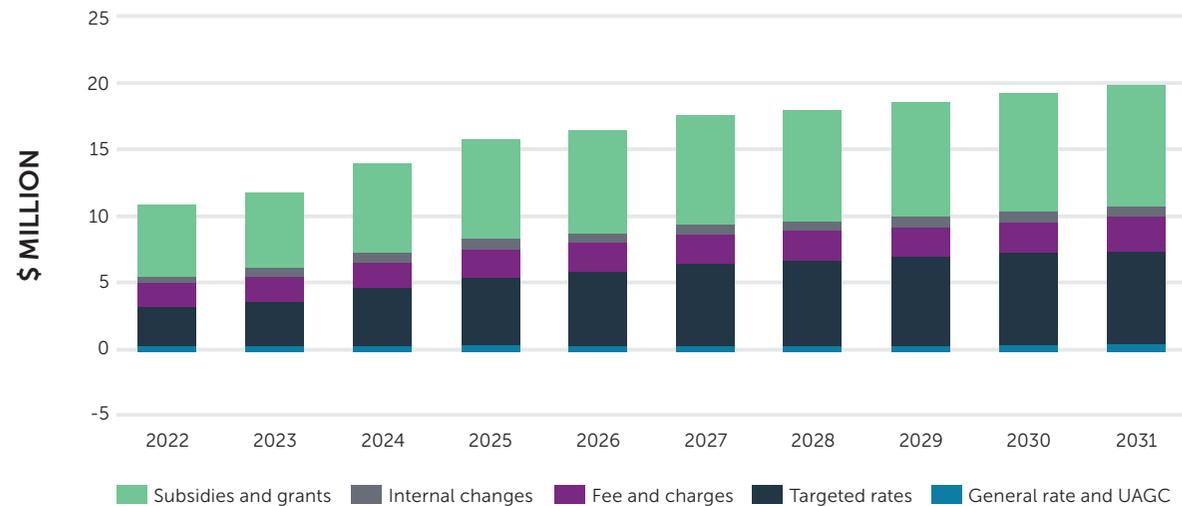
- Grants and subsidies (Waka Kotahi)
- Targeted rates
- Fares
- General rates
- Other revenue (e.g. advertising)

Further details can be found in the financial statements on pages 105 and 120.

## OPERATING EXPENDITURE



## REVENUE



## What We Will Deliver - Transport Planning

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> <b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2022-23 Target Year 2</b>	<b>2023-24 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
The Regional Land Transport Plan (RLTP) 2021-2031 is monitored to allow the Regional Transport Committee (RTC) to assess implementation of the plan.	New measure	Quarterly reporting to RTC to track progress on the implementation of the RLTP 2021-2031	Quarterly reporting to RTC to track progress on the implementation of the RLTP 2021-2032	Quarterly reporting to RTC to track progress on the implementation of the RLTP 2021-2033	Quarterly reporting to RTC to track progress on the implementation of the RLTP 2021-2034
The mid-term review of the Regional Land Transport Plan 2021-2031 is prepared and submitted in line with the Land Transport Management Act, and any guidance issued by Waka Kotahi NZ Transport Agency.	New measure	No measure	No measure	RLTP mid-term review is submitted to Waka Kotahi NZ Transport Agency by 30 June 2024	RLTP review is submitted to Waka Kotahi NZ Transport Agency by 30 June 2031
The Regional Public Transport Plan 2022-2032 is prepared and adopted in line with the Land Transport Management Act and any guidance issued by Waka Kotahi NZ Transport Agency.		Council adopts the Regional Public Transport Plan by 30 June 2022	No measure	No measure	Council adopts the Regional Public Transport Plan by 30 June 2028

## What We Will Deliver - Passenger Services

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> <b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2022-23 Target Year 2</b>	<b>2023-24 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
Percentage of customers surveyed who are 'satisfied' or better with their trip overall. [1]	No measure	≥90%	No measure	No measure	≥90%
Percentage of monitored scheduled services that depart the terminus on time [2] compared to public timetable.	New measure	≥95%	≥95%	≥95%	≥95% per year
Annual patronage on bus services in the region.	New measure	Maintain or increasing trend	Maintain or increasing trend	Maintain or increasing trend	Maintain or increasing trend per year
Percentage of households in Whanganui, Palmerston North & Feilding within 800m of a public transport stop.	New measure	≥80%	≥80%	≥85%	≥90% per year
Percentage of registered customers who are 'satisfied' or better with the overall service of the Total Mobility scheme. [3]	90%	≥90%	≥90%	≥90%	≥90% per year

[1] Satisfied = score of 6-10 on a scale of 0-10, triennial survey

[2] Scheduled service depart between 59 seconds before and 4 minutes and 59 seconds after the scheduled departure time

[3] Satisfied = score of 6-10 on a scale of 0-10, as measured by survey of one district in which Total Mobility operates per year

## What We Will Deliver - Road Safety Education

<b>PERFORMANCE MEASURES</b> <b>*The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years</b>	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2022-23 Target Year 2</b>	<b>2023-24 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
Deliver road safety behavioural change education initiatives [4] across the region in partnership with key agencies. [5]	30	≥ 30 initiatives	≥ 30 initiatives	≥ 30 initiatives	≥ 30 initiatives per year

[4] Aimed at speed, alcohol and drug impairment, and seat belt use

[5] Key agencies, such as, NZ Police, KiwiRail, Waka Kotahi NZ Transport Agency, ACC, and local authorities



# Investment Haumi

## What we do

Horizons has a range of investments, which provide a source of income that reduces the rating burden Council would otherwise need to place on ratepayers to maintain the same levels of service.

## Why we do it

The revenue this activity generates contributes to the rest of Council's activities and the contribution they make towards our Community Outcomes.

## Challenges we face

### COVID-19 and the economy

The economic impact of COVID-19 creates some risk for Horizons' investments. Low interest rates reduce interest payments, and any economic headwinds may reduce dividends received.

## Planning for the future

We will continue our strategy of growing our investment income to reduce our long-term reliance on rate funding. This is discussed further in the Finance Strategy.

We will also continue to explore potential ownership models for our CentrePort investment. Should there be significant change to these ownership structures and models, this will trigger a special consultative procedure in line with sections 76AA and 83 of the Local Government Act.

## Policies and Plans that guide our work

- Investment Policy
- Liability Management Policy
- MWRC Holdings Ltd Statement of Intent
- Council-controlled Organisations Statement (see page 207)

These policies can all be found on our website.

# Investment

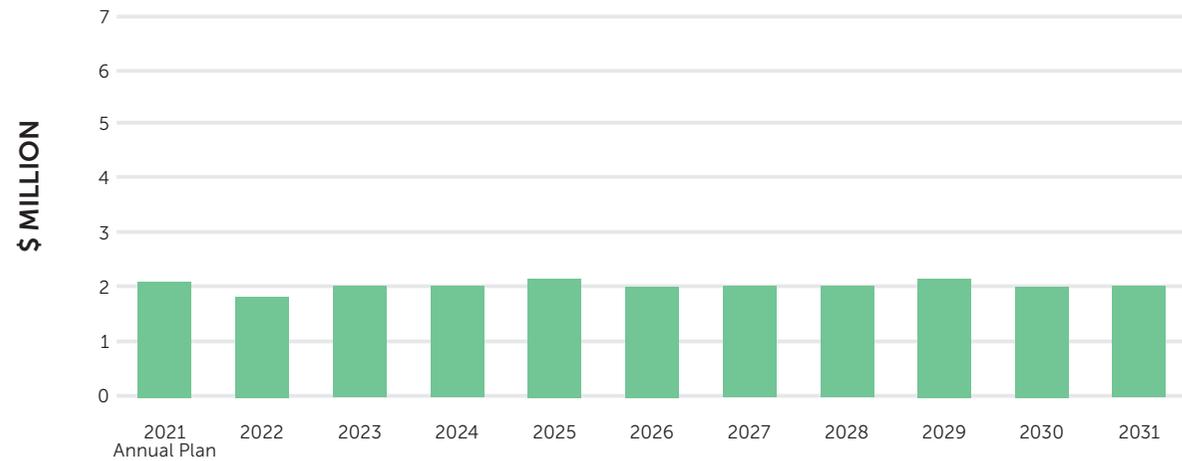
How we will fund this activity

- Interest and dividends from investments
- Internal charges
- Fees and charges

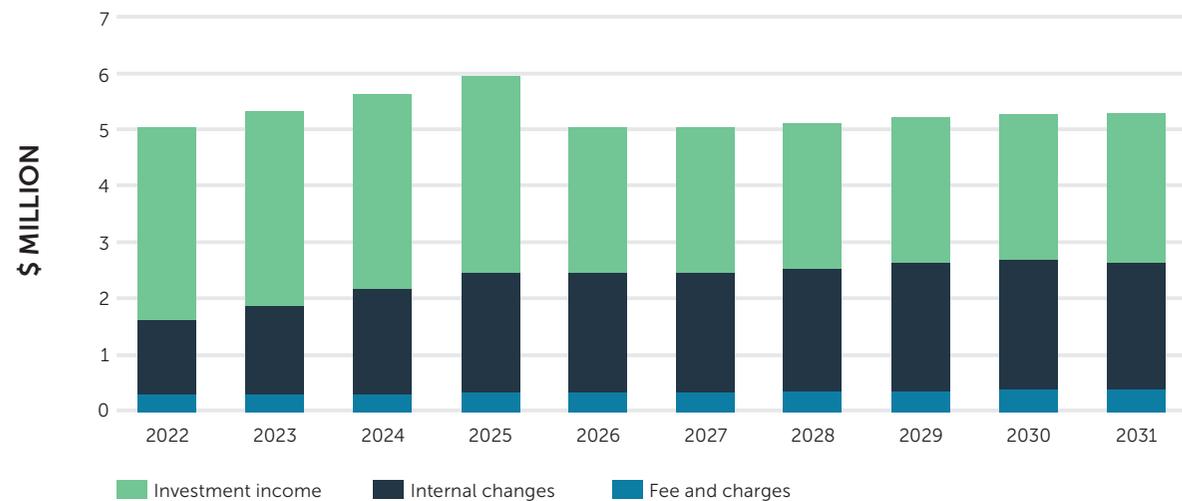
Surplus revenue generated by this activity is used to supplement the General Rate to fund other activities.

Further details can be found in the financial statements on pages 106 and 121.

## OPERATING EXPENDITURE



## REVENUE



## What We Will Deliver - Investment

<b>PERFORMANCE MEASURES FOR LEVELS OF SERVICE</b> *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	<b>2020-21 Target Annual Plan</b>	<b>2021-22 Target Year 1</b>	<b>2022-23 Target Year 2</b>	<b>2023-24 Target Year 3</b>	<b>2024-31 Target Years 4-10</b>
<b>INVESTMENT ACTIVITIES</b>					
Achieve the performance targets that are set in MWRC Holdings Ltd Statement of Intent:	Achieved	Achieved	Achieved	Achieved	Achieved
Monthly weighted average interest rate exceeds 90-day Bank Bill Rate (BKBM) by 50 basis points (0.50%). Note, targets are based on current predicted interest rates, which will change over time.	1.50%	Achieved	Achieved	Achieved	Achieved
Make a return on investment for the Horizons share portfolio to provide financial income.	New Target	>3%	>3.5%	>4%	>4.5%-7.5%
<b>RATE PENALTIES</b>					
Apply penalties in accordance with the Local Government (Rating) Act 2002 and Horizons' policies.	Achieved	Achieved	Achieved	Achieved	Achieved
<b>RATE REMISSIONS</b>					
Allow remissions according to Horizons' policies.	Achieved	Achieved	Achieved	Achieved	Achieved



# Infrastructure strategy

## Rautaki hanganga





# Infrastructure strategy

## Rautaki Hanganga

### 1. Purpose

Horizons Regional Council manages flood protection and land drainage assets across the region with a replacement value of approximately \$680 million. Those assets and the wide array of other activities provide services to the region that are essential in managing risks associated with natural hazards, enabling economic productivity and providing for community wellbeing. Consequently, it is important that these assets are managed in a way that ensures that they are resilient to nature's unpredictability, and deliver on their levels of service<sup>1</sup> in the most cost-effective manner for current and future generations.

The purpose of the Infrastructure Strategy is to:

- Identify the likely key drivers of change
- Consider and assess the range of effective responses to those drivers
- Identify a preferred way to respond
- Outline the potential service and financial implications of those responses and
- Outline these implications, the assumptions made and the level of long-term investment required to respond

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<sup>1</sup> 'Level of Service' means the defined service quality for a particular activity (e.g. roading or flood protection) or service area (eg. catchment or sub-catchment) against which service performance may be measured. Service levels usually

### 2. Scope

This strategy has been prepared for flood protection and control works infrastructure as required under the Local Government Act 2002, section 101B 6(a)(iv). It covers the following infrastructural assets:

- Flood protection schemes
- Land drainage schemes, and
- River control (noting that some activities under this category, such as the clearance of willows from river and stream channels, do not involve the creation or maintenance of an asset)

See Regional Context, Geographic and historical context, for more detail on the river management schemes in the region.

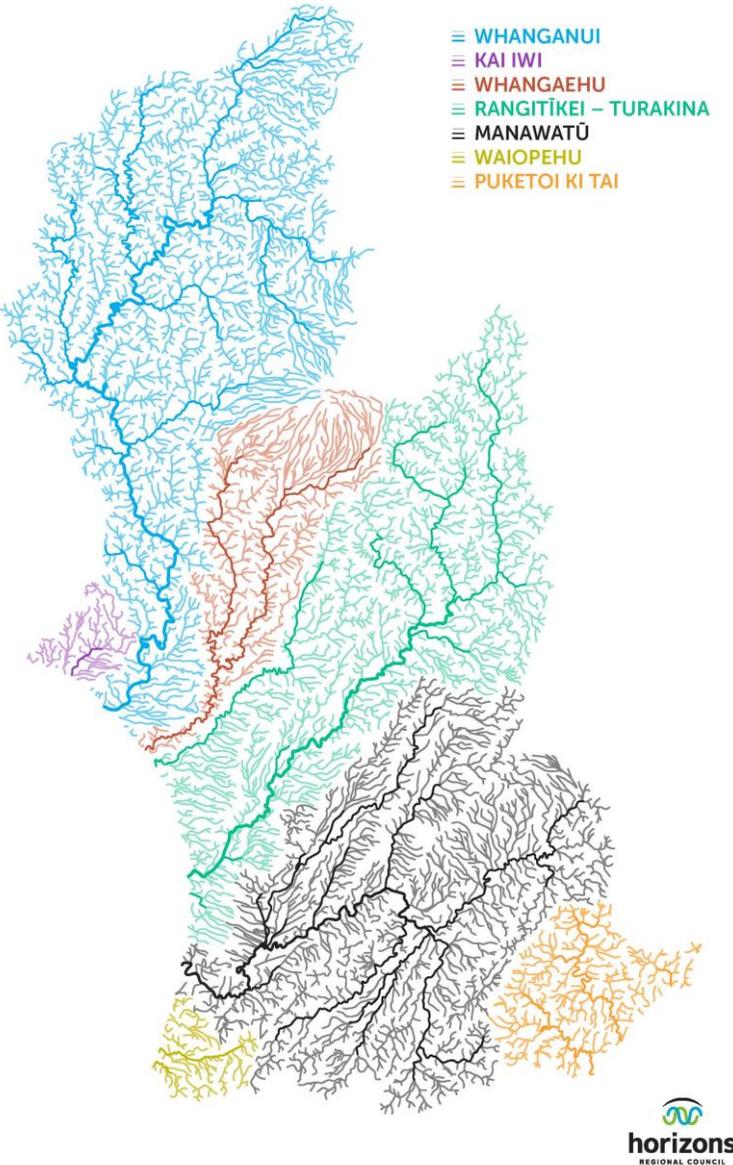
relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

### 3. Regional Context

#### 3.1 Geographic and historical context

The Horizons' region comprises seven primary catchments (defined as freshwater management units) covering over 220,000 km<sup>2</sup>. The freshwater management units are shown in Figure 1.

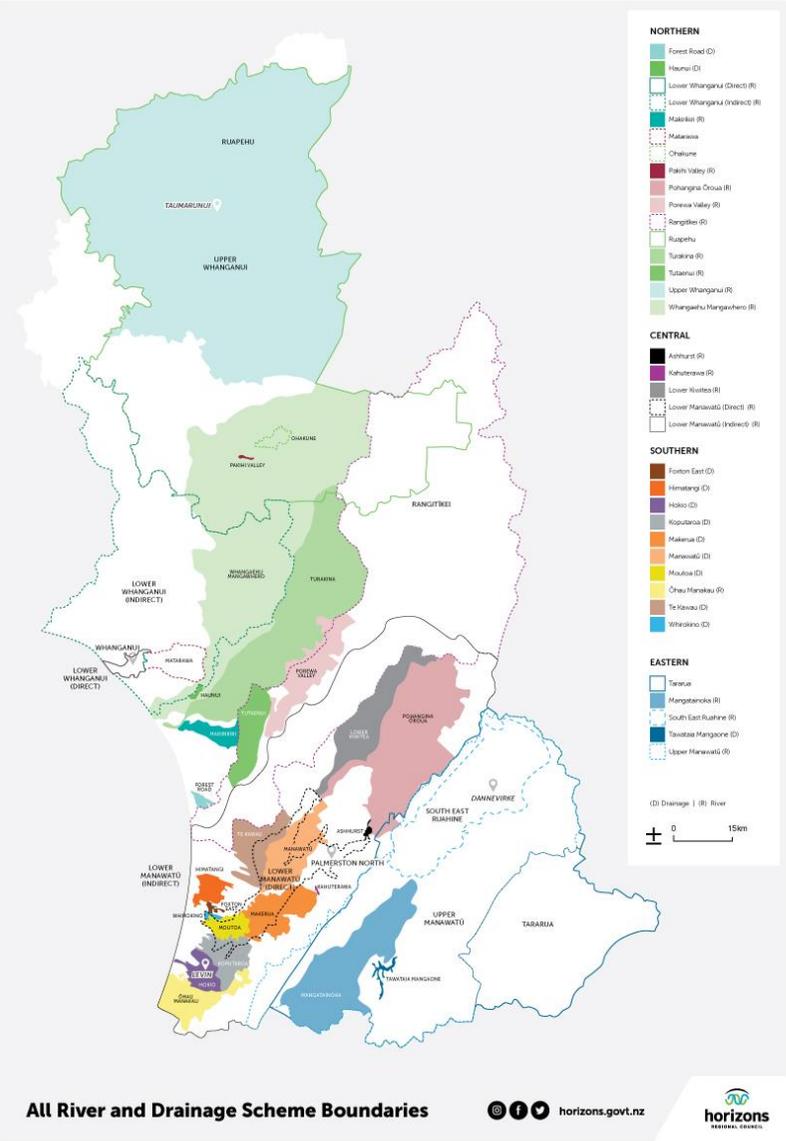
Figure 1: Freshwater management units in the Horizons' region



The river management schemes that Horizons administers (which encompass both flood prevention and/or river control functions) cover approximately 1,270 km of river channel, providing flood control and/or erosion mitigation benefits to approximately 750 km<sup>2</sup> of land plus 25 towns and cities across the region, including the major urban areas of Palmerston North, Whanganui, and Feilding.

Figure 2 shows the location of each of the 34 schemes. Five of these schemes have been established solely to address vegetation management issues and, as such, have no infrastructure assets. The remaining 29 schemes are the subject of this Infrastructure Strategy.

Figure 2: Location of river management schemes in the Horizons’ region



Infrastructure to provide these services predominantly consists of stopbanks, rock linings, tied tree work, detention dams, pump stations and floodgates. The early schemes (those developed between the 1940s and the late 1980s) received substantial central government funding assistance. After that time, local government has been left to fund operating costs on its own. In addition, provision was not made until the late 1990s for the future replacement of assets with fixed lives, adding a considerable burden on current (and future) ratepayers.

Table 1 provides an overview of the flood protection and river management assets that Council is responsible for.

Table 1: Catchment asset summary

Zone	Area (000 ha)	Assets				Replacement Value (All Assets)
Whanganui	761	12.56	0	5	8.18	\$18,704,373
Whangaehu	198	0.00	0	2	8.79	\$1,480,240
Rangitikei/Turakina	523	27.71	1	46	40.21	\$85,425,696
Manawatū	712	441.64	24	1	974.82	\$558,155,918
Horowhenua	39	12.69	0	0	91.59	\$15,362,560
<b>TOTAL</b>	<b>2,233</b>	<b>494.60</b>	<b>25</b>	<b>54</b>	<b>1123.59</b>	<b>\$679,128,787</b>



The most formative event for Horizons' river management activities occurred in February 2004 when a severe storm impacted much of the lower North Island. That event caused widespread flooding in the region and led to some major shifts in organisational approach to flood management and erosion control in the region. Although an upgrade of Palmerston North's flood defences had already begun in the 1990s, that event proved the catalyst for a further increase in the standard of flood protection for the city.

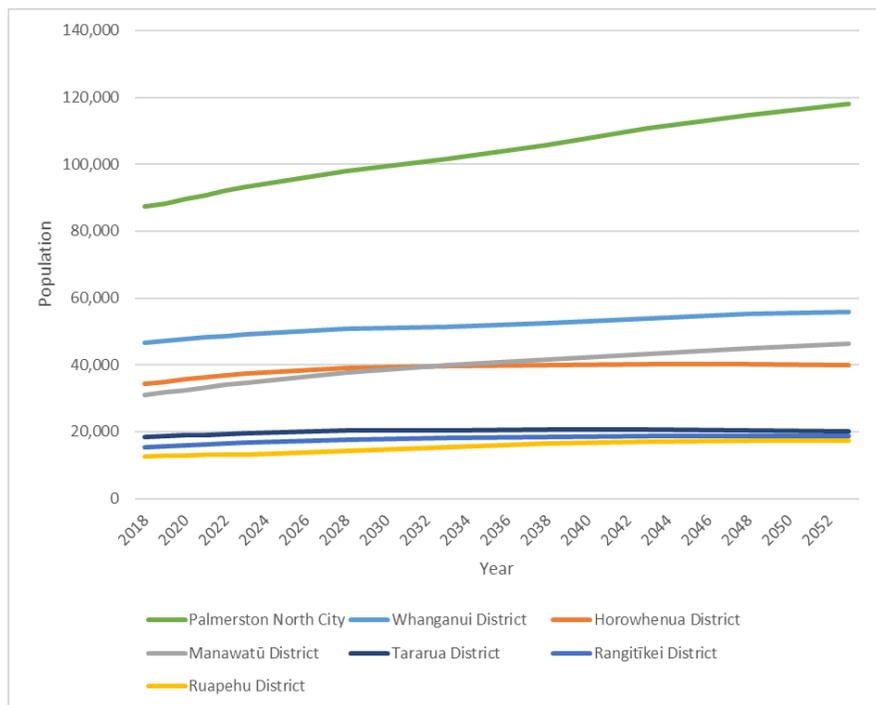
The 2004 flood also led to the Rural Upgrade Project, a 15-year capital expenditure programme raising Lower Manawatū Scheme stopbanks outside Palmerston North to achieve a consistent 100-year return period containment standard. A more modest capital works programme was also initiated to lift the protection standard of the Rangitikei River stopbank network.

As well as generating extreme flood flows, the 2004 storm also caused widespread hill country erosion, resulting in the deposition of large quantities of silt and soil on river berms, further exacerbating flood hazard. Horizons' response was the establishment of the Sustainable Land Use Initiative (SLUI) programme to enhance the stability of erosion-prone hill country land through the production of farm plans, grants for afforestation and other measures.

### 3.2 Demographic context

In recent years several of our districts were predicted to see year on year population decline; however this is no longer the case. Strong population growth is projected across all districts in the region over the next ten years; if realised, this will drive accelerated urban development and expansion. In the longer term, strong growth is expected to continue in Palmerston North City and the Manawatū District, with growth subsiding to varying degrees elsewhere. This growth will require investment in flood protection and drainage infrastructure for these new developments.

Figure 3: Projected population growth across the region (Modelling from Infometrics)



Accompanying these projected changes, the populations of most of our districts are projected to continue to age, with a corresponding increase in the proportion of residents on fixed/retirement incomes. Both population decline and an ageing population pose affordability issues as increasing costs must be spread over a smaller rating base. An ageing population will be an issue for all years of this strategy, while population decline should only become an issue in some districts towards 2040.

In developing this strategy, it is important to consider population projections as they can give insight into future challenges such as:

- Where development pressures may be expected in order to accommodate population growth. This results in a need to engage and collaborate with the relevant territorial authorities to ensure that growth is appropriately located and that infrastructure needs and pressures are understood and planned for, well in advance, and
- Declining populations have the potential to signal long-term affordability issues. Understanding affordability and sustainability issues will support key decisions about infrastructure renewals including, where appropriate, building infrastructure for not just expansion but contraction

While population is an important consideration, the demand for and management of river management assets is also driven by:

- Location of growth/land-use change – for example, growth outside areas prone to flooding or poor drainage is unlikely to drive the need for additional flood protection or land drainage infrastructure. However, increasing urbanisation may still have an impact on the requirement for those types of infrastructure as increasing the amount of impervious surface may exacerbate existing flood issues
- Growth and contraction of different industries with different level of service requirements, such as tourism or horticulture, and
- Connections with other key infrastructure, such as transportation networks, which are crucial to both the region and country as a whole

All of these drivers have a relationship to flood protection and river management activities.

### 3.3 Economic context

The region generated \$10.7 billion of gross domestic product (GDP) in the year to March 2018, 3.8 percent of New Zealand's total GDP.<sup>2</sup> From 2013–18, the region's GDP increased by 23.7 percent (national increase was 30.9 percent).

NZIER projections suggest that the region's economy will grow to \$15 billion in 2050.<sup>3</sup> It also projects a structural shift in the regional economy, a continued strengthening of the services sector, and a diminution of the manufacturing sector (with the primary sector remaining steady in terms of its contribution to the regional economy). This structural shift is likely to have land use and zoning implications across the Horizons region.

The services provided by the flood protection and land drainage schemes have a variety of quantifiable benefits that contribute to the region's economy, including:

- Protection of land and property, which reduces associated potential for damage and increases the value of the land
- Improving the productivity of land, which adds value to the regional economy, and
- Protection of regionally and nationally important infrastructure associated with activities such as transport and electricity transmission

Regional GDP per capita in the year to March 2019 was \$46,764, around three-quarters of the national average. This is the third-lowest of the regions, ahead of Gisborne and Northland. This raises affordability issues for our infrastructure spending. However, this should be contrasted with the region's relatively low cost of living.

In addition to broader economic influences, there are specific economic issues facing our infrastructure management. A key

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<sup>2</sup> StatsNZ. (2020). *Regional gross domestic product: Year ended March 2019*. <https://www.stats.govt.nz/information-releases/regional-gross-domestic-product-year-ended-march-2019>

one is insurance; costs are rising, partly in response to significant natural disasters in recent years, such as the Christchurch and Kaikōura earthquakes. Council insures itself through a mix of private insurance and self-insurance through reserve funds. Another is competition for skills and talent: the design and operation of river management infrastructure is a complex and specialist area, and the ability of Horizons to recruit in this area is becoming more challenging over time.

### 3.4 Environmental context

Climate change is a key issue for Horizons. The risk that climate change exacerbated flooding poses to our built environments is one of the most significant issues identified in the National Climate Change Risk Assessment. NIWA predicts a change in precipitation across the region – not only in terms of how much rain falls but also when and where it falls; rainfall is likely to increase across most of the region west of the ranges in winter and spring while decreasing in autumn and in summer. Eastern areas are projected to have decreased rainfall throughout the year. This means it is likely that floods will increase in both frequency and magnitude for both the Rangitīkei and Whanganui catchments, with implications for levels of service, scheme operations and maintenance activities, such as having to deploy barriers more frequently and higher repair costs. The impact on the Manawatū catchment, which falls on both sides of the ranges, is less certain. It may give rise to more frequent small-to-medium scale flood events, with more limited impact on large flood events caused by catchment-wide rainfall. Higher rainfall is also likely to have similar effects on operating costs for the land drainage schemes that cover the lower Manawatū floodplain.

In terms of sea-level rise, the National Climate Change Risk Assessment suggests that a 0.28m rise by 2050, and that 0.79m by 2100 is likely under a high emissions scenario. This will

<sup>3</sup> NZIER presentation to Horizons, June 2017

impact the protection and drainage requirements for our coastal communities.

Freshwater continues to be a key issue for Horizons and our communities. In addition, new central government direction requires councils to give effect to 'Te Mana o te Wai', prioritising the health and wellbeing of our freshwater bodies over human and other uses for that water. This is a significant shift from how rivers were managed 30 years ago when rivers were more likely to be seen as a resource or as something to be controlled and will impact the way we think about, design, and operate river management infrastructure.

Iwi are increasingly taking an active role in the management of rivers and their catchments in the region. There are now two co-governance regimes in the region, in the Whanganui and Whangaehu catchments. An iwi advisory system also exists for the Manawatū catchment. While the form that co-governance and co-management takes varies in each case, in all cases, there will be increased participation of iwi in decision-making on freshwater management, including flood protection and drainage.

### **3.5 Regional infrastructure challenges**

Traditionally, levels of service for flood management have been defined by the maximum flood size the network is capable of containing without overtopping. However, this does not take into account the reliability of that network. Reliability in this context is the ability of the network to contain and convey flood flows with minimal failures. The 2017 flooding in Edgecumbe, Bay of Plenty highlights this, as the flood defences failed before they were overtopped. Reliability also encompasses the performance of the network beyond its maximum containment level (i.e. a stopbank retaining its structural integrity while being overtopped by flood waters). This is made difficult by three factors:

1. managing reliability for flooding and drainage infrastructure is difficult due to the long timescales involved between

significant flood events and the complexity of working with natural systems such as rivers. Infrastructure for services such as drinking water and wastewater are in constant operation, and as such, it is relatively easy to determine their level of reliability. In contrast, flood defences are taxed relatively infrequently and often in unpredictable ways.

2. most of our assets were constructed in the 1960s and 1970s, and some have reached an age where reliability is decreasing, and maintenance costs are increasing.
3. good decision making relies on good information, and for many of our assets, particularly older ones, some aspects of an asset's reliability cannot be fully assessed through our current inspection process.

Related to this, some of our assets constructed in the 1960s and 1970s will reach the end of their life in the next 30+ years, requiring replacement if level of service is to be maintained. This will require significant capital investment, raising affordability issues with minimal renewal reserves.

## **4. Significant Infrastructure Issues**

From the contexts discussed above, five significant infrastructure issues have been identified. These are as follows:

- Accelerating land-use change
- Unsustainable land use
- Climate change
- Ensuring yesterday's assets perform to today's reliability expectations
- Ensuring yesterday's assets meet today's community expectations

**Table A: Accelerating land use change**

<b>Why is it an issue?</b>
The region is seeing rapid and accelerating population growth and resulting urban expansion. This is placing pressure on our river management networks due to the stormwater these new urban areas generate and the flood protection they require. Other projected land-use change, such as conversion from pastoral farming to horticulture, will also create increasing demand for flood protection as well as other potential impacts such as increased sedimentation. Also projected is conversion of pastoral land to forestry, altering the hydrology of a river system and potentially creating risks to the network during storm events. The fixed and long-term nature of the assets that Council uses in flood protection and drainage means that it is difficult for us to be agile in the face of rapid change.
<b>Council's preferred approach to manage this issue</b>
Chapter 9 of the One Plan contains policy on development in areas prone to flooding. We will continue to monitor regional growth and development and incorporate forecast requirements into our scheme reviews. Through our hazard mapping programme, Horizons will continue to improve and refine the identification of flood hazard areas. We will influence the location and resilience of land-use change where possible, seeking to incorporate hazard risk and mitigation into urban planning. This will involve maintaining close, constructive relationships with the territorial authorities in our region.

