horizons
regional council

Long-term Plan 2018-28

REPORT NO. 2018/EXT/1570

Contents

Setting the Scene

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Chair and Chief Executive's Message

Welcome to the 2018-28 Long-term Plan (LTP). This Plan 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 part of New Zealand a great place to live, work and play.

In planning for this LTP, Council workshopped the key challenges our Region faces and what needs to be put in place to mitigate and respond to these over the next decade. As a result, we identified a need to increase expenditure for some of our work programmes.

During our consultation period we received over 500 submissions, of which we heard from 78 submitters in person. A large portion of these people provided feedback on the key issues highlighted in our LTP consultation document. These were the update of our 30-year Infrastructure Strategy for the Region's flood protection, river control and drainage assets and proposed changes to river management schemes; economic development; a proposed regional facilities fund; and how we use commercial investment opportunities as an additional revenue stream. We also consulted on freshwater management, ways the Capital Connection could be retained, and whether we should change the Region's and Council's name.

As a result of submissions and deliberations, Council resolved to: set aside $50,000 per year to fund works to progressively make the Anzac Parade area more resilient to flooding; invest $4.9 million over 30 years to ensure river training structures along the lower reach of the Lower Whanganui River continue to be effective; partner with Horowhenua District Council to build a new flood relief pipeline for Foxton; proceed with the improvements to the Reid Line Floodway; establish new river management schemes for Ohakune and the Ruapehu and Tararua Districts; fully fund the regional development and prosperity activity via a Uniform Annual General Charge; to not establish a regional facilities fund; and to borrow $17 million from the Local Government Funding Agency to on-loan to MWRC Holdings Ltd for investment opportunities.

Council also resolved to: allocate an additional $40,000 per annum to the proposed $160,000 to meet demand for freshwater and partnerships work for stream fencing and planting; commit to funding in Year 1 of up to $110,000 from a mix of rates and reserves for the Capital Connection and commit to Years 2 and 3 to be reviewed annually; to change the Region's and Council's name to Manawatū-Whanganui; and to remove $160,000 for weed harvesting in Lake Horowhenua from Year 1 of the LTP.

There will be an average increase in rates across the Region of approximately 7.04 per cent for Year 1, 4.72 per cent for Year 2, and 2.94 per cent or around the rate of local government (BERL) inflation plus 2 per cent for Year 3. It is important to keep in mind that these rates are only an average and the rate impact will differ from district to district due to factors such as changes to property values, and specific rating inputs such as river schemes and urban passenger transport rates areas.

Thank you to those who made submissions towards this LTP. We appreciate that any rate increase isn't ideal and want you to know that Council did not make these decisions lightly. It is always a fine balance between keeping rates at an affordable level while ensuring we have the appropriate programmes in place for managing our Region's natural resources into the future.

In closing, we would like to acknowledge Cr Pat Kelly who was involved in the formation of this Long-term Plan - from workshops and consultation to reviewing submissions and deliberations. Unfortunately, he passed away just a few weeks shy of adopting the Plan. Voted into Council in 2013, Cr Kelly was a loved and respected elected member and, having previously served on Palmerston North City Council, a longstanding figure in our Region's political environment. His dedication and service to community was something all that knew him admired.

Bruce Gordon
CHAIR
20 June 2018

Michael McCartney
CHIEF EXECUTIVE
20 June 2018

How to use this Long-term Plan

The Long-term Plan (LTP) covers the next 10 years, from 1 July 2018 to 30 June 2028.

It identifies the directions (outcomes) chosen by the community and the role of Horizons in achieving those directions. The activities within each group include detailed forecast costs and targets for the first 3 years and consolidated forecast information for the remaining 7 years of the Plan.

This Long-term Plan has four distinct parts

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

Part Two: Sections Two to Seven set out what we are going to do to meet the community outcomes we outline in Section One. Each of the sections represents a group of our activities that contribute towards similar outcomes in similar ways. At the start of each section we introduce the group and explain what activities are in the group and why they are grouped together. In the 'Highlights' section we outline the significant aspects for each activity.

We then proceed to look at each activity individually. We have provided a visual link between each activity and the community outcomes they work towards, using the outcome icons from Section One. In the section entitled 'What we do and why' we provide the levels of service the activity undertakes to fulfil the expectations we have outlined in the community outcomes. We then provide some highlights before showing the costs and performance measures for the activity. On the last page of the activity we illustrate how costs change over time and how those costs are funded.

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

Part Three: Section Eight is the 30-year Infrastructure Strategy. This strategy identifies the challenges the Region is likely to face over the next 30 years in terms of river management and flood protection, and the options for addressing these challenges.

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

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

Significant Issues for our Region

The issues identified below are what we believed were of greatest interest to you, our community, going forward. These are:

- Community outcomes;
- Regional development and prosperity;
- Regional facilities fund;
- Capital Connection;
- Freshwater management;
- Changes to river and drainage schemes in the Region;
- Commercial investments; and
- Changing the Region's and Council's name.

As a result, these were the key issues we included in our Consultation Document for you to supply feedback through the submission process. You will find Councils decisions as a result of your feedback, on page 18 "Thank you for having your say".

Community Outcomes

In every Long-term Plan, as a local authority, Horizons is required to set out the Region's community outcomes. These are the outcomes that we aim "to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions" (Local Government Act 2002).

As part of the LTP process we have reviewed our community outcomes and decided they needed a refresh to ensure they are more relevant, measurable and aspirational. Reflecting amendments to the Local Government Act, we have also incorporated the 'four wellbeings' – social, economic, environmental and cultural goals – into the overall outcomes and contributing activities, rather than presenting them as distinct goals as they currently stand.

The six new community outcomes are as follows:

1. *Natural hazard resilience/He manawaroa i te mōrearea*
   A community that is aware of hazards and is prepared and empowered to respond to, and recover from, a natural hazard or emergency.

2. *Healthy ecosystems/He taiao matomato*

   Healthy, diverse and fully functioning ecosystems that provide for community needs now and in the future.

3. *Human wellbeing/He oranga tangata*
   Natural, farmed and built environments that support healthy people and communities.

4. *Connected communities/He hapori i tūhonoa*
   Connected communities supported by safe, reliable, efficient transport systems.

5. *A robust economy/He ohanga pakari*
   A regional economy that is diversified to take advantage of a range of opportunities, and resilient to changes in the national and global economy or other influences such as climate change.

6. *Confidence in decision making/He māia i ngā whakataunga*
   A community that has confidence in regional decision making.

Regional Development and Prosperity

Government has become increasingly willing to contribute to regional economic development, as illustrated by its support to date of the Manawatū-Whanganui Economic Action Plan through the Accelerate25 programme. Clear and credible intervention plans, and the active engagement of relevant stakeholders within the Region, will continue to be prerequisites for Central Government investment over the next 10 years.

Since 2015-16, Council has contributed to regional development and prosperity by working with others to facilitate development and implementation of the Economic Action Plan. Our facilitation role involves coordination across districts and connecting with Central Government. This has included a financial contribution of $230,000 per year. This was initially from reserves in the 2015-16 financial year, and for 2016-17 and 2017-18 $100,000 was rated for with the balance of $130,000 from reserve funding.

Council resolved to fully rate fund this activity as a Uniform Annual General Charge, equating to an approximate increase from 92 cents to $2.12 per ratepayer.

Regional Facilities Fund

Our Council was approached by the Region's city and district mayors to create a regional facilities fund. The intention of the fund is to support the development of facilities that could contribute to economic growth for our Region. Regional facilities, that benefit the Region, could be anything from a regional park to a sporting facility. We have been asked to contribute $2 million over four years. The Whanganui Velodrome was put forward as an example of a possible regional facility.

Council resolved not to fund this activity.

Capital Connection

Council will continue to be involved with the retention and provision of passenger rail services between the Horizons and Greater Wellington Regions. With respect to the Capital Connection, Horizons has funded the service for the past three years to a total of $500,000. For the 2018-28 LTP, Council has proposed to discontinue this funding contribution. Instead Council, alongside Greater Wellington Regional Council (GWRC), is seeking that the full $6.2 million operational three-year shortfall be funded by central government. Recently, signals from the Minister indicate central government funding would likely only be available if a Council contribution was made.

Horizons will continue to be involved in the development of a business case to identify the benefits of providing and securing an improved passenger service rail link between the two regions for the longer term (40 years). Central government's decision isn't expected until May 2018, therefore we are seeking your feedback on whether Council should continue to contribute funding towards the retention of the service, up to a maximum of funding provided by GWRC, for the 2018-21 period.

This would equate to $60,000 from reserves and the balance of $50,000 as targeted rates for Horowhenua, Palmerston North and Manawatū. This will mean an overall increase to rates for the Region of approximately 0.11 per cent. This activity is currently not budgeted for in the 2018-28 supporting document.

Freshwater Management

Freshwater is a high priority for both Central Government, our communities and Horizons. We need to be able to respond to new initiatives, for example the likely revision of the National Environmental Standard for Sources of Human Drinking Water and National Policy Statement for Freshwater Management (NPS-FM) amendments and targets.

Horizons has demonstrated its leadership in freshwater management in recent years – in 2005, through the One Plan, our Region was an early adopter of a new approach to manage the leaching of nutrients into waterways. However science, knowledge and the regulatory environment continue to change and we need to adapt and change with it – ensuring that our approaches reflect good practice.

We are legally required by Government to ensure that our policies and rules contained in the One Plan align with national-level regulations, principally the NPS-FM, which was amended in 2017. Council needs to have this work completed by 2025. In order to do this we are going to put in place a catchment-by-catchment planning process. This will build on the work done for the One Plan and will include significant community engagement as we want to better understand what your expectations are for the Region's waterways. We also want to identify the most effective interventions to continue to progress water quality improvement.

How do we intend to resource this?

To enable us to undertake this important work, we will increase our capacity in the policy area, as well as redirect some resources within the organisation. For example, we intend to refocus some of our Rural Advice activity to engaging with the rural community as we progress catchment planning. While this will mean a different emphasis for our Rural Advice team, our engagement with the farming community will be more important than ever as it is pivotal to ensuring that we achieve continual improvement in our management of freshwater.

Freshwater and Partnerships and Programmes

The Freshwater and Partnership Programme aims to protect and enhance water quality and aquatic habitat including through partnership with landowners, iwi and external agencies. The programme includes initiatives to support stock exclusion from waterways (through freshwater restoration grants, advice and education), riparian enhancement and planting, aquatic habitat enhancement and supporting water quality initiatives.

In 2017-18 Horizons and its partners were successful in securing over $5.23 million from the Freshwater Improvement Fund (FIF), administered by the Ministry for the Environment, toward water quality improvement projects totalling more than $12.3 million. Our Region's four projects in the Manawatū, Whangaehu, Lake Waipu and Lake Horowhenua catchments are programmed to be completed over three or five years. Horizons will lead three of the projects (Manawatū, Whangaehu and Lake Waipu). The Lake Horowhenua Trust will lead the project in the Lake Horowhenua Catchment.

In order to deliver on these projects, we have reallocated resources within the Council teams to provide for Horizons' contribution over the next three years. This has meant that all of the previous budget for freshwater grant work has been allocated into the catchments with FIF projects. For the three FIF projects that Horizons are leading, $567,500 of ratepayer funding is projected to be spent in Year 1 of the LTP as part of a budgeted total spend in the catchment on works of $2.2 million. The balance of funding is from the Ministry for the Environment, Palmerston North City Council, Horowhenua District Council, Manawatū District Council, Rangitīkei District Council, Ngāti Rangi and landowners. Further funding will be leveraged through the $100,000 contribution over three years to the Lake Horowhenua FIF project that is budgeted to have an overall spend of $1.685 million.

To enable work to continue in other catchments, Council has allocated a further $160,000 of grant funding towards water quality improvement grants within the wider Region. Further, Council has allocated new funding for additional staff resource to assist with delivery of the freshwater and partnerships work.

A further inclusion in the LTP's Year 1 budget is new funding of $75,000 for a programme to reduce nutrient and sediment loss from horticultural operations. This work builds on work completed as part of the Lake Horowhenua Clean-Up Fund project, broadening its scope to include other areas in the Region and a wider range of water quality improvement work.

Drinking water

The recent enquiry into the contamination of the Havelock North public water supply has highlighted a number of areas for improvement in the management of public water supplies throughout New Zealand.

To ensure the relevant agencies in our Region are meeting their requirements regarding the protection of drinking water quality, Horizons is working in consultation with local public health officers and territorial authorities to improve overall management of drinking water supplies.

Information on drinking water supplies and their contamination risks is held by a number of organisations. Maintaining a continual flow of information is key to ensuring any risks to public health are identified and communicated to the right people at the right time. A stocktake and risk assessment for community drinking-water supplies in the Horizons Region has also been completed. This assessment has highlighted a number of areas for improvement and that is now informing the development of a dedicated work programme to inform decision making around the management of both existing and future public water supplies.

Council has included additional funding of $100,000 in the LTP to enable Horizons to complete it functions around drinking water supply management, including ensuring communication with other agencies involved in drinking water supply management. The funding is focussed on drinking water supplies operated by councils and equates to 92 cents per ratepayer through a Uniform Annual Charge.

Changes to River and Drainage Schemes in the Region

Horizons currently manages more than 30 river management schemes throughout the Region, providing protection from flooding and river erosion to 10 urban areas and 75,000 hectares of rural land. That involves, amongst other things, managing approximately 1,270km of river channel, and inspecting and maintaining just under 500km of stopbank and 53 detention dams.

These schemes allow the productive potential of a significant part of the Region to be fully realised and keeps people, their possessions and infrastructure safe from flooding. As part of determining what future services are needed, we have updated our 30-year Infrastructure Strategy. This strategy identifies factors such as population growth, infrastructure effectiveness and reliability, climate change, and the effect of sedimentation on flood protection standards as particular river management challenges for the Region.

Foxton East Drainage Scheme

Horizons has been working with the Horowhenua District Council to better understand the drainage limitations in and around Foxton, and to identify an effective mitigation strategy that alleviates the flooding that frequently impacts the town. The solution identified is a new pipeline running along Cook Street linking the Horizons drain on the east side of the town (known locally as Kings Canal) with the Foxton Loop. Constructing the pipeline has been costed at $3 million, and Horizons and Horowhenua District Council have agreed to share the cost 60:40 respectively. This represents a significant increase in expenditure for the Foxton East Scheme, therefore we will revisit the targeted rate classification for the Foxton East Drainage Scheme in 2019 (Year 1) of the Long-term Plan.

The pipeline will not provide the absolute panacea to flooding and we expect climate change to add to that challenge over time; the pipeline will be designed and constructed to enable a pump station to be incorporated at some point in the future. No financial provision for pump station design or construction has been included in this LTP. Horizons river management rates for Foxton are likely to rise substantially in order to fund this work – to as much as $80 per $100,000 capital value per year over the next 10 years. The reclassification work in Year 1 will determine precisely what that increase is.

There are alternative pipeline routes, however we consider Cook Street to be the best option. Foxton's location constrains alternatives to a pipeline (higher, more extensive stopbanking for Kings Canal/Purcell Street drain, for example, would be more expensive and would provide less benefit). Doing nothing risks ongoing flood-related property damage and disruption, with climate change effects likely to accentuate those impacts over time.

Lower Manawatū Scheme

a) Ashhurst

In 2017 Ashhurst residents asked Horizons to intervene with the progressive loss of the part of the Ashhurst Domain that fronts the Manawatū River. Stemming back to the June 2015 floods, changes in river alignment have resulted in river erosion of the domain land, owned by the Palmerston North City Council (PNCC). That erosion lays outside the extents of Horizons' Lower Manawatū Flood Protection Scheme (LMS), but in any event the LMS usually only fully funds river control works of this type where flood protection assets (stopbanks) are threatened.

Horizons shifted the Manawatū River away from Ashhurst Domain in May 2017, work funded 70/30 by PNCC and Horizons (the Horizons share was met by way of a general rate funded Environmental Grant). Permanent work to protect the domain from further erosion began in February 2018 with Horizons again funding 30 per cent of the construction cost, capped at $300,000. Up to $50,000 will come from an additional Environmental Grant with the balance funded by way of a loan.

We will levy a targeted rate over Ashhurst to repay most of that loan, with 20 per cent coming from the regional river and drainage rate. When the Ashhurst Domain protection works are completed, Horizons will consider whether to extend the LMS to include the reach of the Manawatū River adjacent to the Ashhurst Domain. If the decision is to extend the scheme, the rating classification for the LMS will be amended to include Ashhurst.

Clearly with a river the size of the Manawatū there are no feasible alternatives to the work proposed, a sentiment already expressed by Ashhurst residents; doing nothing risks further loss of land.

b) Reid Line floodway

The Reid Line floodway is an important component of the Lower Manawatū Scheme, keeping Feilding safe from Mākino Stream flooding. While it has generally worked well, we're concerned that it may not be as effective as it should in a large flood. Those concerns relate to our experience of the Mākino Stream and the speed that flood flows can be generated, the rate that Feilding is growing out toward the floodway, and the significant operating limitations that exist associated with the floodway being comprised of privately-owned land.

As a result, we're planning to divert flood flow more frequently along the floodway and enlarge its capacity to provide Feilding township with a 200-year return period flood protection standard. That will require the purchase of some or all of the private land in the floodway, recontouring the floodway to remove the stream culverts that pass through the floodway stopbank and increasing the stopbank height. This proposal complements work that the Manawatū District Council have underway, re-zoning rural land between Feilding and the floodway for residential development and allowing Feilding to continue to grow.

These initiatives are costed at up to $7.6 million (depending on how much of the floodway corridor is purchased) with a 7-year implementation timeframe commencing from Year 1. The work will be loan-funded, repaid over a 15-year period primarily (80 per cent) through an increase to the targeted flood protection rate applied to Feilding, with the balance from the Region-wide river and drainage rate.

Alternatives to an upgrade of the Reid Line floodway are more complex and expensive (stopbanking through Feilding). In our view the risks are sufficiently large that taking no action is not considered a feasible option.

Lower Whanganui River Scheme

The serious impact of the 2015 flood on Whanganui prompted Horizons to gauge the views of the community around flood protection and river management, and where Horizons should concentrate its efforts. That community engagement in 2017 has resulted in Horizons re-thinking our approach to flood management for Whanganui and adopting a suite of measures to address those issues. The other primary driver for change is the port redevelopment project, initiated by the port owner, the Whanganui District Council. This project has prompted the two organisations to consider the future of the ageing and deteriorating river training works that largely hold the lower reach of the Whanganui River in its current alignment.

a) Anzac Parade

For the Anzac Parade area, we're not intending to make any further investment in higher stopbanks. We consider the technical challenges, impacts on Kowhai Park and associated costs to be too large, and the residual risks too challenging to adequately manage. Instead we're intending to address community resilience to flooding by establishing a fund that would incentivise homeowners on the margins of the floodable area to raise their houses. For those homes in the main part of the floodable area that are more at-risk, it will involve non-mandatory purchase (and removal) of houses when the opportunity arises.

The Lower Whanganui Scheme will establish a separate fund, setting aside a $50,000 contribution each year to that fund. This will be funded in the same way as other Lower Whanganui Scheme operating costs – 80 per cent would come from targeted rates with the balance funded through the Region-wide river and drainage rate.

Not taking steps to progressively reduce this risk over time has a range of economic and social consequences for Whanganui that we believe (in the absence of more robust flood defences as a feasible option) are too large to ignore. In essence, Horizons would not be adequately discharging its statutory responsibilities.

b) Taupō Quay

For the floodable part of Taupō Quay, we will work together with the Whanganui District Council to explore ways that flood protection measures can be integrated with the high amenity value of that area, particularly the precinct upstream of the city bridge (including the River Traders' Market area). No allowance has been made for any construction work in our Plan, as the trigger would be any future redevelopment plans that the Whanganui District Council might have for the area.

We've budgeted $10,000 for staff time and consultant costs to formulate a plan jointly with WDC.

c) Pūtiki

In contrast to Anzac Parade, we believe that constructing flood defences for the Pūtiki area is a feasible proposition, requiring lower height stopbanking for a more contained area that doesn't have the same technical (foundation) challenges. Further technical work is however required to ensure that flood defences designed to contain Whanganui River floods don't exacerbate the flood hazard associated with the Ngatarua Stream.

The estimated spend of $1.2 million to construct stopbanks is scheduled for Year 6 and 7 of the LTP.

d) Lower Whanganui River structures

The section of coastline that meets the mouth of the Whanganui River is a particularly exposed and active part of the west coast, with the river prior to port construction moving backward and forward along several kilometres of coastline. Port operation requires a fixed and navigable mouth, with a significant amount of investment made in infrastructure to achieve that. Whanganui as a city has largely grown around a river in a relatively stable position with significant areas of residential development and critical infrastructure established on either side. That river infrastructure is in relatively poor condition, posing a risk to that infrastructure/development, a matter highlighted by the port revitalisation project.

Managing the alignment of the lower reach of the Whanganui River was not part of the activity for the Lower Whanganui Scheme when it was established in 2006. Horizons and Whanganui District Council have agreed that this should be added to the areas of responsibility covered by that scheme, covering inspection and maintenance of this infrastructure and managing the alignment of the lower reach of the river, including the moles located at the mouth.

The cost of this work is estimated at $4.9 million covering a period of 30 years. Whanganui District Council has agreed to contribute 25 per cent of the cost of work to the moles over a 10-year period commencing in Year 1. If we are able to obtain financial assistance from Central Government, some acceleration of the work programme is likely.

Matarawa Scheme

Horizons staff and contractors are part way through a 2-year programme to clear the section of the Matarawa Stream that passes through Whanganui, part of our response to the June 2015 flood event. This reach of the Matarawa Stream was specifically excluded from the Matarawa Scheme when it was first established; the Matarawa Scheme targeted rate classification has been amended to include Whanganui to cover the cost of this work and ongoing maintenance.

Ohakune Scheme

Technical work undertaken in 2014 assessed and ranked flood hazard areas that are not currently within river management schemes. That work identified the town of Ohakune as the Region's highest priority. Historic floods have devastated the town and a flood event in 2013 came close to causing substantial issues. Currently no community-wide approach to flood hazard mitigation exists.

During 2017, Horizons undertook significant consultation with the Ohakune community around what a river management scheme for the town might look like, including a well-attended public meeting. The outcomes from that consultation have led Council to adopt a staged approach to addressing that hazard, including the establishment of a targeted rate scheme initially focussed on channel and potential flood debris management issues, work that will start in Year 2.

Although this work will improve matters, it will still leave Ohakune significantly exposed to flood hazard. Upon the completion of this initial work we intend, through a future LTP process, to assess the community's appetite for undertaking a range of infrastructure improvements (short sections of stopbank, floodway, flood detention areas and the modification of some bridges and culverts) that will, over time, provide a much higher standard of flood protection. It will also cost significantly more than the work currently programmed.

The cost of this work is to be met in part by way of a new targeted river management rate for all of Ohakune, with a contribution from a new district-wide river management rate. These rates will commence in Year 2.

Tararua and Ruapehu District-wide river management

Complementing other changes, we're changing our approach to some of our river management activities, making them more responsive to ratepayer needs. River management issues often evolve very quickly and the scheme-based model limits our ability to intervene with equal speed outside those established areas. A scheme-based approach to river management can also be administratively inefficient and is not, in our view, the best way to accommodate management issues such as willow control, where establishing a scheme and a targeted rate area to address a particular issue can be a significant portion of the cost of carrying out the work.

Tararua District

For the Tararua District we are dissolving the Eastern Manawatū and Ihuraua Schemes and creating a district-wide Tararua River Management (TRM) Scheme. Three major schemes – the South Eastern Ruahines, Mangatainoka and Upper Manawatū – remain unchanged. The Tawataia Scheme is also retained as it contains a detention dam as a fixed asset.

The Akitio classification will also be retained but will be nil rated and re-evaluated in consultation with ratepayers through the next LTP process.

Ruapehu District

For the Ruapehu District the Taringamotu Scheme will be dissolved and replaced with a district-wide Ruapehu River Management (RuRM) Scheme, retaining the Upper Whanganui and Pakihi Schemes in their current forms. This scheme will commence in Year 2.

This is a new initiative and as such the alternative is to revert to our current operating regime. We believe this new approach has significant long-term benefits to those districts, not the least of which will be a local road network that will, over time, be much more resilient to floods with a much reduced debris load.

Commercial Investments

Horizons has been working towards better future-proofing our investments by increasing the diversity and resilience of our investments and maximising revenues gained through them. This is part of our long-term strategy to reduce the burden on ratepayers. In 2010, as part of this long-term strategy, Council sold its shares in Napier Port Ltd with the plan to invest in other opportunities as these arise. At the same time, we set up MWRC Holdings Ltd to manage Council's commercial investments.

In managing its investments Council will continually review its portfolio to ensure it remains consistent with its investment policy of optimising returns in the long term while balancing risk in the short term. Council will consult with the community, in accordance with the Local Government Act (2002), if at any stage it deems it prudent to restructure any of its key investments to maximise its returns to the ratepayer, and manage debt and risk.

The effect of the Kaikōura earthquake on Wellington's port, Centreport, reinforced the importance of increasing the diversity and resilience in our investment strategy. Centreport, in which MWRC Holdings Ltd is a 23 per cent shareholder, sustained considerable damage from the earthquake. As a result, MWRC Holdings Ltd has not received dividends from its Centreport shares for the year ending June 2017 and it is projected that there will be no dividends in the year ending 30 June 2018. This reduces Horizons' ability to subsidise rates over this period.

Consistent with our ongoing strategy to grow opportunities to diversify and maximise revenue from our investments, MWRC Holdings Ltd won its bid to build a new three-story, modern office building on Victoria Avenue, which will be tenanted by Inland Revenue's Palmerston North office. The returns generated from the rental of this building will be a beneficial rate of return over the medium to long term. This revenue will ensure that we can increase our non-rates-based revenue streams and reduce the burden on our ratepayers.

A portion of the funds to undertake this development comes from revenue generated from the sale of the Napier Port shares ($6.1 million). The remainder ($17 million) will be obtained through external funding (ie. a loan).

Council resolved to support MWRC Holdings Ltd investment opportunity by borrowing $17 million through the Local Government Funding Authority (LGFA) and passing on this debt to MWRC Holdings Ltd as a secondary loan.

Infrastructure strategy

One of Horizons' core services to the community is river management and flood protection. A substantial portion of your rates goes towards the construction and ongoing maintenance of stopbanks, dams, floodgates, and other infrastructure designed to maintain the safety and economic wellbeing of our communities. Horizons must prepare and adopt an infrastructure strategy as part of its Long-term Plan process every three years. This strategy identifies the challenges the Region is likely to face over the next 30 years in terms of river management and flood protection, and the options for addressing these challenges.

Future population growth in urban centres

Horizons' population is projected to grow by a third to over 300,000 by 2050. Most of this growth will be concentrated in Palmerston North, Feilding, Horowhenua and Whanganui. This will inevitably lead to the expansion of residential areas in these centres and in the case of the Horowhenua is likely to drive land use change.

We intend to work more collaboratively with territorial authorities in planning for this growth, while still fulfilling our statutory requirements. We're also planning to take a more targeted approach to reviewing schemes, concentrating on the areas where we expect and where there are already indications of land use change, making sure that the service we provide continues to be well aligned with the needs of the community.

We've assumed that the current projections around population growth for the Region will materialise. We consider this to be a fair assumption given net migration to New Zealand at present, general economic climate, cost of living and house prices relative to other parts of the country, and the continued investment in transport links between the Region and Wellington.

Operational effectiveness and reliability

We're conscious of the expectations communities who benefit from river management infrastructure, particularly stopbanking, have around the reliability of that infrastructure to contain a large flood when it occurs. We're currently carrying out a comprehensive assessment of the detention dams we look after and we're planning further improvements in the areas of flood protection and land drainage in order to be as certain as we can of keeping people, property and infrastructure safe from flooding. These improvements include rolling out a new asset management system and re-evaluating the way in which we inspect the more critical sections of stopbank (those protecting urban areas).

Climate Change

As our climate continues to change in response to increased CO2 concentrations, the effects at a regional scale will continue to grow, with hotter temperatures and changed patterns of rainfall. Sea levels will continue to rise, potentially at an accelerated rate. Rainfall is likely to increase across most of the Region west of the Ruahine and Tararua Ranges in winter and spring, while eastern areas are predicted to become drier. In the west of the Region, it is likely that floods will increase in both frequency and magnitude for both the Rangitīkei and Whanganui catchments, while higher rainfall is likely to place added pressure on the land drainage schemes that cover much of the Lower Manawatū floodplain.

We're already responding to those impacts, for example factoring in a component of climate change with the construction of the Balgownie stopbanks in Whanganui. We'll continue to make prudent risk-based decisions around incorporating climate change into operational activities (eg. making provision with the Foxton pipeline for the addition of pumping at a future stage) and we've also included additional funding in our environmental report programme to better quantify the impacts of climate change on our Region.

The effect of sediment on our flood management networks

Sedimentation is a significant and growing issue in a number of the catchments in the Region. Sedimentation refers to the deposition of silt on the berms of lower-lying river systems, either from eroding hill country or riverbanks. This leads to a reduction in the flood-carrying capacity of river systems, particularly in times of high flow. Sedimentation is a significant issue in three areas: the Rangitīkei River southwest of Bulls, the lower reach of the Oroua River (Awahuri to the Manawatū River confluence) and the lower reach of the Manawatū River from the Oroua River confluence to the river mouth at Foxton.

Our response to this issue is to make an additional provision of $50,000 in the fluvial research and monitoring programme to further study rates of sedimentation and the sources of the sediment, to better understand the issue and accordingly what interventions will provide the best return on investment. We envisage this work will inform a more substantive response through the next LTP. Flood frequency over the next few years will have a significant influence on just how quickly we will need to roll out this intervention plan.

The effects that sedimentation has on levels of service is not a new phenomenon, one that the 2004 floods graphically illustrated. Accordingly, Horizons already has some substantial initiatives in place, such as the Sustainable Land Use Initiative programme and some dedicated operating budget ($100,000 per year for sediment removal targeting sections of the Oroua River corridor where sediment accumulations are particularly pronounced).

Changing the Region's and Council's Name

Recently, elected Council members voted in favour of presenting an application to the New Zealand Geographical Board to change the name of the Region to Manawatū-Whanganui.

The naming of Manawatū is recorded within an oriori (a waiata for children to tell stories of their ancestors) composed for a girl named Wharaurangi by her uncle Te Rangitakoru. The oriori relates to the journey of an earlier ancestor, Haunui-a-Nanaia, and the search for his wife who had eloped with another man. The song provides an account of his quest and the waterways that he named along the way. Ka tatū e hine ko Manawatū describes how his heart (manawa) settled or momentarily stopped (tatū) when he saw the river. The compound noun formed from the two words gives us what we know today as 'Manawatū'.

The inclusion of a macron over the last letter in 'Manawatū' aligns it with Māori language orthography as promoted by the Māori Language Commission, Te Taura Whiri i te Reo Māori. The addition of the 'h' in Whanganui aligns with the official name of the Whanganui District and is formally recognised by the New Zealand Geographic Board.

Consulting with our community was part of the process to have the name change officially recognised. Following your feedback as part of the LTP submission process, Council resolved to apply to the New Zealand Geographic Board for formal approval and recognition of the new name.

Horizons Regional Council's trading name will also change from Manawatu-Wanganui Regional Council to Manawatū-Whanganui Regional Council. Updating material such as signs, letterhead and other Council collateral will be undertaken as part of a brand refresh that is already budgeted for in the LTP communications activity and has no impact on rates

Post consultation period a significant announcement has been made by the Regional Economic Development Minister that Horizons Regional Council is the recipient of close to $1 million from Central Governments Provincial Growth Fund to plant 1.135 million trees in the new financial year. As we have not had time to fully assess the implications of this announcement, we have not factored these changes through our financial model. However do note that there is no impact on the rate payer.

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Thank you for having your say

During the consultation period 503 submissions (including 16 late submissions) were received. The submissions covered 3,291 points of discussion and commented on many of Council's activities. A large number of submitters responded to the Capital Connection, the Lower Whanganui River schemes and changing the Region's name. Topics raised varied with a significant number of submitters responding to the joint mayoral request to establish a regional facilities fund.

During the period 22-24 May 2018, Council heard from 78 submitters who wished to make verbal representations in support of their submissions. On 30 May 2018 councillors considered all submissions, working hard to strike the right balance for our Region and its residents. As a result of this consultative process and your feedback, Council has adopted many of the items proposed in the Consultation Document and Long-term Plan budget, including:

- Additional funding in the freshwater and partnerships programme;
- Additional funding to ensure Horizons is able to complete its functions around drinking water supply management;
- Fully funding the regional development and prosperity activity through a 100 per cent Uniform Annual General Charge (UAGC);
- Continuing with the Foxton East Drainage Scheme and the Lower Manawatū Scheme;
- Continuing with the Lower Whanganui River Scheme and Matarawa Schemes;
- Implementing the district-wide Tararua River Management Scheme;
- Supporting MWRC Holdings Ltd investment opportunity by borrowing $17 million through the Local Government Funding Authority (LGFA) and passing on this debt to MWRC Holdings Ltd as a secondary loan; and
- The proposal for a regional facilities fund of $500,000 per annum will not be rated for in this Long-term Plan.

Council also resolved to make a few changes to the proposed Long-term Plan as a result of submissions. The following changes to the Long-term Plan were resolved during deliberations:

- The Ohakune and Ruapehu District-wide River Management Scheme be phased in from Year 2, at 50 per cent of the originally budgeted expenditure level for Year 2 and funded to the full originally budgeted amount in Year 3 onwards;
- The Foxton East relief pipeline proceed as proposed in the Long-term Plan for Year 2, but that it remains a priority in Year 1 for further community engagement to be undertaken alongside the rating classification review, including dialogue with the Horowhenua District Council;
- The Capital Connection be funded in Year 1 for a total of $110,000, using $50,000 from district specific rates and $60,000 funded through the use of district-specific reserves. Council also noted that while this funding would be committed for a further two years it will be reviewed on an annual basis;
- That Council contributes an additional $5,000 per annum for the next three years towards the operation of the Dannevirke Vehicle Trust. This will be funded through a New Zealand Transport Agency subsidy of $2,550 and $2,450 from targeted scheme reserves;
- The Horowhenua Restoration targeted rate be reduced by $160,000, being the funding to operate the weed harvester on Lake Horowhenua;
- Year 1 (2018-19 financial year) rate requirement for the three affected Schemes (South-East Ruahine, Upper Manawatū – Lower Mangahao Mangatainoka) match the rate requirement identified in the current (2017-18) financial year;
- The Lower Kiwitea scheme rate increase for Year 1 and 2 (2018-19 and 2019-20 financial years) of the Long-term Plan be revised to 2 per cent for each year;
- That at the end of the 2017-2018 financial year the Scheme Reserve Fund is reduced by $100,000 to repay a portion of the Upper Whanganui Scheme loan;
- The Year 1 (2018-19 financial year) targeted rate requirement for the Porewa Scheme is adjusted to match the targeted rate requirement identified in the current (2017-18) financial year;
- To increase the proposed $160,000 of additional grant funding in the freshwater and partnership programme to $200,000 to meet the growing demand;
- The Regions name will change to Manawatū-Whanganui; and
- The community outcomes be adopted with community outcomes 2 and 3 amended to reflect the following:

- *Healthy ecosystems/He taiao matomato*
  Healthy, diverse and fully functioning ecosystems that provide for community needs now and in the future.
- *Human wellbeing/He oranga tangata*
  Natural, farmed and built environments that support healthy people and communities.

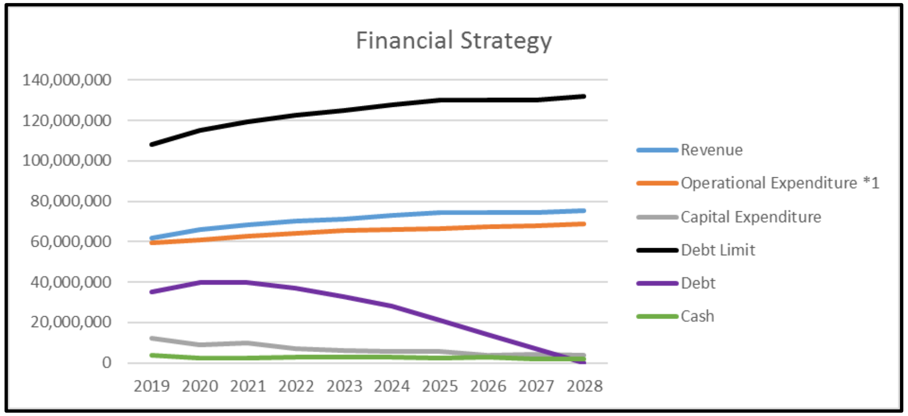
Summary of the Financial Strategy

This Financial Strategy provides a summary of our intended levels of service along with associated cost and funding implications, in particular our current and projected debt levels.

Council's financial strategy will continue to operate a balanced operating budget while building emergency reserves and actively reducing debt. Council is also aware of its high dependency on rating revenue and as part of its strategy will continue to seek investment opportunities that provide a return to the ratepayer while balancing risk and return, as per the goals of its Investment Policy. This policy can be found in Part Four of this document.

While Council is retaining a conservative approach to its capital expenditure programme, there remains a balancing act between a conservative approach and meeting the public's needs for increased levels of service. There is also growing awareness of climate change and the impact of sedimentation in a number of the catchments in the Region. Both issues are addressed throughout our supporting documentation and specifically within the 30-year Infrastructure Strategy, which can be found on our website. To best balance these needs Council reviews all its capital programmes and assesses the best approach in funding the programme through the use of rates, debt and reserves. Council is proposing to increase its level of debt across the next 10-year period in order to fund the increases in its capital expenditure. This supports the strategy of the cost of our significant assets being spread across the generations.

The Infrastructure Strategy also provides detail on the caps we are looking to set ourselves on our debt and rates increases over the 10-year Plan. For the first year of the LTP we are forecasting our rates to increase on average by 7.04 per cent. It is important to keep in mind that this is only an average and the rate impact will differ per district due to factors such as changes in property values and specific district rating inputs such as river schemes and urban passenger transport rates. This will be followed by an increase of 4.72 per cent in Year 2 and in Year 3 onwards the rates will on average remain below the targeted cap of Local Government (BERL) rate of inflation plus 2 per cent. At the same time our cash reserves will be managed at minimal levels and our external debt is forecast to rise from $27 million to a peak of $40 million in Year 2. Year 10 will see Council become debt free.



Note 1* Expenditure includes non-cash items such as depreciation.

This LTP sees an increase in the levels of service in river protection to enable us to complete our post-2004 flood commitments, while increasing flood protection for areas such as Feilding, Whanganui, Foxton, Ohakune, and more generally through the Tararua and Ruapehu District-wide river management schemes.

In addition, we see levels of service increase in policy, consents and freshwater management. There will also be a new focus on protecting the sources of drinking water and expanding the investment portfolio. The balance of Council's remaining activities will retain their levels of service over the life of this LTP.

As indicated in the diagram above, we are in a period where our cash reserves will be minimal while our debt grows. This position may limit our ability to respond to contingencies without borrowing further. However, at no time does Council exceed or is close to exceeding its capacity to borrow additional funds should there be an emergency similar to the 2004 flooding event.

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

		Annual Plan	Long-term Plan								
				Annual Change			Annual Change			Annual Change	
		2017-18	2018-19	$	%	2019-20	$	%	2020-21	$	%
Common Rates *1	**Rating Method**										
General Rate	Capital Value (Equalised)	164	-	(164)	(100%)	-	-	-	-	-	-
Uniform Annual General Charge	UAGC per separately used or inhabited part of a property (SUIP)	3,809	4,290	481	13%	4,144	(146)	(3%)	3,239	(905)	(22%)
Biosecurity	Capital Value (Equalised)	3,059	3,353	294	10%	3,630	277	8%	3,878	248	7%
Emergency Management	Capital Value (Equalised)	1,529	1,665	136	9%	1,801	136	8%	1,848	47	3%
Information	Capital Value (Equalised)	1,390	1,406	16	1%	1,483	77	5%	1,510	27	2%
Resource and Consent Monitoring	Capital Value (Equalised)	1,942	2,202	260	13%	2,225	23	1%	2,334	109	5%
River and Drainage	Capital Value (Equalised)	3,605	3,865	260	7%	4,218	353	9%	4,424	206	5%
Strategic Management	Capital Value (Equalised)	1,291	1,672	195	13%	1,716	45	3%	2,391	675	39%
Water Quality and Quantity	Capital Value (Equalised)	4,294	4,958	696	16%	5,062	104	2%	5,198	136	3%
Sustainable Land Use Initiative (SLUI) UAC	SUIP	3,648	3,677	63	2%	3,679	2	-	3,446	(233)	(6%)
Environmental Initiatives UAC	SUIP	1,737	2,015	74	4%	2,032	17	1%	2,081	49	2%
Regional Transport Planning and Road Safety	Capital Value (Equalised)	204	237	39	19%	244	7	3%	271	27	11%
Drinking Water Monitoring and Research	SUIP	-	100	100	-	100	-	-	105	5	5%
Individual Rates*2											
Manawatū River Water Quality Improvement	SUIP	410	410	-	-	415	5	1%	420	5	1%
Production Pest Animal Management	Per Hectare >4 ha	1,354	1,332	(22)	(2%)	1,238	(94)	(7%)	1,171	(67)	(5%)
Production Pest Rook Management	Per Hectare >4 ha	131	137	6	5%	139	2	2%	142	3	2%
Infrastructure Insurance Reserve	SUIP	400	500	100	25%	500	-	-	500	-	-
Rangitīkei Old Man's Beard Eradication 4 ha and Over	SUIP	67	48	(19)	(29%)	48	-	-	48	-	-
Rangitīkei Old Man's Beard Eradication Under 4 ha	SUIP	29	48	19	67%	48	-	-	48	-	-
River and Drainage Scheme	Mix of Rating Mechanisms	8,658	9,148	490	6%	9,778	629	7%	10,653	875	9%
River and Drainage Scheme Rates (UAC)	SUIP	1,165	1,231	66	6%	1,316	85	7%	1,433	118	9%
Regional Park UAC	SUIP	166	170	4	3%	174	4	2%	179	5	3%
Production Pest Plant Management	Per hectare >4 ha	102	163	61	59%	208	45	28%	215	7	3%
	Uniform Annual Charge <4 ha	17	27	10	59%	35	7	28%	36	1	3%
Transport Passenger Services (incl Total Mobility)	Capital Value	2,146	2,038	(108)	(5%)	2,444	406	20%	2,476	32	1%
Waitarere UAC	SUIP	7	7	-	-	7	-	-	7	-	-
Lake Horowhenua Restoration	SUIP	177	66	(111)	(63%)	194	129	196%	201	7	3%
Sub Total	**Total Common And Individual*3**	**41,820**	**44,766**	**2,945**	**7.04%**	**46,877**	**2,111**	**4,72%**	**48,254**	**1,378**	**2.94%**
Penalties and Submissions		(227)	(150)			(160)			(166)		
Grand Total	**Total Funding From Rates**	**41,593**	**44,616**			**46,717**			**48,088**		
UAC total (for 30% cap)		11,307	11,993			12,096			11,147		
		27%	27%			26%			23%		

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

Rates in the above table are stated exclusive of GST

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

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

District by District Rate Change 2017-18 to 2018-19

	2017-18	2018-19	Change
Horowhenua District			
Common Rates	3,900,666	4,187,941	287,275
Individual Rates	2,793,802	2,738,412	(55,390)
Total Rates	**6,694,468**	**6,926,353**	**231,885**
Manawatū District			
Common Rates	4,130,142	4,417,236	287,094
Individual Rates	2,895,254	2,979,674	84,420
Total Rates	**7,025,396**	**7,396,910**	**371,514**
Palmerston North City			
Common Rates	7,909,209	8,482,638	573,429
Individual Rates	4,349,241	4,372,279	23,038
Total Rates	**12,258,450**	**12,854,917**	**596,467**
Rangitīkei District			
Common Rates	2,016,162	2,385,972	369,810
Individual Rates	1,185,688	1,278,361	92,673
Total Rates	**3,201,850**	**3,664,333**	**462,483**
Ruapehu District			
Common Rates	2,105,437	2,417,331	311,894
Individual Rates	579,678	591,960	12,282
Total Rates	**2,685,115**	**3,009,291**	**324,176**
Tararua District			
Common Rates	2,669,330	2,990,468	321,138
Individual Rates	1,897,225	2,019,067	121,842
Total Rates	**4,566,555**	**5,009,535**	**442,980**

	2017-18	2018-19	Change
Whanganui District			
Common Rates	4,190,039	4,481,449	291,410
Individual Rates	1,085,654	1,304,236	218,582
Total Rates	**5,275,693**	**5,785,685**	**509,992**
Part Stratford District			
Common Rates	41,881	50,329	8,448
Individual Rates	22,588	22,588	-
Total Rates	**64,469**	**72,917**	**8,448**
Part Taupō District			
Common Rates	843	887	44
Individual Rates	4,828	4,828	-
Total Rates	**5,671**	**5,715**	**44**
Part Waitomo District			
Common Rates	28,120	27,452	(668)
Individual Rates	14,337	14,337	-
Total Rates	**42,457**	**41,789**	**(668)**
Region Total			
Common Rates	26,991,829	29,441,052	2,449,223
Individual Rates	14,828,295	15,325,093	496,798
Total Rates	**41,820,124**	**44,766,145**	**2,946,021**

Sample Ratepayers for 2018-19

Hectares	Old CV	New CV	CV % Change	2017-18 Rates	2018-19 Estimate	Change $	Change %
HOROWHENUA DISTRICT							
0.069	70,000	70,000	-	175.60	178.93	3.33	1.90%
0.025	92,000	92,000	-	166.93	171.03	4.10	2.50%
0.171	78,000	78,000	-	181.12	182.67	1.55	0.90%
0.084	115,000	115,000	-	191.02	195.05	4.03	2.10%
0.094	98,000	98,000	-	192.93	194.85	1.92	1.00%
0.221	113,000	113,000	-	171.06	176.29	5.23	3.10%
0.087	116,000	116,000	-	191.50	195.56	4.06	2.10%
0.051	126,000	126,000	-	209.59	211.98	2.39	1.10%
0.046	165,000	165,000	-	203.77	208.95	5.18	2.50%
0.080	165,000	165,000	-	203.77	208.95	5.18	2.50%
0.089	170,000	170,000	-	206.27	211.55	5.28	2.60%
0.090	175,000	175,000	-	208.79	214.15	5.36	2.60%
0.086	150,000	150,000	-	208.25	212.73	4.48	2.20%
0.088	190,000	190,000	-	216.37	221.94	5.57	2.60%
0.081	195,000	195,000	-	218.89	224.54	5.65	2.60%
0.108	200,000	200,000	-	221.42	227.14	5.72	2.60%
0.074	210,000	210,000	-	226.46	232.33	5.87	2.60%
0.078	220,000	220,000	-	231.51	237.53	6.02	2.60%
0.083	210,000	210,000	-	221.34	228.61	7.27	3.30%
0.082	210,000	210,000	-	221.34	228.61	7.27	3.30%
0.069	240,000	240,000	-	241.60	247.92	6.32	2.60%
0.034	235,000	235,000	-	239.06	245.32	6.26	2.60%
2.023	220,000	220,000	-	286.29	291.41	5.12	1.80%
0.033	250,000	250,000	-	246.65	253.11	6.46	2.60%
0.153	255,000	255,000	-	251.08	258.09	7.01	2.80%
0.055	265,000	265,000	-	292.32	304.80	12.48	4.30%
0.081	250,000	250,000	-	238.77	246.90	8.13	3.40%
0.071	290,000	290,000	-	276.98	284.53	7.55	2.70%
0.103	325,000	325,000	-	286.40	294.46	8.06	2.80%
0.036	335,000	335,000	-	291.43	299.65	8.22	2.80%
38.524	350,000	350,000	-	549.07	567.94	18.87	3.40%
7.543	330,000	330,000	-	301.80	316.04	14.24	4.70%
0.068	360,000	360,000	-	312.29	320.89	8.60	2.80%
0.249	450,000	450,000	-	357.99	367.92	9.93	2.80%
0.084	495,000	495,000	-	347.38	361.29	13.91	4.00%
4.540	550,000	550,000	-	395.11	411.02	15.91	4.00%
15.257	640,000	640,000	-	454.78	471.63	16.85	3.70%
0.132	750,000	750,000	-	502.73	517.64	14.91	3.00%
0.960	760,000	760,000	-	507.77	522.83	15.06	3.00%
619.050	850,000	850,000	-	1,885.96	1,913.22	27.26	1.40%
596.582	1,560,000	1,560,000	-	2,539.07	2,594.96	55.89	2.20%
260.511	2,614,000	2,614,000	-	1,624.07	1,700.00	75.93	4.70%
278.636	3,700,000	3,700,000	-	2,482.43	2,574.02	91.59	3.70%
1.670	550,000	550,000	-	410.71	426.08	15.37	3.70%
290.455	8,520,000	8,520,000	-	6,345.21	6,179.75	(165.46)	(2.60%)

Hectares	Old CV	New CV	CV % Change	2017-18 Rates	2018-19 Estimate	Change $	Change %
MANAWATŪ DISTRICT							
0.202	45,000	45,000	-	21.65	23.08	1.43	6.60%
10.034	54,000	54,000	-	157.27	168.30	11.03	7.00%
0.037	86,000	86,000	-	181.10	195.88	14.78	8.20%
0.089	121,000	121,000	-	182.93	191.86	8.93	4.90%
1.766	133,000	133,000	-	177.60	190.59	12.99	7.30%
0.050	160,000	160,000	-	227.91	246.75	18.84	8.30%
0.045	180,000	180,000	-	240.53	260.48	19.95	8.30%
0.076	320,000	320,000	-	330.94	359.09	28.15	8.50%
0.064	240,000	240,000	-	278.46	301.73	23.27	8.40%
0.070	245,000	245,000	-	281.65	305.17	23.52	8.40%
0.086	250,000	250,000	-	284.84	308.63	23.79	8.40%
0.132	270,000	270,000	-	299.43	324.82	25.39	8.50%
0.080	275,000	275,000	-	302.52	328.18	25.66	8.50%
1.876	265,000	265,000	-	249.96	266.29	16.33	6.50%
0.082	285,000	285,000	-	308.84	335.05	26.21	8.50%
4.535	255,000	255,000	-	441.91	450.37	8.46	1.90%
0.102	295,000	295,000	-	315.19	341.95	26.76	8.50%
0.158	310,000	310,000	-	324.76	352.34	27.58	8.50%
0.101	320,000	320,000	-	271.86	289.09	17.23	6.30%
0.116	345,000	345,000	-	346.81	376.33	29.52	8.50%
0.066	350,000	350,000	-	349.90	379.69	29.79	8.50%
0.441	380,000	380,000	-	369.42	400.87	31.45	8.50%
0.057	400,000	400,000	-	381.48	414.02	32.54	8.50%
26.96	430,000	430,000	-	367.56	386.74	19.18	5.20%
2.316	450,000	450,000	-	331.96	352.26	20.30	6.10%
0.064	495,000	495,000	-	441.53	479.31	37.78	8.60%
0.551	570,000	570,000	-	379.86	403.04	23.18	6.10%
17.633	720,000	720,000	-	488.18	514.11	25.93	5.30%
185.184	860,000	860,000	-	1,283.92	1,325.70	41.78	3.30%
33.000	870,000	870,000	-	573.36	605.95	32.59	5.70%
0.308	870,000	870,000	-	680.78	739.70	58.92	8.70%
81.667	950,000	950,000	-	887.10	923.49	36.39	4.10%
200.825	1,001,000	1,001,000	-	1,170.32	1,212.36	42.04	3.60%
0.080	1,270,000	1,270,000	-	952.38	1,037.96	85.58	9.00%
80.707	1,450,000	1,450,000	-	857.35	902.85	45.50	5.30%
926.822	1,880,000	1,880,000	-	4,871.16	4,991.92	120.76	2.50%
10.749	2,417,000	2,417,000	-	1,256.78	1,323.77	66.99	5.30%
820.853	3,220,000	3,220,000	-	3,918.41	4,049.22	130.81	3.30%
225.406	4,390,000	4,390,000	-	4,179.70	4,293.38	113.68	2.70%
35.786	7,400,000	7,400,000	-	4,022.87	4,214.87	192.00	4.80%
PALMERSTON NORTH CITY							
0.013	123,000	123,000	-	219.09	228.38	9.29	4.20%
0.035	125,000	125,000	-	220.64	229.94	9.30	4.20%
0.048	160,000	160,000	-	246.93	256.54	9.61	3.90%
0.072	190,000	190,000	-	269.49	279.35	9.86	3.70%

Hectares	Old CV	New CV	CV % Change	2017-18 Rates	2018-19 Estimate	Change $	Change %
0.110	185,000	185,000	-	207.49	219.74	12.25	5.90%
0.069	195,000	195,000	-	273.24	283.15	9.91	3.60%
0.085	215,000	215,000	-	298.33	308.21	9.88	3.30%
0.061	225,000	225,000	-	305.22	315.20	9.98	3.30%
0.082	225,000	225,000	-	295.80	305.95	10.15	3.40%
0.094	225,000	225,000	-	295.82	305.97	10.15	3.40%
13.288	220,000	220,000	-	936.34	1,003.23	66.89	7.10%
0.054	225,000	225,000	-	295.76	305.91	10.15	3.40%
0.072	240,000	240,000	-	307.04	317.32	10.28	3.30%
1.007	730,000	730,000	-	450.20	475.15	24.95	5.50%
0.065	230,000	230,000	-	299.54	309.72	10.18	3.40%
0.046	260,000	260,000	-	323.95	334.85	10.90	3.40%
0.079	250,000	250,000	-	314.60	324.93	10.33	3.30%
0.049	235,000	235,000	-	303.28	313.49	10.21	3.40%
0.068	250,000	250,000	-	314.58	324.91	10.33	3.30%
0.091	275,000	275,000	-	341.83	352.78	10.95	3.20%
0.061	275,000	275,000	-	335.22	346.27	11.05	3.30%
0.049	280,000	280,000	-	338.98	350.05	11.07	3.30%
1.510	360,000	360,000	-	287.79	304.30	16.51	5.70%
0.061	300,000	300,000	-	354.02	365.25	11.23	3.20%
0.151	310,000	310,000	-	361.67	372.98	11.31	3.10%
0.066	305,000	305,000	-	357.79	369.06	11.27	3.10%
0.081	320,000	320,000	-	369.04	380.47	11.43	3.10%
0.051	335,000	335,000	-	383.38	394.90	11.52	3.00%
0.081	345,000	345,000	-	387.85	399.46	11.61	3.00%
0.064	335,000	335,000	-	380.32	391.84	11.52	3.00%
0.041	360,000	360,000	-	399.04	410.79	11.75	2.90%
0.052	380,000	380,000	-	414.07	425.99	11.92	2.90%
7.535	415,000	415,000	-	327.58	344.65	17.07	5.20%
0.101	470,000	470,000	-	481.74	494.41	12.67	2.60%
0.073	570,000	570,000	-	558.73	572.69	13.96	2.50%
0.089	620,000	620,000	-	596.32	610.69	14.37	2.40%
0.922	800,000	800,000	-	732.75	748.66	15.91	2.20%
0.051	710,000	710,000	-	663.84	678.98	15.14	2.30%
1.460	650,000	650,000	-	416.02	439.25	23.23	5.60%
1.005	785,000	785,000	-	474.16	500.30	26.14	5.50%
139.774	555,000	555,000	-	729.84	752.26	22.42	3.10%
0.067	530,000	530,000	-	528.69	542.31	13.62	2.60%
0.068	860,000	860,000	-	776.53	792.92	16.39	2.10%
49.305	875,000	875,000	-	705.71	736.23	30.52	4.30%
0.154	1,420,000	1,420,000	-	1,216.38	1,242.11	25.73	2.10%
0.321	2,570,000	2,570,000	-	2,080.31	2,115.69	35.38	1.70%
0.428	3,370,000	3,370,000	-	2,681.29	2,723.39	42.10	1.60%
95.461	4,460,000	4,460,000	-	5,087.89	5,081.64	(6.25)	(0.10%)
1.022	10,500,000	10,500,000	-	8,036.98	8,138.93	101.95	1.30%
1.597	14,900,000	14,900,000	-	11,342.33	11,481.24	138.91	1.20%
RANGITĪKEI DISTRICT							
0.303	18,000	29,000	0.611	117.07	134.22	17.15	14.70%
1.884	44,900	53,900	0.200	129.34	146.21	16.87	13.00%
0.081	50,000	55,000	0.100	130.46	145.47	15.01	11.50%