**Alternative options considered**

More reactive approach i.e. improve or extend the network only once development/land-use change is underway	<ul style="list-style-type: none"> <li>• More certainty of infrastructure needs when planning</li> <li>• Long lead-in time needed for planning and construction may expose communities to high levels of risk before adequate protection is in place</li> </ul>
Do not protect new developments/land use change	<ul style="list-style-type: none"> <li>• May discourage land-use change and urban expansion on at risk land</li> <li>• May constrain regional economic growth</li> <li>• May constrain housing development, exacerbating housing affordability issues</li> <li>• Will leave developments at a risk of flooding, with associated negative economic and social consequences</li> </ul>
Do not proactively seek to guide land-use change	<ul style="list-style-type: none"> <li>• May encourage unstructured development and land-use change in higher risk areas</li> <li>• Will require higher cost to provide flooding protection infrastructure</li> </ul>

**Table B: Unsustainable land use**

<b>Why is it an issue?</b>
<p>Pastoral farming and some other land uses in unsuitable locations can result in soil erosion, particularly from hill country slopes and stream banks. The sediment from this erosion can result in the build-up of river beds and berms, reducing the capacity of the river to convey water in a flood. The region has one of the highest proportions of highly erodible land in New Zealand, and sedimentation is a significant issue in three areas within the region: the Rangitīkei River (downstream of Bulls), the lower Ōroua River and the lower Manawatū River.</p> <p>Streambank erosion can also cut into farmland, reducing the amount of productive land available. This is often a natural and normal process but can be exacerbated by a lack of riparian vegetation and other land-use practices.</p>
<b>Council's preferred approach to managing this issue</b>
<p>Council will continue to address this issue through regulatory and voluntary methods to encourage farmers to adopt good farming practices that reduce erosion losses. Our largest programme is the Sustainable Land Use Initiative, which subsidises tree planting and whole farm plans on erosion-prone hill country. In the future, we will also increase our regulatory activities as freshwater farm plans and other regulations become compulsory under central government direction.</p> <p>We will also continue to work towards making schemes more resilient to sedimentation.</p>

**Alternative approaches**

Do nothing	<ul style="list-style-type: none"> <li>• Accept loss of service and associated negative consequences on communities</li> <li>• Does not address associated freshwater quality issues</li> <li>• Reduced cost to Council</li> </ul>
Accept that sedimentation will occur and solely invest in infrastructure and other activities to compensate for this (e.g. raise stopbanks, silt removal, construct sediment traps)	<ul style="list-style-type: none"> <li>• Increased scheme cost</li> <li>• Does not address the issue at its source</li> <li>• Does not address associated freshwater quality issues</li> </ul>

**Table C: Climate change**

<b>Why is it an issue?</b>
Climate change is likely to change rainfall patterns across the region and will put pressure on most schemes, particularly in the Whanganui and Rangitikei catchments. Rising sea levels are also expected, which will place further pressure on our coastal communities. This all has implications for levels of service, scheme operations, and maintenance activities.
<b>Council's preferred approach to manage this issue</b>
<p>There are two components to Council's preferred approach:</p> <p>The first is to identify the risks that climate change presents to our communities and identifying those areas and communities that are the most vulnerable. This risk assessment will then feed into a regional adaptation plan, in partnership with the other councils in our region, and will include infrastructure responses.</p> <p>The second component is to consider projected climate change impacts for all river management activities, particularly during scheme reviews and to make provision for adaptation to these impacts.</p>

**Alternative approaches**

Reliance on current design standards to accommodate short to medium-term impacts of climate change	<ul style="list-style-type: none"> <li>• Deferral of investment to when more substantial provision needed</li> <li>• Accumulation of infrastructural debt</li> <li>• Risk that insufficient provision is in place</li> </ul>
Reliance on current design standards to accommodate long-term impacts of climate change	<ul style="list-style-type: none"> <li>• Reduction in level of service over time</li> </ul>

**Table D: Ensuring yesterday’s assets perform to today’s reliability expectations**

<b>Why is it an issue?</b>
Reliability is a critical component of the effective function of the network, and it delivering on our community outcomes. However, this is impacted by deteriorating asset condition as the assets age. In addition, while we regularly inspect and collect important data about the condition of our assets, which helps to inform our operations and maintenance programmes, some aspects of an asset’s reliability cannot be fully assessed through this process.
<b>Council’s preferred approach to manage this issue</b>
<ol style="list-style-type: none"> <li>1. Improve asset condition information through improved data gathering and management. Horizons has recently developed a strategic asset management framework to improve asset management practices across the organisation.</li> <li>2. Applying the Flood Protection Assets Performance Assessment Code of Practice to our most critical schemes.</li> <li>3. Develop Operation and Maintenance Manuals for all schemes with risk and criticality as central considerations. Implementation will be prioritised based on scheme criticality.</li> </ol>

**Alternative approaches considered**

Roll out revised asset management plans and Code of Practice all at once	<ul style="list-style-type: none"> <li>• Ensures good information and planning much sooner</li> <li>• Higher short-term cost, difficulty to resource this</li> </ul>
Do nothing	<ul style="list-style-type: none"> <li>• Short-term cost savings</li> <li>• Increased risk of asset failure, with associated risk to communities and repair costs</li> </ul>

**Table E: Ensuring yesterday’s assets meet today’s community expectations**

<b>Why is it an issue?</b>	
<p>Historically rivers have been viewed as a useful resource or a problem to be managed. However, these days our communities are placing increasing importance on the health and wellbeing of our rivers for their intrinsic worth (Te Mana o te Wai). There is also increasing community expectation that they should be able to interact with their rivers, such as swimming in them or walking alongside them. Māori are also becoming increasingly involved in river management and bring a unique set of values and expectations to be considered (e.g. Te Awa Tupua). Flood protection and drainage infrastructure can negatively affect these environmental, social and cultural values, and some of our legacy infrastructure was not designed with these values in mind. However, while there are design and operating practices that enable river management to have a positive impact on these values, there are also inevitable tensions between some environmental, social and cultural values and providing reliable and effective flood protection and drainage services.</p>	
<b>Council’s preferred approach to manage this issue</b>	
<p>Horizons will engage with the communities who benefit or are affected by the construction and operation of our river management assets. This will ensure that we understand their expectations, and they are informed about the factors and tensions that shape the important decisions made. We will also build partnerships with iwi/Māori, recognising the unique relationships that they have with the region’s awa.</p> <p>To give effect to community expectations, our approach will include:</p> <ul style="list-style-type: none"> <li>• Considering Te Mana o te Wai during scheme reviews.</li> <li>• Where practical, seeking to include natural components such as wetlands and other biodiversity elements into flood protection infrastructure.</li> <li>• Where practical, seeking to include community access as a design principle.</li> </ul>	

**Alternative approaches considered**

Do nothing	<ul style="list-style-type: none"> <li>• Missed opportunities to support environmental, social and cultural outcomes</li> <li>• Potential disconnect between community expectations and our river management approach</li> <li>• Risk to Horizons’ reputation</li> </ul>
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## 5. Infrastructure management principles

In responding to the identified issues, and Council's overall direction, Horizons has the following asset management principles within its Asset Management Strategic Policy.

Principle	Expectation
Integrated approach	We will coordinate our efforts to ensure that asset management is delivered in an effective, sustainable and systematic manner across the organisation.
Strategic alignment	Asset management will align with community outcomes, corporate and operational strategies and plans, and organisational priorities. <i>For River Management, this will involve us considering how our activities can support Council in achieving all of its community outcomes, particularly healthy and sustainable ecosystems, in line with the organisation's priorities.</i>
Sustainability	Asset management will have as its primary focus, supporting sustainable and affordable service delivery to our communities. <i>For River Management, this will involve us ensuring our funding models are equitable and efficient.</i>
Values / outputs-based decision making	Asset decisions will be based on well managed, quality information that is primarily based on meeting core outputs in a financially prudent manner. We will seek to optimise benefit across the life of the asset (balancing risk, cost, service levels, and innovation). <i>For River Management, this will involve us placing high importance on good quality data and working to improve the quality and quantity of data we gather and manage.</i>
Risk and Resilience based approach	We will strive to reduce asset-related risks and, over time, improve the resilience of our assets, networks and schemes.
Continuous improvement	We will proactively seek continual improvement of our asset management capabilities and ensure that our level of asset management practice is appropriate to the assets, risks and services we are managing.

## 6. Infrastructure investment programme

### 6.1. Knowledge and planning

To ensure that our River and Drainage Schemes are well managed, Horizons Regional Council will continue with a programme of Scheme Reviews.

All Scheme reviews will consider:

- The history and development of a Scheme
- The levels of service expected of a Scheme
- Updating understanding of catchment hydrology in terms of flood frequency and levels
- How climate change may impact a Scheme's ability to deliver its levels of service
- How accelerated land-use change in the catchment may impact the performance of a Scheme
- How unsustainable land use may affect a Scheme
- Asset condition and management; including a review of maintenance and capital expenditure programmes, and
- Improving the understanding of the relationship between Scheme management practices and natural systems and associated values

The programme of Scheme reviews has been prioritised by:

- A need to complete a review of all River and Drainage Schemes in a ten-year period
- How the Scheme may be affected by the five significant infrastructure issues identified in Section 3
- The currency and relevance of the last Scheme Review
- The complexity of the Scheme's rating system, and
- The resource required to deliver a review of the Scheme

In addition to the programme of Scheme Reviews, we will apply the Flood Protection Assets Code of Practice across our Schemes that have flood protection assets. This risk-based assessment of our assets will help to prioritise our future data gathering, as well as our maintenance, renewal, and replacement programmes. The application of the Code of Practice has been prioritised by a consideration of the relative criticality of the assets within the Schemes.

The table below outlines the programme of Scheme reviews over the 10 years of the 2021-31 Long-term Plan.

Scheme	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Ashhurst										
Forest Road Drainage										
Foxton East Drainage										
Haunui Drainage										
Himitangi Drainage										
Hōkio Drainage										
Kahuterawa										
Koputaroa Drainage										
Lower Kiwitea										
Lower Manawatū										
Lower Whanganui										
Makerua Drainage										
Mākirikiri										
Manawatū Drainage										
Mangatainoka										
Matarawa										
Moutoa Drainage										
Ohakune										

Scheme	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Ōhau-Manakau										
Pakihi										
Pohangina Ōroua										
Pōrewa										
Rangitikei										
Ruapehu DW										
South East Ruahine										
Tararua DW										
Tawataia-Mangaone Drainage										
Te Kawau Drainage										
Turakina										
Tūtaenui										
Upper Manawatū-Lower Mangahao										
Upper Whanganui										
Whangaehu - Mangawhero										
Whirokino Drainage										

## 6.2 Asset Condition Rating Summary

Our infrastructure investment programme is designed to best manage the upgrades of assets that are most in need of works, according to their condition ratings. A summary of our asset condition ratings, by asset class and value is detailed below.

Asset Type	Asset sub-type	No. of assets	Value of assets \$	No. of assets @ condition rating 1	No. of assets @ condition rating 2	No. of assets @ condition rating 3	No. of assets @ condition rating 4	No. of assets @ condition rating 5
Bank Protection	Rip Rap	382	39,737,332	161	213	7	1	
Bank Protection	Erosion Protection Reserve	26	19,350,924		26			
Bank Protection	Gabions	3	551,185		3			
Bank Protection	Retaining Wall	13	2,605,885		11		2	
Bank Protection	Permeable Groyne	133	4,065,827	95	31	3	1	3
Bank Protection	PMU	133	2,589,590	83	48	2		
Bank Protection	Planting	438	15,302,982	332	99	6		1
Bank Protection	Groyne	20	4,494,171	4	14	1	1	
Bank Protection	Lining (engineered)	104	43,100,165	21	79	3	1	
Bank Protection	Lining (non-engineered)	146	24,096,915	52	76	12	5	1
Bank Protection	Lining - Tiered	2	613,701		2			
Bank Protection	Stock Gate	9	60,798	9				
Bank Protection	Tied Tree Work	611	25,618,571	380	194	22	9	6
Control Structure	Bed Armouring	2	723,919	1		1		
Control Structure	Drop	4	872,885		2	2		
Control Structure	Grade Control	22	543,446	19	3			
Control Structure	Weir	32	4,021,858	16	10	2	1	3
Flood Protection	Dam & Equipment	112	16,144,390	3	90	12		7

Asset Type	Asset sub-type	No. of assets	Value of assets \$	No. of assets @ condition rating 1	No. of assets @ condition rating 2	No. of assets @ condition rating 3	No. of assets @ condition rating 4	No. of assets @ condition rating 5
Flood Protection	Flood Walls	64	6,980,586	21	42	1		
Flood Protection	Flow Diversion Structure	10	34,962,103		10			
Flood Protection	Guidebank	15	4,352,165		13	2		
Flood Protection	Portable Flood Barrier	10	312,325	1	9			
Flood Protection	Property Mitigation Bund	15	1,469,365		15			
Flood Protection	Stop Logs	1	57,081		1			
Flood Protection	Stopbank	279	358,968,389	96	163	13	6	1
Flood Protection	Toe Drain	5	419,958		5			
Floodgated Structure	Floodgate Structure	12	3,893,755	2	10			
Floodgated Structure	Floodgate Structure - Culvert	508	16,823,290	155	325	22	1	5
Miscellaneous	Amenity	7	617,473	2	5			
Miscellaneous	Spillway	63	554,885	4	55	2	2	
Pumpstation	Pumpstation Equipment	70	16,293,687	70				
Vegetation Management	Drainage Channel	770	28,929,182	645	118	5	2	
<b>Total Asset Value</b>			<b>679,128,787</b>					

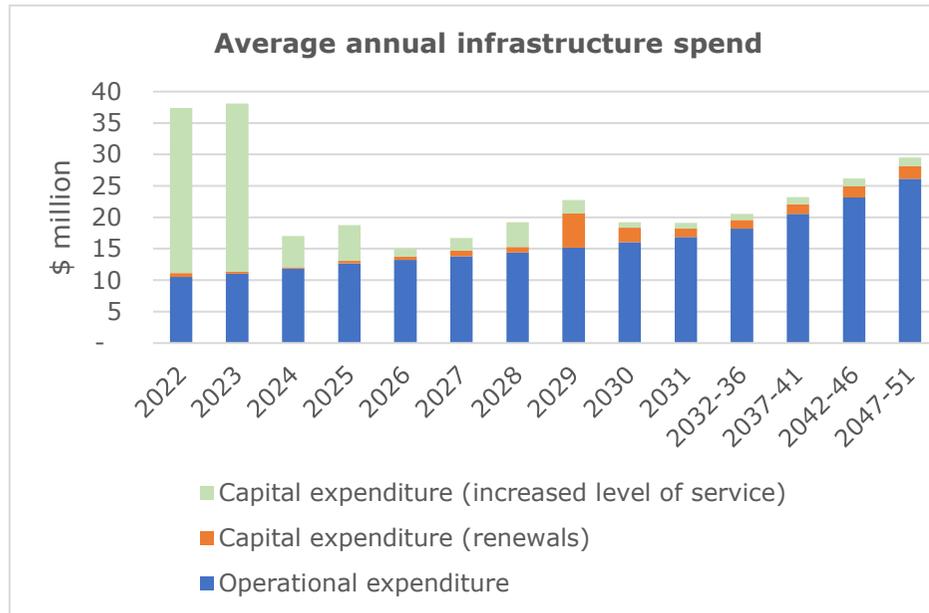
The assessment of asset conditions is undertaken, at least, annually and done so using criteria that are consistent with those used by other Regional Councils across New Zealand. As such, the condition ratings have been assigned a confidence grade of B in line with the International Infrastructure Management Manual. The condition ratings, along with their descriptions, are summarised in the table below;

<b>Rating</b>	<b>Classification</b>	<b>Action</b>	<b>Description</b>
1	Very Good	No Action Required	New or near new condition. Some wear but no evidence of damage. Can include repaired assets where the repair is as good as the original
2	Good	Monitor to see if there are changes	Deterioration or minor damage that may affect performance. Includes most repair assets.
3	Moderate	Consider assessment by Area Engineer	Clearly needs some attention but is still working. Structure in need of repair. Includes repaired where the repair deteriorated.
4	Poor	Get assessment by Area Engineer	Either not working or is working poorly because of damage or deterioration. Condition or structure is poor or structural integrity in question
5	Very Poor	Replace or Repair	Needs urgent attention

### 6.3 Total expenditure

Table 2: Expected infrastructure expenditure 2021-2051 (millions)

Freshwater Management Units	Operational Expenditure	Capital Renewal Expenditure	Other Capital Expenditure	Total Expenditure
Whanganui	38,719,905	-	18,123,743	56,843,648
Whangaehu	6,011,529	-	-	6,011,529
Rangitīkei - Turakina	57,461,073	-	4,456,717	61,917,789
Manawatū	576,165,769	45,537,908	74,842,836	696,546,512
Waiopēhu	24,859,174	895,196	1,325,620	27,079,990
<b>Total</b>	<b>703,217,450</b>	<b>46,433,104</b>	<b>98,748,915</b>	<b>848,399,469</b>



### 6.4 Major capital projects

#### Climate Resilience projects

Part of central government’s response to the economic impacts of COVID-19 has been to invest in Climate Resilience infrastructure projects. Four projects that were intended to be included over the ten years of this LTP have had funding confirmed through this initiative. To meet the requirements to receive central government funding, Council resolved to commence work on these projects in the 2020/21 financial year with works continuing through the first two years of this LTP. These four projects are:

Scheme	Project	Purpose	Total Capital Expenditure
Lower Manawatū	Lower Manawatū Resilience	Upgrade of stopbanks, the creation of sediment traps and giving the river more room.	\$15M
Lower Manawatū	Palmerston North Stopbanks	Increasing the resilience of the stopbanks in Palmerston North through the upgrade of stopbanks, and replacement or upgrade of structures that form part of the flood protection infrastructure.	\$7M

Scheme	Project	Purpose	Total Capital Expenditure
Rangitīkei		In line with the Rangitīkei Scheme Strategy, giving the river more room to move within its corridor. As well as improving public access, the works will look to reduce vegetation growth in the main channel of the river and use judicious planting on the river berms to provide protection to the flood protection assets.	\$5.2M
Foxton		Resilience and responding to growth. Environmental enhancements.	\$6M

### Other capital expenditure

**Stoney Creek/Te Matai road:** flood protection to an area that is seeing rapid residential growth, as well as providing 1% AEP flood protection from the Manawatū River as part of Lower Manawatū scheme. **\$2.1M**

**Foxton 200 year:** Providing the township with 200-year flood protection from the Manawatū River in line with other urban areas. Also provides opportunities to provide better access the river, including a shared pathway. **\$2.2M**

**Feilding:** Upgrading the flood protection provided to Feilding from the Makino Stream which will help facilitate expansion of the urban area as well as increased resilience of the existing urban area. **\$7M**

**Rural upgrade project:** completion of this project to upgrade the standard of flood protection to the lower Manawatū. **\$2.6M**

**Lower Manawatū resilience upgrades:** upgrades to continue beyond Climate Resilience projects. This project will be informed by technical work scheduled for year 1 of this LTP. **\$2.6M**

**Koputaroa Drainage Scheme:** upgrade of stopbanking to support Horowhenua District Council work. **\$1.3M**  
Upgrade of pump station. **\$1.3M**

**Matarawa Diversion:** Rebuild of diversion structure. **\$400k**

**Lower Whanganui Scheme:** Capital expenditure to be informed by resilience strategy works currently underway **\$2.2M**

## 7. Key assumptions and risks

<b>Risk and its significance</b> level of significance = likelihood x consequence shown as: Low (green) medium (yellow) high (red)	<b>Likelihood of risk</b> with level of likelihood shown as: Low (green) medium (yellow) high (red)	<b>Consequence of risk</b> with level of severity shown as: Low (green) medium (yellow) high (red)	<b>Mitigation measures</b>	<b>Assumptions</b>
<b>Environmental</b>				
<b>Flooding</b> , including sedimentation, overdesign events.  Major event causing significant damage to multiple large schemes.	Rare but inevitable. Assets are necessarily in harm's way.	Significant community disruption, displacement, potential for loss of lives.	Use reserve funds for prompt repair of damage following 'ordinary' events. LGFA funds available at short notice for major events, including modelled maximum damage scenario.	Major events debt funded where there are insufficient reserves, and central government partial assistance available for events exceeding threshold through National Civil Defence Emergency Management Plan.
<b>Other Natural Hazards</b> including earthquake, tsunami, fire, wind, snow etc. Events outside expected risk assessments.	Effects likely to be localised in context of widely distributed assets.	Localised damage and disruption or loss of protection.	Reserve funds available for prompt repair of damage. Variety of erosion protection vegetation and techniques used to spread risk.	Accommodated in normal budget process, debt funded if necessary.
<b>Plant and animal pests</b> Widespread damage to erosion protection.	Some pests currently in the region but are managed. New species incursion unlikely but not impossible. Likelihood may increase over time with climate change.	Erosion protection costs escalate and/or protection becomes less effective.	Plant pests managed with herbicides. Support for research into willows and poplars, indigenous vegetation, pests and pest management.	Accommodated in normal budget process, debt funded if necessary.

<b>Risk and its significance</b> level of significance = likelihood x consequence shown as: Low (green) medium (yellow) high (red)	<b>Likelihood of risk</b> with level of likelihood shown as: Low (green) medium (yellow) high (red)	<b>Consequence of risk</b> with level of severity shown as: Low (green) medium (yellow) high (red)	<b>Mitigation measures</b>	<b>Assumptions</b>
<b>Impacts of climate change</b> , including increased frequency and intensity of events, sea level rise, conditions for plant pests etc. Underestimation of impact or delay in response.	Gradually increasing.	Sea level rise progressively impacts the downstream end of all schemes. Flood frequency and stopbank overtopping risks gradually increase over time.  Likely to require increased pumping in drainage schemes. Likely to increase need for erosion/channel control works.	Trends and sensitivity included in scheme reviews. Changing risks and acceptable level of risk discussed with scheme committees and communities.	Impacts become increasingly important over the 30-year period. Increase in costs (or acceptance of higher risk) likely following each scheme review.
<b>Economic</b>				
<b>Demand for services</b> – population growth, increasing value of assets on floodplain, response to significant flood events, etc. Major new schemes or upgrades required.	Gradually increasing.	Increasing value of assets on floodplains correlates with increased capacity to pay for services if managed proactively. If reactive (following flood disaster), ability to pay may be diminished.	Programme of river scheme reviews focussed on major schemes. Any new schemes likely to be small scale (major floodplains already have schemes in place).	No significant new schemes. Major upgrades only if affordable and agreed with communities.
<b>Costs of maintaining Schemes</b> increasing at or above rates of inflation.	Likely.	Affordability issues.	Allowances made through Long-term Plan budgeting.	
<b>Financial management</b> – rating base, economic growth, inflation, depreciation, insurance etc.	Existing major schemes have very high benefit-cost ratios.	Escalation of costs beyond ratepayers' ability or willingness to pay leads to lower level of service or abandonment of schemes.	Self-insurance (reserves), low level of debt, line of credit availability allows flexibility.	Existing major schemes remain economic at current level of service. Communities may agree to increased level of service to address increasing risks.

<b>Risk and its significance</b> level of significance = likelihood x consequence shown as: Low (green) medium (yellow) high (red)	<b>Likelihood of risk</b> with level of likelihood shown as: Low (green) medium (yellow) high (red)	<b>Consequence of risk</b> with level of severity shown as: Low (green) medium (yellow) high (red)	<b>Mitigation measures</b>	<b>Assumptions</b>
Schemes become uneconomic.				
<b>Technical management</b> – key personnel, asset management, appropriate design etc Loss of institutional knowledge or inadvertent lowering of standards.	Ageing workforce but improving document management. Technology and increased hydrological data constantly improving understanding of systems, model capability etc.	Schemes not managed to optimum level - poor decisions increase risks and/or costs.	Human resources, record management and asset management processes. Engagement with national bodies to maintain capability and standards. Succession planning for experienced workforce.	Processes are fit for purpose. Required scale of renewal of depreciated infrastructural assets is small.
<b>Climate resilience projects</b> – Horizons is planning to deliver on a significantly increased capital works programme, within tight timeframes. Delays could occur.	Delays could come from regulatory processes, capacity, competition for infrastructure project providers, and challenges associated with compressed delivery timeframes.	Delays to project completion, missing the delivery targets agreed with central government. Delivery targets would need to be renegotiated, and Government funding could be withdrawn.	Close monitoring of the capital programme delivery via Audit & Risk committee. Implementation of new internal project structures. Regular and constructive dialogue with central government funding agencies over delivery timeframes as projects evolve.	Projects will be delivered within agreed timeframes.
<b>Social/Cultural</b>				
<b>Central and local government policy – constraints</b> - Change in policy leads to significant constraints on provision of erosion, flood protection and drainage	Soil Conservation and Rivers Control Act 1941 and Resource Management Act 1991 (RMA) processes well established, however, RMA repeal and replacement likely and	Cost escalation and/or restrictions on location of infrastructure.	Keep abreast of central and territorial authority reform and plan changes. Engage and advocate where necessary.	Repeal and replacement of RMA.

<b>Risk and its significance</b> level of significance = likelihood x consequence shown as: Low (green) medium (yellow) high (red)	<b>Likelihood of risk</b> with level of likelihood shown as: Low (green) medium (yellow) high (red)	<b>Consequence of risk</b> with level of severity shown as: Low (green) medium (yellow) high (red)	<b>Mitigation measures</b>	<b>Assumptions</b>
infrastructure or add significant costs.	One Plan review due within the next four years.			
<b>Central and local government policy – lack of regulation</b> Inadequate regulation leading to increased floodplain hazard.	Provisions for mitigating natural hazards have recently been strengthened, not weakened.	Significant increase in hazard	One Plan emphasises avoiding building in highest risk areas and sets minimum floor level of 0.5% AEP for new buildings.	Existing policies remain with no significant demand for new services.
<b>Stakeholder relationships –</b> CDEM, Te Awa Tupua, other iwi, DOC, LINZ, Federated Farmers, Fish and Game, Forest and Bird etc.  Demand for retreat or removal of erosion, flood protection and drainage infrastructure.	Increasing.	Greater recognition of existing constraints on natural character of rivers leads to calls for retreat from the river while accommodating increased demand for land intensification.	Engagement with schemes committees, iwi and wider communities.	Good relationships retained through continuing existing consultation processes.
<b>Ratepayer relationships -</b> effective scheme committees, landowners and public as eyes, ears and guardians.  Loss of confidence from ratepayers in service provision.	Scheme committee meetings: members generally well engaged, but often not well attended. Landowners generally recognise the benefit to their land and support the schemes.	Lack of landowner engagement leads to worsening condition of assets or increased costs due to need for more frequent asset inspections and/or repair.	Scheme committee structure allows ongoing dialogue, enhanced by retention of experienced depot staff.	Good relationships retained through continuing existing consultation processes and landowner interactions.



# Financial information

## Mōhiohio pūtea



# Introducing the Finances

## Overview

Here we present standard financial statements in compliance with New Zealand Generally Accepted Accounting Practice (NZGAAP) and New Zealand International Public Sector Accounting Standards (NZIPSAS).

Funding Impact Statements are included that outline revenue and rating mechanisms and provide detailed rating values for general and targeted rates for the 2021-22 year. Finally, this part of the documentation contains projections of annual administrative charges set under the Resource Management Act 1991 and the Local Government Act 2002.

## Statement concerning balancing of budget

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

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

## Consolidated Statement of Financial Performance to 30 June 2031

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

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

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

The financial information contained within this Long-term Plan and its associated policies and document is financial information in terms of current financial reporting standards, including Financial Reporting Standard (PBE FRS 42). The purpose for which it has been prepared is to enable the public to participate in the decision-making process relating to services to be provided by the Council to the community for each of the ten financial years ending 30 June 2022 to 2031, and to provide a broad accountability mechanism of the Council to the community.

In relation to those standards, the financial information for 2021-22, 2022-23 and 2023-24 financial years are considered to be a forecast, while the financial data relating to subsequent years is considered to be a projection. (A forecast is based on assumptions that the Council reasonably expects to occur, whereas a projection is based on one or more hypothetical but realistic assumptions).

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

## **Cautionary Note**

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

## **Other Disclosures**

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

This Statement is presented in two sections:

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

## Prospective Statement of Activity Expenditure to 30 June 2031 (\$000)

	Annual Plan					Long-term Plan					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Land and Water Management Activity</b>											
Land Management	6,836	6,912	7,639	6,933	7,192	7,421	7,636	7,904	8,184	8,403	8,633
Water Quality and Quantity	8,210	12,276	14,614	14,470	9,615	9,871	10,116	10,413	10,867	11,201	11,506
Resource Consent and Pollution Management	5,050	5,832	6,301	6,710	6,964	7,152	7,338	7,546	7,743	7,972	8,204
<b>Total Operating Expenditure</b>	<b>20,096</b>	<b>25,020</b>	<b>28,555</b>	<b>28,113</b>	<b>23,772</b>	<b>24,445</b>	<b>25,090</b>	<b>25,863</b>	<b>26,793</b>	<b>27,575</b>	<b>28,343</b>
<b>Capital Expenditure</b>	<b>1,341</b>	<b>657</b>	<b>161</b>	<b>156</b>	<b>216</b>	<b>167</b>	<b>172</b>	<b>178</b>	<b>184</b>	<b>190</b>	<b>196</b>
<b>Total Expenditure</b>	<b>21,437</b>	<b>25,677</b>	<b>28,715</b>	<b>28,269</b>	<b>23,988</b>	<b>24,612</b>	<b>25,262</b>	<b>26,041</b>	<b>26,977</b>	<b>27,765</b>	<b>28,539</b>
<b>Flood Protection and Control Works</b>											
River and Drainage General Activity	928	1,372	1,486	1,566	1,631	1,702	1,814	1,842	1,907	2,039	2,104
River and Drainage Scheme Activity	10,449	11,124	12,290	12,513	13,340	13,936	14,498	15,122	15,929	16,800	17,645
<b>Total Operating Expenditure</b>	<b>11,377</b>	<b>12,496</b>	<b>13,776</b>	<b>14,079</b>	<b>14,971</b>	<b>15,638</b>	<b>16,312</b>	<b>16,964</b>	<b>17,836</b>	<b>18,838</b>	<b>19,749</b>
<b>Capital Expenditure</b>	<b>11,152</b>	<b>26,897</b>	<b>27,033</b>	<b>5,158</b>	<b>6,118</b>	<b>1,751</b>	<b>2,896</b>	<b>4,834</b>	<b>7,565</b>	<b>3,187</b>	<b>2,221</b>
<b>Total Expenditure</b>	<b>22,529</b>	<b>39,394</b>	<b>40,809</b>	<b>19,237</b>	<b>21,089</b>	<b>17,388</b>	<b>19,208</b>	<b>21,798</b>	<b>25,401</b>	<b>22,025</b>	<b>21,971</b>
<b>Biosecurity and Biodiversity Protection</b>											
Biosecurity and Biodiversity Protection	8,422	8,834	9,500	10,045	10,307	10,708	10,997	11,333	11,672	12,046	12,337
<b>Total Operating Expenditure</b>	<b>8,422</b>	<b>8,834</b>	<b>9,500</b>	<b>10,045</b>	<b>10,307</b>	<b>10,708</b>	<b>10,997</b>	<b>11,333</b>	<b>11,672</b>	<b>12,046</b>	<b>12,337</b>
<b>Capital Expenditure</b>	<b>520</b>	<b>240</b>	<b>103</b>	<b>282</b>	<b>111</b>	<b>140</b>	<b>118</b>	<b>147</b>	<b>127</b>	<b>156</b>	<b>135</b>
<b>Total Expenditure</b>	<b>8,942</b>	<b>9,074</b>	<b>9,603</b>	<b>10,327</b>	<b>10,417</b>	<b>10,847</b>	<b>11,115</b>	<b>11,480</b>	<b>11,799</b>	<b>12,202</b>	<b>12,472</b>
<b>Regional Leadership and Governance</b>											
Community Relationships	2,033	2,564	2,633	2,741	2,861	2,954	3,053	3,154	3,229	3,351	3,467
Climate Change	0	505	664	768	980	1,118	1,204	1,298	1,392	1,495	1,601
Environmental Reporting	448	451	462	477	499	515	528	544	562	580	596
Emergency Management	2,212	2,399	2,476	2,561	2,686	2,757	2,826	2,908	3,036	3,130	3,211
Governance	2,901	2,928	3,296	3,392	3,299	3,632	3,687	3,530	3,945	4,062	3,894
Information	3946	4,535	4,737	4,905	4,903	5,098	5,255	5,411	5,731	5,909	6,083
Iwi	619	611	620	641	653	671	689	709	728	751	773
Strategic Management	3,322	7,032	7,262	7,062	7,518	7,683	7,941	8,198	8,434	8,670	8,915
<b>Total Operating Expenditure</b>	<b>15,481</b>	<b>21,025</b>	<b>22,151</b>	<b>22,548</b>	<b>23,400</b>	<b>24,427</b>	<b>25,183</b>	<b>25,753</b>	<b>27,057</b>	<b>27,949</b>	<b>28,539</b>
<b>Capital Expenditure</b>	<b>1,650</b>	<b>1,699</b>	<b>1,060</b>	<b>1,412</b>	<b>1,796</b>	<b>1,432</b>	<b>1,636</b>	<b>1,270</b>	<b>842</b>	<b>942</b>	<b>519</b>
<b>Total Expenditure</b>	<b>17,131</b>	<b>22,725</b>	<b>23,210</b>	<b>23,960</b>	<b>25,196</b>	<b>25,859</b>	<b>26,820</b>	<b>27,023</b>	<b>27,900</b>	<b>28,891</b>	<b>29,058</b>
<b>Transport</b>											
Road Safety	733	736	765	810	838	860	883	907	931	956	984
Transport Planning	196	276	265	300	287	294	330	328	320	359	339
Passenger Services	7,951	9,894	10,746	12,857	14,620	15,321	16,332	16,810	17,350	17,918	18,511
<b>Total Operating Expenditure</b>	<b>8,880</b>	<b>10,906</b>	<b>11,776</b>	<b>13,967</b>	<b>15,745</b>	<b>16,475</b>	<b>17,545</b>	<b>18,045</b>	<b>18,601</b>	<b>19,233</b>	<b>19,834</b>

<b>Capital Expenditure</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>8,880</b>	<b>10,906</b>	<b>11,776</b>	<b>13,967</b>	<b>15,745</b>	<b>16,475</b>	<b>17,545</b>	<b>18,045</b>	<b>18,601</b>	<b>19,233</b>	<b>19,834</b>
<b>Investment</b>											
Investment	2,129	1,867	1,993	2,048	2,131	2,034	2,043	2,064	2,150	2,072	2,021
<b>Total Operating Expenditure</b>	<b>2,129</b>	<b>1,867</b>	<b>1,993</b>	<b>2,048</b>	<b>2,131</b>	<b>2,034</b>	<b>2,043</b>	<b>2,064</b>	<b>2,150</b>	<b>2,072</b>	<b>2,021</b>
<b>Capital Expenditure</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>2,129</b>	<b>1,867</b>	<b>1,993</b>	<b>2,048</b>	<b>2,131</b>	<b>2,034</b>	<b>2,043</b>	<b>2,064</b>	<b>2,150</b>	<b>2,072</b>	<b>2,021</b>

## Prospective Statement of Comprehensive Revenue and Expense for the periods 2021-31 (\$'000)

	Annual Plan					Long-term Plan					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Revenue</b>											
Rates	47,264	51,067	54,801	58,560	63,550	66,151	69,315	72,106	75,723	78,891	81,286
Subsidies and grants	7,021	23,310	28,282	13,500	8,297	8,173	8,436	8,654	8,887	9,151	9,403
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Finance revenue	3,738	3,400	3,450	3,450	3,500	2,552	2,543	2,537	2,565	2,591	2,620
Other revenue	12,726	14,520	15,893	13,815	13,938	13,994	14,690	15,215	15,926	16,304	16,877
<b>Total Revenue</b>	<b>70,749</b>	<b>92,297</b>	<b>102,426</b>	<b>89,325</b>	<b>89,285</b>	<b>90,870</b>	<b>94,984</b>	<b>98,512</b>	<b>103,101</b>	<b>106,937</b>	<b>110,187</b>
<b>Expenditure</b>											
Personnel costs	20,814	24,243	25,468	26,413	26,409	27,247	27,904	28,406	29,210	29,841	30,414
Depreciation and amortisation expense	4,561	5,254	5,594	5,982	6,436	6,457	6,781	7,099	7,559	7,879	8,135
Finance costs	1,340	1,350	1,468	1,506	1,570	1,473	1,470	1,478	1,550	1,459	1,396
Other expenses	37,221	47,286	52,357	54,312	53,009	55,406	58,036	60,097	62,922	65,545	67,979
<b>Total Expenses</b>	<b>63,937</b>	<b>78,133</b>	<b>84,888</b>	<b>88,213</b>	<b>87,424</b>	<b>90,583</b>	<b>94,191</b>	<b>97,080</b>	<b>101,241</b>	<b>104,724</b>	<b>107,923</b>
Subvention receipt from subsidiary	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Before Tax</b>	<b>6,810</b>	<b>14,164</b>	<b>17,539</b>	<b>1,112</b>	<b>1,861</b>	<b>286</b>	<b>793</b>	<b>1,431</b>	<b>1,860</b>	<b>2,213</b>	<b>2,263</b>
Income tax expense/benefit	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) After Tax</b>	<b>6,810</b>	<b>14,164</b>	<b>17,539</b>	<b>1,112</b>	<b>1,861</b>	<b>286</b>	<b>793</b>	<b>1,431</b>	<b>1,860</b>	<b>2,213</b>	<b>2,263</b>
<b>Other comprehensive revenue and expense</b>											
Financial assets at fair value through other comprehensive revenue and expense	63	206	219	232	246	260	276	293	310	329	348
Gain on property, plant, and equipment revaluations	88,000	26,957	23,975	25,990	34,527	28,424	28,090	37,088	29,581	30,674	40,459
<b>Total Other Comprehensive Revenue and Expense</b>	<b>88,063</b>	<b>27,163</b>	<b>24,194</b>	<b>26,221</b>	<b>34,773</b>	<b>28,685</b>	<b>28,366</b>	<b>37,380</b>	<b>29,891</b>	<b>31,003</b>	<b>40,807</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>94,873</b>	<b>41,327</b>	<b>41,733</b>	<b>27,333</b>	<b>36,634</b>	<b>28,971</b>	<b>29,160</b>	<b>38,812</b>	<b>31,751</b>	<b>33,216</b>	<b>43,071</b>

## Prospective Statement of Financial Position for the periods 2021-31 (\$'000)

	Annual Plan					Long-term Plan					
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Assets</b>											
<b>Current assets</b>											
Cash and Cash Equivalents	92	920	2,987	8,173	11,111	9,276	10,481	11,310	13,047	14,326	18,105
Trade and Other Receivables	6,309	10,587	11,556	11,390	11,675	12,031	12,612	13,083	13,713	14,208	14,691
Accruals	1,641	6,843	8,138	4,347	3,025	2,750	2,816	2,870	2,937	3,012	3,083
Prepayments and leases - Current portion	339	517	573	594	580	606	635	657	688	717	743
Inventory	1,227	1,256	1,296	1,555	1,611	1,669	1,720	1,779	1,840	1,903	1,962
Tax refund due	-	-	-	-	-	-	-	-	-	-	-
Other financial assets (current)	-	-	-	-	1,250	1,250	1,250	1,250	1,250	1,250	1,250
<b>Total Current Assets</b>	<b>9,608</b>	<b>20,122</b>	<b>24,549</b>	<b>26,059</b>	<b>29,252</b>	<b>27,582</b>	<b>29,513</b>	<b>30,950</b>	<b>33,475</b>	<b>35,415</b>	<b>39,836</b>
<b>Non-current assets</b>											
Other financial assets											
Investments in CCO's and other similar entities	32,908	32,988	33,028	33,068	33,108	33,148	33,188	33,228	33,268	33,308	33,348
Loan to CCOs	17,000	17,000	17,000	17,000	15,750	14,500	13,250	12,000	10,750	9,500	8,250
<b>Subtotal</b>	<b>49,908</b>	<b>49,988</b>	<b>50,028</b>	<b>50,068</b>	<b>48,858</b>	<b>47,648</b>	<b>46,438</b>	<b>45,228</b>	<b>44,018</b>	<b>42,808</b>	<b>41,598</b>
Investment Property	2,550	2,925	3,015	3,105	3,195	3,285	3,375	3,475	3,575	3,675	3,775
Investments in other entities	3,227	3,644	3,863	4,094	4,340	4,600	4,876	5,169	5,479	5,808	6,156
<b>Total Other Financial Assets</b>	<b>55,685</b>	<b>56,557</b>	<b>56,906</b>	<b>57,268</b>	<b>56,393</b>	<b>55,534</b>	<b>54,690</b>	<b>53,872</b>	<b>53,072</b>	<b>52,291</b>	<b>51,530</b>
Forestry assets	6,661	7,762	8,273	8,826	9,381	9,939	10,500	11,063	11,629	12,198	12,769
Land leases (prepaid) non-current	2,663	2,664	2,539	2,414	2,289	2,164	2,039	1,914	1,789	1,664	1,539
Intangible assets	4,502	6,682	7,366	7,874	8,624	8,873	9,148	9,086	8,918	8,769	8,817
Operational assets	68,518	79,074	79,670	79,624	86,560	86,294	86,767	94,837	94,671	94,558	102,199
Infrastructural assets	732,263	715,674	764,399	793,064	823,888	851,224	879,172	910,194	943,819	973,869	1,004,138
<b>Total Non-current Assets</b>	<b>870,293</b>	<b>868,413</b>	<b>919,151</b>	<b>949,069</b>	<b>987,136</b>	<b>1,014,027</b>	<b>1,042,316</b>	<b>1,080,965</b>	<b>1,113,898</b>	<b>1,143,349</b>	<b>1,180,992</b>
<b>Total Assets</b>	<b>879,901</b>	<b>888,535</b>	<b>943,700</b>	<b>975,128</b>	<b>1,016,387</b>	<b>1,041,609</b>	<b>1,071,828</b>	<b>1,111,915</b>	<b>1,147,373</b>	<b>1,178,764</b>	<b>1,220,828</b>

All figures are exclusive of GST unless otherwise stated

## Prospective Statement of Financial Position for the periods 2021-31 (\$000) (continued)

	Annual Plan					Long-term Plan					
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	12,025	13,790	15,154	15,831	15,901	16,566	17,339	17,967	18,827	19,580	20,246
Provisions - general	-	0	0	0	0	0	0	0	0	0	0
Provisions - employee entitlements	1,821	2,309	2,427	2,518	2,517	2,598	2,661	2,709	2,786	2,846	2,900
Debt - current portion	9,000	2,500	2,500	4,500	13,500	2,000	2,000	-	3,000	-	-
Advances and Deferred Revenues	-	0	0	0	0	0	0	0	0	0	0
Derivative financial instruments (current)	-	-	53	76	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>22,846</b>	<b>18,600</b>	<b>20,134</b>	<b>22,924</b>	<b>31,918</b>	<b>21,164</b>	<b>21,999</b>	<b>20,675</b>	<b>24,613</b>	<b>22,425</b>	<b>23,146</b>
<b>Non-current liabilities</b>											
Derivative financial instruments	806	257	76	-	-	-	-	-	-	-	-
Debt - non-current portion	44,983	76,729	88,380	89,323	84,510	91,070	90,842	92,979	92,277	92,158	89,940
Deferred Taxation liability	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>45,790</b>	<b>76,986</b>	<b>88,455</b>	<b>89,323</b>	<b>84,510</b>	<b>91,070</b>	<b>90,842</b>	<b>92,979</b>	<b>92,277</b>	<b>92,158</b>	<b>89,940</b>
<b>Total Liabilities</b>	<b>68,636</b>	<b>95,585</b>	<b>108,590</b>	<b>112,247</b>	<b>116,427</b>	<b>112,234</b>	<b>112,842</b>	<b>113,654</b>	<b>116,890</b>	<b>114,584</b>	<b>113,086</b>
<b>Net Assets (Assets Minus Liabilities)</b>	<b>811,215</b>	<b>792,950</b>	<b>835,111</b>	<b>862,881</b>	<b>899,960</b>	<b>929,375</b>	<b>958,987</b>	<b>998,261</b>	<b>1,030,483</b>	<b>1,064,180</b>	<b>1,107,741</b>
<b>Equity</b>											
Asset revaluation reserves	428,258	392,309	416,284	442,273	476,800	505,224	533,315	570,402	599,984	630,658	671,117
Fair value through other comprehensive revenue and expense reserve	1,925	1,528	1,747	1,979	2,224	2,485	2,761	3,053	3,363	3,692	4,041
Restricted reserves	12,123	12,344	13,129	13,978	14,809	15,963	17,095	18,250	19,418	20,646	21,879
Infrastructure insurance reserves	4,440	4,800	4,920	5,040	5,160	5,280	5,400	5,520	5,640	5,760	5,880
Accumulated funds	364,469	381,969	399,031	399,611	400,966	400,423	400,416	401,034	402,077	403,424	404,825
<b>Total Equity</b>	<b>811,215</b>	<b>792,950</b>	<b>835,111</b>	<b>862,881</b>	<b>899,960</b>	<b>929,375</b>	<b>958,987</b>	<b>998,261</b>	<b>1,030,483</b>	<b>1,064,180</b>	<b>1,107,741</b>

All figures are exclusive of GST unless otherwise stated

## Prospective Statement of Changes in Equity for the periods 2021-31 (\$000)

	Annual Plan					Long-term Plan					
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Balance at 1 July</b>	<b>723,152</b>	<b>751,204</b>	<b>792,950</b>	<b>835,111</b>	<b>862,881</b>	<b>899,960</b>	<b>929,375</b>	<b>958,987</b>	<b>998,261</b>	<b>1,030,483</b>	<b>1,064,180</b>
Total comprehensive revenue and expense for the year	88,063	41,746	42,161	27,770	37,079	29,415	29,612	39,274	32,223	33,697	43,561
<b>Balance at 30 June</b>	<b>811,215</b>	<b>792,950</b>	<b>835,111</b>	<b>862,881</b>	<b>899,960</b>	<b>929,375</b>	<b>958,987</b>	<b>998,261</b>	<b>1,030,483</b>	<b>1,064,180</b>	<b>1,107,741</b>

*All figures are exclusive of GST unless otherwise stated*

## Prospective Statement of Cash Flows for the periods 2021-31 (\$000)

	Annual Plan					Long-term Plan					
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Cash flows from operating activities</b>											
Receipts from rates revenue	47,223	50,787	54,769	58,855	63,435	66,191	69,281	72,079	75,694	78,892	81,266
Subsidies and grants received	7,021	22,698	27,239	16,517	9,122	8,359	8,392	8,617	8,841	9,101	9,355
Interest received	1,388	1,072	1,059	1,326	1,271	1,183	1,128	1,115	1,133	1,148	1,173
Dividends received	2,350	2,242	2,263	2,533	2,598	1,431	1,400	1,410	1,417	1,427	1,431
Receipts from rate penalties	-	-	-	-	-	-	-	-	-	-	-
Receipts from other revenue	11,926	12,375	14,734	13,693	13,345	13,263	13,809	14,383	15,010	15,456	16,037
Payments to suppliers and employees	(57,861)	(69,611)	(76,661)	(80,050)	(78,929)	(81,738)	(84,973)	(87,620)	(91,098)	(94,415)	(97,458)
Interest paid	(1,340)	(1,257)	(1,436)	(1,490)	(1,568)	(1,457)	(1,452)	(1,463)	(1,530)	(1,441)	(1,380)
Income tax paid/refunded	-	-	-	-	-	-	-	-	-	-	-
GST (net)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>10,707</b>	<b>18,306</b>	<b>21,967</b>	<b>11,384</b>	<b>9,274</b>	<b>7,232</b>	<b>7,587</b>	<b>8,520</b>	<b>9,468</b>	<b>10,167</b>	<b>10,423</b>
<b>Cash flows from investing activities</b>											
Receipts from sale of operational assets	-	-	-	-	-	-	-	-	-	-	-
Receipts from sale/maturity of investments	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Repayment of loan principal from CCO	-	-	-	-	-	1,250	1,250	1,250	1,250	1,250	1,250
Investment in Subsidiary	-	-	-	-	-	-	-	-	-	-	-
Purchase of Shares	-	-	-	-	-	-	-	-	-	-	-
Purchase of forestry assets	-	(437)	(68)	(70)	(72)	(75)	(77)	(80)	(83)	(86)	(88)
Purchase of Property, Plant & Equipment	(16,719)	(31,687)	(30,358)	(8,190)	(9,176)	(4,572)	(6,504)	(8,500)	(10,699)	(6,422)	(4,865)
Purchase of intangible assets	(851)	(1,343)	(1,086)	(841)	(1,234)	(691)	(782)	(457)	(458)	(472)	(683)
Purchase of investment property	-	-	-	-	-	-	-	-	-	-	-
Payment of loan to CCO	-	-	-	-	-	-	-	-	-	-	-
Acquisition of investments	-	(20,040)	(20,040)	(20,040)	(20,040)	(20,040)	(20,040)	(20,040)	(20,040)	(20,040)	(20,040)
Investment in Deposits	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>(17,570)</b>	<b>(33,507)</b>	<b>(31,551)</b>	<b>(9,141)</b>	<b>(10,523)</b>	<b>(4,128)</b>	<b>(6,154)</b>	<b>(7,827)</b>	<b>(10,030)</b>	<b>(5,769)</b>	<b>(4,425)</b>
<b>Cash flows from financing activities</b>											
Proceeds from borrowings	8,000	24,073	16,660	9,461	12,293	17,303	6,811	8,647	8,473	7,327	2,933
Repayment of borrowings	(3,000)	(10,828)	(5,009)	(6,518)	(8,106)	(22,242)	(7,039)	(8,511)	(6,175)	(10,446)	(5,151)
Dividend/Subvention payments	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>5,000</b>	<b>13,244</b>	<b>11,651</b>	<b>2,943</b>	<b>4,187</b>	<b>(4,939)</b>	<b>(228)</b>	<b>136</b>	<b>2,299</b>	<b>(3,119)</b>	<b>(2,218)</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>(1,863)</b>	<b>(1,957)</b>	<b>2,067</b>	<b>5,185</b>	<b>2,938</b>	<b>(1,835)</b>	<b>1,205</b>	<b>830</b>	<b>1,737</b>	<b>1,279</b>	<b>3,779</b>
Cash, cash equivalents, and bank overdrafts	1,955	2,877	920	2,987	8,173	11,111	9,276	10,481	11,310	13,047	14,326
<b>Closing Cash Balances</b>	<b>92</b>	<b>920</b>	<b>2,987</b>	<b>8,173</b>	<b>11,111</b>	<b>9,276</b>	<b>10,481</b>	<b>11,310</b>	<b>13,047</b>	<b>14,326</b>	<b>18,105</b>

All figures are exclusive of GST unless otherwise stated

## Prospective Summary of Capital Purchases for the periods 2021-31 (\$000)

	Annual Plan					Long-term Plan						
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Horowhenua Lake Restoration	436	50	-	-	-	-	-	-	-	-	-	
JV Afforestation	150	437	68	70	72	75	77	80	83	86	88	
Nursery	814	100	21	11	66	11	12	12	13	13	14	
Nutrient Monitoring/Telemetry Equipment	72	70	72	75	78	80	83	86	89	92	95	
<b>Land, Water and Air Management</b>	<b>3,492</b>	<b>657</b>	<b>161</b>	<b>156</b>	<b>216</b>	<b>167</b>	<b>172</b>	<b>178</b>	<b>184</b>	<b>190</b>	<b>196</b>	
Lower Manawatū Scheme	4,945	14,080	11,410	641	2,675	797	1,493	2,259	4,403	1,484	398	
Lower Manawatū Scheme - Special Projects	-	-	-	-	-	-	-	-	-	-	-	
Mangatainoka River Scheme	90	119	123	127	132	136	140	144	149	153	158	
Matarawa Flood Control Scheme	-	-	16	382	-	-	-	-	-	-	-	
Pohangina-Ōroua River Control Scheme	64	150	155	160	165	171	176	182	188	194	200	
Rangitikei River Control Scheme	394	2,105	2,174	-	-	-	-	-	-	-	-	
Tawataia-Mangaone Scheme	-	-	3	4	-	-	-	-	-	-	-	
South East Ruahines Scheme	62	57	59	61	63	65	67	69	71	73	76	
Tūtaenui Flood Control Scheme	-	28	90	59	-	-	-	-	-	-	-	
Upper Manawatū-Lower Mangahao Scheme	125	67	69	71	74	76	79	81	84	86	89	
Lower Whanganui River Management Scheme		6,297	6,834	2,944	1,651	-	-	-	-	-	-	
Foxton East Drainage Scheme	36	3,055	5,385	-	-	-	-	-	-	-	-	
Hōkio Drainage Scheme	-	60	62	64	-	-	-	-	-	-	-	
Koputaroa Drainage Scheme	-	362	351	340	370	74	101	1,250	76	39	167	
Makerua Drainage Scheme	47	290	47	55	102	134	73	695	83	31	931	
Manawatū Drainage Scheme	66	202	208	142	204	157	78	73	50	25	43	
Moutoa Drainage Scheme	-	10	20	59	99	-	55	44	2,424	45	67	
Ōhau-Manakau Scheme	108	-	10	-	552	3	588	-	-	-	33	
Te Kawau Drainage Scheme	-	16	17	50	31	138	46	37	38	1,056	59	
Whirokino Drainage Scheme	23	-	-	-	-	-	-	-	-	-	-	
<b>Flood Protection</b>	<b>5,960</b>	<b>26,897</b>	<b>27,033</b>	<b>5,158</b>	<b>6,118</b>	<b>1,751</b>	<b>2,896</b>	<b>4,834</b>	<b>7,565</b>	<b>3,187</b>	<b>2,221</b>	
Biodiversity Support	-	25	0	25	0	25	0	25	0	25	0	
Pest Animal Biosecurity	30	100	103	107	111	115	118	122	127	131	135	
Totara Reserve	30	115	0	150	0	0	0	0	0	0	0	
Te Apiti Manawatū Gorge	30	-	-	-	-	-	-	-	-	-	-	
<b>Biosecurity and Biodiversity Management</b>	<b>90</b>	<b>240</b>	<b>103</b>	<b>282</b>	<b>111</b>	<b>140</b>	<b>118</b>	<b>147</b>	<b>127</b>	<b>156</b>	<b>135</b>	

All figures are exclusive of GST unless otherwise stated

## Prospective Summary of Capital Purchases for the periods 2021-31 (\$000) (Continued)

	Annual Plan		Long-term Plan								
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Aerial Photography	-	303	9	-	-	172	349	11	-	-	198
Camping Ground Floor Alarms	-	-	-	-	-	-	-	-	-	-	-
Catchment Information Development	228	243	154	180	540	171	175	180	184	190	195
Communications Equipment	-	5	5	5	5	6	6	6	6	6	6
Customer Services	-	61	36	53	-	-	-	-	-	-	-
Establishing a Consistent Regional Vertical datum	21	-	-	-	-	-	-	-	-	-	-
Group Emergency Co-ordination Centre Facilities	45	10	10	11	11	11	12	12	12	13	13
Historic Survey Data	2	-	-	-	-	-	-	-	-	-	-
Hazard Information Updates	113	164	-	-	-	-	-	-	-	-	-
Hydrology New and Replacement Specialised	453	903	829	1,153	1,224	1,061	1,077	1,050	621	721	87
Multimedia Equipment/Signage	-	5	5	5	5	6	6	6	6	6	6
Ohura Flood Modelling	(2)	-	-	-	-	-	-	-	-	-	-
Promotional Material	4	5	10	5	11	6	12	6	12	6	13
Replacement Vehicle radios/tracking Units	-	-	-	-	-	-	-	-	-	-	-
<b>Regional Leadership and Governance</b>	<b>864</b>	<b>1,699</b>	<b>1,060</b>	<b>1,412</b>	<b>1,796</b>	<b>1,432</b>	<b>1,636</b>	<b>1,270</b>	<b>842</b>	<b>942</b>	<b>519</b>
Ticketing System	88	-	-	-	-	-	-	-	-	-	-
<b>Transport</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Asset Management System	-	100	103	106	54	56	58	59	61	63	64
IT Hardware Replacement	439	356	211	180	213	177	199	311	262	285	273
Electronic Document Management System	-	-	39	125	471	118	22	23	24	25	26
Financial System Ozone	472	467	740	372	163	168	173	178	183	188	193
Regional House	153	534	177	133	109	108	110	114	117	120	124
Service Centre/Depots	-	1,322	343	34	35	38	37	38	39	43	41
Vehicle and Plant Purchases/Replacement	72	1,714	1,721	1,233	1,205	1,272	2,045	1,967	1,950	1,880	1,931
<b>Corporate Support</b>	<b>1,136</b>	<b>4,494</b>	<b>3,334</b>	<b>2,183</b>	<b>2,251</b>	<b>1,937</b>	<b>2,643</b>	<b>2,690</b>	<b>2,635</b>	<b>2,603</b>	<b>2,652</b>
<b>Grand Total</b>	<b>9,549</b>	<b>33,987</b>	<b>31,690</b>	<b>9,190</b>	<b>10,492</b>	<b>5,426</b>	<b>7,465</b>	<b>9,120</b>	<b>11,353</b>	<b>7,078</b>	<b>5,723</b>

All figures are exclusive of GST unless otherwise stated

# **Funding Impact Statements by Group of Activity**

## **Overview**

The following information is presented in compliance with the Local Government (Financial Reporting) and Prudence Regulations 2014. In accordance with the regulations, this information is not prepared in compliance with generally accepted accounting principles and should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting) and Prudence Regulations 2014. The key difference between these statements and the prospective financial statements is the exclusion of depreciation expense.

## Prospective Funding Impact Statement for Whole of Council for the periods 2021-31 (\$000)

	Annual Plan					Long-term Plan					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	31,451	31,727	34,202	36,078	38,777	41,190	43,057	44,984	47,283	49,316	51,149
Targeted rates	15,813	19,340	20,599	22,482	24,773	24,961	26,258	27,123	28,440	29,575	30,137
Subsidies and grants for operating purposes	7,021	10,909	13,417	12,750	7,947	8,173	8,436	8,654	8,887	9,151	9,403
Fees and charges	11,926	11,777	12,426	12,867	13,190	13,421	14,117	14,632	15,343	15,720	16,294
Internal charges and overheads recovered	-	0	0	0	0	0	0	0	0	0	0
Interest and dividends from investments	3,738	3,400	3,450	3,450	3,500	2,552	2,543	2,537	2,565	2,591	2,620
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>69,949</b>	<b>77,153</b>	<b>84,094</b>	<b>87,627</b>	<b>88,187</b>	<b>90,296</b>	<b>94,411</b>	<b>97,929</b>	<b>102,518</b>	<b>106,354</b>	<b>109,603</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	58,036	73,100	79,309	81,795	80,417	83,346	86,508	89,126	92,518	95,718	98,738
Finance costs	1,340	1,350	1,468	1,506	1,570	1,473	1,470	1,478	1,550	1,459	1,396
Internal charges and overheads applied	-	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>59,376</b>	<b>74,450</b>	<b>80,777</b>	<b>83,301</b>	<b>81,987</b>	<b>84,819</b>	<b>87,978</b>	<b>90,604</b>	<b>94,068</b>	<b>97,177</b>	<b>100,134</b>
<b>Surplus (Deficit) of Operating Funding (A-B)</b>	<b>10,572</b>	<b>2,702</b>	<b>3,318</b>	<b>4,326</b>	<b>6,200</b>	<b>5,477</b>	<b>6,433</b>	<b>7,325</b>	<b>8,450</b>	<b>9,178</b>	<b>9,470</b>
<b>Sources of Capital Funding</b>											
Subsidies and grants for capital expenditure	-	12,401	14,865	750	350	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	5,000	13,244	11,651	2,943	4,187	4,939-	228-	136	2,299	3,119-	2,218-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	2,320	2,935	375	175	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,000</b>	<b>27,965</b>	<b>29,451</b>	<b>4,068</b>	<b>4,712</b>	<b>(4,939)</b>	<b>(228)</b>	<b>136</b>	<b>2,299</b>	<b>(3,119)</b>	<b>(2,218)</b>
<b>Applications of Capital Funding</b>											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	11,808	33,386	31,412	8,978	10,099	4,920	6,548	8,245	5,969	4,784	4,423
· to replace existing assets	5,762	600	279	212	392	506	917	875	5,383	2,294	1,300
Increase (decrease) in reserves	(1,998)	(3,319)	1,078	(797)	420	(4,888)	(1,260)	(1,658)	(604)	(1,019)	1,529
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>15,572</b>	<b>30,667</b>	<b>32,769</b>	<b>8,394</b>	<b>10,912</b>	<b>538</b>	<b>6,205</b>	<b>7,461</b>	<b>10,749</b>	<b>6,059</b>	<b>7,252</b>
<b>Surplus (Deficit) of Capital Funding (C-D)</b>	<b>(10,572)</b>	<b>(2,702)</b>	<b>(3,318)</b>	<b>(4,326)</b>	<b>(6,200)</b>	<b>(5,477)</b>	<b>(6,433)</b>	<b>(7,325)</b>	<b>(8,450)</b>	<b>(9,178)</b>	<b>(9,470)</b>
<b>Funding Balance</b>	<b>-</b>	<b>0.00</b>	<b>-</b>								
Depreciation	4,561	5,254	5,594	5,982	6,436	6,457	6,781	7,099	7,559	7,879	8,135

## Prospective Funding Impact Statement for the Land and Water Management Group of Activities for the periods 2021-31 (\$'000)

	Annual Plan					Long-term Plan					
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	11,980	13,245	13,817	14,722	15,550	15,997	16,422	16,952	17,594	18,119	18,618
Targeted rates	596	749	770	798	936	956	944	971	998	1,027	1,074
Subsidies and grants for operating purposes	2,400	5,574	7,702	5,948	400	400	400	400	400	400	400
Fees and charges	5,102	5,964	6,303	6,643	6,919	7,105	7,298	7,513	7,781	8,021	8,245
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>20,078</b>	<b>25,532</b>	<b>28,591</b>	<b>28,112</b>	<b>23,804</b>	<b>24,458</b>	<b>25,064</b>	<b>25,837</b>	<b>26,773</b>	<b>27,567</b>	<b>28,338</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	8,754	11,582	14,415	13,294	8,892	9,181	9,461	9,775	10,095	10,421	10,735
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	11,342	13,438	14,139	14,819	14,880	15,264	15,628	16,087	16,698	17,154	17,608
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>20,095</b>	<b>25,020</b>	<b>28,555</b>	<b>28,113</b>	<b>23,772</b>	<b>24,445</b>	<b>25,090</b>	<b>25,863</b>	<b>26,793</b>	<b>27,575</b>	<b>28,343</b>
<b>Surplus (Deficit) of Operating Funding (A-B)</b>	<b>(17)</b>	<b>512</b>	<b>37</b>	<b>(2)</b>	<b>33</b>	<b>13</b>	<b>(25)</b>	<b>(26)</b>	<b>(20)</b>	<b>(8)</b>	<b>(5)</b>
<b>Sources of Capital Funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	(123)	(123)	(125)	(128)	(128)	(128)	(128)	(128)	(128)	(128)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>(123)</b>	<b>(123)</b>	<b>(125)</b>	<b>(128)</b>	<b>(128)</b>	<b>(128)</b>	<b>(128)</b>	<b>(128)</b>	<b>(128)</b>	<b>(128)</b>
<b>Applications of Capital Funding</b>											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	657	161	156	216	167	172	178	184	190	196
· to replace existing assets	1,341	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(1,358)	(268)	(247)	(282)	(311)	(282)	(325)	(331)	(332)	(326)	(329)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(17)</b>	<b>389</b>	<b>(86)</b>	<b>(127)</b>	<b>(95)</b>	<b>(115)</b>	<b>(153)</b>	<b>(153)</b>	<b>(148)</b>	<b>(136)</b>	<b>(133)</b>
<b>Surplus (Deficit) of Capital Funding (C-D)</b>	<b>17</b>	<b>(512)</b>	<b>(37)</b>	<b>2</b>	<b>(33)</b>	<b>(13)</b>	<b>25</b>	<b>26</b>	<b>20</b>	<b>8</b>	<b>5</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	191	187	189	189	197	173	129	124	124	131	116

## Prospective Funding Impact Statement for the Flood Protection and Control Works Group of Activities for the periods 2021-31 (\$000)

	Annual Plan					Long-term Plan						
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
<b>Sources of Operating Funding</b>												
General rates, uniform annual general charges, rates penalties	3,907	4,038	4,302	4,505	4,836	4,812	5,068	5,232	5,541	5,860	5,978	
Targeted rates	11,000	11,493	12,121	12,724	13,817	13,421	13,966	14,480	15,409	16,124	16,283	
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-	
Fees and charges	3,481	1,792	1,909	1,990	2,123	2,095	2,241	2,397	2,566	2,748	2,943	
Internal charges and overheads recovered	711	743	1,374	839	880	890	913	938	960	989	1,016	
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-	
<b>Total sources of operating funding (A)</b>	<b>19,099</b>	<b>18,067</b>	<b>19,707</b>	<b>20,059</b>	<b>21,655</b>	<b>21,218</b>	<b>22,188</b>	<b>23,047</b>	<b>24,475</b>	<b>25,721</b>	<b>26,220</b>	
<b>Applications of Operating Funding</b>												
Payments to staff and suppliers	5,669	6,106	6,348	6,768	7,184	7,654	8,176	8,735	9,391	10,122	10,940	
Finance costs	-	-	-	-	-	-	-	-	-	-	-	
Internal charges and overheads applied	5,707	6,390	7,428	7,311	7,787	7,984	8,135	8,229	8,445	8,717	8,810	
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-	
<b>Total applications of operating funding (B)</b>	<b>11,377</b>	<b>12,496</b>	<b>13,776</b>	<b>14,079</b>	<b>14,971</b>	<b>15,638</b>	<b>16,312</b>	<b>16,964</b>	<b>17,836</b>	<b>18,838</b>	<b>19,749</b>	
<b>Surplus (Deficit) of Operating Funding (A-B)</b>	<b>7,723</b>	<b>5,571</b>	<b>5,931</b>	<b>5,980</b>	<b>6,684</b>	<b>5,581</b>	<b>5,876</b>	<b>6,083</b>	<b>6,639</b>	<b>6,882</b>	<b>6,471</b>	
<b>Sources of Capital Funding</b>												
Subsidies and grants for capital expenditure	-	12,401	14,865	750	350	-	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in debt	4,825	6,034	2,806	(2,514)	(1,858)	(4,336)	(3,220)	(1,443)	136	(3,859)	(4,532)	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	
Other dedicated capital funding	-	2,320	2,935	375	175	-	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>4,825</b>	<b>20,755</b>	<b>20,606</b>	<b>(1,389)</b>	<b>(1,333)</b>	<b>(4,336)</b>	<b>(3,220)</b>	<b>(1,443)</b>	<b>136</b>	<b>(3,859)</b>	<b>(4,532)</b>	
<b>Applications of Capital Funding</b>												
Capital expenditure:												
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	
· to improve the level of service	10,800	26,297	26,755	4,946	5,725	1,245	1,979	3,960	2,181	892	921	
· to replace existing assets	352	600	279	212	392	506	917	875	5,383	2,294	1,300	
Increase (decrease) in reserves	1,395	(572)	(496)	(568)	(767)	(506)	(239)	(195)	(789)	(163)	(282)	
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>12,547</b>	<b>26,326</b>	<b>26,537</b>	<b>4,590</b>	<b>5,351</b>	<b>1,245</b>	<b>2,657</b>	<b>4,640</b>	<b>6,775</b>	<b>3,023</b>	<b>1,939</b>	
<b>Surplus (Deficit) of Capital Funding (C-D)</b>	<b>(7,723)</b>	<b>(5,571)</b>	<b>(5,931)</b>	<b>(5,980)</b>	<b>(6,684)</b>	<b>(5,581)</b>	<b>(5,876)</b>	<b>(6,083)</b>	<b>(6,639)</b>	<b>(6,882)</b>	<b>(6,471)</b>	
<b>Funding Balance</b>	<b>-</b>											
Depreciation	1,526	2,080	2,296	2,494	2,666	2,852	3,050	3,277	3,533	3,822	4,102	

## Prospective Funding Impact Statement for the Biosecurity and Biodiversity Group of Activities for the periods 2021-31 (\$000)