Hectares	Old CV	New CV	CV % Change	2017-18 Rates	2018-19 Estimate	Change $	Change %
0.086	73,000	88,000	0.205	140.42	160.48	20.06	14.30%
0.080	530,000	560,000	0.057	455.69	480.49	24.80	5.40%
0.101	75,000	90,000	0.200	145.39	165.15	19.76	13.60%
0.116	78,000	94,000	0.205	142.59	163.22	20.63	14.50%
0.065	80,000	99,000	0.238	151.56	173.97	22.41	14.80%
0.101	80,000	100,000	0.250	160.40	183.77	23.37	14.60%
2.916	86,000	102,000	0.186	146.37	167.20	20.83	14.20%
0.981	120,000	132,000	0.100	161.01	180.68	19.67	12.20%
0.078	126,000	126,000	-	163.53	177.84	14.31	8.70%
0.068	140,000	195,000	0.393	199.25	244.07	44.82	22.50%
0.068	155,000	130,000	(0.161)	209.00	202.81	(6.19)	(3.00%)
0.110	155,000	190,000	0.226	206.87	239.38	32.51	15.70%
1.376	160,000	172,000	0.075	179.20	199.78	20.58	11.50%
0.101	165,000	200,000	0.212	276.35	315.43	39.08	14.10%
0.081	170,000	220,000	0.294	216.36	258.18	41.82	19.30%
0.084	174,000	215,000	0.236	184.44	218.48	34.04	18.50%
2.911	175,000	195,000	0.114	184.89	209.34	24.45	13.20%
0.022	190,000	140,000	(0.263)	231.64	209.16	(22.48)	(9.70%)
0.081	245,000	255,000	0.041	988.29	1,306.04	317.75	32.20%
1.763	270,000	295,000	0.093	228.39	257.58	29.19	12.80%
0.101	305,000	360,000	0.180	308.06	351.17	43.11	14.00%
105.352	310,000	365,000	0.177	444.29	476.93	32.64	7.30%
0.332	380,000	430,000	0.132	351.39	392.17	40.78	11.60%
9.728	385,000	435,000	0.130	332.95	361.02	28.07	8.40%
188.96	570,000	680,000	0.193	981.29	1,081.62	100.33	10.20%
0.405	425,000	465,000	0.094	385.75	417.82	32.07	8.30%
282.190	490,000	560,000	0.143	695.93	744.02	48.09	6.90%
2.308	545,000	600,000	0.101	351.45	400.65	49.20	14.00%
103.273	680,000	823,000	0.210	649.42	734.52	85.10	13.10%
0.738	650,000	730,000	0.123	524.49	582.56	58.07	11.10%
1.085	890,000	980,000	0.101	676.62	739.24	62.62	9.30%
0.426	970,000	970,000	-	740.66	740.72	0.06	0.00%
71.231	1,040,000	1,190,000	0.144	738.55	834.03	95.48	12.90%
1,062.300	1,280,000	1,780,000	0.391	2,179.97	2,463.59	283.62	13.00%
39.659	1,330,000	1,560,000	0.173	874.60	1,014.42	139.82	16.00%
84.602	1,480,000	1,745,000	0.179	912.94	1,067.20	154.26	16.90%
1,844.200	3,360,000	3,980,000	0.185	4,525.04	4,964.63	439.59	9.70%
379.016	8,300,000	9,850,000	0.187	4,804.98	5,727.10	922.12	19.20%
7,462.320	16,330,000	19,320,000	0.183	18,475.26	20,471.89	1,996.63	10.80%
0.303	18,000	29,000	0.611	117.07	134.22	17.15	14.70%
1.884	44,900	53,900	0.200	129.34	146.21	16.87	13.00%
RUAPEHU DISTRICT							
0.094	29,000	29,000	-	116.80	125.27	8.47	7.30%
0.202	32,000	38,000	0.188	117.37	128.88	11.51	9.80%
0.088	54,000	68,000	0.259	128.62	144.37	15.75	12.20%
0.160	56,000	90,000	0.607	144.80	175.22	30.42	21.00%
0.112	56,000	76,000	0.357	166.81	189.47	22.66	13.60%
0.051	58,000	58,000	-	27.78	29.48	1.70	6.10%
1.707	60,000	60,000	-	132.06	141.08	9.02	6.80%
0.083	64,000	110,000	0.719	150.74	189.47	38.73	25.70%

Hectares	Old CV	New CV	CV % Change	2017-18 Rates	2018-19 Estimate	Change $	Change %
0.367	68,000	69,000	0.015	153.72	160.25	6.53	4.20%
0.103	81,000	115,000	0.42	163.43	193.03	29.60	18.10%
0.202	88,000	150,000	0.705	168.63	217.98	49.35	29.30%
-	90,000	95,000	0.056	145.68	157.59	11.91	8.20%
11.902	90,000	83,000	(0.078)	157.03	162.31	5.28	3.40%
2.484	99,000	109,000	0.101	48.80	55.76	6.96	14.30%
0.101	102,000	117,000	0.147	147.55	164.53	16.98	11.50%
2.092	107,000	118,000	0.103	49.23	56.89	7.66	15.60%
0.170	110,000	160,000	0.455	185.04	225.11	40.07	21.70%
0.111	120,000	150,000	0.250	155.40	179.60	24.20	15.60%
0.361	155,000	180,000	0.161	176.47	199.22	22.75	12.90%
0.089	165,000	190,000	0.152	226.03	246.49	20.46	9.10%
0.438	170,000	195,000	0.147	183.58	206.56	22.98	12.50%
0.030	185,000	215,000	0.162	185.48	211.50	26.02	14.00%
0.056	185,000	185,000	-	240.94	242.93	1.99	0.80%
3.214	200,000	230,000	0.150	197.78	223.70	25.92	13.10%
0.260	235,000	295,000	0.255	276.3	323.71	47.41	17.20%
440.703	240,000	275,000	0.146	679.82	710.19	30.37	4.50%
14.607	253,500	274,500	0.083	134.32	149.89	15.57	11.60%
0.029	260,000	320,000	0.231	220.82	262.93	42.11	19.10%
0.133	290,000	320,000	0.103	234.22	262.96	28.74	12.30%
1.315	305,000	350,000	0.148	238.34	273.67	35.33	14.80%
10.787	315,000	356,000	0.130	264.35	297.20	32.85	12.40%
4.530	340,000	390,000	0.147	269.58	307.27	37.69	14.00%
427.183	340,000	390,000	0.147	716.74	752.27	35.53	5.00%
0.043	355,000	400,000	0.127	263.13	300.30	37.17	14.10%
356.485	379,000	436,000	0.150	660.41	700.36	39.95	6.00%
79.150	381,425	381,425	-	399.30	419.09	19.79	5.00%
82.379	415,000	475,000	0.145	387.47	430.86	43.39	11.20%
913.000	494,000	558,000	0.130	1,299.86	1,348.43	48.57	3.70%
1.138	650,000	780,000	0.200	390.59	472.35	81.76	20.90%
363.696	570,000	650,000	0.14	660.54	708.38	47.84	7.20%
0.150	690,000	640,000	(0.072)	414.35	414.81	0.46	0.10%
8.294	750,000	870,000	0.160	442.29	520.78	78.49	17.70%
40.914	1,010,000	1,150,000	0.139	620.18	717.42	97.24	15.70%
1,994.310	1,701,000	1,919,000	0.128	3,040.53	3,177.19	136.66	4.50%
86.911	1,780,000	1,940,000	0.090	1,019.43	1,141.17	121.74	11.90%
0.296	2,650,000	3,060,000	0.155	1,306.79	1,569.01	262.22	20.10%
1,903.040	3,600,000	4,000,000	0.111	3,843.46	4,100.19	256.73	6.70%
263.431	4,993,500	5,687,000	0.139	2,768.80	3,200.02	431.22	15.60%
328.339	5,680,000	6,500,000	0.144	3,026.34	3,527.89	501.55	16.60%
4,255.800	10,178,000	11,676,000	0.147	10,117.11	10,979.64	862.53	8.50%
TARARUA DISTRICT							
0.081	16,000	27,000	0.688	122.14	136.33	14.19	11.60%
0.101	54,000	54,000	-	126.58	137.63	11.05	8.70%
0.079	57,000	71,000	0.246	149.95	168.54	18.59	12.40%
0.050	58,000	95,000	0.638	150.53	183.95	33.42	22.20%
29.130	60,000	78,000	0.300	192.84	212.33	19.49	10.10%
0.031	64,000	125,000	0.953	154.18	203.23	49.05	31.80%
0.101	122,000	130,000	0.066	220.29	240.49	20.20	9.20%

Hectares	Old CV	New CV	CV % Change	2017-18 Rates	2018-19 Estimate	Change $	Change %
0.108	89,000	75,000	(0.157)	159.6	165.46	5.86	3.70%
0.075	100,000	118,000	0.180	176.3	198.76	22.46	12.70%
0.101	105,000	130,000	0.238	160.97	187.04	26.07	16.20%
0.073	115,000	120,000	0.043	185.51	200.05	14.54	7.80%
0.103	115,000	135,000	0.174	185.54	209.72	24.18	13.00%
0.057	120,000	142,000	0.183	218.45	250.98	32.53	14.90%
0.086	120,000	155,000	0.292	192.87	226.8	33.93	17.60%
0.149	150,000	175,000	0.167	207.06	235.48	28.42	13.70%
0.554	133,000	155,000	0.165	175.67	201.83	26.16	14.90%
1.815	91,000	113,000	0.242	161.67	185.87	24.20	15.00%
11.559	147,000	147,000	-	286.51	307.88	21.37	7.50%
0.713	170,000	195,000	0.147	196.85	227.28	30.43	15.50%
0.636	180,000	205,000	0.139	194.75	224.99	30.24	15.50%
0.216	195,000	225,000	0.154	282.4	325.28	42.88	15.20%
2.044	200,000	225,000	0.125	243.05	277.26	34.21	14.10%
0.349	215,000	245,000	0.140	210.37	245.06	34.69	16.50%
0.191	285,000	330,000	0.158	358.38	418.94	60.56	16.90%
0.101	365,000	410,000	0.123	427.56	491.5	63.94	15.00%
326.100	370,000	475,000	0.284	626.01	688.46	62.45	10.00%
0.077	395,000	410,000	0.038	359.17	388.94	29.77	8.30%
0.691	410,000	470,000	0.146	465.88	545.15	79.27	17.00%
80.937	415,000	522,000	0.258	781.6	873.38	91.78	11.70%
0.805	400,000	460,000	0.150	295.23	355.47	60.24	20.40%
10.117	640,000	660,000	0.031	435.94	491.01	55.07	12.60%
13.260	720,000	750,000	0.042	583.29	632.15	48.86	8.40%
901.372	800,000	1,022,000	0.278	3,934.80	4,243.78	308.98	7.90%
288.038	1,010,000	1,260,000	0.248	869.84	1,060.63	190.79	21.90%
0.404	1,120,000	1,250,000	0.116	1,087.77	1,264.70	176.93	16.30%
703.170	1,350,000	1,350,000	-	2,004.24	2,094.78	90.54	4.50%
191.017	3,805,000	3,810,000	0.001	2,527.89	2,762.86	234.97	9.30%
814.480	3,250,000	4,080,000	0.255	3,034.97	3,640.28	605.31	19.90%
135.914	4,860,000	4,860,000	-	3,646.13	4,016.01	369.88	10.10%
1,493.400	5,975,000	7,606,000	0.273	5,457.10	6,611.64	1,154.54	21.20%
WHANGANUI DISTRICT							
0.303	3,000	3,000	-	3.31	3.84	0.53	16.00%
0.030	56,000	56,000	-	138.54	149.18	10.64	7.70%
0.054	71,000	71,000	-	148.04	159.39	11.35	7.70%
0.078	84,000	84,000	-	156.26	168.23	11.97	7.70%
15.507	90,000	90,000	-	171.84	184.97	13.13	7.60%
0.072	95,000	95,000	-	163.25	175.72	12.47	7.60%
0.710	100,000	100,000	-	45.49	48.10	2.61	5.70%
-	107,000	107,000	-	170.86	183.88	13.02	7.60%
0.041	125,000	125,000	-	182.25	196.13	13.88	7.60%
0.061	139,000	139,000	-	191.12	205.66	14.54	7.60%
0.067	130,000	130,000	-	185.43	199.54	14.11	7.60%
0.071	155,000	155,000	-	201.26	216.55	15.29	7.60%
0.066	149,000	149,000	-	197.46	212.47	15.01	7.60%
0.097	160,000	160,000	-	204.45	219.95	15.50	7.60%
-	165,000	165,000	-	207.62	223.35	15.73	7.60%
0.067	130,000	130,000	-	185.43	199.54	14.11	7.60%

Hectares	Old CV	New CV	CV % Change	2017-18 Rates	2018-19 Estimate	Change $	Change %
0.093	160,000	160,000	-	216.15	234.80	18.65	8.60%
0.098	180,000	180,000	-	217.12	233.56	16.44	7.60%
0.071	190,000	190,000	-	223.46	240.37	16.91	7.60%
0.030	225,000	225,000	-	245.63	264.19	18.56	7.60%
2.023	190,000	190,000	-	223.46	240.37	16.91	7.60%
0.101	240,000	240,000	-	255.12	274.39	19.27	7.60%
0.118	260,000	260,000	-	269.72	290.38	20.66	7.70%
1.000	255,000	255,000	-	230.45	248.40	17.95	7.80%
0.092	245,000	245,000	-	258.31	277.80	19.49	7.50%
0.441	265,000	265,000	-	234.81	252.98	18.17	7.70%
0.086	360,000	360,000	-	333.08	358.43	25.35	7.60%
0.659	335,000	335,000	-	265.30	284.98	19.68	7.40%
0.058	355,000	355,000	-	329.91	355.03	25.12	7.60%
0.086	315,000	315,000	-	304.56	327.81	23.25	7.60%
0.184	260,000	260,000	-	269.72	290.38	20.66	7.70%
74.600	453,000	453,000	-	394.40	415.55	21.15	5.40%
497.000	580,000	580,000	-	898.54	920.74	22.20	2.50%
737.165	570,000	570,000	-	1,148.28	1,169.03	20.75	1.80%
83.062	500,000	500,000	-	423.84	445.95	22.11	5.20%
2.598	555,000	555,000	-	363.06	387.96	24.90	6.90%
419.866	900,000	900,000	-	1,110.82	1,137.69	26.87	2.40%
0.129	670,000	670,000	-	531.43	571.77	40.34	7.60%
898.212	2,820,000	2,820,000	-	2,611.75	2,679.40	67.65	2.60%
90.505	3,154,000	3,154,000	-	1,608.86	1,693.52	84.66	5.30%
89.098	3,870,000	3,870,000	-	1,919.24	2,019.44	100.20	5.20%
1,039.36	4,320,000	4,320,000	-	3,415.30	3,513.81	98.51	2.90%
432.494	7,930,000	7,930,000	-	4,051.05	4,237.47	186.42	4.60%
249.312	10,240,000	10,240,000	-	4,863.45	5,100.87	237.42	4.90%
3,592.55	7,700,000	7,700,000	-	7,848.91	8,014.09	165.18	2.10%

The overall average rating impact, as a result of the above changes is an approximate 7.04 per cent increase as opposed to the initially proposed 7.44 per cent increase.

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The Horizons Regional Council

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

The chief executive is employed directly by the Council. The chief executive, in turn, employs the staff of Horizons Regional Council. The staff of the Council number approximately 225 full-time equivalents. Around 65 per cent of the staff are based at the head office in Palmerston North. The remainder are located at offices and depots throughout the Region.

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

RUAPEHU CONSTITUENCY
WHANGANUI CONSTITUENCY
MANAWATŪ/RANGITĪKEI CONSTITUENCY
HOROWHENUA/KAIRANGA CONSTITUENCY
PALMERSTON NORTH CONSTITUENCY
TARARUA CONSTITUENCY

The Council carries out much of its work through a number of standing committees. These include:

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

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

STRATEGY AND REGULATION GROUP

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

REGIONAL SERVICES GROUP

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

RIVER MANAGEMENT GROUP

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

NATURAL RESOURCES AND PARTNERSHIPS GROUP

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

Community Outcomes

Introduction

Our community outcomes are what we aim to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions (Local Government Act 2002).

In every long-term plan, Horizons, as a local authority, is required to set out the Region's community outcomes. We have taken the opportunity to review our community outcomes, originally developed in 2005, to ensure that they are relevant and measurable, but also aspirational. The review is also an opportunity to reflect changes in the legislation. In line with amendments to the Local Government Act in 2012, we have incorporated the 'four wellbeings' – the social, economic, environmental and cultural goals – into the overall outcomes, rather than presenting them as distinct goals as they were previously. We believe this better reflects the interconnected nature of both these outcomes and the work we do.

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

The following table describes the new community outcomes for the Region (in the first and second columns). The right-hand column illustrates how Horizons' work contributes to each of the outcomes. Each community outcome is represented by a symbol, and these symbols feature in the following sections of the Long-term Plan to show which community outcomes each group of activities contributes to.

Community Outcomes

Community outcome	Description	How Horizons works towards these goals
Natural hazard resilience 	A community that is aware of hazards and is prepared and empowered to respond to and recover from a natural hazard or emergency.	Reducing the risks from natural hazards to acceptable levels through suitable policies, planning and infrastructure. Ensuring that infrastructure and response systems are in place to support communities in their response to and recovery from natural hazards and emergencies. Supporting communities to develop the knowledge and capability to adapt and respond to the likelihood of an increased frequency and scale of extreme weather events, coastal erosion and sea-level rise associated with climate change.
Healthy ecosystems 	Healthy, diverse and fully functioning ecosystems that provide for community needs now and in the future.	Protecting and restoring the Region’s biodiversity through pest control, the support of community restoration projects and other measures. Supporting the sustainable use of land that preserves indigenous ecosystems to the greatest extent possible, while maintaining an environment that contributes to the economy. Undertaking biosecurity measures that protect indigenous ecosystems and the regional economy from pests and disease. Protecting healthy and resilient freshwater and coastal ecosystems that support mahinga kai. Maintaining resource management processes that take full account of impacts on ecosystems, and monitor these effects.
Human wellbeing 	Natural, farmed and built environments that support healthy people and communities.	Maintaining good air quality throughout the Region. Managing the impacts on fresh water to ensure the Region’s waterways remain healthy or, where degraded, their health is restored to the greatest extent possible while maintaining the wellbeing of the local community and economy. Protecting healthy and resilient freshwater and coastal ecosystems that support mahinga kai. Protecting the Region’s historic heritage, natural character, and outstanding natural features and landscapes – particularly in the coastal marine environment.

		Ensuring that land is used in a way that optimises rather than diminishes its qualities, minimises impacts on other parts of the environment (eg. fresh water) and is sustainable into the future. Ensuring there are a range of recreational opportunities accessible to the whole community, both in urban and rural areas.
Connected communities 	Connected communities supported by safe, reliable and efficient transport systems.	Supporting the development of a strategic, multi-modal, resilient and efficient transport system across the Region, better integrated with land-use planning. Supporting the Region’s transition to transportation solutions that are less dependent on fossil fuels. Supporting connectedness between and within communities through the provision of public transport services, walkways and cycleways. Working towards safer roads through improved roading infrastructure and road safety education and initiatives (in partnership with New Zealand Transport Agency).
A robust economy 	A regional economy that is diversified and resilient.	Supporting the development of a regional economy that is diversified, environmentally sustainable, and anticipates the challenges of climate change, new technologies, and shifts in the national and global economies. Encouraging and supporting innovation and creativity in the Region’s business and industry sectors, for instance by minimising the burden of regulatory processes on businesses and individuals. Undertaking biosecurity measures that protect primary industry from pests and disease.
Confidence in decision-making 	A community that has confidence in regional decision making.	Ensuring that the issues the Region faces are well understood by the community. Ensuring that decision-making processes are transparent and there are sufficient opportunities for the community to participate meaningfully in these processes. Optimising opportunities to partner with, or otherwise support, community groups and other stakeholders to achieve shared outcomes.

Directory of Council

COUNCIL ADDRESSES

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Regional House Whanganui:	181 Guyton Street, Whanganui 4500 Freephone 0508 800 800
Service Centres:	KAIRANGA Corner Rongotea/Bunnythorpe Kairanga Roads Palmerston North 4475 Freephone 0508 800 800
	MARTON Corner Hammond and Hair Streets, Marton 4710 Freephone 0508 800 800
	WOODVILLE Corner Vogel and Tay Streets, Woodville 4920 Freephone 0508 800 800
	TAUMARUNUI 34 Maata Street, Taumarunui 3924 Freephone 0508 800 800
Depots:	LEVIN 11 Bruce Street, Levin 5510 Freephone 0508 800 800
	TAIHAPE 243 Wairanu Road, RD 3, Taihape 4793 Freephone 0508 800 800

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Bankers	Bank of New Zealand Palmerston North
Auditor	Audit New Zealand (Palmerston North) on behalf of the Controller and Auditor General

<Land and Water Management – place holder>

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Land and Water Management

What we deliver

The land and water management group of activities includes:

- Land Management;
- Water Quality and Quantity; and
- Resource Consent and Pollution Management.

How these activities contribute to community outcomes

Our land and water activities contribute primarily to achieving a **robust economy** and **healthy ecosystems** by:

- Protecting and maintaining the soil and water resource that agriculture, horticulture and the regional economy as a whole is dependent on;
- Reducing sediment, nutrients and other contaminants entering waterways, contributing to their ecological health;
- Riparian management, which not only provides benefits for water quality, but also enhances habitat for aquatic biodiversity;
- Ensuring the fair and effective allocation of water for economic use;
- Providing funding for environment enhancement projects undertaken by the community;
- Ensuring resource users comply with rules and regulations, that environmental effects are minimised, and the system is fair for all resource users; and
- Undertaking freshwater, coastal and other research that enhances our understanding of our environment and how to mitigate our impacts on it.

Our land and water activities also contribute to achieving **human wellbeing** and **natural hazard resilience** by:

- A range of measures (eg. stock exclusion, riparian planting, erosion control and regulatory measures) that contribute to enhanced water quality in our Region, helping to ensure that the community is able to swim and play in the Region's waterways and that drinking water sources are safe for consumption; and
- Supporting the sustainable management of the Region's land, and in particular its erosion-prone hill country, which reduces sediment flowing into our waterways and therefore the flood risk posed by these waterways.

Challenges we face and our direction over the next 10 years

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

The management of erosion-prone hill country in the Region remains an ongoing challenge. While we have made considerable progress over the last decade or more through the Sustainable Land Use Initiative and other land use initiatives, hill country erosion in our Region remains an ongoing challenge. Changes in climate, particularly in rainfall, may increase the pressure on erosion-prone land in some parts of the Region in coming decades.

Our soil resource is one that is critical to a thriving economy, and we will continue to monitor our Region's precious high quality soils to help ensure they are not inappropriately depleted through urban expansion or other land uses.

Water quality also remains a challenging issue in our Region. Horizons will continue to use both regulatory and non-regulatory methods (for example riparian planting and funding of environmental enhancement projects) to facilitate the improvement of water quality in our Region. We will continue to respond to land use and changes in land use in a way that ensures its impacts on water quality are mitigated. Climate change may also lead to some parts of the Region becoming drier, increasing the pressure on water resources for agriculture, horticulture and other uses.

A further challenge is responding to national policy direction, such as the National Environmental Statement for Freshwater Management, and the National Policy

Statement for Plantation Forestry. We need to respond appropriately to such national direction in a way that ensures that affected industries are able to adapt and thrive.

Finally, we need to ensure that we are able to meet the community's expectations for environmental protection and enhancement and for timely and accurate information, while keeping costs at affordable levels. This inevitably means prioritising the initiatives we undertake.

Significant negative effects

Any regulation of land use through the One Plan means there is an inevitable trade-off between economic benefits to individuals and the wider community and impacts on the environment (such as fresh water). We will continue to work with our communities in an effort to minimise the impacts of regulation on resource users and communities.

Land and Water Management Group of Activities ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
LAND MANAGEMENT	6,259	6,253	5,378	6,266	6,058	6,175	6,377	5,719	6,208	6,471	6,516
WATER QUALITY AND QUANTITY	6,318	6,819	7,066	7,241	7,511	7,671	7,803	7,936	8,087	8,258	8,392
RESOURCE CONSENT AND POLLUTION MANAGEMENT	3,950	4,516	4,558	4,772	4,884	4,977	5,076	5,161	5,248	5,346	5,445
Total Operating Expenditure	16,527	17,588	17,002	18,279	18,453	18,822	19,256	18,816	19,543	20,075	20,352
Capital Expenditure	340	289	705	299	344	228	142	507	272	151	154
Total Funding Required	16,867	17,877	17,707	18,579	18,797	19,050	19,397	19,323	19,815	20,226	20,506
Funded By											
User Fees and Other Revenue	5,348	5,998	6,133	6,105	6,256	6,317	6,395	6,439	6,554	6,672	6,758
Individual Rates	587	476	609	621	629	635	619	628	608	606	616
Common Rates	10,634	11,692	11,827	11,872	12,149	12,202	12,368	12,600	12,722	12,874	13,055
Loans and Reserves	298	(288)	(862)	(19)	(237)	(104)	15	(344)	(69)	73	76
Total Funded	16,867	17,877	17,707	18,579	18,797	19,050	19,397	19,323	19,815	20,226	20,506

Capital Expenditure $000	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	340	289	705	299	344	228	142	507	272	151	154
Total Capital Expenditure	340	289	705	299	344	228	142	507	272	151	154

Horizons Regional Council Funding Impact Statement for the periods 2018-2028 for the Land and Water Management Group of Activities ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	10,634	11,692	11,827	11,872	12,149	12,202	12,368	12,600	12,722	12,874	13,055
Targeted rates	587	476	609	621	629	635	619	628	608	606	616
Subsidies and grants for operating purposes	1,149	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089
Fees and charges	4,199	4,561	4,662	4,768	4,885	4,834	4,922	4,997	5,084	5,172	5,257
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	**16,569**	**17,817**	**18,186**	**18,349**	**18,751**	**18,760**	**18,997**	**19,313**	**19,502**	**19,741**	**20,017**
Applications of Operating Funding											
Payments to staff and suppliers	6,749	7,255	6,498	7,452	7,348	7,481	7,684	7,053	7,562	7,852	7,928
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	9,628	10,333	10,504	10,827	11,105	11,341	11,572	11,763	11,981	12,223	12,424
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	16,377	**17,588**	**17,002**	**18,279**	**18,453**	**18,822**	**19,256**	**18,816**	**19,543**	**20,075**	**20,352**
Surplus (Deficit) of Operating Funding (A-B)	192	229	1,184	70	298	(62)	(259)	497	(41)	(334)	(335)
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-	-
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
· to replace existing assets	340	289	705	299	344	228	142	507	272	151	154
Increase (decrease) in reserves	(148)	(60)	479	(230)	(45)	(290)	(400)	(10)	(313)	(485)	(488)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	192	229	1,184	70	298	(62)	(259)	497	(41)	(334)	(335)
Surplus (Deficit) of Capital Funding (C-D)	(192)	(229)	(1,184)	(70)	(298)	62	259	(497)	41	334	335
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation	150	329	350	362	361	358	320	317	277	259	256

Land Management

What we do and why

Our land management initiatives respond to erosion as well as other land-based issues such as protecting the health of our soils, managing fragile dunelands and reducing the impact of land use on water quality. 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.

The land and fluvial research and monitoring programmes support and inform these initiatives and track their effectiveness. The research and monitoring component also has a wider role of informing programmes around land management and sedimentation in rivers for the other activities encompassed by the LTP, including policy, resource consent decisions and monitoring, and flood scheme management.

Sustainable Land Use Initiatives (SLUI)

This programme is targeted at hill land that has been identified as being prone to erosion. Under SLUI we develop Whole Farm Plans (WFP) in partnership with farmers. These plans form the basis of works programmes, which, with the aid of grant money, are aimed at addressing the erosion and water quality issues on the farm.

Continued implementation of SLUI as set out in this LTP is projected to result in an average reduction of 27 per cent of sediment entering water courses overall in the Region by 2043, and over 50 per cent within some priority catchments over the same time period. Modelling work undertaken by Landcare Research has indicated that more frequent and severe storm events as a result of climate change could reduce the impact of the SLUI programme. Landcare Research has been engaged to update this information during the 2017-18 financial year.

Horizons has successfully contested for funding from Central Government's Hill Country Erosion Fund (HCEF). The current funding contract ends in June 2019 (Year 1 of the LTP), and we anticipate making a further application for funding in subsequent years.

Whanganui Catchment Strategy (WCS)

This programme covers erosion-prone hill country in the Whanganui River Catchment, with a focus on areas particularly susceptible to erosion (including the Ohura River Catchment). In these areas, Horizons has a strong focus on Whole Farm Plans and erosion control grants. In the wider catchment, Horizons supports one-off work programmes to address erosion and water quality issues on farms. Horizons has received funding from the Whanganui River Enhancement Trust (WRET) to support more work to be completed, to establish a local demonstration farm, and to encourage local production of poles (poplars and willows) for on-selling for erosion control purposes. The funding programme is subject to an annual application and the ongoing support of WRET has enabled works to be undertaken at a faster rate than would have otherwise been possible. In 2018-19 and subsequent years, this programme will continue to build collaboration with initiatives arising from Te Awa Tupua (Whanganui River Settlement Act).

Regional Land Initiatives (RLI)

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

Land use consents

The land management team assist with the implementation of the One Plan by managing the on-farm consent process for cultivation, earth disturbance and vegetation clearance activities, as well as erosion and sediment control plans for forestry. In May 2018, the National Environmental Standards for Plantation Forestry becomes operative. This will impact on how staff work with forestry within the Region; it is likely to mean a greater number of activities will require consent, which will mean more consent monitoring and greater costs to bear by the forestry industry.

Research and monitoring

Research and monitoring informs the identification of priorities and the effectiveness of the works programme. In the Land Management Activity the two research programmes are:

- The land research and monitoring programme, which includes support of the SLUI programme; monitoring and reporting on soil health throughout the Region based on nationally-agreed criteria; project work around effluent management and treatment and further research on nutrient management on farms (including in partnership with other organisations); and land cover and erosion monitoring for State of Environment and national reporting; and

- The fluvial monitoring and research programme, which includes monitoring of gravel use and sediment movement and accumulation within the Region's rivers. A major component of this work is regular surveying of the Region's rivers to measure changes in river channel capacity. Further research includes sediment source and transport studies, with links to both river management and water quality outcomes.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
SUSTAINABLE LAND USE INITIATIVE (SLUI)					
Erosion reduction works programmes in targeted SLUI catchments (hectares).	2,900	3,100	3,100	3,100	3,100 per year
Hectares of Whole Farm Plan properties mapped per year.	15,000	20,000	20,000	20,000	20,000 per year
REGIONAL LAND INITIATIVES AND WHANGANUI CATCHMENT STRATEGY					
Manage environmental grant programme to deliver erosion reduction works (hectares).	200	175	175	175	175 per year
Support industry initiatives that promote sustainable land use via industry partnerships (incl. Whanganui River Enhancement Trust).	4	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
RESEARCH AND MONITORING					
Annual report on the land and fluvial monitoring and research activity.	New measure	Develop an annual reporting framework and produce an annual report	1	1	1 per year

Changes to what we will deliver

In the 2018-19 year Central Government funding of the SLUI programme through the Hill Country Erosion Fund will be reduced by $60,030 as per the contract with the Ministry for Primary Industries. There will also be a reallocation of staff hours from the SLUI programme to the freshwater programme to enable delivery of the new Freshwater Improvement Fund projects. Combined, these two changes would reduce funding for the SLUI programme by approximately $155,000. However, Council have decided to increase the overall rate take for SLUI to offset these changes, resulting in an increase of approximately $60,000 compared to the 2017-18 budget. Due to the reallocation of staff hours, this effectively increases the amount available for erosion control works by approximately $95,000 when compared to 2017-18 levels.

An additional $50,000 of expenditure has been added to the fluvial research and monitoring budget to improve understanding of the rates of sediment accumulation in the Region's flood protection schemes and the sources of this sediment. This work is to inform catchment management actions to reduce the amount of sediment aggradation in rivers and is in response to the sedimentation in rivers issue identified in the 30-year Infrastructure Strategy for the Region's flood protection assets. This work will also inform non-regulatory work activities, such as the Sustainable Land Use Initiative, and other initiatives such as the Manawatū River Leaders' Accord. A further change to the fluvial monitoring and research programme is the revision of the funding policy to enable remission on Section 36 charges where there is significant environmental or river engineering benefit.

How we will fund this activity

This activity is funded by:

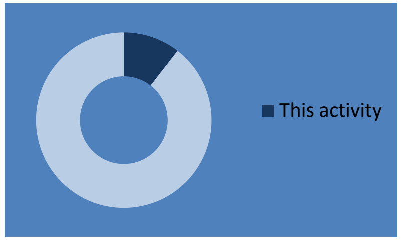
User fees and other revenue:

- Government support;
- Gravel charges; and
- Sponsorship.

Common rates:

- General rate (EQCV);
- Sustainable Land Use Initiative rate (UAC); and
- Environmental initiatives rate (UAC).

Percentage of total expenditure for 10-year Plan



Water Quality and Quantity

What we do and why

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

- The non-regulatory freshwater and partnership programme to improve water quality and aquatic habitat including through the Manawatū River Leaders' and Lake Horowhenua Accords (and the associated Freshwater Improvement Fund projects); and
- The science and monitoring programmes that track changes in the water resource and inform decision making around water management.

The freshwater and partnerships programme

The freshwater and partnerships programme aims to protect and enhance water quality and aquatic habitat including through partnership with landowners, iwi and external agencies. The programme includes initiatives to support stock exclusion from waterways (through freshwater restoration grants, advice and education), riparian enhancement and planting, aquatic habitat enhancement and supporting water quality initiatives.

In 2017-18 Horizons and its partners were successful in securing over $5.23 million from the Freshwater Improvement Fund (FIF), administered by the Ministry for the Environment, toward water quality improvement projects totalling more than $12.3 million. Our Region's four projects in the Manawatū, Whangaehu, Lake Waipu and Lake Horowhenua catchments are programmed to be completed over three or five years. Horizons will lead three of the projects (Manawatū, Whangaehu and Lake Waipu). The Lake Horowhenua Trust will lead the project in the Lake Horowhenua Catchment.

In order to deliver on these projects, we have reallocated resources within the Council teams to provide for Horizons' contribution over the next three years. This has meant that all of the previous budget for freshwater grant work has been allocated into the catchments with FIF projects. For the three FIF projects that Horizons are leading, $567,500 of ratepayer funding is projected to be spent in Year 1 of the LTP as part of a budgeted total spend in the catchment on works totalling $2.2 million. The balance of funding is from the Ministry for the Environment, Palmerston North City Council, Horowhenua District Council, Manawatū District Council, Rangitīkei District Council, Ngāti Rangi and landowners. Further funding will be leveraged through the $100,000 contribution over three years to the Lake Horowhenua FIF project that has successfully secured $1.685 million in funding.

To enable work to continue in other catchments, Council has allocated a further $200,000 of grant funding towards water quality improvement grants within the wider Region. Further, Council has allocated new funding for additional staff resource to assist with delivery of the freshwater and partnerships work.

A further inclusion in the LTP's Year 1 budget is new funding of $75,000 for a programme to reduce nutrient and sediment loss from horticultural operations. This work builds on work completed as part of the Lake Horowhenua Clean-Up Fund project, broadening its scope to include other areas in the Region and a wider range of water quality improvement work.

Manawatū River Accord and Freshwater Improvement Fund

The second Manawatū River Leaders' Accord Action Plan encompasses a range of activities aimed at improving water quality and achieving the goals of the Manawatū River Leaders' Accord. In the 2018-19 year, the Manawatū River Freshwater Improvement Fund project will be led by Horizons and initiated to deliver on a range of initiatives over a period of five years, including upgrades to the Tokomaru sewage treatment plant to discharge to land, stock exclusion from streams, aquatic habitat and fish passage enhancement, riparian planting, a matauranga 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 Central Government (the Freshwater Improvement Fund, as noted above), Horowhenua and Manawatū District Councils, Palmerston North City Council and landowners.

Whangaehu Freshwater Improvement Fund

The Whangaehu Freshwater Improvement Fund project aims to improve water quality in the catchment and to achieve the goals of the Whangaehu Catchment Care Group. Initiatives include stock exclusion from streams, improving aquatic habitat and fish passage, riparian planting and supporting community projects. This project draws on funding from Central Government (the Freshwater Improvement Fund), Horizons Regional Council, Ngati Rangi and landowners.

Lake Waipu Freshwater Improvement Fund

The Lake Waipu Freshwater Improvement Fund project will start in 2018 for a duration of five years. The project will involve the upgrade of the sewage treatment plant at Ratana, diverting the discharge of wastewater (currently into Lake Waipu) to land. Horizons will administer the project and undertake monitoring to inform future restoration initiatives for the lake. This project draws on funding from Central Government (the Freshwater Improvement Fund), Horizons Regional Council and Rangitīkei District Council.

Lake Horowhenua Accord and Freshwater Improvement Fund

The Lake Horowhenua Accord is a partnership with the Lake Horowhenua Trust, Horowhenua District Council, Horowhenua Lake Domain Board, Department of Conservation and Horizons Regional Council 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 have included budget in the LTP for lake weed harvesting from Year 2 in recognition of the timeframes required to establish access to the lake for weed harvesting preventing the ability for harvesting to occur during the first year of the LTP.

A further three-year project starting in 2018-19 is the Lake Horowhenua Freshwater Improvement Fund project. The project will be led by the Lake Horowhenua Trust and will comprise stormwater upgrades, cultural monitoring and groundwater research to inform future restoration initiatives. Horizons will contribute funding and undertake groundwater research as part of the project. The overall project draws on funding from Central Government (the Freshwater Improvement Fund), Horowhenua District Council, Horizons Regional Council and the Lake Horowhenua Trust.

Improve knowledge and understanding of the Region’s waterways

Our water quality and quantity activity supports monitoring and science to advance the knowledge base for good decision making. In our monitoring programmes we measure river flows, groundwater levels, rainfall, water quality and aquatic biodiversity. These core monitoring programmes are supplemented by targeted monitoring investigations and science projects to address specific issues.

The science programme will continue monitoring and research to investigate the effects of land use and point source discharges on freshwater systems, including their ecosystems and suitability for recreation. We will continue to work on building our knowledge of the Region’s coastal environment through our research and monitoring activities. Ensuring Horizons is meeting its national requirements around water metering and the National Policy Statement for Freshwater Management also remains a key focus.

Sharing of data and information about the Region’s water resource will continue through a range of mechanisms including public engagement, annual reporting, and via the Land and Water Aotearoa website (LAWA) and the Horizons website.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE ***The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years**	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
FRESHWATER ENHANCEMENT TO ENABLE AND ENCOURAGE THE PROTECTION AND ENHANCEMENT OF WATER QUALITY, RIPARIAN MARGINS AND AQUATIC HABITAT					
Deliver freshwater enhancement work within the Manawatū Catchment in alignment with the Manawatū River Leaders' Accord and through delivery of the Freshwater Improvement Fund project, including: - Stream fencing (km); - Riparian plants (number); - Remediate fish barriers (number); - Community projects (funded); and - Annual report to Council on the Manawatū Catchment Freshwater Improvement Fund project.	30 km New measure 4 11 New measure	50 km 40,000 4 9 1	50 km 40,000 4 9 1	50 km 40,000 4 9 1	50 km per year 40,000 per year 4 per year 9 per year 1 per year
Deliver freshwater enhancement work within the Whangaehu Catchment through the Whangaehu Freshwater Improvement Fund project, including: - Stream fencing (km); - Riparian plants (number); - Remediate fish barriers (number); - Community projects (funded); and - Annual report to Council on the Whangaehu Catchment Freshwater Improvement Fund project.	New measure	17 km 3,333 2 4	17 km 3,333 2 3	17 km 3,333 2 3	n/a n/a n/a n/a
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.	New measure	1	1	1	1 per year
Deliver freshwater enhancement work in the regional freshwater programme, including: - Stream fencing (km); - Riparian plants (number); - Remediate fish barriers (number); and - Community projects supported.	New measure	12 km 20,000 1 1	12 km 20,000 1 1	12 km 20,000 1 1	22 km per year 35,000 per year 1 per year 1 per year

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
Deliver freshwater enhancement work within the Lake Horowhenua Catchment in alignment with the Lake Horowhenua Accord and through delivery of Horizons components of the Lake Horowhenua Catchment Freshwater Improvement Fund project, including:					
- Annual report to Council on lake restoration activity including the Freshwater Improvement Fund project for Lake Horowhenua; and	New measure	1	1	1	1 per year
- Annual report on the work with the horticulture sector through the freshwater and partnerships programme to improve water quality.	New measure	1	1	1	1 per year
IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S WATER RESOURCE					
Water quantity and water quality information is made available to the public via LAWA (www.lawa.org.nz) and Horizons' website.	New measure	Data provided to LAWA as required	Data provided to LAWA as required	Data provided to LAWA as required	Data provided to LAWA as required
Annual report on water quantity and quality monitoring and research activity and its findings.	New measure	Develop an annual reporting framework and produce an annual report	1	1	1 per year

Changes to what we will deliver

Additional funding to complete water quality improvement work has been obtained through the Freshwater improvement Fund, which is drawing together funding from Central Government, district and city councils, the regional council and landowners. To assist in meeting the current demand from landowners, there will be an increase in the funding for the freshwater and partnerships programme. The funding will provide additional staff resource, completion of the Freshwater Improvement Fund projects and the continuation of the regional freshwater grant programme in catchments that do not have Freshwater Improvement Fund projects. Additional funding will be allocated to industry support, specifically support for best practice initiatives in the horticulture sector. The Lake Horowhenua Weed Harvesting Rate has been renamed the Lake Horowhenua Restoration Rate to better articulate the wider range of water quality improvement work that this funding supports. Performance targets have been amended to align with these changes in the programme.

How we will fund this activity

This activity is funded by:

User fees and other revenue:

- Science research charges.

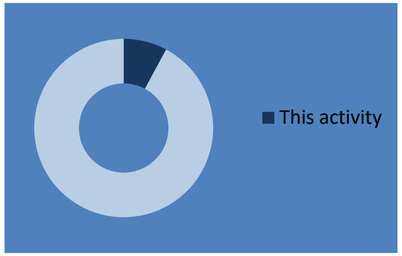
Individual rates:

- Manawatū River Accord (UAC); and
- Lake Horowhenua Restoration (UAC).

Common rates:

- General rate (EQCV);
- Water quality and quantity rate (EQCV); and
- Environmental initiatives rate (UAC).

Percentage of total expenditure for 10-year Plan



Resource Consent and Pollution Management

What we do and why

Under the Resource Management Act 1991 (RMA), Horizons has the primary role in the Region of ensuring, through its resource consent and pollution management activity, that the actual or potential adverse effects of resource use on the natural environment are avoided, remedied or mitigated.

This activity encompasses resource consent processing, compliance monitoring, responding to environmental incidents, undertaking investigations and enforcement action, and Resource Management Act advice focussing on natural resource use, including whether a resource consent is needed and how to apply. Through this activity, we implement our environmental policies and plans.

Resource Management Act advice

Horizons receives and provides advice on resource consent enquiries from the community. Staff also review processes and procedures to ensure they remain current in light of court decisions and legislative amendments. The number of enquiries and general advice given remains high and is anticipated to increase due to the continued implementation of the One Plan, RMA amendments and the introduction of new national environmental standards and regulations.

Consents processing

Resource consents allow activities to take place whilst ensuring the sustainable management of natural and physical resources. The consents team is charged with providing resource management advice and processing resource consents within the Region.

Compliance monitoring

We monitor how resource users are complying with the conditions of resource consents and national environmental standards to ensure that activities will not have adverse effects on the environment. The compliance programme has three key components:

- The rural programme, which focusses on farm dairy effluent operations, intensive land use activities and stock water takes;
- The water programme, which focusses on hydro-schemes, large irrigation takes, municipal water takes and implementing the water regulations; and
- The territorial authority (TA) and industry programme, which focusses on wastewater treatment plants, large industrial activities, and significant land development and roading projects.

In addition to the above, over the next three years the compliance programme will have to monitor those consents granted for major network upgrades, including the new alternate Manawatū Gorge road.

Responding to incidents

Horizons operates a 24-hour pollution response service. We investigate all reported environmental pollution incidents and undertake remedial action where appropriate. Such incidents include contamination of waterways and land and any reports of unusual odours.

Investigations and enforcement

Where there is non-compliance with a rule in a plan, national environmental standard, regulation or a resource consent, Council will investigate and take appropriate enforcement action. Such enforcement ensures that the resource management system remains equitable to all resource users.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
CONSENTS PROCESSING					
Process consents within Resource Management Act (RMA) timeframes.	100%	100%	100%	100%	85% per year
Advise consent holders of consent expiry nine months prior to expiration.	100%	100%	100%	100%	100% per year
COMPLIANCE MONITORING					
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
Monitor compliance on Category 3 (average priority) sites identified in the TA and industry annual monitoring programme.	>60%	>60%	>60%	>60%	>60% per year
Monitor compliance on Category 4 (low priority) sites identified in the TA and industry annual monitoring programme.	New measure	>40%	>40%	>40%	>40% per year
Take follow-up action for significant non-compliers.	90%	100%	100%	100%	100% per year
INCIDENT RESPONSE					
All notifications of non-compliance from the public are responded to.*	100%	100%	100%	100%	100% per year
Update contaminated sites information database for one TA each year.	1	1	1	1	1 per year

*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 (ie. relevant territorial authority, Civil Aviation Authority etc.).

Changes to what we will deliver

We plan to maintain our resource consenting and pollution management activity at current levels.

How we will fund this activity

This activity is funded by:

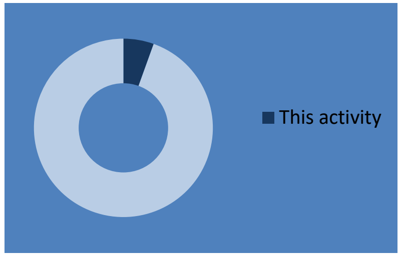
User fees and other revenue:

- Consent fees;
- Compliance fees; and
- Incident recoveries.

Common rates:

- Resource and consent monitoring (EQCV).

Percentage of total expenditure for 10-year Plan



Flood Protection and Control Works

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Flood Protection and Control Works

What we deliver

The flood protection and control works group of activities includes:

- River and Drainage General; and
- River and Drainage Scheme.

How these activities contribute to community outcomes

Our river and drainage activities contribute primarily to achieving **natural hazard resilience** and a **robust economy** by:

- Protecting people, property and infrastructure from flooding by containing floods to river corridors and floodways;
- Building and maintaining drainage networks, pump stations and other infrastructure to enable low-lying land to be farmed; and
- Reducing the effects of river erosion on adjoining land.

Challenges we face and our direction over the next 10 years

As set out in the 30-year Infrastructure Strategy (see separate document), we have identified the four most significant challenges to river management in the Region. These are:

- Future population growth in urban centres;
- Operational effectiveness and reliability;
- Climate change; and
- Sedimentation effects on levels of service.

The 30-year Infrastructure Strategy describes these challenges and our responses to these challenges in detail, but we also outline them briefly here.

The first challenge is future population growth in urban centres. Like many other regions in New Zealand, there is ongoing pressure for more housing and development in our Region. However, many of our towns and cities are located in areas that are low-lying, in some cases making them flood-prone or difficult to drain. Working alongside territorial authorities, Horizons plays an important role in ensuring that land use decisions include adequate consideration of natural hazards, and providing accurate and easily understood hazard information.

The second issue that we have identified as a long-term challenge is operational effectiveness and reliability. The Edgecumbe floods of 2017 demonstrated the importance of targeting operations and maintenance activity based on criticality (the consequences of a failure in flood defences). For instance, the stopbanks protecting Palmerston North have a high criticality, and, as outlined below, we intend reviewing our inspection and maintenance regime to ensure that it reflects that criticality.

More generally, our focus will be on progressively lifting the level of operational reliability of the Region's flood protection networks, harnessing a range of new technologies that will provide a level of detail, accuracy and cost-effectiveness not previously possible. An important component of achieving this will be our programme of scheme audits and reviews, employing a more targeted and prioritised approach to focus on the parts of the Region where level of service demands are changing rapidly due to changes in land use and population density in some areas.

Thirdly, over time climate change and concomitant sea level rise will challenge our ability to maintain existing levels of service, and we need to plan for this. We have begun by commissioning specialist research to help us better understand what climate change is likely to mean for both our regional climate and sea level along our coasts, and to better understand the implications that these pressures will have for flood defences and land drainage.

Finally, sedimentation of our rivers and streams in an ongoing issue, affecting not only the productivity of our hill country but also the quality of our rivers, streams and lakes. In some areas it also diminishes the level of flood protection that we are able to provide to communities. Combatting those effects requires interventions on a significant scale, in turn requiring an integrated approach to address not only the way we design and manage our flood defences, but also in the way we manage erosion-prone land (primarily hill country) in the Region.

Significant negative effects

Flood protection and control works play a vital role in protecting communities, property and infrastructure from flood hazards, but have the potential to impact on 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.

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

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
RIVER AND DRAINAGE GENERAL ACTIVITY	456	729	930	892	886	913	969	952	1,197	1,267	1,241
RIVER AND DRAINAGE SCHEME ACTIVITY	11,480	10,911	11,189	12,123	12,344	12,752	12,652	12,839	12,941	12,918	13,063
Total Operating Expenditure	11,936	11,640	12,119	13,015	13,230	13,666	13,621	13,792	14,138	14,186	14,304
Capital Expenditure	6,641	7,821	5,078	6,091	4,036	3,804	3,644	3,506	1,645	2,154	1,744
Loan Repayments	2,433	2,911	3,089	3,435	3,643	3,900	4,213	4,581	4,705	3,535	3,811
Total Funding Required	21,010	22,372	20,286	22,541	20,909	21,369	21,478	21,879	20,488	19,875	19,859
Funded By											
User Fees and Other Revenue	1,654	2,127	2,243	2,470	2,560	2,634	2,720	2,813	2,940	3,006	3,159
Individual Rates	9,823	10,379	11,093	12,086	12,686	13,293	13,637	14,112	13,803	13,230	13,424
Common Rates	3,485	3,745	4,098	4,304	4,391	4,525	4,688	4,781	4,952	4,887	4,906
Loans and Reserves	6,048	6,121	2,851	3,681	1,272	917	433	173	(1,206)	(1,249)	(1,631)
Total Funded	21,010	22,372	20,286	22,541	20,909	21,369	21,478	21,879	20,488	19,875	19,859

Capital Expenditure $000	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	6,386	7,562	4,673	5,723	3,438	3,269	3,210	3,158	1,092	1,761	1,375
Renew Existing Assets	255	259	405	368	598	535	435	348	552	393	369
Total Capital Expenditure	6,641	7,821	5,078	6,091	4,036	3,804	3,644	3,506	1,645	2,154	1,744

Horizons Regional Council Funding Impact Statement for the periods 2018-2028 for the Flood Protection and Control Works Group of Activities ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	3,485	3,745	4,098	4,304	4,391	4,525	4,688	4,781	4,952	4,887	4,906
Targeted rates	9,823	10,379	11,093	12,086	12,686	13,293	13,637	14,112	13,803	13,230	13,424
Subsidies and grants for operating purposes	321	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,333	1,771	1,793	1,916	1,935	1,948	1,986	2,001	2,042	2,023	2,097
Internal charges and overheads recovered	-	356	450	554	625	686	734	812	898	983	1,062
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	14,962	16,251	17,435	18,860	19,637	20,453	21,045	21,706	21,694	21,124	21,489
Applications of Operating Funding											
Payments to staff and suppliers	4,841	5,487	5,399	5,934	6,038	6,494	6,434	6,683	6,925	7,187	7,426
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	5,935	6,153	6,720	7,081	7,192	7,172	7,187	7,109	7,213	6,999	6,878
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	10,776	11,640	12,119	13,015	13,230	13,666	13,621	13,792	14,138	14,186	14,304
Surplus (Deficit) of Operating Funding (A-B)	4,186	4,611	5,316	5,845	6,407	6,787	7,424	7,914	7,556	6,938	7,185
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	2,262	4,325	912	1,539	(1,219)	(2,032)	(2,369)	(2,820)	(4,524)	(3,354)	(3,540)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	2,262	4,325	912	1,539	(1,219)	(2,032)	(2,369)	(2,820)	(4,524)	(3,354)	(3,540)
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	6,386	7,562	4,673	5,723	3,438	3,269	3,210	3,158	1,092	1,761	1,375
· to replace existing assets	255	259	405	368	598	535	435	348	552	393	369
Increase (decrease) in reserves	(193)	1,116	1,150	1,293	1,152	951	1,410	1,588	1,387	1,430	1,902
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	6,448	8,937	6,228	7,384	5,188	4,755	5,055	5,094	3,032	3,584	3,646
Surplus (Deficit) of Capital Funding (C-D)	(4,186)	(4,611)	(5,316)	(5,845)	(6,407)	(6,787)	(7,424)	(7,914)	(7,556)	(6,938)	(7,185)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation	1,160	1,387	1,396	1,412	1,446	1,457	1,466	1,477	1,488	1,502	1,513

River and Drainage General

What we do and why

River and drainage general activities are those 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 audits and reviews; and
- Developing and updating operations and maintenance manuals for schemes.

The previous 2015-25 Long-term Plan referenced a 2014 report that identified flood and/or erosion hazards not captured by existing river management schemes, proposing a prioritised programme of investigations to assess each identified issue. The river management investigations programme largely follows the programme outlined in that report. The programme is necessarily fluid, taking an adaptive management approach. The proposal to establish an Ohakune Scheme is an outcome of that programme, while the June 2015 flood led to some re-prioritisation of the investigation programme to focus on issues in the Whanganui area.

We will continue to undertake annual surveys of those rivers within the Region that recreational or commercial boating can be undertaken on 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 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. 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 audits, reviews, and operations and maintenance manual development over the next 10 years is shown in the table on the next page.

Specifically, we intend producing an operations and maintenance manual for the Lower Manawatū Scheme, in part intended to capture the knowledge of an aging and more transient workforce. Consistent with the themes of reliability and criticality, this work is intended to advance in parallel with applying the New Zealand Dam Safety Guidelines 2015 to the stopbank network that protects Palmerston North.

Table: Programme of scheme audits, reviews, and operations and maintenance manual development over the next 10 years

SCHEME	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Ashhurst			SCHEME REVIEW							
Kahuterawa										
Lower Kiwitea		OPERATION AND MAINTENANCE MANUAL								
Lower Manawatu	OPERATION AND MAINTENANCE MANUAL									
Mangatainoka			AUDIT / OPERATION AND MAINTENANCE MANUAL							
South East Ruahine				SCHEME REVIEW / OPERATION AND MAINTENANCE MANUAL		CLASSIFICATION REVIEW				
Tawataia-Mangaone Drainage				AUDIT						
Upper Manawatu-Lower Mangahao					AUDIT / OPERATION AND MAINTENANCE MANUAL					
Forest Road Drainage	AUDIT / OPERATION AND MAINTENANCE MANUAL									
Haunui Drainage										
Lower Whanganui		OPERATION AND MAINTENANCE MANUAL								
Makirikiri									AUDIT / OPERATION AND MAINTENANCE MANUAL	
Matarawa										AUDIT / OPERATION AND MAINTENANCE MANUAL
Pakihi			AUDIT							
Pohangina Oroua						AUDIT / OPERATION AND MAINTENANCE MANUAL				
Porewa										
Rangitikei				AUDIT / OPERATION AND MAINTENANCE MANUAL						
Turakina			SCHEME REVIEW							
Tutaenui								AUDIT / OPERATION AND MAINTENANCE MANUAL		
Upper Whanganui				AUDIT					OPERATION AND MAINTENANCE MANUAL	
Whangaehu - Mangawhero			SCHEME REVIEW / OPERATION AND MAINTENANCE MANUAL							
Foxton East Drainage	SCHEME REVIEW / CLASSIFICATION REVIEW		OPERATION AND MAINTENANCE MANUAL							
Himitangi Drainage										
Hokio Drainage			SCHEME REVIEW	CLASSIFICATION REVIEW						
Koputaroa Drainage	SCHEME REVIEW / CLASSIFICATION REVIEW		OPERATION AND MAINTENANCE MANUAL							
Makerua Drainage			OPERATION AND MAINTENANCE MANUAL							
Manawatu Drainage			OPERATION AND MAINTENANCE MANUAL							
Moutoa & Whirokino Drainage							AUDIT			
Ohau-Manakau		SCHEME REVIEW / OPERATION AND MAINTENANCE MANUAL	CLASSIFICATION REVIEW							
Te Kawau Drainage					OPERATION AND MAINTENANCE MANUAL					

OPERATION AND MAINTENANCE MANUAL | AUDIT | SCHEME REVIEW | CLASSIFICATION REVIEW

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
INVESTIGATIONS AND ADVICE					
Undertake investigations in relation to identified or potential flooding or erosion hazards, identify mitigation measures and consult with affected communities. Develop works and funding measures where appropriate.	1	2	2	2	2 per year
Provide river and drainage advice in relation to emerging flooding and erosion problems as required.	18	18	18	18	18 per year
In accordance with the programme identified in the table on page 62, carry out and report to Council on audits of schemes, identifying any deficiencies in inspection and maintenance activity that materially impact service delivery.	New measure	1	0	2	1–3
In accordance with the programme identified in the table on page 62, carry out and report to technical and rating classification reviews of schemes, assessing whether current levels of service meet the needs of the community and that the associated funding model is equitable.	New measure	2	1	4	0–1
In accordance with the programme identified in the table on page 62, produce operations and maintenance manuals that capture scheme history, operating context and the inspection and maintenance activities required to deliver the levels of service to the relevant communities.	New measure	2	3	6	1–2
Survey rivers annually for identification and removal of obstacles presenting hazards to navigation and recreational use.	5	5	5	5	5 per year
IMPLEMENTATION					
Respond to the need for urgent flood or erosion mitigation works in situations where there is insufficient time to identify appropriate contributions from those who will benefit from the scheme.	1	1	1	1	1 per year
Undertake investigations and designs, prepare engineering proposals for flood or erosion measures, and supervise works.	10	10	10	10	10 per year
Apply environmental grant funding assistance where criteria are satisfied.	10	10	10	10	10 per year

Changes to what we will deliver

The production of operations and maintenance manuals for each scheme will make a tangible difference to the levels of service provided, by identifying the inspection and maintenance regime required not only to deliver the service but to do so in a manner that focusses on reliability.

How we will fund this activity

This activity is funded by:

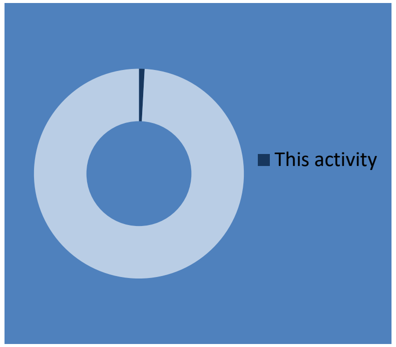
Common rates:

- River and drainage (EQCV), except the operations and maintenance manual for the Lower Manawatū Scheme, which will be funded 50 per cent from the river and drainage rate.

Targeted rates:

- 50 per cent of the cost of the operations and maintenance manual for the Lower Manawatū Scheme will be met by the rating for the Lower Manawatū Scheme.

Percentage of total expenditure for 10-year Plan



River and Drainage Scheme

What we do and why

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 24 river management and erosion control schemes that provide protection from flooding, riverbank erosion and channel movement to 10 urban areas and 75,000 hectares of rural land. That involves managing approximately 1,270 km of river channel, and inspecting and maintaining nearly 500 km of stopbank 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 network.

Over the period of this LTP, the total number of schemes remains at 34, which involves establishing three new schemes (detailed below) and dis-establishing three schemes. Of the three schemes being dis-established, only one, the Taringamotu Scheme north of Taumarunui, will result in a reduction (albeit modest) in level of service. The proposed Ruapehu District Scheme will pick up some of the operational activity, albeit at a reduced level of service, when it commences in Year 2. The proposed Tararua District Scheme amalgamates the other two dis-established schemes, extending the area of activity to the Tararua district boundary.

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 $466 million) must undergo audited revaluation on the same cycle. 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 that these updated plans to be effective from 1 July 2018.

In the 2017-18 financial year Horizons replaced its existing asset management system with a proprietary system that better meets the needs of both river management and the wider organisation. A new asset management system, in combination with the development of scheme operations and maintenance manuals, is consistent with a wider emphasis on operational reliability, a critical consideration in providing protection from flooding.

The following is a description of our major projects over the period of this LTP.

Lower Manawatū Scheme

The 13-year Rural Upgrade Project, originally planned for completion in 2017-18, will need to be extended to 2018-19 – Year 1 of this LTP. We also estimate that the cost of the project will exceed the original $40 million budget, with the final inflation-adjusted cost estimated to be $42.6 million, excluding inflation (including inflation: $54.8 million). Most of the remaining work is along the Oroua and Tokomaru River corridors, and when complete will afford those protected a uniform 1-in-100 year return period (one per cent Annual Exceedance Probability) standard of flood protection. The increased delivery cost will add to the loan required to undertake the work but it is intended to retain the same repayment period, adding 0.05 per cent to Lower Manawatū Scheme targeted rates.

We have also 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 modify the Reid Line Floodway will cost $7.6 million over a seven-year period. Of this, $5.6 million is set aside to purchase land in the floodway, and the remaining $2.0 million is for raising stopbanks. Most of the cost of these works will be borne by Feilding ratepayers, with rates rising over a four-year period to a rate of $25 per $100,000 capital value.

In 2020-21, Year 3 of the LTP, we plan to investigate and construct flood protection for the Te Matai Road/Stoney Creek area immediately east of Palmerston North. 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 2020-21, Year 3 of the LTP. A nominal allowance for construction work has been budgeted for the following financial years and is intended to be funded by a 15-year loan repaid by way of a targeted rate on Foxton Beach and township ratepayers.

Lower Manawatū Scheme – City Reach

In 2018-19 we intend to complete all outstanding construction work associated with the Lower Manawatū Scheme 'City Reach' flood protection upgrade project for Palmerston North City. These outstanding works will comprise a Benmore Ave stopbank along the southern margin of the Mangaone Floodway, significant recreational amenity enhancement at Waitoetoe Park, and the replacement of the gabion basket riverbank structure that supports the stopbank at Tremaine Avenue on the Mangaone Stream. Upon completion of these works, all of the Palmerston North City area between Napier Road Drain and the Awapuni landfill will be protected to a 500-year flood standard (0.2 per cent Annual Exceedance Probability).

Horizons is also working in partnership with the Palmerston North City Council and the New Zealand Transport Agency to undertake works to limit further river erosion affecting the Ashhurst Domain. These works are estimated to cost up to $1.5 million. Horizons' contribution of $300,000 towards the cost of that work comprises a $50,000 environmental grant and a $250,000 contribution from the City Reach project. The targeted rate area for the City Reach project will be expanded to include Ashhurst.

City Reach project loans are scheduled for full repayment in 2025-26, at which time the special project rate over all Palmerston North City properties (including Ashhurst) will be discontinued. Note that Horizons may look to continue to rate Ashhurst residents for Manawatū River management should Council agree to extend the Lower Manawatū Scheme boundary to include maintenance of the river works to protect Ashhurst Domain.

Rangitīkei Scheme

We will continue with our programme of improvements on the Rangitīkei flood protection scheme, now scheduled for completion in the 2019-20 financial year.

Lower Whanganui River Scheme

The Lower Whanganui Scheme is a relatively new scheme, and of the works initially envisaged, only the Balgownie stopbank has been completed. The 2015 flood, which had a serious impact on Whanganui, has led to a reassessment of the flood protection strategy for Whanganui and a move away from an approach solely focussed on stopbank extension and raising.

For the Anzac Parade area, we are looking to increase community resilience by establishing a fund to provide incentives to homeowners on the margins of the floodable area to raise their houses, and for the homes that are more at-risk, a non-mandatory purchase (and removal) of homes when the opportunity arises. An annual contribution of $50,000 is budgeted for that fund.

For the eastern end of the CBD, we will work collaboratively with the Whanganui District Council to explore ways in which flood protection measures can be integrated with the high amenity value of that area (the River Traders' Market and the precinct upstream of the city bridge). No provision has been made for any construction work (stopbanks or floodwalls) along this reach of the river. Provision is made to construct stopbanks for the Putiki area although further technical work is required to ensure that the Ngatarua Stream can be accommodated.

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 made provision for essential maintenance work to ensure that the ageing river control works, designed to regulate the alignment of the lower reach of river and protect the port, continue to function as intended.

River management rates for Whanganui residents will increase by $2.72 per $100,000 capital value in Year 1 with further rate rises over the 10-year timeframe of the Plan. That retains the existing funding model, providing some targeting of the cost toward those most at risk but with the bulk of the cost shouldered by Whanganui City ratepayers. As with all of Horizons' river management schemes, 20 per cent of the cost will come from the Region-wide river and drainage rate. Whanganui District Council have also agreed to contribute 25 per cent of the cost of work to the moles located at the river mouth for a period of 10 years. Should efforts in securing funding from Central Government be successful, we would look to accelerate the planned work programme.

Matarawa Scheme

We are planning to modify the Matarawa Scheme to further mitigate the flood hazard that the Matarawa Stream poses to Whanganui. While the scheme's five detention dams and the diversion of flood flow to the Mateongaonga Stream proved effective in lessening the impacts of the June 2015 flood, this event also highlighted the need for further flood hazard mitigation work. We are currently undertaking channel clearance work through Whanganui (not previously part of the scheme's operational activity) and planning modifications to increase the effectiveness of the Mateongaonga Stream flood diversion. The loan used to fund the two-year programme of channel clearance work and the modifications to the flood diversion structure will be repaid by way of a targeted rate over the Whanganui urban area, a rate that will remain (at a reduced level) once the loan is repaid to fund an ongoing inspection and maintenance work programme for the lower reach of the Matarawa Stream.

Foxton East Drainage Scheme

Horizons has been working in partnership with Horowhenua District Council to better understand the drainage issues that affect Foxton. A new pipeline linking the Horizons drain on the east side of the town (known locally as Kings Canal) with the Foxton Loop has been identified as the best solution. Those works have been costed at $3 million, and Horizons and Horowhenua District Council have agreed to share the cost 60:40 respectively. This will require an adjustment to the Foxton East Scheme, which in turn requires the scheme classification to be reviewed. Accordingly, we are not able to determine precisely how much rates will need to increase, but most of the cost will be borne by Foxton ratepayers. We will revisit the targeted rate classification for this scheme in Year 1 (see table on page 62).

Hōkio Drainage Scheme

We have made provision in the LTP for a review in 2020-21 of the levels of service provided by this scheme. This review will focus on options to improve sediment control across the scheme and further improvements to the drainage network in this area. Subject to the outcome from the 2021-22 LTP process, three years of capital works have been included in this LTP starting in 2021.

Manawatū Drainage Scheme

In 2017 Horizons began a programme of investigation and analysis to identify improvements that can be made to the Manawatū Drainage Scheme to address recent flooding issues, while avoiding exacerbating problems elsewhere.

This study is likely to identify potential improvements to the scheme that will be taken out to the community for consultation. The study will also help inform future strategy in areas where demand for higher levels of service is likely within the scheme area. An allowance has been made for a programme of capital improvements in this LTP, starting in 2020-21.

New river and drainage schemes

Three new schemes are proposed in this LTP – a flood protection scheme for the Ohakune township and the trialling of new river management schemes for the Tararua and Ruapehu Districts.

Ohakune has a known history of flooding and the scheme will initially address long-standing channel management issues through the town. This work and the associated rating will commence in Year 2.

As part of our efforts to improve efficiency in our scheme work and manage flood risk proactively rather than reactively, we are trialling a new approach to river management in the Tararua and Ruapehu Districts. This will involve a programme of willow control and debris management work on a district-wide basis. These new schemes will follow the 80/20 model: 80 per cent of the operating cost will come from targeted rates, with the balance obtained through the Region-wide river and drainage rate. The proposed operating budget for the Tararua Scheme is $200,000 per annum, with Tararua ratepayers paying around $3.60 per $100,000 capital value per year. Ruapehu Scheme ratepayers will pay around $3.00 per $100,000 capital value per year. The Tararua Scheme will commence in Year 1 with the Ruapehu Scheme commencing in Year 2; a stepped introduction is planned for the Ruapehu Scheme with an operating budget of $80,000 in Year 2 and a full budget of $160,000 in Year 3.

As envisaged, the new district-wide schemes will also undertake environmental enhancement work and identify ways in which communities can be more connected with their rivers and streams, for example by working with district councils to develop more swimming spots in these districts.

As noted earlier, previous technical work assessing flood hazard areas not currently within the extents of operative river management schemes identified the town of Ohakune as the Region's highest priority. Recent floods have had significant impacts on the town and there is currently no community-wide approach to flood hazard mitigation.

We are taking a staged approach to addressing that hazard, establishing, in Year 2, a targeted rate scheme for Ohakune and focussing initially on channel and flood debris management. Once completed, this will represent an improvement, but not a complete solution, to the flood hazard posed to Ohakune. Following completion of this first stage of works, we intend to consult with the community on options for undertaking a range of infrastructure improvements (short sections of stopbank, floodway, flood detention areas and the modification of some bridges and culverts) that will, over time, provide a higher standard of flood protection.

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;
- Contributions to renewal reserves; and
- Fund depreciation (which is similar to renewal reserve contributions).

Horizons has adopted the approach that it is preferable for schemes to pay off debt before setting aside operating expenditure for renewal reserves contributions. Not doing so would result in those schemes incurring additional interest costs to build renewal reserves. Similarly, funding depreciation is best considered after the renewal reserve contributions have been allowed for.

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 Lower Manawatū, Makirikiri, Ōhau-Manakau, Pakihi, Porewa, South-East Ruahines, Tawataia-Mangaone, Forest Road, Foxton East, Himatangi, Hōkio, Koputaroa, Makerua, Manawatū, Moutoa, TeKawau and Whirikino Schemes. (Note that all drainage schemes with assets are now making renewal reserve contributions.)

Scheme Debt

We have several new capital works in this Plan and we intend to at least partially fund these by borrowing. As a result our scheme debt will reach a peak of $47.8 million by the end of the 2021-22 financial year. This increase in scheme debt levels will mean projected loan servicing costs will be $7.1 million from 2024-25 onwards.

Infrastructural Assets – Risk Management

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

- Schemes continue to build emergency 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 $3.4 million over 3 years;
- Increasing self-insurance capability through the continued growth of a regional infrastructure reserve, funded primarily through a four-tier uniform annual charge. This Plan makes provision for $620,000 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 Manawatu-Wanganui 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 (should Central Government decide not to proceed with changes to the 60:40 rule and the establishment of the Local Government Rating Act).

What we will deliver

Mandatory Reporting (Non-financial Performance Measures Rules 2013)

LOWER MANAWATŪ SCHEME AND SPECIAL PROJECTS					
Objective	**Measure**	**Target for 2018-19**	**Target for 2019-20**	**Target for 2020-21**	**Target for 2021-28**
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the LMS Asset Management Plan.
	System performance design standard	Stopbanks and associated structures within the rural area are maintained to the 1% AEP* standard (except for those assets programmed for renewal within LMS Rural Flood Protection Upgrade Project). Stopbanks within the Palmerston North 'City' area are maintained to the 0.2% AEP standard.	Stopbanks and associated structures within the rural area are maintained to the 1% AEP standard. Stopbanks within the Palmerston North 'City' area are maintained to the 0.2% AEP standard.	Stopbanks and associated structures within the rural area are maintained to the 1% AEP standard. Stopbanks within the Palmerston North 'City' area are maintained to the 0.2% AEP standard.	Stopbanks and associated structures within the rural area are maintained to the 1% AEP standard. Stopbanks within the Palmerston North 'City' area are maintained to the 0.2% AEP standard.
	Oroua silt removal	Remove 10,000 cubic metres of silt from the critical sections of the Oroua River berm.	Remove 10,000 cubic metres of silt from the critical sections of the Oroua River berm.	Remove 10,000 cubic metres of silt from the critical sections of the Oroua River berm.	Remove 10,000 cubic metres of silt per year from the critical sections of the Oroua River berm.
Flood and erosion protection assets and systems are repaired	Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.
Assets are renewed at end of useful life or to reinstate decline in service level	Completion of renewals programme	As per Asset Management Plan Renewals programme.	As per Asset Management Plan Renewals programme.	As per Asset Management Plan Renewals programme.	As per Asset Management Plan Renewals programme.

New assets are constructed	Completion of new capital works programme	Complete all programmed Year 14 Rural Flood Protection Upgrade project works. These works will increase standard to 1% AEP. Complete all programmed Feilding special project works to provide Feilding with 0.5% AEP.	Complete all programmed Feilding special project works to provide Feilding with 0.5% AEP.	Complete all programmed Feilding special project works to provide Feilding with 0.5% AEP. Complete Stoney Creek flood protection works.	As per Asset Management Plan capex programme.

RANGITIKEI RIVER SCHEME					
Objective	**Measure**	**Target for 2018-19**	**Target for 2019-20**	**Target for 2020-21**	**Target for 2021-28**
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Rangitīkei River Scheme Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Rangitikei River Scheme Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Rangitikei River Scheme Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Rangitikei River Scheme Asset Management Plan.
	System performance design standard	Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the Parewanui flood protection upgrade project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2% AEP standard.	Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the Parewanui flood protection upgrade project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2% AEP standard.	Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the parewanui flood protection upgrade project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2% AEP standard.	Parewanui stopbanks are maintained to the 1% AEP standard (except for those assets still to be upgraded under the parewanui flood protection upgrade project). Tangimoana, Walker's and Kakariki stopbanks are maintained to the 2% AEP standard.
Flood and erosion protection assets and systems are repaired	Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.
Assets are renewed at end of useful life or to reinstate decline in service level	Completion of renewals programme	As per Asset Management Plan Renewal programme.	As per Asset Management Plan Renewal programme.	As per Asset Management Plan Renewal programme.	As per Asset Management Plan Renewal programme.

New assets are constructed	Completion of new capital works programme	Complete all programmed 'Year 14' Parewanui Flood Protection Upgrade project works. These works will raise the standard from approximately 2% AEP to 1% AEP. Complete 'Year 8' channel alignment project works.	Complete all programmed 'Year 15' Rural Flood Protection Upgrade project works. These works will raise the standard from approximately 2% AEP to 1% AEP. Complete 'Year 9' channel alignment project works.	Complete all programmed 'Year 16' Rural Flood Protection Upgrade project works. These works will raise the standard from approximately 2% AEP to 1% AEP. Complete 'Year 10' channel alignment project works.	Complete all programmed 'Year 17' Rural Flood Protection Upgrade project works. These works will raise the standard from approximately 2% AEP to 1% AEP. Complete 'Year 11' channel alignment project works.

MANAWATŪ DRAINAGE SCHEME					
Objective	**Measure**	**Target for 2018-19**	**Target for 2019-20**	**Target for 2020-21**	**Target for 2021-28**
Flood and erosion protection and drainage assets and systems are maintained	Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatū Drainage Scheme Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatū Drainage Scheme Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatū Drainage Scheme Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Manawatū Drainage Scheme Asset Management Plan.
	System performance design standard	Stopbanks and associated flood protection structures are maintained to the 20% AEP standard.	Stopbanks and associated flood protection structures are maintained to the 20% AEP standard.	Stopbanks and associated flood protection structures are maintained to the 20% AEP standard.	Stopbanks and associated flood protection structures are maintained to the 20% AEP standard.
Flood and erosion protection and drainage assets and systems are repaired	Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.
Assets are renewed at end of useful life	Completion of renewals programme	As per Asset Management Plan Renewals programme.	As per Asset Management Plan Renewals programme.	As per Asset Management Plan Renewals programme.	As per Asset Management Plan Renewals programme.

MANGATAINOKA SCHEME					
Objective	**Measure**	**Target for 2018-19**	**Target for 2019-20**	**Target for 2020-21**	**Target for 2021-28**
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the Mangatainoka Asset Management Plan.

	System performance design standard	Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively.	Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively, while also undertaking survey to confirm crest height.	Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively. Undertake audit and develop O&M manual.	Maintain the Burmeister, Kamo and Hamua stopbanks to 20%, 10% and 5% AEPs respectively. Further survey to prepare stopbank construction drawings, contract management and supervision of stopbank extension and upgrade works carried out over two financial years 2021-22 and 2022-23.
Flood and erosion protection assets and systems are repaired	Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.
New assets are constructed	Completion of capital works programme	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.	Complete all capital works as outlined in the Mangatainoka Asset Management Plan.

SOUTH EASTERN RUAHINE SCHEME					
Objective	**Measure**	**Target for 2018-19**	**Target for 2019-20**	**Target for 2020-21**	**Target for 2021-28**
Flood and erosion protection assets and systems are maintained	Completion of agreed maintenance programme	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the South Eastern Ruahine (SER) Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the SER Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the SER Asset Management Plan.	The scheme is to be maintained to its full service potential in accordance with the condition ratings specified in the SER Asset Management Plan.
	System performance design standard	Stopbanks are maintained to the 20% AEP standard.	Stopbanks are maintained to the 20% AEP standard.	Stopbanks are maintained to the 20% AEP standard.	Stopbanks are maintained to the 20% AEP standard. Undertake scheme review and develop O&M manual in 2021-22 and a re-classification in 2023-24.
Flood and erosion protection assets and systems are repaired	Response to flood event or damage	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.	Following a flood event, damage is identified and programmed for repair in consultation with the scheme liaison committee. High priority works are completed within 6 months.

New assets are constructed	Completion of capital works programme	Complete all capital works as outlined in the SER Asset Management Plan.	Complete all capital works as outlined in the SER Asset Management Plan.	Complete all capital works as outlined in the SER Asset Management Plan.	Complete all capital works as outlined in the SER Asset Management Plan.

ALL OTHER SCHEMES (NON-MANDATORY REPORTING)					
Level of Service Statement	**Level of Service Measure**	**Target for 2018-19**	**Target for 2019-20**	**Target for 2020-21**	**Target for 2021-28**
Flood control, channel management and drainage schemes are maintained so as to provide communities with protection from flooding and erosion, and with drainage benefits to productive land within scheme areas.	Prescribed asset condition ratings are achieved.	Manage scheme and maintain scheme assets in accordance with relevant asset management plan) and operations and maintenance manual.	Manage scheme and maintain scheme assets in accordance with scheme asset management plan and operations and maintenance manual.	Manage scheme and maintain scheme assets in accordance with scheme asset management plan and operations and maintenance manual.	Manage scheme and maintain scheme assets in accordance with scheme asset management plan and operations and maintenance manual.

***Annual Exceedance Probability** (AEP) refers to the **probability** of a flood event occurring in any year. The **probability** is expressed as a percentage. For example, a large flood which may be calculated to have a 1% chance to occur in any one year, is described as 1%AEP.

Return Period or Recurrence Interval	Probability of occurrence in any given year	Chance of occurrence in any given year (AEP)
500 years	1 in 500	0.2%
200 years	1 in 200	0.5%
100 years	1 in 100	1.0%
50 years	1 in 50	2.0%
25 years	1 in 25	4.0%
20 years	1 in 20	5.0%
10 years	1 in 10	10.0%

Changes to what we will deliver

This LTP contains a range of changes to the level of service we deliver for the flood management scheme activity. The following are the significant changes:

- The establishment in Year 2 of a new river management scheme for Ohakune. The first stage proposed in this LTP will be a programme of works that will provide a limited standard of flood protection for the town;
- The amalgamation of two existing river management schemes servicing parts of the Tararua District into one integrated district-wide scheme. These changes will enable Horizons to provide more flexible and administratively efficient service delivery to Tararua ratepayers, enabling river management issues across the whole district to be proactively managed;
- The replacement of the existing Taringamotu Scheme with a district-wide river management scheme for the Ruapehu District, starting in Year 2. These changes will enable Horizons to provide more flexible and administratively efficient service delivery to Ruapehu District ratepayers, enabling river management issues across the whole district to be proactively managed;
- The purchase of land for the Reid Line floodway and a programme of works to increase the standard of flood protection provided by the floodway, raising the standard of that service delivery to Feilding;
- Works to widen the scope of the Lower Whanganui Scheme;
- Extending the delivery timeframe for the Lower Manawatū Scheme Rural Upgrade project to the 2018-19 financial year and increasing the total delivery cost; and
- Working in partnership with Horowhenua District Council to address drainage issues in Foxton, reducing the town's exposure to flooding.

A targeted programme of scheme reviews and audits, combined with the roll-out of scheme operations and maintenance manuals, will make a tangible difference to the levels of service provided. It will do so by identifying the inspection and maintenance regime required not only to deliver the service, but to do so in a manner that focusses on reliability.

How we will fund this activity

This activity is funded by:

User fees and revenue:

- Land rentals;
- Gravel charges; and
- Forestry income.

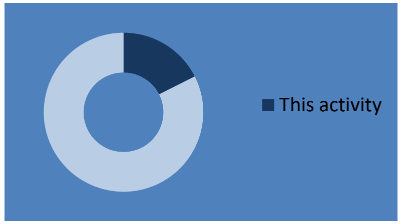
Individual rates:

- Scheme rates (mixed).

Common rates:

- River and drainage (EQCV).

Percentage of total expenditure for 10-year Plan



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;
- Contributions to renewal reserves; and
- Fund depreciation (which is similar to renewal reserve contributions).

Horizons has adopted the approach that it is preferable for schemes to pay off debt before setting aside operating expenditure for renewal reserves contributions. Not doing so would result in those schemes incurring additional interest costs to build renewal reserves. Similarly, funding depreciation is best considered after the renewal reserve contributions have been allowed for.

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 Lower Manawatū, Makirikiri, Ōhau-Manakau, Pakihi, Porewa, South-East Ruahines, Tawataia-Mangaone, Forest Road, Foxton East, Himatangi, Hōkio, Koputaroa, Makerua, Manawatū, Moutoa, TeKawau and Whirikino Schemes. (Note that all drainage schemes with assets are now making renewal reserve contributions.)

Scheme Debt

We have several new capital works in this Plan and we intend to at least partially fund these by borrowing. As a result our scheme debt will reach a peak of $47.8 million by the end of 2021-22 financial year. This increase in scheme debt levels will mean projected loan servicing costs will be $7.1 million from 2024-25 onwards.

Infrastructure Assets – Risk Management

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

- Schemes continue to build emergency 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 $3.4 million over 3 years;
- Increasing self insurance capability through the continued growth of a regional infrastructure reserve, funded primarily through a four tier uniform annual charge. This Plan makes provision for $620,000 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 Manawatu-Wanganui 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 (should Central Government decide not to proceed with changes to the '60-:40' rule and the establishment of the Local Government Rating Act)

Biosecurity and Biodiversity Protection

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Biosecurity and Biodiversity Protection

What we deliver

The biosecurity and biodiversity protection group of activities includes:

- Biosecurity; and
- Biodiversity protection.

How these activities contribute to community outcomes

Our biosecurity and biodiversity protection activities contribute primarily towards achieving **healthy ecosystems** and a **robust economy** through**:**

- The control of plant and animal pests that may have an adverse effect on agriculture and other primary industries, and impact on the regional economy as a whole; and
- Protection and active management of the Region’s indigenous plants, animals and their ecosystems.

In addition these activities also contribute to **human wellbeing** through:

- The enhancement of bush reserves and other indigenous habitats, which contribute to recreation and the wellbeing of our communities.

Challenges we face and our direction over the next 10 years

Historically, we have lost much of our indigenous biodiversity and habitats in the Region, including most of our lowland forests and wetlands. Biodiversity remains under pressure as a result of a range of human-caused impacts including introduced pests and water use (which impact on the viability of former swamp forests), but also as a legacy of past pressures (small fragments of forest are more susceptible to natural pressures such as extreme weather – wind in particular). Although there is an increasing awareness of the human impacts on biodiversity, tension often remains between biodiversity and economic development objectives. Partnerships between Horizons, the Department of Conservation and other Crown agencies, territorial authorities and land owners are essential for long-term biodiversity management, as is the valuable input of volunteers.

Introduced plants and animals have significantly transformed our environment and not only place ongoing pressure on surviving indigenous ecosystems, but also pose a threat to agriculture, horticulture and other land-based industries. Pest management is therefore essential to protect the economic future of the Region and improve environmental outcomes. We are working closely with Central Government, primary industry and the wider public to mitigate the effects of introduced pests in the Region, and are an active participant in groups such as the National Biosecurity Capability Network and National Biocontrol Collective, both of which are working to retain New Zealand’s primary industry competitive advantage and unique indigenous biodiversity.

Significant negative effects

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

Biosecurity and Biodiversity Protection ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BIOSECURITY	5,645	5,992	6,208	6,414	6,556	6,678	6,816	6,935	7,056	7,191	7,305
BIODIVERSITY PROTECTION	1,892	1,939	1,955	1,994	2,025	2,053	2,081	2,105	2,132	2,162	2,188
Total Operating Expenditure	7,537	7,931	8,162	8,408	8,581	8,731	8,897	9,040	9,188	9,353	9,493
Capital Expenditure	30	293	103	27	-	-	-	-	-	-	-
Total Funding Required	7,567	8,224	8,265	8,435	8,581	8,731	8,897	9,040	9,188	9,353	9,493
Funded By											
User Fees and Other Revenue	63	63	64	64	64	64	65	65	65	66	66
Individual Rates	1,872	1,931	1,896	1,846	1,883	1,917	1,954	1,985	2,015	2,041	2,068
Common Rates	5,601	5,976	6,273	6,581	6,711	6,827	6,956	7,065	7,178	7,278	7,374
Loans and Reserves	30	253	32	(56)	(77)	(77)	(77)	(74)	(70)	(32)	(16)
Total Funded	7,566	8,224	8,265	8,435	8,581	8,731	8,897	9,040	9,188	9,353	9,493

Capital Expenditure $000	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Renew Existing Assets	30	293	103	27	-	-	-	-	-	-	-
Total Capital Expenditure	30	293	103	27	-	-	-	-	-	-	-

Horizons Regional Council Funding Impact Statement for the periods 2018-2028 for the Biosecurity and Biodiversity Protection Group of Activities ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	5,601	5,976	6,273	6,581	6,711	6,827	6,956	7,065	7,178	7,278	7,374
Targeted rates	1,872	1,931	1,896	1,846	1,883	1,917	1,954	1,985	2,015	2,041	2,068
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	64	63	64	64	64	64	65	65	65	66	66
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	(1)	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	7,537	7,971	8,233	8,491	8,658	8,808	8,975	9,115	9,259	9,385	9,508
Applications of Operating Funding											
Payments to staff and suppliers	3,682	3,988	4,152	4,283	4,357	4,431	4,507	4,587	4,667	4,750	4,836
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	3,822	3,943	4,010	4,125	4,224	4,300	4,390	4,453	4,521	4,603	4,656
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	7,504	7,931	8,162	8,408	8,581	8,731	8,897	9,040	9,188	9,353	9,493
Surplus (Deficit) of Operating Funding (A-B)	33	40	70	83	77	77	77	74	70	32	16
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-	-
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
· to replace existing assets	30	293	103	27	-	-	-	-	-	-	-
Increase (decrease) in reserves	3	(253)	(32)	56	77	77	77	74	70	32	16
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	33	40	70	83	77	77	77	74	70	32	16
Surplus (Deficit) of Capital Funding (C-D)	(33)	(40)	(70)	(83)	(77)	(77)	(77)	(74)	(70)	(32)	(16)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation	33	40	70	83	77	77	77	74	70	32	16

Biosecurity

What we do and why

Our biosecurity activity is focussed on the control of pests that have established breeding populations in New Zealand and pose a threat to our Region's economy and ecosystems. We carry out our biosecurity work under the new Regional Pest Management Plan 2017-37, prepared under the Biosecurity Act 1993.

Pest animal management

Pest animal control covers control work in three main categories:

- Work necessary to maintain the objectives of the Regional Pest Management Plan 2017-37 (including possum control operations and the management of rook populations);
- Advice and information to support pest management undertaken by the community and other stakeholders; and
- Pest control to protect sites that have been identified as priority sites (generally wetland and bush remnants on private land).

Horizons provides effective animal pest control programmes to protect and enhance the values that have been identified (through ecological assessments) at each selected site.

During this LTP we will see the expansion of the possum control operations (PCO) programme to 1.65 million hectares of land. This expansion will come as a result of land previously subject to possum control efforts by Ospri NZ becoming available to Horizons for the ongoing control of possums, after it has met the threshold for freedom from disease (TB). This will bring into the PCO programme 429,000 more hectares over the next 12–15 years. We are proposing that Horizons takes responsibility for the additional area as part of its PCO programme. This increased possum control will cost an additional $200,000 in Year 1 of the LTP, with a further $50,000 increase in each of Years 2 and 3, and is proposed to remain at this level albeit with the potential for some adjustments in subsequent years of the LTP. In addition to this expansion in area, we will be continuing the more robust monitoring regime implemented in 2017-18 to provide information on how specific areas within the wider area can be prioritised and inform overall management of the programme.

Pest plant management

Pest plant activity focusses on implementation of the new Regional Pest Management Plan 2017-37 and supporting national initiatives at the regional level, such as the Clean Check Dry initiative aimed at preventing the spread of aquatic pests, and the National Pest Plant Accord for prevention of illegal distribution and sale of nationally banned plants. Supporting research into the control of new pest plants and managing their spread (pathway management) is an increasingly important activity.

Horizons provides plant pest control to protect and enhance the values of the priority sites that have been identified in the Region.

Horizons also contributes funding towards national research on the development of bio-control agents to control pest plants, such as thistles, tutsan and old man's beard.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
PEST ANIMAL MANAGEMENT					
Possum densities are maintained at/below 10% residual trap-catch (RTC) in existing/new possum control operation (PCO) areas. This is to enhance production, biodiversity, disease protection and amenity values.	<10% RTC	<10% RTC	<10% RTC	<10% RTC	<10% RTC
Additional hectares included in control programme.	Zero	135,688	57,441	6,217	230,364 per year
All known rookeries are treated annually to reduce crop losses and damage.	100%	100%	100%	100%	100%
Provide an urban/peri-urban animal pest management service to assist urban ratepayers with specialist advice and equipment and animal pest control assistance/enquiries are responded to within 2 working days.	100%	100%	100%	100%	100%
PEST PLANT MANAGEMENT					
Any exclusion category pest plants that are found in the Region are promptly managed. Where exclusion category pest plants are found in the Region, an initial response plan will be completed within 2 weeks and then enacted (if not enacted before 2 weeks).	New measure	Number of response plans required	Number of response plans required	Number of response plans required	Number of response plans required
	New measure	Percentage where a response plan has been produced within 2 weeks (target 100%)	Percentage where a response plan has been produced within 2 weeks (target 100%)	Percentage where a response plan has been produced within 2 weeks (target 100%)	Percentage where a response plan has been produced within 2 weeks (target 100%)
	New measure	Number of response plans enacted within their specified timeframes (target 100%)	Number of response plans enacted within their specified timeframes (target 100%)	Number of response plans enacted within their specified timeframes (target 100%)	Number of response plans enacted within their specified timeframes (target 100%)

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
Number of managed sites at zero-levels increases for pest plants identified for eradication in the Regional Pest Management Plan.	New measure	Overall % of managed sites at zero-levels increases by 10%	Overall % of managed sites at zero-levels increases by 10%	Overall % of managed sites at zero-levels increases by 10%	Overall % of managed sites at zero-levels increases by 10%
Number of managed sites at zero-levels increases for pest plants identified as progressive containment mapped in the Regional Pest Management Plan.	New measure	Overall % of managed sites at zero-levels increases by 10%	Overall % of managed sites at zero-levels increases by 10%	Overall % of managed sites at zero-levels increases by 10%	Overall % of managed sites at zero-levels increases by 10%
Financially support the national bio-control agent development programme and report annually to Council on this programme.	New measure	Financial support provided and annual report to Council	Financial support provided and annual report to Council	Financial support provided and annual report to Council	Financial support provided and annual report to Council
Monitoring of some released biological agents will be completed to assess establishment and host damage (using the national protocol).	New measure	20 assessment plots will be monitored	20 assessment plots will be monitored	20 assessment plots will be monitored	20 assessment plots will be monitored per year
Pest plant enquiries received are responded to within 3 working days.	New measure	95% of enquiries will be responded to within 3 working days	95% of enquiries will be responded to within 3 working days	95% of enquiries will be responded to within 3 working days	95% of enquiries will be responded to within 3 working days per year

Changes to what we will deliver

We propose to extend the area over which we undertake possum control. The biosecurity plants programme has some reallocation of budget to improve the ability to deliver on the outcomes of the new Regional Pest Plan for weeds, such as African feather grass, Chinese pennisetum, banana passionfruit and climbing spindleberry. Additional funding has been included in the budget to enable a control programme around a wider variety of wilding conifer species and Darwin's barberry in Year 1 and for control of old man's beard in Year 2.

Targets for the pest animal and pest plant work have been revised, primarily to align with the new Regional Pest Plan.

Council have reviewed the funding policy for the possum control operations and are proposing to shift the 2017-18 rating policy from 60 per cent of the cost via a biosecurity rate and 40 per cent to properties over 4 ha to 70 per cent via the biosecurity rate and 30 per cent from properties over 4 ha by Year 3 of the LTP. The proposed split for Year 1 and Year 2 are 63:37 and 67:33 respectively. This change is to reflect the increasing overall biodiversity benefits of the programme.

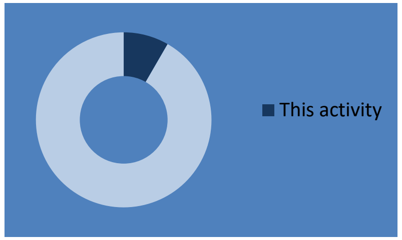
How we will fund this activity

This activity is funded by:

Individual rates:
- Targeted production pest animal (ha);
- Targeted production pest rook (ha);
- Targeted production pest plant (UAC); and
- Targeted production pest plant (ha).

Common rates:
- Biosecurity (EQCV); and
- Environmental initiatives rate (UAC).

Percentage of total expenditure for 10-year Plan



Biodiversity Protection

What we do and why

Our biodiversity protection activity (referred to as 'living heritage' in the One Plan) is helping to ensure that our indigenous heritage can be appreciated and enjoyed by both current and future generations. Around 22 per cent of the Region's original indigenous forest cover remains – though primarily in hill and mountain country. Only three per cent of the Region's wetlands remain.

Horizons assists landowners and community groups to protect and enhance remaining indigenous habitats, such as bush remnants and wetlands, within the Region. We also undertake research and monitoring to track changes in the extent and quality of such habitats within the Region.

Horizons is working towards managing 200 of the highest priority bush remnant sites and 100 of the highest priority wetland sites in the Region. Priority is based on ecological values, such as how well-represented such habitats are within the Region, as well as consideration of Horizons' capacity to enhance and protect the site, for example through the control of the full range of pests. As of July 2017, 734 bush remnants have been identified, with 124 (17 per cent) of these actively managed by Horizons (currently 51 per cent of the top priority sites are under active management). Of the 440 wetlands currently identified, 60 (14 per cent) are currently under active management.

We also offer community projects and other community-based environmental initiatives a free, non-regulatory advisory service; some also receive financial assistance by way of our Community Biodiversity Grant.

Habitat protection on private land

Priority habitat protection involves working with landowners to actively manage bush and wetland sites of regional value. Horizons supports the landowners to undertake activities such as fencing, pest control and planting through the provision of advice, technical expertise and funding.

Supporting community involvement in biodiversity protection on public land

Horizons also supports community groups and other stakeholder groups to work in partnership with the Council to protect and enhance biodiversity on public land. Examples include the Totara Reserve Regional Park and the Te Apiti Manawatū Gorge project. Alternatively, projects may have a narrower focus, sometimes limited to a single activity like animal pest control.

Improve knowledge and understanding of the Region's biodiversity

Research and monitoring provides valuable information around best practice, priorities and the effectiveness of our work programmes. A key focus over the period of the LTP will be continuing to track changes in the Region's biodiversity and aligning monitoring methodologies with those of other regions. This research and monitoring also helps inform our biosecurity activities. We also provide advice to landowners and the community about policies and rules relating to living heritage in the One Plan.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
PROTECT/ENHANCE PRIORITY HABITAT REMNANTS					
Additional top 100 wetlands actively managed.	3	4	4	4	4 per year
Additional top 200 bush remnants actively managed.	6	7	7	7	7 per year
SUPPORT COMMUNITY INVOLVEMENT IN BIODIVERSITY PROTECTION					
Support existing community-based biodiversity improvement projects.	10	12	12	12	12 per year
IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S BIODIVERSITY					
Annual report on biodiversity monitoring and research activity.	New measure	Develop an annual reporting framework and complete an annual report	1	1	1
TOTARA RESERVE REGIONAL PARK					
Annual report on the management of Totara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility.	New measure	1	1	1	1

Changes to what we will deliver

The environmental grant funding has been reallocated within the biodiversity budget as it has been under-utilised in previous years. Funding has been allocated to the priority bush remnants and wetlands project and to support community projects and initiatives. The targets for new bush remnants and wetlands have each been increased by one, and the target number for community projects supported has been increased by two.

Council resolved to increase the budget allocation for management of our one regional park – Totara Reserve – by increasing campsite tariffs in line with those of other similar facilities. This funding will be used to part offset the operational costs of providing camping facilities and has required a change to the funding policy to enable 30– 45 per cent of the camp ground costs to be recovered via fees. This is higher than the 30–40 percent in the policy of the previous Long-term Plan. The performance measures for Totara Reserve Regional Park have been updated to provide regular reporting on the management of the park for multiple values.

Council have reviewed the funding policy for the Rangitīkei Environment Group's (REG) work to manage old man's beard on public land in the Rangitīkei catchment. The policy has been reviewed, from properties in the Rangitīkei catchment over 4 ha hectares paying 70 per cent of the cost and properties less than 4 ha paying 30 per cent of the cost, to sharing the proportion of the costs evenly between these two groupings of properties, ie. 50:50 funding split. This change is to reflect that the REG group only completes work on public land.

How we will fund this activity

This activity is funded by:

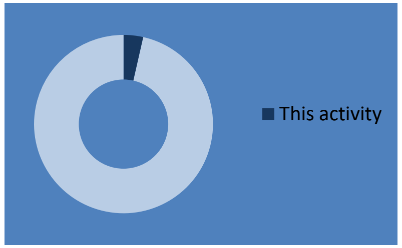
Individual rates:

- Rangitīkei eradication (differentiated UAC);
- Regional park (UAC); and
- Waitarere Beach community (UAC).

Common rates:

- General rate (EQCV); and
- Environmental initiatives rate (UAC).

Percentage of total expenditure for 10-year Plan



Regional Leadership and Governance

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Regional Leadership and Governance

What we deliver

The regional leadership and governance group of activities includes:

- Community relationships;
- Environmental reporting and air quality monitoring;
- Emergency management;
- Governance;
- Information;
- Iwi and hapū relationships; and
- Strategic management.

How these activities contribute to community outcomes

Our regional leadership and governance activities contribute towards achieving **healthy ecosystems**, **human wellbeing**, **natural hazard resilience** and **confidence in decision making** through:

- Protecting healthy and resilient freshwater and coastal systems that support mahinga kai (traditional food gathering by tangata whenua);
- Resource management processes that take full account of impacts on ecosystems and monitor these effects;
- Maintaining good air quality throughout the Region;
- Managing the impacts on fresh water to ensure the Region's waterways remain healthy or, where degraded, their health is restored to the greatest extent possible while maintaining socioeconomic viability of the communities within the catchment;
- Protecting the Region's historic heritage, natural character, outstanding natural features and landscapes, particularly in the coastal marine area;
- Ensuring issues the Region faces are well understood by the community;
- Decision-making processes that are transparent and have sufficient opportunities for the community to participate meaningfully in decision making; and
- Optimising opportunities to partner with or otherwise support community groups and other sectors to achieve shared outcomes.

Challenges we face and our direction over the next 10 years

The major challenges for our Region continue to be fresh water (quality and allocation), sustainable land use and biodiversity. Making progress towards better outcomes in these areas while supporting a diverse and resilient economy will be an ongoing challenge and opportunity for Horizons. The review of the One Plan will be one mechanism through which we will seek to improve outcomes in these areas – particularly in relation to fresh water.

Improving our communities' resilience to natural hazards, particularly in the face of climate change, will be an ongoing and growing challenge. We will be focussing on developing an overarching strategy to support the Region's response to climate change, which will inform decision making across all our work.

Being nimble in responding to national direction will be a further challenge: we can do this by continuing to engage fully in the process to develop national direction and anticipating required shifts in the way we do business in response.

Significant negative effects

There are no significant negative effects on local communities from the regional leadership and governance group of activities.

Regional Leadership and Governance Group of Activities ($000)

	Annual Plan 2018	Long-term Plan									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
COMMUNITY RELATIONSHIPS	1,977	1,982	1,979	2,052	2,091	2,160	2,197	2,264	2,409	2,456	2,507
ENVIRONMENTAL REPORTING	290	440	443	460	471	480	490	499	509	519	530
EMERGENCY MANAGEMENT	2,176	1,963	2,086	2,150	2,232	2,256	2,316	2,346	2,388	2,437	2,481
GOVERNANCE	2,506	2,808	2,954	2,902	2,841	3,095	3,066	2,995	3,205	3,152	3,067
INFORMATION	4,013	3,715	3,720	3,798	3,897	3,950	4,085	4,147	4,220	4,289	4,377
HAPŪ AND IWI	267	462	593	590	595	489	344	347	352	356	361
STRATEGIC MANAGEMENT	1,262	2,770	2,689	2,709	3,379	3,078	3,128	2,744	2,079	2,118	2,157
Total Operating Expenditure	12,491	14,139	14,464	14,660	15,506	15,508	15,625	15,343	15,162	15,327	15,480
Capital Expenditure	1,174	1,404	1,953	1,517	1,433	1,053	1,005	1,048	1,119	1,027	788
Total Funding Required	13,665	15,543	16,417	16,178	16,939	16,561	16,630	16,391	16,281	16,354	16,269
Funded By											
User Fees and Other Revenue	3,311	4,272	4,336	4,404	4,540	4,539	4,545	4,624	4,711	4,819	4,913
Individual Rates	-	-	-	-	-	-	-	-	-	-	-
Common Rates	9,527	10,663	10,925	11,865	12,039	12,166	12,503	12,591	12,074	12,270	12,527
Loans and Reserves	827	608	1,156	(92)	360	(144)	(417)	(825)	(504)	(735)	(1,172)
Total Funded	13,665	15,543	16,417	16,178	16,939	16,561	16,630	16,391	16,281	16,354	16,269

Capital Expenditure	Annual Plan 2018	Long-term Plan									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	1,174	1,404	1,953	1,517	1,433	1,053	1,005	1,048	1,119	1,027	788
Total Capital Expenditure	1,174	1,404	1,953	1,517	1,433	1,053	1,005	1,048	1,119	1,027	788

Horizons Regional Council Funding Impact Statement for the periods 2018-2028 for the Regional Leadership and Governance Group of Activities ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	9,527	10,663	10,925	11,865	12,039	12,166	12,503	12,591	12,074	12,270	12,527
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	735	1,532	1,603	1,620	1,679	1,595	1,520	1,535	1,558	1,581	1,605
Internal charges and overheads recovered	2,576	2,740	2,732	2,784	2,861	2,944	3,025	3,089	3,154	3,237	3,308
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	12,838	14,935	15,261	16,270	16,579	16,705	17,047	17,216	16,785	17,089	17,441
Applications of Operating Funding											
Payments to staff and suppliers	3,637	5,126	5,481	5,508	6,180	6,071	5,981	5,617	5,318	5,339	5,309
Finance costs	-										
Internal charges and overheads applied	8,106	9,013	8,984	9,152	9,326	9,437	9,644	9,726	9,844	9,989	10,172
Other operating funding applications	-										
Total applications of operating funding (B)	11,743	14,139	14,464	14,660	15,506	15,508	15,625	15,343	15,162	15,327	15,480
Surplus (Deficit) of Operating Funding (A-B)	1,095	796	796	1,609	1,073	1,197	1,422	1,873	1,623	1,761	1,960
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	(463)	(481)	(502)	(532)	(564)	(598)	(634)	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	(463)	(481)	(502)	(532)	(564)	(598)	(634)	-	-	-
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
· to replace existing assets	1,174	1,404	1,953	1,517	1,433	1,053	1,005	1,048	1,119	1,027	788
Increase (decrease) in reserves	(79)	(1,072)	(1,637)	(410)	(892)	(420)	(180)	191	504	735	1,172
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,095	332	316	1,107	541	633	825	1,239	1,623	1,761	1,960
Surplus (Deficit) of Capital Funding (C-D)	(1,095)	(796)	(796)	(1,609)	(1,073)	(1,197)	(1,422)	(1,873)	(1,623)	(1,761)	(1,960)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation	748	873	944	935	936	992	1,068	1,055	1,113	1,198	1,212

Community Relationships

What we do and why

Community relationships focus on providing effective communications, accessible information and accurate advice. Our aim is to engage meaningfully with our communities to increase public understanding of Horizons' role and encourage community participation in our decision making and initiatives. Public awareness of and support for our activities is essential if we are to achieve our goals. Strong relationships enhance the impact of our work and help us make this Region a great place to live, work and play.

Communications

Our communications team plans and delivers external communication to support the delivery of all of Horizons' work and connect people with the environment in an accessible and user-friendly way. This includes media liaison, public relations campaigns, web, social media, publications, sponsorship, communication on behalf of partnerships, and stakeholder engagement. Wherever possible, communication is proactive and transparent, with the aim of developing community trust and an understanding of Horizons' role. The team also oversees the intranet and other forms of internal communication to assist with creating a cohesive organisational culture.

District liaison

The district liaison 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. District liaison also provides information and recommendations to territorial authorities to assist them in their decision making with respect to building, subdivision and land use consent applications. District liaison also helps coordinate Horizons' response to district plan changes and private plan change requests. District liaison also manages the coordination and communication of the Building Act 2004 requirements for dams for both territorial authorities and ratepayers.

Rural advice

Operating similarly to district liaison, the rural advice team provides free, non-regulatory advice with a rural focus. The team offers general advice, not the more comprehensive advice required by someone making a consent application, which is provided through the resource consents team – see page 51. Through the provision of day-to-day on-call support for a variety of farming operations, our rural advice team helps ensure significant businesses achieve and maintain required standards to reduce regulatory issues. There will be a significant focus on working with farmers to help the success of the nutrient management provisions of the One Plan.

Customer service

Customer service is the first port of call for all general Horizons enquiries via telephone and in person. 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

Horizons has a long history in supporting school-based environmental education through nationally recognised programmes such as Waiora and Enviroschools. We plan to increase the number of Enviroschools in our Region, as well as develop further environmental education opportunities to enable wider community engagement.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
COMMUNICATIONS					
Connect our communities with Horizons' work through a number of channels in a proactive and transparent way.	New measure	>105 media releases >1,850 media mentions	>110 media releases >1,900 media mentions	>115 media releases >1,950 media mentions	>140 media releases per year >2,200 media mentions per year
Likes/followers on social media (all accounts that Horizons manages).	New measure	>21,000	>22,000	>23,000	>29,000
Videos produced.	New measure	12	14	16	24 per year
Website sessions.	>600,000	>620,000	>640,000	>660,000	>720,000 per year
DISTRICT LIAISON					
All information requests are met within timeframe (approximately 200 formal and 450 informal requests received per year, with approximately 20 plan change proposals assessed per year).	20 days	20 days	20 days	20 days	20 days per year
Meet Building Act 2004 legislative requirements.	100%	100%	100%	100%	100%
CUSTOMER SERVICE					
Maintain 24-hour, seven days a week access to Horizons via internal and external call centre support.	100%	100%	100%	100%	100%
95% of all calls received on a 24/7 basis are answered.	95%	95%	95%	95%	95%
The Council provides a friendly, professional and knowledgeable service to its customers. Ninety per cent of customers are satisfied with the friendliness, professionalism and knowledge of the service.	90%	90%	90%	90%	90%
ENVIRONMENTAL EDUCATION					
Increase participation levels in the Enviroschools and Waiora programmes at a manageable rate. Engage the community through environmental education opportunities.	46 Enviroschools 31 Waiora sessions 30 community engagements	47 Enviroschools 32 Waiora sessions 31 community engagements	48 Enviroschools 33 Waiora sessions 32 community engagements	50 Enviroschools 34 Waiora sessions 33 community engagements	55 Enviroschools 39 Waiora sessions 38 community engagements per year

Changes to what we will deliver

We plan to maintain our community relationships activity at current levels.

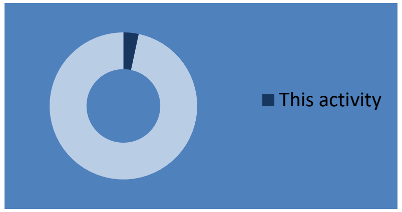
How we will fund this activity

This activity is funded by:

Common rates:

- General rate (EQCV); and
- Uniform Annual General Charge (UAC).

Percentage of total expenditure for 10-year Plan



Environmental Reporting and Air Quality Monitoring

What we do and why

Effective management of the Region's natural resources relies on accurate, accessible and timely information about the environment and its health. The environmental reporting activity includes the core monitoring and reporting function and the work to raise the community's awareness of the environment – how it works, how it is changing and the drivers of change.

Environmental monitoring and 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

The air quality monitoring programme will continue to monitor and report on air quality in the two air sheds designated under the National Environmental Standard for Air Quality (Taihape and Taumarunui). Monitoring equipment in these air sheds is now due for replacement and may need to be upgraded pending potential changes to the National Environmental Standard for Air Quality. Further guidance on monitoring requirements is anticipated from the Ministry for the Environment during the early stages of this LTP. A public awareness campaign to provide guidance around ways to improve air quality in the Region is a key component of the air quality monitoring programme. The LTP provides for a small budget to undertake this work.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
ENVIRONMENTAL MONITORING AND REPORTING					
Provide an annual summary report on the state of the environment.	New measure	Annual reporting framework is developed and a report produced	1	1	1 per year
Develop and implement a science communication strategy.	New measure	Strategy and implementation plan developed	Report progress to Council annually	Report progress to Council annually	Report progress to Council annually
Complete drinking water supply research with a focus on Council-operated drinking water supplies and complete an annual report on this to Council.	New measure	1	1	1	1 per year
Investigate one aspect of climate change impact in the Region and report on this to Council.	New measure	1	1	1	1 per year
Air quality is monitored in Taihape and Taumarunui and reporting is made available to the public via LAWA and the annual state of environment report.	New measure	Completed	Completed	Completed	Completed
Undertake an annual public education air quality campaign.	New measure	1	1	1	1 per year

Changes to what we will deliver

We plan to increase the level of environmental reporting to provide annual state of environment reporting and to enable specific research projects on the impacts of climate change on the Region ($50,000). We plan to maintain the air quality monitoring activity at current levels.

The recent enquiry into the contamination of the Havelock North public water supply has highlighted a number of areas for improvement in the management of public water supplies throughout New Zealand.

To ensure the relevant agencies in our Region are meeting their requirements regarding the protection of drinking water quality, Horizons is working in consultation with local public health officers and territorial authorities to improve overall management of drinking water supplies.

Information on drinking water supplies and their contamination risks is held by a number of organisations. Maintaining a continual flow of information is key to ensuring any risks to public health are identified and communicated to the right people at the right time. A stocktake and risk assessment for community drinking water supplies in the Horizons Region has also been completed. This assessment has highlighted a number of areas for improvement that is now informing the development of a dedicated work programme to inform decision making around the management of both existing and future public water supplies.

Council has included additional funding of $100,000 per annum in the LTP to enable Horizons to complete its functions around drinking water supply management, including ensuring communication with other agencies involved in drinking water supply management. The funding is focussed on drinking water supplies operated by councils and equates to 92 cents per ratepayer through a Uniform Annual Charge.

New performance targets have been added to this activity to further clarify the levels of service to be provided.

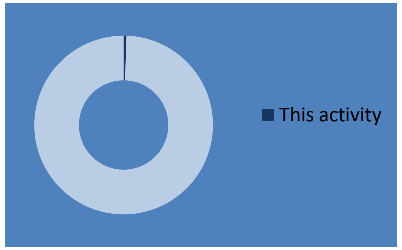
How we will fund this activity

This activity is funded by:

Common rates:

- General rate (EQCV).

Percentage of total expenditure for 10-year Plan



Emergency Management

What we do and why

The emergency management team delivers a range of services to help keep our communities safe, encompassing the coordination of emergency planning, response and recovery, and ensuring the continuity of critical services in the event of an emergency. The work we do can be divided into three categories: our Manawatu-Wanganui Civil Defence Emergency Management Group planning activity, developing and maintaining our response capability, and contracted services.

Manawatu-Wanganui Civil Defence Emergency Management Group planning

Horizons Regional Council is the administering authority of the Manawatu-Wanganui Civil Defence Emergency Management Group (CDEM) as required by the Civil Defence Emergency Management Act 2002. The CDEM Group is a consortium of the local authorities in the Region working in partnership with emergency services, lifeline utilities and others to deliver CDEM at the local level. The Group maintains a CDEM Plan in accordance with legislative requirements that considers all phases of the emergency continuum (reduction, readiness, response and recovery). The CDEM Group also prepares an annual business plan, with each of the member councils contributing to achieving the goals of the Group. Progress with the business plan outputs is regularly reported to the CDEM Coordinating Executive Group and Joint Standing Committee.

Developing and maintaining our response capability

Under this activity we:

- Prepare plans and procedures for emergency response;
- Maintain emergency management duty officer capability at all times (24/7/365);
- Deliver automated river height information to subscribers;
- Manage the Manawatū River & Tributaries Navigation Safety bylaw;
- Facilitate and coordinate navigation and water safety initiatives in Whanganui in conjunction with the Whanganui River Navigation & Safety Group;
- Maintain teams for flood gate operation and flood barrier deployment;
- Undertake flood-plain mapping, modelling and forecasting; and
- Maintain a cadre of trained staff to manage and operate an Emergency Operations Centre (EOC) for Horizons response activities and an Emergency Coordination Centre (ECC) for the CDEM Group. In relation to this function, it has been identified that under recent changes to the Building Act 2004, the building currently housing the EOC/ECC does not meet the Building Code seismic structural requirements of a Building of Importance Level 4 (IL4). The cost to upgrade the current facility to IL4 standard will be extremely costly, so we will relocate the EOC/ECC function to operate out of a new development adjacent to Horizons' Palmerston North office, which is being built to IL4 standard. This solution offers a long-term and financially viable option to ensure the resilience of the EOC/ECC to serve the regional community both during and after an emergency event. As a result, an additional $180,000 a year from Year 2 has been added to the emergency management budget to cover operational costs.

Contracted services

Emergency management services have been provided under contract to the Rangitīkei, Manawatū and Horowhenua District Councils for the provision of civil defence and rural fire capability since 2008-09. However as a result of new Fire Service legislation introduced on 1 July 2017, local authorities no longer have any responsibility to provide for rural fire capability. As a result, Horizons has reviewed previous contract arrangements and are now providing the three district councils with civil defence services only as a fixed price contract.

We intend to maintain the current levels of service provided via the contract arrangements to ensure that the contracted local authorities continue to meet their respective legislative civil defence requirements.

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

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
ACHIEVE CDEM BUSINESS PLAN TARGETS					
Critical outputs pertaining to operational capability, community resilience and riskscape are monitored and reviewed.	100%	100%	100%	100%	100%
CDEM targets are reported to both the Joint Standing Committee and Coordinating Executive Group.	4 per year	4 per year	4 per year	4 per year	4 per year
HORIZONS' RESPONSE CAPABILITY					
Emergency Operations Centre staff are trained (min. of 4 training activities/year) and ready to respond; emergency management duty officer available 24/7/365; response manuals, flood action plans and procedures available and reviewed at least annually.	100%	100%	100%	100%	100%
Hazard Information update project carried out to update information as per the approved project plan.	100%	100%	100%	100%	100%
Manage and promote business continuity planning arrangements (business continuity plans).	1 per year	1 per year	1 per year	1 per year	1 per year
Manage and promote navigation safety.	100%	100%	100%	100%	100%
CONTRACTED SERVICES					
Maritime New Zealand (MNZ) oil spill response capability maintained to MNZ audit standards.	100%	100%	100%	100%	100%
Emergency management contracts for Civil Defence services completed to the satisfaction of Rangitīkei, Manawatū and Horowhenua District Councils.	100%	100%	100%	100%	100%

Changes to what we will deliver

We plan to maintain our emergency management activity at current levels.

How we will fund this activity

This activity is funded by:

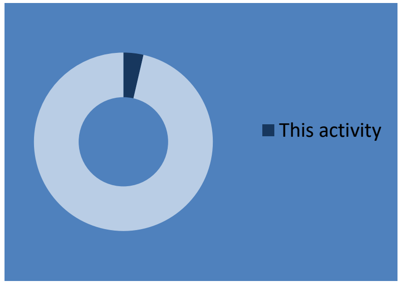
User fees and other revenue:

- Territorial authority contract income.

Common rates:

- Emergency management rate (EQCV).

Percentage of total expenditure for 10-year Plan



Governance

What we do and why

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

As your Regional Council, our role differs to that of city and district councils – we are responsible for managing the Region's land, air and water resources on behalf of the communities we serve. We also contract passenger transport services, play an important part in regional transport planning and road safety education, work to reduce the risk and impact of flooding, and lead the planning for and response to emergencies to help keep people and properties safe. Our aim is to meet the current and future needs of our communities and to be able to identify opportunities and respond to any changes that may impact on our ability to help make the Region a great place to live, work and play.