	Annual Plan					Long-term Plan					
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	6,566	4,728	5,075	5,379	5,644	5,860	6,002	6,165	6,349	6,555	6,704
Targeted rates	1,715	3,889	4,174	4,424	4,642	4,819	4,936	5,070	5,222	5,391	5,514
Subsidies and grants for operating purposes	-	100	100	100	-	-	-	-	-	-	-
Fees and charges	206	198	205	212	219	227	234	242	251	259	267
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>8,488</b>	<b>8,915</b>	<b>9,554</b>	<b>10,115</b>	<b>10,506</b>	<b>10,906</b>	<b>11,172</b>	<b>11,478</b>	<b>11,822</b>	<b>12,205</b>	<b>12,485</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	4,222	4,702	5,122	5,479	5,560	5,762	5,939	6,142	6,354	6,571	6,774
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	4,201	4,132	4,378	4,566	4,747	4,946	5,058	5,190	5,318	5,475	5,563
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,422</b>	<b>8,834</b>	<b>9,500</b>	<b>10,045</b>	<b>10,307</b>	<b>10,708</b>	<b>10,997</b>	<b>11,333</b>	<b>11,672</b>	<b>12,046</b>	<b>12,337</b>
<b>Surplus (Deficit) of Operating Funding (A-B)</b>	<b>66</b>	<b>81</b>	<b>54</b>	<b>70</b>	<b>199</b>	<b>198</b>	<b>175</b>	<b>145</b>	<b>150</b>	<b>159</b>	<b>149</b>
<b>Sources of Capital Funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	240	103	282	111	140	118	147	127	156	135
· to replace existing assets	520	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(454)	(159)	(49)	(212)	88	59	57	(2)	24	3	14
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>66</b>	<b>81</b>	<b>54</b>	<b>70</b>	<b>199</b>	<b>198</b>	<b>175</b>	<b>145</b>	<b>150</b>	<b>159</b>	<b>149</b>
<b>Surplus (Deficit) of Capital Funding (C-D)</b>	<b>(66)</b>	<b>(81)</b>	<b>(54)</b>	<b>(70)</b>	<b>(199)</b>	<b>(198)</b>	<b>(175)</b>	<b>(145)</b>	<b>(150)</b>	<b>(159)</b>	<b>(149)</b>
<b>Funding Balance</b>											
Depreciation	166	181	174	190	199	198	175	145	150	159	149

## Funding Impact Statement for the Regional Leadership and Governance Group of Activities for the periods 2021-31 (\$000)

	Annual Plan					Long-term Plan					
	2021-22	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	11,423	12,639	13,890	14,569	16,066	17,054	18,091	19,184	20,378	21,472	22,566
Targeted rates	-	187	193	200	209	215	221	229	235	244	253
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,925	1,792	1,837	1,879	1,715	1,752	1,794	1,835	1,885	1,929	1,975
Internal charges and overheads recovered	3,191	3,090	3,233	3,343	3,629	3,713	3,802	3,912	4,256	4,397	4,498
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>16,539</b>	<b>17,707</b>	<b>19,153</b>	<b>19,991</b>	<b>21,619</b>	<b>22,733</b>	<b>23,908</b>	<b>25,160</b>	<b>26,755</b>	<b>28,042</b>	<b>29,292</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	5,550	9,309	9,898	9,755	9,887	10,419	10,714	10,796	11,469	11,829	11,907
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	9,931	11,716	12,253	12,793	13,513	14,009	14,469	14,957	15,589	16,120	16,632
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>15,481</b>	<b>21,025</b>	<b>22,151</b>	<b>22,548</b>	<b>23,400</b>	<b>24,427</b>	<b>25,183</b>	<b>25,753</b>	<b>27,057</b>	<b>27,949</b>	<b>28,539</b>
<b>Surplus (Deficit) of Operating Funding (A-B)</b>	<b>1,058</b>	<b>(3,318)</b>	<b>(2,998)</b>	<b>(2,558)</b>	<b>(1,781)</b>	<b>(1,694)</b>	<b>(1,275)</b>	<b>(593)</b>	<b>(303)</b>	<b>93</b>	<b>753</b>
<b>Sources of Capital Funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(250)	3,783	3,418	3,032	2,623	2,224	1,819	1,407	990	568	141
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(250)</b>	<b>3,783</b>	<b>3,418</b>	<b>3,032</b>	<b>2,623</b>	<b>2,224</b>	<b>1,819</b>	<b>1,407</b>	<b>990</b>	<b>568</b>	<b>141</b>
<b>Applications of Capital Funding</b>											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	1,699	1,060	1,412	1,796	1,432	1,636	1,270	842	942	519
· to replace existing assets	1,650	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(841)	(1,234)	(640)	(937)	(955)	(901)	(1,092)	(456)	(155)	(281)	375
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>809</b>	<b>465</b>	<b>420</b>	<b>475</b>	<b>841</b>	<b>530</b>	<b>544</b>	<b>814</b>	<b>688</b>	<b>661</b>	<b>894</b>
<b>Surplus (Deficit) of Capital Funding (C-D)</b>	<b>(1,059)</b>	<b>3,318</b>	<b>2,998</b>	<b>2,558</b>	<b>1,781</b>	<b>1,694</b>	<b>1,275</b>	<b>593</b>	<b>303</b>	<b>(93)</b>	<b>(753)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
Depreciation	1,010	953	923	957	1,044	976	1,025	1,038	1,196	1,182	1,096

## Funding Impact Statement for the Transport Group of Activities for the periods 2021-31 (\$'000)

	Annual Plan					Long-term Plan					
	2020-21	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	323	414	421	456	467	433	443	459	471	511	518
Targeted rates	2,501	3,022	3,341	4,336	5,169	5,550	6,190	6,371	6,576	6,790	7,013
Subsidies and grants for operating purposes	4,620	5,235	5,616	6,702	7,547	7,773	8,036	8,254	8,487	8,751	9,003
Fees and charges	792	1,787	1,854	1,921	1,982	2,060	2,139	2,219	2,302	2,387	2,477
Internal charges and overheads recovered	559	528	626	632	659	685	736	741	765	793	823
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>8,796</b>	<b>10,986</b>	<b>11,856</b>	<b>14,047</b>	<b>15,825</b>	<b>16,500</b>	<b>17,545</b>	<b>18,045</b>	<b>18,601</b>	<b>19,233</b>	<b>19,834</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	7,235	9,179	9,833	11,971	13,662	14,329	15,307	15,760	16,250	16,808	17,328
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,646	1,728	1,943	1,996	2,083	2,146	2,238	2,284	2,350	2,425	2,506
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,881</b>	<b>10,906</b>	<b>11,776</b>	<b>13,967</b>	<b>15,745</b>	<b>16,475</b>	<b>17,545</b>	<b>18,045</b>	<b>18,601</b>	<b>19,233</b>	<b>19,834</b>
<b>Surplus (Deficit) of Operating Funding (A-B)</b>	<b>(85)</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sources of Capital Funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
· to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(85)	80	80	80	80	25	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(85)</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus (Deficit) of Capital Funding (C-D)</b>	<b>85</b>	<b>(80)</b>	<b>(80)</b>	<b>(80)</b>	<b>(80)</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding Balance</b>											
Depreciation	204	208	208	208	208	72	-	-	-	-	-

## Funding Impact Statement for the Investment Group of Activities for the periods 2021-31 (\$'000)

	Annual Plan					Long-term Plan					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Sources of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	(2,748)	(3,337)	(3,303)	(3,554)	(3,786)	(2,966)	(2,969)	(3,008)	(3,051)	(3,201)	(3,236)
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	3,915	314	317	328	345	354	363	374	385	397	406
Internal charges and overheads recovered	1,325	1,320	1,559	1,854	2,102	2,124	2,136	2,182	2,270	2,305	2,251
Interest and dividends from investments	3,738	3,400	3,450	3,450	3,500	2,552	2,543	2,537	2,565	2,591	2,620
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>6,230</b>	<b>1,697</b>	<b>2,023</b>	<b>2,078</b>	<b>2,161</b>	<b>2,064</b>	<b>2,073</b>	<b>2,084</b>	<b>2,170</b>	<b>2,092</b>	<b>2,041</b>
<b>Applications of Operating Funding</b>											
Payments to staff and suppliers	158	40	41	42	44	45	46	47	49	50	51
Finance costs	1,340	1,350	1,468	1,506	1,570	1,473	1,470	1,478	1,550	1,459	1,396
Internal charges and overheads applied	631	477	484	500	517	516	527	539	551	563	574
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,129</b>	<b>1,867</b>	<b>1,993</b>	<b>2,048</b>	<b>2,131</b>	<b>2,034</b>	<b>2,043</b>	<b>2,064</b>	<b>2,150</b>	<b>2,072</b>	<b>2,021</b>
<b>Surplus (Deficit) of Operating Funding (A-B)</b>	<b>4,101</b>	<b>(170)</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Sources of Capital Funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	5,000	13,244	11,651	2,943	4,187	(4,939)	(228)	136	2,299	(3,119)	(2,218)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,000</b>	<b>13,244</b>	<b>11,651</b>	<b>2,943</b>	<b>4,187</b>	<b>(4,939)</b>	<b>(228)</b>	<b>136</b>	<b>2,299</b>	<b>(3,119)</b>	<b>(2,218)</b>
<b>Applications of Capital Funding</b>											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
· to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	9,101	13,074	11,681	2,973	4,217	(4,909)	(198)	156	2,319	(3,099)	(2,198)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>9,101</b>	<b>13,074</b>	<b>11,681</b>	<b>2,973</b>	<b>4,217</b>	<b>(4,909)</b>	<b>(198)</b>	<b>156</b>	<b>2,319</b>	<b>(3,099)</b>	<b>(2,198)</b>
<b>Surplus (Deficit) of Capital Funding (C-D)</b>	<b>(4,101)</b>	<b>170</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(20)</b>	<b>(20)</b>	<b>(20)</b>	<b>(20)</b>
<b>Funding Balance</b>	<b>-</b>	<b>0</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>
Depreciation	-	-	-	-	-	-	-	-	-	-	-

# Rates Funding Impact Statement

## Notes:

1. All rates in this Funding Impact Statement are inclusive of GST.
2. The final date for payment for all rates is 24 September 2021. When all rates for the financial year are paid on or before this date. Except where prior arrangements are made, penalties for late payment will be applied at the maximum rates allowable, being 10 per cent on 29 October 2021 and 10 per cent on all accumulated rate arrears on 9 July 2021 and 14 January 2022.
3. A separately used or inhabited part of a rating unit includes any portion inhabited or used by [the owner/a person other than the owner], and who has the right to use or inhabit that portion by virtue of tenancy, lease, licence, or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.
4. For further information on the activities funded by the targeted rates listed below, please refer to the "How we will fund this activity" in the activity sections (pages 27-75).
5. The Council is not inviting any lump sum contributions in respect of any targeted rate.

## 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.

For further information about your rates classes/differentials please visit [www.horizons.govt.nz](http://www.horizons.govt.nz) Property and Rates FAQ's Rates Classifications.

## General Rate

### What it funds

The general rate is used to fund part or all of the activities that are of 'public benefit', where no other direct source of funding is identified to cover the cost of the activities.

Group of Activities	Revenue Sought 2021-22 (Including GST)
Land and Water Management	9,787,648
Flood Control and Protection Works	4,782,192
Biosecurity and Biodiversity Management	5,436,710
Regional Leadership and Governance	6,857,673
Transport	476,350
Investment	(2,337,213)
<b>Grand Total</b>	<b>25,003,359</b>

### How it is applied

The general rate is set on an equalised capital value basis using projected values of each of the region's territorial authority areas to account for the different revaluation cycles in each territorial authority area.

District/City	EQCV	All Properties \$ per \$ of Capital Value 2021-22	Revenue Sought 2021-22 (Including GST)
Horowhenua DC	14.02%	0.0003759	3,512,685
Manawatū DC	15.96%	0.0003759	3,996,848
Palmerston North CC	27.78%	0.0003757	6,953,665
Part Stratford DC	0.16%	0.0003758	40,585
Part Taupō DC	0.00%	0.0003770	601
Part Waitomo DC	0.10%	0.0003755	24,836
Rangitīkei DC	8.91%	0.0003754	2,228,419
Ruapehu DC	8.18%	0.0003753	2,046,758
Tararua DC	10.70%	0.0003753	2,674,851
Whanganui DC	14.19%	0.0004062	3,840,385
<b>Grand Total</b>	<b>100.00%</b>		<b>25,319,634</b>

## Uniform Annual General Charge

### What it funds

The UAGC is used to fund activities that have been identified through the Revenue and Financing Policy as meeting one of the following criteria:

- The expenditure is a 'public good' to which every ratepayer has equal access
- The expenditure is related to people rather than property
- The expenditure does not directly change the condition or economic value of a property or resource

### How it is applied

The UAGC is set on every rateable rating unit in the region. The estimated number of rating units is 110,364.

Activities	Revenue Sought 2021-22 (Including GST)
Community Relationships	1,691,883
Environmental Reporting	57,500
Hapū and Iwi	472,529
Governance	3,545,338
<b>Grand Total</b>	<b>5,767,249</b>

The 2021-22 rate is \$ 52.00 per rating unit (GST inclusive).

## Public Transport Rate

### What it funds

The public transport rate funds part of the cost of Horizons' contracted passenger transport services, including public transport (buses and trains) and Total Mobility.

### How it is applied

This rate is applied to districts based on rating roll groups (as determined by territorial authorities) which are predominantly urban in character and to which the services are available, on the basis of equalised capital value. The rate is set on a differential basis, reflecting the cost of the services provided within each district.

District/City	% of EQCV	All Properties \$ per \$ of Capital Value 2021-22	Revenue Sought 2021-22 (Including GST)
Horowhenua DC	13.09%	0.00005281	237,965
Manawatū DC	9.60%	0.00008602	284,408
Palmerston North CC	45.79%	0.00013807	2,176,995
Rangitīkei DC	4.85%	0.00002640	44,069
Ruapehu DC	4.32%	0.00000807	11,999
Tararua DC	3.22%	0.00001372	15,219
Whanganui DC	19.13%	0.00010782	710,173
<b>Grand Total</b>	<b>100.00%</b>		<b>3,480,830</b>

## Sustainable Land Use Initiative Rate

### What it funds

This rate funds part of the cost of the Sustainable Land Use Initiative.

### How it is applied

The revenue required is \$ 4,426,920. It is applied on a uniform basis to every SUIP in the region.

The 2021-22 rate is \$ 40.06 per SUIP (GST inclusive).

## Drinking Water Monitoring and Research Rate

### What it funds

This rate funds the cost of Horizons' drinking water monitoring and research, part of the Environmental Reporting activity.

### How it is applied

The revenue required is \$ 114,928. It is applied on a uniform basis to every SUIP in the region.

The 2021-22 rate is \$ 1.04 per SUIP (GST inclusive).

## Environmental Initiatives Rate

### What it funds

This rate funds the part of the cost of two activities: biosecurity and biodiversity protection and community relationships.

### How it is applied

The revenue required is \$ 3,182,609. It is applied on a uniform basis to every SUIP in the region.

The 2021-22 rate is \$ 28.80 per SUIP (GST inclusive).

## **Biosecurity and Biodiversity Protection (per ha) Rate**

### **What it funds**

This rate funds part of the cost of Horizons' biosecurity and biodiversity protection activity.

### **How it is applied**

The revenue required is \$ 1,482,313. It is applied on a per hectare basis to every rating unit larger than four hectares.

The 2021-22 rate is \$ 0.91 per ha (GST inclusive).

## **Regional Park Rate**

### **What it funds**

This rate funds part of the cost of the regional park campground, as part of the biosecurity and biodiversity protection activity.

### **How it is applied**

The revenue required is \$ 27,178. It is applied on a uniform basis to every SUIP in the Manawatū District and Palmerston North City.

The 2021-22 rate is \$ 0.58 per SUIP (GST inclusive).

## **Manawatū River Accord Rate**

### **What it funds**

This rate funds the part of cost of Horizons' Water Quality and Quantity activity specifically within the Manawatū River catchment. A map of this rate can be found at <https://maps.horizons.govt.nz/Gallery/>

### **How it is applied**

The revenue required is \$ 472,689. It is applied on a uniform basis to every SUIP in the Manawatū River catchment.

The 2021-22 rate is \$ 7.96 per SUIP (GST inclusive).

## **Lake Horowhenua Restoration Rate**

### **What it funds**

This rate funds the part of the cost of Horizons' Water Quality and Quantity activity specifically to restore Lake Horowhenua.

### **How it is applied**

The revenue required is \$ 389,916. It is applied on a uniform basis to every SUIP unit in the Horowhenua District.

The 2021-22 rate is \$ 22.08 per SUIP (GST inclusive).

# Targeted Rate: River and Drainage Schemes (including GST) Rates 2021-22

## River and Drainage Scheme Targeted Rates

A map of these targeted rates can be seen at <https://maps.horizons.govt.nz/Gallery/>

### What they fund

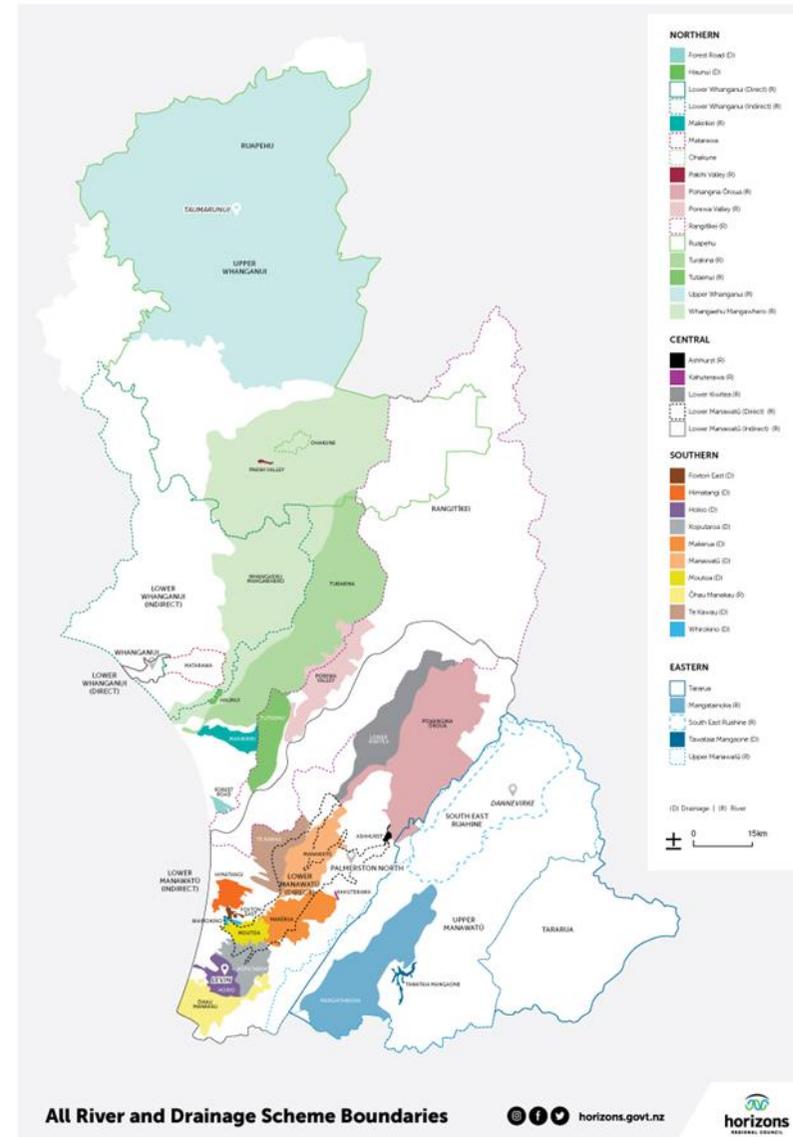
These rates fund part of the cost of the River and Drainage – Scheme activity.

### How they are applied

These rates are assessed for each scheme on a benefit/contributor classification basis, using a combination of capital value, land value, land area and direct benefit.

Further details for each scheme can be found in each scheme rating review, available on request. Alternatively, the rate classification codes are available on our website.

<https://www.horizons.govt.nz/CMSPages/GetFile.aspx?guid=5ce10e00-14fc-4a0a-bad3-31b7cbb7b424>



River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2019-20
<b>RIVER SCHEMES</b>					
<b>Kahuterawa</b>	KM	\$ Per Hectare	47	93.1130000	4,414
				Scheme	4,414
<b>Lower Kiwitea Stream</b>	CK	\$ Per Hectare	141	170.6430000	24,006
	CN	\$ Per Hectare	23,535	1.1310000	26,618
	MK	\$ Per Hectare	299	266.4190000	79,788
				Scheme	130,412
<b>Lower Manawatū</b>	CE	\$ Per Hectare	270,551	126,347.4575000	126,347
	CL	\$ Per Hectare	142,198	1.5920000	226,379
	CW	\$ per \$ of Land Value	79,005	0.7960000	62,888
	DR	\$ per \$ of Land Value	187	127.8230000	23,842
	F1	\$ per \$ of Land Value	156,421,450	0.0016784	262,535
	F2	\$ per \$ of Land Value	95,435,520	0.0013427	128,141
	F3	\$ per \$ of Land Value	52,409,800	0.0010070	52,778
	F4	\$ per \$ of Capital Value	360,366,276	0.0006714	241,932
	F5	\$ per \$ of Capital Value	624,888,004	0.0001678	104,881
	FB	\$ Per SUIP	637,582,000	0.0000956	60,966
	FG	\$ Per SUIP	3,058,317,800	0.0001945	594,720
	HF	\$ Per SUIP	774	497.0200000	384,693
	IC	\$ Per SUIP	52,241	10.9700000	573,084
	IE	\$ Per SUIP	2,660	5.4900000	14,603
	IF	\$ Per SUIP	5,806	3.6200000	21,018
	IS	\$ per \$ of Capital Value	11,698	5.4900000	64,223
	IW	\$ Per Hectare	918	3.6200000	3,323
	PN	\$ Per Hectare	15,422,297,000	0.0000631	972,376
	R1	\$ per \$ of Capital Value	3,968	66.5400000	264,030
	R2	\$ per \$ of Capital Value	171	13.3080000	2,273
	SA	\$ per \$ of Capital Value	4,673,660	0.0014266	6,668
	SB	\$ per \$ of Capital Value	49,978,620	0.0012588	62,912
	SC	\$ per \$ of Capital Value	10,470,950	0.0008392	8,787
	SD	\$ per \$ of Capital Value	69,673,520	0.0004196	29,235
				Scheme	4,292,635

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2019-20
<b>Lower Manawatū Special Project</b>	AH	\$ per \$ of Capital Value	482,657,000	0.0000028	1,351
	SP (On specified PN scheme)	\$ per \$ of Capital Value	15,233,659,000	0.0000712	1,085,093
	TU (Turitea)	\$ Per SUIP	13,190,000	0.0010450	13,784
				Scheme	1,100,229
<b>Lower Whanganui River</b>	N1	\$ per \$ of Capital Value	6,173,611,714	0.0000260	160,699
	N2	\$ per \$ of Capital Value	3,506	22.8700000	80,182
	W1	\$ Per Hectare	160,150,000	0.0001523	24,388
	W2	\$ Per Hectare	6,012,621,624	0.0000761	457,801
				Scheme	723,070
<b>Mākirikiri</b>	A	\$ Per Hectare	24	66.1630000	1,615
	A1	\$ Per Hectare	24	104.6860000	2,555
	B	\$ Per Hectare	107	46.3150000	4,945
	B1	\$ Per Hectare	42	73.2810000	3,090
	C	\$ Per Hectare	64	33.0820000	2,127
	C1	\$ Per Hectare	8	52.3430000	433
	CN	\$ Per Hectare	5,230	1.0420000	5,450
	F	\$ Per Hectare	180	6.6170000	1,192
	F1	\$ Per Hectare	37	10.4690000	386
	GF	\$ Per SUIP	1	759.0000000	759
	LF	\$ Per SUIP	1	1,457.2800000	1,457
	T1	\$ Per SUIP	1	819.7200000	820
				Scheme	24,829
<b>Mangatainoka</b>	CK	\$ Per Hectare	16,573	0.7620000	12,629
	CM	\$ Per Hectare	5,996	0.1120000	672
	CU	\$ Per Hectare	15,964	2.9670000	47,366
	DR	\$ Per Hectare	215	107.0500000	23,000
	F1	\$ Per Hectare	461	68.5370000	31,582
	F2	\$ Per Hectare	744	41.1220000	30,576
	IN	\$ Per Hectare	39,698	1.2210000	48,471
	KL	\$ Per Hectare	168	177.2250000	29,714
	LH	\$ Per Hectare	224	29.4080000	6,597
	LL	\$ Per Hectare	592	5.8820000	3,481
	LM	\$ Per Hectare	47	17.6450000	837
	MH	\$ Per Hectare	795	77.4990000	61,588
	ML	\$ Per Hectare	539	15.5000000	8,357
	MM	\$ Per Hectare	1,271	46.4990000	59,100

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
	MR	\$ Per Hectare	508	10.1420000	5,155
	PU	\$ per \$ of Capital Value	445,444,090	0.0002338	104,123
	R1	\$ per \$ of Capital Value	68,750,000	0.0005336	36,688
	R2	\$ per \$ of Capital Value	7,580,000	0.0004640	3,517
	UH	\$ Per Hectare	400	178.4110000	71,288
	UL	\$ Per Hectare	507	35.6830000	18,086
	UM	\$ Per Hectare	249	107.0470000	26,633
				Scheme	629,459
<b>Matarawa</b>	CM	\$ per \$ of Capital Value	6,173,714,600	0.0000059	36,672
	CN	\$ Per Hectare	7,910	2.9010000	22,946
	IN	\$ Per SUIP	311	30.6600000	9,535
	L1	\$ Per Hectare	92	27.6280000	2,552
	L2	\$ Per Hectare	70	27.6280000	1,924
	L3	\$ Per Hectare	14	110.5110000	1,557
	M1	\$ Per Hectare	393	184.1850000	72,334
	M3	\$ Per Hectare	72	36.8370000	2,649
	M4	\$ Per Hectare	33	36.8370000	1,205
				Scheme	151,374
<b>Ohakune</b>	UR	\$ per \$ of Capital Value	664,262,500	0.0000876	58,216
				Scheme	58,216
<b>Ōhau-Manakau</b>	AD	\$ Per Hectare	137	31.7540000	4,356
	CD	\$ Per Hectare	5	20.5420000	108
	CH	\$ Per Hectare	394	37.3170000	14,689
	CL	\$ Per Hectare	1,375	2.7990000	3,849
	FH	\$ Per Hectare	394	117.9730000	46,453
	FL	\$ Per Hectare	1,375	8.8480000	12,169
	HD	\$ Per Hectare	422	16.9710000	7,162
	IN	\$ Per Hectare	12,093	7.5800000	91,668
	KD	\$ Per Hectare	189	35.8650000	6,767
	L2	\$ Per Hectare	23	29.9360000	680
	LD	\$ Per Hectare	60	59.8710000	3,583
	MC	\$ Per Hectare	402	5.7970000	2,330
	ML	\$ Per Hectare	41	113.5480000	4,664
	MU	\$ Per Hectare	57	272.2800000	15,554
	OL	\$ Per Hectare	34	68.1350000	2,312
	OM	\$ Per Hectare	75	208.9210000	15,650
	OT	\$ Per Hectare	117	766.4960000	89,792
	OU	\$ Per Hectare	50	374.8870000	18,609
	PD	\$ Per Hectare	70	30.4550000	2,117
	SD	\$ Per Hectare	53	10.3450000	551

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
	TD	\$ Per Hectare	134	46.2960000	6,191
	UM	\$ per \$ of Capital Value	47,414,000	0.0001045	4,956
	UO	\$ per \$ of Capital Value	80,397,000	0.0000814	6,542
	UW	\$ per \$ of Capital Value	98,755,000	0.0002073	20,474
	WD	\$ Per Hectare	265	21.4660000	5,688
	WL	\$ Per Hectare	87	88.1840000	7,629
	WU	\$ Per Hectare	81	216.2260000	17,566
				Scheme	412,109
<b>Pakihi Valley</b>	A	\$ Per Hectare	100	94.5940000	9,482
				Scheme	9,482
<b>Pohangina - Ōroua</b>	DR	\$ Per Hectare	21	271.3220000	5,750
	EZ	\$ Per Hectare	369	0.1170000	43
	IA	\$ per \$ of Capital Value	480,594,120	0.0000226	10,881
	IN	\$ Per Hectare	55,193	2.5410000	140,245
	O1	\$ Per Hectare	394	81.0240000	31,894
	O2	\$ Per Hectare	694	100.7360000	69,879
	O3	\$ Per Hectare	10	64.8190000	617
	O4	\$ Per Hectare	170	80.5890000	13,665
	P1	\$ Per Hectare	282	193.2810000	54,467
	P2	\$ Per Hectare	628	115.9690000	72,879
	P3	\$ Per Hectare	128	21.5580000	2,759
	P4	\$ Per Hectare	196	154.6250000	30,267
	P5	\$ Per Hectare	39	92.7750000	3,601
	P6	\$ Per Hectare	33	17.2470000	565
				Scheme	437,512
<b>Porewa Valley</b>	A	\$ per \$ of Capital Value	2,888,120	0.0037990	10,972
	B	\$ per \$ of Capital Value	5,664,580	0.0022034	12,481
	C	\$ per \$ of Capital Value	9,345,843	0.0010637	9,941
	D	\$ per \$ of Capital Value	43,557,250	0.0001900	8,274
	E	\$ per \$ of Capital Value	13,054,700	0.0001140	1,488
	F	\$ per \$ of Capital Value	179,464,420	0.0000380	6,818
	U1	\$ per \$ of Capital Value	22,580,000	0.0003039	6,863
	U2	\$ per \$ of Capital Value	13,918,500	0.0000760	1,058
				Scheme	57,894

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
<b>Rangitikei River</b>	CD	\$ Per Hectare	24,993	0.3780000	9,447
	CN	\$ Per Hectare	176,030	0.7560000	133,078
	CU	\$ Per Hectare	42,977	0.3780000	16,245
	DR	\$ Per Hectare	87	232.2100000	20,090
	E1	\$ Per Hectare	602	63.4570000	38,189
	E2	\$ Per Hectare	702	25.3830000	17,827
	E3	\$ Per Hectare	1,193	103.5300000	123,511
	E4	\$ Per Hectare	1,293	87.1490000	112,724
	F1	\$ Per Hectare	1,495	138.5490000	207,185
	F2	\$ Per Hectare	783	83.1290000	65,074
	F3	\$ Per Hectare	41	16.7470000	693
	F4	\$ Per Hectare	161	48.0820000	7,719
	F5	\$ Per Hectare	220	57.3760000	12,625
	F6	\$ Per Hectare	53	34.4260000	1,824
	GF	\$ Per SUIP	51	525.8900000	26,820
	GT	\$ Per SUIP	227	173.0900000	39,291
	IN	\$ Per Hectare	40,529	0.6670000	27,033
	RF	\$ per \$ of Capital Value	700,000	0.0066449	4,651
	RH	\$ per \$ of Capital Value	2,940,000	0.0019524	5,740
	RO	\$ per \$ of Capital Value	128,750,000	0.0000285	3,663
UF	\$ per \$ of Capital Value	17,312,000	0.0015492	26,820	
UL	\$ per \$ of Capital Value	1,353,128,010	0.0000308	41,622	
UT	\$ per \$ of Capital Value	57,517,850	0.0006831	39,290	
UU	\$ per \$ of Capital Value	244,550,290	0.0000316	7,730	
			Scheme		988,896
<b>Ruapehu DC</b>	CN	\$ per \$ of Capital Value	5,621,680,000	0.0000130	73,307
				Scheme	73,307
<b>South East Ruahines</b>	CN	\$ Per Hectare	49,364	1.1970000	59,089
	DK (Dannevirke only)	\$ per \$ of Capital Value	842,368,000	0.0000773	65,081
	DR	\$ Per Hectare	351	58.9416640	20,700
	IN	\$ Per Hectare	64,676	0.9840000	63,641
	M1	\$ Per Hectare	1,213	36.9520000	44,815
	M2	\$ Per Hectare	633	65.5560000	41,493
	M3	\$ Per Hectare	110	72.1690000	7,923
	M4	\$ Per Hectare	438	74.5930000	32,648
	M5	\$ Per Hectare	1,911	11.6940000	22,350
	RZ	\$ Per Hectare	230	0.0210000	5

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
	SZ	\$ Per Hectare	302	0.0160000	5
	W1	\$ Per Hectare	531	8.7580000	4,650
	W2	\$ Per Hectare	753	16.2080000	12,199
	W3	\$ Per Hectare	8,534	11.1070000	94,793
	WO (Woodville only)	\$ per \$ of Capital Value	258,609,200	0.0000922	23,844
				Scheme	493,236
<b>Tararua</b>	CN	\$ per \$ of Capital Value	7,126,793,050	0.0000282	200,762
				Scheme	200,762
<b>Tawataia - Mangaone</b>	B	\$ Per Hectare	111	35.4150000	3,915
	C	\$ Per Hectare	654	11.8050000	7,716
	D	\$ Per Hectare	11	5.9030000	66
				Scheme	11,697
<b>Turakina</b>	CN	\$ Per Hectare	82,469	0.1100000	9,072
	T1	\$ Per Hectare	274	32.0980000	8,800
	T2	\$ Per Hectare	155	28.3300000	4,400
	T3	\$ Per Hectare	223	19.7130000	4,400
	T4	\$ Per Hectare	1,989	8.9430000	17,785
	T5	\$ Per Hectare	110	5.5840000	612
				Scheme	45,069
<b>Tūtaenui</b>	CN	\$ Per Hectare	12,737	0.7660000	9,757
	IN	\$ Per Hectare	12,734	0.7510000	9,563
	TL	\$ Per Hectare	454	19.6280000	8,920
	TW	\$ Per Hectare	291	42.0670000	12,222
	UB (Bulls)	\$ per \$ of Capital Value	301,240,434	0.0000492	14,809
	UM (Marton)	\$ per \$ of Capital Value	834,545,500	0.0000551	46,000
					Scheme
<b>Upper Manawatū</b>	CN	\$ Per Hectare	268,250	0.3270000	87,718
	D1	\$ Per Hectare	122	15.7440000	1,925
	D2	\$ Per Hectare	213	11.7380000	2,502
	D3	\$ Per Hectare	238	12.1440000	2,888
	D4	\$ Per Hectare	85	27.0350000	2,310
	IN	\$ Per Hectare	24,026	1.2600000	30,273
	M1	\$ Per Hectare	257	92.2510000	23,699
	M2	\$ Per Hectare	38	288.2820000	11,047
	U1	\$ Per Hectare	615	139.8960000	86,047
	U2	\$ Per Hectare	165	105.9600000	17,524
U3	\$ Per Hectare	142	183.4860000	26,090	