Governance

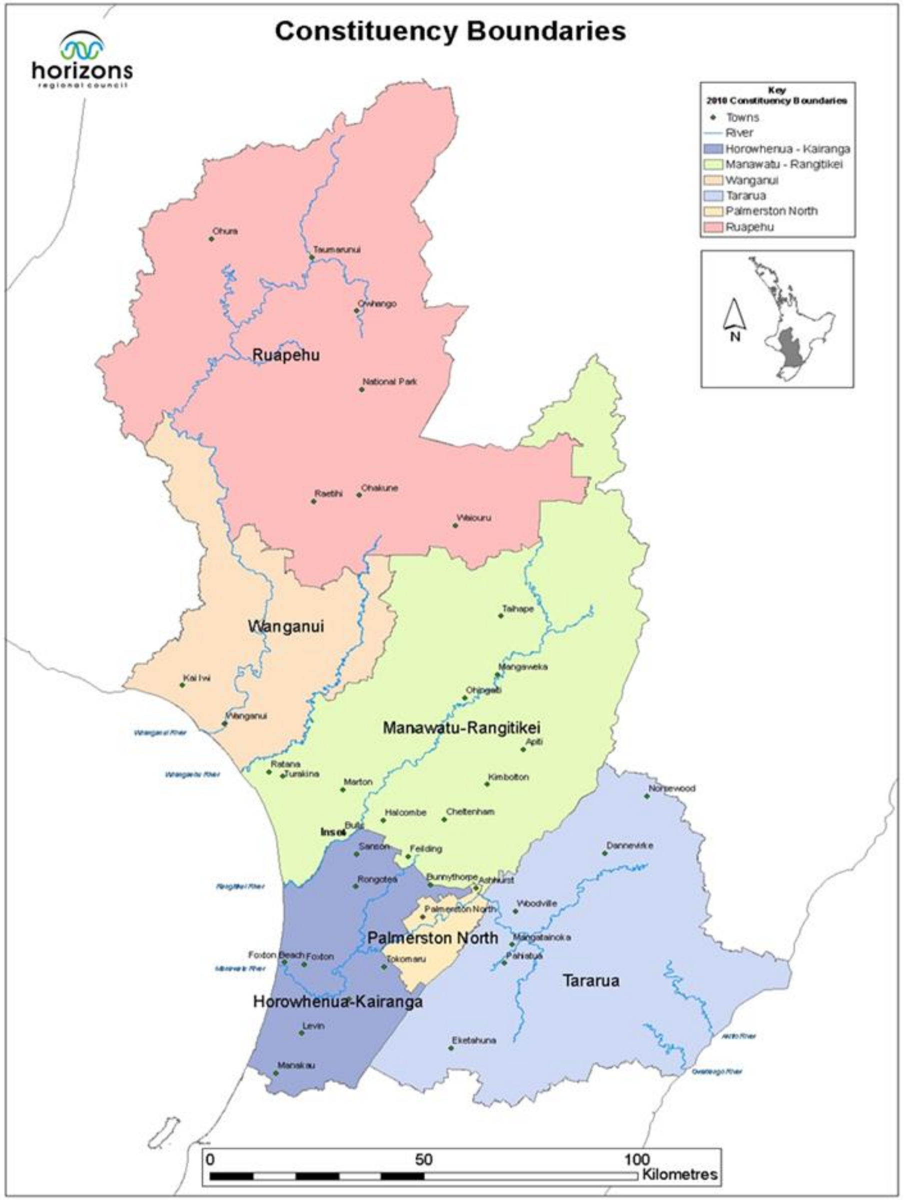
The councillors provide governance for the organisation through regular Council and committee meetings. In addition to setting and monitoring policy, the Council keeps abreast of local, regional, national and international matters so that emerging issues of relevance for the Region can be investigated and planned for. Changes in Central Government policy can impact on our business and these changes need to be assessed and responded to.

All councils are legally required to review their representation arrangements at least every six years so they are in place prior to an election. These arrangements will be reviewed again in 2019. Council will seek community views on whether or not the current constituency boundaries meet your needs as a ratepayer and member of the community. The map on the next page shows the current constituency boundaries and representation in each area.

As part of the process leading up to the next local body elections in October 2019, Horizons has considered its voting system and resolved to use the First Past the Post voting system. It publicly notified this decision in July 2017. Horizons also resolved not to establish a Māori constituency and publicly notified this decision in November 2017.

Annual and long-term planning

In order to ensure Council meets the current and future needs of communities, it is necessary to plan Council's activities with an eye to the future. Every three years Council will draft, consult on and complete a long-term plan (this document), looking 10 years into the future. In the years between LTPs, we will complete and consult on annual plans that make the minor adjustments that are necessary to ensure planning is kept up-to-date. At the end of each year Council will report back to the community on how it went against its plans.



Constituency	No. of Members	Estimated Population
Horowhenua-Kairanga	2	40,300
Manawatū-Rangitīkei	2	37,400
Palmerston North	4	87,300
Ruapehu	1	12,900
Tararua	1	17,800
Wanganui	2	44,500
	12	240,300

The Horizons Region

- Covers 10 local authorities, 7 completely within its boundaries
- Horizons' jurisdiction extends 12 nautical miles out to sea
- Covers 22,212 sq km of land, 8.1 per cent of New Zealand's land area
- 160 km of coastline, with the Tasman Sea to the west and Pacific Ocean to the east
- Is home to approximately 240,300 people

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
GOVERNANCE					
Undertake the triennial election process in accordance with the Local Electoral Act 2001.	100%	100%	100%	100%	100%
Conduct Horizons' meetings and hearings in accordance with Horizons Regional Council Standing Orders.	100%	100%	100%	100%	100%
Undertake a representation review to be determined in 2019 in accordance with the Local Electoral Act 2001.	New measure	Complete the review	No measure	No measure	No measure
LONG-TERM PLAN (LTP)					
Adoption of this and subsequent annual plans, long-term plans and amendments, and annual reports by Council within statutory timeframes.	100%	100%	100%	100%	100%

Changes to what we will deliver

We plan to maintain our governance activity at current levels.

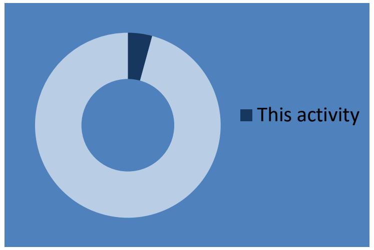
How we will fund this activity

This activity is funded by:

Common rates:

- Uniform Annual General Charge (UAC).

Percentage of total expenditure for 10-year Plan



Information

What we do and why

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

Catchment data

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

The team responsible for the data that is collected maintains ISO 9002 certification. This ensures independent review of processes, and so ensures the reliability of data collected and archived within Horizons' systems. We continue to seek ways to improve access to information resources by communities and stakeholders, thus allowing decision makers access to timely and current environmental information.

Improving the way we generate and work with information

With the large quantity and variety of environmental data being generated, alongside other operational and financial information generated by the wider organisation, there is an ongoing need to review, refine and/or support organisational processes, systems and behaviours that ensure data is stored and made available in a way that meets current and expected future operational and public requirements. This work is guided by the principles and objectives of Council's Information Management Strategy.

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

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

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
CATCHMENT DATA					
Collection of 98.5% water level, rainfall, soil moisture, wind and water temperature data (approx. 15.2 million data-points p.a.).	98.5%	98.5%	98.5%	98.5%	98.5% per year
Collection of 90.0% of continuous data relating to other water quality parameters (approx. 2.0 million data-points p.a.).	90.0%	90.0%	90.0%	90.0%	90.0% per year
CATCHMENT INFORMATION					
Information requests received from the public and external agencies are processed and delivered according to agreed timeframes.	95.0%	95.0%	95.0%	95.0%	95.0% per year

Changes to what we will deliver

We plan to maintain our information activity at current levels.

How we will fund this activity

This activity is funded by:

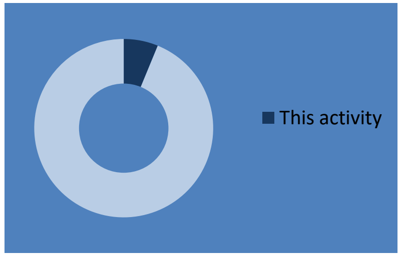
User fees and other revenue:

- Hydrology via internal recharge.

Common rates:

- Information (EQCV).

Percentage of total expenditure for 10-year Plan



Hapū and Iwi Relationships

What we do and why

Horizons' relationship with tangata whenua of the Region is strategically important to the work we do and we strive to develop enduring and positive relationships with iwi and hapū in all initiatives and activities we undertake. Collaborations that weave Māori and western world views are expected to achieve better results than each of us working within our own world views. In doing our work, we are guided by a number of Memoranda of Understanding signed with iwi/hapū, by Treaty of Waitangi settlements in the Region, and by the methods set out in *Chapter 2: Te Ao Māori* of the One Plan. Our focus is on building and sustaining relationships that achieve better resource management decision making.

While Treaty of Waitangi settlements and the Resource Management Act provide formal structures for iwi relationships, Horizons seeks to collaborate in a way that goes beyond these statutory requirements, and which enhances the mana of all participants. More opportunities to partner with iwi and hapū will arise as Treaty settlements in the Region progress, especially in the first three years of this Plan. The expenditure allocated to this activity reflects the anticipated increase in our work in this area.

Support kaitiakitanga

Horizons will support iwi-led initiatives to apply mātauranga Māori (knowledge) and achieve their aspirations for kaitiakitanga (environmental stewardship) in their rohe, such as through freshwater health monitoring encompassing cultural indicators. This iwi-led work will help inform the evaluation of freshwater management policies and methods as part of the review of the One Plan and for the purposes of implementing the National Policy Statement for Freshwater Management.

Support Treaty settlements

Horizons will participate in Treaty settlement processes as appropriate, and play our part in implementing post-settlement arrangements.

Five Treaty settlements have been finalised in the Region and will increase four-fold by the end of all iwi negotiations. We have an important role to play in the co-governance and other management relationships set out in Treaty settlements, such as the governance and participatory structures established for the Whanganui River, Whangaehu River and Manawatū River as part of Treaty settlements.

Grow Horizons' capacity to engage with iwi and hapū

Our team also supports all Horizons staff and councillors in their capability to build and maintain positive relationships with iwi and hapū.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Year 4-10
Iwi and hapū satisfaction with their collaborative relationships with Horizons	New measure	Survey iwi and hapū in the Region (establish baseline reporting)	Reported biennially	Resurvey iwi and hapū perceptions (target: improved satisfaction rating)	Resurvey iwi and hapū biennially beginning 2022-23 (target: improved satisfaction rating)

Changes in delivery

It is expected that the number of projects Horizons will need to deliver on will continue to increase during the term of the LTP as a direct result of Treaty settlements.

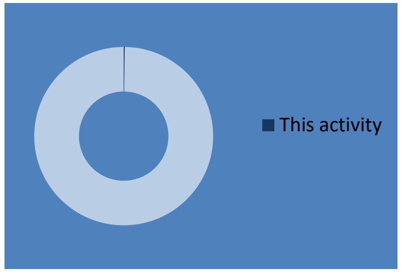
How we will fund this activity

This activity is funded by:

Common rates:

- Uniform Annual General Charge (UAC).

Percentage of total expenditure for 10-year Plan



Strategic Management

What we do and why

The strategic management activity involves strategic policy, which spans across and guides the whole of Horizons' work. It also encompasses our resource management planning and policy work, including the work we do to continually review and improve the One Plan. Finally, the strategic management team supports Horizons' work, in partnership with other councils, to encourage economic growth in the Region.

Strategic policy

Strategic policy focusses on identifying our key challenges, how we need to respond to these challenges, and delivering and monitoring that response in terms of outcomes. Over this LTP period, we expect to need to prioritise:

- Developing a regional freshwater strategy;
- Regional resilience in the face of climate change and natural hazards;
- Reviewing Horizons' engagement with hapū and iwi at all levels, from co-management of natural resources to participation in regional decision making; and
- Sub-regional spatial planning, particularly focussing on the pressures from urban growth.

In addition, the strategic policy team is responsible for providing a coordinated response to national direction from Central Government. Over Years 1 to 3 of this LTP we are anticipating new national policies for biodiversity and natural hazards, and there will likely be others affecting Horizons' business over the full term of the LTP.

There has been a reconfiguration of the way strategic policy issues are managed, with a change in emphasis to providing proactive, coherent policy responses spanning the organisation. This largely replaces the emerging issues function, which reflected a reactive approach to the management of our interaction with Central Government and territorial authority planning and policy processes.

Resource management policy and planning

We will be working on changes to three main policy areas in the One Plan. The first will focus on a plan review and change to address the long-term requirements for sustainable freshwater management in the Region, and to ensure the One Plan regulatory framework already in place is confirmed through community engagement and fully aligned with the requirements of the National Policy Statement for Freshwater Management (NPSFM). It will also allow issues that have arisen in implementing the One Plan's nutrient management rule stream to be resolved.

Secondly, evaluation of the efficiency and effectiveness of the remainder of the One Plan's policies, rules and other methods will continue, as is required under the Resource Management Act.

The third area of focus is responding to national direction from Central Government. We expect to be required to implement several new or revised national policy statements and national environmental standards, as well as the new national planning standards that are expected to be rolled out nationally during the first year of this LTP.

Supporting regional prosperity

Councils, iwi-based organisations and business in the Region are working in partnership with each other and with Central Government agencies to encourage economic prosperity through a programme called Accelerate25. This collaboration has seen Central Government invest in a Regional Growth Study for the Region, completed in April 2015. This study identified key opportunities for growing our regional economy. Subsequently Horizons collaborated with other councils in the Region to produce a Regional Economic Action Plan in 2016 focussed on delivering the opportunities described in the growth study. Under the banner of Accelerate25, project teams across the Region are now focussed on delivering aspects of the Regional Economic Action Plan. The programme is ultimately about growing employment opportunities in the Region.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4 - 10
STRATEGIC MANAGEMENT					
One Plan review process.	New measure	Catchment review strategy developed; Plan change 2 initiated	Two catchment review processes initiated	Next catchment review initiated. Plan change 3 initiated.	Plan review and plan change processes progressed in accordance with the catchment review strategy

Changes in delivery

We expect to increase resourcing and capacity in this area over the period of the LTP to ensure that Horizons' environmental policy is effective and practicable, and is fully aligned with national policy direction.

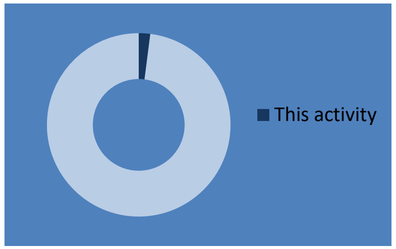
How we will fund this activity

This activity is funded by:

Common rates:

- Strategic management rate (EQCV).

Percentage of total expenditure for 10-year Plan



Transport

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Transport

What we deliver

The transport group of activities includes:

- Transport planning;
- Passenger transport; and
- Road safety.

How these activities contribute to community outcomes

Our transport activities contribute to achieving **connected communities** and a **robust economy** by:

- 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;
- Contributing to an efficient and reliable transport network through the provision of public transport, enabling people to get to work and education and in turn contributing to a productive regional economy; and
- Facilitating an integrated transport package that contributes to regional growth initiatives such as Accelerate25.

Our transport activities contribute to achieving **human wellbeing** by:

- Supporting more active transport through the provision of public transport services; and
- Partnering in road safety education initiatives for road-users and pedestrians.

Challenges we face and our direction over the next 10 years

There are significant opportunities to influence and secure future investment in land transport for the Region. Horizons must ensure that it is ready to make the most of these opportunities that may arise, for example through the National Land Transport Plan or other strategies or initiatives. This will require increased staff commitment to business case development for the numerous roading projects that collectively form *Accessing Central New Zealand*, the goal of which is to enhance the connectivity between key strategic points in the Palmerston North and Feilding areas and the wider highway networks.

A further challenge for Horizons will be ensuring that we anticipate and are able to respond to technological developments in the transport sector, such as electronic vehicles and self-driving vehicles. We also need to respond to changing requirements that may result from demographic changes, such as an ageing population.

New Zealanders have one of the highest levels of personal vehicle dependency in the developed world, and this poses challenges for us as a society in terms of localised environmental impacts, climate change implications (from vehicle emissions) and social equity (ability of members of the community – including those with reduced mobility – to access services and facilities in the Region). Horizons plays a pivotal role in supporting the provision and efficient functioning of public transport networks (principally buses) in the Region.

Road safety is an ongoing challenge for our Region, as it is nationally. Every year thousands of New Zealanders are killed or seriously injured in crashes. Eighty-five people were killed on the Region's roads in the last five years. The social and economic cost of death and injuries caused by road accidents is significant and cannot be quantified by the financial cost alone. Horizons will continue to play an important role in supporting road safety initiatives in the Region, in partnership with district council staff, ACC, Police, Plunket, district health boards and others with an interest in road safety, with a particular focus on child and driver restraints, and driver licensing.

Central Government support for regional transport investment

In recognition of the importance of maintaining efficient transport infrastructure to the country as a whole, the Government has established a co-investment system through which it supports transport investment undertaken by all regional councils including Horizons. This is delivered through the Funding Assistance Rate administered by the New Zealand Transport Agency (NZTA). This co-investment approach is critical because it reduces the burden on the ratepayer while ensuring we have a fit-for-purpose transport network.

The table below shows what percentage amount Horizons receives in funding assistance for every dollar spent on our transport activities.

Activity Type	Funding Assistance Rate (%)
Transport Planning	51%
Road Safety (Internal Programmes)*	64%
Road Safety (External Programmes) **	100%
Total Mobility (Standard Trips)	60%
Total Mobility (Hoist Installation)	60%
Total Mobility (Hoist Trips)	100%
Bus Services and Health Shuttles	51%
SuperGold	100%

*These programmes are run by Horizons.

** These programmes are run by external agencies and so funding is leveraged from NZTA via Horizons.

We will spend an average of $8.35 million per year for the first three years of this Plan on this activity, which will be funded by Central Government and other contributors ($4.32 million per year) and the Transport Scheme ratepayers ($2.27 million per year).

Significant negative effects

While the use of fossil-fuelled vehicles could be considered a negative effect on communities, we seek to minimise this impact through efficient use of transport and transport networks in our Region.

Transport Group of Activities ($000)

	Annual Plan 2018	Long-term Plan									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
TRANSPORT PLANNING	186	153	159	200	205	209	213	216	220	223	227
PASSENGER SERVICES	6,751	7,190	7,589	7,833	7,883	8,042	8,210	8,380	8,558	8,737	8,929
ROAD SAFETY	697	739	757	767	785	801	818	833	849	865	882
Total Operating Expenditure	7,634	8,082	8,505	8,801	8,873	9,052	9,240	9,428	9,626	9,825	10,038
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	7,634	8,082	8,505	8,801	8,873	9,052	9,240	9,428	9,626	9,825	10,038
Funded By											
User Fees and Other Revenue	5,000	5,508	5,649	5,886	6,003	6,115	6,232	6,349	6,475	6,601	6,728
Individual Rates	2,146	2,038	2,444	2,476	2,489	2,555	2,624	2,695	2,768	2,841	2,922
Common Rates	199	237	244	271	274	275	276	277	276	276	280
Loans and Reserves	290	298	168	168	108	108	108	108	108	108	108
Total Funded	7,635	8,082	8,505	8,801	8,873	9,052	9,240	9,428	9,626	9,825	10,038

Capital Expenditure	Annual Plan 2018	Long-term Plan									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-

Horizons Regional Council Funding Impact Statement for the periods 2018-2028 for the Transport Group of Activities ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	199	237	244	271	274	275	276	277	276	276	280
Targeted rates	2,146	2,038	2,444	2,476	2,489	2,555	2,624	2,695	2,768	2,841	2,922
Subsidies and grants for operating purposes	3,969	4,146	4,283	4,537	4,643	4,745	4,852	4,960	5,076	5,191	5,308
Fees and charges	600	774	791	803	803	803	803	803	803	803	803
Internal charges and overheads recovered	431	588	575	546	557	566	577	586	596	607	617
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	7,345	7,784	8,337	8,633	8,766	8,944	9,133	9,321	9,518	9,718	9,931
Applications of Operating Funding											
Payments to staff and suppliers	6,153	6,447	6,944	7,241	7,275	7,424	7,580	7,743	7,912	8,082	8,265
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,432	1,635	1,560	1,560	1,598	1,627	1,660	1,686	1,713	1,743	1,773
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	7,585	8,082	8,505	8,801	8,873	9,052	9,240	9,428	9,626	9,825	10,038
Surplus (Deficit) of Operating Funding (A-B)	(240)	(298)	(168)	(168)	(108)	(108)	(108)	(108)	(108)	(108)	(108)
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-	-
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
· to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(240)	(298)	(168)	(168)	(108)	(108)	(108)	(108)	(108)	(108)	(108)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(240)	(298)	(168)	(168)	(108)	(108)	(108)	(108)	(108)	(108)	(108)
Surplus (Deficit) of Capital Funding (C-D)	240	298	168	168	108	108	108	108	108	108	108
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation	50	40	40	40	40	40	40	40	40	40	37

Transport Planning

What we do and why

The transport planning activity carries out our responsibilities under the Land Transport Management Act 2003 by coordinating the planning of all modes of land transport in the Region. The Council's role is to lead and advocate for a strategic and integrated land transport system and does so through the development and coordination of the Regional Land Transport Plan (RLTP).

Coordinate and service the Regional Transport Committee

The Regional Transport Committee is made up of political representatives from Horizons, the seven territorial local authorities in our Region, the New Zealand Transport Agency and representatives from external agencies involved in transport. The Committee is responsible for overseeing the development, implementation and monitoring of the RLTP. This identifies the Region's key land transport issues, the objectives the Region wants to achieve, and the strategic priorities that will be the immediate focus of agencies responsible for land transport planning through capital and maintenance projects for the Region. The plan is updated every six years, with a three-yearly review scheduled in between. The current plan was completed in April 2015 and was reviewed in 2018, and so the focus of the Committee over the next three years will be implementation of that plan and delivery of its outcomes. The Committee meets four times a year to consider reports and make decisions on land transport matters.

Implement, monitor and report on the Regional Land Transport Plan

The plan has been developed under the new Government Policy Statement on Land Transport that focusses largely on economic growth, productivity and freight efficiency. This will link with other work being carried out in the Region, specifically in relation to the Accelerate25 transport enabler and Accessing Central New Zealand project work. The aim of this work is to plan for and deliver a joined-up roading network that takes full advantage of the strategic location of our Region, specifically for the movement of freight and for commerce.

A key project the Council will continue to be involved with is the retention and provision of passenger rail services between the Horizons and Greater Wellington regions. Work will continue to build on the previously developed business case that identifies the benefits of providing a rail link between the two regions for both the short term (3 years) and longer term (40 years). Horizons will also continue to advocate for rail as an alternative to roads for the movement of freight throughout the Region. With respect to the Capital Connection, Council has committed to contribute funding (up to $110,000) for Year 1 using a split funding mechanism of $50,000 from rates and $60,000 from targeted reserves. Council has made provision for up to $110,000 for Years 2 and 3, using the same funding split as Year 1, which will be reviewed annually.

Other workstreams will include working with territorial authorities and NZTA to ensure funds are being spent on strategically important projects. We will continue to advocate for additional funds, specifically from the regional land development fund, as opportunities for integral capital projects arise, and advocating to Central Government via submissions on policy changes.

During the third year of this Long-term Plan, work will commence on developing the new RLTP.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
Through the preparation and implementation of its Regional Land Transport Plan, Horizons will advocate for the improved integration of all transport modes with existing modes and land use, to maximise the safe and efficient movement of freight and maximise economic regional growth opportunities.					
- Prepare a quarterly monitoring report on the implementation of the Regional Land Transport Plan;	New measure	Achieved	Achieved	Achieved	Achieved
- Keep an up-to-date Regional Land Transport Plan through plan variations to the Regional Transport Committee;	New measure	Achieved	Achieved	Achieved	Achieved
- Prepare submissions on Central Government policy as and when needed; and	Achieved	Achieved	Achieved	Achieved	Achieved
- Complete a 3-yearly review of the 2018-21 Regional Land Transport Plan as per the Land Transport Management Act (LTMA).	New measure	No measure	No measure	Achieved	Achieved 3-yearly (2023-24 and 2026-27)

Changes to what we will deliver

We will hold constant the levels of service for this activity with the majority of effort going into implementation of the recently reviewed Regional Land Transport Plan.

How we will fund this activity

We will spend an average of $171,000 per year for the first three years of this Plan on this activity, which will be funded by Central Government ($77,000 per year) and the regional ratepayer ($76,000 per year), and reserves ($18,000 per year).

This activity is funded by:

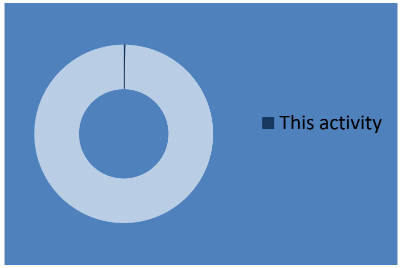
User fees and other revenue:

- Government support.

Common rates:

- Transport planning and road safety (EQCV).

Percentage of total expenditure for 10-year Plan



Passenger Services

What we do and why

We support and provide passenger transport services to improve access and mobility for the Region's residents. Buses, Total Mobility (a small passenger service for people with disabilities) and community van services provide an affordable and environmentally-friendly way to get around, whether for daily commuting to work and education, or shopping, medical visits and social activities. All services operated in the Region are included in the Regional Public Transport Plan adopted in June 2015.

To support the subsidised services, we provide timetable information, bus shelters and seating facilities, and carry out marketing campaigns and promotions to encourage people to travel by public transport. We will implement a new electronic ticketing smart card service, that will improve the customer experience and provide additional data on travel demand and origin/destination of passengers. This data will be used to improve the efficiency and operation of bus services.

The majority of the improvements to the structure of routes identified through the review of the Palmerston North urban bus service in 2014-15 have been implemented, and the focus will shift to analysing their performance and looking to maximise investment in those services by finding efficiencies. The last remaining trial, a split of the Highbury/Takaro route into two smaller routes to lessen travel times, will commence part way through Year 2 for two years.

Work will also continue on the review of the Whanganui urban bus service, the contract for which will be renewed in Year 2. The new contract will offer additional weekend and public holiday services, with an additional afternoon run on all services to provide for workers returning home.

We will continue with the existing passenger services throughout the Region. The existing services provided in each district are as follows:

Contract and support Palmerston North passenger transport services

- A city-wide bus service consisting of seven urban routes;
- Six bus routes servicing Massey University;
- Total Mobility services for people with disabilities that prevent them using regular public transport; and
- A weekday service from Ashhurst.

Contract and support Whanganui passenger transport services

- An urban bus service on four routes;
- A Whanganui to Palmerston North weekday commuter service;
- Total Mobility services for people with disabilities that prevent them using regular public transport; and
- The Whanganui health shuttle that brings people throughout the district to the hospital.

Contract and support Horowhenua passenger transport services

- A weekday commuter bus service between Levin and Palmerston North, via Foxton;
- A Levin to Waikanae service twice a week;
- A once weekly loop service between Levin, Shannon, Foxton and Waitarere (Day out in Town);
- Total Mobility services for people with disabilities;
- Support for the Horowhenua health shuttle, which brings outpatients and visitors to Palmerston North Hospital and other health-related destinations; and
- Support for the Foxton Beach community van.

Contract and support Manawatū transport services

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

Contract and support Ruapehu transport services

- Support for the Taumarunui mobility van;
- A Raetihi to Ohakune fortnightly bus service; and
- The Waimarino to Whanganui health shuttle.

Contract and support Rangitīkei transport services

- A Marton to Palmerston North commuter bus service;
- A Taihape to Whanganui and Palmerston North bus service twice per month (alternating);
- Total Mobility services for people with disabilities; and
- Support for the Marton St John health shuttle.

Contract and support Tararua transport services

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

Provide public transport information and infrastructure

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

Additional services

The proposed new services during the first three years of this LTP are:

- For Palmerston North, a two-year trial splitting the Highbury/Takaro route into two smaller routes to lessen travel times. This will be funded via rates from Year 2 onwards ($195,000 per year); and
- For Whanganui, increased weekend and public holiday frequencies and an additional run on all services during the afternoon. These will be funded via rates from Year 2 onwards ($130,000 per year).

What we will deliver

PERFORMANCE MEASURES *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
To provide the Manawatū-Whanganui community with an efficient and reliable public transport system that enables an alternative to private vehicle travel and access to all essential services.					
- Greater than 97% of all scheduled bus trips are operated;	100%	>97%	>97%	>97%	>97% per year
- Achieve a 1% patronage growth increase in total across all of our bus services in the Region;	No measure	1%	1%	1%	1% per year
- Install eight new shelters each year on our urban bus routes; and	6	8	8	8	8 per year
- Achieve 90% satisfaction with Total Mobility provision in the Region – as measured by survey in one district in which Total Mobility operates in each year.	90%	90%	90%	90%	90% per year

Changes to what we will deliver

As noted, there will be some extension of services in Palmerston North and in Whanganui. For all other services, we will generally maintain existing levels of service.

How we will fund this activity

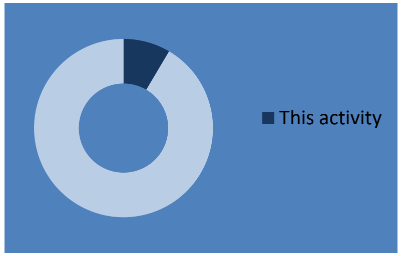
This activity is funded by:
User fees and other revenue:

- Government support.

Individual rates:

- Passenger service rates (by district, CV).

Percentage of total expenditure for 10-year Plan



Road Safety

What we do and why

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

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

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

The programmes will involve meeting drivers, influencing driver behaviour, and raising awareness of issues that increase the risk of injury and death. Programmes vary between districts according to the issues to be addressed, but will include:

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

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

What we will deliver

PERFORMANCE MEASURES *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
Horizons will coordinate and implement sustainable regional road safety initiatives so that the Region's roads and pathways are safe and accessible, and the emotional and financial costs of road traffic crashes are reduced. Deliver 30 road safety education programmes across the Region's seven districts to address the following issues: - Drink driving; - Crashes caused by driver fatigue; - Intersection crashes; - Cyclist and pedestrian safety; - Driver distraction; - Motorcycle crashes; - Crashes by high risk and older drivers; and - Seat belt and child restraint use rates.	20	30	30	30	30 per year

Changes to what we will deliver

During this LTP the road safety education function will remain largely unchanged from previous years.

How we will fund this activity

We will spend an average of $756,000 per year for the first three years of this Plan on this activity, which will be funded by Central Government ($555,000 per year), the regional ratepayers ($176,000 per year), and fees and charges ($24,000 per year)

This activity is funded by:

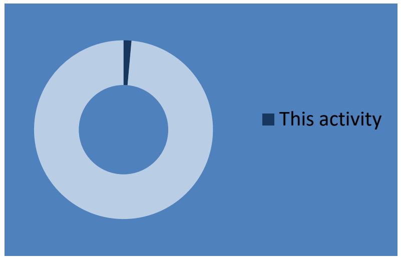
User fees and other revenue:

- Government support.

Common rates:

- Transport planning and road safety (EQCV).

Percentage of total expenditure for 10-year Plan



Investment

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Investment

What we deliver

This group comprises our investment activity.

How this activity contributes to community outcomes

Our investment activity contributes to all of the community outcomes by generating income and reducing borrowing costs to offset rates, thus enabling other Horizons functions to be fulfilled to their full potential.

Challenges we face and our direction over the next 10 years

The biggest challenge is to generate additional funds to reduce the burden of increasing rates on the ratepayer. The effect of the Kaikoura earthquake on Wellington’s port, CentrePort, reinforced the importance of increasing diversity and resilience in our investment strategy.

Horizons has been working towards better future-proofing our investments by increasing the diversity and resilience of our investments and maximising revenues gained through them. This is part of our long-term strategy to reduce the burden on ratepayers.

Significant negative effects

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

Investment Activity ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
INVESTMENT	2,673	2,012	2,446	2,413	2,462	2,406	2,349	2,193	2,006	1,781	1,471
Total Operating Expenditure	2,673	2,012	2,446	2,413	2,462	2,406	2,349	2,193	2,006	1,781	1,471
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Investments	-	11,100	6,000	-	-	-	-	-	-	-	-
Total Funding Required	2,673	13,112	8,446	2,413	2,462	2,406	2,349	2,193	2,006	1,781	1,471
Funded By											
User Fees and Other Revenue	4,198	3,954	5,758	6,868	6,890	6,804	6,753	6,644	6,531	6,471	6,520
Individual Rates	400	-	-	-	-	-	-	-	-	-	-
Common Rates	(2,455)	(2,522)	(2,692)	(3,834)	(3,807)	(3,778)	(3,784)	(3,831)	(3,905)	(4,070)	(4,429)
Loans and Reserves	530	11,680	5,380	(620)	(620)	(620)	(620)	(620)	(620)	(620)	(620)
Total Funded	2,673	13,112	8,446	2,413	2,462	2,406	2,349	2,193	2,006	1,781	1,471

Capital Expenditure $000	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Meet Additional Demand	-	-	-	-	-	-	-	-	-	-	-
Improve Level of Service	-	-	-	-	-	-	-	-	-	-	-
Replace Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-

Horizons Regional Council Funding Impact Statement for the periods 2018-2028 for the Investment Activity ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	(2,455)	(2,522)	(2,692)	(3,834)	(3,807)	(3,778)	(3,784)	(3,831)	(3,905)	(4,070)	(4,429)
Targeted rates	400	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,977	1,534	2,973	3,774	3,811	3,847	3,953	4,024	4,165	4,377	4,625
Internal charges and overheads recovered	2,221	2,419	2,785	3,093	3,079	2,957	2,801	2,620	2,365	2,094	1,895
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	2,143	1,432	3,066	3,033	3,082	3,026	2,969	2,813	2,626	2,401	2,091
Applications of Operating Funding											
Payments to staff and suppliers	1,285	131	387	144	148	147	151	154	159	163	167
Finance costs	1,050	1,519	1,605	1,712	1,686	1,568	1,458	1,220	942	628	234
Internal charges and overheads applied	337	361	454	558	628	690	741	819	905	991	1,070
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,673	2,012	2,446	2,413	2,462	2,406	2,349	2,193	2,006	1,781	1,471
Surplus (Deficit) of Operating Funding (A-B)	(530)	(580)	620	620	620	620	620	620	620	620	620
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	11,100	6,000	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	11,100	6,000	-	-	-	-	-	-	-	-
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
· to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(530)	(580)	620	620	620	620	620	620	620	620	620
Increase (decrease) of investments	-	11,100	6,000	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(530)	10,520	6,620	620	620	620	620	620	620	620	620
Surplus (Deficit) of Capital Funding (C-D)	530	580	(620)	(620)	(620)	(620)	(620)	(620)	(620)	(620)	(620)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-

Investment

What we do and why

Our investment activity involves managing income-generating assets such as port investments, property rentals/developments, short-term cash investments, and Horizons' long-term debt. In addition we manage a portfolio of New Zealand and international equities.

Our goal is to manage Council's investments, debts and cash flow to maximise returns and minimise interest costs for the ratepayer. This management will balance returns and costs against potential risks such as investment and interest rate risks. Investment and borrowing risks are managed within the investment and liability management policies outlined in Section 9 of this document.

Investment activities

Our long-term investment portfolio is owned and managed by our investment company, MWRC Holdings Limited, which is 100 per cent council-owned. The commercial directors of this company provide expertise to improve the overall balance of risk and return of these investments.

We also provide an internal treasury function that manages Horizons' cash flow and long-term debt. This function seeks to balance the cash requirements of Council operations with interest income, cost and interest rate risks.

Rate penalties and discounts

We manage both rate penalties and discounts. We apply rate penalties in line with policy and annual rating resolution, which ensures fairness to all ratepayers. We also apply discounts when ratepayers pay their rates on the due date, in accordance with Council's prompt payment policy.

Infrastructure insurance reserve

Council have reviewed the reserve contribution and will increase it to $500,000. This is an increase of $100,000 in line with the 2015-25 LTP projections.

What we will deliver

PERFORMANCE MEASURES FOR LEVELS OF SERVICE *The targets (performance measures) listed below (in lower case) are the detailed goals for each level of service over the next three years	2017-18 Target Annual Plan	2018-19 Target Year 1	2019-20 Target Year 2	2020-21 Target Year 3	2021-28 Target Years 4-10
INVESTMENT ACTIVITIES (INC. PORTS)					
MWRC dividends meet budget expectations and comply with CCTO Statements 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.	2.51%	2.40%	2.40%	2.40%	2.50% to 4.80%
RATE PENALTIES					
Apply penalties in accordance with the Local Government (Rating) Act 2002 and Horizons' policies.	Achieved	Achieved	Achieved	Achieved	Achieved
RATE DISCOUNT					
Apply prompt payment discount in accordance with Horizons' policies.	Achieved	Achieved	Achieved	Achieved	Achieved
RATE REMISSIONS					
Allow remissions according to Horizons' policies.	Achieved	Achieved	Achieved	Achieved	Achieved

Changes to what we will deliver

Horizons has been working towards better future-proofing our investments by increasing the diversity and resilience of our investments and maximising revenues gained through them. This is part of our financial strategy to reduce the burden on ratepayers. In 2010, as part of managing their investment portfolio, Council sold its shares in Napier Port Ltd with the plan to invest in other opportunities as these arise. At the same time, we set up MWRC Holdings Ltd to manage Council's commercial investments.

In managing its investments, Council will continually review its portfolio to ensure it remains consistent with its Investment Policy of optimising returns in the long term while balancing risk in the short term. Council will consult with the community, in accordance with the Local Government Act (2002), if at any stage it deems it prudent to restructure any of its key investments to maximise its returns to the ratepayer, and manage debt and risk.

The effect of the Kaikōura earthquake on Wellington's port, Centreport, reinforced the importance of increasing the diversity and resilience in our investment strategy. Centreport, in which MWRC Holdings Ltd is a 23 per cent shareholder, sustained considerable damage from the earthquake. As a result, MWRC Holdings Ltd has not received dividends from its Centreport shares for the year ending June 2017 and it is projected that there will be no dividends in the year ending 30 June 2018. This reduces Horizons' ability to subsidise rates over this period.

Consistent with our ongoing strategy to grow opportunities to diversify and maximise revenue from our investments, MWRC Holdings Ltd won its bid to build a new three-story, modern office building on Victoria Avenue, which will be tenanted by Inland Revenue's Palmerston North office. The returns generated from the rental of this building will be a beneficial rate of return over the medium to long-term. This revenue will ensure that we can increase our non-rates-based revenue streams and reduce the burden on our ratepayers.

A portion of the funds to undertake this development came from revenue generated from the sale of the Napier Port shares ($6.1 million). The remainder ($17 million) will be obtained by way of an external loan. As a result of the Long-term Plan consultation, Council has decided to invest $17 million of borrowed funds into MWRC Holdings Ltd. Council will borrow these funds through the Local Government Funding Agency (LGFA), as permitted under Council's Liability Management Policy, and record a corresponding loan with MWRC Holdings Ltd to service this loan. This means that while there is a loan on Horizons' balance sheet for the funds borrowed from the LGFA, there is a corresponding asset also on the balance sheet recording the secondary loan (Horizons to MWRC Holdings Ltd).

How we will fund this activity

This activity is funded by:

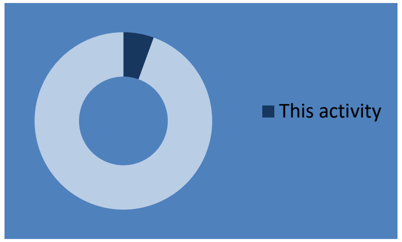
Other revenue:

- Dividend;
- Interest;
- Penalties; and
- Loan funding.

Common rates:

- Investment rate (EQCV).

Percentage of total expenditure for 10-year Plan



Infrastructure Strategy 2018 – 2048

Flood Protection and Land Drainage Assets

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Executive Summary

Horizons Regional Council manages flood protection and land drainage assets across the Region that are essential in reducing risks to communities associated with flood hazards, enabling and protecting economic productivity, and contributing to community wellbeing.

The assets and schemes that they make up have been developed since catchment board establishment in the 1940s (and in some cases pre-dating catchment boards) and primarily consist of stopbanks, bank protection works (such as rock lining and tied tree works), detention dams, pump stations and floodgates across 35 river and drainage schemes. Collectively, the schemes manage approximately 1,270 km of river channel and provide flooding and/or erosion benefits to approximately 750 km^2 of land. In addition, approximately 550 km^2 of productive land receives drainage benefits from an extensive network of drains and pump stations.

This Infrastructure Strategy outlines Council's approach to managing and maintaining these assets over the next 30 years, which is crucial to supporting Horizons' vision of being an organisation recognised for its expertise, innovation, science and leadership in making the Region a great place to live, work and play. Council's approach to infrastructure management is guided by the following overarching principles:

- Levels of service provided to communities through schemes and other measures are fit for purpose;
- The reliance that good renewal and replacement decision-making has on both optimised decision-making and good data;
- Funding models have at their core equity, simplicity, flexibility and sustainability;
- Ensuring an emphasis on reliability and resilience;
- Being responsive to the demands for higher levels of service or new works/services;
- Ensuring everything we do considers both the effects of climate change and the inherent variability of the Region's climate; and
- Residual risks are adequately managed and clearly communicated to those potentially affected.

The following significant issues regarding the management of Council's flood protection and land drainage assets have been identified:

- Future population growth in urban centres;
- The need to prioritise operational effectiveness and reliability;
- Climate change; and
- Sedimentation effects on levels of service.

Strategies and actions have been identified in relation to these issues. All involve a mix of continuing current asset management practice and policy in combination with the requirement for specific steps to be taken and the roll-out of new initiatives (refer to Section 3).

1. Purpose of the Infrastructure Strategy

Horizons Regional Council manages flood protection and land drainage assets across the Region with a replacement value of approximately $467 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, outcomes that are essential components to Horizons' vision of making the Region a great place to live, work and play. Consequently it is important that these assets are managed in a way that ensures that the required outcomes and levels of service[1] are delivered in the most cost-effective manner to present and future generations.

This strategy updates the existing 30-year Infrastructure Strategy for Horizons Regional Council (February 2015).

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.

1.1 Scope

This strategy has been prepared for the flood protection and control works infrastructure as required under 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 section 2.4 for more detail on the river management schemes in the Region.

1.2 Statutory requirements

In August 2014 the Local Government Act (LGA) 2002 Amendment Act 2014 introduced a new requirement for infrastructure strategies and asset management planning. The Act includes provisions that require councils to prepare an infrastructure strategy for at least a 30-year period, and to incorporate this into long-term plans from 2015.

In complying with the Act, Council has outlined how it intends to manage its infrastructure assets, taking into account the need to:

- Renew or replace existing assets;
- Respond to growth or decline in the demand for services reliant on those assets;
- Allow for planned increases or decreases in levels of service provided through those assets;
- Maintain or improve public health and environmental outcomes or mitigate adverse effects on them; and
- Provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

The legislative requirements for infrastructure strategies are set out in Appendix A.

[1] 'Level of Service' means the defined service quality for a particular activity (eg. roading or flood protection) or service area (eg. catchment or sub-catchment) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

2. Regional Context

2.1 Geographic and historical context

The Horizons Region extends from the Ruapehu District in the north to Horowhenua in the south, and from the Whanganui District in west to the Tararua District in the east.

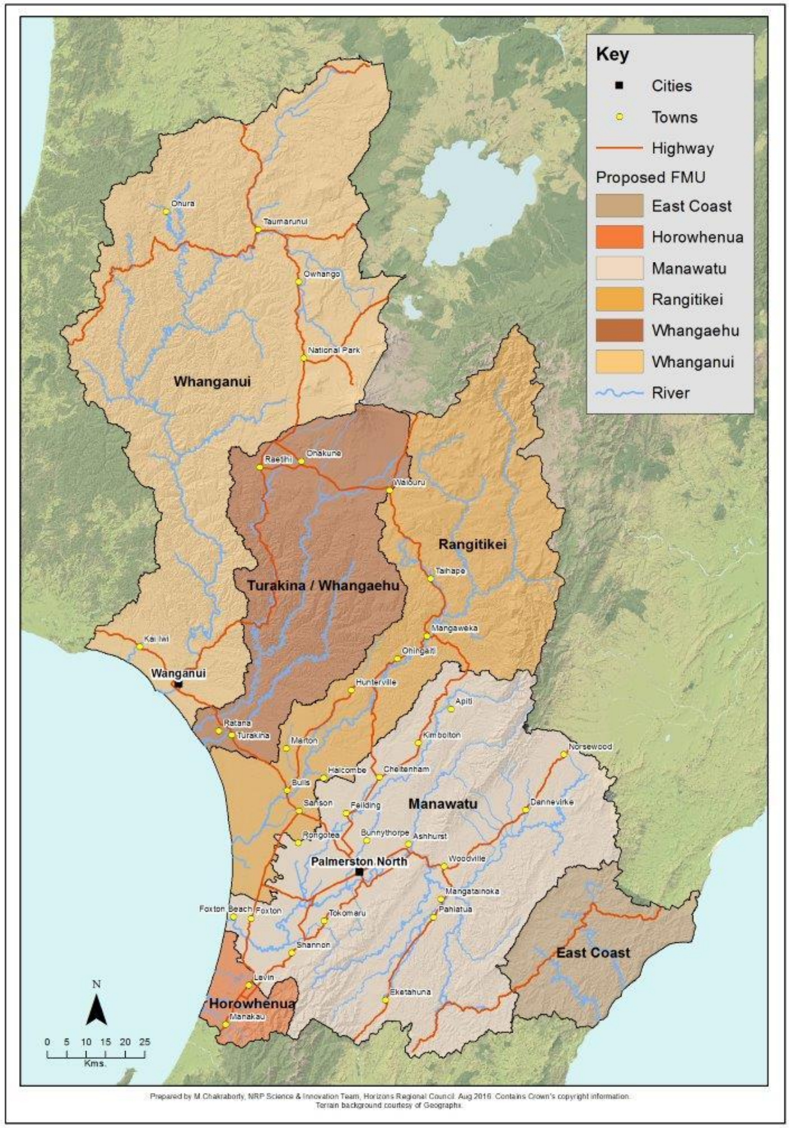
The Region has seven territorial authorities, which are:

- Ruapehu District Council;
- Whanganui District Council;
- Rangitīkei District Council;
- Manawatū District Council;
- Palmerston North City Council;
- Tararua District Council;
- Horowhenua District Council;
- Part of Waitomo/ Stratford District Councils; and
- Part of Taupō District Council.

The Horizons Region comprises six primary catchments (defined as freshwater management units) covering over 2.2 million hectares. The freshwater management units are shown in Figure 1.

Note that Figures 2 and 4 are projections made by the New Zealand Institute of Economic Research (NZIER), work specifically commissioned by Horizons in 2017 for the Infrastructure Strategy update. Neither figure includes the part of the Region that lies within the Taupō District Council as this part of the Region is not inhabited.

Figure 1: Freshwater management units in the Horizons Region



Council has developed schemes in these catchments over the last 50 to 60 years for flood control and river management that:

- Reduce risks to communities from natural events;
- Protect and enhance the economic productivity of the Region; and
- Contribute to community wellbeing.

Infrastructure to provide these services predominantly consists of stopbanks, rock linings, tied tree work, detention dams, pump stations and floodgates, with a replacement value estimated at $467 million. The early schemes (those developed between the 1940s and the late 1980s) received substantial Central Government funding assistance. After that time communities at a local and regional level have been left to fund operating costs. Moreover, provision was not made until the late 1990s for the 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: Stopbanks (km)	Assets: Pumpstations (no.)	Assets: Detention dams (no.)	Assets: Drainage channels (km)	Replacement Value (All Assets)
Whanganui	761	12.56	1.00	5.00	8.18	$13,557,718
Turakina/Whangaehu	295	7.16	0.00	2.00	8.79	$2,866,649
Rangitikei	426	19.91	1.00	45.00	40.21	$61,327,656
Manawatu	712	436.54	23.00	1.00	958.82	$375,266,111
Horowhenua	39	12.69	0.00	0.00	91.39	$13,726,378
TOTAL	**2,233**	488.86	25.00	53.00	1107.39	**$466,744,512**

STOPBANKS (km) PUMPSTATIONS (no.) DETENTION DAMS (no.) DRAINAGE CHANNELS (km)

The most formative event for river management 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 started in the 1990s, that event proved the catalyst for a further increase in the standard of flood protection for the city.

In addition, the 2004 flood led to a 12-year capital expenditure programme known as the Rural Upgrade Project, raising Lower Manawatū Scheme stopbanks outside Palmerston North to achieve a consistent 100-year return period containment standard. A similar capital works programme was initiated to lift the protection standard of the Rangitīkei River stopbank network, a relatively lengthy programme with modest annual capital expenditure to accommodate the Rangitīkei River Scheme's financial circumstances and modest ratepayer base.

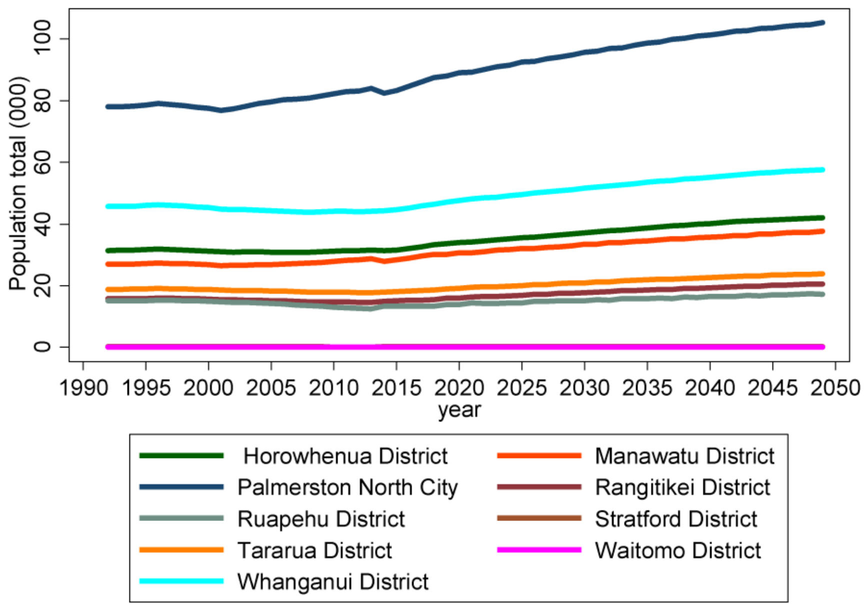
As well as generating extreme flood flows, the 2004 storm also caused widespread hill country erosion, resulting in the deposition of large quantities of silt and soil on river berms, further exacerbating flooding hazard. Horizons' response was the establishment of the Sustainable Land Use Initiative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

As a result of Treaty settlements in recent years, iwi are now taking a much more active role in the management of rivers and their catchments in the Region. There are now three different co-management regimes in the Region: in the Whanganui, Whangaehu and Manawatū catchments. While the form that co-management takes varies in each case, in all cases there will be increased participation of iwi in decision-making on waterways management, including flood protection.

2.2 Demographic context

The population of the Region is projected to grow steadily over the next decades – to over 300,000 by 2050 (by an average of about 0.9 per cent annually). However, this growth will not be distributed evenly over the Region. As shown in Figure 2, Palmerston North will see the strongest growth, followed by the Whanganui, Manawatū and Horowhenua Districts.

Figure 2: Projected population growth across the Region



Accompanying these projected changes, the populations of towns such as Marton, Whanganui and Taumarunui are projected to continue to age, with a corresponding increase in the proportion of residents on fixed/retirement incomes. This poses challenges for funding the renewal, expansion or upgrade of infrastructure through rates. Although this challenge rests predominantly with district and city councils, due to their much broader infrastructure responsibilities and proportionately larger rate requirements, it is also something that Horizons needs to be cognisant of in respect to river management infrastructure.

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 liaise 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.

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 have an impact on the requirement for those types of infrastructure as increasing the amount of impervious surface may exacerbate existing flood issues;
- Tourism and recreational use – ensuring that both visitors and the Region's communities continue to be able to enjoy the mixture of environments that Horizons has to offer; and
- Connections with other key infrastructure, such as transportation networks, which are crucial to both the Region and country as a whole.

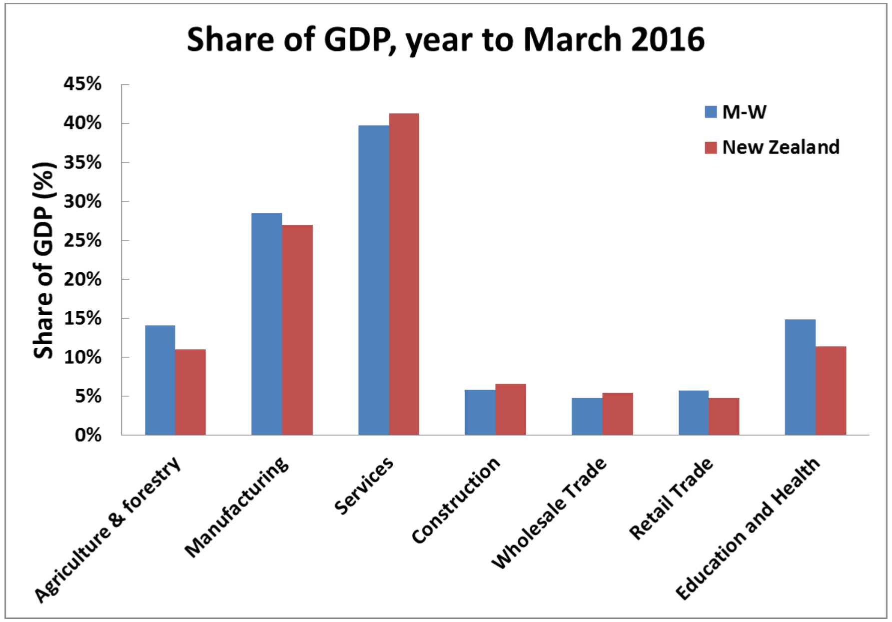
All of these drivers have a relationship to flood protection and river management assets services.

2.3 Economic context

The Region generated $9.6 billion of gross domestic product (GDP) in the year to March 2016, 3.8 per cent of New Zealand's total GDP.[2] The Region's GDP has grown by an average of 4.6 per cent since 2001, compared to 5.9 per cent for New Zealand as a whole.

2 Latest available official data.

Figure 3: Sector shares of regional GDP

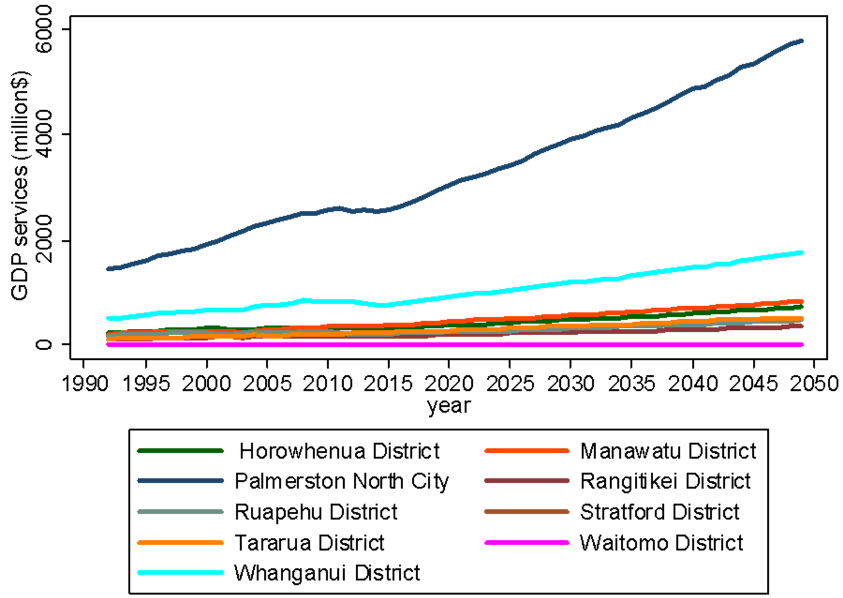


Source: Statistics New Zealand

Regional GDP per capita in March 2016 was $40,645, around three-quarters of the national average. This is the third-lowest of the regions, ahead of Gisborne and Northland. This comparatively low GDP per capita is primarily due to the composition of the regional economy, which tends towards relatively lower-wage occupations in the agriculture, retail, construction, health and education sectors.

NZIER projections suggest that the Region's economy will grow to $15 billion in 2050, from $8 billion in 2016.[3] It also projects a structural shift in the regional economy, a continued strengthening to 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.

Figure 4: Projected economic growth in the Region



Future challenges for the Region will relate to two key trends evident globally: demographic change and urbanisation. The Region's population is ageing, which places greater pressure on the working age population to generate income, and families and workers will continue to move from rural regions to the larger population centres such as Palmerston North and Whanganui. This will pose challenges for infrastructure funding, both in terms of spreading rural infrastructure costs over a smaller ratings base, and ensuring infrastructure keeps up with population growth in city centres.

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 damage and increases the value of the land;
- Improving the productivity of land, which adds value to the regional economy;

[3] NZIER presentation to Horizons, June 2017.

- Protection of regionally and nationally important infrastructure associated with activities such as transport (eg. roads including state highways and rail) and electricity transmission; and
- Avoided costs from flood damage that would otherwise result if the schemes were not in place (or maintained to the necessary standard).

2.4 Regional infrastructure

Horizons Regional Council undertakes a wide range of river management activities across the Region covering three broad categories of flood protection, river control and land drainage. Much of the flood protection activity is concentrated in the lower Manawatū floodplain, utilising stopbanking to provide a range of service levels that are context-dependent. Horizons also inherited from predecessor catchment boards 53 detention dams, mainly clustered around the towns of Hunterville and Marton.

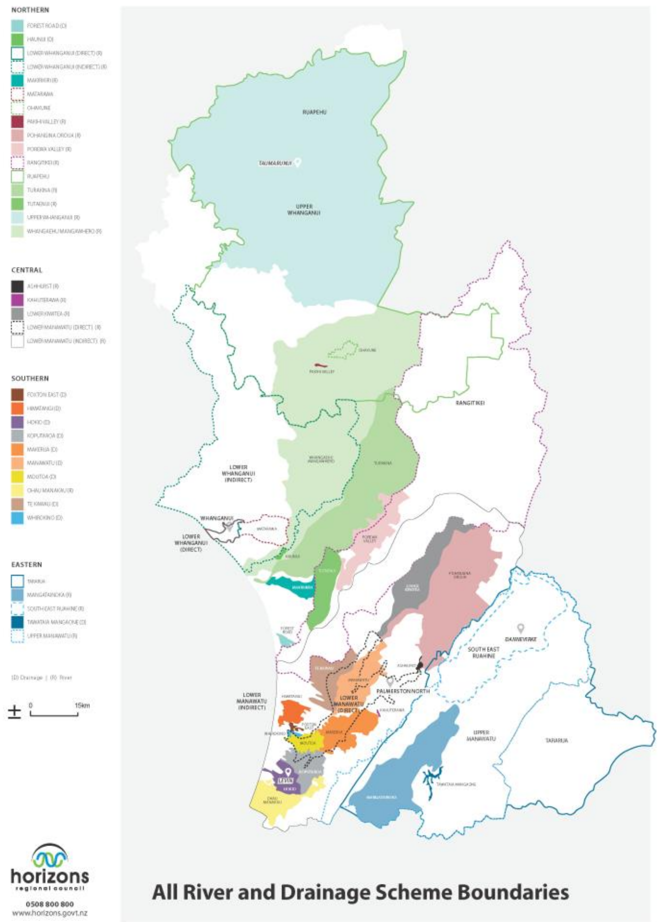
River control activities are the group of activities that seek to either regulate or control the alignment of a given reach of river and/or manage willow congestion and debris blockages. Alignment regulation has a range of purposes, in some cases undertaken solely to ensure that the integrity of flood protection infrastructure (mainly stopbanks) is not compromised. Schemes such as the Rangitīkei and South-East Ruahine Schemes are also designed to minimise the loss of productive land to river erosion. Other schemes, such as the Whangaehu, Eastern Manawatū and Taringamotu, were solely established to manage willow congestion and flood debris.