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
	U4	\$ Per Hectare	125	86.1670000	10,775
				Scheme	302,798
			-		
<b>Upper Whanganui</b>	IN	\$ per \$ of Capital Value	3,135,523,550	0.0000149	46,813
	R1	\$ per \$ of Capital Value	182,000	0.0010923	199
	R2	\$ per \$ of Capital Value	1,701,000	0.0005462	929
	R3	\$ per \$ of Capital Value	1,275,400	0.0011629	1,483
	R4	\$ per \$ of Capital Value	2,126,000	0.0005815	1,236
	U1	\$ per \$ of Capital Value	114,182,300	0.0002023	23,097
	U2	\$ per \$ of Capital Value	391,695,250	0.0000809	31,696
				Scheme	105,453
<b>Whangaehu - Mangawhero</b>	CN	\$ Per Hectare	127,612	0.2650000	33,817
	IN	\$ Per SUIP	449	21.4800000	9,645
	LW	\$ Per Hectare	844	4.4310000	3,741
	MW	\$ Per Hectare	1,301	15.7050000	20,439
	UM	\$ Per Hectare	77	69.2600000	5,354
	UW	\$ Per Hectare	639	36.8110000	23,505
				Scheme	96,501

DRAINAGE SCHEMES					
<b>Ashhurst Stream</b>	AC	\$ per \$ of Capital Value	480,594,120	0.0000607	29,177
	AL	\$ Per Hectare	10	153.4690000	1,482
	AN	\$ Per SUIP	1,271	22.9600000	29,182
	AU	\$ Per Hectare	22	40.6220000	899
				Scheme	60,740
<b>Forest Road</b>	A	\$ Per Hectare	36	32.0220000	1,168
	B	\$ Per Hectare	207	24.0160000	4,980
	C	\$ Per Hectare	158	16.0110000	2,535
	D	\$ Per Hectare	549	8.0060000	4,399
	E	\$ Per Hectare	79	4.1630000	330
	F	\$ Per Hectare	139	2.2420000	311
				Scheme	13,723
<b>Foxton East</b>	CN	\$ Per Hectare	813	29.2257927	23,772
	UB	\$ per \$ of Capital Value	405,123,000	0.0002548	103,229
				Scheme	127,001

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
<b>Haunui</b>	A	\$ per \$ of Land Value	14,580,000	0.0008862	12,920
				Scheme	12,920
<b>Himatangi</b>	A	\$ Per Hectare	489	18.1830000	8,888
	B	\$ Per Hectare	404	12.7280000	5,146
	C	\$ Per Hectare	659	6.3640000	4,192
	D	\$ Per Hectare	1,124	3.2730000	3,679
	E	\$ Per Hectare	1,363	1.2730000	1,735
	F	\$ Per Hectare	404	0.9100000	368
				Scheme	24,007
<b>Hōkio</b>	AC	\$ Per SUIP	171	136.9100000	23,412
	DA	\$ Per Hectare	101	35.3140000	3,558
	DH	\$ Per Hectare	55	23.8700000	1,324
	DL	\$ Per Hectare	39	5.2860000	207
	DM	\$ Per Hectare	175	18.5160000	3,247
	DP	\$ Per Hectare	26	49.1390000	1,301
	DS	\$ Per Hectare	659	35.8060000	23,584
	IN	\$ Per Hectare	4,389	5.2230000	22,922
	UH	\$ per \$ of Capital Value	48,045,400	0.0000350	1,682
	UL	\$ per \$ of Capital Value	3,010,245,000	0.0000112	33,835
				Scheme	115,073
<b>Koputaroa</b>	A1	\$ Per Hectare	174	59.6720000	10,389
	A2	\$ Per Hectare	216	29.8360000	6,456
	C1	\$ Per Hectare	30	25.6920000	772
	C2	\$ Per Hectare	128	16.9570000	2,164
	C3	\$ Per Hectare	111	8.4790000	945
	C4	\$ Per Hectare	99	27.2420000	2,692
	C5	\$ Per Hectare	107	17.9800000	1,921
	D1	\$ Per Hectare	501	43.6390000	21,870
	D2	\$ Per Hectare	80	21.8200000	1,744
	D3	\$ Per Hectare	141	27.3790000	3,861
	D4	\$ Per Hectare	63	13.6900000	861
	D5	\$ Per Hectare	348	28.4740000	9,906
	D6	\$ Per Hectare	113	14.2370000	1,613
	D7	\$ Per Hectare	250	49.4500000	12,347
	D8	\$ Per Hectare	165	24.7250000	4,090
	F1	\$ Per Hectare	753	12.0300000	9,063
	F2	\$ Per Hectare	722	7.2180000	5,215
	F3	\$ Per Hectare	108	3.6090000	390
	F4	\$ Per Hectare	173	1.2030000	208
	F5	\$ Per Hectare	124	40.2200000	4,995
	F6	\$ Per Hectare	238	16.0880000	3,822

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
	I1	\$ Per Hectare	1,300	6.7940000	8,831
	I2	\$ Per Hectare	305	9.1180000	2,783
	I3	\$ Per Hectare	665	7.9580000	5,289
	I4	\$ Per Hectare	635	10.5430000	6,695
	IA	\$ Per Hectare	1,833	1.5560000	2,852
	IK	\$ Per Hectare	5,255	1.6920000	8,892
	IN	\$ Per Hectare	1,046	28.6100000	29,926
	K1	\$ Per Hectare	132	112.4890000	14,810
	K2	\$ Per Hectare	106	56.2450000	5,959
	P1	\$ Per Hectare	110	246.5610000	27,103
	P2	\$ Per Hectare	177	162.7300000	28,755
	P3	\$ Per Hectare	48	182.2170000	8,737
	P4	\$ Per Hectare	96	120.2640000	11,598
	P5	\$ Per Hectare	30	213.7100000	6,354
	P6	\$ Per Hectare	127	141.0490000	17,983
	P7	\$ Per Hectare	111	70.5250000	7,860
	P8	\$ Per Hectare	99	231.6440000	22,879
	P9	\$ Per Hectare	107	152.8850000	16,338
				Scheme	338,969
<b>Makerua</b>	B1	\$ Per Hectare	310	23.5240000	7,286
	B2	\$ Per Hectare	130	9.4100000	1,220
	C1	\$ Per Hectare	97	40.0200000	3,871
	C2	\$ Per Hectare	144	16.0080000	2,304
	CB	\$ Per Hectare	134	11.2760000	1,515
	CK	\$ Per Hectare	358	15.4610000	5,535
	CM	\$ Per Hectare	214	20.4300000	4,369
	CO	\$ Per Hectare	3,499	15.3530000	53,713
	EC	\$ Per Hectare	8,628	1.5870000	13,692
	G1	\$ Per Hectare	141	7.4460000	1,049
	K1	\$ Per Hectare	368	58.4720000	21,497
	L1	\$ Per Hectare	230	20.2120000	4,651
	L2	\$ Per Hectare	326	8.0850000	2,632
	M1	\$ Per Hectare	219	26.5360000	5,803
	M2	\$ Per Hectare	128	10.6150000	1,362
	O1	\$ Per Hectare	4,079	37.5350000	153,092
	O2	\$ Per Hectare	1,207	15.0140000	18,127
	OC	\$ Per Hectare	6,006	4.8020000	28,840
	PB	\$ Per Hectare	134	177.3670000	23,827
	PK	\$ Per Hectare	358	113.1070000	40,489
	PM	\$ Per Hectare	214	127.7540000	27,323
	PO	\$ Per Hectare	3,498	42.5800000	148,965
	R1	\$ Per Hectare	121	36.6590000	4,428
	T1	\$ Per Hectare	223	31.4000000	6,991
				Scheme	582,581

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
<b>Manawatū</b>	CL	\$ Per Hectare	31	107.9150000	3,357
	CN	\$ Per Hectare	15,469	8.5270000	131,902
	DR	\$ Per Hectare	17,198	19.4760000	334,941
	DU	\$ Per SUIP	1,281	85.2500000	109,205
	F1	\$ Per Hectare	1,183	39.1470000	46,316
	F2	\$ Per Hectare	499	19.5740000	9,762
	F3	\$ Per Hectare	214	3.9150000	839
	P1	\$ Per Hectare	724	154.8650000	112,174
	P2	\$ Per Hectare	176	77.4330000	13,626
	P3	\$ Per Hectare	910	38.7170000	35,231
	P4	\$ Per Hectare	264	7.7440000	2,043
				Scheme	799,396
<b>Moutoa</b>	B1	\$ Per Hectare	4	243.0540000	984
	B2	\$ Per Hectare	36	194.4430000	6,981
	B3	\$ Per Hectare	62	36.4590000	2,258
	C1	\$ Per Hectare	124	57.5820000	7,151
	C2	\$ Per Hectare	21	46.0660000	966
	C3	\$ Per Hectare	5	17.2750000	94
	D1	\$ Per Hectare	1,138	34.3330000	39,056
	D2	\$ Per Hectare	712	19.5530000	13,925
	D3	\$ Per Hectare	1,338	7.8220000	10,465
	D4	\$ Per Hectare	1,011	8.9770000	9,078
	D5	\$ Per Hectare	135	3.5910000	486
	MC	\$ Per Hectare	4,462	21.5160000	96,015
	P1	\$ Per Hectare	206	123.5940000	25,505
	P2	\$ Per Hectare	835	98.8750000	82,545
	P3	\$ Per Hectare	410	37.0780000	15,188
	P4	\$ Per Hectare	600	98.5370000	59,157
	P5	\$ Per Hectare	375	78.8300000	29,600
	P6	\$ Per Hectare	102	29.5610000	3,030
				Scheme	402,483
<b>Te Kawau</b>	AC	\$ Per SUIP	520	84.4700000	43,924
	C1	\$ Per Hectare	82	14.5260000	1,187
	C2	\$ Per Hectare	850	0.5590000	475
	CF	\$ Per Hectare	13,325	1.4080000	18,762
	CR	\$ Per Hectare	713	3.5140000	2,506
	CU	\$ Per Hectare	36	40.8690000	1,479
	DA	\$ Per Hectare	1,634	1.7920000	2,927
	DO	\$ Per Hectare	4,173	6.9420000	28,968
	DR	\$ Per Hectare	314	9.3740000	2,945
	DS	\$ Per Hectare	7,511	12.7720000	95,926
	FK	\$ Per Hectare	207	11.0260000	2,280

River and Drainage Schemes	Class/Diff	Rating Basis	Number Rating of Units	Unit Rate	Revenue Sought 2019-20
	FM	\$ Per Hectare	1,087	41.0660000	44,638
	P1	\$ Per Hectare	40	49.9920000	2,004
	P2	\$ Per Hectare	11	12.4990000	134
	PR	\$ Per Hectare	332	16.6140000	5,512
				Scheme	253,668
<b>Whirokino</b>	D1	\$ Per Hectare	111	42.5400000	4,737
	D2	\$ Per Hectare	156	28.0760000	4,370
	D3	\$ Per Hectare	4	4.2540000	17
	D4	\$ Per Hectare	45	97.9530000	4,396
	D5	\$ Per Hectare	26	39.1820000	1,010
	F1	\$ Per Hectare	89	32.5870000	2,884
	F2	\$ Per Hectare	4	19.5520000	79
	F3	\$ Per Hectare	267	3.2590000	870
	IN	\$ Per Hectare	458	3.0640000	1,402
	P1	\$ Per Hectare	28	223.5280000	6,308
	P2	\$ Per Hectare	16	89.4120000	1,459
	P3	\$ Per Hectare	48	22.3530000	1,072
				Scheme	28,605
				Including GST	<b>13,209,793</b>
				Excluding GST	<b>11,486,777</b>

<b>Total Rates Summary</b>	<b>Including GST</b>	<b>Excluding GST</b>
General Rate	25,003	21,742
Uniform Annual General Charge	5,767	5,015
Sustainable Land Use Initiative (SLUI) UAC	4,421	3,845
Environmental Initiatives UAC	3,178	2,764
Drinking Water Monitoring and Research	115	100
Manawatū River Quality Improvement	472	410
River and Drainage Scheme	11,775	10,245
River and Drainage Scheme Rates (UAC)	1,435	1,248
Regional Park UAC	27	24
Biosecurity and Biodiversity Protection (per ha) Rate	1,482	1,289
Transport Passenger Services	3,476	3,022
Horowhenua Restoration	390	339
<b>Sub Total</b>	<b>57,541</b>	<b>50,042</b>
Penalties and Remissions	1,179	1,025
<b>Total Rates Including Penalties and Remissions</b>	<b>58,720</b>	<b>51,067</b>

## Sample Ratepayers for 2021-22

Hectares	Old CV	New CV	2020-21 Rates	2021-22 Estimate	Change \$	Change %
<b>HOROWHENUA DISTRICT</b>			<b>Average for District</b>		<b>5.26%</b>	
0.088	330,000	330,000	275.51	294.65	19.14	6.95%
0.082	340,000	340,000	272.75	277.27	4.52	1.66%
0.081	385,000	385,000	290.18	294.19	4.01	1.38%
596.582	1,770,000	1,770,000	2,448.55	2,516.95	68.40	2.79%
278.636	4,210,000	4,210,000	2,452.83	2,442.00	(10.83)	(0.44%)
619.050	970,000	970,000	1,779.13	1,853.87	74.74	4.20%
<b>MANAWATŪ DISTRICT</b>			<b>Average for District</b>		<b>1.28%</b>	
0.045	300,000	300,000	327.15	338.40	11.25	3.44%
0.082	415,000	415,000	399.16	413.94	14.78	3.70%
0.441	610,000	610,000	523.65	542.51	18.86	3.60%
80.707	1,580,000	1,580,000	830.22	800.67	(29.55)	(3.56%)
87.279	2,010,000	2,010,000	1,110.40	1,085.22	(25.18)	(2.27%)
88.528	3,415,000	3,415,000	1,689.31	1,646.46	(42.85)	(2.54%)
<b>PALMERSTON NORTH CITY</b>			<b>Average for District</b>		<b>(0.10%)</b>	
0.085	320,000	320,000	346.90	356.46	9.56	2.76%
0.066	420,000	420,000	406.74	413.68	6.94	1.71%
0.101	590,000	590,000	516.90	523.90	7.00	1.35%
49.305	1,000,000	1,000,000	717.45	718.58	1.13	0.16%
0.154	1,780,000	1,780,000	1,293.66	1,295.11	1.45	0.11%
0.428	4,150,000	4,150,000	2,802.33	2,831.33	29.00	1.03%
<b>RANGITĪKEI DISTRICT</b>			<b>Average for District</b>		<b>15.73%</b>	
0.065	99,000	175,000	168.07	197.75	29.68	17.66%
0.110	190,000	365,000	225.54	297.73	72.19	32.01%
0.081	255,000	430,000	1,227.07	1,476.17	249.10	20.30%
84.602	1,745,000	2,050,000	923.86	977.62	53.76	5.82%
1,062.300	1,780,000	2,410,000	2,128.31	2,388.49	260.18	12.22%
1,844.203	3,980,000	6,310,000	4,339.29	8,304.79	3,965.50	91.39%

Hectares	Old CV	New CV	2020-21 Rates	2021-22 Estimate	Change \$	Change %
<b>RUAPEHU DISTRICT</b>			<b>Average for District</b>		<b>15.54%</b>	
0.103	115,000	190,000	185.83	215.43	29.60	15.93%
0.438	195,000	280,000	196.33	234.82	38.49	19.60%
0.260	295,000	370,000	302.62	304.04	1.42	0.47%
1,994.310	1,919,000	2,338,000	2,644.30	2,875.65	231.35	8.75%
86.911	1,940,000	2,490,000	1,006.80	1,190.76	183.96	18.27%
263.431	5,675,000	5,933,500	2,796.90	2,754.08	(42.82)	(1.53%)
<b>TARARUA DISTRICT</b>			<b>Average for District</b>		<b>13.58%</b>	
0.075	118,000	320,000	190.28	291.75	101.47	53.33%
0.554	155,000	300,000	191.97	257.29	65.32	34.03%
0.216	225,000	375,000	305.33	375.13	69.80	22.86%
288.038	1,260,000	1,770,000	908.66	1,097.62	188.96	20.80%
191.017	3,810,000	3,810,000	2,422.39	2,374.66	(47.73)	(1.97%)
814.480	4,080,000	5,770,000	3,174.87	3,847.87	673.00	21.20%
<b>WHANGANUI DISTRICT</b>			<b>Average for District</b>		<b>7.54%</b>	
-	205,000	205,000	232.01	249.44	17.43	7.51%
0.030	355,000	355,000	321.38	342.76	21.38	6.65%
0.058	490,000	490,000	400.09	426.74	26.65	6.66%
419.866	1,160,000	1,160,000	1,093.94	1,129.94	36.00	3.29%
90.505	3,270,000	3,270,000	1,496.44	1,555.22	58.78	3.93%
1,039.360	5,510,000	5,510,000	3,445.94	3,600.87	154.93	4.50%

To see how the proposed rates translate to your individual property check out our rates search at [www.horizons.govt.nz/rates-search](http://www.horizons.govt.nz/rates-search)

# Statement of Accounting Policies to 30 June 2031

## Reporting Entity

Horizons Regional Council (HRC) is the trading name of the Manawatū-Whanganui Regional Council, a Local Authority governed by the Local Government Act 2002, and is domiciled in New Zealand.

The Horizons Regional Council Group (the Group) consists of Horizons Regional Council (the 'parent entity') and its subsidiary, MWRC Holdings Limited (MWRCH), domiciled in New Zealand.

Horizons has the following as investments in the balance sheet:

- 15.5% equity share of Regional Software Holdings Ltd (RSHL), and
- 14.29% (1/7) of the shares in MW LASS Limited

MW LASS Limited has been set up as a shared service across six territorial authorities (TAs) and HRC, of which HRC has the above shareholding.

The prospective financial statements presented are those of the 'parent entity' only and are to the year ending 30 June 2031. These statements have been prepared at the 'parent entity' level only, as group financials are not considered appropriate because the group information is not readily available. Also, group financials have no impact on the Funding Impact Statement (FIS).

The prospective financial statements of the 'parent entity' HRC comprise the following groups of activities of HRC: Land and Water Management; Flood Protection and Control Works; Biosecurity and Biodiversity Management; Regional Leadership and Governance; Transport; and Investment. As these activities

are carried out for environmental and community benefit and not for financial return, HRC has designated itself as a Public Benefit Entity (PBE) for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The prospective financial statements presented are those of HRC for the periods ending 30 June 2031. Council is planning to adopt the 2021-31 Long-term Plan on 22 June 2021.

## Basis of Preparation

The prospective financial information statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. In particular, these prospective statements have been prepared in accordance with PBE Financial Reporting Standard-42: Prospective Financial Statements.

The Council is responsible for the prospective financial statements included in this plan, including the appropriateness of the significant financial assumptions these are based on, and the other disclosures in the document.

## Statement of Compliance

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

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity. In particular, these prospective financial

statements have been prepared in accordance with PBE Financial Reporting Standard-42: Prospective Financial Statements.

### **Comparative Information**

The Annual Plan 2020/21 adopted by Council on 26 May 2020 has been provided as a comparator for these prospective financial statements. The closing balances in this comparative differ from the opening position used to prepare these prospective financial statements, which is based on the most up-to-date forecast information.

### **Presentation and Currency**

The prospective financial statements have been prepared in New Zealand dollars, and all values (other than the River and Drainage Scheme Summary) are rounded to the nearest thousand dollars (\$000). The functional currency of Horizons is New Zealand dollars. There will be rounding in numbers in the prospective financial statements as the financial model used calculates to the cent, but the Long-term Plan is rounded to the nearest thousand dollars. The prospective financial statements were prepared on an historical cost basis, modified by the revaluation of land and buildings and certain infrastructural assets.

### **Basis of Consolidation**

These prospective financial statements are prepared at the 'parent' level only.

### **Subsidiaries**

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

The power exists where HRC controls the majority voting power on the governing body or where such policies were irreversibly predetermined by HRC or where the determination of such policies is unable to materially affect the level of potential

ownership benefits that arise from the activities of the subsidiary. Power also exists where the funding received by the entity from HRC is greater than funding from other sources.

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

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

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

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

### **Joint Ventures**

A joint venture is a binding arrangement whereby HRC and other parties undertake an economic activity that is subject to joint control. Joint control is an agreed sharing of control over an activity.

For jointly controlled activities, HRC recognises in its prospective financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

## **Changes in Accounting Policies**

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

### **Standards issued and not yet effective, and not early adopted**

PBE IPSAS 3.35,36 Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

#### ***Financial instruments***

In March 2019, the XRB issued PBE IPSAS 41 Financial Instruments. PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 (also not yet effective and not early adopted). PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The main changes under PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses, and
- Revised hedge accounting requirements to better reflect the management of risks

The Council plans to apply this standard in preparing its 30 June 2023 financial statements. The Council and Group have not yet assessed the effects of the new standard.

## ***Service Performance Reporting***

In November 2017, the XRB issued PBE FRS 48 Service Performance Reporting. PBE FRS 48 is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Council plans to apply the new standards in preparing the 30 June 2022 financial statements. The Council and Group have not yet assessed the effects of the new standard.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Group or are not expected to have a material impact on the prospective financial statements of the Group and, therefore, have not been disclosed.

## **Revenue**

The specific accounting policies for major categories of revenue are outlined below:

### ***Rates Revenue***

The following policies for rates have been applied:

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

### ***Revenue from Government***

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

### ***Other Grants Received***

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

### ***Vested Physical Assets***

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

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

### ***Other Revenue***

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

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

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

### **Expenditure**

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

### **Grant Expenditure**

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

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

### **Leases**

#### ***Operating Leases***

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

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

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

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

### **Cash and Cash Equivalents**

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

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

### **Trade and Other Receivables**

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

### **Inventories**

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

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

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

### **Financial Derivatives**

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

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

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

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

### **Financial Assets**

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

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

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

#### ***Financial assets at fair value through surplus or deficit***

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

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading, are classified as a current asset. The current/non-current

classification of derivatives is explained in the derivatives accounting policy above.

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

### ***Loans and Receivables***

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

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

### ***Held to Maturity Investments***

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

### ***Fair Value Through Other Comprehensive Revenue and Expense***

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

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

### ***Foreign Currency Transactions (FCTs)***

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

### ***Impairment of Financial Assets***

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

### ***Loans and Other Receivables and Held-to-Maturity Investments***

Impairment of a loan or receivable is established when there is objective evidence that HRC and the Group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that were renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds and community loans, are recognised directly against the instrument's carrying amount.

### ***Financial Assets at Fair Value Through Comprehensive Revenue and Expense***

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

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

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

or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

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

### **Investment Property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

### **Property, Plant and Equipment**

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

- i. All operational land and buildings will be valued at fair value by an independent, registered valuer, with additions at cost, less accumulated depreciation on buildings. HRC undertakes revaluations in a three-yearly cycle. In a non-revaluation

year, fair values are assessed and if the values are determined to have moved significantly, a full revaluation is performed in line with relevant accounting standards.

- ii. Infrastructural assets are revalued annually at depreciated replacement cost by HRC engineering staff that are directly associated with the administration of these schemes. The valuation methodology is reviewed by suitably qualified, independent consultants, to confirm that the methodology is consistent with PBE IPSAS 17
- iii. Plant and vehicles are valued at cost less accumulated depreciation and impairment
- iv. Furniture and fittings are valued at cost less accumulated depreciation and impairment
- v. Office equipment, scientific equipment and computer equipment are valued at cost less accumulated depreciation and impairment
- vi. Capital Work in Progress includes:
  - (a) Assets in process of construction, and
  - (b) Purchases and disposals awaiting finalisation (e.g. subdivision titles) and thus not yet processed through the fixed asset register

Included within the land infrastructural assets managed by Horizons, are significant land-holdings that are legally held in the name of the Crown. This technical legal ownership by the Crown results from the fact that, prior to 1987, various government departments, e.g. the Ministry of Works, were responsible for acquiring land required for the various river control schemes. Since 1987, however, all land acquisitions were undertaken by HRC, and so legal ownership was vested in HRC. While the Crown is the legal owner of portions of HRC's river control scheme land-holdings, it is considered that HRC, or at least HRC's ratepayers, enjoy all of the risks and benefits associated with ownership of these land-holdings, and so "in substance" HRC has ownership. However, it is noted that should HRC ever

decide to sell a significant portion of these land-holdings, then part of the proceeds may have to be returned to the Crown.

### **Additions**

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

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

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

### **Disposals**

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

### **Subsequent Costs**

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

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

## Infrastructural Assets

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

## Depreciation

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

Buildings	50 years
Heavy plant and machinery	5-15 years
Other plant and machinery	5-15 years
Motor vehicles	4-15 years
Furniture and fittings	5-15 years
Office equipment	5-6 years
Scientific equipment	3-20 years
Computer equipment	3-5 years
Communications equipment	3-15 years
Equipment and electronics	3-12 years

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

Concrete block walls	100-200 years
Major floodgate Structures	70-100 years
Floodgate culverts (over 1.2 m)	70 years
Flow diversion structures	70-200 years
Pump station structure	70 years
Drop structures	50-120 years
Amenity enhancements	50 years
Concrete/timber flood walls	50-200 years
Grade controls	50 years
Portable flood barriers	50 years

Pump station floodgates/pumps	50 years
Timber retaining walls	50 years
Weirs	50 years
Pump station electrical/mechanical	25 years
Gabions	20 years
Permeable mesh units	20 years
Rangitikei stopbanks	20 years

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

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

## Accounting for Revaluations

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

## Intangible Assets

### **Computer Software**

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

and other related costs, as well as an appropriate portion of relevant overheads.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its expected useful life during which future economic benefits or service potential associated with the item will flow to HRC. For Digital Terrain Flood Modelling software, this is estimated as being from 10 to 12 years, and for other computer software, both acquired and developed, from 3 to 20 years.

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

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

Costs associated with maintaining computer software are treated as an expense when incurred, as follows:

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

### **Carbon Credits**

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

### **Impairment of Property, Plant, Equipment and Intangibles**

Intangible assets, subsequently measured at cost that have an indefinite useful life, or are not yet available for use and goodwill,

are not subject to amortisation and are tested annually for impairment.

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

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

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

### **Value in Use for Non-cash-generating Assets**

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

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

### **Value in Use for Cash-generating Assets**

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

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

## **Forestry Assets**

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

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

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

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

### ***Carbon Credits***

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

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

## **Employee Entitlements**

### ***Short-term Employee Entitlements***

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related

service, are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

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

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

### ***Long-term Employee Entitlements***

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

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

### ***Superannuation Schemes***

#### ***Defined Contribution Schemes***

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

## Other Provisions

HRC recognises a provision for future expenditure of uncertain amount or timing; when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditures will be required to settle this obligation, and a reliable estimate of the amount can be determined. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

## Creditors and Other Payables

Creditors and other payables are initially measured at face value.

## Borrowings

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

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

## Borrowing Costs

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

## Equity

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

The components of equity are:

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

### ***Asset Revaluation Reserves***

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

### ***Restricted Reserves***

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

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

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

### ***Insurance Infrastructure Reserve***

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

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

## Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

## Cost Allocation

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

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

## Income Tax

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

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

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

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

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

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

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

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a

business combination or transactions recognised in other comprehensive revenue and expense, or directly in equity.

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

### **Critical Accounting Estimates and Assumptions**

In preparing these 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 assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable, under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### ***Infrastructural Assets***

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

These include:

- The physical deterioration and condition of an asset, e.g. HRC could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by HRC adhering to maintenance requirements included in asset management plans currently in force, to ensure design standards are adequately maintained
- Estimating any obsolescence or surplus capacity of an asset, and
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted by local conditions; for example, weather patterns and population and/or traffic growth. To

minimise this risk, HRC's infrastructural assets' useful lives were determined in conjunction with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering (NAMS) Group

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

#### ***Fair Value of the Investment Property***

There are a number of assumptions and estimates used when performing the valuation of investment property. This includes but is not limited to the income capitalisation rate and yields.

### **Critical Judgement in Applying Accounting Policies**

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

#### ***Classification of Property***

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

#### ***Fair value of the Investment Property***

This has been valued using advice from a third party with expertise in valuing this kind of asset. The fair value model has been used for valuing the property. The valuers utilise an income capitalisation approach referred to the lease of the property.

## Capital Management

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

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

In order to achieve intergenerational equity, a principle promoted in the Act, HRC utilises asset management plans for its major assets and groups of assets, detailing renewal and maintenance programmes; to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

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

## Significant Assumptions

FINANCIAL ASSUMPTIONS																																																							
Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty																																																				
<p><b>Inflation*</b> – Inflation rates applied are based on the 10-year forecast provided by Business and Economic Research Limited (BERL). This forecast is based on a faster recovery scenario from COVID-19.</p> <p><b>Local government cost index:</b> The cumulative significant percentage rates of inflation are below:</p> <table border="1"> <thead> <tr> <th>Cos ts</th> <th>Planni ng and Regul ation</th> <th>Trans port</th> <th>Comm unity</th> <th>Water and environ ment</th> <th>Roadin g (used for Flood Protect ion)</th> <th>Staff (Cumul ative %)</th> </tr> </thead> <tbody> <tr> <td>Yr 1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>2.5</td> </tr> <tr> <td>Yr 2</td> <td>2.6</td> <td>2.8</td> <td>2.9</td> <td>3.4</td> <td>3.4</td> <td>4.55</td> </tr> <tr> <td>Yr 3</td> <td>5.4</td> <td>5.7</td> <td>5.9</td> <td>7.0</td> <td>6.8</td> <td>6.64</td> </tr> <tr> <td>Yr 4</td> <td>8.1</td> <td>8.6</td> <td>8.9</td> <td>10.8</td> <td>10.3</td> <td>8.77</td> </tr> <tr> <td>Yr 5</td> <td>10.9</td> <td>11.6</td> <td>12.1</td> <td>14.8</td> <td>13.9</td> <td>10.95</td> </tr> <tr> <td>Yr 6</td> <td>13.8</td> <td>14.6</td> <td>15.1</td> <td>18.3</td> <td>17.6</td> <td>13.17</td> </tr> </tbody> </table>	Cos ts	Planni ng and Regul ation	Trans port	Comm unity	Water and environ ment	Roadin g (used for Flood Protect ion)	Staff (Cumul ative %)	Yr 1	0	0	0	0	0	2.5	Yr 2	2.6	2.8	2.9	3.4	3.4	4.55	Yr 3	5.4	5.7	5.9	7.0	6.8	6.64	Yr 4	8.1	8.6	8.9	10.8	10.3	8.77	Yr 5	10.9	11.6	12.1	14.8	13.9	10.95	Yr 6	13.8	14.6	15.1	18.3	17.6	13.17	<p>Actual rates are significantly different from the estimated rates.</p> <p>Inflationary rates are particularly difficult to project this year as a result of the disruptive and largely unpredictable impact of COVID-19 on financial markets.</p>	<p>2021-24 LOW</p> <p>2025-28 LOW TO MEDIUM</p> <p>2028-31 MEDIUM</p>	<p>Minimal impact expected as Council works within fixed operating budgets.</p> <p>If there were to be a significant variance in inflationary pressures, this would have a corresponding impact on rates.</p> <p>However, adjustments would be made to budgets and Council would operate within agreed budgets. We also have the opportunity to re-baseline every LTP.</p>			
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<b>FINANCIAL ASSUMPTIONS</b>									
<b>Assumption</b>							<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
Yr 7	16.7	17.7	18.4	22.4	21.3	15.43			
Yr 8	25.2	20.8	21.8	26.6	25.2	17.74			
Yr 9	27.2	24.0	25.3	30.9	29.2	20.10			
Yr 10	25.7	27.3	28.7	35.0	33.3	22.50			
*Where applicable; many services are fixed fee and therefore do not attract inflation.									
<p><b>Dividend Revenue</b> – These revenue streams are based on expectations of MWRC Holdings Limited, as outlined in the company’s Statement of Intent (SOI).</p>							<p>CentrePort does not make a full recovery from the impact of COVID-19 and/or the Port regeneration programme incurs additional expenditure than expected and has less funds available to distribute to shareholders via a dividend. CentrePort’s SOI is signalling stable dividends over the next three years.</p>	<p>MEDIUM – each year the dividend revenue assumption is assessed annually</p>	<p>Any reduction would need to be met by increased General Rates revenues or the use of existing reserves – if \$1,000,000 was not received by HRC, then \$1,000,000 of reserves would need to be utilised to hold rates at the same level.</p>
<p><b>Interest Rate Charges</b> – The on-going historically low interest rates will have an impact on interest paid and received. This impact will, in turn, flow into the rates paid by ratepayers and has been included in the Long-term Plan. The interest rates we have used in the formulation of this LTP are:</p> <p><b>Interest Paid on Loans:</b> Range from 0.75% to 3.0% over the 10 years</p>							<p>If there are sudden changes in interest rates this will impact on rate requirements. Part of this risk is mitigated by the on-charging to MWRC Holdings Ltd that will need to meet any interest rate movement.</p>	<p>2021-24 LOW 2024-27 LOW TO MEDIUM 2027-30 MEDIUM</p>	<p>Little or no impact expected as Council receives external treasury advice to ensure debt is managed to take advantage of the best rates available to mitigate exposure to interest rate rises.</p>

<b>FINANCIAL ASSUMPTIONS</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
<b>Interest Revenue</b> – will remain at current, or with small increases, over the life of the plan	Interest rates continue to reduce, resulting in less income earned from investing available cash.	2021-24 LOW 2024-27 LOW TO MEDIUM 2027-30 MEDIUM	Little or no impact expected due to a transition in investing activities from passive investments to active investments to create returns to Council and maximise any offset of rates.
<b>Debt Repayment</b> – A large portion of Council’s debt relates to our River Management Schemes. Should the schemes not be able to repay this debt, there will be an impact on available cash for Council to repay the debt to our external providers. Debt repayment levels are dependent on the actual level of interest rates compared to budgeted interest rates. Debt repayment from MWRC Holdings Ltd is in line with the contractual agreement.	If there are unanticipated changes to interest rates, scheme debt repayment may be advanced (if rates are lower than budget) or delayed (if rates are higher than budget).	2021-24 LOW 2024-27 LOW TO MEDIUM 2027-30 MEDIUM	This is a controlled risk in that the MWRC Holdings Ltd interest costs are passed on as specified in the contract between HRC and MWRC Holdings Ltd.
<p><b>Revenues</b> – Ratepayers’ ability to fund activities within this Long-term Plan continues over the term covered. The rate revenues required have been derived from the rate requirements within the respective activity areas as provided for by the Revenue and Financing Policy.</p> <p>Sources of government support meet the Revenue and Financing Policy applications for the activities covered in this Long-term Plan. Operating and capital subsidy revenues from New Zealand Transport Agency are maintained at current indicative levels.</p> <p>We are assuming all our key funding Grant revenue streams will continue throughout the life of the project. Should a particular stream of funding decrease, the offsetting expenditure relevant to that Grant will also decrease.</p> <p>Sources of other funding meet the requirements of the Revenue and Financing Policy.</p>	Economic or other negative impacts reduce the funds available to ratepayers to meet Long-term Plan requirements.	VERY LOW	Little or no impact expected.
	<p>Levels of support for transport related activities are reduced below current indicated levels.</p> <p>Level of consent applications fall significantly.</p>	MEDIUM  LOW	<p>Significant reduction in the level of work completed or increased length of the project by a number of years.</p> <p>Reduced financial support for transport and road safety activities within the region.</p>

<b>FINANCIAL ASSUMPTIONS</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
<p><b>Revaluations of Assets</b> – For Long-term Plan purposes, estimates relating to the impact of the annual revaluation process on infrastructure assets have been estimated as being BERL inflation on infrastructure assets rates. We have taken the average of two rates (Earthmoving &amp; Reclamation). Across the 10 years of this plan, the average rate is 3.36% per year. These revaluation adjustments have been profiled in Years 1-10.</p>	<p>Actual movements in asset values do not match expectations.</p>	<p>LOW</p>	<p>No significant financial impact as revaluations are adjustments between assets and reserves.</p> <p>Any significant fluctuations would self-correct in the following 12 month period before the following revaluation occurs.</p> <p>Horizons has also budgeted reasonable increases in insurance premiums over the life of the plan. This is based off previous increases and allows mitigation of larger than anticipated valuation increases of our infrastructure assets.</p>
<p><b>Funds for Asset Replacement</b> – Infrastructure depreciation is currently unfunded by Horizons. Instead, Council chooses to fund a renewal reserve once debt repayment levels on that scheme is below the depreciation expenditure anticipated. Renewal reserves will not be sufficient to meet future asset renewal/replacement expenditure, requiring some loan funding.</p>	<p>That the mix of rates, reserves and both internal and external loans is sufficient to meet future asset replacement needs.</p> <p>That debt levels become too high, potentially constraining other capex spend, reducing scheme resilience and impacting levels of service.</p>	<p>LOW to MEDIUM</p>	<p>How material this risk will prove to be, depends on a range of factors. Those include increased depreciation requirements (e.g. depending on further quantification, some sections of stopbank may need to be depreciated where siltation is progressively decreasing the level of service), some uncertainty around renewal spend (better information on asset condition and remaining life) and the role flood frequency/severity over the 10-year period might play in creating financial pressures for schemes.</p> <p>Increased resilience in the schemes is expected as a result of the high levels of investment captured through the shovel ready and jobs for nature funding. This should reduce the</p>

<b>FINANCIAL ASSUMPTIONS</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
			<p>frequency of asset renewal and replacement.</p> <p>Experience in the management of these assets, together with the mixed source of funding, minimises any impact on the various schemes.</p>

<b>GENERAL ASSUMPTIONS</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
<b>Actual Financial Results</b> – This Plan incorporates our actual financial results up to 30 June 2020. We have then projected forward to the opening balances as at 1 July 2021 based on the 2020-21 Annual Plan budgets. We consider that no significant financial event, that would require adjustments to our 2020-21 budgets, has occurred up until 30 June 2021.	An event may occur between March to June 2021 that has significant financial effect.	Low	Unknown impact at this stage.
<b>Adverse Events</b> – Other than as indicated within the Infrastructure Strategy, no significant financial impact is anticipated from these causes.	Naturally occurring adverse events, including the impact of climate change, require major expenditure.	LOW	Little or no impact. It is assumed that central government will provide 60% of the costs of adverse events. For the remaining 40%, Council still has significant head room to borrow additional funds should a significant event occur and some insurance cover.
<b>Climate Change</b> - Horizons uses the RCP4.5 (global emissions stabilise by 2060) and RCP8.5 (high emissions continue to 2100) scenarios to model climate impacts. This range allows us to plan for uncertainty. With current global policy settings, an RCP8.5 scenario is more likely than an RCP4.5. Climate change is expected to have a range of impacts for our region <sup>4</sup> : <ul style="list-style-type: none"> <li>• Temperature is likely to increase 0.7-1.1°C by 2040</li> <li>• Annual average precipitation is expected to increase 15-20% in the north of the region, and decrease by 20% in the southeast by 2090</li> <li>• Increased hill country erosion and sediment loads</li> <li>• 0.5-1 m of sea level rise by 2100</li> <li>• Decreases in mean annual low flow in our rivers, but increased mean annual flood</li> </ul>	Climate change may occur at a faster pace than predicted and/or at a faster rate than our community can afford. These risks will be better identified through a regional climate change risk assessment, currently underway.	LOW TO MEDIUM	Uncertainty comes from uncertainty in climate modelling and uncertainty in the sufficiency of global mitigation. The known effects have been factored into our 30-year Infrastructure Strategy. Climate change is an organisational priority for Horizons, and as such, there is a much stronger focus throughout this LTP on addressing the challenge it poses, including through the establishment of a climate change activity.

<sup>4</sup> Holland, P., Pearce, P., Luttrell, J., & Paulik, R. (2019). *Climate change implications for the Manawatū-Whanganui Region (2019/EXT/1670)*. Horizons Regional Council.

<b>GENERAL ASSUMPTIONS</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
To understand what these impacts mean for our region, Horizons has commissioned a regional climate change risk assessment. Horizons will also review its organisational exposure to climate-related risks.			
<b>Central Government Policy</b> - while limited provision has been made for policy changes that have been strongly signalled by Government, such as the NPS-IB, Council has generally made no provision for possible or probable central government legislative, regulatory or policy changes. Where required, provision will be made when reforms are confirmed.	If a significant requirement was placed on Council by central government within the three-year life of this Plan, an amendment to the Plan may need to be made. Significant pieces for reform Council is expecting include: <ul style="list-style-type: none"> <li>• NPS-IB</li> <li>• Three-waters reform</li> <li>• RMA reform</li> </ul>	LOW	Such amendment would only be necessary if levels of service, costs, or the way services are funded were significantly impacted by the requirement within the three-year life of the Plan. As most central government requirements have a reasonable lead-in time or transitional arrangements, it is unlikely that a Government change would result in an LTP amendment before the next LTP needs to be developed and consulted on. Any financial impact is unknown at this stage.
<b>COVID-19</b> – it is assumed that the region will not go into another lockdown. It is also assumed that the impacts of another lockdown can be managed without amending this LTP.	The region goes into another lockdown.	MEDIUM	A lockdown will have little impact on Council’s incomes, with the exception of public transport fare revenue. The primary impacts will be on Council’s levels of service: non-essential activities requiring fieldwork will need to be halted, and capital projects will be delayed.  The impact of our region’s economic wellbeing may place pressure to reduce our proposed rates increases.
<b>Capital Programme</b> - that the capital programme will be delivered within the timeframes that have been agreed with central government as part of the climate resilience	Regulatory processes, capacity, competition for infrastructure project	MEDIUM	Continue to closely monitor the capital programme delivery through its Audit and Risk

<b>GENERAL ASSUMPTIONS</b>														
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>											
programme undertaken through Government's response to COVID-19.	providers, and compressed delivery timeframes		Committee, has put project structures in place internally, and is in regular and constructive dialogue with central government funding agencies over delivery timeframes. Failure to deliver to timeframe would require renegotiation with Government and potential withdrawal of Government funding.											
<b>Competitive Talent Market for staff</b> – Regional Councils and central government are often competing for the same talent when recruiting for positions within council officer roles – especially crucial, technical roles. Council has assumed that we will be able to fill these roles over the life of the plan.	Other regional councils are also recruiting for the same position and able to offer a more attractive remuneration package.	MEDIUM	When central government roles out policy and legislative changes that require an all of local government response, all other regional councils are also attempting to fill vacancies in the same roles at the same time. This effectively drains the potential talent pool that Horizons could hire from. This may also impact Council's ability to deliver on projects or levels of services that have been agreed with our communities.											
<p><b>Population</b> – The region's population in June 2020 is estimated to have been 254,300<sup>5</sup>. Infometrics' population projections<sup>6</sup> for the region show there is expected to be a moderate increase in population between now and 2053. The regional projections are:</p> <table border="1"> <thead> <tr> <th><b>2021</b></th> <th><b>2023</b></th> <th><b>2033</b></th> <th><b>2043</b></th> <th><b>2053</b></th> </tr> </thead> <tbody> <tr> <td>256,936</td> <td>264,172</td> <td>286,871</td> <td>304,641</td> <td>316,921</td> </tr> </tbody> </table>	<b>2021</b>	<b>2023</b>	<b>2033</b>	<b>2043</b>	<b>2053</b>	256,936	264,172	286,871	304,641	316,921	If population predictions are too low, we may face an additional level of service demand as population increases.	MEDIUM	<p>A medium growth scenario has been chosen. The projected regional population in 2033 is expected to be 272,700 under a low growth scenario, and 302,601 under a high growth scenario.</p> <p>The impacts of COVID-19 on the economy and migration patterns</p>	
<b>2021</b>	<b>2023</b>	<b>2033</b>	<b>2043</b>	<b>2053</b>										
256,936	264,172	286,871	304,641	316,921										

<sup>5</sup> StatsNZ. (2020). *Subnational population estimates: At 30 June 2020*. <https://www.stats.govt.nz/information-releases/subnational-population-estimates-at-30-june-2020>

<sup>6</sup> Brunson, N. (2020). *Manawatu-Wanganui population projections, (March 2020)*. Infometrics.

<b>GENERAL ASSUMPTIONS</b>																																							
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			makes population forecasting more challenging.																																				
<p>There is some variation in the projected populations to 2033 between the different territorial authorities within the region, as the following table shows:</p> <table border="1"> <thead> <tr> <th><b>District</b></th> <th><b>2020<sup>2</sup></b></th> <th><b>2033<sup>3</sup></b></th> <th><b>% Change</b></th> </tr> </thead> <tbody> <tr> <td>Ruapehu</td> <td>12,800</td> <td>15,418</td> <td>20%</td> </tr> <tr> <td>Whanganui</td> <td>48,100</td> <td>51,475</td> <td>7%</td> </tr> <tr> <td>Rangitikei</td> <td>15,750</td> <td>18,135</td> <td>15%</td> </tr> <tr> <td>Manawatū</td> <td>32,100</td> <td>39,843</td> <td>24%</td> </tr> <tr> <td>Palmerston North City</td> <td>90,400</td> <td>101,608</td> <td>12%</td> </tr> <tr> <td>Tararua</td> <td>18,900</td> <td>20,531</td> <td>9%</td> </tr> <tr> <td>Horowhenua</td> <td>36,100</td> <td>39,702</td> <td>15%</td> </tr> <tr> <td>Region</td> <td>254,300</td> <td>286,871</td> <td>13%</td> </tr> </tbody> </table>	<b>District</b>	<b>2020<sup>2</sup></b>	<b>2033<sup>3</sup></b>	<b>% Change</b>	Ruapehu	12,800	15,418	20%	Whanganui	48,100	51,475	7%	Rangitikei	15,750	18,135	15%	Manawatū	32,100	39,843	24%	Palmerston North City	90,400	101,608	12%	Tararua	18,900	20,531	9%	Horowhenua	36,100	39,702	15%	Region	254,300	286,871	13%	If population predictions are too low, we may face an additional level of service demand for some activities as population increases.	MEDIUM	<p>The impacts of COVID-19 on the economy and migration patterns makes population forecasting more challenging.</p> <p>There is also particular uncertainty for the Horowhenua District as it is brought into the sphere of Greater Wellington's Regional Growth Framework.</p>
<b>District</b>	<b>2020<sup>2</sup></b>	<b>2033<sup>3</sup></b>	<b>% Change</b>																																				
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<p><b>Ageing Population</b> - in addition, the region's population is ageing. In 2019, one in five people were 65 or older; it is expected that in 2033 one in four will be 65 or older. In the Horowhenua and Whanganui Districts, one in three people will be 65 or older by 2033<sup>7</sup>.</p>	With an increasingly older population, the number of those on fixed incomes is also likely to increase. This may impact our ability to continue to increase rates.	MEDIUM	Demographic ageing has, in recent times, been offset by high levels of immigration. With COVID-19, it is relatively uncertain how this will unfold. Effort is made within this LTP to be efficient with rates levied but also prudent with required expenditure so as not to incur large costs further down the line.																																				

<sup>7</sup> Brunson, N. (2020). *Manawatu-Wanganui population projections, (March 2020)*. Infometrics.

Asset Management Plans (AMPs) have been prepared for the infrastructural assets in 29 river and drainage schemes. An additional 5 schemes have been established to address river channel management issues only and, as such, do not employ infrastructural assets. The prospective information contained in the financial summaries and financial statements is consistent with these plans. Lifecycle assumptions are also contained in the Asset Management Policy.

<b>ASSUMPTIONS RELATING TO ASSET MANAGEMENT PLANS</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
<b>Asset lifecycle</b> - the predicted useful life of assets are correct and kept relevant (in line with policies) through the entire lifecycle of the significant infrastructure assets. Our condition assessments will maintain a high level of confidence grading in line with the International Infrastructure Management Manual giving confidence that our work plans are most appropriate for the condition and life cycles of our assets.	That the actual lives are of a shorter duration than those assumed. That our condition information grading deteriorates and Council cannot make informed decisions on asset renewals or works programmes.	LOW to MEDIUM	Professional advice and experience suggest that the lives assumed are not unduly optimistic or pessimistic. Financial impact of scenarios other than that assumed have not been quantified.  Our works programme is tailored around the condition rating of each asset, which are inspected annually.
<b>Adverse events</b> – That events occur with a frequency and severity greater than that assumed.	Floods occur that are larger in scale and/or more frequent than assumed, drawing more heavily on emergency reserves and borrowing than assumed.	LOW to MEDIUM	Floods are unpredictable in nature, limiting any assessment of what constitutes reasonable provision to good judgement. A wide range of other variables with equal levels of uncertainty exist, such as a global insurance market and domestic interest rates.
<b>Climate Change</b> – Climate change may require capital expenditure for some assets to maintain levels of service. Impacts will continue to manifest at a gradual rate allowing adaptation to coincide with renewal and replacement activity and/ or where other factors prompt a reassessment of levels of service.	That climate change effects are manifest at a rate greater than the current scientific consensus suggests, requiring specific interventions (capital expenditure without any other level of service or renewal driver).	MEDIUM	Same as general climate change assumption. The regional risk assessment will improve our understanding of this issue.
<b>Changes in Land Use</b> – Changes in land use will mainly relate to population growth and will largely reflect current forecasts, both temporally and spatially. Climate change and freshwater reform may also drive land use changes in the primary sector.	That land use change accelerates and/or population forecasts differ (track higher or lower) than those forecast, accelerating the need for reviewing	LOW	COVID-19 has impacted the domestic economy which creates additional uncertainty around land use trends.

<b>ASSUMPTIONS RELATING TO ASSET MANAGEMENT PLANS</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of Uncertainty</b>	<b>Reasons and Financial Impact of Uncertainty</b>
	levels of service beyond the resourcing provision made. Alternatively, prevailing land use changes markedly requiring large-scale reassessment of levels of service.		

<b>ASSUMPTIONS RELATING TO THE TRANSPORT GROUP OF ACTIVITIES</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of uncertainty</b>	<b>Reasons and financial impact</b>
<p><b>Fares &amp; Revenue</b> – We have assumed that fare and third party revenue have either no growth or conservative growth resulting from recovery from COVID-19</p> <ul style="list-style-type: none"> <li>Fare revenue for 2021/22 is assumed to be 90% of 2019/20 level, followed by year on year growth of 0.5%</li> <li>Third party contributions from tertiary institutions are assumed not to grow or are adjusted in line with inflation only</li> <li>Advertising revenue is assumed not to grow</li> </ul>	There is a risk that fare growth is slower than expected. This may be directly due to the short term impacts of COVID-19 on people’s willingness to use public transport, or long-term changes to the number of people working from home.	MEDIUM	Slower than expected fare growth will require increased rates funding to maintain the same level of service
<p><b>Service Improvements</b> – We have assumed higher fare growth where service improvements are planned.</p> <ul style="list-style-type: none"> <li>Whanganui service enhancements in year 2 are assumed to generate 2% fare and SuperGold revenue growth year on year</li> <li>Palmerston North service enhancements in year 3 are assumed to generate a 5% fare and SuperGold revenue growth year on year</li> </ul>	There is a risk that fare growth is slower than expected. This may be directly due to the short term impacts of COVID-19 on people’s willingness to use public transport, or long-term changes to the number of people working from home.	MEDIUM	Slower than expected fare growth will require increased rates funding to maintain the same level of service, but will additional uncertainty from the impact of service improvements on patronage.
<p><b>Central Government Funding</b> – We have assumed that existing funding arrangements with central government will continue. Central government funds various transport activities to a subsidy of anywhere between 51-65% of the total cost.</p>	Pressure on the National Land Transport Fund from other projects means government reduces the level of funding available for existing activities.	LOW	Impacts of COVID-19 means the level of funding available in the National Land Transport Fund is reduced. Changes to these arrangements may require changes in Council’s

<b>ASSUMPTIONS RELATING TO THE TRANSPORT GROUP OF ACTIVITIES</b>			
<b>Assumption</b>	<b>Risk</b>	<b>Level of uncertainty</b>	<b>Reasons and financial impact</b>
			funding method to maintain levels of service.
<p><b>Manawatū passenger rail</b> – That the existing funding arrangements or the Capital Connection with KiwiRail will continue until the introduction of the new fleet and improved service levels.</p> <p>That central government will fund 90% of the capital cost of the lower North Island rail improvement project.</p> <p>That central government will fund 51% of the operating cost of the improved rail services on the Manawatū line.</p>	<p>Government does not support the rail project to the level expected.</p> <p>The procurement strategy and updated business case identifies higher than expected costs.</p>	HIGH	<p>The assumed levels of Government support are in line with other similar projects.</p> <p>Higher costs or reduced Government support will require an increased regional government contribution, or a level of service lower that is proposed.</p>

## OTHER INFORMATION

	<b>Treatment in this Long-term Plan</b>
<b>External Debt</b>	Additional external loan funding is expected to be raised over the term of the Long-term Plan. The loan funding relates to river and drainage scheme loans and the funding of the investment at 23 Victoria Avenue.
<b>Central Government (Including RMA changes)</b>	No financial provision has been made within this Long-term Plan for impacts arising from any change in Central Government's policies (other than those that have already occurred), for local government in general, or regional councils in particular.
<b>Goods and Services Tax (GST)</b>	Except where stated otherwise, all figures are GST exclusive.
<b>Levels of Service – General</b>	Levels of service in the Long-term Plan have been developed in response to, and to provide performance measurements against, those activities agreed with the community that Council should be involved in, either as a service provider or funder, or both. Should any of these activities fail to materialise, or be undertaken at a level different from that indicated in the Long-term Plan, whether due to factors that are dissimilar to other assumptions in this Long-term Plan, or for any other reasons (such as adverse climatic events or Central Government involvement), then the levels of service in the Long-term Plan may not be appropriate.
<b>Levels of Service – Specific</b>	The Long-term Plan also contains specific levels of service assumptions included in each activity area. These are identified as targets under each project group within each activity and are addressed in either qualitative or quantitative terms for the year.
<b>Māori Engagement</b>	The Long-term Plan contains a number of projects associated with activities intended to recognise and facilitate the engagement of Māori in the activities of Council and the associated community outcomes.
<b>Revenues</b>	Council has set its projected operating revenues at levels sufficient to meet projected operating expenditures and, where applicable, those have been set according to funding policy criteria. On-going revenues, such as transport subsidies, and water quality grants from Central Government agencies, are expected to continue in the long-term.
<b>Triennial Elections</b>	During the term of the Long-term Plan, there are three triennial elections: October 2022, October 2025 and October 2028. 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.

# River and Drainage Scheme Reserves Summary for the periods 2021-31 (\$000)

## Overview

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

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

The total estimated opening balance of these funds at 1 July 2021 is \$11.026 million. Deposits in total of \$10.363 million (including interest) and withdrawals in total of \$(0.021) million are estimated to occur during the periods 1 July 2021 and 30 June 2031. The total estimated closing balance of these reserves is \$21.368 million.

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

<b>Scheme Reserve Name</b>	<b>Estimated Opening Balance 1 July 2021 Credit/(Debit)</b>	<b>Transfers In 1 July 2020 to 30 June 2021 Credit/(Debit)</b>	<b>Transfers Out 1 July 2020 to 30 June 2021 Credit/(Debit)</b>	<b>Estimated Closing Balance 30 June 2021 Credit/(Debit)</b>
Akitio River Scheme	18,595	-	-	18,595
Ashhurst Drainage Scheme	39,235	40,790	-	80,025
Eastern Manawatū Scheme	7,483	-	-	7,483
Forest Road Drainage Scheme	3,672	8,060	-	11,732
Foxton East Drainage Scheme	48,220	93,300	-	141,520
Haunui Drainage Scheme	7,032	2,560	-	9,592
Himatangi Drainage Scheme	18,863	7,451	-	26,314
Hōkio Drainage Scheme	20,817	12,430	-	33,247
Ihuraua Scheme	-	-	-	-
Kahuterawa River Scheme	7,574	2,590	-	10,164
Koputaroa Drainage Scheme	152,549	38,820	-	191,369
Lower KIWITEA Scheme	290,770	232,160	-	522,930
Lower Manawatū Scheme	2,675,480	2,643,290	-	5,318,770
Lower Manawatū Scheme Special Projects	460,287	43,668	-	503,955

<b>Scheme Reserve Name</b>	<b>Estimated Opening Balance 1 July 2021 Credit/(Debit)</b>	<b>Transfers In 1 July 2020 to 30 June 2021 Credit/(Debit)</b>	<b>Transfers Out 1 July 2020 to 30 June 2021 Credit/(Debit)</b>	<b>Estimated Closing Balance 30 June 2021 Credit/(Debit)</b>
Lower Whanganui River Management Scheme	660,108	729,800	-	1,389,908
Makerua Drainage Scheme	148,988	51,170	-	200,158
Makirikiri Flood Control Scheme	36,806	5,260	-	42,066
Manawatū Drainage Scheme	98,787	176,090	-	274,877
Mangatainoka River Scheme	1,533,835	1,143,400	-	2,677,235
Matarawa Flood Control Scheme	123,965	40,570	-	164,535
Moutoa Drainage Scheme	63,637	35,150	-	98,787
Ohakune Flood Protection Scheme	1,619	14,420	-	16,039
Ōhau-Manakau Scheme	310,288	480,910	-	791,198
Pakihi Flood Control Scheme	6,812	35,060	-	41,872
Pohangina-Ōroua River Control Scheme	726,789	1,048,330	-	1,775,119
Porewa Flood Control Scheme	46,887	26,510	-	73,397
Rangitīkei River Control Scheme	1,265,571	784,960	-	2,050,531
Ruapehu Scheme	1,619	10,900	-	12,519
South-East Ruahines Scheme	836,036	1,137,824	-	1,973,860
Tararua Scheme	-	12,080	-	12,080
Taringamotu River Scheme	-	-	-	-
Tawataia-Mangaone Scheme	10,601	-	(2,162)	8,439
Te Kawau Drainage Scheme	112,698	-	(10,340)	102,358
Turakina River Scheme	20,129	32,820	-	52,949
Tūtaenui Flood Control Scheme	1,850	15,360	-	17,210
Upper Manawatū-Lower Mangahao Scheme	720,535	714,930	-	1,435,465
Upper Whanganui River Scheme	320,767	98,470	-	419,237
Whangaehu-Mangawhero River Scheme	75,383	52,440	-	127,823
Whirokino Drainage Scheme	21,735	-	(8,643)	13,092
Amenity Enhancements - Contestable	130,000	591,860	-	721,860
<b>Total Scheme Reserve</b>	<b>11,026,022</b>	<b>10,363,433</b>	<b>(21,145)</b>	<b>21,368,310</b>

# River and Drainage Scheme Capex Renewal Reserves Summary for the periods 2021-31 (\$000)

## Overview

In accordance with our new 30-Year Infrastructure Strategy we will, as from 1 July 2018, set aside funds in scheme-specific renewal reserve accounts. The purpose of these funds is to enable the renewal of infrastructure assets at the end of their useful lives, as assessed in accordance with Council's Asset Management policy.

The total estimated opening balance of these funds at 1 July 2021 is \$0.760 million. Deposits in total of \$1.473 million (including interest) and withdrawals in total of \$(0.774) million are estimated to occur during the period 1 July 2021 and 30 June 2031. The total estimated closing balance of these reserves is \$1.459 million.

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

Renewal Scheme Reserve Name	Estimated Opening Balance 1 July 2021	Transfers In 1 July 2021 to 30 June 2031	Transfers Out 1 July 2021 to 30 June 2031	Estimated Closing Balance 30 June 2031
	Credit/(Debit)	Credit/(Debit)	Credit/(Debit)	Credit/(Debit)
Akitio River Scheme	-	-	-	-
Ashhurst Drainage Scheme	1,751	259,000	-	260,751
Eastern Manawatū Scheme	-	-	-	-
Forest Road Drainage Scheme	3,442	2,000	-	5,442
Foxton East Drainage Scheme	2,903	6,300	-	9,203
Haunui Drainage Scheme	-	-	-	-
Himatangi Drainage Scheme	2,325	5,303	-	7,628
Hōkio Drainage Scheme	4,479	5,160	-	9,639
Ihuraua Scheme	-	-	-	-
Kahuterawa River Scheme	-	-	-	-
Koputaroa Drainage Scheme	65,606	-	(59,332)	6,274
Lower KIWITEA Scheme	-	150,000	-	150,000
Lower Manawatū Scheme	32,672	-	-	32,672
Lower Manawatū Scheme Special Projects	-	-	-	-

<b>Renewal Scheme Reserve Name</b>	<b>Estimated Opening Balance 1 July 2021</b>	<b>Transfers In 1 July 2021 to 30 June 2031</b>	<b>Transfers Out 1 July 2021 to 30 June 2031</b>	<b>Estimated Closing Balance 30 June 2031</b>
<b>a</b>	<b>Credit/(Debit)</b>	<b>Credit/(Debit)</b>	<b>Credit/(Debit)</b>	<b>Credit/(Debit)</b>
Lower Whanganui River Management Scheme	-	-	-	-
Makerua Drainage Scheme	143,585	-	(258,512)	(114,927)
Makirikiri Flood Control Scheme	39,927	47,500	-	87,427
Manawatū Drainage Scheme	114,245	-	(191,674)	(77,429)
Mangatainoka River Scheme	-	-	-	-
Matarawa Flood Control Scheme	21,412	67,500	-	88,912
Moutoa Drainage Scheme	39,932	-	(177,655)	(137,723)
Ohakune Flood Protection Scheme	-	-	-	-
Ōhau-Manakau Scheme	78,075	100,980	-	179,055
Pakihi Flood Control Scheme	2,064	3,450	-	5,514
Pohangina-Ōroua River Control Scheme	-	-	-	-
Porewa Flood Control Scheme	29,770	51,000	-	80,770
Rangitikei River Control Scheme	-	-	-	-
Ruapehu Scheme	-	-	-	-
South-East Ruahines Scheme	64,410	128,140	-	192,550
Tararua Scheme	-	-	-	-
Taringamotu River Scheme	-	-	-	-
Tawataia-Mangaone Scheme	8,448	14,940	-	23,388
Te Kawau Drainage Scheme	93,066	-	(86,538)	6,528
Turakina River Scheme	-	-	-	-
Tūtaenui Flood Control Scheme	433	3,500	-	3,933
Upper Manawatū-Lower Mangahao Scheme	5,084	10,000	-	15,084
Upper Whanganui River Scheme	-	-	-	-
Whangaehu-Mangawhero River Scheme	-	-	-	-
Whirokino Drainage Scheme	6,291	25,930	-	32,221
Amenity Enhancements - Contestable	-	591,860	-	591,860
<b>Total Scheme Reserve</b>	<b>759,920</b>	<b>1,472,563</b>	<b>(773,711)</b>	<b>1,458,772</b>

# **Annual Administrative Charges for the Year Ending 30 June 2022**

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

### **A. Overview**

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

The charges outlined here are for the period 1 July 2021 to 30 June 2022. They are for:

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

The charges are based on cost recoveries specified in this Long-term Plan. Projected recoveries for 2021-22 are \$1,692,029 for consents processing, \$1,841,112 for all compliance monitoring charges, and \$1,355,759 for contributions from resource users to research and science programmes.

Two statutes guide the Council in setting its administrative charges: the Revenue and Financing Policy prepared under the Local Government Act 2002 (LGA) and the criteria in Section 36 of the RMA. The matters to be considered under both Acts are similar and can be briefly summarised as follows.

### **Matching costs to benefits**

Both Council's Revenue and Financing 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 (exacerbator and beneficiary pays principles). 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 LTP, the Council also considers one further principle.

### **Equity**

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

## B. Resource consent processing charges

The RMA enables Council to recover all reasonable costs incurred in respect of particular activities to which the charge relates. These costs are largely associated with (but not limited to) the receiving, processing, granting and monitoring of resource consents, as well as the change or cancellation of conditions, reviews, certificates of compliance and deemed permitted activities (DPAs).

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

- Council's policy is to recover from applicants 100 per cent of the actual and reasonable costs of receiving, processing and granting resource consent applications and their subsequent administration and monitoring. It should be noted that some community-based applications (excluding territorial authorities) will, at the sole discretion of Council, not be charged with the full cost of processing consents
- Council's policy is to recover its actual and reasonable costs associated with monitoring compliance of resource consents
- Council officers are available to assist with queries before a resource consent application is lodged. There is no charge for the first hour of pre-application assistance. After the first hour, Council's policy is to charge for this service, and
- In accordance with the Resource Management (Discount on Administrative Charges) Regulations 2010, where Council fails to process resource consent applications, including applications seeking to change or cancel conditions under Section 127 within statutory timeframes, Council will provide a discount of 1 per cent per day, up to a maximum of 50 working days. Council does not have to provide a discount in relation to applications seeking to extend lapse dates under Section 127 as this is not provided for under these Regulations

When dealing with applications under the RMA, including, among others, consent applications, applications seeking to vary

consents or initiating consent reviews, applications for certificates of compliance, existing use and DPAs, requests under Section 100A of the RMA, and objections pursuant to Section 357AB of the RMA, Council will recover costs via a combination of fixed charges (as initial deposits), which are detailed below; and additional charges where the initial deposit is insufficient. The deposit is set by reference to the average costs for processing various consent types, whilst the additional charges are recovered on the basis of the hourly rate of the staff involved. These hourly rates are determined using actual employment costs plus a factor to cover administration and operating costs in receiving, processing, granting and monitoring resource consents. A similar approach is taken to compliance monitoring charges, as detailed later in this section.

### Application charges

Section 36(1)(b) of the RMA enables Council to recover from applicants its actual and reasonable costs in carrying out its functions in relation to the receiving, processing and granting of resource consent applications (including consent variations, certificates of compliance and existing use certificates). Council is also permitted, under Section 36, to recover its costs associated with various activities including, for example, resource consent reviews (Section 36(1)(cb) and issuing notices for DPAs (Section 36(1)(ae)).

Application charges involve payment of an initial fixed deposit (minimum application fee) at the time an application is lodged with Council. Where an application is to be limited or publicly notified, a further fixed deposit is required to be paid to Council one week prior to notification occurring. In instances where the total cost of processing an application is not fully covered by the fixed deposit(s), an additional charge(s) will be made under Section 36(5) of the RMA to recover the actual and reasonable costs incurred by the Council in carrying out its statutory functions.

Unless the initial fixed deposit(s) are paid in full when applications are first lodged and/or when additional charges for

limited notified or fully notified consents are required, Council reserves its right under Section 36AAB(2) of the RMA to suspend processing an application until the charge has been paid.

### Fixed initial deposits for applications

The following tables set out the fixed initial deposit amounts for various types of activities, payable on lodgement of application. As set out above, if the application is to be limited or publicly notified, a further fixed deposit will be required one week prior to notification occurring – see below for details as to the fixed initial deposits for notified consent application processes.