Land drainage is the third broad activity group, with 11 schemes solely or mainly focussed on the provision of land drainage and all schemes encompassing rural land. Urban drainage (stormwater management) is the responsibility of territorial local authorities, although in some contexts (eg. Foxton) precisely delineating that responsibility is not possible. Some of the land drainage schemes in the Region have the sole purpose of maintaining an open drain network (ie. gravity drainage schemes). Others have more complex operations and maintenance activity; most lower Manawatū networks require some form of pumping to provide an adequate level of service. Approximately 55,000 hectares of productive land receives drainage benefits from extensive gravity and pumped drainage infrastructure.

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^2 of land plus 25 townships, including the major urban areas of Palmerston North, Whanganui, Taumarunui, Feilding and Marton.

Figure 5 below shows the location of each of the 35 schemes. Seven of these schemes have been established solely to address vegetation management issues and as such have no infrastructure assets. It is the remaining 28 schemes that are the subject of this Infrastructure Strategy.

Figure 5: Location of river management schemes in the Horizons Region



3. Significant Infrastructure Issues over the Next 30 Years

This section summarises the significant infrastructure issues facing the Horizons Regional Council over the next 30 years, the potential consequence of these issues and the Council's proposed approach to managing the issues. The section also outlines alternative approaches and their implications.

The significant issues identified are as follows:

- Future population growth in urban centres;
- The need to prioritise operational effectiveness and reliability;
- Climate change; and
- Sedimentation effects on levels of service.

Identifying those issues as significant relies on a number of assumptions. Those include assuming that the strong growth the Region is currently experiencing will continue; expert advice obtained (summarised in Section 2) suggests that this is likely to be the case. Another key assumption relates to the physical environment, specifically whether climate change effects will be manifest at the rate that current scientific consensus suggests. Clearly Horizons has little alternative but to assume that this will be the case. The third related assumption is that climate variability (more specifically the frequency with which storms will impact the Region) over the next 30 years will generally follow the patterns that have taken place over the last 30 years, excepting the February 2004 event (an event regarded as atypical for the Region).

In all of those identified areas the likelihood of the Region experiencing something different to what has been assumed is difficult to quantify. Each assumption is a function of very complex processes limiting any meaningful quantification around the chance of them not eventuating. One consequence of the Region growing more quickly or slowly (or in a different way spatially than assumed) is the linkage between scheme activities/levels of service and the needs of the communities they serve; the divergence between the two will either occur more rapidly or more slowly as a result. In that instance the treatment strategy is to reassess regularly the scheme review programme to maintain that service delivery alignment.

Should climate change effects be manifest at a rate slower than current scientific consensus, the adaptation required by Horizons is fairly elementary. A more rapid rate of change would seem to be both more likely and more challenging; the timescales are however sufficiently large that the three-yearly updates to this strategy will allow for any required realignment. Uncertainties around effects at a regional scale combined with (in some cases) significant cost implications make it prudent for Horizons not to be overly pre-emptive in this area.

3.1 Future population growth in urban centres

3.1.1 Issue

As outlined, Horizons' population is projected to grow by a third to over 300,000 by 2050. Most of this growth will be concentrated in Palmerston North, Feilding, Horowhenua and Whanganui, necessitating the expansion of residential areas in these centres. In some instances, this could have flood protection implications. A better understanding is needed of the likely distribution of this growth and what additional demands this will place on river management infrastructure. Further engagement with territorial authorities is required to plan for future needs.

This growth in population combined with improvements in transportation links for the southern part of the Region, and in particular the Horowhenua District, is also likely to see some acceleration of land use change outside urban areas. Some of the southern river management schemes, particularly the area encompassed by the Ohau-Manakau Scheme, have already seen land use changes, with the rate of future change likely to accelerate as transport links to the Kapiti Coast and Wellington continue to improve.

3.1.2 Response strategy

Some of the response strategy to his issue is already embedded in Council's Long-term Plan - provision made around improvement to the Reid Line floodway and for additional drainage infrastructure for Foxton. We are working more closely with territorial authorities to gain a more comprehensive understanding of the anticipated extent and distribution of urban growth. We can then assess the hazards for those areas and determine what mitigation might be appropriate. This will enable territorial authorities to make informed decisions about where to enable growth, and enable the Council to incorporate future needs into the design of our flood management network. Subject to further discussion and agreement with the relevant territorial authorities, this may lead into development of a sub-regional spatial plan, outlining our joint strategy for urban growth, land use, infrastructure development and hazard management.

The main body of Horizons' Long–term Plan contains a summary programme that, amongst other things, outlines the timing of the various scheme reviews planned over the next 10 years (costing approximately $400k). One of the primary drivers for the timing identified in that schedule is the need for service delivery to remain aligned with the needs of the community, of which land use is a significant influencing factor. Reviews such as that planned for the Ohau-Manakau Scheme will consider (amongst other things) how changing land use is likely to change the community and the services the community requires.

3.1.3 Alternatives

The alternative is to take a more reactive approach to future growth, ie. improve or extend the flood management network once the development is underway and we are certain of its extent and nature. However, planning, designing, funding and constructing infrastructure improvements takes time; this alternative approach may consequently expose communities to an unacceptably high level of risk in the interim period before adequate flood protection is in place.

3.2 The need to prioritise operational effectiveness and reliability

3.2.1 Issue

Much of the traditional focus in defining levels of service for flood protection and land drainage activities has been to reference network capacity against a maximum containment standard. This is the maximum flood size the network is capable of containing without overtopping, commonly expressed in the form of 'return period', a measure that takes little account of network reliability.

Reliability in this context is the ability of the network to contain and convey flood flows with minimal failures, encompassing both operation up to the maximum containment level and also performance beyond that point (eg. that a section of stopbank maintains its structural integrity when overtopped by floodwaters). Defining reliability standards for a network in continuous operation, such as a water supply network, is relatively simple – it could be determined by the number of breakages per year. Defining reliability standards for stopbank networks is a much more complex exercise, a function of the long timescales involved (many years can elapse between flood events that 'tax' flood defences) and the wide range of factors that influence operating reliability (reflected in the wide range of failure modes).

The flooding of Edgecumbe in 2017 highlights the need for regional councils to better tailor operational activity to address likely operating risks, rather than utilising condition assessment/asset management frameworks more suited to 'three waters' infrastructure (town water supply, wastewater and stormwater). There is a need to better reflect criticality (the consequences of a failure in the flood management network) in management practices for parts of the stopbank network that have a high criticality (eg. Manawatū and Mangaone stopbanks protecting Palmerston North, the Reid Line stopbank protecting Feilding and the Balgownie stopbank protecting part of Whanganui City).

Finally, there are a number of deficiencies in asset condition information, particularly around some of the high value depreciable assets such as pump stations and major gravity outlet structures. Most were constructed in the 1960s and 1970s and many have reached an age where reliability is decreasing and maintenance costs are escalating. Good decisions rely in part on good information including comprehensive information about asset condition and remaining life.

This information would also inform a wider renewal and replacement strategy - in a number of cases station/network configuration has been superseded by changes in land use and changes in technology, providing scope for some rationalisation. An example of technology change is the prevalence of the MacEwans pump type in many stations. While it is a robust design, a number within the existing inventory are used in situations better suited to submersible pumps.

3.2.2 Response strategy

The response strategy is to adopt reliability as a central focus for scheme management. By way of example, river managers nationally have recognised a need for a standardised, systematic framework that focusses on improving operating reliability for flood protection schemes. The result is a Flood Protection Assets Performance Assessment Code of Practice, a risk-based approach to performance that focusses on both failure modes (ways the network may fail) and criticality.

The overall response strategy is as follows:

1. Evaluating each scheme in the Region with a focus on aspects of scheme operation that may have reliability considerations;
2. Improve asset condition information particularly for high-value mechanical and electrical assets with fixed lives (pump stations). For this purpose, Horizons is intending to purchase new asset management software in the current financial year (2017-18).This, combined with the development of operations and maintenance manuals for pump stations and schemes, will drive a more systematic approach to asset management;
3. Developing operation and maintenance manuals and activity plans for all schemes in the Region with risk and criticality as central considerations. As each will require a level of resourcing to develop, a prioritised implementation plan is required, applying the assessment framework developed for dams to sections of the network that have a high level of criticality; and
4. Completing a comprehensive application of the Flood Protection Assets Performance Assessment Code of Practice to the Lower Manawatū stopbank network. The Flood Protection Assets Performance Assessment Code of Practice has already been successfully trialled on a section of the Lower Manawatū network. Work now needs to focus on better mapping and characterising the geometry of the Lower Manawatū Scheme network, utilising new technologies such as drones and remote sensing. The information will be used to undertake a more complete and detailed rollout of the Code of Practice, with the intent of completing that exercise in time for it to inform a capital works programme for inclusion in the next Infrastructure Strategy/Long-term Plan in 2021.

The overall financial impact of adopting this response strategy is difficult to quantify. Aspects such as the new asset management information system are already committed, with an implementation cost to Council of around $500,000. In addition, the development of an operations and maintenance manual for the Lower Manawatū Scheme (in combination with the application of the Dam Safety Guidelines to those high-criticality parts of the network) is estimated to cost $260,000 in Year 1. However much of the response is around building a reliability-focussed operating culture.

Equally difficult to quantify is the interim risk – the marginal difference in risk between the status quo and the new risk environment that the improvement measures will lead to. In general operational areas that have high criticality also have very high protection standards eg. The 500 year Return Period flood protection standard for Palmerston North; the interim risk (essentially a three to five year timeframe) is assessed as being relatively low.

3.2.3 Alternatives

The consequences of not having sufficient focus on operating reliability have already been demonstrated both within the Region and in other parts of the country. Expectations that the community has around reliability will continue to increase – not responding to those drivers is not seen as a viable alternative.

3.3 Climate change

3.3.1 Issue

A 2016 report by the National Institute of Water and Atmospheric Research (NIWA) indicates clear implications for flood management and protection against sea level rise in the Region as a consequence of climate change.[4] In addition to a projected increase in annual average temperatures (of between 0.7 and 1.1 degrees C in 2040), NIWA projects a change in precipitation across the Region – not only in terms of how much rain falls, but also when and where it falls (temporal and spatial patterns). 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. It cannot be predicted with certainty what this will mean for flood frequency and magnitude in the Manawatū Catchment, which falls on both sides of the ranges. 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.

In the west of the Region, 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. Higher rainfall is also likely to have similar effects on operating costs for the land drainage schemes that cover the lower Manawatū floodplain.

[4] NIWA, 2016, *Climate change and variability – Horizons Region* (prepared for Horizons Regional Council, September 2016).

In terms of sea level rise (and in lieu of revised guidance from the Ministry for the Environment), NIWA recommends planning for a minimum sea level rise scenario of 0.5 m by the 2090s relative to the 1980-1999 average for coastal planning, plus an assessment of sensitivity to possible higher mean sea levels.

Climate change effects are likely to be most pronounced for those communities along the western coastline as a result of the combined effect of increased rainfall and sea level rise, and also other consequential effects such as increased frequency of storm surges.

3.3.2 Response strategy

The first part of the response strategy to this significant issue involves addressing some of the 'gaps' that the 2016 NIWA assessment identified for the Region. Those gaps included 'region-specific modelling of climate-induced sea level and coastal hazard drivers such as storm surge and waves' and the absence of work around climate change effects for river systems other than the Manawatū.[5] Horizons plans to commission NIWA to undertake this additional research. The Long-term Plan includes provision to address those gaps identified.

The second component to a response strategy addresses the absence of a national climate change response strategy, making it incumbent on Horizons to draw on the best science and information as it evolves to formulate a response strategy for the Region. Because of the level of uncertainty inherent in climate change and its implications for New Zealand and the Region, this will need to be an agile strategy that is refreshed as our understanding of how it might impact the Region becomes clearer. As a priority, Horizons will work with territorial authorities to identify those areas and communities most vulnerable to a changing climate. These communities are likely to be coastal ones, which will become increasingly susceptible to sea level rise and its various effects (rising water table, increased flood risk, etc).

It should be noted however, that our response to the implications of climate change must be integrated throughout all our planning for flood and natural hazard protection – not seen as a separate 'strategic response'. For instance, appropriate measures may include making the 'footprints' of stopbanks wider to facilitate raising heights in the future, making provision for the easy installation of additional pumping capacity, or the installation of pumps that have the ability to work at a greater head than what is required currently.

Examples of how that adaptation philosophy applies in practice is the Balgownie stopbank in Whanganui, which incorporates an allowance (a small amount of additional height) for future climate change effects, appropriate given the high criticality of the structure and relatively small marginal cost of including that allowance. Other projects such as the relief pipeline for Foxton will have similar future-proofing, ensuring construction includes provision to allow for pumping to be added at a future stage.

Clearly how Horizons responds operationally to climate change will continue to evolve in parallel with the science at a global, national and regional level. There remains an underlying risk (page 16) that climate change will either occur at an accelerated rate and/ or effects at a regional scale will (for some reason not currently apparent) be more acute for the Region. A range of funding options are available that will permit Horizons to adopt a stronger response should circumstance require that.

While acknowledging the risk from climate change, in line with our financial assumption in Section 5.2, no specific allowance has been made for climate change (other than the science initiatives identified), as climate change is such a dynamic phenomena what might be reasonable allowance today might be inadequate in three years' time. Detailed investigation and design on a project-by-project basis will consider climate change eg. The Reid Line floodway upgrade will include an allowance for climate change.

3.3.3 Alternatives

The alternative approach is not to consider the impacts of climate change at a strategic or operational level. However, given that the science on climate change is irrefutable and the data (particularly relating to sea level rise) shows a clear trend, this would be an abrogation of Horizons' responsibility to the communities it serves, aside from being an ultimately much more expensive path to take. Accordingly it is not considered to be a viable option.

[5] ibid., p.11.

3.4 Sedimentation effects on levels of service

3.4.1 Issue

Sedimentation is a significant and growing issue in a number of the catchments in the Region. Sedimentation refers to the deposition of silt on the berms of lower-lying river systems, either from eroding hill country or riverbanks in the upper catchment. This leads to a reduction in the flood-carrying capacity of river systems, particularly in times of high flow. Sedimentation is a significant issue in three areas within the Region: the Rangitīkei River southwest of Bulls, the lower reach of the Oroua River (Awahuri to the Manawatū River confluence), and the lower reach of the Manawatū River from the Oroua River confluence to the river mouth at Foxton – the latter showing the most severe effects.

In all three river systems, flood protection standards are likely to be reducing over time as a consequence of sedimentation. These reductions in flood protection standards are most marked following large floods, which carry a much greater volume of sediment than smaller floods. How to address the consequent loss of flood-carrying capacity is an issue that Horizons has grappled with over a number of years and it will continue to be a significant issue in the future.

A short-term response has been to remove silt accumulations over selected reaches of the Oroua River (the response strategy identified in the previous 30-year Infrastructure Strategy), but further technical work currently underway will almost certainly show that this intervention is merely reducing the rate at which flood-carrying capacity is being lost. That is, silt removal alone is not an effective response strategy.

3.4.2 Response strategy

The effects that sedimentation has on levels of service is not a new phenomenon, one that the 2004 floods graphically illustrated. Accordingly, Horizons already has some substantial initiatives in place, such as the Sustainable Land Use Initiative programme and some dedicated operating budget ($100,000 per year to target sections of the Oroua River corridor where sediment accumulations are particularly pronounced).

However it is clear that a better understanding is needed to determine whether that expenditure is being directed in the most effective manner, specifically:

1. Better quantification of the issue and understanding of the processes;
2. Assessing the likely rate at which levels of service will diminish over time; and
3. Identifying the range of possible interventions, which may include reflecting the loss of capacity due to sedimentation through the depreciation of some sections of stopbank (noting that depreciating stopbanks would have financial implications for the Lower Manawatū Scheme, which has a significant debt burden with a relatively long repayment horizon).

The development of such a strategy will require substantial community involvement and engagement, and is likely to have strong linkages with the Horizons Sustainable Land Use Initiative. In response to this issue, an additional provision is made of $50,000 per annum in the fluvial research and monitoring programme to further study of rates of sedimentation, and the sources of the sediment; to better understand the issue and accordingly what interventions will provide the best return on investment. We envisage this work will inform future investment in catchment management and river management and could have financial implications in the next long-term plan process (2021). Flood frequency over the next few years will have a significant influence on just how quickly we will need to roll out this intervention plan.

Note that no allowance has been made relating to the potential level of service reduction associated with sediment deposition on river berms. The further investigation outlined in this strategy is intended to provide that quantification i.e. how quickly flood protection standards are being eroded.

3.4.3 Alternatives

The alternatives to the response strategy outlined are to either continue with the current initiatives or to do nothing and accept the loss of service over time. Without sufficient science behind it, continuing with the current initiatives risks being a sub-optimal response strategy. Given the sizeable cost over time, there is an onus on Horizons to ensure that expenditure is targeted to maximum long-term effect.

The latter alternative (do nothing and accept the loss of service over time) is a difficult path for Horizons due to the size and complexity of the processes and the timescales involved. While a do-nothing option might look attractive to those ratepayers in the short-term (particularly if relatively benign flood conditions prevail over the next few years) it potentially compounds the future challenge, one that climate change has the potential to exacerbate.

Having a do-nothing approach as a response strategy would require very involved and definitive consultation to ensure those potentially affected had an accurate understanding of both the risks and consequences of such a strategy. The June 2015 flood highlighted that challenge – the disconnect amongst some ratepayers between willingness to pay and levels of service expected, and an event perceived as being likely to happen at some distant point in the future rather than today.

3.5 Overall risk from issues identified

The maintenance, renewal and capital expenditure is based on the best information available to council about its flood protection and land drainage assets. However, given the issues and responses identified in Section 3 and 5.5.1, updated information could result in unbudgeted changes to costings and timings of expenditure.

Section 5.2 identifies the expenditure assumptions and the options available to Council to fund unbudgeted expenditure.

4. Approach to Infrastructure Management

Horizons Regional Council undertakes flood protection, river control and land drainage services within the Manawatu-Whanganui Region, activities that are discretionary under the Soil Conversation and Rivers Control Act 1941, the enabling legislation. Those activities have been undertaken by Horizons and its predecessor organisations dating back to the early 1950s – activities that make a substantial contribution to the Region's productivity. Infrastructure assets associated with these services are valued at $466 million and include stopbanks, detention dams, floodgates and pump stations.

Management of these infrastructure assets is an important component in giving effect to Council's vision *"to be an organisation recognised for our expertise, innovation, science and leadership in making the Region a great place to live, work and play."* These activities also serve to achieve two of Council's goals:

- Facilitating regional economic growth; and
- Increasing community resilience to natural hazards.

The approach taken by Council in managing its infrastructure assets is based on the key principles outlined below. These underpin Council's overall objective for infrastructure planning and practice – ensuring continuous improvement that improves operational reliability and reduces residual risk over time, with particular emphasis on critical assets.

4.1 Infrastructure management principles

Levels of service provided to communities through schemes and other measures are fit for purpose

Flood protection and land drainage infrastructure across the Region has developed over many years, making a direct and substantial contribution to the economic growth and prosperity of the Region. This infrastructure underpins the regional economy, keeping communities safe and helping to enable the productive use of areas that would otherwise have poor drainage or be at risk of flooding. Most scheme development occurred in the 1960s and 1970s, an operating environment considerably different from today.

In the same vein, that operating environment will continue to change – those changes are likely to follow a wider societal trend, occurring more rapidly in the future. This will require more responsiveness and a greater degree of connectedness with those communities to ensure that the services that Horizons provides best meet the needs of those communities.

The reliance that good renewal and replacement decision-making has on both optimised decision-making and good data

Operational reliability is a key theme of this strategy and that in turn requires good decision-making. Important components to good decision-making are a good understanding of asset condition, failure risk, criticality and remaining life. Those aspects in turn rely on good data; accordingly, Council places high importance on things like regular river surveys, condition and performance surveys of fixed assets, and structural auditing to inform work programmes and associated activities. Continuously improving the quality of that data and the systems employed in using that data to make good decisions is an ongoing activity that Council is committed to achieving.

Funding models have at their core equity, simplicity, flexibility and sustainability

The way in which Horizons funds river management activities is largely consistent with the way in which other regional councils fund this type of activity. However, there is considerable variation in the way in which operating costs are apportioned; some targeted rate classifications have a degree of complexity that is unnecessary and confusing to ratepayers. We intend to reduce that complexity over time and also introduce other changes in order to make what we do easier to understand and more adaptive, better meeting the needs of the Region's communities.

Ensuring an emphasis on reliability and resilience

As noted above, operational reliability is identified as a significant issue. Much of the improvement planning relating to river management activities centres on initiatives intended to make the services we deliver more reliable and more resilient. The combined effect of those initiatives will be assets that are less likely to fail over time and schemes that are able to recover more quickly (both physically and financially) from a major flood or other climatic event. That resilience has a range of threads to it, relating not only to what we do but also how we plan, including making sure each scheme has a sufficient level of financial resilience through adequate reserves and insurances.

Being responsive to the demands for higher levels of service or new works/ services

Over the three years since the first Infrastructure Strategy a range of possible new operational areas have been identified – areas where communities are (or have the potential to be) affected by natural hazards or processes. Council will consult with those communities around the provision of those new/added services and how they might be funded based on Council funding policy, a requirement of the Local Government Act. In general terms, this means that those who benefit from or contribute to the need for the work or service will meet the majority of the cost.

Ensuring everything we do considers both the effects of climate change and the inherent variability of the Region's climate

We expect that over the life of this strategy the effects of climate change will impact on our infrastructure and the way we manage it, progressively elevating sea levels and introducing a greater level of variability to our climate. Climatic phenomena such as El Nino Southern Oscillation (ENSO) and the Interdecadal Pacific Oscillation (IPO) also affect the Region's weather, adding to that variability. Our work programme accounts for that variability and the baseline change that will result from climate change, a subset of the wider resilience initiative.

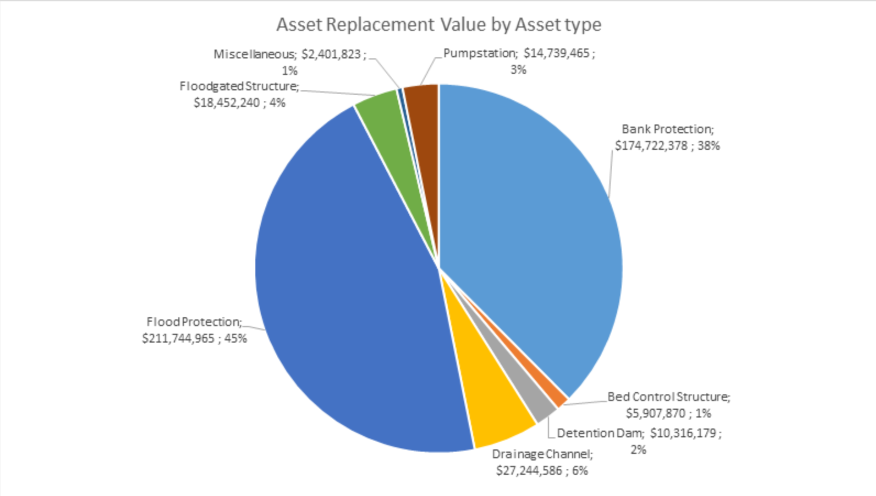
Residual risks are adequately managed and clearly communicated to those potentially affected

River management activity is, by definition, risk management. It is also implicit that such risks cannot be mitigated fully – residual risks are inevitable. In other words, it is not possible to say definitively that a particular section of stopbank cannot fail. The concept of risk in the context of natural hazards is difficult to convey to a community, particularly when it could be interpreted as some shortcoming with what we do. We intend to continue our work in communicating those residual risks to the community and encouraging those potentially impacted to understand those risks and respond accordingly when circumstance requires it.

5. Infrastructure Investment Programme

5.1 Planning asset renewals

Figure 6: River management asset replacement value by category



Council inspects it's assets on a regular basis to a schedule that reflects both the criticality of the asset and the potential for the asset to deteriorate in condition over time. The schedules are detailed in the individual scheme asset management plans. The inspections allow an assessment of likely performance and the remaining life of the asset to either be confirmed or adjusted. The assessed asset lives are contained in asset management plans for each individual scheme and in Council's Asset Management System.

Council commissioned in the 2017-18 financial year a detailed assessment of the 53 detention dams that form part of the river management infrastructure asset inventory. This assessment includes current condition, remaining life (both reservoir capacity – whether sediment accumulations are reducing that capacity – and those elements that have a finite life, eg. reinforced concrete spillways), the development of renewal and replacement strategies, and the production of operations, maintenance and surveillance manuals.

For the first 10 years of the infrastructure investment programme, confirmed works programmes and project estimates are the dominant influence on the forecast expenditure associated with asset renewals. Beyond the 10-year horizon, the combination of current asset values (determined through asset revaluation) and remaining asset lives are used to estimate longer term renewal forecasts.

It is important to note the relatively small proportion (less than 10 per cent) of Horizons' river management asset inventory that has a life assigned to it; most are maintained in perpetuity. That in part reflects both the nature of the assets (earth embankments in the form of either stopbanks or detention dams, rock rip-rap and open drains) and the nature of the operating environment. Where an asset has been assigned a useful life (where gradual deterioration in condition and performance over time is expected), it is generally not critical that the asset is renewed or replaced in a particular year. This management approach does however require careful consideration around whole of life cost and operating risks – in essence the application of optimised decision-making principles at a high level to ensure cost-effective service delivery, noting that 'sweating the assets' doesn't necessarily produce the most cost-effective outcomes for communities.

5.2 Infrastructure expenditure assumptions

Horizons' infrastructure investment programme is based on the following assumptions:

- Asset lifecycle costs are based on useful remaining lives, condition assessments and replacement values as at the 1 July 2017 revaluation;
- All capital renewal expenditure is based on the continued provision of current levels of service;
- The provisions of the One Plan will produce their intended outcomes around limiting growth and development in areas exposed to a high level of flood risk;
- Inflation tracks as assumed (refer to the Financial Strategy);
- A generally positive economic climate over the next 30 years will mean that existing level of service will remain affordable;
- Regional climate change effects will be largely (on average) linear and not exponential;
- Detailed condition/ remaining life assessments of those significant depreciable assets that form part of the Lower Manawatū Scheme asset inventory will place significant renewal/ replacement expenditure at or

beyond a point where debt repayment relating to stopbank upgrades is a significant operational expenditure component;

- Horizons will be able to access sufficient funding, through a combination of infrastructure insurance reserve, financial assistance from central government, scheme reserves and borrowing to adequately respond to unbudgeted expenditure, flood events and other natural disasters;
- The relatively benign lending environment will remain. Debt levels relating to Horizons' river management activities are high relative to other regional councils, giving the Lower Manawatū Scheme a degree of exposure around interest rates over roughly the first 10 years of the strategy period;
- Weather patterns over the strategy period will largely be typical for the Region. River management expenditure is (logically) tied to flow regimes in the main river systems; and
- Service demand will continue to grow. This has a range of threads to it, relating in part to the projections around economic activity and population growth, but also customer expectations. While the Edgecumbe floods in 2017 most graphically illustrated this, the relatively wet 2017 for the southern part of the Region taxed most drainage schemes, most of which have relatively low levels of service. Climate change effects are likely to accentuate this challenge.

Further detail on the underlying assumptions, associated uncertainty and the potential implications is provided in Part A of the Asset Management Plan and the Council wide assumptions included in Section 10.

5.3 Improvement programme

Part A of the Asset Management Plan outlines the frequency with which assets are inspected and how that translates to both maintenance and renewal spend. While the proportion of depreciable assets is relatively small, there are information deficiencies with Councils' higher value/more critical depreciable assets. As noted earlier, Council is about to modernise its asset management information system, the new platform providing a much greater level of sophistication than the existing bespoke system. In parallel, operating budgets include provision to obtain better asset condition information and determine more accurate assessments of remaining life, enabling a much greater level of precision around those renewal spends than currently exists.

However, for those large/high value depreciable assets, renewal cannot merely assume replacing like with like – in many cases scope exists for rationalisation, requiring consideration ahead of any substantial renewal programme. This is particularly the case for Horizons' pump stations, structures mainly built in the 1960s and 1970s. Although most are approximately half-way through their assigned useful lives of 100 years, none have had a comprehensive technical assessment of current condition and remaining life. Current operating environment differs substantially from what existed at the time the stations were designed and constructed, eg. the law relating to health and safety, related maintenance costs and costs attributable to general age are rising.

More fundamentally however is ensuring that significant renewals, eg. pump replacement, are not occurring where there is the potential that a particular station might not need to be retained in the future. Accordingly, a critical component to asset renewals planning is to first examine what spatial station configuration and individual station capacity is needed to meet current and future levels of service commitments. For example, the Ashlea Road and Boundary pump stations in the Makerua Scheme sit less than 1 km apart – constructing a linking drain and committing to investing in only one site would retain levels of service but provide long-term cost savings.

5.4 Total expenditure

Council expects to spend a total of $85 million on capital expenditure between 2018 and 2048. Over the same period, $483 million is expected to be spent on non-capital related cost including ongoing operating and maintenance, labour and depreciation. These figures are aggregated below based on the six freshwater management units that make up the Horizons Region as shown in Table **2.**

Table 2: Expected infrastructure expenditure 2018-2048 (millions)

Freshwater Management Zones	Operational Expenditure	Capital Expenditure	Total Expenditure
Whanganui	$38.20	$15.50	$53.70
Turakina/ Whangaehu	$7.60	$0.01	$7.60
Rangitīkei	$40.60	$2.40	$43.00
East Coast	$8.80	-	$8.80
Manawatū	$370.70	$65.40	$436.10
Horowhenua	$17.10	$1.30	$18.40
TOTAL	$483.00	$84.60	$567.60

The capital expenditure consists primarily of expenditure associated with new capital expenditure and the modification of existing assets to provide increased levels of service, totalling $84.6 million. Forward capital expenditure envisaged in this strategy is relatively low compared with what Horizons has invested since the 2004 flood (the main investment driver over the last 10–15 years).

There are however a number of factors likely to be new drivers in the future when Horizons next updates its Long–term Plan in 2021. Logically those drivers relate back to the significant issues outlined in Section 3 of this strategy, specifically:

- The development of a response strategy that looks to combat the erosion of flood protection levels of service due to sedimentation (berm siltation). One outcome could be depreciating sections of stopbank where levels of service are likely to continue to reduce over time. It is worth noting that this may be largely academic with the Lower Manawatū Scheme given the significant debt levels this scheme has (policy of repaying debt over contributions to renewal reserves);
- Implementing the Flood Protection Assets Performance Assessment Code of Practice for the Lower Manawatū stopbank network, a key component of the focus on operating reliability; and
- Further developments in climate change science and a better understanding of the likely impacts on the Region.

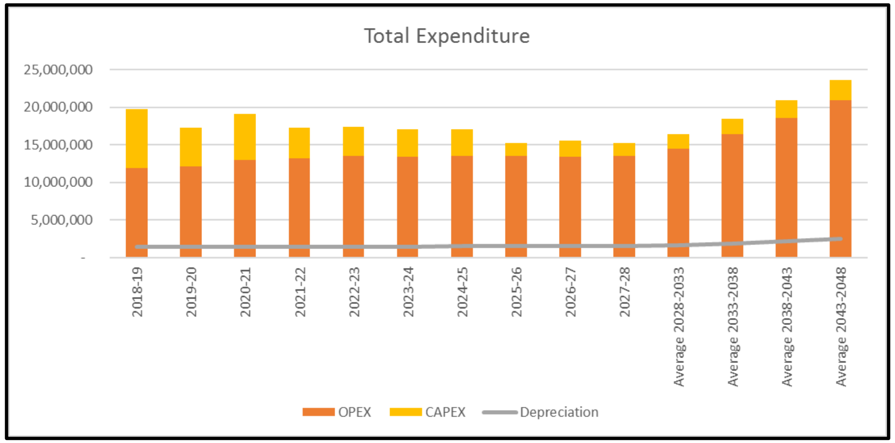
Consideration of efficiencies relating to pump station configuration and better condition information and remaining life assessments associated with the floodgated structure category could also add to future capital expenditure (above what's already outlined in the Long-term Plan).

Operational expenditure consists primarily of expenditure associated with maintaining a substantial proportion of Council's infrastructural assets, including 488 km of stopbanks and 53 detentions dams, to their design standard in perpetuity. In a similar vein to capital expenditure, future operating expenditure is also likely to be influenced by a range of initiatives related to the significant issues identified in this strategy.

By way of example, the compilation of an operations and maintenance manual for the Lower Manawatū Scheme in combination with the application of the dam safety guidelines to high criticality sections of the stopbank network could well identify an increased operating expenditure requirement. The programme of scheme reviews could equally identify the need for increased operational activity in areas with population growth and land use change.

The total expenditure profile over time across the capital and operating expenditure categories is shown in Figure 7, with depreciation shown separately. The total annual expenditure is shown from 2018-19 to 2027-28, and then an average spend over five-year periods is shown between 2028 and 2048.

Figure 7: Total expenditure summary

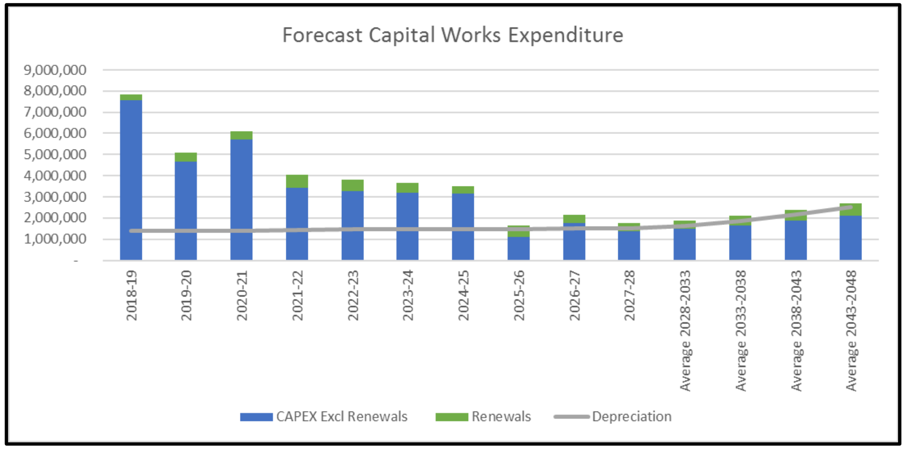


5.5 Capital expenditure

The most significant driver of capital expenditure is the construction of new assets and/or the modification of existing assets to increase levels of service. Of the $84.6 million of proposed capital expenditure over the next 30 years, $70.9 million is the construction of new assets. The remaining expenditure ($13.7 million) relates to renewal of assets.

Figure 8 shows the expected capital expenditure, divided between capital (new) and renewal expenditure. This expenditure forecast is developed in line with the assumptions outlined earlier as highlighted at the beginning of section 5, with regards to remaining useful life of assets.

Figure 8: Capital works expenditure



5.5.1 Significant capital expenditure

There are a number of significant individual expenditure programmes and projects that make up this forecast. The table below identifies new capital expenditure projects planned to deliver increases in levels of service. Additional new capital projects will be identified once this strategy is finalised and these will be developed and included during regular revisions to this strategy and other relevant planning documents.

Table 3: Significant new capital expenditure 2018-2048

Project	Expenditure	Timing	Project Assumptions
Whanganui			
Lower Whanganui River Control Structures	$4.9 million	Ongoing	This expenditure assumes community support and adoption of a funding policy to enable this project.
Manawatū			
Reid Line Floodway Upgrade	$7.6 million	Years 1–7	This expenditure assumes community support and adoption of a funding policy to enable this project.
Foxton Drainage Improvements	$1.8 million	Years 2–3	This expenditure assumes community support and adoption of a funding policy to enable this project.
Rural Upgrade Project	$7.4 million	Year 1 & 3	This is the completion of the Rural Upgrade Project in year 1 ($5.3 million), as well as an additional piece of work to be added in year 3 ($2.1 million)

As noted previously, in regard to capital renewals and the significant decisions associated with those renewals, most of the asset inventory is maintained in perpetuity. The two main asset categories where useful lives are assigned are pump stations and floodgated structures.

The schemes that have pump stations as part of their asset inventory have begun to build renewal reserves in recent years. While the forecasts presented in this strategy include renewal expenditure associated with pump stations and smaller ancillary structures, no significant renewal spend is identified. Those stations have an assessed useful life of 100 years, meaning significant renewal expenditure falls outside the period covered by this strategy. As noted earlier however, better condition information in combination with an overarching strategy is likely to mean future updates will contain larger chunks of pump station renewal spend.

Almost all of the floodgated structures owned by Horizons are located within the extents of the Lower Manawatū Scheme. Most are shared (as an operating expense) between the various Lower Manawatū drainage schemes and the Lower Manawatū Scheme, with the exceptions being the Makino gates and the Moutoa gates. The Moutoa gates are the largest single river management asset that Horizons owns.

No significant renewal spend has been identified with any of the floodgated structures over the period covered by this strategy. For most of the structures, this relates to relatively poor information around asset condition and a largely nominal assessment of remaining life. Improvements identified to Horizons' asset management information system will highlight some of these deficiencies; the intent is to have more realistic assessments around the quantum and timing of renewal expenditure relating to this asset category in time for the next update to this strategy.

As noted in Part A of the Asset Management Plan, the Moutoa gates were constructed in 1962. More detailed condition assessment work has been completed on this structure suggesting that any significant renewal expenditure decisions lie outside the timeframe of this strategy. Further work will be completed over the next three years to inform the next update of this strategy. The Makino gates are a relatively recent construction (2009) and accordingly renewals over the life of this strategy are relatively modest.

Appendix A: Requirement for Infrastructure Strategy under Local Government Act 2002

101B Infrastructure strategy

(1) A local authority must, as part of its long-term plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.

(2) The purpose of the infrastructure strategy is to—

- (a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and
- (b) identify the principal options for managing those issues and the implications of those options.

(3) The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets, taking into account the need to—

- (a) renew or replace existing assets; and
- (b) respond to growth or decline in the demand for services reliant on those assets; and
- (c) allow for planned increases or decreases in levels of service provided through those assets; and
- (d) maintain or improve public health and environmental outcomes or mitigate adverse effects on them; and
- (e) provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

(4) The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must—

- (a) show indicative estimates of the projected capital and operating expenditure associated with the management of those assets—
  - (i) in each of the first 10 years covered by the strategy; and
  - (ii) in each subsequent period of 5 years covered by the strategy; and
- (b) identify—
  - (i) the significant decisions about capital expenditure the local authority expects it will be required to make; and
  - (ii) when the local authority expects those decisions will be required; and
  - (iii) for each decision, the principal options the local authority expects to have to consider; and
  - (iv) the approximate scale or extent of the costs associated with each decision; and
- (c) include the following assumptions on which the scenario is based:
  - (i) the assumptions of the local authority about the life cycle of significant infrastructure assets:
  - (ii) the assumptions of the local authority about growth or decline in the demand for relevant services:
  - (iii) the assumptions of the local authority about increases or decreases in relevant levels of service; and
- (d) if assumptions referred to in paragraph (b) involve a high level of uncertainty,—
  - (i) identify the nature of that uncertainty; and
  - (ii) include an outline of the potential effects of that uncertainty.

(5) A local authority may meet the requirements of section 101A and this section by adopting a single financial and infrastructure strategy document as part of its long-term plan.

(6) In this section, infrastructure assets includes—

- (a) existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:
  - (i) water supply:
  - (ii) sewerage and the treatment and disposal of sewage:
  - (iii) stormwater drainage:
  - (iv) flood protection and control works:
  - (v) the provision of roads and footpaths; and
- (b) any other assets that the local authority, in its discretion, wishes to include in the strategy."

Financial Information

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All figures are exclusive of GST unless otherwise stated

Introducing the Finances

Overview

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

Funding impact statements are included that outline revenue and rating mechanisms and provide detailed rating values for general and targeted rates for the 2018-19 year. Finally, this part of the Long-term Plan contains projections of annual administrative charges set under the Resource Management Act 1991 and the Local Government Act 2002.

Statement concerning balancing of budget

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

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

Consolidated Statement of Prospective Financial Performance to 30 June 2028

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

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

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

The financial information contained within this Long-term Plan and its associated policies and documents, is prospective financial information in terms of current financial reporting standards, including Financial Reporting Standard (PBE FRS) 42. The purpose for which it has been prepared is to enable the public to participate in the decision-making process relating to services to be provided by the Council to the community, for each of the 10 financial years ending 30 June 2019 to 2028, and to provide a broad accountability mechanism of the Council to the community.

In relation to those standards, the financial information for the 2018-19, 2019-20, and 2020-21 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.

All figures are exclusive of GST unless otherwise stated

Cautionary Note

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

Other Disclosures

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

This Statement is presented in two sections:

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

All figures are exclusive of GST unless otherwise stated

Financial Strategy

Introduction

The Financial Strategy is the overall financial direction we are taking over the 10-year Plan. It provides the background on our spending decisions and provides a summary of our intended levels of service along with associated cost and funding implications. It also details our current and projected debt levels.

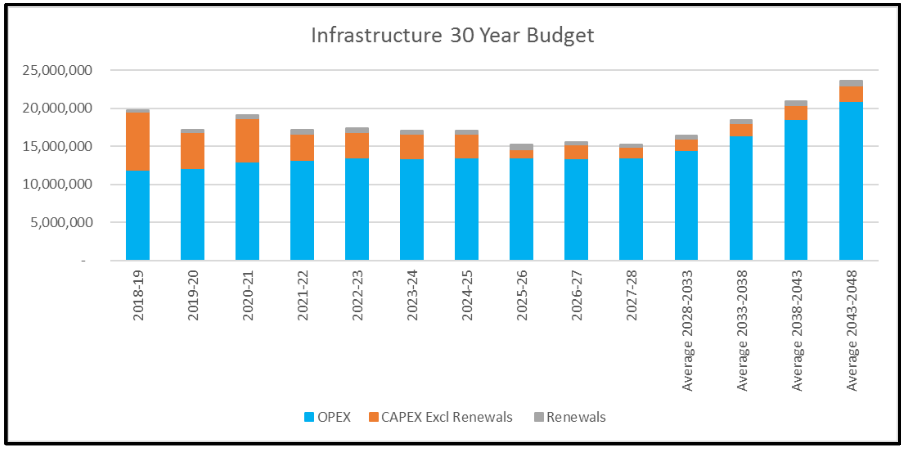
In 2017 we commissioned a third high level financial review of Council's finances to aid with the strategic decisions included in this 10-year Plan. This report highlighted there had been a continuing improvement in the net indebtedness as a result of prudent expenditure and the close monitoring of our cash flows. It also highlighted that Council had a high dependency on rating revenue. Council's financial strategy will continue to operate a balanced operating budget while building emergency reserves and actively reducing debt.

Council is also aware of its high dependency on rating revenue and as part of its strategy will continue to seek investment opportunities that provide a return to the ratepayer while balancing risk and return, as per the goals of its Investment Policy. The Investment Policy can be found on page 323.

While Council is retaining a conservative approach to its capital expenditure programme, there remains a balancing act between a conservative approach and meeting the public's needs for increased levels of service. There is also growing awareness of climate change and the impact of sedimentation in a number of the catchments in the Region. Both issues are addressed throughout this document and specifically within the 30-year Infrastructure Strategy, which can be found in Part 3 of this document. To best balance these needs Council reviews all its capital programmes and assesses the best approach in funding the programme through the use of rates, debt and reserves. This supports the strategy that the cost of our significant assets should be spread across the generations.

The Financial Strategy also provides detail on the caps we are looking to set ourselves on our debt and rates increases over the 10-year Plan. For the first year of the LTP we are forecasting our rates to increase on average by 7.04 per cent. It is important to keep in mind that this is only an average and the rate impact will differ per district due to factors such as changes in property values and specific district rating inputs such as river schemes and urban passenger transport rates. This will be followed by an increase of 4.72 per cent for Year 2. In Year 3 onwards the rates on average remain below the targeted cap of rate of inflation plus 2 per cent.

Council will be increasing its level of debt across the next 10-year period in order to fund the increases in its proposed capital expenditure. Below is the capital expenditure programme for the next 10 years. You will see a significant increase in Years 1 or 3 on new or improving assets, which coincides with our proposed levels of debt increase.



Council will be borrowing and on-loaning funds to its 100 per cent Council Controlled Trading Organisation (MWRC Holdings Ltd). However, this will not have an impact on its net indebtedness, as there will be a corresponding asset due to MWRC Holdings Ltd accepting 100 per cent liability for this loan and therefore funding all interest and principal repayments. Council is able to use its rates revenue as security on all debt; however, in the case of funding MWRC Holdings Ltd, Council is able to add a margin to its cost of interest to acknowledge this security. Our detailed Liability Management Policy, which can be found in the supporting documentation, details the interest rate margin as one of Council's investment returns. Below is a summary of the expected returns for their investments.

Investment Returns	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Term Deposits	3.3%	3.3%	3.3%	3.4%	3.5%	3.8%	4.0%	4.4%	5.0%	5.7%
MWRCH Shares	0.9%	4.6%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
MWRCH Loan*	← 0.5 to 1.0% →									
Hobson Wealth	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

* These are indicative returns as no loan agreement has been reached with the Directors of MWRC Holdings Ltd

Levels of service

This LTP sees an increase in the levels of service in river protection to enable us to complete our post-2004 flood commitments, while increasing flood protection for areas such as Feilding, Whanganui, Foxton, Ohakune, and more generally through the Tararua and Ruapehu district-wide river management schemes.

It does need to be noted that populations within districts have differing movements and overall there is a small population impact within the Region. This does not have a significant impact on our levels of service.

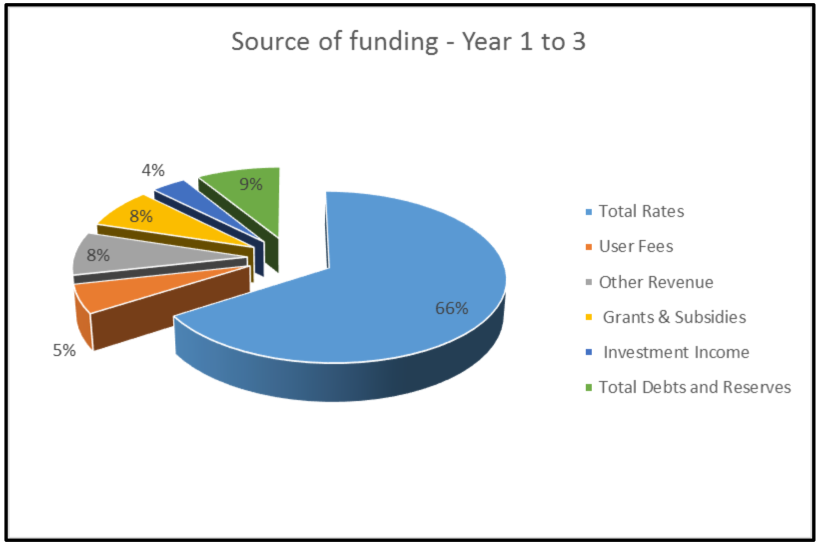
In addition, we see levels of service increase in policy, consents and freshwater management. There will also be a new focus on protecting the sources of drinking water and expanding the investment portfolio. The balance of Council's remaining activities will retain their levels of service over the life of this LTP. As indicated in the diagram above, we are in a period where our cash reserves will be minimal while our debt grows. This position may limit our ability to respond to contingencies without borrowing further. However, at no time does Council exceed or is close to exceeding its capacity to borrow additional funds should there be an emergency similar to the 2004 flooding event.

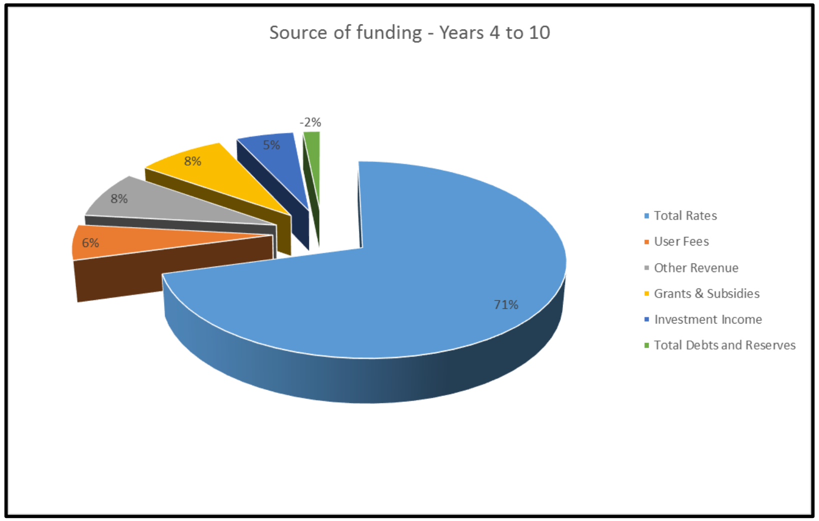
Sources of revenue

Our activities are funded by a diverse mix of:

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

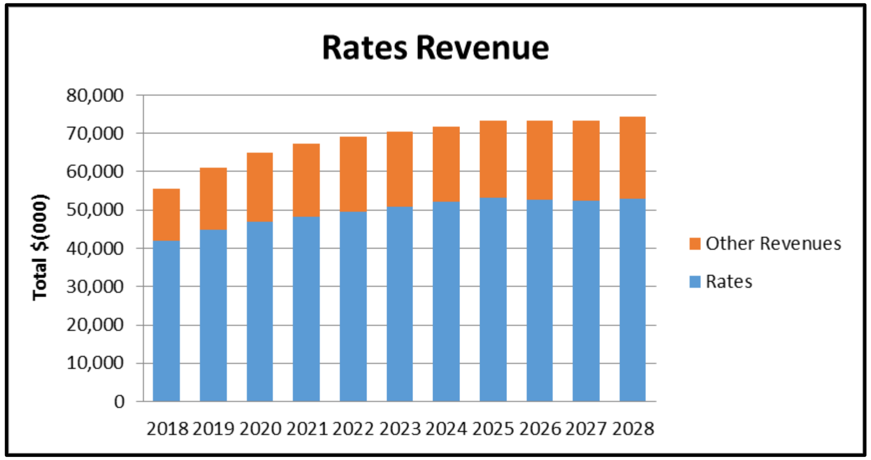
Funding sources for the first three years of the Long-term Plan are consistent with current funding streams. The remaining seven years of the Long-term Plan sees a shift in funding with debt and reserves reducing and therefore rates increasing as a percentage. It is worth noting that alongside debt and reserves decreasing, investment revenue is increasing.





Rates

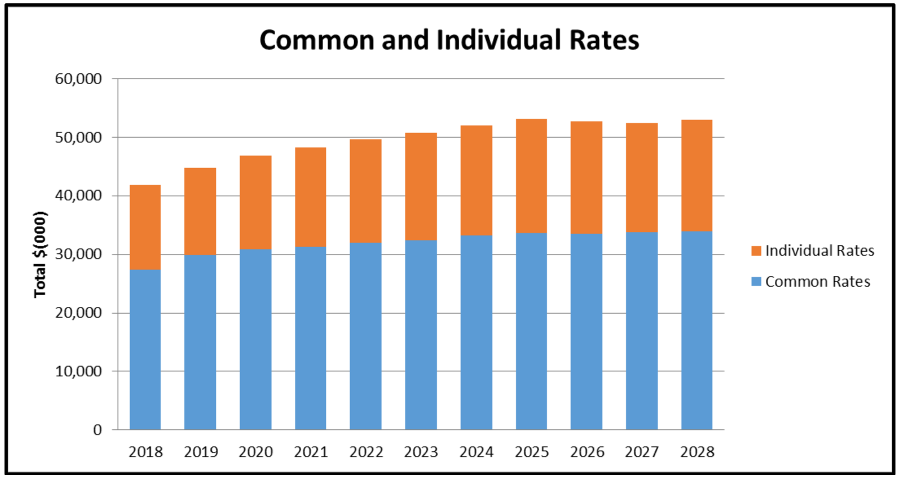
Over the 10-year life of this Plan, rates as a percentage of our total funding will increase from 63.3 per cent to a high of 74.9 per cent, then decreasing down to 73.9 per cent. This is a result of our flood protection capital works programmes being completed and the external debt being repaid.



Operating revenues include rates, grants and subsides, user fees and investment revenue. The percentage of our operating revenues derived from rates remains consistent through the 10-year Plan at an average of 72.1 per cent of our total operating revenue. We are aware that rate revenue accounts for a significant portion of our operating revenue, and with this the pressure to ensure rate funding streams are secure and sustainable in the long-term.

Common and individual rates

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

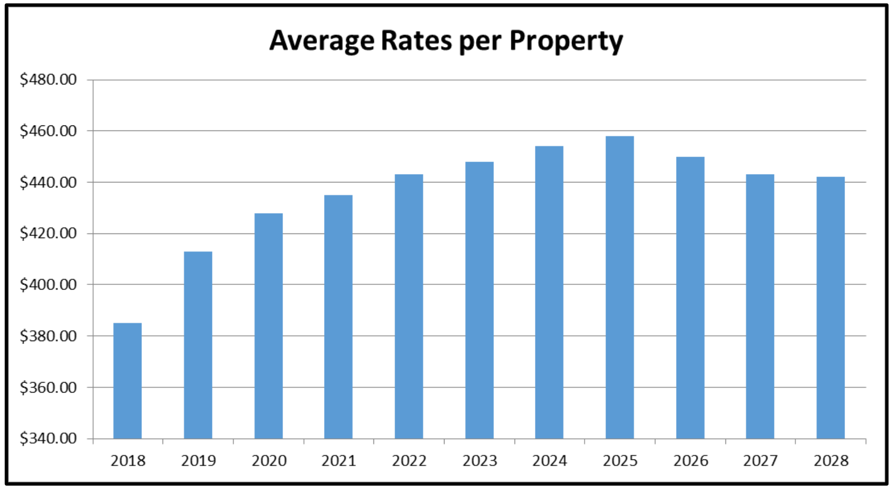


Common rates as a percentage of total rate revenue remain consistent between 63.4 per cent and 66.9 per cent during the 10-year Plan.

All figures are exclusive of GST unless otherwise stated

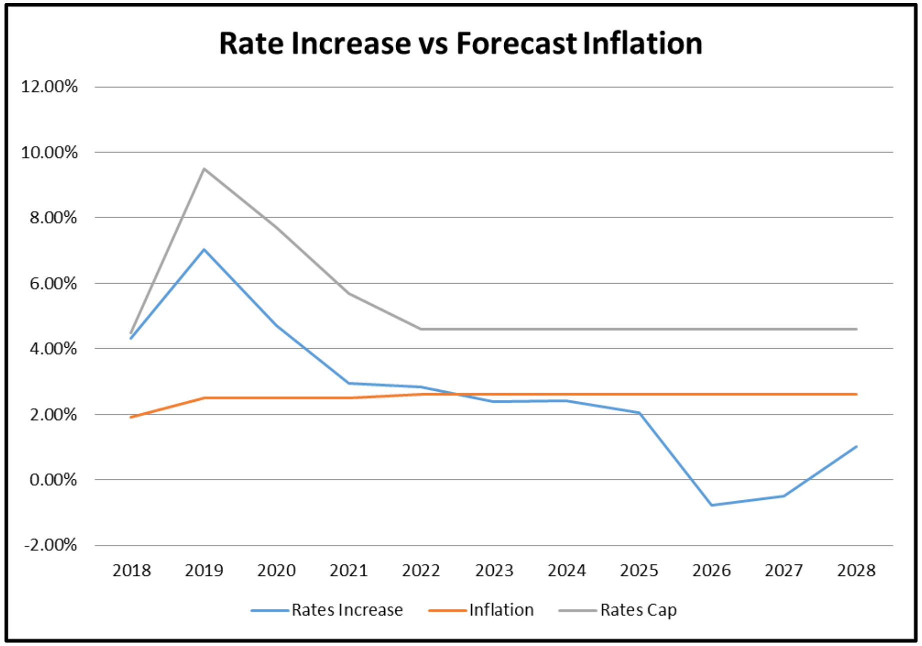
Average total rates per property

The Horizons Region covers a large area across seven district and city councils and includes approximately 108,612 ratepayers. Due to this diverse range of communities it can be difficult to calculate what is considered an average ratepayer and what the average rates paid across our Region is.



Average rates over the 10-year period of this Plan move from $413 to a peak of $458, before decreasing to $442 as the impact of the increased investment revenue comes into effect.

Rates increases versus inflation



The current LTP is reflecting higher increases in the common rates as a result of increased activities in water quality and quantity, particularly recognising freshwater as a priority across our Region. There has been increased resources applied to consents and compliance; this is an area that will continue to grow as we focus on environmental improvements. Finally there is a need to ensure we are able to keep up with regulation and policy to adhere to the Resource Management Act, our One Plan and work alongside our iwi partners. As a result, Year 1 of this Plan reflects an increase of 7.04 per cent. This is followed by increases of 4.72 per cent for Year 2. Year 3 (2021) onwards of the Plan sees a very conservative approach with no forecast level of service increases, which results in the rate increases averaging or falling below the BERL inflation plus 2 per cent target.

We have set our rate caps for this LTP to be 9.50 per cent increase for 2018-19, 7.70 per cent increase for 2019-20 and 5.70 per cent increase for 2020-21. From 2021-22 to 2027-28 the rate cap will be the BERL predicted rate of inflation plus 2 per cent.

All figures are exclusive of GST unless otherwise stated

Other revenues

Grants and subsidies make up approximately 8.6 per cent of our total operating revenues in Year 1 (average over 10 years is 8.4 per cent). Our Sustainable Land Use Initiative (SLUI) and transport activities are two Council programmes that have significant reliance on government grants and subsidies. Long-term government funding for transport activities is extremely secure overall but may be subject to minor fluctuations in subsidy levels for certain programmes.

User fees account for approximately 6.3 per cent of our total operating revenues in Year 1 (average over 10 years is 6.1 per cent). User fees include:

- Consent fees: provide 100 per cent of the funding for consent activities that can be charged to consent holders;
- Compliance charges: provide at least 80 per cent of the funding for compliance monitoring activities that can be charged to consent holders;
- Scientific research: water quality and quantity fees provide 70 per cent of the funding for our scientific research programmes; and fluvial fees provide 60 per cent of the funding for our scientific research programmes; and
- Lease revenue: received from land blocks held as part of river and drainage schemes.

Debt and cash reserves

We use a combination of external debt and reserves (as built up by rating revenue) to fund certain activities, although it is mainly capital expenditure.