ACTIVITY TYPE	Fixed Initial Deposit GST Inclusive
<b>Utilising Groundwater</b>	
For stock purposes	\$885.50
For irrigation	\$1,863.00
Other uses	\$1,115.00
<b>Utilising Surface Water</b>	
For stock purposes	\$977.50
For irrigation	\$1,207.50
Other uses	\$1,150.00
For damming and diversion of water	\$1,150.00
<b>Utilising Land</b>	
Within a coastal area (excluding marine farms)	\$920.00
Drilling of a well or bore	\$575.00
For intensive farming purposes	\$1,725.00
Use or disturbance of land (e.g. earthworks, vegetation clearance and land-based gravel extraction)	\$920.00
Use or disturbance of land and vegetation clearance – infield consents	\$200.00
Land disturbance and vegetation clearance associated with forestry activities (including activities that require consent under the NES-PF)	\$920.00
Activities associated with the NES-FW	\$940.00

ACTIVITY TYPE	Fixed Initial Deposit GST Inclusive
<b>Discharging Contaminants (Excludes Intensive Farming)</b>	
Discharges to land	\$885.50
Discharges to water	\$1,150.00
Discharges to air	\$1,150.00
<b>Works in Beds of Rivers or Lake</b>	
Extraction of gravel	\$1,667.50
Culvert	\$885.50
Bridge	\$885.50

ACTIVITY TYPE	Fixed Initial Deposit GST Inclusive
Certificate of Compliance	\$885.50
Deemed Permitted Activity	\$885.50
Existing Authorised Activities	
Review (Section 128)	\$885.50
Addition of land parcels	\$200.00
Transfer activity location	\$885.50
Transfer of consent	\$100.00
Existing use certificate	\$885.50
Variation (Section 127) – administration conditions only (see notes below)	\$500.00
Variation (Section 127) – all other conditions (see notes below)	\$885.50
<b>Other</b>	
Covers the processing of resource consents that do not fit within the consent activities above.	\$885.50

### Notes:

1. NES-PF refers to the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017.
2. NES-FW refers to the Resource Management (National Environmental Standards for Freshwater) Regulations 2020.
3. Administrative conditions include monitoring and reporting requirements. All other conditions relate to avoiding, remedying or

mitigating adverse effects on the environment (e.g. water quality standards, construction methodology, maintaining environmental flows etc.).

4. Resource consent reviews initiated by Council will take place regardless of whether the consent holder pays the initial fixed deposit or not. The consent holder will be liable for the actual and reasonable costs incurred at the end of the review.

### Further fixed deposit for notified applications

If an application is required to be limited or publicly notified, the Council will require a further fixed deposit as set out below. This deposit is in addition to the initial fixed deposit. The further fixed deposits also apply to applications lodged seeking to vary conditions of a consent or a review of conditions initiated by Council.

NOTIFICATION TYPE	Further Fixed Deposit GST Inclusive
Limited notification	\$7,500.00
Publicly notified (full notification)	\$20,000.00

### Hearing by a commissioner if requested by applicant or submitter

Section 36(1)(aa) and (ab) enables Council to set charges in the event an applicant or submitter makes a request in writing, pursuant to Section 100A of the RMA, that Council delegate its functions, powers and duties required to hear and decide an application to one or more hearing commissioners who are not members of Council. In the event this occurs, a fixed preliminary deposit, as detailed below, is required to be paid to Council upon the request being made pursuant to Section 100A of the RMA. Where fixed preliminary deposit is insufficient, then actual and reasonable costs will be recovered from the applicant or submitter in accordance with Section 35(6) and as detailed in the Schedule of Additional Charges. The charge detailed below is to be paid to Council upon the request being lodged with Council.

HEARING BY A COMMISSIONER IF REQUESTED BY APPLICANT OR SUBMITTER	Fixed Preliminary Deposit GST Inclusive
Hearing by a commissioner if requested by applicant or submitter.	\$5,000.00

### Objections

Section 36(1)(af) of the RMA enables Council to set charges when considering an objection under Section 357A(1)(f) or (g) if a person requests under Section 357AB that the objection be considered by a hearing commissioner. In the event this occurs, a fixed preliminary deposit as detailed below is required. In the event costs exceed this amount, actual and reasonable costs will be recovered from the applicant under Section 36(5) and as detailed under the Schedule of Additional Charges. The charge detailed below is to be paid to Council upon the request being lodged with Council.

OBJECTIONS UNDER SECTION 357(1)(f) or (g)	Fixed Preliminary Deposit GST Inclusive
Objection	\$5,000.00

### Direct referral

Where an application is to proceed via direct referral to the Environment Court, all actual and reasonable costs incurred by Council up until formal referral to the Environment Court, will be recovered from the applicant under Section 36 of the RMA. All costs incurred after that will be recovered by agreement with the applicant or by way of application to the Environment Court under Section 285 of the RMA.

## Notes

In the event that there are applications involving multiple consents, the initial deposit charge will apply to each separate consent forming part of the proposal.

Applicants will be charged all actual and reasonable costs above the deposit fee. Such costs may include, without limitation, Council officer time, consultants, hearing commissioners, technical advisors and the like (plus disbursements). Hourly rates are set out in the Schedule of Additional Charges.

Council will provide an estimate of any additional charge when requested to do so. This is required under Section 36(6). Interim monthly invoices will also be provided for notified applications on request, or where appropriate, to assist with tracking of actual and reasonable costs.

Where the initial deposit exceeds the actual and reasonable costs, the difference will be refunded to the applicant.

Where an application is withdrawn, the initial fixed deposit will be refunded, minus costs incurred by Council in processing the consent prior to the application being withdrawn. In the event costs incurred by Council exceed the deposit amount, these actual and reasonable costs will be recovered from the applicant.

The Council may remit any charge referred to in the tables, in part or in full, on a case by case basis and solely at Council's discretion.

There will be no charge for the first hour of Council officer time in responding to queries in advance of a resource consent application being lodged. After the first hour, costs will be accrued, and applicants (or potential applicants) will be invoiced for staff time and consultant and technical costs, plus disbursements whether an application is lodged or not.

Mileage will be charged at the applicable Inland Revenue Department rate when the travel is incurred. In relation to staff travel time, each visit may only be charged to a maximum of 2

hours per visit. This ensures those consent applicants or consent holders who are located in remote locations are not unduly penalised.

Costs for hearing commissioners will be recovered at actual and reasonable rates, including disbursements. Costs associated with councillors will be recovered at the rates identified in the Other Charges table, detailed below.

These charges shall come into effect on 1 July 2021 and remain in effect until 30 June 2022.

## Schedule of additional charges

The processing of consent applications (including certificates of compliance and existing use certificates), any review and variation processes and the issue of DPA notices may require further charges that exceed the fixed preliminary deposit or further fixed deposit identified above. In these cases, the following schedule of charges shall form the basis for calculating and charging actual and reasonable costs under Section 36(5). Any additional charges will have regard to the factors in Section 36(4) of the RMA.

Applicants have the ability to object to additional charges levied by the Council under Section 36(5) on the basis that they do not reflect actual costs or are unreasonable, but a similar right does not exist in respect of the fixed deposits set out above.

## Methodology

Additional charges are calculated by multiplying staff time (including travel) by the hourly rate (as set out below), plus disbursements (such as specialist advice).

## Charges for council officers and decision-makers

The hourly rates for Council officers and decision-makers will be relied on when calculating any additional charges under the RMA (both processing and monitoring components). All hourly rates are GST exclusive. Please note that not all positions are detailed

in the list below. In these circumstances, the hourly rate will be calculated based on actual employment costs plus a factor to cover administration and operating costs in receiving, processing, granting and monitoring resource consents.

### Staff hourly charge rates

<b>ROLE</b>	<b>Hourly Rate GST Exclusive</b>
Skilled Labourer	\$54
Consents Administrator	\$58
Policy Planner	\$92
Hydrology Technician	\$79
Consents Planner	\$81
Senior Consents Planner	\$92
Senior Communications Advisor	\$107
Land Management Officers	\$108
Emergency Management Officers	\$133
Consents Monitoring Officer	\$75
Environmental Protection Officer (compliance)	\$76
Environmental Management Officers	\$81
Senior Policy Planner	\$102
Engineering Officer	\$93
Team Leader Consents	\$126
Catchment Coordinators	\$110
Senior Environmental Info Analyst	\$100
Senior Compliance Officer	\$83
Scientist	\$87
District Liaison Officer	\$130
Rural Industry Advisor	\$126
Senior Scientist	\$104
Surveyors	\$88
Area/Project Engineer	\$186
Team Leader Compliance	\$114
Regulatory Manager	\$175
Group Manager	\$200
Commissioner	At Cost Plus Disbursements
Hearings Committee Chair and Members	At Cost Plus Disbursements

### Other charges

<b>DESCRIPTOR</b>	<b>Charge Rate GST Exclusive</b>
Pre-lodgement checking and advice (first hour)	\$0.00
Pre-lodgement checking and advice (subsequent hour)	@ Hourly Rate
Replacement copies and other documents (per page)	\$1.00
Consultant and solicitor fees	At Cost Plus Disbursements
Specialist or technical services	At Cost Plus Disbursements
Legal advice	At Cost Plus Disbursements
Hearings	At Cost
Production of order papers	At Cost
Advertising costs	At Cost Plus Disbursements
Independent commissioners	At Cost Plus Disbursements
Hearing committee chair and members	At Cost Plus Disbursements
Councillor as chairperson of a hearing	\$100 per Hour of Hearing Time
Councillor on a hearing (but not chairperson)	\$80 per Hour of Hearing Time

### Notes

Solicitor fees include, but are not limited to, costs associated with attendance at consent hearings and court.

## C. Compliance monitoring charges

Pursuant to Section 36(1)(c) of the RMA, Council can recover the actual and reasonable costs associated with the monitoring and supervision of resource consents and certificates of compliance. This includes the costs associated with assessing whether consent holders are complying with their resource consents. How much compliance monitoring is required will vary depending on the nature of the activity, its size and frequency, and the potential for environmental effects.

Additionally, under Section 36(1)(cc) Council can recover costs associated with monitoring those activities permitted by a national environmental standard (NES) if that NES provides for monitoring the costs associated with the NES.

Council can also, under Section 35 of the COVID-19 Recovery (Fast-track Consenting) Act 2020, recover costs associated with monitoring activities permitted under that same Act. Note: under Section 36 of the RMA, Council can, if costs exceed these charges, seek to recover additional costs on an actual and reasonable basis from resource users. This will be done at the sole discretion of Horizons.

Under Section 150 of the LGA, where Council receives a complaint about a person or organisation carrying out an activity that does not comply with the RMA, and that person is subsequently found to be non-compliant, Council will charge that person or organisation for the cost of any inspection it undertakes in relation to that activity. An initial minimum charge of \$194 (2 hours staff time) will apply to all incidents inspected, which covers travel time, inspection time, identification of relevant parties and any follow-up administration (e.g. entering outcomes into database, follow-up correspondence, etc.). Any additional charges will only be made to cover actual and reasonable costs from the person or organisation who is found to be non-compliant with the RMA.

Apart from those activities listed in the fixed schedule of charges below, annual costs associated with monitoring resource

consents, and any NES, will be recovered via a combination of a fixed annual preliminary charge (as a deposit) and additional charges where the initial charge is insufficient, based on:

- Staff time multiplied by the chargeable hourly rate identified in Schedule of Charges, plus disbursements (such as specialist advice).

The fixed annual preliminary charge accounts for costs associated with the first compliance assessment, with any further time to undertake the total annual monitoring activity recovered through additional charges based on actual and reasonable costs. Additional charges (over and above the annual preliminary charge) will also account for extra compliance monitoring (including site visits, sampling, assessment, reporting and follow up processes), which is required as a result of non-compliance with consent conditions.

In the event consultants are required to assist in monitoring compliance, the costs associated with this will be recovered from the consent holder, at cost plus disbursements.

### Annual fixed charges

<b>ACTIVITY TYPE</b>	<b>Fixed Charge GST Inclusive</b>
Aquifer drilling and on-going monitoring	\$224.00
Farm culverts, bridges and fords (excludes those required under intensive land-use consents and associated with infrastructure projects)	\$224.00
Domestic on-site wastewater	\$224.00

## Fixed annual preliminary compliance charge

ACTIVITY TYPE	Fixed Annual Preliminary Compliance Charge GST Inclusive
<b>Freshwater</b>	
Telemetered irrigation and stock water takes	\$122.00
Un-telemetered stock water takes	\$224.00
Un-telemetered irrigation takes	\$224.00
Municipal water takes	\$327.00
Major industrial water takes: Category 1 and Category 2 sites	\$941.00
Minor industrial water takes: Category 3 and Category 4 sites	\$429.00
<b>Waste Management</b>	
Major discharges to water: Category 1 to Category 3 municipal wastewater treatment plant discharges, plus other Category 1 and Category 2 industrial discharges to water	\$1,043.00
Minor discharges to water: Category 3 and Category 4 discharges to water	\$326.00
Major discharges to air: Category 1 and Category 2 discharges to air	\$1,043.00
Minor discharges to air: Category 3 to Category 4 discharges to air	\$429.00
Major discharges to land: Category 1 and Category 2 discharges to land	\$1,043.00
Minor discharges to land: Category 3 and Category 4 discharges to land	\$327.00
Other on-site wastewater	\$327.00
<b>Rural</b>	
Farm dairy effluent	\$224.00
Intensive land use	\$224.00
Piggery discharges	\$429.00
<b>Infrastructure</b>	
Major use or disturbance of land (e.g. earthworks, vegetation clearance, land-based gravel extraction and quarry operations) – earthworks that have a	\$839.00

ACTIVITY TYPE	Fixed Annual Preliminary Compliance Charge GST Inclusive
medium to high risk of discharging into the receiving environment	
Minor use or disturbance of land (e.g. earthworks, vegetation clearance, land-based gravel extraction and quarry operations) – earthworks activities that have a low risk of discharging into receiving environment	\$429.00
Land disturbance, vegetation clearance and other activities associated with forestry activities (including activities that require consent under the National Environmental Standard Production Forestry)	\$429.00
Major discharge of stormwater – Category 1 and Category 2 discharges	\$1,043.00
Minor discharge of stormwater – Category 3 and Category 4 discharges	\$225.00
Works in beds of rivers or lakes, including gravel extraction and construction of culverts, bridges and fords	\$225.00
<b>Activities Permitted by a National Environment Standard</b>	
National Environmental Standard for Production Forestry (NES-PF)*	\$429.00
National Environment Standard for Freshwater (NES-FW)**	\$224.00
<b>Other Activities</b>	
Covers activities that require resource consent that do not fit within the consent activities above, but which may have environmental effects and will require some supervision and monitoring by Council	\$429.00
*The NES-PF specifies which activities councils may charge for through Regulation 106, These activities relate to earthworks (Regulation 24), river crossings (Regulation 37), forestry quarrying (Regulation 51) and harvesting (Regulation 63(2)).	

\*\*The NES-FW provides for recovery of costs for monitoring of permitted activities under Part 4 of the NES-FW.

### Annual consents administration charge

The resource consent annual administration charge fee of \$50 excluding GST per consent contributes to the costs Council incurs in undertaking its consenting, monitoring and administrative functions required under the RMA. This includes maintaining consent and compliance information, reviewing annual charges and ensuring information on our databases and files is accurate and current. This charge is the same for all categories of resource consent.

Annual charges apply to all current resource consents.

The charges apply regardless of whether the consent is being monitored or used. The reason being the consent holders either actively use their resource consents and derive direct private benefit from that use, or if they are not, are reserving the right to use a resource or carry out an activity, which in turn may limit others from holding similar resource consents. If a consent holder is not using a consent and does not wish to pay charges, they have the option of surrendering their resource consent. This is provided for under section 138 of the RMA.

## D. Research and monitoring charges

The following charges, made pursuant to Section 36(1)(c) of the RMA, 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:

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

### Schedule of charges

#### Charges for Surface and Groundwater Takes

##### Standard Charges

Water Quantity Environmental Monitoring Base Charge	\$30.98
Water Quantity Environmental Monitoring (based on maximum daily rate)	\$0.56 per m <sup>3</sup>

##### Non-domestic Power Schemes

Draw and Discharge or Abstract less than 0.05 m <sup>3</sup> /second	Nil
Draw and Discharge or Abstract between 0.05 - 0.2 m <sup>3</sup> /second	\$222

### Hydro Electricity Power Scheme Fixed Charges

KCE Mangahao Limited	Mangahao – \$11,268
Genesis Power Limited	Tongariro Power Development – \$44,129 Plus additional costs for specific projects as per the Schedule of Administrative Charges.
NZ Energy Limited	\$2,029
KCE Piriaka	\$11,268

### Other Permits

Other holders of permits	A charge of \$30.98 plus \$0.56 per cubic metre authorised as a maximum daily take.
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### Land Use Permits (fluvial resources/gravel extractions)

Holders of land use consents to remove gravel*	\$0.45 per cubic metre extracted.
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- The cost of gravel per cubic metre rate is calculated as the overall required revenue divided by the expected total volume extracted in cubic metres, plus a 15 per cent contingency.
- The costs may change throughout the Long-term Plan if there are strong environmental or river engineering benefits.

### Water Quality charges for Discharge Consents

Discharge Monitoring	2021-22 Annual Fee
AFFCO Feilding	\$5,055
DB Breweries	\$9,928
Fonterra – Longburn	\$3,438
Fonterra – Pahiatua	\$1,728
Horowhenua District Council	\$4,534
Manawatū District Council	\$25,535
NZ Defence Force	\$7,225
Palmerston North City Council	\$9,357
Rangitikei District Council	\$27,283
Riverlands Manawatū	\$4,247
Ruapehu District Council	\$29,212
Scanpower	\$2,601
Winstone Pulp	\$4,944

Consent Monitoring (Contracted)	2021-22 Annual Fee
Tararua District Council	As per contract

<b>State of Environment Monitoring and Research Type and Quantity</b>	<b>2021-22 Annual Fee</b>
Discharge to Land <25 m <sup>3</sup> /day	\$241
Discharge to Land 25 to 50 m <sup>3</sup> /day	\$322
Discharge to Land 50 to 100 m <sup>3</sup> /day	\$483
Discharge to Land 100 to 200 m <sup>3</sup> /day	\$643
Discharge to Land 200 to 1,000 m <sup>3</sup> /day	\$2,145
Discharge to Land 1,000 to 10,000 m <sup>3</sup> /day	\$2,413
Discharge to Land >10,000 m <sup>3</sup> /day	\$2,681
Discharge to Water <25 m <sup>3</sup> /day	\$483
Discharge to Water 25 to 50 m <sup>3</sup> /day	\$643
Discharge to Water 50 to 100 m <sup>3</sup> /day	\$965
Discharge to Water 100 to 200 m <sup>3</sup> /day	\$1,287
Discharge to Water 200 to 1,000 m <sup>3</sup> /day	\$4,290
Discharge to Water 1,000 to 10,000 m <sup>3</sup> /day	\$4,826
Discharge to Water >10,000 m <sup>3</sup> /day	\$5,362
Unspecified Volume Discharge	\$2,681
Land Fill – High Impact	\$5,362
Land Fill – Medium Impact	\$804
Land Fill – Low Impact	\$268

- Categorisation of landfills as 'high', 'medium' or 'low' impact takes into account key factors regarding the site and its operation are taken into account. These include, but are not limited to, site risks, pathways for contamination and the nature of the receiving environment.

#### **Notes:**

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2021 and remain in effect until 30 June 2022. These charges are reviewed annually for each Annual Plan and are likely to increase in line with increased costs.
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. Where the consent does not cover the full year, all research and monitoring annual fees and/or cubic metre charges will be pro-rated based on the commenced and/or expiry dates of the consent. This excludes the surface and groundwater charge of \$30.63.

6. Specified fees for discharge monitoring and consent monitoring apply to specific consents holders, and are additional to general State of Environment Monitoring and Research charges.

## E. Dam consents, project information memoranda (PIMs) and dam safety charges

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

### Overview of charging policy

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

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

### Schedule of charges

#### Dam consent, PIM and safety work charges

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

ACTIVITY TYPE	Fixed Minimum Charge	Lodgement Fee
Dam Project Information Memoranda (PIM)	\$1,000	\$1,000
(i) Large Value Dam (above \$100,000)	\$750	\$750
(ii) Medium Value Dam (\$20,000 to \$99,999)	\$500	\$500
(iii) Small Value Dam (\$0 to \$19,999)		

ACTIVITY TYPE	Fixed Minimum Charge	Lodgement Fee
Dam Building Consent and Certificate of Acceptance *1		
(i) Large Value Dam (above \$100,000)	\$1,000	\$1,000
(ii) Medium Value Dam (\$20,000 to \$99,999)	\$750	\$750
(iii) Small Value Dam (\$0 to \$19,999)	\$500	\$500
*1 The charges associated with building consent applications are those that are directly applied by Waikato Regional Council (WRC) as these functions have been transferred to WRC. It is therefore advised to contact WRC ( <a href="http://www.waikatoregion.govt.nz">www.waikatoregion.govt.nz</a> ) to check building consent application charges and charge-out rates. Please note that building consents incur BRANZ and Department of Building and Housing levies. These are payable to WRC		
Lodge dam potential impact category	\$100	\$100
Review dam safety assurance programme	\$100	\$100
Lodge annual dam safety compliance certificate	\$100	\$100
Policy implementation – dangerous dams, earthquake-prone dams and flood-prone dams	\$100	\$100
Amendment to compliance schedule	\$100	\$100
Any other activity under the Building Act 2004 (actual and reasonable costs)	\$100	N/A

## Charges for Council Officers and Decision makers

The hourly rates (stated in the table found on page 170) for the council officers and decision makers will be charged for work under the Building Act 2004 that do not have a fixed charge or where the fixed charge is inadequate to cover the actual and reasonable costs of Council.

## F. Totara Reserve camping fees

The following charges are made pursuant to Sections 103(2) of the LGA and are payable by campers at the Totara Reserve.

### Overview of charging policy

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

- a. Council's policy (as outlined in the Revenue and Financing Policy) is to recover from campers 30 per cent to 45 per cent of the costs of running the Totara Reserve Camp.

### Schedule of charges

#### Camp Fees

Powered site:	\$37.00 (for two people) plus \$6.00 per person per night
Non-powered site:	\$16.00 (for two people) plus \$6.00 per person per night
Children under 5:	Free

#### Camp Rangī Woods Rental

As negotiated with the Camp Rangī Woods Trust Board.

#### Notes:

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2021 and remain in effect until 30 June 2022.
3. All charges are inclusive of GST.

## G. Other administrative charges

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

### Schedule of charges

Application for the preparation of a plan	A deposit of \$1,000 or the actual and reasonable costs of notification, whichever is the greater.
Application to change a policy statement or plan	A deposit of \$600 or the actual and reasonable costs of notification, whichever is the greater.
Information for general education/public use and normal public enquiries	No charge for first half hour or 20 A4 photocopies. Beyond that, actual and reasonable costs may be charged.
Information for planning, technical and 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	\$14.00 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 charged as per the table on page 158.
2. These charges shall come into effect on 1 July 2021 and remain in effect until 30 June 2022.
3. In accordance with Section 13 of the 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 RMA, and the practice guides accompanying the LGOIMA.
5. All charges are exclusive of GST.

# Long-term Plan Disclosure Statement for the period 1 July 2021 to 30 June 2031

## What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s planned financial performance in relation to various benchmarks, to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its Long-term Plan, in accordance with the [Local Government \(Financial Reporting and Prudence\) Regulations 2014](#) (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### Notes:

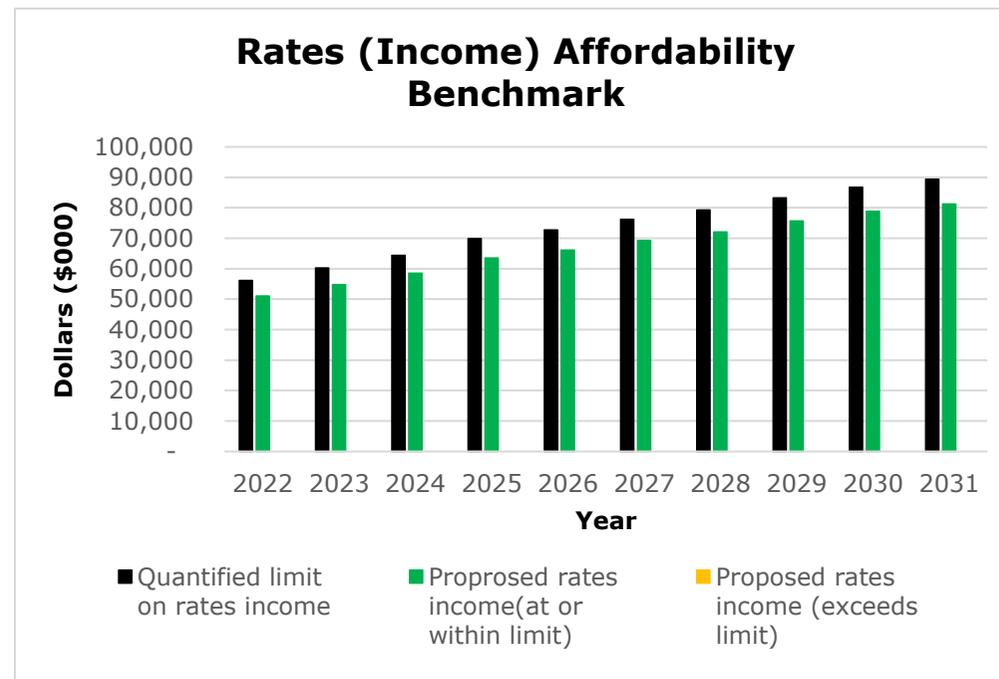
#### Rates affordability benchmark

The Council meets the rates affordability benchmark if—

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

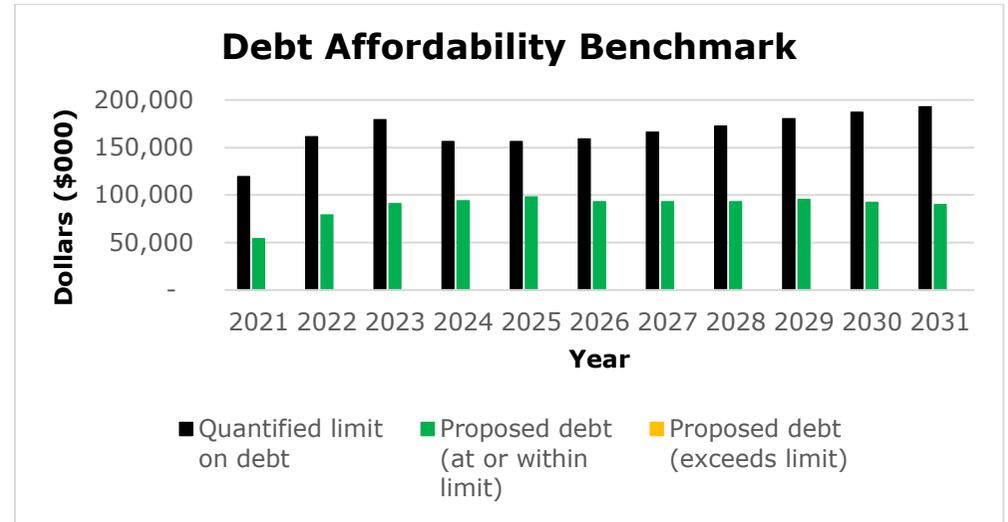
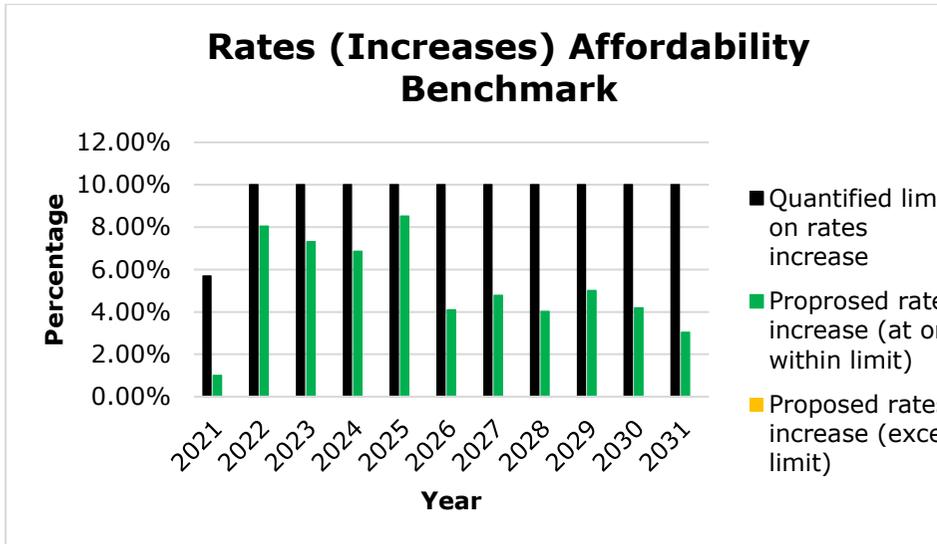
#### Rates revenue affordability

The following graph compares the Council’s planned rates with a quantified limit on rates contained in the financial strategy included in this Long-term Plan. The quantified limits are 56.2 million (2022), 60.3 million (2023), 64.4 million (2024), 69.9 million (2025), 72.8 million (2026), 76.2 million (2027), 79.3 million (2028), 83.3 million (2029), 86.8 million (2030), 89.4 million (2031). Note these caps assume a major natural event will not occur during the 10-year term of this plan.



#### Rates (increases) affordability

The following graph compares the Council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long-term Plan. The quantified limits are set at no more than 10.0 per cent per year for the first five years up to 2025-26. From year six onwards the limit is set at 10.0 per cent. Note these caps assume a major natural event will not occur during the 10-year term of this Plan.



#### Debt affordability benchmark

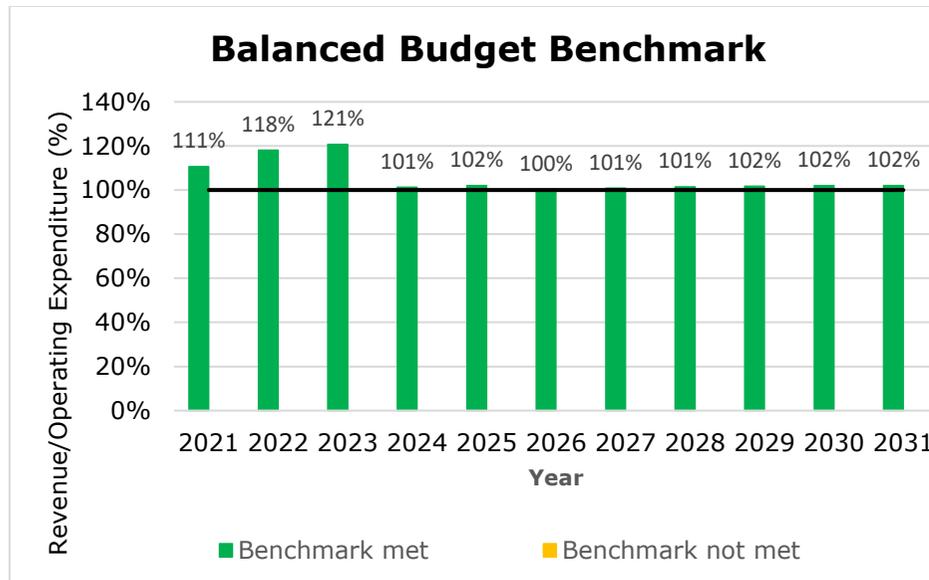
The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long-term Plan. The quantified limits are 161.5 million (2022), 179.2 million (2023), 156.3 million (2024), 156.2 million (2025), 159.0 million (2026), 166.2 million (2027), 172.4 million (2028), 180.4 million (2029), 180.4 million (2029), 187.1 million (2030), 192.8 million (2031). Note these caps assume a major natural event will not occur during the 10-year term of this plan.

### Balanced budget benchmark

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

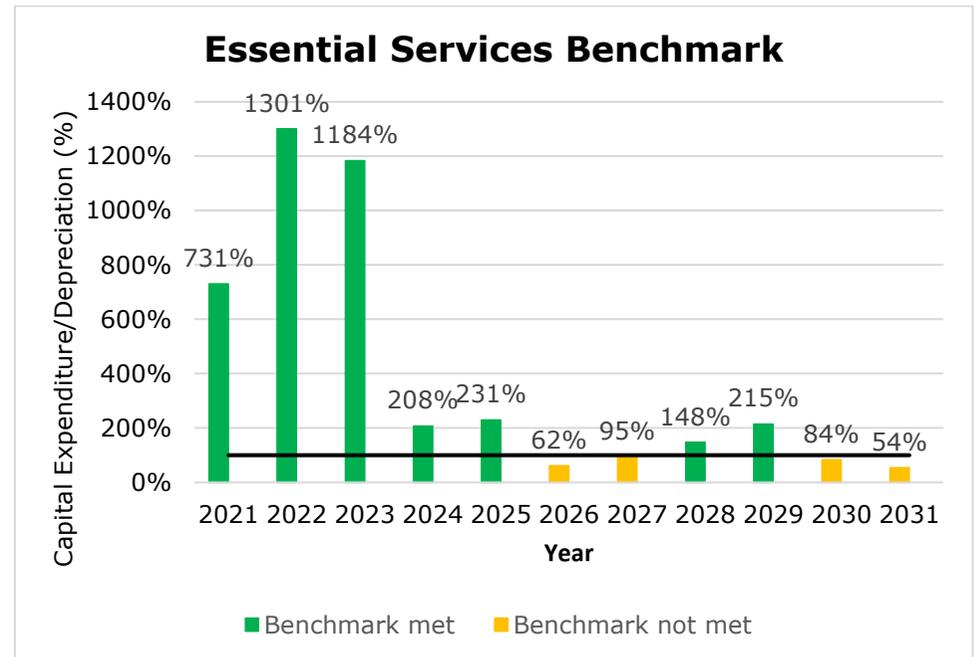
The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



### Essential services benchmark

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

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.





# **Policies** Ngā kaupapa Here



## Summary of Policies

During the last six months, Council has spent considerable time reviewing its policies. The majority of these policies are important as they set out who will pay for the services we provide to you, the community. These policies also inform how we consult, how we manage debt, and how we invest.

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 policies have had changes and these are discussed below.

### Revenue and Financing Policy

The biodiversity and biosecurity targeted rates have previously been particularly complex; therefore, we have simplified them resulting in consolidated rating lines.

All capital value based common rates have been rolled into the General Rate to further reduce the complexity of our rating system.