Reserves are generally used to fund the replacement of plant and equipment and can be used for certain activities where rate surplus from some years are used to offset rate demands in other years. We are forecasting the use of external debt to fund a portion of the river and drainage scheme capital works programme and reserves for other plant and equipment replacement programmes. In addition we are using reserves to equalise the rate impact of the One Plan costs over a 10-year period. We are also forecasting the use of external debt to fund MWRC Holdings Ltd property development. This will be on-loaned to and repaid by MWRC Holdings Ltd.

Insurance

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

Due to this increased level of risk, we have continued to build river scheme reserves and, through the common rate, build reserves to provide for a level of self-insurance against our assets that now have limited or no insurance cover.

River and drainage scheme financial reserves

We currently rate 27 of our 34 river and drainage schemes for emergency financial reserves. Each scheme has a target reserve held to:

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

These scheme reserves are set out in Section 2.7.2 of the Infrastructural Asset Management Plans – Part A (effective 1 July 2018). Over the 10-year period of this Plan, we are increasing these scheme reserves from their current level of $7.122 million (at 1 July 2018) to $19.834 million. It is important to note that these reserves are used to help us fund capital works programmes by lending these funds internally, as the cost of using these funds is cheaper than borrowing externally.

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

Infrastructure insurance reserve

To remain financially prudent while ensuring Council has the funds available to self-insure its assets, we have maintained an Infrastructure Insurance Reserve Rate. As of 30 June 2018 this reserve has funds of $2.820 million. We plan to add $620,000 per year for the 10-year period. We have decided to rate $120,000 per year of this amount from river and drainage capital value and the rest by a four-tiered Uniform Annual Charge (UAC) differentiated on the capital value of a property. In Year 1 Council is planning to use $500,000 from this reserve to offset the impact from the Kaikoura earthquake on our investment revenue.

All figures are exclusive of GST unless otherwise stated

Over the life of the Plan, this reserve will build to $8.520 million taking into account the above decrease unless it is called upon after another significant event.

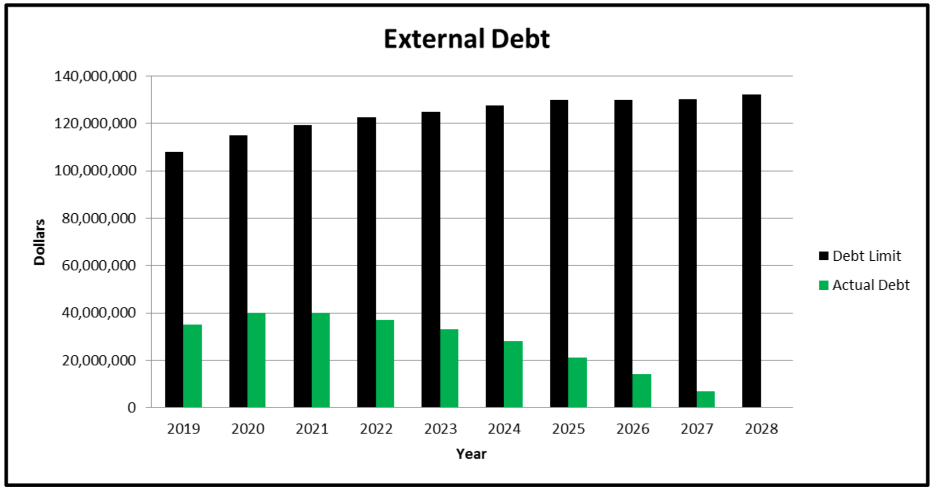
Infrastructure renewal reserve

We will be progressively establishing separate renewal reserves for 20 schemes that employ infrastructure having a finite life. The combined renewal reserve will commence with a balance of $0.440 million at 1 July 2018 and, following contributions and withdrawals for renewal works, will have a balance of $1.088 million after 10 years.

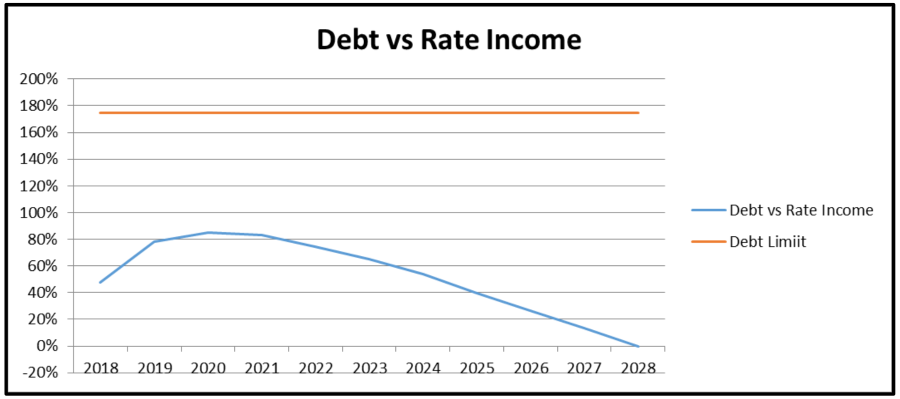
External debt

Our debt will peak at $40 million in Year 2 (2021), and then reduce as Council will re-direct existing funding being used to pay for a portion of this capital works into debt repayment.

We apply the principal of 'inter-generational equity' to our debt funding of river and drainage capital works by having terms of 10 to 20 years.

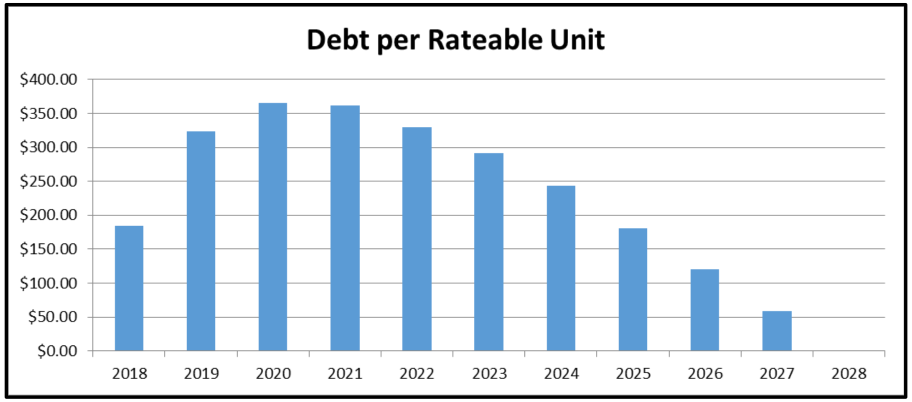


The above illustration shows peak debt and takes into account our working capital requirements that will occur during the financial year and not that represented at year end in the prospective statement of financial position (page 201).



We manage our debt profile and interest rate exposures via the liability management policies included in this Long-term Plan (refer page 308). This policy requires us to have a 10 per cent contingency for working capital by having either a debt facility available to be drawn on or cash reserves.

Our debt cap over this period is set at 175 per cent of total revenue for the programme of works included in this Plan. However we may need to borrow further to fund contingencies such as providing cash backing to our scheme emergency reserves, unplanned capital expenditure, or to fund our ability to respond to an emergency. As per normal practice, we will look to prioritise our existing funds first before committing ourselves to acquiring more debt. The graph below illustrates that while our debt is growing, the amount of debt when divided over the rateable units in our Region remains relatively small.



All figures are exclusive of GST unless otherwise stated

Unlike commercial organisations where debt is generally secured against a fixed asset base, our debt is secured against rate revenue. Our borrowing limits are set out in the Liability Management Policy (refer page 313), which sets out a limit of 175 per cent of net external debt versus total revenue. Currently (2017-18) we are 35.38 per cent but will see this increase to 50.87 per cent in Year 1 and 57.10 per cent by Year 2 (2020) as our net external debt peaks, and then decrease from Year 3 onwards.

Interest rates remain at historical low levels and we have and will continue to use financial instruments such as interest rate swaps to mitigate our future interest rate exposure. Our 2017-18 average cost of borrowing is 4.3 per cent and is forecast to be 4.3 per cent in Year 1 of the Plan followed by gradual annual increases up to 6.7 per cent by Year 10 of the Plan. The average cost of borrowing is forecast to increase as we refinance our existing facilities and replace these with facilities at higher margins.

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

Policy on giving securities for borrowing

Council secures its borrowing over rate revenue through the LGFA.

Investment revenue

Investment revenue is used to offset the General Rate. Investment revenue accounts for approximately 2.3 per cent of Council's total operating revenues for Year 1 (average over 10 years is 5.0 per cent) and is derived from rate penalties, interest earned on cash investments and dividends from Council's shareholding in CentrePort. This shareholding, along with the proceeds from the sale of our shareholding in the Port of Napier, will continue to be owned by our subsidiary investment company, which will provide dividend revenue back to Council.

We are forecasting returns on cash investments at 3.3 per cent in Year 1 gradually increasing to 5.70 per cent by Year 10 of the Plan. Overall investment returns increase because of the MWRC Holdings Ltd successful bid to build a property to house long-term Government tenants. Dividends are forecast in line with MWRC Holdings Statement of Corporate Intent.

We consider our investment in CentrePort a strategic investment and will continually review its performance to ensure it remains consistent with its investment policy of optimising returns in the long-term while balancing risk in the short-term.

Council will consult with the community, in accordance the Local Government Act (2002), if at any stage it deems it prudent to restructure any of its key investments to maximise its returns to the ratepayer and manage debt and risk

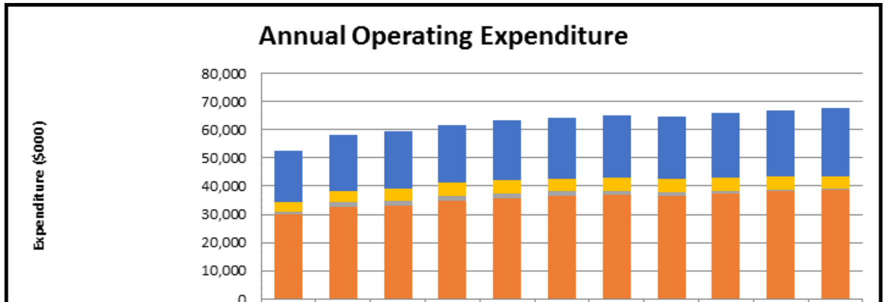
Returns on investments are detailed in the following table:

Investment Returns	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Term Deposits	3.3%	3.3%	3.3%	3.4%	3.5%	3.8%	4.0%	4.4%	5.0%	5.7%
MWRCH Shares	0.9%	4.6%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
MWRCH Loan*	← 0.5 to 1.0% →									
Hobson Wealth	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

* These are indicative returns as no loan agreement has been reached with the Directors of MWRC Holdings Ltd

Operating expenditure

Operating expenditure is the on-going day-to-day cost of running our Council. Over the life of this Plan total operating expenditure will increase in total by 18.41 per cent compared to the inflation forecast of 23.20 per cent. This equates to a reduction in total expenditure less than the rate of inflation applied in the Plan.



	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Personnel Costs	18,156	19,898	20,346	20,648	21,120	21,452	21,958	22,343	23,040	23,471	23,944
Depreciation and Amortisation	3,434	4,090	4,289	4,416	4,544	4,610	4,694	4,673	4,576	4,561	4,533
Finance Costs	1,050	1,519	1,605	1,712	1,686	1,568	1,458	1,220	942	628	234
Operating Expenses	29,984	32,789	33,106	34,944	35,744	36,573	36,965	36,483	37,331	38,247	38,830

All figures are exclusive of GST unless otherwise stated

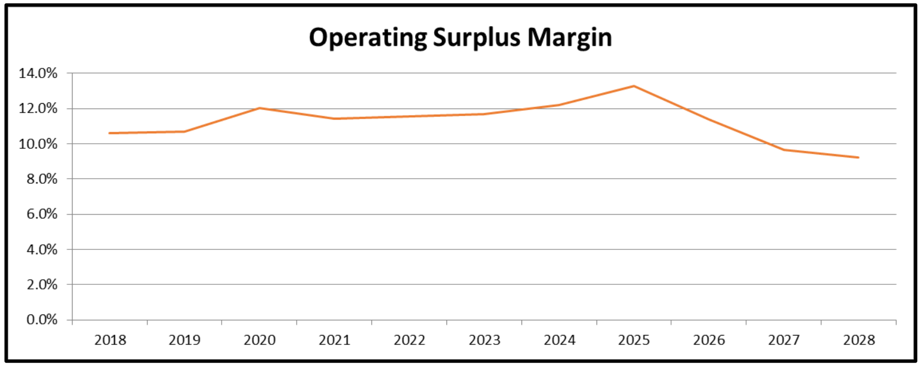
This is a result of financing costs initially increasing and then reducing towards the end of the 10-year Plan, with personnel costs (including new staff) increasing on average by only 2.08 per cent per annum.

Maintenance cost sits under operating expenditure as opposed to depreciation. Refer to the Infrastructure Strategy Plan for more details.

Operating surplus

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

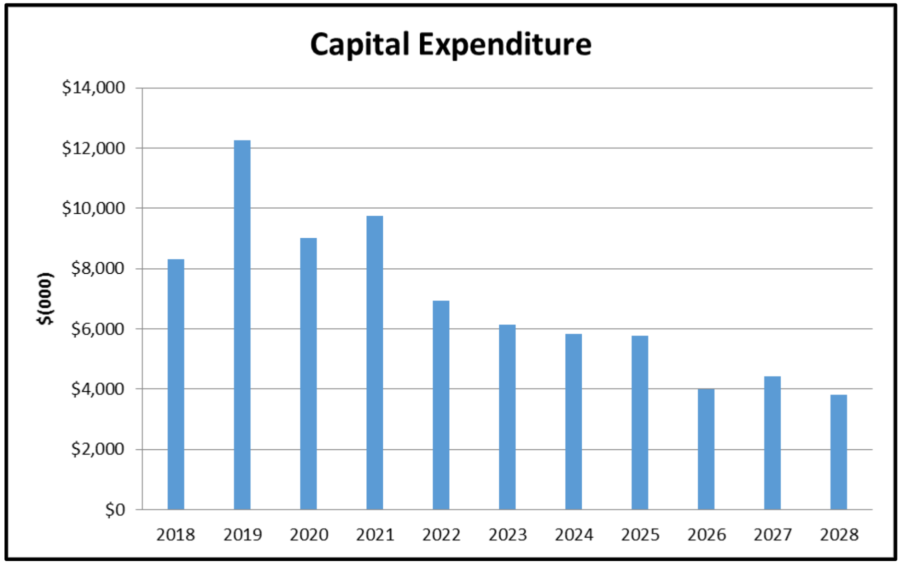
The margin is stable across the 10-year Plan and sits between 9.2 per cent and 13.3 per cent.



Capital expenditure

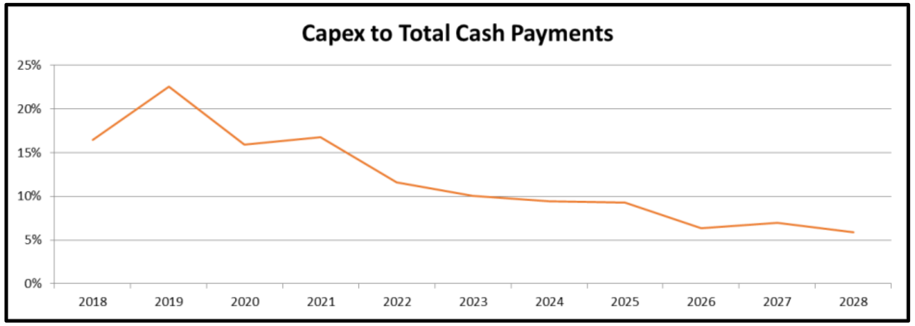
Capital expenditure is where we look to either acquire or upgrade physical assets such as computer equipment, vehicles, buildings and river protection assets.

Our capital expenditure will peak in 2019 at $12.253 million and slowly reduce as our river protection works programme spend decreases over future years.



All figures are exclusive of GST unless otherwise stated

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



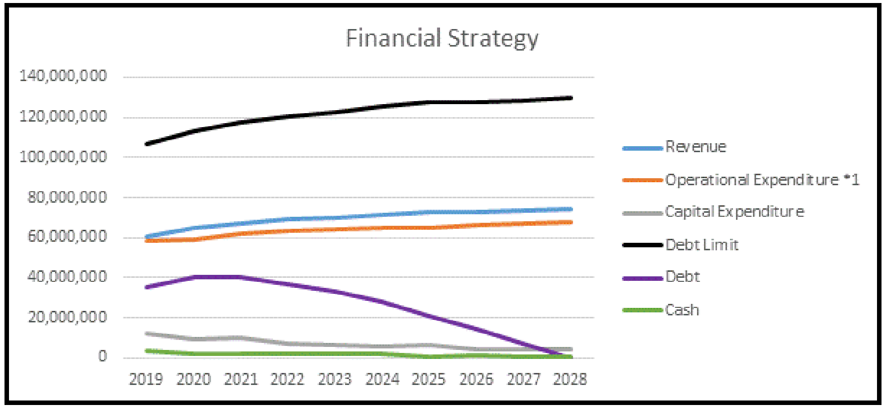
Cash position

We will be entering into a 10-year period where cash reserves will slowly increase as debt decreases and we plan to build our cash reserves.

Our overall financial position and caps

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

We believe the Long-term Plan presented is fiscally responsible in light of current economic times, unavailability of suitable infrastructure insurance, and the need to complete our planned capital works programmes. Over the first three years of this Plan we will continue to see our total expenditure exceed our revenue as we continue with our planned capital works programmes. This gap in revenue and expenditure will be funded by external debt and by Year 2 we will see our debt peak at $40 million. Year 4 sees the cash balances gain a consistent improvement and debt levels start to decrease. It should be noted that our Liability Management Policy would require us to have available a further $7 million facility on top of this external debt to allow for liquidity.



Note 1*: Expenditure includes items such as depreciation.

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

Council plans to operate within a balanced budget; this includes ensuring that the projected revenues are set at a sufficient level to meet the projected operating expenses. There are times when we may elect to operate outside of these criteria and fund some activities for a short period of time using reserves to smooth or mitigate the rating impact. However, over a 10-year period, we will balance this out to ensure planned reserves are not depleted and that we continue to function in a prudent manner for the benefit of the ratepayer.

Financial Strategy Disclosure Statement for the Period 1 July 2018 to 30 June 2028

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial Performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its Long-term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

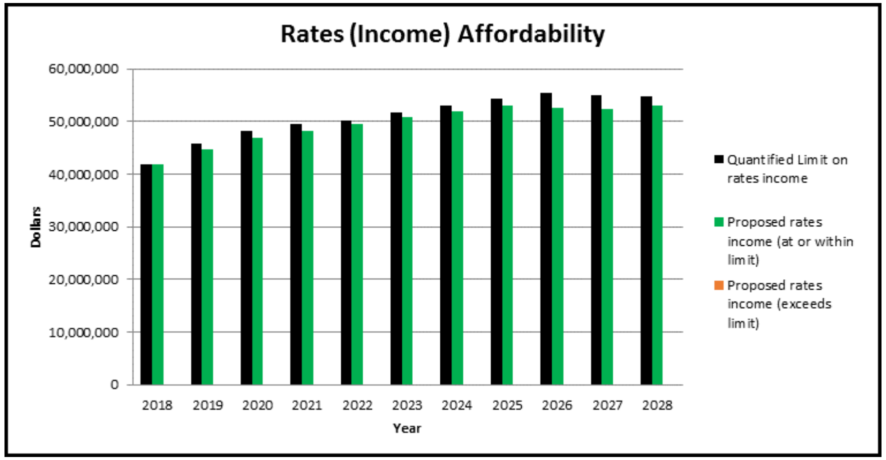
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

Rates revenue affordability

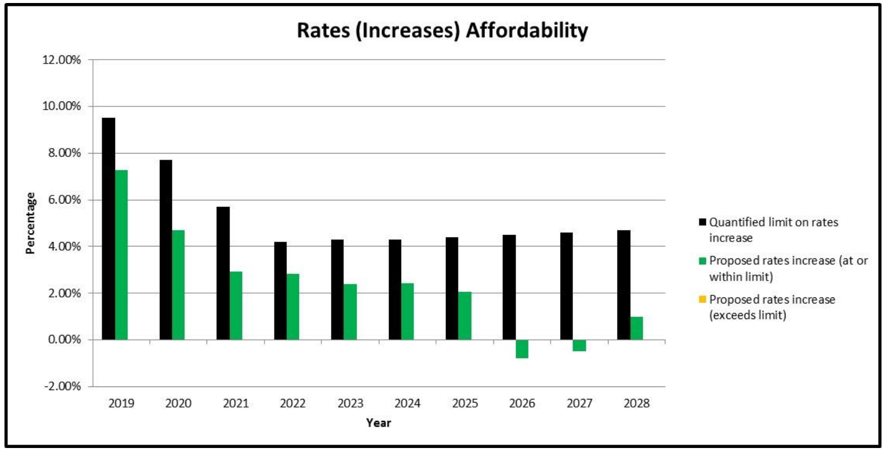
The following graph compares the Council's planned rates with a quantified limit on rates contained in the Financial Strategy included in this Long-term Plan. The quantified limits are 45.8 million (2019), 48.2 million (2020), 49.5 million (2021), 50.3 million (2022), 51.8 million (2023), 53.0 million (2024), 54.3 million (2025), 55.5 million (2026), 55.1 million (2027) and 54.9 million (2028). Note these caps assume a major natural event will not occur during the 10-year term of this Plan.



All figures are exclusive of GST unless otherwise stated

Rates (increases) affordability

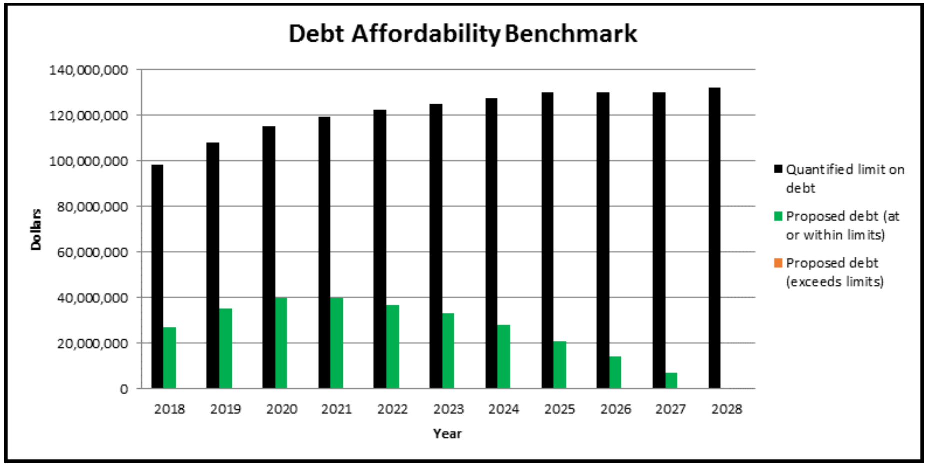
The following graph compares the Council's rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this Long-term Plan. Council have set the quantifiable limit at 9.50 per cent for 2018-19, 7.70 per cent for 2019-20 and 5.70 per cent for 2020-21. From Year 4 onwards the limit is Local Government Inflation (BERL) plus 2 per cent. Note these caps assume a major natural event will not occur during the 10-year term of this Plan.



Debt affordability benchmarks

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

The following graph compares Council's planned debt with a quantified limit on borrowing, contained in the Financial Strategy included in this Long-term Plan. The quantified limits are $108.1 million (2019), $115.1 million (2020), $119.4 million (2021), $122.5 million (2022), $124.8 million (2023), $127.5 million (2024), $129.8 million (2025), $129.9 million (2026), $130.2 million (2027) and $132.1 million (2028). Note these caps assume a major natural event will not occur during the 10-year term of this Plan.

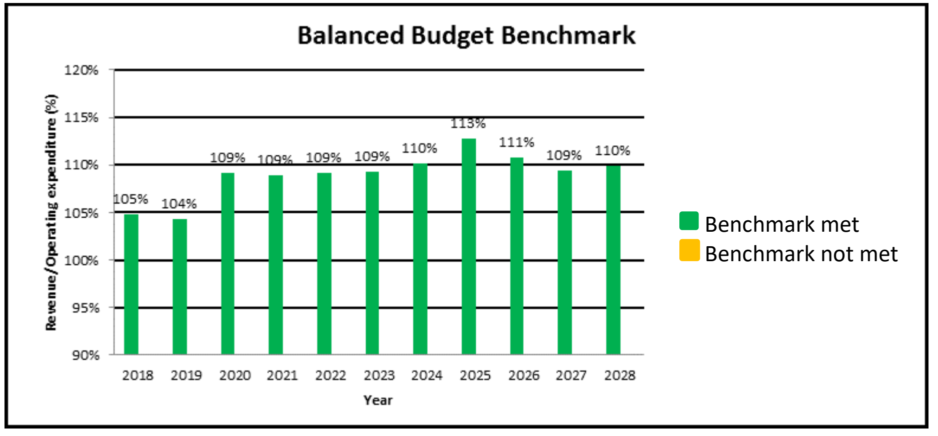


All figures are exclusive of GST unless otherwise stated

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).

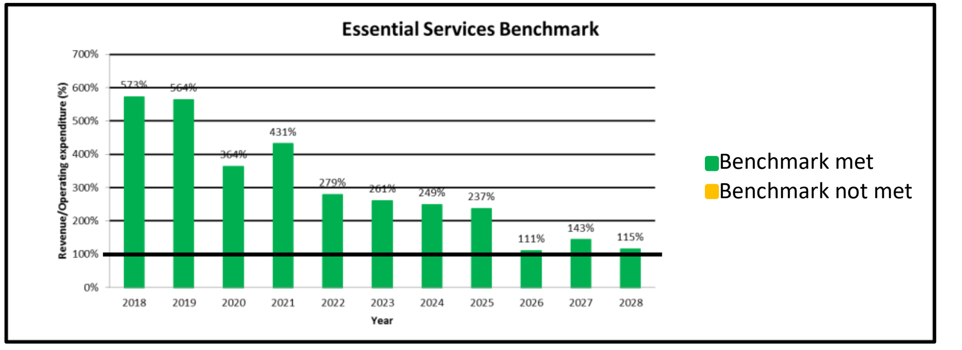
The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

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

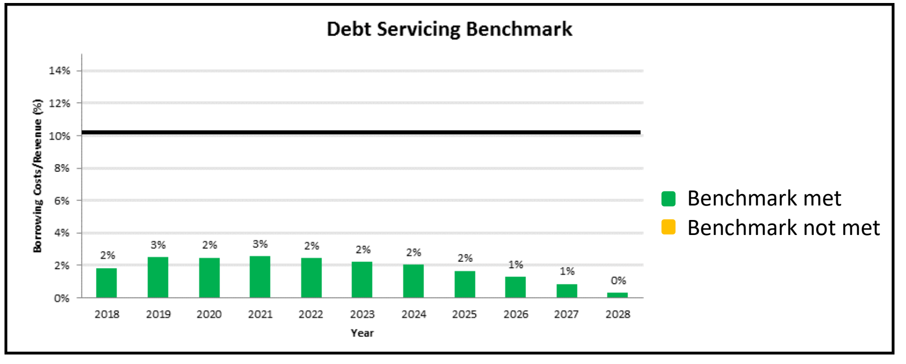
The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

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

Because Statistics New Zealand projects the Region's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10 per cent of its planned revenue.



All figures are exclusive of GST unless otherwise stated

Council Controlled Organisations (CCOs)

What are CCOs?

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

- MWRC Holdings Limited;
- MW LASS Limited; and
- Regional Software Holdings Limited.

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, short-term cash investments and Horizons' long-term debt. 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. We have two directors, one of whom has external commercial expertise and experience. Investment in this company is provided for in our Investment Policy contained within this LTP document. It should be noted that the company's main investment, (23.08 per cent of the shares in CentrePort Limited) is considered a strategic asset under our Significance and Engagement Policy, also contained within this document.

Nature and scope of activities

MWRC Holdings Limited is charged with commercially managing our medium- to long-term investments, which currently comprise our CentrePort Investment, and a North St property.

In 2017 MWRC Holdings Limited won its bid to build an office building on Victoria Avenue, which will be tenanted by Inland Revenue. This will increase MWRC Holdings investment portfolio. This increase will result in more income to Council by way of dividends from MWRC Holdings Limited, which will in turn reduce the burden on the ratepayer.

Key performance targets

MWRC Holdings' current performance targets are set out in its 2017-18 amended 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;
- Maintain positive cash flow; and
- Maintain the following financial performance targets.

	2017-18 $000	2018-19 $000	2019-20 $000
Net Profit/(Loss) Before Tax	15	(372)	880
Revenue Return on Total Assets[1]	0.01%	(1.06%)	2.41%
Dividend/Subvention Payment	10	Nil	1,264
Capital Growth on Investments	0%	0%	0%

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

All figures are exclusive of GST unless otherwise stated

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 Wanganui 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 2019.

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

A CCO was established, as a limited liability company, with five other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by regional councils in the delivery of their activities under a long-term plan. We hold shares in the CCO. The application suite developed is called IRIS – Integrated Regional Information Software and as of the end of 2017 it is actively being used by all six of the shareholder councils and is in the process of being implemented in one other regional council.

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

The main objectives of the IRIS project are:

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

Nature and scope of activities

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

Key performance targets

The CCO prepares an annual statement of intent. This statement of intent forms the basis of key performance targets and other measures by which the performance of the CCO is measured.

All figures are exclusive of GST unless otherwise stated

Significant Financial Assumptions

<table>
<tr><th colspan="4">FINANCIAL ASSUMPTIONS</th></tr>
<tr><th>Assumption</th><th>Risk</th><th>Level of Uncertainty</th><th>Reasons and Financial Impact of Uncertainty</th></tr>
<tr><td>Inflation* – Inflation rates applied in Years 2-10 are based on the 10-year forecast provided by Business and Economic Research Limited (BERL). The cumulative significant percentage rates of inflation used are:
<table>
<tr><th>Costs</th><th>Yr 1</th><th>Yr 2</th><th>Yr 3</th><th>Yr 4</th><th>Yr 5</th><th>Yr 6</th><th>Yr 7</th><th>Yr 8</th><th>Yr 9</th><th>Yr 10</th></tr>
<tr><td>Staff</td><td>1.53%</td><td>3.13%</td><td>4.83%</td><td>6.63%</td><td>8.43%</td><td>10.33%</td><td>12.23%</td><td>14.23%</td><td>16.23%</td><td>18.33%</td></tr>
<tr><td>Transport Activity</td><td>-</td><td>2.00%</td><td>4.10%</td><td>6.30%</td><td>8.50%</td><td>10.80%</td><td>13.20%</td><td>15.70%</td><td>18.20%</td><td>20.90%</td></tr>
<tr><td>Flood Protection</td><td>-</td><td>2.20%</td><td>4.40%</td><td>6.70%</td><td>9.10%</td><td>11.50%</td><td>14.00%</td><td>16.60%</td><td>19.30%</td><td>22.10%</td></tr>
<tr><td>Water and Environmental</td><td>-</td><td>2.50%</td><td>4.80%</td><td>7.20%</td><td>9.60%</td><td>12.10%</td><td>14.70%</td><td>17.30%</td><td>20.00%</td><td>22.80%</td></tr>
<tr><td>Community Activities</td><td>-</td><td>2.00%</td><td>4.10%</td><td>6.20%</td><td>8.40%</td><td>10.70%</td><td>13.00%</td><td>15.40%</td><td>17.80%</td><td>20.40%</td></tr>
<tr><td>Planning and Regulation</td><td>-</td><td>2.10%</td><td>4.20%</td><td>6.30%</td><td>8.50%</td><td>10.80%</td><td>13.10%</td><td>15.50%</td><td>17.90%</td><td>20.40%</td></tr>
</table>
*Where applicable; many services are fixed fee and therefore do not attract inflation.</td>
<td>Actual rates are significantly different from the estimated rates.

Sensitivity analysis highlights that if we assume inflation increases by 100 basis points cumulatively each year there could be an increase or decrease in rates of as much as $4.5 million in 2028.</td>
<td>2018-21
LOW

2022-24
LOW TO MEDIUM

2025-28
MEDIUM</td>
<td>Minimal impact expected as Council works within fixed operating budgets.

If there was an increase of 100 basis points per year rates would increase by $4.5 million in Year 10. However adjustments would be made to budgets and Council would operate within agreed budgets. We also have the opportunity to re-baseline every LTP.</td></tr>
<tr><td>Dividend Revenue – These revenue streams are based on expectations of MWRC Holdings Limited, as outlined in the company's Statement of Intent (SOI).</td>
<td>CentrePort does not make a full recovery from the impact of the Kaikoura earthquake and as a result the dividends are not forthcoming. CentrePort's SOI is signalling increasing dividends over the next three years.</td>
<td>MEDIUM</td>
<td>Any reduction would need to be met by increased General Rates revenues or the use of existing reserves.</td></tr>
</table>

<table>
<tr><th colspan="4">FINANCIAL ASSUMPTIONS</th></tr>
<tr><th>Assumption</th><th>Risk</th><th>Level of Uncertainty</th><th>Reasons and Financial Impact of Uncertainty</th></tr>
<tr><td>Interest Rate Charges – 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:

Interest Earned on Cash Investments
<table>
<tr><th>Yr 1</th><th>Yr 2</th><th>Yr 3</th><th>Yr 4</th><th>Yr 5</th><th>Yr 6</th><th>Yr 7</th><th>Yr 8</th><th>Yr 9</th><th>Yr 10</th></tr>
<tr><td>3.3</td><td>3.3</td><td>3.3</td><td>3.4</td><td>3.5</td><td>3.8</td><td>4.0</td><td>4.4</td><td>5.0</td><td>5.7</td></tr>
</table>
Interest Paid on Loans
<table>
<tr><th>Yr 1</th><th>Yr 2</th><th>Yr 3</th><th>Yr 4</th><th>Yr 5</th><th>Yr 6</th><th>Yr 7</th><th>Yr 8</th><th>Yr 9</th><th>Yr 10</th></tr>
<tr><td>4.3</td><td>4.3</td><td>4.3</td><td>4.4</td><td>4.5</td><td>4.8</td><td>5.0</td><td>5.4</td><td>6.0</td><td>6.7</td></tr>
</table>
</td><td>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.

Sensitivity analysis highlights that if we assume interest rates increase by 100 basis points cumulatively each year there could be an increase or decrease in interest costs of as much as $2.9 million by 2028.</td><td>2018-21
LOW

2022-24
LOW TO MEDIUM

2025-28
MEDIUM</td><td>Little or no impact expected. We have 60% of our debt managed with swaps to fix interest rates. We will be continuing to use swaps and fixed debt instruments to mitigate risk going forward.

Council will continue to use instruments such as swaps and fixed term debt to manage any interest rate risk.</td></tr>
<tr><td>Debt Repayment – Debt repayment levels for schemes is dependent on the actual level of interest rates compared to budgeted interest rates. Debt repayment to MWRC Holdings Ltd will be a contractual agreement and is funded by their anchor tenant.</td><td>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).</td><td>2018-21
LOW

2022-24
LOW TO MEDIUM

2025-28
MEDIUM</td><td>This is a controlled risk in that the MWRC Holdings Ltd interest costs are passed on.</td></tr>
</table>

All figures are exclusive of GST unless otherwise stated

FINANCIAL ASSUMPTIONS			
Assumption	**Risk**	**Level of Uncertainty**	**Reasons and Financial Impact of Uncertainty**
Revenues – Ratepayers' ability to fund activities within this Long-term Plan continues over the term covered. The rate revenues required have been derived from the rate requirements within the respective activity areas as provided for by the Revenue and Financing Policy. 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. 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. Sources of other funding meet the requirements of the Revenue and Financing Policy.	Economic or other negative impacts reduce the funds available to ratepayers to meet Long-term Plan requirements.	VERY LOW	Little or no impact expected.
	Levels of support for transport related activities are reduced below current indicated levels. Level of consent applications fall significantly.	MEDIUM LOW LOW	Significant reduction in the level of work completed or increased length of the project by a number of years. Reduced financial support for transport and road safety activities within the Region. Little or no impact.
Revaluations of Assets – For Long-term Plan purposes, estimates relating to the impact of the general triennial revaluation process have been included using the Berl Rate for Flood Protection on the infrastructural asset values for the period 2018-28. These revaluation adjustments have been profiled in Years 3, 6 and 9. As the majority of assets are not depreciated, this is less significant.	Actual movements in property values do not match expectations.	LOW	No significant financial impact as revaluations are adjustments between assets and reserves.

GENERAL ASSUMPTIONS			
Assumption	**Risk**	**Level of Uncertainty**	**Reasons and Financial Impact of Uncertainty**
Actual Financial Results – This Plan incorporates our actual financial results up to 30 June 2017. We have then projected forward to the opening balances as at 1 July 2018 based on the 2017-18 Annual Plan budgets. We consider that no significant financial event, that would require adjustments to our 2017-18 budgets, has occurred up until 30 June 2018.	An event may occur between March to June 2018 that has significant financial effect.	Low	Unknown impact at this stage.
Adverse Events – Other than as indicated within the Infrastructure Strategy, no impact is anticipated from these causes.	Naturally occurring adverse events, including the impact of climate change, require major expenditure.	LOW	Little or no impact. Currently MCDEM is still operating at 60%. Council continues to build emergency reserves and Council still has significant head room to borrow additional funds should a significant event occur.
Climate Change – Our stance towards climate change is to incorporate it into the policy and review processes of our organisation. In our main environmental policy document, the One Plan, we have incorporated a focus on assisting the Region to adapt to the effects of climate change. In particular we have incorporated policies and methods that promote resilient land management, responsiveness to water quality and quantity changes, and planning for changes in the scale and frequency of natural hazards. This focus has resulted in the increase of expenditure in this Long-term Plan on SLUI, and water quality and quantity research. We assume that the expenditure will be at a level appropriate to encourage the Region to adapt in a timely manner.	Climate change may occur at a faster pace than predicted and/or at a faster rate than our community can afford in the current financial crisis.	LOW TO MEDIUM	The known effects have been factored into our 30-year Infrastructure Strategy.
Other Central Government Changes – (including RMA changes) No provision has been made in this draft LTP in regard to possible Central Government legislative, regulatory or policy changes.	If a significant requirement was placed on Council by Central Government within the three-year life of this Plan, an amendment to the Plan may need to be made.	LOW	Such amendment would only be necessary if levels of service, 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 Central Government change would result in an LTP amendment before the next LTP needs to be developed and consulted on. Any financial impact is unknown at this stage.
Negative Effects – There are no negative effects to disclose within the groups of activities.	No risk.	LOW	Not applicable.

All figures are exclusive of GST unless otherwise stated

<table>
<tr><th colspan="4">GENERAL ASSUMPTIONS</th></tr>
<tr><th>Assumption</th><th>Risk</th><th>Level of Uncertainty</th><th>Reasons and Financial Impact of Uncertainty</th></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Population –Statistics New Zealand's population projections[1] for the Region show there is expected to be a small increase in population between now and 2033. The regional projections are:
<table>
<tr><th>2013</th><th>2018</th><th>2023</th><th>2028</th><th>2033</th></tr>
<tr><td>231,200</td><td>240,500</td><td>244,600</td><td>247,500</td><td>248,900</td></tr>
</table></td><td>If population predictions are too low we may face an additional level of service demand as population increases.</td><td>LOW</td><td>Little or no impact.</td></tr>
<tr><td>There is some variation in the projected populations to 2031 between the different territorial authorities within the Region, as the following table shows:
<table>
<tr><th>District</th><th>2013</th><th>2033</th><th>% Change</th></tr>
<tr><td>Ruapehu</td><td>12,450</td><td>10,750</td><td>(13.65)</td></tr>
<tr><td>Whanganui</td><td>43,500</td><td>44,000</td><td>1.15</td></tr>
<tr><td>Rangitīkei</td><td>14,550</td><td>14,450</td><td>(0.69)</td></tr>
<tr><td>Manawatū</td><td>28,500</td><td>33,800</td><td>18.60</td></tr>
<tr><td>Palmerston North City</td><td>83,500</td><td>96,700</td><td>15.81</td></tr>
<tr><td>Tararua</td><td>17,450</td><td>16,600</td><td>(4.87)</td></tr>
<tr><td>Horowhenua</td><td>31,200</td><td>32,400</td><td>3.85</td></tr>
<tr><td>Region</td><td>231,200</td><td>248,900</td><td>7.66</td></tr>
<tr><td>New Zealand</td><td>4,242,048</td><td>5,595,000</td><td>31.89</td></tr>
</table></td><td>No risk</td><td>LOW</td><td>Not applicable</td></tr>
<tr><td>In addition, the Region's population is aging. In 2013, one in five people were 65 or older; it is expected that in 2023 one in four will be 65 or older, and in 2031 one in three will be. In Horowhenua, Rangitīkei and Wanganui Districts, one in two people will be 65 or older by 2033.

These statistics would suggest there will be no change in levels of our services driven by population changes.</td><td>No risk.</td><td>LOW</td><td>Not applicable</td></tr>
</table>

[1] Statistics New Zealand. (2017). Subnational population projections, 2013 (base)-2043 (October 2017 update). Retrieved from http://nzdotstat.stats.govt.nz/wbos/Index.aspx?_ga=2.236424769.1364225901.1515960900-1936533195.1477353845#

ASSUMPTIONS RELATING TO ASSET MANAGEMENT PLANS

Asset Management Plans (AMPs) have been prepared for the infrastructural assets in 28 river and drainage schemes. An additional 7 schemes (with the adoption of this Long-term Plan, 6) 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.

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty
Useful Life of Assets – That the asset lives assumed are correct.	That the actual lives are of a shorter duration than those assumed.	Low to Medium	Professional advice and experience suggests that the lives assumed are not unduly optimistic or pessimistic. Financial impact of scenarios other than that assumed have not been quantified.
Depreciation - That renewal reserves will not be sufficient to meet future asset renewal/ replacement expenditure, requiring some loan funding.	That debt levels become too high, potentially constraining other capex spend, reducing scheme resilience and impacting levels of service.	Medium	How material this risk will prove to be depends on a range of factors. Those include increased depreciation requirements (eg. 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.
Adverse events – 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 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 the changes signalled by Central Government around the establishment of a risk agency.
Climate Change - 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	Climate change and continuing evolution of the science that underpins the likely trends makes this a significant issue for Horizons. It isn't possible at this stage to ascertain what the financial impact of an accelerating rate of change might be for Horizons' operational flood protection and land drainage activities.

All figures are exclusive of GST unless otherwise stated

Changes in Land Use – Changes in land use will mainly relate to population growth and will largely reflect current forecasts, both temporally and spatially.	That land use change accelerates and/or population forecasts differ (track higher or lower) than those forecast, accelerating the need for reviewing levels of service beyond the resourcing provision made. Alternatively prevailing land use changes markedly requiring large-scale reassessment of levels of service.	Low	General economic stability and current investment in transport infrastructure provide a degree of certainty around the rates of change. A negative divergence from current forecasts (population decline in some areas) will provide significant challenges around scheme viability, although the current economic environment would suggest that this risk is lower than it has been over the last couple of decades. No indications with the forecasts commissioned by Horizons that land use for the Region will undergo any marked change over the period of this plan.
Funds for Asset Replacement – That the mix of rates, reserves and both internal and external loans (refer to the Revenue and Funding Policy, the Financial Strategy and the Infrastructure Strategy) is sufficient to meet future asset replacement needs.	Council has sufficient funds to meet future asset replacement needs.	Low	Experience in the management of these assets, together with the mixed source of funding, minimises any impact on the various schemes.

All figures are exclusive of GST unless otherwise stated

Other Information

Issue	Treatment in this Long-term Plan
External Debt	Additional external loan funding is expected to be raised over the term of the Long-term Plan. The loan funding relates to river and drainage scheme loans and the funding of the investment at 23 Victoria Avenue.
Central Government (Including RMA changes)	No provision has been made within this Long-term Plan for impacts arising from any change in Central Government's policies, for local government in general, or regional councils in particular.
Goods and Services Tax (GST)	Except where stated otherwise, all figures are GST exclusive.
Investments	The Council's holding company has recently started a large investment at 23 Victoria Avenue. Funding requirements for this investment have been included in the consultation document.
Levels of Service – General	Levels of service in the Long-term Plan have been developed in response to, and to provide performance measurements against, those activities agreed with the community that Council should be involved in, either as a service provider or funder, or both. Should any of these activities fail to materialise, or be undertaken at a level different from that indicated in the Long-term Plan, whether due to factors that are dissimilar to other assumptions in this Long-term Plan, or for any other reasons (such as adverse climatic events or Central Government involvement), then the levels of service in the Long-term Plan may not be appropriate.
Levels of Service – Specific	The Long-term Plan also contains specific levels of service assumptions included in each activity area. These are identified as targets under each project group within each activity, and are addressed in either qualitative or quantitative terms for the year.
Māori Engagement	The Long-term Plan contains a number of projects associated with activities intended to recognise and facilitate the engagement of Māori in the activities of Council and the associated community outcomes.
Revenues	Council has set its projected operating revenues at levels sufficient to meet projected operating expenditures and, where applicable, those have been set according to funding policy criteria. On-going revenues, such as transport subsidies, SLUI grants and water quality grants from Central Government agencies, are expected to continue in the long-term.
Triennial Elections	During the term of the Long-term Plan, there are three triennial elections: October 2019, October 2022 and October 2025. It is not considered necessary to make any allowance for any resultant changes in the approach Horizons takes in meeting the needs of the regional community.
Emissions Trading Scheme (ETS)	We consider that the offset from our SLUI initiatives will more than offset any effects of the Emissions Trading Scheme, and therefore no allowance has been made in this document.

Prospective Cost of Service Statement for all Groups of Activities to 30 June 2028 ($000)

	Annual Plan	Long-term Plan									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Government Support and Activity Revenues											
Land and Water Management	5,348	5,650	5,751	5,857	5,974	5,923	6,011	6,086	6,173	6,261	6,346
Flood Protection and Control Works	1,654	1,771	1,793	1,916	1,935	1,948	1,986	2,001	2,042	2,023	2,097
Biosecurity and Biodiversity Management	64	63	64	64	64	64	65	65	65	66	66
Regional Leadership and Governance	3,311	1,532	1,603	1,620	1,679	1,595	1,520	1,535	1,558	1,581	1,605
Transport	5,000	4,920	5,074	5,340	5,446	5,548	5,655	5,763	5,878	5,994	6,111
Investment	2,243	2,570	2,936	3,245	3,232	3,110	2,954	2,774	2,520	2,249	2,050
Dividends Received	302	318	1,500	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Interest Received	826	1,066	1,323	1,323	1,358	1,393	1,499	1,570	1,711	1,923	2,170
Less Internal Revenue	(4,145)	(1,732)	(2,013)	(2,555)	(2,546)	(2,312)	(2,165)	(2,015)	(1,732)	(1,431)	(1,232)
Total Activity Revenue	**14,603**	**16,157**	**18,030**	**19,109**	**19,441**	**19,570**	**19,824**	**20,079**	**20,514**	**20,965**	**21,514**
Rating Revenues – River and Drainage Schemes	13,308	10,379	11,093	12,086	12,686	13,293	13,637	14,112	13,803	13,230	13,424
Rating Revenues – Other	29,339	34,236	35,624	36,002	36,757	37,324	38,203	38,790	38,687	39,003	39,320
Rating Revenues	**42,647**	**44,616**	**46,717**	**48,088**	**49,443**	**50,617**	**51,841**	**52,902**	**52,490**	**52,233**	**52,745**
Total Activity and Rating Revenues	**57,250**	**60,773**	**64,748**	**67,197**	**68,884**	**70,186**	**71,665**	**72,981**	**73,004**	**73,199**	**74,258**
Expenses											
Land and Water Management	16,527	17,588	17,002	18,279	18,453	18,822	19,256	18,816	19,543	20,075	20,352
Flood Protection and Control Works	11,936	11,640	12,119	13,015	13,230	13,666	13,621	13,792	14,138	14,186	14,304
Biosecurity and Biodiversity Management	7,537	7,931	8,162	8,408	8,581	8,731	8,897	9,040	9,188	9,353	9,493
Regional Leadership and Governance	12,492	14,139	14,464	14,660	15,506	15,508	15,625	15,343	15,162	15,327	15,480
Transport	7,635	8,082	8,505	8,801	8,873	9,052	9,240	9,428	9,626	9,825	10,038
Investment and Other	2,673	649	1,107	1,112	1,005	751	614	332	(15)	(405)	(870)
Less Internal Expenditure	(4,145)	(1,732)	(2,013)	(2,555)	(2,546)	(2,312)	(2,165)	(2,015)	(1,732)	(1,431)	(1,232)
Total Operating Expenditure	**54,655**	**58,296**	**59,346**	**61,721**	**63,102**	**64,216**	**65,089**	**64,736**	**65,909**	**66,930**	**67,566**
Operating Surplus (Deficit)	**2,595**	**2,476**	**5,402**	**5,477**	**5,782**	**5,970**	**6,576**	**8,245**	**7,095**	**6,269**	**6,692**

All figures are exclusive of GST unless otherwise stated

Reconciliation between Prospective Funding Impact Statement for Whole of Council and the Prospective Statement of Comprehensive Revenue and Expense

	Annual Plan					Long-term Plan					
	2017-18	2018-19	2019-20	2020-2021	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Income											
Prospective Statement of Comprehensive Revenue and Expense											
Total Exchange and Non-exchange Revenue	57,250	60,773	64,748	67,197	68,884	70,186	71,665	72,981	73,004	73,199	74,258
Less Non Cash Gains		(348)	(383)	(248)	(282)	(394)	(385)	(354)	(382)	(412)	(411)
Summary FIS											
Total Sources of Operating Funding	57,250	60,425	64,365	66,949	68,602	69,792	71,280	72,627	72,622	72,787	73,847
Expenditure											
Prospective Statement of Comprehensive Revenue and Expense											
Total Operating Expenditure	54,655	58,296	59,346	61,721	63,102	64,216	65,089	64,736	65,909	66,930	67,566
Summary FIS											
Total Applications of Operating Funding	2,595	54,206	55,057	57,305	58,559	59,606	60,395	60,063	61,333	62,369	63,033
Depreciation and Amortisation Expense	3,434	4,090	4,289	4,416	4,544	4,610	4,694	4,673	4,576	4,561	4,533
Total Expenditure	6,029	58,296	59,346	61,721	63,102	64,216	65,089	64,736	65,909	66,930	67,566

All figures are exclusive of GST unless otherwise stated

Prospective Statement of Comprehensive Revenue and Expense to 30 June 2028 ($000)

	Annual Plan					Long-term Plan					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue											
Rates Revenue	41,820	44,616	46,717	48,088	49,443	50,617	51,841	52,902	52,490	52,233	52,745
Subsidies and Grants	5,118	5,234	5,372	5,626	5,732	5,834	5,941	6,049	6,164	6,280	6,397
Development and Financial Contributions	-	-	-	-	-	-	-	-	-	-	-
Finance Revenues	1,128	1,384	2,823	3,623	3,658	3,693	3,799	3,870	4,011	4,223	4,470
Other Revenues	9,184	9,539	9,836	9,860	10,052	10,042	10,084	10,160	10,339	10,463	10,647
Total Exchange and Non-exchange Revenue	**57,250**	**60,773**	**64,748**	**67,197**	**68,884**	**70,186**	**71,665**	**72,981**	**73,004**	**73,199**	**74,258**
Expenditure											
Personnel Costs	18,188	19,898	20,346	20,648	21,120	21,452	21,958	22,343	23,040	23,471	23,944
Depreciation and Amortisation Expense	3,434	4,090	4,289	4,416	4,544	4,610	4,694	4,673	4,576	4,561	4,533
Finance Costs	1,050	1,519	1,605	1,712	1,686	1,568	1,458	1,220	942	628	234
Other Expenses	31,983	32,789	33,106	34,944	35,752	36,586	36,979	36,500	37,351	38,270	38,856
Total Operating Expenditure	**54,655**	**58,296**	**59,346**	**61,721**	**63,102**	**64,216**	**65,089**	**64,736**	**65,909**	**66,930**	**67,566**
Surplus (Deficit) Before Tax	**2,595**	**2,476**	**5,402**	**5,477**	**5,782**	**5,970**	**6,576**	**8,245**	**7,095**	**6,269**	**6,692**
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-
Surplus (Deficit) After Tax	**2,595**	**2,476**	**5,402**	**5,477**	**5,782**	**5,970**	**6,576**	**8,245**	**7,095**	**6,269**	**6,692**
Other Comprehensive Revenue and Expense											
Gain (Loss) on Asset Revaluations	11,746	970	1,152	32,492	1,355	1,449	41,050	1,657	1,769	51,201	2,016
Financial Assets at Fair Value through Equity	-	178	191	204	219	234	251	268	287	307	328
Total Other Comprehensive Revenue and Expense for the Year Net of Tax	**11,746**	**1,148**	**1,343**	**32,696**	**1,574**	**1,683**	**41,301**	**1,925**	**2,056**	**51,508**	**2,344**
Total Comprehensive Revenue and Expense	**14,341**	**3,624**	**6,745**	**38,173**	**7,356**	**7,653**	**47,877**	**10,170**	**9,151**	**57,778**	**9,036**

All figures are exclusive of GST unless otherwise stated

Prospective Summary of Capital Purchases to 30 June 2028 ($000)

	AP	Long-term Plan									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Nutrient Monitoring/Telemetry Equipment	70	70	72	73	75	77	78	80	82	84	86
Nursery	45	109	66	46	4	4	4	5	5	5	5
JV Afforestation (Transfer to BS)	225	110	568	180	264	147	59	422	185	62	63
Land, Water and Air Management	**340**	**289**	**705**	**299**	**344**	**228**	**142**	**507**	**272**	**151**	**154**
Lower Manawatū Scheme	5,520	6,602	2,120	4,172	2,058	1,668	1,835	1,752	370	466	487
Mangatainoka River Scheme	113	112	114	117	330	337	125	128	130	133	136
Makirikiri Flood Control Scheme		-	-	-	-	-	11	-	-	-	-
Matarawa Flood Control Scheme		4	80	2	-	-	-	-	-	-	-
Pohangina-Oroua River Control Scheme	150	150	153	157	160	164	167	171	175	179	183
Rangitīkei River Control Scheme	396	358	292	252	187	29	42	31	32	33	33
South East Ruahines Scheme	53	55	57	58	59	61	62	63	65	66	68
Tutaenui Flood Control Scheme		2	8	7	129	131	-	-	-	-	-
Upper Manawatū-Lower Mangahao Scheme	64	61	62	64	65	67	68	70	71	73	74
Lower Whanganui River Management Scheme		274	291	530	534	334	899	833	269	275	416
Foxton East Drainage Scheme		-	1,531	341	-	-	-	-	-	-	-
Hōkio Drainage Scheme	105	-	-	-	53	55	56	-	-	-	-
Koputaroa Drainage Scheme	44	5	70	4	61	27	39	15	36	78	44
Makerua Drainage Scheme	72	91	120	81	96	50	67	105	137	74	145
Manawatū Drainage Scheme	14	16	105	212	216	219	148	211	161	79	73
Moutoa Drainage Scheme	35	46	35	44	67	81	74	96	52	56	42
Ōhau-Manakau Scheme	14	3	-	3	-	555	-	-	3	597	-
Te Kawau Drainage Scheme	60	41	37	46	17	18	52	32	141	47	37
Whirokino Drainage Scheme	1	-	3	-	3	9	-	-	3	-	5
Flood Protection	**6,641**	**7,821**	**5,078**	**6,091**	**4,036**	**3,804**	**3,644**	**3,506**	**1,645**	**2,154**	**1,744**
Pest Animal Biosecurity	30	293	103	27	-	-	-	-	-	-	-
Biosecurity and Biodiversity Management	**30**	**293**	**103**	**27**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

All figures are exclusive of GST unless otherwise stated

	AP	Long-term Plan									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Historic Survey Data	36	-	-	-	-	-	-	-	-	-	-
Aerial Photography	30	90	-	169	159	98	-	-	-	-	-
Catchment Information Development	250	309	311	318	330	321	343	349	355	359	369
Establishing a Consistent Regional Vertical datum	38	-	-	-	-	-	-	-	-	-	-
GIS Development	109	152	153	157	162	183	113	115	117	118	122
Multimedia Equipment/Signage	-	5	5	5	5	5	6	6	6	6	6
Horizons Hazard Information Updates	189	142	141	175	163	-	-	-	-	-	-
Camping Ground Floor Alarms	-	60	-	-	-	-	-	-	-	-	-
Hydro Site Operation and Installation	456	629	698	665	589	416	526	547	614	511	264
One Plan	-	-	-	-	-	-	-	-	-	-	-
Promotional Material	16	17	12	18	13	19	6	20	15	21	16
Replacement Vehicle radios/tracking Units	50										
Group Emergency Co-ordination Centre Facilities	-	-	632	10	11	11	11	11	12	12	12
Regional Leadership and Governance	**1,174**	**1,404**	**1,953**	**1,517**	**1,433**	**1,053**	**1,005**	**1,048**	**1,119**	**1,027**	**788**
IT Hardware Replacement	555	288	212	165	177	203	198	202	206	210	215
Electronic Document Management System	-	400	116	119	-	-	-	-	-	-	-
Financial System Ozone	150	197	191	196	572	204	208	212	217	221	226
Regional House	88	207	63	604	-	-	-	-	-	-	-
Service Centre/Depot	20	452	97	79	80	191	84	85	87	89	91
Survey Equipment	2										
Vehicle Purchases	461	903	874	840	570	598	611	624	621	634	648
Watercraft	90										
Corporate Support	**1,366**	**2,446**	**1,553**	**2,002**	**1,399**	**1,196**	**1,100**	**1,123**	**1,131**	**1,154**	**1,180**
Grand Total	**9,551**	**12,253**	**9,392**	**9,937**	**7,211**	**6,281**	**5,891**	**6,184**	**4,167**	**4,486**	**3,865**

Note: As approved in the 2017-2018 Annual Plan (Pages 137 and 138)

Prospective Statement of Cash Flows to 30 June 2028 ($000)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
CASH FLOWS FROM OPERATING											
Cash was provided from:											
Receipts from Operating Revenue	41,731	44,703	46,618	48,024	49,378	50,567	51,787	52,854	52,494	52,234	52,713
Development and Financial Contributions	-	-	-	-	-	-	-	-	-	-	-
Finance Revenues	1,128	1,384	2,823	3,623	3,658	3,693	3,799	3,870	4,011	4,223	4,470
Subsidies and Grants	5,118	5,234	5,372	5,626	5,732	5,834	5,941	6,049	6,164	6,280	6,397
Other Revenues	9,184	8,675	8,959	9,288	9,494	9,406	9,452	9,572	9,833	9,921	10,043
Total Operating Receipts	**57,161**	**59,996**	**63,772**	**66,560**	**68,262**	**69,501**	**70,978**	**72,344**	**72,503**	**72,658**	**73,622**
Cash was applied to:											
Interest Paid	1,050	1,519	1,605	1,712	1,686	1,568	1,458	1,220	942	628	234
Suppliers and Employees	50,042	51,578	53,591	55,152	56,693	57,830	58,743	59,181	60,262	61,475	62,640
Total Operating Payments	**51,092**	**53,097**	**55,196**	**56,864**	**58,380**	**59,398**	**60,201**	**60,402**	**61,203**	**62,102**	**62,874**
Net Cash from Operating	**6,069**	**6,899**	**8,576**	**9,696**	**9,882**	**10,102**	**10,778**	**11,943**	**11,299**	**10,555**	**10,748**
CASH FLOWS FROM INVESTING											
Cash was provided from:											
Sale of Operational Assets	-	240	290	190	150	150	150	150	150	150	150
Receipts from CCO loans	1,000	-	-	-	-	-	-	-	-	-	-
Investment Maturities	-	30,000	30,660	31,335	32,024	32,760	33,514	34,318	35,176	36,091	37,065
Total Investment Receipts	**1,000**	**30,240**	**30,950**	**31,525**	**32,174**	**32,910**	**33,664**	**34,468**	**35,326**	**36,241**	**37,215**
Cash was applied to:											
Investment in Subsidiary	4,300	11,100	6,000	-	-	-	-	-	-	-	-
Purchase of Forestry Assets/SLUI Leases	-	110	568	180	264	147	59	422	185	62	63
Purchase of Intangible Assets	510	552	(37)	(516)	-	0	-	(0)	0	(0)	-
Purchase of Infrastructural Assets	6,641	7,821	5,078	6,091	4,036	3,804	3,644	3,506	1,645	2,154	1,744
Purchase of Operational Assets	2,400	3,770	3,782	4,182	2,911	2,330	2,188	2,256	2,337	2,270	2,059
Investment in CCO	-	-	-	-	-	-	-	-	-	-	-
Investment in Deposits	-	30,000	30,660	31,335	32,024	32,760	33,514	34,318	35,176	36,091	37,065
Total Investment Payments	**13,851**	**53,353**	**46,052**	**41,271**	**39,235**	**39,042**	**39,405**	**40,503**	**39,343**	**40,577**	**40,931**
Net Cash from Investing	**(12,851)**	**(23,113)**	**(15,102)**	**(9,747)**	**(7,061)**	**(6,131)**	**(5,741)**	**(6,034)**	**(4,017)**	**(4,336)**	**(3,715)**

All figures are exclusive of GST unless otherwise stated

	Annual Plan	Long-term Plan									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
CASH FLOWS FROM FINANCING											
Cash was provided from:											
Loans Raised	12,000	18,000	5,000	-	-	-	-	-	-	-	-
Total Financing Receipts	**12,000**	**18,000**	**5,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash was applied to:											
Additional Loans Repaid											
Loans Repayment of Debt	5,000	10,000	-	-	3,000	4,000	5,000	7,000	7,000	7,000	7,000
Total Financing Payments	**5,000**	**10,000**	**-**	**-**	**3,000**	**4,000**	**5,000**	**7,000**	**7,000**	**7,000**	**7,000**
Net Cash from Financing	**7,000**	**8,000**	**5,000**	**-**	**(3,000)**	**(4,000)**	**(5,000)**	**(7,000)**	**(7,000)**	**(7,000)**	**(7,000)**
Net Cash Flow for the Period	218	(8,214)	(1,526)	(50)	(179)	(29)	37	(1,092)	283	(781)	33
Plus Opening Cash and Cash Equivalent	(934)	11,790	3,576	2,050	1,999	1,820	1,791	1,828	736	1,019	238
Closing Cash and Cash Equivalent	**(716)**	**3,576**	**2,050**	**1,999**	**1,820**	**1,791**	**1,828**	**736**	**1,019**	**238**	**271**

All figures are exclusive of GST unless otherwise stated

Prospective Statement of Financial Position as at 30 June 2028 ($000)

	Annual Plan					Long-term Plan					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
ASSETS											
Current Assets											
Cash and Cash Equivalents	-717	3,575	2,049	1,998	1,820	1,791	1,827	736	1,018	237	270
Trade and Other Receivables	3,365	4,387	4,583	4,711	4,839	4,937	5,043	5,139	5,130	5,129	5,192
Accruals and Other Receivables	1,184	2,441	2,545	2,613	2,681	2,733	2,789	2,840	2,836	2,835	2,868
Prepayments	221	225	225	225	225	225	225	225	225	225	225
Inventories on Hand	559	600	600	600	600	600	600	600	600	600	600
Operational Assets Held for Resale	0	-	-	-	-	-	-	-	-	-	-
Total Current Assets	**4,612**	**11,227**	**10,002**	**10,147**	**10,164**	**10,285**	**10,484**	**9,540**	**9,809**	**9,026**	**9,155**
Non-current Assets											
Equity Investments	2,003	2,906	3,097	3,301	3,520	3,754	4,005	4,273	4,560	4,867	5,195
Investments in CCOs	34,400	32,298	32,298	32,298	32,298	32,298	32,298	32,298	32,298	32,298	32,298
Loan to CCO	0	11,100	17,100	17,100	17,100	17,100	17,100	17,100	17,100	17,100	17,100
Forestry Assets	1,679	2,757	3,708	4,137	4,683	5,224	5,668	6,443	7,010	7,485	7,961
SLUI Land Leases	3,610	3,037	2,912	2,787	2,664	2,539	2,415	2,290	2,165	2,041	1,916
Operational Assets	49,022	56,362	58,223	60,290	62,212	62,943	63,649	64,489	65,629	66,915	68,091
Intangible Assets	3,010	4,548	4,817	4,787	4,158	4,179	4,109	4,111	4,113	4,114	4,118
Infrastructural Assets	406,288	463,680	467,362	503,284	505,874	508,221	549,897	551,927	552,083	601,986	602,217
Total Non-current Assets	**500,012**	**576,688**	**589,518**	**627,984**	**632,510**	**636,257**	**679,142**	**682,931**	**684,959**	**736,806**	**738,897**
TOTAL ASSETS	**504,624**	**587,916**	**599,520**	**638,131**	**642,674**	**646,543**	**689,626**	**692,471**	**694,768**	**745,832**	**748,052**
LIABILITIES											
Current Liabilities											
Payables	4,137	9,840	10,086	10,531	10,779	10,951	11,006	10,905	11,001	11,139	11,194
Provisions	3,204	1,891	1,504	1,498	1,436	1,481	1,631	1,408	1,457	1,606	1,734
Tax Payable	0	-	-	-	-	-	-	-	-	-	-
Advances	0	200	200	200	200	200	200	200	200	200	200
Debt – Current Portion	10,000	-	-	3,000	4,000	5,000	7,000	7,000	7,000	7,000	-
Total Current Liabilities	**17,341**	**11,931**	**11,790**	**15,229**	**16,415**	**17,632**	**19,837**	**19,513**	**19,658**	**19,945**	**13,128**

All figures are exclusive of GST unless otherwise stated

	Annual Plan					Long-term Plan					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Non-current Liabilities											
Debt – Non-current Portion	17,000	35,000	40,000	37,000	33,000	28,000	21,000	14,000	7,000	0	0
Total Non-current Liabilities	**17,000**	**35,000**	**40,000**	**37,000**	**33,000**	**28,000**	**21,000**	**14,000**	**7,000**	**0**	**0**
TOTAL LIABILITIES	**34,341**	**46,931**	**51,790**	**52,229**	**49,415**	**45,632**	**40,837**	**33,513**	**26,658**	**19,945**	**13,128**
NET ASSETS	**470,283**	**540,984**	**547,729**	**585,902**	**593,258**	**600,911**	**648,789**	**658,958**	**668,110**	**725,887**	**734,923**
REPRESENTED BY:											
EQUITY											
Asset Revaluation Reserves	105,244	162,350	163,502	195,994	197,349	198,798	239,848	241,504	243,273	294,475	296,491
Fair value through other comprehensive revenue and expense	330	328	519	723	942	1,176	1,427	1,695	1,982	2,289	2,617
Restricted Reserves (see note 1)	9,383	8,237	9,397	10,690	11,842	12,792	14,203	15,791	17,178	18,608	20,512
Infrastructure Insurance Reserve	2,820	2,940	3,560	4,180	4,800	5,420	6,040	6,660	7,280	7,900	8,520
Retained Earnings (see note 1)	352,506	367,129	370,751	374,315	378,325	382,725	387,271	393,308	398,395	402,615	406,782
TOTAL EQUITY	**470,283**	**540,984**	**547,729**	**585,902**	**593,258**	**600,911**	**648,788**	**658,958**	**668,109**	**725,887**	**734,923**

All figures are exclusive of GST unless otherwise stated

Prospective Statement of Changes in Net Assets/Equity as at 30 June 2028 ($000)

	Annual Plan	Long-term Plan									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Balance 1 July	523,019	537,360	540,984	547,729	585,902	593,258	600,911	648,788	658,958	668,109	725,887
Total Comprehensive Revenue and Expense	14,341	3,624	6,745	38,173	7,356	7,653	47,877	10,170	9,151	57,778	9,037
Balance at 30 June	**537,360**	**540,984**	**547,729**	**585,902**	**593,258**	**600,911**	**648,788**	**658,958**	**668,109**	**725,886**	**734,923**

All figures are exclusive of GST unless otherwise stated

Statement of Accounting Policies to 30 June 2028

Reporting entity

Horizons Regional Council (HRC) is the trading name of the Manawatū-Wanganui 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 per cent equity share of Regional Software Holdings Ltd (RSHL); and
- 14.29 per cent (1/7) of the shares in MW LASS Limited.

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

The prospective financial statements presented are those of the "parent entity", HRC, only, and are for the 10 years ended 30 June 2028. These statements have been prepared at the "parent entity" level only, as group financials are not considered appropriate because the group information is not readily available. Also, group financials have no impact on the Funding Impact Statement (FIS).

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

The prospective financial statements presented are those of HRC, and are for the years ended 30 June 2019-28. The Long-term Plan 2018-28, including the prospective financial statements, is planned to be adopted by Council on 20 June 2018.

Basis of preparation

The prospective financial 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. Refer to page 186-193 for the significant forecasting assumptions.

Post consultation

Post the end of the **consultation period a significant** announcement was made by the Regional Economic Development Minister that Horizons Regional Council is the recipient of close to $1 million from Central Governments Provincial Growth Fund to plant 1.135 million trees in the new financial year. As we have not had time to fully assess the implications of this announcement, we have not factored these changes through our financial model. However do note that there is no impact on the rate payer.

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.

All figures are exclusive of GST unless otherwise stated

Comparative information

The Annual Plan 2017/18 adopted by Council on 7 June 2017 has been provided as a comparator for these consolidated prospective financial statements. The closing balances in this comparative differs from the opening position used to prepare these consolidated 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 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

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

Subsidiary

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

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

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

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

Implementation of new and amended standards

PBE International Financial Reporting Standard (IFRS) 9 Financial Instruments is effective from periods beginning on or after 1 January 2021. PBE IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes current requirements for hedge accounting. Council is currently assessing the impact of PBE IFRS 9 on the Group and the council. The impact of the PBE IFRS 9 has yet to be assessed, although the impact is unlikely to be material.

The five new standards, PBE IPSAS 34 Separate Financial Statements, PBE IPSAS 35 Consolidated Financial Statements, PBE IPSAS 36 Investment in Associates and

All figures are exclusive of GST unless otherwise stated

Joint Ventures, PBE IPSAS 37 Joint Arrangements and PBE IPSAS 38 Disclosure of Interests in Other Entities, are effective from periods beginning on or after 1 January 2019. The Group and the council are yet to assess the impact of these new standards, although the impact is unlikely to be material.

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.

Application of accounting policies

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

Revenue

Revenue is measured at fair value.

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

Rates revenue
The following policies for rates have been applied:

- General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

- Rates arising from late payment penalties are recognised as revenue when rates become overdue.

- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

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

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

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

For long-lived assets that must be used for a specific use (eg. 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.

All figures are exclusive of GST unless otherwise stated

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 is notified of 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 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.

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

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 includes in this category investments that it intends to hold long term but which may be realised before maturity, and shareholdings that it holds for strategic purposes. These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.
On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

Impairment of financial assets

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

Loans and other receivables and held-to-maturity investments

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

Financial assets at fair value through comprehensive revenue and expense

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

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

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

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

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

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.

- All operational land and buildings will be valued at fair value by an independent, registered valuer, with additions at cost, less accumulated depreciation on buildings. HRC undertakes revaluations as each Local Authority District is revalued, according to their respective three-yearly cycle. Reviews for other assets outside this cycle will be done with sufficient regularity to ensure that their carrying amount does not differ materially from fair values. If there is a material difference, then the off-cycle asset classes are revalued.

- Infrastructural assets are revalued three yearly at depreciated replacement cost by HRC engineering staff that are directly associated with the administration of these schemes. The valuation methodology is reviewed by suitably qualified, independent consultants to confirm that the methodology is consistent with PB IPSAS 17

- Plant and vehicles are valued at cost less accumulated depreciation and impairment.
- Furniture and fittings are valued at cost less accumulated depreciation and impairment.
- Office equipment, scientific equipment and computer equipment are valued at cost less accumulated depreciation and impairment.
- Capital work in progress includes:

  (a) Assets in process of construction; and
  (b) Purchases and disposals awaiting finalisation (eg. subdivision titles) and thus not yet processed through the fixed asset register.

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

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

Additions

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

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

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

Disposals

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

Subsequent costs

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

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

Infrastructural assets

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

Depreciation

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

Buildings	50 years
Heavy Plant and Machinery	10 years
Other Plant and Machinery	10 years
Motor Vehicles	4-8 years
Furniture and Fittings	10 years
Office Equipment	5-6 years
Scientific Equipment	5-12 years
Computer Equipment	3-10 years
Communications Equipment	3-15 years

Equipment and Electronics	5-12 years

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

Concrete block walls	100 years
Major floodgate structures	70-100 years
Floodgate culverts (over 1.2 m)	70 years
Flow diversion structures	70-100 years
Pump station structures	70 years
Drop structures	50-70 years
Amenity enhancements	50 years
Concrete/timber flood walls	50 years
Grade controls	50 years
Portable flood barriers	50 years
Pump station floodgates/pumps	50 years
Timber retaining walls	50 years
Weirs	50 years
Pump station electrical/mechanical	25 years
Gabions	20 years
Permeable mesh units	20 years
Rangitīkei 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 internal use by HRC are also recognised as an intangible asset. These direct costs include both direct employee and other related costs, as well as an appropriate portion of relevant overheads.

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

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

Where software in this category is replaced, upgraded or determined by HRC to be of no further operational benefit, a change in value will be recognised through the 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 are 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 infrastructural 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 prospective financial statements are presented net of GST, except for receivables and payables that are inclusive of GST. Where GST paid is not recoverable due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

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

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

Income tax

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

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the prospective 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, eg. HRC could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by HRC adhering to maintenance requirements included in asset management plans currently in force to ensure design standards are adequately maintained;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted by local conditions; for example weather patterns and population and/or traffic growth. To minimise this risk, HRC's infrastructural assets' useful lives were determined in conjunction with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering (NAMS) Group.

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

Critical judgement in applying accounting policies

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

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

Capital management

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

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

In order to achieve intergenerational equity, a principle promoted in the Act, HRC utilises asset management plans for its major assets and groups of assets, detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

All figures are exclusive of GST unless otherwise stated

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

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

River and Drainage Scheme Reserves Summary

Overview

Under our River and Drainage Scheme Activity, our schemes set aside funds in scheme-specific 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 2018 is $6.370 million. Deposits in total of $13.489 million and withdrawals in total of $0.777 million are estimated to occur during the period 1 July 2018 and 30 June 2028. The total estimated closing balance of these reserves is $19.082 million.

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

Scheme Reserve Name	Estimated Opening Reserve Balance 1/7/2018	Transfers In 1 July 2018 to 30 June 2028	Transfers Out 1 July 2018 to 30 June 2028	Estimated Closing Reserve Balance 30 June 2028
Akitio River Scheme	19,710	-	-	19,710
Ashhurst Drainage Scheme	17,657	30,177	-	47,834
Eastern Manawatū Scheme	20,773	-	-	20,773
Forest Road Drainage Scheme	1,191	7,390	-	8,581
Foxton East Drainage Scheme	1,658	8,212	-	9,870
Haunui Drainage Scheme	-	2,545	-	2,545
Himatangi Drainage Scheme	9,916	4,841	(252)	14,505
Hokio Drainage Scheme	15,386	8,364	(10,571)	13,179
Koputaroa Drainage Scheme	93,094	1,464	(14,342)	80,216
Lower Kiwitea Scheme	27,480	386,694	-	414,174
Lower Manawatū Scheme	1,316,831	4,440,990	-	5,757,821
Lower Manawatū Scheme Special Projects	3,091	6,200	-	9,291
Lower Whanganui River Management Scheme	301,510	1,014,921	-	1,316,431
Makerua Drainage Scheme	142,530	6,736	(19,305)	129,961
Makirikiri Flood Control Scheme	16,505	22,811	-	39,316
Manawatū Drainage Scheme	87,934	241,634	-	329,568
Mangatainoka River Scheme	971,973	1,620,162	-	2,592,135
Matarawa Flood Control Scheme	11,883	75,620	-	87,503
Moutoa Drainage Scheme	116,189	31,267	(4,154)	143,302
Ohakune Flood Protection Scheme	-	11,498	-	11,498

All figures are exclusive of GST unless otherwise stated

Ohau-Manakau Scheme	234,303	648,535	(586,122)	296,716
Pakihi Flood Control Scheme	2,684	9,601	(8,637)	3,648
Pohangina-Oroua River Control Scheme	489,653	1,183,215	-	1,672,868
Porewa Flood Control Scheme	33,876	37,346	-	71,222
Rangitikei River Control Scheme	718,589	519,536	(124,212)	1,113,913
Ruapehu Scheme	-	11,498	-	11,498
South-East Ruahines Scheme	653,707	1,300,302	-	1,954,009
Tawataia-Mangaone Scheme	8,777	6,695	-	15,472
Te Kawau Drainage Scheme	92,623	17,608	(7,776)	102,455
Turakina River Scheme	10,082	25,051	-	35,133
Tutaenui Flood Control Scheme	5,482	15,106	-	20,588
Upper Manawatū-Lower Mangahao Scheme	471,823	968,412	-	1,440,235
Upper Whanganui River Scheme	372,740	271,772	-	644,512
Whangaehu-Mangawhero River Scheme	52,841	51,454	-	104,295
Whirokino Drainage Scheme	17,400	1,714	(1,738)	17,376
Amenity Enhancements - Contestable	30,000	500,000	-	530,000
Total Scheme Reserve	**6,369,891**	13,489,371	(777,109)	**19,082,153**

All figures are exclusive of GST unless otherwise stated

River and Drainage Scheme Capex Renewal Reserves Summary

Overview

In accordance with our new 30-Year Infrastructure Strategy, we will as from 1 July 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 2018 is $0.476 million. Deposits in total of $1.075 million and withdrawals in total of $0.427 million are estimated to occur during the period 1 July 2018 and 30 June 2028. The total estimated closing balance of these reserves is $1.124 million.

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

Renewal Scheme Reserve Name	Estimated Opening Capex Renewal Reserve Balance 1/7/2017	Transfers In 1 July 2018 to 30 June 2028	Transfers Out 1 July 2018 to 30 June 2028	Estimated Closing Renewal Reserve
Akitio River Scheme	-			-
Ashhurst Drainage Scheme	1,500	69,029	-	70,529
Eastern Manawatū Scheme	-	-	-	-
Forest Road Drainage Scheme	1,578	7,675	-	9,253
Foxton East Drainage Scheme	1,591	7,740	-	9,331
Haunui Drainage Scheme	-	-	-	-
Himatangi Drainage Scheme	1,086	5,280	-	6,366
Hokio Drainage Scheme	1,304	6,433	-	7,737
Ihuraua Scheme	-	-	-	-
Kahuterawa River Scheme	-	-	-	-
Koputaroa Drainage Scheme	49,323	139,549	(33,762)	155,110
Lower Kiwitea Scheme	-	-	-	-
Lower Manawatū Scheme	-	12,820	-	12,820
Lower Manawatū Scheme Special Projects	-	-	-	-
Lower Whanganui River Management Scheme	-	-	-	-
Makerua Drainage Scheme	135,704	83,803	(79,794)	139,713
Makirikiri Flood Control Scheme	15,481	91,437	-	106,918
Manawatū Drainage Scheme	102,697	59,004	(215,716)	(54,015)
Mangatainoka River Scheme	-	-	-	-
Matarawa Flood Control Scheme	-	88,087	-	88,087
Moutoa Drainage Scheme	35,354	63,474	(30,870)	67,958
Ohakune Flood Protection Scheme	-	-	-	-
Ohau-Manakau Scheme	46,341	109,749	-	156,090
Pakihi Flood Control Scheme	947	4,604	-	5,551

All figures are exclusive of GST unless otherwise stated

Pohangina-Oroua River Control Scheme	-	-	-	-
Porewa Flood Control Scheme	9,369	59,027	-	68,396
Rangitikei River Control Scheme	-	-	-	-
Ruapehu Scheme	-	-	-	-
South-East Ruahines Scheme	29,491	143,821	-	173,312
Tararua Scheme	-	-	-	-
Taringamotu River Scheme	-	-	-	-
Tawataia-Mangaone Scheme	3,914	19,090	-	23,004
Te Kawau Drainage Scheme	35,304	76,409	(60,493)	51,220
Turakina River Scheme	-	-	-	-
Tutaenui Flood Control Scheme	2,500	5,965	-	8,465
Upper Manawatū-Lower Mangahao Scheme	-	5,884	-	5,884
Upper Whanganui River Scheme	-	7,308	-	7,308
Whangaehu-Mangawhero River Scheme	-	-	-	-
Whirokino Drainage Scheme	2,988	8,513	(6,337)	5,164
Amenity Enhancements - Contestable	-	-	-	-
Total Scheme Reserve	**476,472**	**1,074,701**	**(426,972)**	**1,124,201**

All figures are exclusive of GST unless otherwise stated

Horizons Regional Council Funding Impact Statement for the periods 2018-2028 for Whole of Council ($000)

	Annual Plan	Long-term Plan									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	26,991	29,791	30,675	31,060	31,756	32,217	33,006	33,483	33,297	33,515	33,714
Targeted rates	14,829	14,825	16,043	17,028	17,687	18,400	18,835	19,420	19,193	18,718	19,031
Subsidies and grants for operating purposes	5,118	5,234	5,372	5,626	5,732	5,834	5,941	6,049	6,164	6,280	6,397
Fees and charges	9,184	9,191	9,453	9,611	9,770	9,648	9,699	9,806	9,957	10,051	10,235
Internal charges and overheads recovered	1,128	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	1,384	2,823	3,623	3,658	3,693	3,799	3,870	4,011	4,223	4,470
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	**57,250**	**60,425**	**64,365**	**66,948**	**68,602**	**69,792**	**71,280**	**72,627**	**72,622**	**72,787**	**73,847**
Applications of Operating Funding											
Payments to staff and suppliers	50,171	52,687	53,452	55,593	56,872	58,038	58,937	58,843	60,391	61,741	62,800
Finance costs	1,050	1,519	1,605	1,712	1,686	1,568	1,458	1,220	942	628	234
Internal charges and overheads applied											
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**51,221**	**54,206**	**55,057**	**57,305**	**58,559**	**59,606**	**60,395**	**60,063**	**61,333**	**62,369**	**63,033**
Surplus (Deficit) of Operating Funding (A-B)	**6,029**	**6,219**	**9,308**	**9,643**	**10,044**	**10,186**	**10,885**	**12,564**	**11,289**	**10,418**	**10,813**
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	7,000	8,000	5,000	-	(3,000)	(4,000)	(5,000)	(7,000)	(7,000)	(7,000)	(7,000)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**7,000**	**8,000**	**5,000**	**-**	**(3,000)**	**(4,000)**	**(5,000)**	**(7,000)**	**(7,000)**	**(7,000)**	**(7,000)**
Applications of Capital Funding											
Capital expenditure:											
· to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
· to improve the level of service	6,386	7,562	4,673	5,723	3,438	3,269	3,210	3,158	1,092	1,761	1,375
· to replace existing assets	3,165	4,691	4,719	4,214	3,773	3,012	2,681	3,027	3,074	2,725	2,490
Increase (decrease) in reserves	3,478	(9,135)	(1,084)	(294)	(167)	(94)	(6)	(620)	122	(1,068)	(53)
Increase (decrease) of investments	-	11,100	6,000	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**13,029**	**14,218**	**14,308**	**9,643**	**7,044**	**6,187**	**5,885**	**5,564**	**4,289**	**3,418**	**3,813**
Surplus (Deficit) of Capital Funding (C-D)	**(6,029)**	**(6,218)**	**(9,308)**	**(9,643)**	**(10,044)**	**(10,187)**	**(10,885)**	**(12,564)**	**(11,289)**	**(10,418)**	**(10,813)**
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation	3,434	4,090	4,289	4,416	4,544	4,610	4,694	4,673	4,576	4,561	4,533

All figures are exclusive of GST unless otherwise stated

Prospective Summary Funding Impact Statement to 30 June 2028 ($000)

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

		Annual Plan	Long-term Plan									
Common Rates	**Rating Method**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**
General Rate	Capital Value (Equalised)	164	-	-	-	-	-	-	-	-	-	-
Uniform Annual General Charge	UAGC per separately used or inhabited part of a property (SUIP)	3,809	4,290	4,144	3,239	3,399	3,549	3,707	3,793	3,889	3,812	3,668
Biosecurity	Capital Value (Equalised)	3,059	3,353	3,630	3,878	3,959	4,032	4,114	4,185	4,257	4,310	4,367
Emergency Management	Capital Value (Equalised)	1,529	1,665	1,801	1,848	1,866	1,900	1,945	1,969	1,986	2,006	2,037
Information	Capital Value (Equalised)	1,390	1,406	1,483	1,510	1,545	1,554	1,684	1,668	1,749	1,834	1,868
Resource and Consent Monitoring	Capital Value (Equalised)	1,942	2,202	2,225	2,334	2,392	2,439	2,490	2,532	2,576	2,626	2,676
River and Drainage	Capital Value (Equalised)	3,605	3,865	4,218	4,424	4,511	4,645	4,808	4,901	5,072	5,007	5,026
Strategic Management	Capital Value (Equalised)	1,476	1,672	1,716	2,391	2,415	2,403	2,433	2,409	1,656	1,675	1,692
Water Quality and Quantity	Capital Value (Equalised)	4,262	4,958	5,062	5,198	5,421	5,533	5,617	5,708	5,806	5,925	6,013
Sustainable Land Use Initiative UAC	SUIP	3,614	3,677	3,679	3,446	3,419	3,300	3,311	3,391	3,349	3,312	3,336
Environmental Initiatives UAC	SUIP	1,942	2,015	2,032	2,081	2,123	2,159	2,200	2,231	2,267	2,307	2,340
Regional Transport Planning and Road Safety	Capital Value (Equalised)	199	237	244	271	274	275	276	277	276	276	280
Drinking Water Monitoring and Research	SUIP	-	100	100	105	107	110	112	115	117	120	123
Individual Rates												
Manawatū River Water Quality Improvement	SUIP	410	410	415	420	424	429	434	439	445	450	456
Production Pest Animal Management	Per hectare >4 ha	1,354	1,332	1,238	1,171	1,195	1,217	1,241	1,263	1,284	1,297	1,312
Production Pest Rook Management	Per hectare >4 ha	131	137	139	142	145	148	151	153	156	159	161
Infrastructure Insurance Reserve	SUIP	400	500	500	500	500	500	500	500	500	500	500
Rangitikei Old Man's Beard Eradication	SUIP - >4 ha	67	48	48	48	48	48	48	48	48	48	48
Rangitikei Old Man's Beard Eradication	SUIP - <4 ha	29	48	48	48	48	48	48	48	48	48	48
River and Drainage Scheme	Mix of Rating Mechanisms	8,658	9,148	9,778	10,653	11,181	11,717	12,020	12,438	12,166	11,661	11,832
River and Drainage Scheme Rates UAC	SUIP	1,165	1,231	1,316	1,433	1,505	1,577	1,617	1,674	1,637	1,569	1,592
Regional Park UAC	SUIP	166	170	174	179	183	188	192	194	195	199	204
Production Pest Plant Management	SUIP - Per hectare >4 ha	102	163	208	215	220	225	230	234	239	243	248
Production Pest Plant Management UAC	UAC - <4 ha	17	27	35	36	37	37	38	39	40	41	41
Transport Passenger Services (Incl Total Mobility)	Capital Value	2,146	2,038	2,444	2,476	2,489	2,555	2,624	2,695	2,768	2,841	2,922
Waitarere UAC	SUIP	7	7	7	7	7	7	7	7	7	7	7
Horowhenua Weed Harvester UAC	SUIP	177	66	194	201	205	206	185	189	163	156	161
Grand Total		**41,820**	**44,766**	**46,877**	**48,254**	**49,617**	**50,799**	**52,031**	**53,100**	**52,692**	**52,428**	**52,956**
Penalties and Discounts		(227)	(150)	(160)	(166)	(174)	(182)	(190)	(198)	(202)	(195)	(211)
Total Rates Including Penalties and Discounts		**41,593**	**44,616**	**46,717**	**48,088**	**49,443**	**50,617**	**51,841**	**52,902**	**52,490**	**52,233**	**52,745**
Rating Base Information												
Projected No. of Rating Units (As at 30 June of the preceding year, e.g. 2018-19 = as at 30 June 2018)		**112,114**	**111,737**	**112,407**	**113,082**	**113,760**	**114,443**	**115,130**	**115,820**	**116,515**	**117,214**	**117,918**
Projected No. of Rateable Units (Excluding. Contiguous and Remissions)		**108,599**	**108,612**	**109,264**	**109,919**	**110,579**	**111,242**	**111,910**	**112,581**	**113,257**	**113,936**	**114,620**

All figures are exclusive of GST unless otherwise stated

Annual Funding Impact Statement for the Year Ending 30 June 2019

Notes:

1. All rates in this Funding Impact Statement are inclusive of GST.
2. The final date for payment for all rates is 25 September 2018. When all rates for the financial year are paid on or before this date, a discount will apply as specified in the Prompt Payment Policy. Except where prior arrangements are made, penalties for late payment will be applied at the maximum rates allowable, being 10 per cent on 26 October 2018 and 10 per cent on all accumulated rate arrears on 2 July 2018 and 18 January 2019.
3. Definition of Separately Used or Inhabited Dwelling Part of a Rating Unit. Under Schedule 10, Part 1, Section 10 1 d (iii) (B) of the Local Government Act we are now required to state our definition of a Separately Used or Inhabited Dwelling Part of a Rating Unit:

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

Equalised Capital Value

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

For Further information about your rates classes/differentials please visit www.horizons.govt.nz Property and Rates FAQ's Rates Classifications.

General Rate Differentiation Across Constituent Districts (including GST)

ECV $ At 01/09/2016	General Rate Yield (Inc UAGC) 2017-18	District/City	ECV $ At 01/09/17	General Rate Yield 2018-19	UAGC Yield 2018-19	Total Yield 2018-19
6,315,538,300	732,589	Horowhenua DC	6,433,174,600	-	787,742	787,742
7,923,186,320	565,931	Manawatū DC	8,031,799,920	-	600,132	600,132
13,659,279,600	1,372,928	Palmerston North CC	13,847,385,400	-	1,470,079	1,470,079
3,586,662,150	326,005	Rangitīkei DC	4,252,110,750	-	341,083	341,083
3,771,530,800	360,419	Ruapehu DC	4,269,730,950	-	381,192	381,192
4,870,876,130	407,370	Tararua DC	5,444,866,200	-	405,857	405,857
6,364,881,000	866,516	Whanganui DC	6,446,763,400	-	937,627	937,627
68,441,400	7,729	Part Stratford DC	83,572,300	-	8,449	8,449
1,590,000	89	Part Taupō DC	1,598,000	-	91	91
71,044,750	1,383	Part Waitomo DC	72,612,750	-	1,272	1,272
46,633,030,450	**4,640,959**		**48,883,614,270**	-	**4,933,524**	**4,933,524**

All figures are exclusive of GST unless otherwise stated

Uniform Annual General Charge (UAGC) (including GST)

District/City	**Class**	**Number of SUIP Units**	**UAGC Dollars Per SUIP 2018-19**	**Revenue Sought 2018-19**
Horowhenua DC	UAGC	17,342	45.42	787,742
Manawatū DC	UAGC	13,212	45.42	600,132
Palmerston North CC	UAGC	32,364	45.42	1,470,079
Rangitīkei DC	UAGC	7,509	45.42	341,083
Ruapehu DC	UAGC	8,392	45.42	381,192
Tararua DC	UAGC	8,935	45.42	405,857
Whanganui DC	UAGC	20,642	45.42	937,627
Part Stratford DC	UAGC	186	45.42	8,449
Part Taupō DC	UAGC	2	45.42	91
Part Waitomo DC	UAGC	28	45.42	1,272
Grand Total		**108,612**		**4,933,524**

General Rate – Equalised Capital Value (EQCV) (including GST)

District/City	**Class**	**EQCV**	**All Properties $ per $ of Capital Value 2018-19**	**Revenue Sought 2018-19**
Horowhenua DC	01N	6,540,375,483	-	-
Manawatū DC	02N	8,128,109,082	-	-
Palmerston North CC	03N	13,964,106,274	-	-
Rangitīkei DC	04N	4,269,644,013	-	-
Ruapehu DC	05N	4,141,744,380	-	-
Tararua DC	06N	5,504,860,459	-	-
Whanganui DC	07N	6,543,889,490	-	-
Part Stratford DC	08N	84,269,906	-	-
Part Taupō DC	09N	1,786,437	-	-
Part Waitomo DC	10N	63,237,026	-	-
Grand Total		**49,242,022,550**		**-**

All figures are inclusive of GST unless otherwise stated

Biosecurity Rate – Equalised Capital Value (EQCV) (including GST)

District/City	Class	EQCV	All Properties $ per $ of Capital Value 2018-19	Revenue Sought 2018-19
Horowhenua DC	01N	6,540,375,483	0.0000783	512,160
Manawatū DC	02N	8,128,109,082	0.0000783	636,491
Palmerston North CC	03N	13,964,106,274	0.0000783	1,093,493
Rangitīkei DC	04N	4,269,644,013	0.0000783	334,345
Ruapehu DC	05N	4,141,744,380	0.0000783	324,329
Tararua DC	06N	5,504,860,459	0.0000783	431,071
Whanganui DC	07N	6,543,889,490	0.0000783	512,435
Part Stratford DC	08N	84,269,906	0.0000783	6,599
Part Taupō DC	09N	1786437	0.0000783	140
Part Waitomo DC	10N	63237026	0.0000783	4952
Grand Total		**49,242,022,550**		**3,856,015**

Emergency Management Rate – Equalised Capital Value (EQCV) (including GST)

District/City	Class	EQCV	All Properties $ per $ of Capital Value 2018-19	Revenue Sought 2018-19
Horowhenua DC	01N	6,540,375,483	0.0000389	254,288
Manawatū DC	02N	8,128,109,082	0.0000389	316,019
Palmerston North CC	03N	13,964,106,274	0.0000389	542,921
Rangitīkei DC	04N	4,269,644,013	0.0000389	166,003
Ruapehu DC	05N	4,141,744,380	0.0000389	161,030
Tararua DC	06N	5,504,860,459	0.0000389	214,028
Whanganui DC	07N	6,543,889,490	0.0000389	254,425
Part Stratford DC	08N	84,269,906	0.0000389	3,276
Part Taupō DC	09N	1,786,437	0.0000389	69
Part Waitomo DC	10N	63,237,026	0.0000389	2,459
Grand Total		**49,242,022,550**		**1,914,518**

All figures are inclusive of GST unless otherwise stated

Information Rate – Equalised Capital Value (EQCV) (including GST)

District/City	Class	EQCV	All Properties $ per $ of Capital Value 2018-19	Revenue Sought 2018-19
Horowhenua DC	01N	6,540,375,483	0.0000328	214,789
Manawatū DC	02N	8,128,109,082	0.0000328	266,931
Palmerston North CC	03N	13,964,106,274	0.0000328	458,588
Rangitīkei DC	04N	4,269,644,013	0.0000328	140,217
Ruapehu DC	05N	4,141,744,380	0.0000328	136,017
Tararua DC	06N	5,504,860,459	0.0000328	180,782
Whanganui DC	07N	6,543,889,490	0.0000328	214,905
Part Stratford DC	08N	84,269,906	0.0000328	2,767
Part Taupō DC	09N	1,786,437	0.0000328	59
Part Waitomo DC	10N	63,237,026	0.0000328	2,077
Grand Total		**49,242,022,550**		**1,617,132**

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

District/City	Class	EQCV	All Properties $ per $ of Capital Value 2018-19	Revenue Sought 2018-19
Horowhenua DC	01N	6,540,375,483	0.0000514	336,330
Manawatū DC	02N	8,128,109,082	0.0000514	417,977
Palmerston North CC	03N	13,964,106,274	0.0000514	718,085
Rangitīkei DC	04N	4,269,644,013	0.0000514	219,561
Ruapehu DC	05N	4,141,744,380	0.0000514	212,984
Tararua DC	06N	5,504,860,459	0.0000514	283,080
Whanganui DC	07N	6,543,889,490	0.0000514	336,511
Part Stratford DC	08N	84,269,906	0.0000514	4,333
Part Taupō DC	09N	1,786,437	0.0000514	92
Part Waitomo DC	10N	63,237,026	0.0000514	3,252
Grand Total		**49,242,022,550**		**2,532,205**

All figures are inclusive of GST unless otherwise stated

River and Drainage Rate – Equalised Capital Value (EQCV) (including GST)

District/City	Class	EQCV	All Properties $ per $ of Capital Value 2018-19	Revenue Sought 2018-19
Horowhenua DC	01N	6,540,375,483	0.0000903	590,377
Manawatū DC	02N	8,128,109,082	0.0000903	733,696
Palmerston North CC	03N	13,964,106,274	0.0000903	1,260,491
Rangitīkei DC	04N	4,269,644,013	0.0000903	385,406
Ruapehu DC	05N	4,141,744,380	0.0000903	373,861
Tararua DC	06N	5,504,860,459	0.0000903	496,905
Whanganui DC	07N	6,543,889,490	0.0000903	590,694
Part Stratford DC	08N	84,269,906	0.0000903	7,607
Part Taupō DC	09N	1,786,437	0.0000903	161
Part Waitomo DC	10N	63,237,026	0.0000903	5,708
Grand Total		**49,242,022,550**		**4,444,906**

Strategic Management Rate – Equalised Capital Value (EQCV) (including GST)

District/City	Class	EQCV	All Properties $ per $ of Capital Value 2018-19	Revenue Sought 2018-19
Horowhenua DC	01N	6,540,375,483	0.000039	255,332
Manawatū DC	02N	8,128,109,082	0.000039	317,316
Palmerston North CC	03N	13,964,106,274	0.000039	545,149
Rangitīkei DC	04N	4,269,644,013	0.000039	166,684
Ruapehu DC	05N	4,141,744,380	0.000039	161,691
Tararua DC	06N	5,504,860,459	0.000039	214,906
Whanganui DC	07N	6,543,889,490	0.000039	255,469
Part Stratford DC	08N	84,269,906	0.000039	3,290
Part Taupō DC	09N	1,786,437	0.000039	70
Part Waitomo DC	10N	63,237,026	0.000039	2,469
Grand Total		**49,242,022,550**		**1,922,376**

All figures are inclusive of GST unless otherwise stated

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

District/City	**Class**	**EQCV**	**All Properties $ per $ of Capital Value 2018-19**	**Revenue Sought 2018-19**
Horowhenua DC	01N	6,540,375,483	0.0001158	757,373
Manawatū DC	02N	8,128,109,082	0.0001158	941,233
Palmerston North CC	03N	13,964,106,274	0.0001158	1,617,039
Rangitīkei DC	04N	4,269,644,013	0.0001158	494,423
Ruapehu DC	05N	4,141,744,380	0.0001158	479,613
Tararua DC	06N	5,504,860,459	0.0001158	637,461
Whanganui DC	07N	6,543,889,490	0.0001158	757,780
Part Stratford DC	08N	84,269,906	0.0001158	9,758
Part Taupō DC	09N	1,786,437	0.0001158	207
Part Waitomo DC	10N	63,237,026	0.0001158	7,323
Grand Total		**49,242,022,550**		**5,702,210**

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

District/City	**Class**	**EQCV**	**All Properties $ per $ of Capital Value 2018-19**	**Revenue Sought 2018-19**
Horowhenua DC	01T	6,540,375,483	0.0000055	36,269
Manawatū DC	02T	8,128,109,082	0.0000055	45,073
Palmerston North CC	03T	13,964,106,274	0.0000055	77,436
Rangitīkei DC	04T	4,269,644,013	0.0000055	23,677
Ruapehu DC	05T	4,141,744,380	0.0000055	22,967
Tararua DC	06T	5,504,860,459	0.0000055	30,526
Whanganui DC	07T	6,543,889,490	0.0000055	36,288
Part Stratford DC	08T	84,269,906	0.0000055	467
Part Taupō DC	09T	1,786,437	0.0000055	10
Part Waitomo DC	10T	63,237,026	0.0000055	351
Grand Total		**49,242,022,550**		**273,064**

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Transport Passenger Services (Including Total Mobility) (including GST)

District/City	Class	EQCV	All Properties $ per $ of Capital Value 2018-19	Revenue Sought 2018-19
Horowhenua DC	01U	2,817,155,150	0.000054	152,096
Manawatū DC	02U	2,237,900,760	0.000071	158,803
Palmerston North CC	03U	11,616,847,951	0.0001325	1,538,937
Rangitīkei DC	04U	988,252,540	0.0000409	40,403
Ruapehu DC	05U	967,050,900	0.0000105	10,112
Tararua DC	06U	763,273,200	0.0000185	14,101
Whanganui DC	07U	4,353,244,076	0.0000987	429,583
Grand Total		**23,743,724,577**		**2,344,035**

Targeted Rate: Infrastructure Insurance Reserve Rate (including GST)

District/City	Class	Number of Rating Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Up to and including $250,000 Capital Value	IIR1	61,753	2.38	146,837
Greater than $250,000 and up to and including $500,000 Capital Value	IIR2	33,853	4.76	160,990
Greater than $500,000 and up to and including $1,000,000 Capital Value	IIR3	9,738	7.14	69,496
Greater than $1,000,000 Capital Value	IIR4	6,393	30.92	197,677
Grand Total		**111,737**		**575,000**

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Sustainable Land Use Initiative (including GST)

District/City	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Horowhenua DC	SUIP	17,342	38.93	675,178
Manawatū DC	SUIP	13,212	38.93	514,377
Palmerston North CC	SUIP	32,364	38.93	1,260,013
Rangitīkei DC	SUIP	7,509	38.93	292,345
Ruapehu DC	SUIP	8,392	38.93	326,722
Tararua DC	SUIP	8,935	38.93	347,862
Whanganui DC	SUIP	20,642	38.93	803,646
Part Stratford DC	SUIP	186	38.93	7,241
Part Taupō DC	SUIP	2	38.93	78
Part Waitomo DC	SUIP	28	38.93	1,090
Grand Total		**108,612**		**4,228,552**

Targeted Rate: Drinking Water Monitoring and Research (including GST)

District/City	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Horowhenua DC	SUIP	17,342	1.06	18,362
Manawatū DC	SUIP	13,212	1.06	13,989
Palmerston North CC	SUIP	32,364	1.06	34,267
Rangitīkei DC	SUIP	7,509	1.06	7,951
Ruapehu DC	SUIP	8,392	1.06	8,886
Tararua DC	SUIP	8,935	1.06	9,460
Whanganui DC	SUIP	20,642	1.06	21,856
Part Stratford DC	SUIP	186	1.06	197
Part Taupō DC	SUIP	2	1.06	2
Part Waitomo DC	SUIP	28	1.06	30
Grand Total		**108,612**		**115,000**

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Environmental Initiatives (including GST)

District/City	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Horowhenua DC	SUIP	17,342	21.34	370,057
Manawatū DC	SUIP	13,212	21.34	281,924
Palmerston North CC	SUIP	32,364	21.34	690,599
Rangitīkei DC	SUIP	7,509	21.34	160,231
Ruapehu DC	SUIP	8,392	21.34	179,073
Tararua DC	SUIP	8,935	21.34	190,659
Whanganui DC	SUIP	20,642	21.34	440,469
Part Stratford DC	SUIP	186	21.34	3,969
Part Taupō DC	SUIP	2	21.34	43
Part Waitomo DC	SUIP	28	21.34	597
Grand Total		**108,612**		**2,317,621**

Targeted Rate: Production Pest Animal Management (including GST)

Property Type	Class	Total hectares	Dollars Per Hectare 2018-19	Revenue Sought 2018-19
Properties greater than 4 Ha	PPAM	1,634,198	0.9375028	1,532,065
Grand Total		**1,634,198**		**1,532,065**

Targeted Rate: Production Pest Rook Management (including GST)

Property Type	Class	Total hectares	Dollars Per Hectare 2018-19	Revenue Sought 2018-19
Properties greater than 4 Ha	PPRM	1,634,198	0.0962341	157,265
Grand Total		**1,634,198**	**0.0962341**	**157,265**

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Production Pest Plant Management (including GST)

Property Type	Class	Number of Hectares	Dollars Per Hectare 2018-19	Revenue Sought 2018-19
Properties less than 4 Ha	PPUA	96,840	1.9380206	187,678
Property Type	**Class**	**Number of SUIP Units**	**Uniform Annual Charge Dollars Per SUIP 2018-19**	**Revenue Sought 2018-19**
Properties greater than 4 Ha	PPPM	1,634,198	0.02	31,280
Grand Total		**1,731,038**		**218,958**

Targeted Rate: Rangitīkei Old Man's Beard Eradication (including GST)

Property Type	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Properties less than 4 Ha	OMBE	5,917	9.23	54,627
Properties greater than 4 Ha	OMBE	1,592	34.31	54,627
Grand Total		**7,509**		**109,255**

Targeted Rate: Regional Park (including GST)

Property Type	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Manawatū District	PARK	13,212	4.29	56,689
Palmerston North City	PARK	32,364	4.29	138,866
Grand Total		**45,576**		**195,556**

Targeted Rate: Manawatū River Water Quality Improvement (including GST)

Property Type	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Manawatū River Catchment	AC	57,883	8.15	471,500
Grand Total		**57,883**		**471,500**

All figures are inclusive of GST unless otherwise stated

Targeted Rate: Waitarere Beach Community Biodiversity Project (including GST)

Property Type	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Waitarere Beach Community	SUIP	859	9.37	8,045
Grand Total		**859**		**8,045**

Note: Waitarere Beach Community rated on Role 14780

Targeted Rate: Lake Horowhenua Restoration (including GST)

Property Type	Class	Number of SUIP Units	Uniform Annual Charge Dollars Per SUIP 2018-19	Revenue Sought 2018-19
Horowhenua District	SUIP	17,342	4.35	75,464
Grand Total		**17,342**		**75,464**

All figures are inclusive of GST unless otherwise stated

Targeted Rate: River and Drainage Schemes (including GST)

Rates 2018-19

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
RIVER SCHEMES					
Kahuterawa	KM	$ Per Hectare	47	81.0858533	3,844
*	MU Farm	Total Amount to be Invoiced	-	-	4,178
*	NZ Defence	Total Amount to be Invoiced	-	-	4,791
				Scheme	**12,814**
Lower Kiwitea Stream	CK	$ Per Hectare	141	170.4106440	24,071
	CN	$ Per Hectare	23,624	1.1290628	26,673
	MK	$ Per Hectare	300	267.0682746	80,005
				Scheme	**130,748**
Lower Manawatū	CE	$ Per Hectare	268,321	0.4474774	120,067
	CL	$ Per Hectare	141,326	1.5272267	215,838
	CW	$ Per Hectare	79,116	0.7636134	60,414
	DR	$ Per Hectare	185	119.7271860	22,100
	F1	$ per $ of Land Value	153,762,300	0.0017838	274,279
	F2	$ per $ of Land Value	94,024,340	0.0014270	134,175
	F3	$ per $ of Land Value	50,360,840	0.0010703	53,900
	F4	$ per $ of Land Value	319,891,530	0.0007135	228,247
	F5	$ per $ of Land Value	525,142,350	0.0001784	93,674
	FB	$ per $ of Capital Value	389,454,000	0.0001283	49,975
	FG	$ per $ of Capital Value	2,014,062,160	0.0001642	330,729
	HF	$ Per SUIP	768	494.7708639	379,984
	IC	$ Per SUIP	50,898	10.9169285	555,650
	IE	$ Per SUIP	2,628	5.4584642	14,345
	IF	$ Per SUIP	5,733	3.6025864	20,654
	IS	$ Per SUIP	11,423	5.4584642	62,353
	IW	$ Per SUIP	573	3.6025864	2,064
	PN	$ per $ of Capital Value	11,393,179,750	0.0000798	909,208
	R1	$ Per Hectare	4,279	56.9698964	243,760
	R2	$ Per Hectare	174	11.3939658	1,982
	SA	$ per $ of Capital Value	4,105,640	0.0015162	6,225
	SB	$ per $ of Capital Value	48,116,505	0.0013378	64,372
	SC	$ per $ of Capital Value	10,005,010	0.0008919	8,923
	SD	$ per $ of Capital Value	63,232,357	0.0004459	28,198
				Scheme	**3,881,115**
Lower Manawatū Special Project					
Ashhurst	AH	$ per $ of Capital Value	27,383,000	0.0000970	34,205
(On specified PN scheme)	SP	$ per $ of Capital Value	11,254,215,250	0.0000922	1,037,836
Turitea	TU	$ per $ of Capital Value	8,265,000	0.0016697	13,800
				Scheme	**1,085,841**

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
Lower Whanganui River	N1	$ per $ of Capital Value	3,974,271,314	0.0000318	126,277
	N2	$ Per SUIP	3,440	18.3541933	63,138
	W1	$ per $ of Capital Value	109,118,000	0.0001856	20,253
	W2	$ per $ of Capital Value	3,863,887,224	0.0000928	358,579
				Scheme	**568,247**
Makirikiri	A	$ Per Hectare	24	64.7219654	1,585
	A1	$ Per Hectare	24	102.4453314	2,509
	B	$ Per Hectare	107	45.3053954	4,847
	B1	$ Per Hectare	42	71.7117557	3,042
	C	$ Per Hectare	65	32.3609847	2,110
	C1	$ Per Hectare	8	51.2226611	423
	CN	$ Per Hectare	5,161	1.0372381	5,353
	F	$ Per Hectare	180	6.4722107	1,166
	F1	$ Per Hectare	37	10.2446175	377
				Scheme	**21,411**
Mangatainoka	CK	$ Per Hectare	15,427	0.8096721	12,491
	CM	$ Per Hectare	5,898	0.1119924	661
	CU	$ Per Hectare	15,611	3.0042411	46,900
	DR	$ Per Hectare	176	135.0372141	23,721
	F1	$ Per Hectare	452	68.4855158	30,937
	F2	$ Per Hectare	745	41.0913095	30,616
	IN	$ Per Hectare	38,791	1.2400198	48,101
	KL	$ Per Hectare	163	180.7742295	29,425
	LH	$ Per Hectare	225	29.1044600	6,557
	LL	$ Per Hectare	589	5.8208909	3,428
	LM	$ Per Hectare	47	17.4627014	824
	MH	$ Per Hectare	786	80.5307296	63,317
	ML	$ Per Hectare	532	16.1061518	8,572
	MM	$ Per Hectare	1,157	48.3184350	55,900
	MR	$ Per Hectare	452	11.2821760	5,104
	PU	$ per $ of Capital Value	256,333,590	0.0003962	101,547
	R1	$ per $ of Capital Value	64,500,000	0.0005772	37,232
	R2	$ per $ of Capital Value	6,880,000	0.0005848	4,023
	UH	$ Per Hectare	367	186.6986088	68,565
	UL	$ Per Hectare	500	37.3397365	18,674
	UM	$ Per Hectare	247	112.0191957	27,639
				Scheme	**624,234**
Matarawa	CN	$ Per Hectare	7,825	3.4342943	26,872
	IN	$ Per SUIP	308	36.2566802	11,167
	L1	$ Per Hectare	90	16.3971307	1,484
	L2	$ Per Hectare	71	16.3971902	1,159
	L3	$ Per Hectare	14	65.5888487	924

All figures are inclusive of GST unless otherwise stated

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
	M1	$ Per Hectare	392	109.3144912	42,888
	M3	$ Per Hectare	67	21.8629295	1,468
	M4	$ Per Hectare	33	21.8629003	716
(Whanganui District Council)	*MW	Total Amount to be Invoiced	-	-	47,682
	UC	$ per $ of Capital Value	3962668488	0.000011	42,895
				Scheme	**177,255**
Ōhau-Manakau	AD	$ Per Hectare	137	25.9571856	3,565
	CD	$ Per Hectare	5	16.8102700	88
	CH	$ Per Hectare	343	43.6601273	14,990
	CL	$ Per Hectare	1,374	3.2745080	4,499
	FH	$ Per Hectare	393	97.7014803	38,436
	FL	$ Per Hectare	1,302	7.3276112	9,538
	HD	$ Per Hectare	422	13.8856199	5,861
	IN	$ Per Hectare	12,107	6.3254812	76,582
	KD	$ Per Hectare	189	29.3501972	5,538
	L2	$ Per Hectare	23	24.5199192	557
	LD	$ Per Hectare	60	49.0400491	2,932
	MC	$ Per Hectare	402	6.0901859	2,448
	ML	$ Per Hectare	41	92.9233312	3,817
	MU	$ Per Hectare	57	222.8240574	12,729
	OL	$ Per Hectare	34	56.2064918	1,892
	OM	$ Per Hectare	75	171.0636026	12,807
	OT	$ Per Hectare	117	627.2702305	73,482
	OU	$ Per Hectare	50	306.8868763	15,229
	PD	$ Per Hectare	70	24.7904389	1,732
	SD	$ Per Hectare	53	8.4681412	451
	TD	$ Per Hectare	134	37.7065813	5,066
	UM	$ per $ of Capital Value	30,390,000	0.0001359	4,131
	UO	$ per $ of Capital Value	53,848,000	0.0001014	5,459
	UW	$ per $ of Capital Value	65,732,000	0.0002599	17,085
	WD	$ Per Hectare	265	17.5499407	4,655
	WL	$ Per Hectare	87	72.0944350	6,244
	WU	$ Per Hectare	81	176.9517978	14,375
				Scheme	**344,188**
Pakihi Valley	A	$ Per Hectare	96	49.4577315	4,737
				Scheme	**4,737**
Pohangina - Oroua	DR	$ Per Hectare	21	273.9451919	5,750
	EZ	$ Per Hectare	377	0.1081861	41
	IA	$ per $ of Capital Value	324,341,950	0.0000317	10,273
	IN	$ Per Hectare	55,203	2.3986401	132,412
	O1	$ Per Hectare	395	76.3354208	30,117
	O2	$ Per Hectare	692	95.5065487	66,056
	O3	$ Per Hectare	10	61.0681766	581
	O4	$ Per Hectare	168	76.4052166	12,829
	P1	$ Per Hectare	288	181.0934606	52,064
	P2	$ Per Hectare	630	108.6560704	68,428
	P3	$ Per Hectare	129	20.2330726	2,609

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
	P4	$ Per Hectare	196	144.8747865	28,358
	P5	$ Per Hectare	39	86.9248244	3,374
	P6	$ Per Hectare	33	16.1864343	531
				Scheme	**413,424**
Porewa Valley	A	$ per $ of Capital Value	1,650,620	0.0053635	8,853
	B	$ per $ of Capital Value	2,999,390	0.0031109	9,331
	C	$ per $ of Capital Value	7,985,070	0.0015018	11,992
	D	$ per $ of Capital Value	31,039,040	0.0002682	8,324
	E	$ per $ of Capital Value	6,868,400	0.0001609	1,105
	F	$ per $ of Capital Value	140,167,590	0.0000536	7,518
	U1	$ per $ of Capital Value	13,066,600	0.0004291	5,607
	U2	$ per $ of Capital Value	7,668,010	0.0001073	823
				Scheme	**53,552**
Rangitīkei River	CD	$ Per Hectare	24,696	0.3428494	8,467
	CN	$ Per Hectare	171,614	0.6856988	117,676
	CU	$ Per Hectare	42,839	0.3428494	14,687
	DR	$ Per Hectare	87	242.7438440	21,019
	E1	$ Per Hectare	603	38.6590164	23,297
	E2	$ Per Hectare	674	15.4636044	10,422
	E3	$ Per Hectare	1,209	55.4692066	67,087
	E4	$ Per Hectare	1,296	47.2537255	61,219
	F1	$ Per Hectare	1,460	176.0849537	257,073
	F2	$ Per Hectare	665	105.6509615	70,304
	F3	$ Per Hectare	41	8.5604788	350
	F4	$ Per Hectare	160	57.8959609	9,284
	F5	$ Per Hectare	220	30.9393661	6,812
	F6	$ Per Hectare	53	18.5636311	983
	GF	$ Per SUIP	50	423.8918840	21,195
	GT	$ Per SUIP	223	198.3335807	44,228
	IN	$ Per Hectare	40,193	0.5926942	23,822
	RF	$ per $ of Capital Value	600,000	0.0042331	2,540
	RH	$ per $ of Capital Value	2,620,000	0.0012034	3,153
	RO	$ per $ of Capital Value	62,100,000	0.0000522	3,240
	UF	$ per $ of Capital Value	8,405,000	0.0025217	21,195
	UL	$ per $ of Capital Value	746,470,460	0.0000490	36,609
	UT	$ per $ of Capital Value	30,182,800	0.0014654	44,228
	UU	$ per $ of Capital Value	153,026,790	0.0000446	6,831
				Scheme	**875,722**
South East Ruahines	CN	$ Per Hectare	47,865	1.2220706	58,494
	IN	$ Per Hectare	63,884	0.9857870	62,976
	M1	$ Per Hectare	1,172	37.8459942	44,371
	M2	$ Per Hectare	576	71.2711550	41,082
	M3	$ Per Hectare	92	85.7158712	7,845
	M4	$ Per Hectare	433	74.5849856	32,325
	M5	$ Per Hectare	1,871	11.8232373	22,127
	RZ	$ Per Hectare	205	0.0227778	5
	SZ	$ Per Hectare	280	0.0167321	5
	W1	$ Per Hectare	509	9.0465271	4,603