### Significance and Engagement Policy

A section regarding iwi and hapū has been included in the Significance and Engagement Policy.

### Rates Collection Policy

Changes to the Rates Collection Policy have included removing the prompt payment discount. This has been removed due to the discount being inconsistent with Council's guiding principles.

### Annual Administration Charges

Administration charges have been updated and additional charges added to reflect the NES-FW and Resource Management Act amendments.

To improve the readability of the Long-term Plan, the following policies have been removed from the LTP and made available at [www.horizons.govt.nz](http://www.horizons.govt.nz).

- Investment Policy
- Liability Management Policy
- Remissions and Postponement Policies
- Financial Contributions Policy

# Revenue and Financing Policy

## Background

This policy explains the rationale and process of selecting various funding sources to support the operating and capital expenditure of Horizons Regional Council. It has been prepared in accordance with the Local Government Act 2002, in particular sections 101-103. Horizons will manage its finances prudently and in a manner that promotes the current and future wellbeing of the region.

For Council to evaluate what funding sources are appropriate, we use the following principles. It should be noted that conflict between these principles may arise, and resolving this conflict will involve the need to trade off competing principles.

## Guiding principles

### Beneficiary pays

In general, Council seeks to allocate costs to those who benefit from its activities. If those benefits are region-wide, then everyone in the region should contribute to those costs. If those benefits are mainly gained by a particular person or group, then that person or group should contribute to those costs.

### Intergenerational equity

Related to the beneficiary pays principle is intergenerational equity: payment for the benefits of an activity should be made over the period those benefits occur. Therefore, if future generations benefit from an activity, then they should contribute to the cost of the activity.

### Exacerbator pays

In general, if the actions or inactions of a particular person or group creates the need for Horizons to carry out an activity, then that person or group should contribute to the costs of that activity.

### Efficiency

Council's choice of funding methods should have regard to the costs and benefits of implementing them and how effective they will be in achieving Council's community outcomes.

### Transparency and accountability

Council must consider the costs and benefits of funding activities separately. Our communities should be able to tell what their money is being used for. Transparency of funding enables the beneficiaries of activities to assess whether value for money has been achieved, and accountability makes Horizons more efficient in delivering these activities.

### Affordability

Council considers the impact of funding method on people's ability to pay, both in terms of the overall level of rates and the level of uniform charges within rates, to avoid a decision being economically detrimental to a community and its wellbeing. Rates are a form of tax and not purely a charge for services received.

### Financial prudence

Council's revenues, expenses, assets, liabilities, investment and general financial dealings should be managed in a prudent and sustainable manner.

## **Funding operating and capital expenditure**

### **General rates**

#### **Principles: beneficiary pays, affordability, efficiency, financial prudence**

General rates are applied to all rateable land under section 13 of the Local Government (Rating) Act 2002. Council will use general rates to fund activities which have a 'public good' element or where we wish to subsidise the provision of services because of the wider community benefits they provide, consistent with the beneficiary pays principle.

The general rate will be set based on capital value. Council is of the view that higher capital value properties are generally better able to bear the costs. It also assumes that those with more capital consume more resources and so have a greater financial stake in the management of those resources. This is consistent with the affordability and beneficiary/exacerbator pays principles. General rates are set on an equalised basis by territorial authority area. Its effect is to smooth the impact of the different revaluation cycles between each territorial authority. Without this 'equalisation', each district's share of our rating base will increase the year they revalue the properties in the district, then decrease in the following two years, giving a more volatile rates take.

### **Uniform Annual General Charge**

#### **Principles: beneficiary pays, efficiency, financial prudence**

A Uniform Annual General Charge (UAGC) is a fixed amount charged to each rating unit. To ensure the rates burden isn't disproportionately borne by higher-value properties, the Council has decided to set a UAGC to fund activities where one of the following criteria applies:

- The expenditure is a 'public good' to which every community member has equal access
- The expenditure is related to people rather than property

- The expenditure does not directly change the condition or economic value of a property or resource

Under the Local Government (Rating) Act, a limit of 30% of total rates revenue can be collected via uniform annual charges (UAC), which includes the UAGC.

### **Targeted rates**

#### **Principles: beneficiary pays, transparency and accountability**

Targeted rates are rates that are used to fund a discrete activity and can only be used for the purpose for which they were collected. Targeted rates will apply to properties that receive certain services or which are located in specified areas. Targeted rates may also apply universally to fund a specific activity where it is important that the community can see the amount being spent specifically on that activity (also known as a common rate).

There are a number of different ways Council could target rates to different groups, including location and land area. There are also a number of different ways Council could calculate rates, including land area, land value, capital value or a fixed charge per rating unit (UAC).

### **Fees and charges**

#### **Principles: beneficiary pays, exacerbator pays**

Fees and charges may be applied where the users of a service can be identified and charged according to their use of the service. Our charges made under section 36 of the Resource Management Act 1991 can be found on our website.

## **Investment revenue**

### **Principles: affordability**

Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to supplement rate funding in order to reduce the rating burden on ratepayers.

## **Grants and subsidies**

### **Principles: affordability, beneficiary pays, exacerbator pays**

Council is able to obtain grants and contributions from central government, Crown entities, territorial authorities and utility operators to fund some of its activities. Grants and contributions are used to fund activities that have both public and private benefit. Despite anything else in this policy, Council prefers to fund its activities through grants and subsidies where possible to reduce the rating burden on ratepayers.

## **Borrowing**

### **Principles: affordability, intergenerational equity**

Borrowing is recognised as an effective method of achieving equity between different generations of ratepayers. The funding of capital expenditure, particularly assets with long lifespans, benefits from borrowing to achieve this. All borrowing is subject to Council's Liability Management Policy.

## Funding Analysis

Community outcomes activity contributes to	Distribution and period of benefits	External factors influencing activity	Rationale of funding methods
<b>Land and Water group of activities</b> Land Management, Water Quality and Quantity, Resource Consent and Pollution Management			
<p>Our region's ecosystems are healthy.</p> <p>Our region's economy is thriving.</p> <p>Our region's communities are vibrant and empowered.</p>	<p>Benefits from improved ecosystem health occur in the catchments where those improvements are made. However, this has broader benefits to the region and the nation.</p> <p>Our region's primary sector is built on our land and water resources. Ensuring their sustainable management is important for the prosperity of these businesses and the region's economy.</p>	<p>The need for this group of activities comes from environmental degradation as a result of a range of factors, including rural land use and urban discharges from current and previous generations.</p> <p>The deforestation of erodible hill country was in part encouraged by central government policy.</p> <p>Current users of resources create the need for regulation services.</p>	<p>Since ecosystem health is a public good, these activities will largely be funded from the general rate. Where the level of service provided in a catchment is over and above the general provision across the region, additional funding will be gathered through a targeted rate across that catchment or area.</p> <p>Central government should co-fund efforts to manage hill country erosion. The SLUI programme is funded through a specific UAC given the importance of Government funding and to provide transparency for a significant project for the region.</p> <p>Where the need for an activity can directly be attributed to a resource user, then Council prefers to charge the user for a proportion of those costs, up to what is actual and reasonable.</p>
<b>Flood Protection and Control Works group of activities</b> River and Drainage – General, and River and Drainage - Scheme			
<p>Our region's communities are resilient to the impacts of natural hazards and climate change.</p> <p>Our region's economy is thriving.</p>	<p>Benefits primarily accrue to the populations and properties that each river and drainage scheme protects, over the lifetime of those scheme assets.</p>	<p>The need for this group of activities comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.</p>	<p>Since the benefits of flood protection and control primarily accrue to the properties protected, these activities will generally be funded through targeted rates. These targeted</p>

<b>Community outcomes activity contributes to</b>	<b>Distribution and period of benefits</b>	<b>External factors influencing activity</b>	<b>Rationale of funding methods</b>
	<p>There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.</p>		<p>rates are set following consultation with the individual schemes. The targeting of rates within schemes prioritises recognising the differing levels of benefit provided within each scheme, over the cost of administrative complexity and inefficiency.</p> <p>To recognise the broader benefits that accrue to the region as a whole, a portion of scheme cost is applied across the whole region. This portion may vary depending on the nature of the land and property being protected.</p> <p>To recognise the intergenerational benefit of these assets, their capital expenditure may be funded through borrowing.</p>
<p><b>Biosecurity and Biodiversity group of activity</b>            Biosecurity and Biodiversity  <i>In addition to considering s101(3) of the LGA, s100T of the Biosecurity Act 1993 was also considered.</i></p>			
<p>Our region's ecosystems are healthy.</p> <p>Our region's economy is thriving.</p> <p>Our region's communities are vibrant and empowered.</p>	<p>Benefits from improved biodiversity and ecosystem health occur in the ecological districts where those improvements are made. However, this has broader benefits to the region and the nation.</p> <p>A component of biosecurity protection also protects the rural economy and rural landowners.</p>	<p>Need for this group of activity comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.</p>	<p>Since ecosystem health is a public good, these activities will largely be funded from a general rate and UAC.</p> <p>To recognise the benefits of biosecurity protection that accrues to rural landowners, a portion of these activities will be funded through a targeted rate on properties larger than four hectares.</p>

<b>Community outcomes activity contributes to</b>	<b>Distribution and period of benefits</b>	<b>External factors influencing activity</b>	<b>Rationale of funding methods</b>
	The regional park campground largely benefits residents in the surrounding district and city.		<p>With the exception of the campground rate, this activity is funded as a whole, to recognise the interconnections between biosecurity and biodiversity works.</p> <p>The regional park campground will be funded through a targeted rate to nearby ratepayers, and user fees, with a small general rate contribution.</p>
<b>Regional Leadership and Governance group of activities</b> Emergency Management, Climate Change, Strategic Management, Iwi and Hapū Relationships, Community Relationships, Information, Environmental Reporting and Air Quality Monitoring, and Governance			
<p>Our region's communities are vibrant and empowered.</p> <p>Our region's communities are resilient to the impacts of natural hazards and climate change.</p> <p>Our region's ecosystems are healthy.</p> <p>Our region's economy is thriving.</p>	Benefits from this group of activities accrue to the whole region. In some cases they accrue to all ratepayers equally.	<p>Legislative requirements mandate engagement with the community, including iwi and hapū.</p> <p>Legislative requirements mandate resource management planning.</p>	<p>Since most of these activities have region-wide benefits, they will be funded through general means.</p> <p>Activities which meet the criteria for a UAGC or UAC will be funded accordingly. Other activities will be funded from the General Rate.</p> <p>Drinking water research will be funded through its own UAC for transparency.</p> <p>Emergency management services to territorial authorities will be funded through charges to the authorities served.</p>
<b>Transport group of activities</b> Transport Planning, Passenger Services, Total Mobility Services, and Road Safety			
Our region has effective transport networks.	The region as a whole benefits from safe, effective and sustainable transport networks.	Effective transport networks are needed to move people and goods within and between our communities. Our region's	Since transport planning and safety benefits the region as a

<b>Community outcomes activity contributes to</b>	<b>Distribution and period of benefits</b>	<b>External factors influencing activity</b>	<b>Rationale of funding methods</b>
Our region's economy is thriving.	Public transport and Total Mobility both primarily benefit their users. However, there are also social wellbeing benefits to providing transport services to those without other transport options. Public transport can also provide wider community benefits from reduced congestion and reduced transport emissions.	transport networks also make a significant contribution to the region's greenhouse gas emissions and must transition to a low carbon system.  Individuals without vehicles require affordable alternative transport options. For some, this may be public transport, for others it may be Total Mobility.	whole, it is funded from the General Rate.  Passenger transport services are funded in part by fares and other charges, to recognise the benefits that accrue to their users. A portion of their funding also comes from rates targeted to the urban areas that are served by the routes, to recognise the wider benefits to society and the urban environment. These services are also significantly subsidised by Waka Kotahi NZTA.
<b>Investment group of activities</b> Investment			
Indirect contribution to all community outcomes.	The income generated from this activity provides indirect benefit to the region's ratepayers, by offsetting rates.		This group of activity should be self-sustaining, and will be largely funded through investment income.

## Summary of funding policies

Group of Activities Activity	Beneficiary pays – region wide	Beneficiary pays - targeted	Intergenerational equity	Exacerbator pays	Nature of benefits	Policy (percentages are indicative only)
<b>Land and Water</b>						
Land Management – General	✓	✗	✗	✗	Property	100% General Rate
Gravel Quantity (Fluvial Research)	✓	✗	✗	✓	Property	60% fees and charges 40% general rate
Sustainable Land Use Initiative	✓	✓	✗	✓	People and property	As granted: grants and subsidies Remainder: UAC (SLUI)
Water Quality – General	✓	✓	✗	✗	People and property	100% General Rate
Manawatū River Water Quality Improvement	✗	✓	✗	✗	People	100% UAC
Lake Horowhenua Restoration	✓	✓	✗	✗	People	80% UAC 20% General Rate  Capital expenditure may be funded through borrowing
Water Quality and Quantity – Research	✓	✗	✗	✓	People and property	70% General Rate 30% fees and charges
Water Quality – Additional Research	✓	✗	✗	✓	People and property	50% General Rate 50% fees and charges
Water Quality – Consent Holders Research Responsibilities	✗	✗	✗	✓	Property	100% fees and charges
RMA Advice	✓	✗	✗	✗	Property	100% General Rate

<b>Group of Activities</b> <b>Activity</b>	<b>Beneficiary pays – region wide</b>	<b>Beneficiary pays - targeted</b>	<b>Intergenerational equity</b>	<b>Exacerbator pays</b>	<b>Nature of benefits</b>	<b>Policy</b> (percentages are indicative only)
<b>Consent Management and Monitoring</b>	✓	✓	x	✓	Property	As actual and reasonable: fees and charges Remainder: General Rate
<b>Permitted Activity Monitoring</b>	✓	✓	x	✓	Property	Where possible, as actual and reasonable: fees and charges. Remainder: General Rate
<b>Pollution Incidents</b>	✓	✓	x	✓	Property	As actual and reasonable: fees and charges Remainder: General Rate
<b>Flood Protection and Control Works</b>						
<b>River and Drainage – General</b>	✓	x	x	x	Property	100% General Rate
<b>River and Drainage – Scheme: Review, Audit and O&amp;M Manual Development</b>	✓	x	x	x	Property	100% General Rate
<b>River and Drainage – Scheme: Other</b>	✓	✓	✓	✓	Property	80% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges) 20% General Rate  Capital expenditure may be funded through borrowing

<b>Group of Activities</b> <b>Activity</b>	<b>Beneficiary pays – region wide</b>	<b>Beneficiary pays - targeted</b>	<b>Intergenerational equity</b>	<b>Exacerbator pays</b>	<b>Nature of benefits</b>	<b>Policy</b> (percentages are indicative only)
<b>River and Drainage: Porewa Scheme</b>	✓	✓	✓	✓	Property	60% General Rate 40% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)  Capital expenditure may be funded through borrowing
<b>Biosecurity and Biodiversity Protection</b>						
<b>Biosecurity and biodiversity</b>	✓	✓	x	x	People and property	55% General Rate 30% UAC (Environmental Initiatives) 15% targeted per ha rate on properties >4 ha
<b>Regional Park camp ground</b>	x	✓	x	x	People	> 30% fees and charges Remainder: • 90% Targeted UAC to Palmerston North City and Manawatū District • 10% general rate
<b>Regional Leadership and Governance</b>						
<b>Community Relationships</b>	✓	x	x	x	People	100% UAGC

<b>Group of Activities</b> <b>Activity</b>	<b>Beneficiary pays – region wide</b>	<b>Beneficiary pays - targeted</b>	<b>Intergenerational equity</b>	<b>Exacerbator pays</b>	<b>Nature of benefits</b>	<b>Policy</b> (percentages are indicative only)
<b>Environmental Education</b>	✓	✗	✗	✗	People	100% UAC (Environmental Initiatives)
<b>District and Rural Advice</b>	✓	✗	✗	✗	Property	100% General Rate
<b>Environmental Research – General</b>	✓	✗	✗	✗	People and property	100% General Rate
<b>Environmental Research and Monitoring – Drinking Water</b>	✓	✗	✗	✗	People	100% UAC
<b>Strategic Management - General</b>	✓	✗	✓	✗	Property and people	100% General Rate
<b>Strategic Management – Economic Prosperity</b>	✓	✗	✗	✗	People	100% UAGC
<b>Hapū and Iwi</b>	✓	✗	✗	✗	People	100% UAGC
<b>Climate Change</b>	✓	✗	✗	✗	Property	100% General Rate
<b>Regional Emergency Management</b>	✓	✗	✗	✗	Property	100% General Rate
<b>Territorial Authority Emergency Management</b>	✗	✓	✗	✗	NA	100% fees and charges
<b>Representation and Governance</b>	✓	✗	✗	✗	People	100% UAGC
<b>Information</b>	✓	✗	✗	✗	Property	100% General Rate
<b>Transport</b>						
<b>Transport Planning</b>	✓	✗	✗	✗	Property	50-60% General Rate

<b>Group of Activities</b> <b>Activity</b>	<b>Beneficiary pays – region wide</b>	<b>Beneficiary pays - targeted</b>	<b>Intergenerational equity</b>	<b>Exacerbator pays</b>	<b>Nature of benefits</b>	<b>Policy</b> (percentages are indicative only)
						40-50% Grants and subsidies
<b>Public Transport</b>	x	✓	x	x	People and property	50-55% Grants and subsidies 25-30% targeted rates (EQCV) 15-20% fees and charges 1-5% other revenue
<b>Total Mobility</b>	x	✓	x	x	People	60% grants and subsidies 40% targeted rates (EQCV)
<b>Transport Safety</b>	✓	x	x	x	People	65-75% grants and subsidies 25-35% General Rate
<b>Investment</b>						
<b>Investment</b>	✓	x	x	x	People and property	100%: Investment income

## **Consideration of the four wellbeings**

In developing this policy, Council considered the impact of its revenue and financing choices on the social, environmental, economic, and cultural wellbeing of the region. Council has considered the issue of affordability on the economic wellbeing of its communities and believes that the balance of capital value to UAC chosen and central government's rates rebate scheme and accommodation supplement, on the whole, address issues of affordability. Therefore, it does not expect to make any overall impact adjustments.

# Significance and Engagement Policy

## 1. Purpose and Scope

The purpose of this policy is:

- To provide Council and officers with a clear set of criteria and procedures for assessing and deciding the significance of issues, proposals, assets, decisions and other matters under the Local Government Act 2002 (LGA), and
- To inform communities in the Horizons' region about how and when they can expect to be engaged in Council's decision making processes, by outlining the general approach Horizons will take in assessing and deciding the appropriate level and type of community engagement.

The policy lists the matters that, under the LGA, must be decided using the special consultative procedure and names the assets considered to be strategic assets. It sets out other methods Horizons expects to use when engaging with its communities on other matters and indicates what factors may influence the choice of methods depending on the degree of significance.

Emergencies or emergency works are not included in this policy. It also excludes community engagement processes specified in Acts other than the LGA, for example, plan development or resource consent decision making under the Resource Management Act 1991.

The statutory requirements for significance and engagement policies are set out in Section 76AA of the LGA.

## 2. The Special Consultative Procedure

Some decisions are defined as significant in the LGA and require the use of the special consultative procedure set out in Section 83.

These decisions are:

- i. Adoption or amendment of a Long-term Plan (Section 93)
- ii. Adopting, amending or revoking bylaws identified in this policy as being of significant interest to the public, or Horizons considers there could be a significant impact on the public (Section 156), and
- iii. When any other Act requires the use of the special consultative procedure (Section 83)

Some decisions can only be taken if they are provided for in the Long-term Plan and will therefore be included in that process' special consultative procedure (Section 97). They are:

- i. Significantly altering the intended level of service for a significant activity (including starting or stopping doing a significant activity), and
- ii. Transferring the ownership or control of a strategic asset to or from Horizons

Horizons' strategic assets are listed in Attachment 1.

The special consultative procedure includes a requirement to create specified documents and make them widely available, and give public notice of the proposal. There must be a period during which people interested in the proposal can make their views known to Council. Horizons can choose to use the special consultative procedure to engage with the community on other matters if it considers it would be appropriate.

### 3. Significance and Other Significant Decisions

'Significance' can be viewed as a continuum, ranging from a very low level of significance (where a decision is 'not important') to a very high level (where a decision is 'critical'). At some point in the continuum, the degree of significance becomes high enough that the matter is 'significant'. Assessing the level of significance a decision will have is essentially a matter of judgment.

In the LGA, 'significance' relates to the degree of importance of decisions, proposals or matters and their likely impact on and consequences for the region, on people who are particularly likely to be affected by or interested in them, and on Horizons' capacity to perform its role. Applying these definitions to Horizons' decision making processes, the definition of 'significant' for the purposes of this policy is:

*An issue, decision, proposal or other matter is considered to be significant if it:*

1. *Is determined to be significant by Council through resolution, and has not previously been consulted on using a special consultative procedure, including through the Long-term or Annual Plan, and*
2. *Is considered by Council to have a high degree of importance in terms of:*
  - *The region*
  - *Any person who is likely to be particularly affected by, or interested in, the issue, proposal, decision or matter, and*
  - *Horizons' capacity to perform its role and the financial and other costs of doing so.*

#### 3. Assessing Significance

Council will consider each proposal or decision on a case-by-case basis to determine its level of significance, by applying the

criteria set out in this policy and following the procedures set out below.

#### a. Criteria

Council will consider the following criteria in reaching a decision as to the significance of matters that are not required to have a special consultative procedure by the LGA. The criteria will be considered together – a proposal that meets one of the criteria in isolation will not necessarily be significant.

- The number of people who may be affected
- The potential impact on any affected person or persons
- Whether the matter has a history of wide public interest in the region or is likely to generate considerable public interest
- The extent to which the matter is consistent with Horizons' policies and plans
- Whether the decision is permanent or can be reversed, such as the potential impact on the environment
- Whether the decision is likely to be of high interest to Māori (see also section 4)
- The impact the decision will have on Council's resources and/or future direction, and
- Financial consequences to Council.

#### b. Procedures

- Every report to Council (including its standing committees) must include a statement indicating that the decision, proposal or other matter has been considered in regard to Council's Significance and Engagement Policy
- If the decision or proposal is considered to be highly significant, the report will also include a statement

setting out how Sections 76-82 of the Local Government Act 2002 have or will be complied with

- The recommendations in the report will ask the Council (or committee) to either confirm that the matter is highly significant and the degree of significance or determine an alternative status, and either confirm that Sections 76-82 have been met or agree what further actions are needed to ensure compliance.

## 5. Engagement

### a. Background

Engagement can take many forms. It can be looked at as a spectrum of interaction between the public and an organisation, depending on the amount of influence the public has on the decisions that organisation makes. The International Association for Public Participation (IAP2) has developed a helpful resource, the IAP2 Public Participation Spectrum, which describes different levels of engagement (Attachment 2).

This policy uses the terms within the Spectrum to describe different levels of engagement. For the purposes of decision making under the LGA, engagement will generally range between informing and seeking feedback. Horizons has, and will continue to, use engagement methods to involve or collaborate with its communities at times.

In general, the more significant or material the impact or consequences of a decision or proposal, the more formal or extensive the engagement process is likely to be.

### b. General approach

The most significant decisions and proposals will usually be included within the long-term planning processes and will be assessed against Horizons' strategic objectives. Therefore,

wherever practicable, these matters will be included within a special consultative procedure to adopt or amend the Long-term Plan.

Matters considered to be of low significance generally will be decided by Council or delegated to Horizons' officers or a Council committee. Communities and affected individuals will be informed about these decisions and their implementation, for example, through the Annual Report.

For matters that are assessed as being significant, Council will use one or a combination of engagement methods. See Attachment 2 for examples of methods we may use.

The choice of engagement methods will depend on factors including:

- The size, location and characteristics of the communities that will be affected by the decision
- The communities' preferences for engagement
- What is already recorded about the communities' views and preferences
- The degree of significance the matter is assessed as having
- The criteria that were relevant in that assessment
- The circumstances in which the decision is to be taken, or the issue arose
- The cost of the method relative to the significance of the matter, and
- Whether there is good reason under the provisions of Part 1 of the Local Government Official Information and Meetings Act 1987 to withhold information.

## 6. Māori

The Local Government Act 2002 requires us to provide opportunities for Māori to contribute to our decision making processes. To meet this, we will:

- recognise the enduring presence, aspirations, and cultural practices of Māori as kaitiaki in the region
  - actively consider the recognition and protection of Māori rights and interests within the region and how we contribute to the needs and aspirations of Māori
  - where a decision relates to land or a body of water, take into account the relationship of Māori, and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga
  - recognise the entities and governance frameworks established by treaty settlement legislation and the intent of that legislation
  - establish and maintain processes to provide opportunities for Māori to contribute to our decision making processes, including collaborative and partnership approaches where appropriate
  - support Māori to fully engage with us, for example, through capability and capacity building
  - build ongoing relationships with Māori through a range of approaches that enables:
    - early engagement with Māori in the development of appropriate plans and policies
    - Māori to guide how they want to engage with the council.
- Ensuring people affected by or interested in a decision have reasonable access to relevant information
  - Encouraging those people to present their views to council and ensuring they have a reasonable opportunity to do so
  - Giving people presenting their views clear information on the purpose of the consultation and the scope of decisions to be made following consideration of these views
  - Councils receiving those views with an open mind and giving them due consideration in making their decision, and
  - Providing people who presented their views with access to a clear record of the decisions and explanatory material.

For the purposes of this policy, 'Māori' will usually refer to mana whenua and other iwi with a recognised interest in an area.

## **7. Legal Framework**

### **a. Consultation and decision making**

The LGA sets out a framework for local authority decision making. This framework requires councils to consider the views of those likely to be affected by or to have an interest in its decisions (Section 78), using a set of consultation principles (Section 82(a)). These include:

## **b. Inconsistent decisions**

When a decision is made that is, or could have consequences that are significantly inconsistent with this policy, Section 80 of the LGA applies. This provision requires that the inconsistency, the reasons for it, and any intention Horizons may have to amend the policy to accommodate it, be set out when making the decision.

## **8. Attachments**

### **Attachment 1: Strategic Assets**

Strategic assets are defined in the LGA as being those that need to be retained to maintain a local authority's capacity to achieve the outcomes it determines are important to the current or future wellbeing of its communities. The definition specifies that some assets, such as equity securities in a port company, are strategic.

The assets Horizons considers to be strategic are:

- 23.08 per cent shareholding in CentrePort Ltd, and
- River and drainage schemes taken as a whole but not any specific part of the asset group

Horizons' holdings include other assets that do not meet the definition of 'strategic asset' in the LGA. Decisions regarding those assets may be considered significant.

**Attachment 2: IAP2 Public Participation Spectrum**

<b>Level</b>	<b>Inform</b>	<b>Seek Feedback</b>	<b>Involve</b>	<b>Collaborate</b>	<b>Empower</b>
<b>Goal</b>	To provide affected communities with balanced and objective information to assist them in understanding the problems, alternatives, or solutions.	To obtain input or feedback from affected communities about our analysis, alternatives and/or proposed decisions.	To work directly with affected communities throughout the process to ensure their issues and concerns are consistently understood and fully considered in Council's decision making.	To work closely with affected communities to develop alternatives and recommend preferred solutions.	To place final decision making in the hands of affected communities.
<b>Promise to the Community</b>	Council will keep you informed and advise you of the decisions it makes.	Council will keep you informed and listen to and acknowledge your concerns. Council will provide reasons for the decision making.	Council will work with you to ensure your concerns and issues are directly reflected in the alternatives developed. Council will provide feedback about how your input influenced the decisions it made.	Council will work with you to formulate solutions and incorporate your advice and recommendations into the decisions it makes to the maximum possible extent.	Council will implement what you decide.
<b>Types of issues we have used this for</b>	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Annual Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term Plan</li> <li>• Environmental issues (Plan Change 2 to the One Plan)</li> <li>• Public transport</li> <li>• Flood control and drainage</li> </ul>	<ul style="list-style-type: none"> <li>• Our Freshwater Future</li> </ul>	<ul style="list-style-type: none"> <li>• Te Kōpuka nā te Awa Tupua</li> <li>• Ngā Wai Tōtā</li> </ul>	<ul style="list-style-type: none"> <li>• Council elections</li> </ul>
<b>Tools we might use</b>	<ul style="list-style-type: none"> <li>• Websites</li> <li>• Information flyer</li> <li>• Public notices</li> <li>• Social media</li> <li>• Public signage</li> </ul>	<ul style="list-style-type: none"> <li>• Formal submissions and hearings</li> <li>• Social media and online tools</li> </ul>	<ul style="list-style-type: none"> <li>• Hui</li> <li>• Workshops</li> </ul>	<ul style="list-style-type: none"> <li>• External working groups (with community experts)</li> </ul>	<ul style="list-style-type: none"> <li>• Council elections</li> <li>• Binding referendums</li> </ul>

<b>Level</b>	<b>Inform</b>	<b>Seek Feedback</b>	<b>Involve</b>	<b>Collaborate</b>	<b>Empower</b>
		<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Focus groups</li> </ul>		<ul style="list-style-type: none"> <li>• Co-governance forums</li> </ul>	
<b>When Communities can expect to be involved</b>	Council would generally advise the community once a decision has been made.	Council would advise the community once a draft decision is made and would generally provide the community with up to four weeks to participate and respond.	Council would generally provide the community with greater lead-in time to allow them time to be involved in the process.	Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered.	Council would generally provide the community with a greater lead-in time, to allow them time to be involved in the process, typically a month or more.

## Rates Collection

From 1 July 2003, Horizons began collecting all Regional Council rates directly from our ratepayers. Previously, most of our rates were collected for us by the ten 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 fortnightly, monthly or quarterly basis if required (preferably using direct debit arrangements). This will need to be prearranged with our rates team.

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 and Whanganui, 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.

# Council-controlled Organisations

## What are CCOs?

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

- MWRC Holdings Limited;
- MW LASS Limited; and
- Regional Software Holdings Limited.

## Significant Policies for our CCOs

- Policy on Appointment and Remuneration of Directors
- Investment Policy
- MWRC Holdings Statement of Intent
- Regional Software Holdings Statement of Intent

## MWRC Holdings Limited

### Description and objectives

MWRC Holdings Limited is our investment holding company that manages Council's income-generating assets such as port investments, property rentals/developments and short-term cash investments. In addition, MWRC Holdings Limited manages a portfolio of New Zealand and international equities for Council.

The company was established in December 2009 with the objective of providing a commercial basis for the management of Council's medium and long-term investments. Investment in this company is provided for in our Investment Policy which can be found on our website [www.horizons.govt.nz](http://www.horizons.govt.nz). It should be noted that the company's main investment (23.08 per cent of the shares in CentrePort Limited) is considered a strategic asset under our Significance and Engagement Policy, contained within this document.

## Nature and scope of activities

MWRC Holdings Limited is charged with commercially managing our medium to long-term investments, which currently comprise our CentrePort Investment, a North St property, and a Victoria Ave Building.

## Key performance targets

MWRC Holdings' current performance targets are set out in its 2021-22 Statement of Intent, as shown below.

The targets are to:

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

	2021-22 \$000	2022-23 \$000	2023-24 \$000
Net Profit/(Loss) Before Tax	2,243	2,287	2,290
Income Return on Total Assets <sup>1</sup>	2.93%	2.97%	2.92%
Dividend/Subvention Payment	2,300	2,350	2,350
Capital Growth on Investments	1.24%	1.22%	4.22%

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

## **MW LASS Limited**

### **Description and objectives**

MW LASS Limited is a council-controlled organisation (CCO) set up in 2008 by seven councils (Horizons Regional Council and Horowhenua, Manawatū, Rangitīkei, Ruapehu, Tararua and Whanganui District Councils) within the region to investigate efficiencies and cost savings for the participating councils. We own one seventh or approximately 14 per cent of this company. The company is considered to be a CCO under the Local Government Act 2002, but the member councils have resolved that it is exempt for the purposes of Section 6(4)(i) of that Act for three years until 30 June 2022.

### **Nature and scope of activities**

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

### **Key performance targets**

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

## **Regional Software Holdings Limited**

### **Description and objectives**

Regional Software Holdings Ltd is a company governed by the Companies Act 1993 and incorporated in New Zealand.

Regional Software Holdings Ltd is a council-controlled organisation pursuant to the Local Government Act 2002.

Regional Software Holdings Ltd has no subsidiaries or joint ventures.

Regional Software Holdings Ltd provides a framework for collaboration between the regional council shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own. The company operates through managed contractual arrangements and by facilitating collaborative initiatives between shareholder councils. Some shareholder councils are both customers of Regional Software Holdings Ltd and providers of service to Regional Software Holdings Ltd.

The vision of Regional Software Holdings Ltd is to provide a high quality shared service for the regional council sector (and associated agencies) that delivers value to shareholders, customers and the sector.

The mission is to deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional council specific processes and functions
- Value through economies of scale
- Reduced risk through ensuring continuity of supply and control of the destiny of regional council sector specific software
- Greater influence for the sector with central government through cohesion and collaboration.

The current flagship is the Integrated Regional Information System (IRIS).

The performance of Regional Software Holdings Ltd can be judged against the following measures:

### **Non-Financial**

- Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and Regional Software Holdings Ltd support.
- Provide a summary of the survey results in the annual report, including performance against the baseline.
- Survey results to be the same or better than the previous year.
- Develop, approve, communicate and refine the product strategy for IRIS and IRIS NG. Draft strategy presented to the Board by 31 December 2020.
- Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.
- Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.
- Budgets for support and minor enhancements are approved by the Board by 30 June each year, and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.

### **Financial**

- RSHL will operate within approved budget, with any material variations approved by the Board.
- Annual charges for shareholders and customers to be at level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.

### **Growth**

- Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.
- Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.
- Be a service delivery vehicle for wider regional council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.

### **Significant policies and obligations on ownership and control**

The Council will retain its shareholding in Regional Software Holdings Ltd as long as it remains a user of the IRIS solution.

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