All figures are inclusive of GST unless otherwise stated

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
	W2	$ Per Hectare	728	16.5851642	12,079
	W3	$ Per Hectare	8,244	11.3846617	93,855
	CN	$ Per Hectare	47,865	1.2220706	58,494
(Woodville only)	WO	$ per $ of Capital Value	142,245,800	0.0001659	23,605
(Dannevirke only)	DK	$ per $ of Capital Value	485,009,200	0.0001328	64,431
				Scheme	**467,803**
Tararua	CN	$ per $ of Capital Value	5,452,965,800	0.0000352	191,873
				Scheme	**191,873**
Tawataia - Mangaone	C	$ Per Hectare	614	11.2240986	6,887
	B	$ Per Hectare	112	33.6722644	3,755
	D	$ Per Hectare	11	5.6120053	63
				Scheme	**10,704**
Turakina	CN	$ Per Hectare	81,243	0.1101871	8,952
	T1	$ Per Hectare	241	36.1626710	8,716
	T2	$ Per Hectare	145	29.9782312	4,358
	T3	$ Per Hectare	223	19.5328772	4,358
	T4	$ Per Hectare	1,402	12.5598967	17,614
	T5	$ Per Hectare	109	5.5792034	607
				Scheme	**44,603**
Tutaenui	CN	$ Per Hectare	12,764	0.6655481	8,495
	IN	$ Per Hectare	12,780	0.6516139	8,327
	TL	$ Per Hectare	495	15.6971833	7,776
	TW	$ Per Hectare	292	36.5190542	10,656
(Marton)	UM	$ per $ of Capital Value	454,638,950	0.0000881	40,075
(Bulls)	UB	$ per $ of Capital Value	161,053,413	0.0000802	12,910
				Scheme	**88,240**
Upper Manawatū	CN	$ Per Hectare	266,903	0.3219819	85,938
	D1	$ Per Hectare	124	15.2389415	1,887
	D2	$ Per Hectare	92	26.6884535	2,453
	D3	$ Per Hectare	239	11.8606254	2,830
	D4	$ Per Hectare	84	26.8128612	2,264
	IN	$ Per Hectare	23,566	1.2587855	29,664
	M1	$ Per Hectare	170	136.9952179	23,227
	M2	$ Per Hectare	29	375.7706652	10,828
	U1	$ Per Hectare	527	160.0856234	84,336
	U2	$ Per Hectare	442	38.8842805	17,176
	U3	$ Per Hectare	146	175.4597834	25,571
	U4	$ Per Hectare	96	110.2738397	10,561
				Scheme	**296,734**
Upper Whanganui	IN	$ per $ of Capital Value	2,347,030,900	0.0000331	77,627
	R1	$ per $ of Capital Value	140,200	0.0040860	573
	R2	$ per $ of Capital Value	635,900	0.0020430	1,299
	R3	$ per $ of Capital Value	944,840	0.0025552	2,414
	R4	$ per $ of Capital Value	1,643,400	0.0012776	2,100
	U1	$ per $ of Capital Value	68,181,630	0.0005314	36,235

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
	U2	$ per $ of Capital Value	257,346,330	0.0002126	54,706
				Scheme	**174,953**
Whangaehu - Mangawhero	CN	$ Per Hectare	125,160	0.3021005	37,811
	IN	$ Per SUIP	432	25.0071479	10,803
	LW	$ Per Hectare	842	4.9741058	4,191
	MW	$ Per Hectare	1,204	19.0110715	22,897
	UM	$ Per Hectare	78	77.2905996	5,998
	UW	$ Per Hectare	643	40.9679267	26,331
				Scheme	**108,031**
DRAINAGE SCHEMES					
Akitio	CN	$ Per Hectare	55,046	-	-
	RC	$ Per Hectare	613	-	-
				Scheme	-
Ashhurst Stream	AC	$ per $ of Capital Value	312,556,950	0.0000831	25,979
	AL	$ Per Hectare	10	136.6370367	1,319
	AN	$ Per SUIP	1,183	21.9601147	25,979
	AU	$ Per Hectare	22	36.2062546	800
				Scheme	**54,077**
Forest Road	A	$ Per Hectare	36	28.1953918	1,029
	B	$ Per Hectare	207	21.1465434	4,376
	C	$ Per Hectare	159	14.0976955	2,248
	D	$ Per Hectare	550	7.0488478	3,875
	E	$ Per Hectare	79	3.6654013	291
	F	$ Per Hectare	138	1.9736774	273
				Scheme	**12,091**
Foxton East	AC	$ Per SUIP	20	49.7414400	995
	D1	$ Per Hectare	38	35.7909809	1,368
	D2	$ Per Hectare	36	17.8954393	648
	D3	$ Per Hectare	12	5.4734425	65
	D4	$ Per Hectare	44	17.2305500	752
Foxton Township Only	U1	$ per $ of Capital Value	21,060,470	10.9948	23155
				Scheme	**26,983**
Haunui	A	$ per $ of Capital Value	38,362,400	0.0002958	11,347
				Scheme	**11,347**
Himatangi	A	$ Per Hectare	489	14.0052805	6,855
	B	$ Per Hectare	405	9.8036964	3,975
	C	$ Per Hectare	660	4.9018481	3,237
	D	$ Per Hectare	1,125	2.5209505	2,836
	E	$ Per Hectare	1,363	0.9803696	1,336
	F	$ Per Hectare	404	0.7002639	283
				Scheme	**18,522**

All figures are inclusive of GST unless otherwise stated

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
Hōkio	AC	$ Per SUIP	172	103.4941029	17,801
	DA	$ Per Hectare	101	22.5964851	2,282
	DH	$ Per Hectare	56	15.2209206	848
	DL	$ Per Hectare	39	3.3386148	131
	DM	$ Per Hectare	175	11.8656661	2,081
	DP	$ Per Hectare	27	31.3323714	831
	DS	$ Per Hectare	659	27.1720436	17,897
	IN	$ Per Hectare	4,410	3.9650386	17,486
	UH	$ per $ of Capital Value	23,153,400	0.0000574	1,329
	UL	$ per $ of Capital Value	1,850,439,550	0.0000145	26,745
				Scheme	**87,431**
Koputaroa	A1	$ Per Hectare	174	48.2143098	8,394
	A2	$ Per Hectare	216	24.1071548	5,216
	C1	$ Per Hectare	30	29.0549127	874
	C2	$ Per Hectare	128	19.1762397	2,447
	C3	$ Per Hectare	111	9.5881216	1,069
	C4	$ Per Hectare	114	28.2236246	3,225
	C5	$ Per Hectare	107	18.6275853	1,991
	D1	$ Per Hectare	501	35.2545715	17,672
	D2	$ Per Hectare	80	17.6272859	1,408
	D3	$ Per Hectare	141	22.1138964	3,118
	D4	$ Per Hectare	63	11.0569477	695
	D5	$ Per Hectare	348	23.0002026	8,005
	D6	$ Per Hectare	113	11.5001016	1,301
	D7	$ Per Hectare	250	39.9523189	9,976
	D8	$ Per Hectare	165	19.9761720	3,305
	F1	$ Per Hectare	753	9.7172833	7,320
	F2	$ Per Hectare	722	5.8303695	4,212
	F3	$ Per Hectare	109	2.9151812	318
	F4	$ Per Hectare	173	0.9717288	168
	F5	$ Per Hectare	124	32.5093253	4,035
	F6	$ Per Hectare	238	13.0037355	3,089
	I1	$ Per Hectare	1,300	6.2415850	8,111
	I2	$ Per Hectare	449	5.0169504	2,251
	I3	$ Per Hectare	664	6.6404389	4,412
	I4	$ Per Hectare	635	8.7813892	5,576
	IA	$ Per Hectare	1,833	1.2563433	2,302
	IK	$ Per Hectare	5,270	1.3659714	7,199
	IN	$ Per Hectare	1,038	23.2956877	24,181
	K1	$ Per Hectare	132	90.8834844	11,966
	K2	$ Per Hectare	106	45.4417421	4,815
	P1	$ Per Hectare	110	238.0066567	26,169
	P2	$ Per Hectare	177	157.0843335	27,749
	P3	$ Per Hectare	48	147.2376013	7,062
	P4	$ Per Hectare	96	97.1767996	9,370
	P5	$ Per Hectare	30	172.2555091	5,178
	P6	$ Per Hectare	128	113.6886756	14,503
	P7	$ Per Hectare	111	56.8443229	6,335
	P8	$ Per Hectare	99	187.1656010	18,486
	P9	$ Per Hectare	107	123.5292470	13,201

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
				Scheme	**286,705**
Makerua	B1	$ Per Hectare	308	21.2574950	6,552
	B2	$ Per Hectare	128	8.5029914	1,091
	C1	$ Per Hectare	96	35.8766372	3,443
	C2	$ Per Hectare	144	14.3506555	2,063
	CB	$ Per Hectare	134	12.4084290	1,657
	CK	$ Per Hectare	360	17.9439291	6,468
	CM	$ Per Hectare	214	23.7405960	5,078
	CO	$ Per Hectare	3,498	16.6553032	58,261
	EC	$ Per Hectare	8,609	1.4404175	12,401
	G1	$ Per Hectare	140	6.4989762	909
	K1	$ Per Hectare	362	53.0522407	19,189
	L1	$ Per Hectare	232	18.0431672	4,190
	L2	$ Per Hectare	323	7.2172691	2,331
	M1	$ Per Hectare	218	23.8042106	5,191
	M2	$ Per Hectare	128	9.5216880	1,223
	O1	$ Per Hectare	4,075	33.5805893	136,856
	O2	$ Per Hectare	1,200	13.4322357	16,120
	OC	$ Per Hectare	6,001	4.3822081	26,298
	PB	$ Per Hectare	134	159.3082113	21,273
	PK	$ Per Hectare	360	100.3970243	36,186
	PM	$ Per Hectare	213	114.5515416	24,427
	PO	$ Per Hectare	3,501	38.0170759	133,093
	R1	$ Per Hectare	121	32.7501594	3,955
	T1	$ Per Hectare	215	29.0347967	6,254
				Scheme	**534,508**
Manawatū	CL	$ Per Hectare	31	77.5562535	2,404
	*CC	Total Amount to be Invoiced	-	-	11,597
	CN	$ Per Hectare	15,470	10.8823598	168,355
	DR	$ Per Hectare	17,168	11.5713015	198,660
	DU	$ Per SUIP	1,230	52.0605917	64,035
	F1	$ Per Hectare	1,183	42.7295430	50,557
	F2	$ Per Hectare	499	21.3647672	10,661
	F3	$ Per Hectare	216	4.2729501	922
	P1	$ Per Hectare	725	210.1292868	152,284
	P2	$ Per Hectare	176	105.0646436	18,484
	P3	$ Per Hectare	909	52.5323159	47,776
	P4	$ Per Hectare	264	10.5064841	2,772
	CL	$ Per Hectare	31	77.5562535	2,404
				Scheme	**728,507**
Moutoa	B1	$ Per Hectare	4	299.8146196	1,234
	B2	$ Per Hectare	36	239.8513623	8,719
	B3	$ Per Hectare	62	44.9723364	2,795
	C1	$ Per Hectare	124	66.3284999	8,235
	C2	$ Per Hectare	21	53.0627371	1,109
	C3	$ Per Hectare	5	19.8988001	108
	D1	$ Per Hectare	1,138	29.8542093	33,976

All figures are inclusive of GST unless otherwise stated

River and Drainage Schemes	Class/Diff	Rating Basis	Number of Units	Unit Rate	Revenue Sought 2018-19
	D2	$ Per Hectare	711	17.0064814	12,095
	D3	$ Per Hectare	1,341	6.8025925	9,123
	D4	$ Per Hectare	1,012	7.8207113	7,915
	D5	$ Per Hectare	129	3.1282849	404
	MC	$ Per Hectare	4,460	18.7289946	83,522
	P1	$ Per Hectare	206	107.3353414	22,144
	P2	$ Per Hectare	837	85.8682757	71,841
	P3	$ Per Hectare	411	32.2005974	13,224
	P4	$ Per Hectare	601	85.7039484	51,483
	P5	$ Per Hectare	376	68.5631498	25,775
	P6	$ Per Hectare	101	25.7111510	2,591
				Scheme	**356,293**
Te Kawau	AC	$ Per SUIP	486	78.5566788	38,179
	C1	$ Per Hectare	82	12.1293697	998
	C2	$ Per Hectare	848	0.4706532	399
	CF	$ Per Hectare	13,316	1.1716042	15,601
	CR	$ Per Hectare	713	2.9435727	2,098
	CU	$ Per Hectare	36	35.3197152	1,274
	DA	$ Per Hectare	1,576	1.4411768	2,272
	DO	$ Per Hectare	4,144	6.1004693	25,281
	DR	$ Per Hectare	314	8.4007199	2,634
	DS	$ Per Hectare	7,369	11.3284533	83,476
	FK	$ Per Hectare	207	8.9211864	1,844
	FM	$ Per Hectare	1,085	33.8000127	36,666
	P1	$ Per Hectare	40	41.8130899	1,684
	P2	$ Per Hectare	11	10.4533704	113
	PR	$ Per Hectare	332	13.9175666	4,617
				Scheme	**217,137**
Whirokino	D1	$ Per Hectare	111	36.2582253	4,038
	D2	$ Per Hectare	155	23.9304319	3,719
	D3	$ Per Hectare	4	3.6254619	15
	D4	$ Per Hectare	45	82.6506227	3,709
	D5	$ Per Hectare	26	33.0602467	852
	F1	$ Per Hectare	89	27.0855846	2,397
	F2	$ Per Hectare	4	16.2510716	66
	F3	$ Per Hectare	267	2.7085564	723
	IN	$ Per Hectare	457	2.6380673	1,207
	P1	$ Per Hectare	28	187.3873916	5,288
	P2	$ Per Hectare	16	74.9551884	1,223
	P3	$ Per Hectare	48	18.7388575	898
				Scheme	**24,136**
Total Scheme Rates				Including GST	**11,936,155**
				Excluding GST	**10,379,266**

Total Rates Summary	**Including GST**	**Excluding GST**
General Rate	-	-
Uniform Annual General Charge	4,934	4,290
Biosecurity	3,856	3,353
Emergency Management	1,915	1,665
Information	1,617	1,406
Resource and Consent Monitoring	2,532	2,202
River and Drainage	4,445	3,865
Strategic Management	1,922	1,672
Water Quality and Quantity	5,702	4,958
Sustainable Land Use Initiative UAC	4,229	3,677
Environmental Initiatives UAC	2,318	2,015
Regional Transport Planning and Road Safety	273	237
Drinking Water Monitoring and Research	115	100
Manawatū River Water Quality Improvement	472	410
Production Pest Animal Management	1,532	1,332
Production Pest Rook Management	157	137
Infrastructure Insurance Reserve	575	500
Rangitīkei Old Man's Beard Eradication	55	48
Rangitīkei Old Man's Beard Eradication	55	48
River and Drainage Scheme	10,521	9,148
River and Drainage Scheme UAC	1,416	1,231
Regional Park UAC	196	170
Production Pest Plant Management	188	163
Production Pest Plant Management UAC	31	27
Transport Passenger Services (incl Total Mobility)	2,344	2,038
Waitarere UAC	8	7
Lake Horowhenua Restoration	75	66
Grand Total	**51,480**	**44,766**
Penalties and Discounts	(172)	(150)
Total Rates Including Penalties and Discounts	**51,308**	**44,616**

* A set amount to offset the rating impact to the ratepayer

All figures are inclusive of GST unless otherwise stated

Annual Administrative Charges for the Year Ending 30 June 2019

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

A. Overview

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

The charges outlined here are for the period 1 July 2018 to 30 June 2019. They are for:

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

The charges are based on cost recoveries specified in this Long-term Plan. Projected recoveries for 2018-19 are $1,460,514 for consents processing, $768,215 for all compliance monitoring charges, and $1,490,038 for contributions from resource users to research and science programmes.

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

Public and private good

In its Funding Policy, the Council has identified the public and private good components of the various services that it provides. In broad terms, Council has determined that 100 per cent of the costs of processing resource consents are a private benefit, and up to 80 per cent of the cost of conducting initial compliance inspections are a private benefit. Where, however, repeat compliance inspections are required because of poor performance, Council has determined the consent holder should pay 100 per cent of the costs of those inspections. This is because the need to carry out further inspections is due solely to the actions of the consent holder.

Matching costs to benefits

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

In setting its charges in the Long-term Plan, the Council also considers the following principle:

Equity

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

All figures are exclusive of GST unless otherwise stated

B. Resource consent processing and compliance monitoring charges

The Resource Management Act 1991 (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
Utilising Groundwater	
For stock purposes	**$ 885.50**
For irrigation	**$ 1,863.00**
Other uses	**$ 1,115.00**
Utilising Surface Water	
For stock purposes	**$ 977.50**
For irrigation	**$ 1,207.50**
Other uses	**$ 1,150.00**
For damming and diversion of water	**$ 1,150.00**
Utilising Land	
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 (eg. 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 NESPF)	**$ 920.00**
Discharging Contaminants (Excludes Intensive Farming)	
Discharges to land	**$ 885.50**
Discharges to water	**$ 1,150.00**
Discharges to air	**$ 1,150.00**
Works in Beds of Rivers or Lake	
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**
Other	
Covers the processing of resource consents that do not fit within the consent activities above.	**$ 885.50**

Notes:

1. NESPF refers to the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017.
2. Administrative conditions include monitoring and reporting requirements. All other conditions relate to avoiding, remedying or mitigating adverse effects on the environment (eg. water quality standards, construction methodology, maintaining environmental flows etc).
3. 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 COMMISSIOER 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 $0.55 cents per kilometre. 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 2018 and remain in effect until 30 June 2019.

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

ROLE	HOURLY RATE GST Exclusive
Group Manager	$ 170
Regulatory Manager	$ 150
Team Leader Consents	$ 121
Team Leader Compliance	$ 142
Team Leader Rural Industry	$ 101
Area/Project Engineer	$ 145
Engineering Officer	$ 100
Catchment Coordinators	$ 92
Senior Environmental Information Analyst	$ 96
Senior Communications Advisor	$ 80
Rural Industry Advisor	$ 101
Senior Scientist	$ 110
Consents Administrator	$ 54
Consents Monitoring Officer	$ 89
Consents Planner	$ 80
District Liaison Officer	$ 73
Emergency Management Officers	$ 88
Environmental Management Officers	$ 87
Environmental Protection Officer (Compliance)	$ 89
Hydrology Technician	$ 71
Land Management Officers	$ 81
Policy Planner	$ 71
Skilled Labourer	$ 55
Scientist	$ 94
Senior Compliance Officer	$ 99
Senior Consents Planner	$ 94
Senior Policy Planner	$ 93
Surveyors	$ 92
Commissioner	At Cost Plus Disbursements
Hearings Committee Chair and Members	At Cost Plus Disbursements

Other charges

DESCRIPTOR	CHARGE RATE GST Exclusive
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.

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

ACTIVITY TYPE	FIXED CHARGE GST Inclusive
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
Freshwater	
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
Waste Management	
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

ACTIVITY TYPE	FIXED ANNUAL PRELIMINARY COMPLIANCE CHARGE GST Inclusive
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
Rural	
Farm dairy effluent	$ 224.00
Intensive land use	$ 224.00
Piggery discharges	$ 429.00
Infrastructure	
Major use or disturbance of land (eg. earthworks, vegetation clearance, land based gravel extraction and quarry operations) – earthworks that have a medium to high risk of discharging into the receiving environment	$ 839.00
Minor use or disturbance of land (eg. 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
Activities Permitted by a National Environment Standard	
*National Environmental Standard Production Forestry (NES-PF)	$ 429.00
Other Activities	
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))

Annual consents administration charge

The resource consent annual administration charge fee of $36 excluding GST per consent contributes to the costs Council incurs in undertaking its consenting, monitoring and administrative functions required under the Resource Management Act 1991. 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 and will apply to all those consents that are to be, or are likely to be, monitored as part of Council's compliance programme.

This charge applies to those consents that are subject to a Section 36 monitoring charge. Consent holders that do not receive a Section 36 monitoring charge will not receive the administration charge. The administration charge will be invoiced alongside the Section 36 monitoring charge process.

D. Research and monitoring charges

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

Overview of charging policy

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

- 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

KCE Mangahao Limited	Mangahao – $10,917
Genesis Power Limited NZ Energy Limited	Tongariro Power Development – $42,756 Plus additional costs for specific projects as per the Schedule of Administrative Charges. $1,966
KCE Piriaka	$10,917
Other non-domestic power schemes less than 0.2 CMS and greater than 0.05 CMS	A charge of $223 until separate charge negotiated.
Other non-domestic power schemes less than 0.05 CMS	Nil
Other holders of permits	A charge of $30.32 plus $0.48 per cubic metre authorised as a maximum daily take.

CHARGES FOR LAND USE CONSENTS

Holders of land use consents to remove gravel*	$0.46 per cubic metre extracted.

- 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	2018-19 Annual Fee
AFFCO Feilding	4,898
DB Breweries	9,084
Fonterra – Longburn	3,331
Fonterra – Pahiatua	1,675
Horowhenua District Council	7,909
Manawatū District Council	24,741
NZ Defence Force	7,000
Palmerston North City Council	9,066
Rangitīkei District Council	26,433
Riverlands Manawatū	4,115
Ruapehu District Council	28,303
Scanpower	5,041
Winstone Pulp	4,791

Consent Monitoring (Contracted)	2018-19 Annual Fee
Tararua District Council	As per contract

State of Environment Monitoring and Research Type and Quantity	2018-19 Annual Fee
Discharge to Land <25	171
Discharge to Land >25 to 50	227
Discharge to Land >50 to 100	341
Discharge to Land >100 to 200	455
Discharge to Land >200 to 1,000	1,516
Discharge to Land >1,000 to 10,000	1,705
Discharge to Land 10,000+	1,895
Discharge to Water <25	341
Discharge to Water >25 to 50	455
Discharge to Water >50 to 100	682
Discharge to Water >100 to 200	910
Discharge to Water >200 to 1,000	3,032
Discharge to Water >1,000 to 10,000	3,411
Discharge to Water 10,000+	3,790
Unspecified Volume Discharge	1,895
Land Fill – High Impact	3,790
Land Fill – Medium Impact	568
Land Fill – Low Impact	189

Notes:

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2018 and remain in effect until 30 June 2019. 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 $30.32.
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) (i) Large Value Dam (above $100,000) (ii) Medium Value Dam ($20,000 to $99,999) (iii) Small Value Dam ($0 to $19,999)	$1,000 $750 $500	$1,000 $750 $500
Dam Building Consent and Certificate of Acceptance *1 (i) Large Value Dam (above $100,000) (ii) Medium Value Dam ($20,000 to $99,999) (iii) Small Value Dam ($0 to $19,999) *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	$1,000 $750 $500	$1,000 $750 $500
(www.waikatoregion.govt.nz) to check building consent application charges and charge-out rates. Please note that building consents incur BRANZ and Department of Building and Housing levies. These are payable to WRC		
Lodge dam potential impact category	$100	$100
Review dam safety assurance programme	$100	$100

ACTIVITY TYPE	FIXED MINIMUM CHARGE	LODGEMENT FEE
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 243) 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) Local Government Act 2002 and are payable by campers at the Totara Reserve.

Overview of charging policy

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

a. Council's policy (as outlined in the Revenue and Financing Policy) is to recover 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:	$35.00 (for two people) plus $5.00 per person per night
Non-powered site:	$15.00 (for two people) plus $5.00 per person per night
Children under 5:	Free

Camp Rangi Woods Rental

As negotiated with the Camp Rangi Woods Trust Board.

Notes:
1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2018 and remain in effect until 30 June 2019.
3. All charges are inclusive of GST.

G. Other administrative charges

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

Schedule of charges

Application for the preparation of a plan	A deposit of $1,000 or the actual and reasonable costs of notification, whichever is the greater.
Application to change a policy statement or plan	A deposit of $600 or the actual and reasonable costs of notification, whichever is the greater.
Information for general education/public use and normal public enquiries	No charge for first half hour or 20 A4 photocopies. Beyond that, actual and reasonable costs may be charged.
Information for planning, technical 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 243.
2. These charges shall come into effect on 1 July 2018 and remain in effect until 30 June 2019.
3. In accordance with Section 13 of the Local Government Official Information and Meetings Act (LGOIMA), a deposit for part of a charge for Council information may be sought in advance of a request being actioned.
4. In making these charges the Council has had regard to the criteria set out in Section 36 of the Resource Management Act 1991, and the practice guides accompanying the LGOIMA.
5. All charges are exclusive of GST.

H. Financial contributions (Pursuant to Section 108 of the Resource Management Act 1991)

Overview

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

Schedule of charges

GRAVEL EXTRACTION – RANGITĪKEI RIVER

Holders of consents to take	A financial contribution of $2 (excluding GST) per cubic metre of gravel extracted is set to avoid, remedy or mitigate the adverse effects. This financial contribution is applicable to land use consents for gravel extraction in the Rangitīkei River and its tributaries where there is a consent condition requiring a financial contribution to be made for this purpose. The amount payable is set for the period 1 July 2018-30 June 2019.

Financials and Policies

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Introducing the Policies

Overview

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

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

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

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

The Liability Management Policy outlines our approach to borrowing and to credit exposure.

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

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

The majority of these policies remain unchanged from the 2015-25 Long-term Plan. The policies that we have changed are:

- The Revenue and Financing Policy; and
- The Liability Management Policy.

The changes made to the Revenue and Financing Policy will be outlined in a section entitled Significant Changes to the Policy and their Effect.

The key change to the Liability Management Policy is extending Council's ability to borrow to fund investments. Currently this is in place for Council's 100 per cent owned holding company, MWRC Holdings Limited (MWRCH). This will now extend to any of Horizons' council controlled organisations and also for Council to borrow to fund commercial investments should there be a requirement.

The remaining changes to the Liability Management Policy are minor typographical changes to update the policy to current business language and will not be highlighted as they are not significant.

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 10 city or district councils (territorial authorities) around the Region. The exception was that, once a year, we directly billed most of the ratepayers in the individual river and drainage schemes for flood and erosion protection and land drainage activities.

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

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

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

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

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

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

Payments are also able to be made using a freepost envelope enclosed with the assessment/invoice or by using electronic banking mechanisms. Apart from direct debit arrangements, these are our preferred methods; however over the counter payments may still be made at any branch of NZ Post, at Regional House in Palmerston North and Whanganui, and at our Service Centres during specified hours.

Prompt Payment Policy

General

a. Application

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

b. Objectives

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

c. Conditions and Criteria

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

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

- Those who pay their rates in full by the due date will receive a 3 per cent prompt payment discount.
- Those who pay their rates fewer than 30 days after the due date will not receive the 3 per cent discount.
- Those who make arrangements to pay equal instalments at least quarterly by direct debit or automatic payment, before the 30 day penalty period applies, to spread their payments over a period of time, will not receive the 3 per cent discount, but they will not incur the 10 per cent penalty unless they default on their agreement.
- Those who have not paid their rates within 30 days from the due date, and have not entered into an agreement with the Council to pay their rates over a period of time, will face a 10 per cent penalty and will not receive the prompt payment discount.

To find out more

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

Policies on Remissions and Postponements

There are no changes to the Remission Policy or their effects.

1. Rates Remission Policy

A. General

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

b. Pre-existing remissions
Where ratepayers received discretionary rate remissions from Horizons Regional Council for river and drainage scheme rates up until 30 June 2005, these will continue provided their circumstances fit within the conditions and criteria of this Remission Policy.

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

B. Remission of penalties

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

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

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

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

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

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

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

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

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

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

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

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

a. Objective
To provide for relief from uniform charges for unsold subdivision units that are owned by the same ratepayer.

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

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

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

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

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

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

a. Objective
To provide for relief from uniform charges for forests that are owned by the same ratepayer or different ratepayers.

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

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

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

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

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

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

a. Objective
To provide for relief from uniform charges for farms that are owned by different ratepayers but farmed as one.

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

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

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

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

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

G. Remission of uniform charges on contiguous motel day-to-day manager's dwelling

a. Objective
To provide for relief from uniform charges for day-to-day motel manager's dwelling.

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

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

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

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

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

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

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

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

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

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

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

- The rating units on which remission is given must be owned or used, exclusively or principally, by a community, sporting or non-profit organisation. (Where the land is not owned by the organisation, the benefit of the remission must still flow to the organisation).
- The policy will also apply to land that falls within Schedule 1, s(21) of the Local Government (Rating) Act 2002, being land that is used for "the free maintenance or relief of persons in need," but that exceeds the 1.5 ha restriction.
- The policy will also apply to the 50 per cent rateable portion of land that falls within Schedule 1, Part 2 of the Local Government (Rating) Act 2002, (being land used for showgrounds, games, sports or the arts, as defined by the Act).
- The policy will also apply to that part of land that falls within Schedule 1, Part 2 s2) of the Local Government (Rating) Act 2002 being land for games or sports and for which a club liquor licence is in force; however in some cases an adjustment may be made in the amount of the remissions for the area covered by the liquor licence.
- The policy will not apply to organisations operated for the private pecuniary profit of any individual member, or that charge commercial tuition fees.

- The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting or community services as a secondary purpose only.

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

- Statement of objectives of the organisation;
- Full financial accounts at the most recent balance date; and
- Other information as may be requested.

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

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

2. Rates Postponement Policy

A. General

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

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

B. Extreme financial circumstances

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

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

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

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

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

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

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

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

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

Any postponed rates will become payable:

- On the death of the ratepayer/s; or
- When the ratepayer/s ceases to be the owner or occupier of the rating unit; or
- When the ratepayer/s ceases to use the property as his/her residence; or
- At a date specified by the Council.

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

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

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

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

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

3. Rates Remission Policy for Māori Freehold Land

A. General

This policy is written under Sections 102(2)(e) of the Local Government Act (LGA) 2002 and addresses the rating of Māori freehold land. The policy provides for the fair and equitable collection of rates from Māori freehold land, recognising that certain Māori-owned freehold lands have particular conditions, features, ownership structures, or other circumstances determining the land as having limited rateability under legislation. This policy also acknowledges the desirability of avoiding further alienation of Māori freehold land.

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

B. The objectives

The objectives of this policy are to fulfil the Council’s legal obligations under Sections 102(2)(e) and 108 of the Local Government Act 2002 and to provide rates relief for Māori freehold land in multiple ownership, to recognise, support and take account of:

a. Facilitating any wish of the owners to develop the land for economic use;

b. The presence of waahi tapu that may affect the use of the land for other purposes;

c. The importance of associated housing in providing kaumatua support and enhancement for marae;

d. The importance of the land for community goals relating to:

- The preservation of the natural character of the coastal environment;
- The protection of outstanding natural features; and
- The protection of significant indigenous vegetation and significant habitats of indigenous fauna;

e. Matters related to the legal, physical and practical accessibility of the land; and

f. Land that is in, and will continue to be in, a natural and undeveloped state.

C. Legal basis

a. Under the Local Government Act 2002 and the Local Government (Rating) Act (LGRA) 2002, and as provided by Sections 102(2)(e), 108 and the matters in Schedule 11 of the Local Government Act 2002 and Section 114 of the Local Government (Rating) Act 2002, this policy sets out:

- The objectives to be achieved by the remissions of rates on Māori freehold land;
- The conditions and criteria to be met in order for rates to be remitted; and

- The process of application and consideration of rates remission under this policy.

D. Conditions and criteria

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

a. Required Criteria (all)

A property must be:

i. Māori freehold land as defined in the LGRA 2002;

ii. In multiple ownership defined as two or more owners; and

iii. Unoccupied. Occupation for this policy is where a person/persons does/do one or more of the following for their significant profit or benefit:

- Leases the land to another party;
- Permanently resides upon the land;
- Depastures or maintains livestock on the land; or
- Undertakes significant commercial operations.

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

b. Optional Criteria (at least one)

A property must be/have:

i. Development of the land for economic use. If any land is to be developed for economic use, particularly if it will provide employment for local Māori, a rates remission will be considered. This remission will decrease in proportion to the property's increased economic use through development. Plans of the development and financial projections will be required to support application under this criterion;

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

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

iii. Where houses are in the vicinity of the marae, representations for rates remissions will be considered, taking into account the contribution to the kaumatua support and enhancement of the marae;

iv. Used for preservation/protection of character or coastline, outstanding natural features, significant indigenous vegetation and habitats of indigenous fauna. Applications under this criterion need to be supported by an existing Department of Conservation or Regional Council Management Plan, eg. in the DOC Coastal Management Plan for the area;

v. Accessibility issues

If it is difficult to legally, physically or practically access a property, a rates remission will be considered. Examples of accessibility issues are:

- The property is landlocked by properties owned by other people/entities;
- Access is legally available by paper road or easement but the road does not exist; or
- A road ends or passes a property but a river, ravine, cliff or other impediment prevents practical access;

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

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

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

The application for rates remission under this policy shall include:

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

b. Consideration of applications by the chief executive
All applications for rates remission under this policy shall be considered and decided upon by the chief executive (CE) or to whomever the CE delegates this responsibility.

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

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

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

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

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

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

e. Public register
In order to facilitate transparency in relation to Māori freehold land rates remissions, a public register will be held for all remissions granted. This register will detail for remissions made:

- Property identification and location;
- Applicant/owner;
- Detailed reason why the remission was granted;
- When the remission was first approved; and
- History of remissions for each year since approval.

F. Chief executive can consider properties without application by owners

a. CE-generated applications
If a property could qualify for a rates remission but the owners have not applied for the remission, the CE can consider the granting of a remission of rates under the criteria outlined in Section 4 of this policy.

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

G. Rate and penalty arrears write-off

a. Intention to write off rate arrears and penalties
For a number of landlocked properties, considerable rate arrears have accrued over the past decade due to an inability of the property to sustain the rates assessed. Council intends to write off these arrears, on a case-by-case basis, once the CE has approved a Māori land rate remission for individual properties.

b. CE can write off arrears
When considering a Māori land rate remission, the CE is to assess any rates and penalty arrears on the property. If these arrears have resulted from the

inability of the property to sustain the rates the CE may write off such arrears.

H. Right to change

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

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

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

a. Under Schedule 10 Part 1 Section 10 1 d (iii) (B) of the Local Government Act we are now required to state our definition of a Separately Used or Inhabited Dwelling Part of a Rating Unit:

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

Revenue and Financing Policy
Pursuant to Section 103 of the Local Government Act 2002

1. Introduction

This policy has been prepared in accordance with the Local Government Act 2002 and, in particular, Sections 101, 102 and 103. It identifies the funding sources and mechanisms that are to be used to finance Horizons' operating expenses and capital expenditure for the financial year commencing 1 July 2018.

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

The majority of revenue and financing policies are significantly different from those in the Funding Policy adopted in 2015. This document sets out:

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

2. Significant Changes to the Policy and their Effects

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

A. Lake Horowhenua Weed Harvester – Name Change to Lake Horowhenua Restoration

In the 2015-25 Long-term Plan we introduced a new service for Lake Horowhenua. This service will continue, however we have changed the name to reflect the activity being undertaken. There is no impact to the ratepayer.

B. Biosecurity Pest Animal Management – Excluding Rooks

The distribution of benefits has been extended for all three of these policies to allow us to charge for occasional operational activities where we consider the benefits to be entirely private to those who receive the services. There is no impact to the ratepayer as these will be funded on a full cost recovery basis.

C. Rangitīkei District Old Man's Beard Eradication

Currently there is one project that falls under the Revenue and Financing Policy and that is the funding of the Rangitīkei Environment Group Old Man's Beard Eradication Programme. This project is funded by way of a differentiated Uniform Annual Charge on the ratepayers of the Rangitīkei District. Currently it is funded 70 per cent UAC on properties >4 ha and 30 per cent UAC on properties <4 ha. This will now be rated 50 per cent of the costs by way of a Uniform Annual Charge on properties 4 ha and greater and 50 per cent by way of a Uniform Annual Charge on properties less than 4 ha. This decision has arisen as work can only be carried out on public land so the burden needs to be shared more equitably.

There is an impact to the ratepayers. Based on current year's charges, ratepayers with properties less than 4 ha will increase from $5.55 to $9.25 (an increase of $3.70 per unit) and ratepayers with properties greater than 4 ha will decrease from $45.34 down to $32.39 (a decrease of $12.95).

D. Biosecurity Pest Animal Management – Excluding Rooks

Council reviewed this policy and in recognition of the increasing biodiversity benefits, the current percentage rating split should transition over a three year period from 60 per cent/40 per cent (current) to 70 per cent/30 per cent. This will move from the current ratio of 60 per cent Biosecurity Rate (EQCV)/40 per cent targeted per hectare >4ha, to 70 per cent Biosecurity Rate (EQCV)/30 per cent targeted per hectare >4ha. This change will be transitioned over three years going from 60/40 (current) to 63 per cent/37 per cent (Year 1), 67 per cent/33 per cent (Year 2), and 70 per cent/30 per cent (Year 3). This will have a minimal impact overall to the ratepayer. The Biosecurity Rate increases from 0.00000423 per dollar to 0.00000557 per dollar and the targeted rate per hectare decreases from 82 cents to 70 cents per hectare.

	Current	**Year 1**	**Year 2**	**Year 3**
Biosecurity rate (EQCV)	60%	63%	67%	70%
Cost to ratepayer per dollar per CV	0.0000423	0.0000472	0.0000518	0.0000557
Targeted per hectare, rate properties >4 ha	40%	37%	33%	30%
Cost to ratepayer $ per ha	0.82	0.81	0.75	0.70

E. River and Drainage Scheme – Review, Audit and Operations and Maintenance (O&M) Manual Development

This function covers the scheme review and audit work undertaken on schemes as required by Council. There has been a minor addition, where this activity will now include the cost of developing scheme operations and maintenance manuals. The exception to this is for the Lower Manawatū Scheme, where the costs will be shared equally between the River and Drainage Rate (EQCV) and the Lower Manawatū Scheme. This has minimal impact on ratepayers.

F. Porewa Scheme

We will amend our funding policy as it applies to river and drainage schemes, creating an exception for the Porewa Scheme. Normally operating costs for river and drainage schemes are primarily funded by way of targeted rates, with a 20 per cent contribution from the Region-wide River and Drainage Rate. The exception for the Porewa Scheme acknowledges the flood protection benefits that the scheme provides to the national economy, substantially reducing the disruption to State Highway 1 and the North Island Main Trunk Railway Line located on the Porewa Valley floor south of Hunterville. Central Government originally recognised those benefits when the scheme was formed, providing substantial financial assistance to construct and maintain the 27 detention dams that make up the Porewa Scheme. The loss of those subsidies in the late 1980s has created a substantial inequity for Porewa Scheme ratepayers. Accordingly, we will adjust by 5 per cent each year the 80 per cent/20 per cent targeted rate/River and Drainage Rate split to achieve a 60 per cent/40 per cent targeted rate/River and Drainage Rate split.

What does this mean to the ratepayer? The portion of operating cost met by scheme ratepayers will decrease over the next four years and the balance of ratepayers will see a nominal increase from $1.33 in Year one of the Long-term Plan to $2.23 by Year 4 (on average).

Porewa Scheme	**2016-17 Year -1**		**2017-18 Current Year**		**2018-19 Year 1**	
	%	$ per $100,000	%	$ per $100,000	%	$ per $100,000
Scheme	80	70.45	80	70.47	75	70.47
Targeted	20	1.16	20	2.27	25	1.43
	2019-20 Year 2		**2020-21 Year 3**		**2021-22 Year 4**	
Scheme	70	70.37	65	70.18	60	70.39
Targeted	30	1.84	35	2.31	40	2.87

Scheme rates are based off an average of the differentials from the 2017-18 Annual Plan. Some scheme rates per $100,000 could be significantly higher or lower.

G. Drinking Water – Monitoring and Research

This is a new activity to ensure Horizons is meeting its statutory requirements around drinking water supplies including communication with other agencies involved in drinking water monitoring and research. The focus will be on Council-operated public water supplies. To ensure the relevant agencies in our Region are meeting their requirements regarding the protection of drinking water quality, Horizons is working in consultation with local public health officers and territorial authorities to improve overall management of drinking water supplies.

Council consider there are a number of beneficiaries for this activity. The work Horizons undertakes now on this research and monitoring will also impact significantly on future generations in terms of promoting effective sustainable management of the physical resource. Although it is considered impracticable to measure these benefits, they are considered to accrue evenly over a long time.

The Drinking Water – Monitoring and Research Rate will be funded via the Uniform Annual Charge (UAC). It is the most appropriate funding method in the circumstances as it is efficient and meets the need for transparency. This new work is included in this LTP with the additional funding of $100,000 set aside to ensure our communities' drinking water is safe. This equates to 92 cents per ratepayer.

H. Regional Development and Prosperity Policy

This is a new policy reflecting that this activity is to contribute to regional development and prosperity by working with others to facilitate development and implementation of the Manawatu-Whanganui Economic Action Plan. In previous years, this formed part of the uniform annual general charges as a $1.00 SUIP per ratepayer and the balance was funded from reserves generated by the investment activities. Council have now resolved to fully rate this activity as part of its UAGC.

I. Climate Change Policy

This new function involves activities to monitor and research the future impacts of climate change on the Horizons Region. The focus will be on establishing the potential impacts of changes in climate on future level of service for flood scheme infrastructure, water availability, terrestrial and aquatic ecosystems and natural hazards.

Council consider there are a number of beneficiaries for this activity. The work we undertake now on this research and monitoring will also impact significantly on future generations in terms of preparing our Region for future changes to our environment. Although it is considered impracticable to measure these benefits, they are considered to accrue evenly over a long time.

As the benefits will accrue equally to properties across the Region, this activity is will be funded by way of the Uniform Annual General Charge. Such a charge will be efficient and highly transparent to property owners. This new work is included in this LTP with additional funding of $50,000 set aside to ensure our communities' drinking water is safe. This equates to 46 cents per ratepayer.

Summary of Revenue and Financing Policy

Revenue and Financing Policy 2018 to 2028 – Summary Table

	Revenue and Financing Policy							
	Policy No.	Fees and Charges %	Grants and Subsidies %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	Type of Targeted Rate *1
LAND AND WATER MANAGEMENT								
Land Management – General	1				100%			
Gravel Quantity (Fluvial) Research	2	60%			40%			
Sustainable Land Use Initiative (SLUI)	3		As granted				Remainder	SLUI (UAC)
Water Quality and Aquatic Habitat Improvement	4						100%	Water Quality and Quantity (EQCV)
Manawatū River Water Quality Improvement	5						100%	Manawatū Catchment (UAC)
Lake Horowhenua Restoration	6				20%		80%	Lake Horowhenua Restoration (UAC)
Water Quality – Research	7	30%					70%	Water Quality and Quantity (EQCV)
Water Quality – Additional Research Costs	7	50%					50%	Water Quality and Quantity (EQCV)
Water Quality – Consent Holders' Research Responsibilities	7	100%						
Water Quantity – Research	8	30%					70%	Water Quality and Quantity (EQCV)
Resource Management Act Advice	9						100%	Resource and Consent Monitoring (EQCV)
Consent Management – Application Processing (incl. Hearings)	10	100%						Resource and Consent Monitoring (EQCV)
Consent Management – Environment Court	10						100%	Resource and Consent Monitoring (EQCV)
Compliance Monitoring – Complier Non-industrial/Large	11	65%					35%	Resource and Consent Monitoring (EQCV)
Compliance Monitoring – Complier Industrial/Large	11	80%					20%	Resource and Consent Monitoring (EQCV)
Compliance Monitoring – Non-complier	11	100%						
Pollution Incidents/Complaints	12	As much as possible					Remainder	Resource and Consent Monitoring (EQCV)
FLOOD PROTECTION AND CONTROL WORKS								
River and Drainage – General Engineering Advice and Work	13						100%	River and Drainage (EQCV)

	Revenue and Financing Policy							
	Policy No.	Fees and Charges %	Grants and Subsidies %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	Type of Targeted Rate [*1]
River and Drainage Scheme – Review, Audit and O&M Manual Development	14						100%	River and Drainage (EQCV)
Porewa Scheme	15						75%/ 70%/ 65%/ 60% 25%/ 30%/ 35%/ 40%	River and Drainage (EQCV) Scheme (Mixed, EQCV< CV,LV,UAC, Per ha) (transitioned over four years)
River and Drainage Scheme (excluding Porewa Scheme and Review and Audit Work)	16						20% 80%	River and Drainage (EQCV) Scheme (Mixed, EQCV< CV,LV,UAC, Per ha)
BIOSECURITY AND BIODIVERSITY MANAGEMENT								
Biosecurity Pest Animal Management – Excluding Rooks	17						37%/33%/30% 63%/67%/70%	Pest Animal (Per ha >4 ha) Biosecurity (EQCV)
Biosecurity Pest Animal Management – Rooks	18						90% 10%	Pest Rook (Per ha >4 ha) Biosecurity (EQCV)
Biosecurity Pest Plant Management	19						60% 10% 30%	Pest Plant (Per ha >4 ha) Pest Plant (UAC <4 ha) Biosecurity (EQCV)
Biosecurity - Environmental and Amenity Pests Control	20						50% 50%	Environmental Initiatives (UAC) Biosecurity (EQCV)
Biodiversity Protection – General	21						50% 50%	Environmental Initiatives (UAC) Biosecurity (EQCV)
Regional Parks	22			10%			90%	Palmerston North City Council and Manawatū District Council (UAC)
Biodiversity Protection – Non-strategy	23						100%	On community requesting activity
Rangitīkei District OMB Eradication	23						50% 50%	ROMBR (UAC >4 ha) ROMBR (UAC <4 ha)
Waitarere Community Board Biodiversity Project	24						100%	Waitarere Beach Community (UAC)
Nurseries	25	100%						
REGIONAL LEADERSHIP AND GOVERNANCE								
Community Relationships and Customer Services	26					100%		
Environmental Education	27						100%	Environmental Initiatives (UAC)
Environmental Research – General	28				100%			
Climate Change – Research	29					100%		

	Revenue and Financing Policy							
	Policy No.	Fees and Charges %	Grants and Subsidies %	Other Support %	General Rate (EQCV) %	UAGC (UAC) %	Targeted Rate %	Type of Targeted Rate *1
Drinking Water – Monitoring and Research	30					100%		Drinking Water (UAC)
Regional Development and Prosperity Policy	31					100%		
District Liaison/Rural Advice	32				100%			
Regional Emergency Management	33						100%	Emergency Management (EQCV)
Territorial Authority Emergency Management	34	100%						
Representation and Governance	35					100%		
Information	36						100%	Information (EQCV)
Hapū and Iwi	37					100%		
Strategic Management – General	38						100%	Strategic Management (EQCV)
TRANSPORT								
Transport Planning	39		40% to 50%				50% to 60%	Transport Planning and Safety (EQCV)
Passenger Transport Services – Excluding Total Mobility	40		50% to 60%	10%			30% to 40%	Transport Passenger Service (EQCV) By District
Passenger Transport Services – Total Mobility	40		60%				40%	Transport Passenger Service (EQCV) By District
Transport Safety	41		65% to 75%				25% to 35%	Transport Planning and Safety (EQCV)
Unsubsidised Transport Services	42						100%	On community requesting service; can be user fees
INVESTMENT								
Investments	43				100%			
Infrastructure Insurance Reserve	44						100%	4-Tiered Uniform Annual Charge (SUIP) Differentiated on Capital Value Bands
Event Recovery	45							To be decided after the event

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

Legislative Background and Available Funding Sources/Mechanisms

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

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

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

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

Direct charges

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

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

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

Other direct charges include fees and sundry charges.

Government grants

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

Rates

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

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

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

Changes introduced by the Local Government (Rating) Act 2002 now mean that, like city and district councils, the Regional Council may operate a system of differential rating for the General Rate whereby rating levels may be varied for different categories of property, for example, rural versus commercial. Similarly, regional councils may levy a portion of the General Rate as a Uniform Annual General Charge (UAGC), as is common practice for most city and district councils. Horizons makes use of a UAGC to ensure each rating unit in the Region contributes a minimum amount of the General Rate and also to moderate rates on high capital value properties. It should be noted that the dollar value of the

UAGC will be rounded to the nearest dollar with any rounding being added or deducted to/from the Capital Value General Rate.

General Rates of regional councils may be made on either a Land Value or Capital Value basis. There are advantages and disadvantages to both Land and Capital Value rating systems. Horizons has always used Capital Value (Equalised) as our base for General Rates and in making this decision we have noted the following factors.

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

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

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

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

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

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

Investment revenue

Horizons has a range of equity and cash investments that provide a source of revenue not related to any specific function or activity. Currently our primary investment asset is our 23 per cent shareholding in CentrePort, held by our holding company (MWRC Holdings Ltd). Investment revenue is applied to offset General Rate requirements. MWRC Holdings also owns a rental property in North St and has recently won a bid to build a new three-story, modern office building on Victoria Avenue, which will be tenanted. These additional properties will generate further revenue to be passed onto Horizons.

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

Borrowing

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

Capital expenditure

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

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

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

It should be noted that there are significant major capital projects indicated in this Long-term Plan for the Rangitīkei and Lower Manawatū River Schemes. Both will be funded mainly by way of loans.

Detailed Revenue and Financing Policy by Function

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

1. Land Management – General

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

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience;
- Healthy ecosystems; and
- A robust economy.

DISTRIBUTION OF BENEFITS

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

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

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

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

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

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

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

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

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

*Includes 10% currently unrecoverable national share.

2. Gravel Quantity (Fluvial) Research

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience; and
- Confidence in decision making.

DISTRIBUTION OF BENEFITS
As the research is required by the extraction of gravel, it could be argued that the full cost of the research should be met by the extractors. However, we consider our regional communities currently benefit from the removal of gravel from riverbeds, as generally the extraction of gravel reduces the build-up of material in the riverbed and increases the water carrying capacity of rivers in times of flood.

This increased capacity reduces the risk of flooding within the catchment. Although we consider some benefits might be catchment-based, we assume benefits would, over time, be equally spread across the entire Region. The Region also benefits because the information gathered can be used for other functions such as flood modelling.

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

CONTRIBUTORS TO THE NEED FOR FLUVIAL RESEARCH
The gravel extraction consent holders are exacerbators, as the research would not need to be carried out if the gravel was not taken from our rivers.

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

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

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

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

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

The costs may change throughout the Long-term Plan if there are strong environmental or river engineering benefits.

3. Sustainable Land Use Initiative (SLUI)

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience;
- Healthy ecosystems; and
- A robust economy.

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

As the deforesting of erodible hill country was encouraged by Central Government in the past, we consider that Central Government should contribute to the cost. Ideally the remainder of the cost should be divided equally between the ratepayers of the Region and property owners. We note that the cost incurred directly by property owners will not appear in our prospective financial statements and therefore the landowners' share is not included in the final policy.

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

CONTRIBUTORS TO ACCELERATED HILL COUNTRY EROSION
Prior landowners and Central Government have been the main exacerbators, whose actions in the past have led to the need for this expenditure today.

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

As noted above, the amounts spent by landowners are outside our financial activities and therefore do not appear in our funding policy recommended below. However, it is expected that landowners will contribute towards costs of works on their property.

OVERALL IMPACT ON WELLBEING

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

Sustainable Land Use Initiative (SLUI) Policy	
The method of funding this function is:	
Sustainable Land Use Initiative	
Central Government Funding	As granted
SLUI UAC (per SUIP)	Remainder

4. Water Quality and Aquatic Habitat Improvement

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

OVERALL IMPACT ON WELLBEING

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

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

*Includes 10% currently unrecoverable national share.

5. Manawatū River Water Quality Improvement

This activity focusses on improving the water quality of the Manawatū River.

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

DISTRIBUTION OF BENEFITS
Improved water quality in the Manawatū River will mainly benefit those who live within the catchment area. Those who benefit most will be communities living either near to the river and/or on the lower reaches of the river. Some small benefit will accrue to the Region and nation as a whole.

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

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

COST AND BENEFITS OF DISTINCT FUNDING
While there is some variance in benefit and contribution across the catchment, Council considers a UAC across the whole catchment is equitable and efficient given the low value in dollar terms of the UAC.

OVERALL IMPACT ON WELLBEING
It is acknowledged that a UAC is regressive in nature; however we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Any issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Manawatū River Water Quality Improvement (Interim)	
The method of funding this function is:	
Manawatū River Water Quality Improvement	
Manawatū Catchment UAC (per SUIP)	100%

6. Lake Horowhenua Restoration

The Lake Horowhenua restoration activity is to support works to restore Lake Horowhenua through the Lake Horowhenua Accord and associated activities.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

DISTRIBUTION OF BENEFITS
The main beneficiaries of this function are the local communities around Lake Horowhenua, which we consider receive 80 per cent of the benefit of the reserve. However, we do consider there are some national and regional benefits from any regional park. Council acknowledges that the national benefits cannot currently be recovered. We believe the regional share should be funded from the General Rate.

PERIOD OF BENEFIT
The majority of the benefits will accrue as costs are incurred. Any future benefits will be cumulative and, as the expenditure is on-going, no adjustment for intergenerational equity is required.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Surrounding farms and the Horowhenua District Council and its predecessors have contributed to poor water quality in the lake. The Horowhenua District Council is contributing to other projects that improve water quality in the lake.

COSTS AND BENEFITS OF DISTINCT FUNDING
Eighty percent of the cost will be funded from the Horowhenua District, with the remaining 20 per cent from the Water Quality and Quantity Rate across the entire Region. As we consider the benefits for the local community share accrues evenly to properties, a Uniform Annual Charge per property will fund the local share.

OVERALL IMPACT ON WELLBEING
While use of the UAC over the two local authorities is regressive in nature, we do not consider that it will cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community, if we only

fund 80 per cent of this activity by way of a UAC. Any remaining issues of affordability, especially for the elderly on fixed incomes, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

We consider that the use of the Water Quality and Quantity Rate for 20 per cent of this activity would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Equalised Capital Value, on the whole, addresses issues of affordability in terms of low value properties.

Lake Horowhenua Restoration	
The method of funding this function is:	
Regional Park	
Water Quality and Quantity (EQCV)*	20%
Targeted UAC (per SUIP) Horowhenua District	80%

*Includes 5% currently unrecoverable national share.

7. Water Quality – Research

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems;
- Human wellbeing; and
- Confidence in decision making.

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

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

CONTRIBUTORS TO POOR WATER QUALITY
There are two types of contributors to the need for this research – those who hold resource consents to discharge (point source dischargers) and those who contribute through runoff (non-point source discharges). Consent holders who hold resource consents for point source discharges significantly contribute to the need for the research and should bear part of the research cost. After taking all factors into account, including the cost incurred by point source dischargers to mitigate the effects of their discharges on the environment, we consider point source discharge consent holders should contribute 30 per cent of research costs.

If the discharge site results in us having to incur additional cost then the consent holder of the site will be required to pay 50 per cent of the additional cost. These charges will be listed separately in the Annual Administration Charges section of the relevant long-term plan or annual plan.

If the consent holder of the discharge site contracts us to undertake their consent monitoring responsibilities then they will be charged 100 per cent of the additional site costs. These charges will be listed separately in the Annual Administrative Charges section of the relevant long-term plan or annual plan.

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

Type/Size of Discharge	Fee Level
Low Impact Discharges (irrespective of type or quantity)	0.0%
Land <25 m^3 per day	4.5%
Land 25 to 49.999 m^3 per day	6.0%
Land 50 to 99.999 m^3 per day	9.0%
Land 100 to 199.999 m^3 per day	12.0%
Land 200 to 999.999 m^3 per day	40.0%
Land 1,000 to 9,999.999 m^3 per day	45.0%
Land 10,000 + m^3 per day	50.0%
Water <25 m^3 per day	9.0%
Water 25 to 49.999 m^3 per day	12.0%
Water 50 to 99.999 m^3 per day	18.0%
Water 100 to 199.999 m^3 per day	24.0%
Water 200 to 999.999 m^3 per day	80.0%
Water 1,000 to 9,999.999 m^3 per day	90.0%
Water 10,000 + m^3 per day	100.0%
Unspecified Volume Discharges (water or land)	50.0%
Discharges to Landfill Potential High Impact	100.0%
Discharges to Landfill Potential Medium Impact	15.0%
Discharges to Landfill Potential Low Impact	5.00%

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

OVERALL IMPACT ON WELLBEING

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

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

Water Quality – Research Policy

The method of funding this function is:

Water Quality Research

Water Quality and Quantity Rate (EQCV)*	70%
Annual charge – Discharge Consent Holder	30%

Water Quality Research Additional Costs Incurred By Us

Water Quality and Quantity Rate (EQCV)*	50%
Annual charge – Discharge Consent Holder	50%

Water Quality Research Additional Costs Incurred for Consent Holders' Research Responsibilities

Water Quality and Quantity Rate (EQCV)*	0%
As per contract	100%

*Includes 5% currently unrecoverable national share.

8. Water Quantity – Research

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems;
- Human wellbeing;
- A robust economy; and
- Confidence in decision making.

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

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

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

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

As hydro power generation consent holders tend to involve large quantities of water and may have mitigating circumstances, (eg. return of water into the waterways), the research charge cannot be equitably based on a per cubic metre charge. Each charge is individually negotiated with each consent holder and this negotiation needs to take into account the volume of the water take, where the water is discharged and the resultant need for research expenditure. Once negotiated the charge must move in proportion to the cubic metre charge to other users from this LTP onwards.

To date there are a number of non-domestic hydro water takes that do not have a negotiated charge. In the absence of a negotiated charge, the charge will be $216, which will move in proportion to the cubic metre charge to other users from this LTP onwards.

COSTS AND BENEFITS OF DISTINCT FUNDING
We concluded that the regional Water Quality and Quantity Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient and meets the need for transparency.

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

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

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

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

*Includes 5% currently unrecoverable national share.

9. Resource Management Act Advice

In order to ensure the achievement of our stated aims and objectives, we aid implementation of our policies by providing advice in relation to the responsibilities of the Region's residents under the Resource Management Act 1991. In particular, this occurs at a preparatory stage in the application for a consent but does not always result in an application being made as the advice given may indicate that a consent is not necessary. Any advice under an hour's duration is not charged to a person making enquiries and needs to be recovered from rates. In addition there are activities during consent processing that are for public benefit and cannot be charged to the consent holder. This time will be charged to RMA advice as it is often the result of RMA requirements.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems;
- Human wellbeing; and
- A robust economy.

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

PERIOD OF BENEFIT
Although this function carries mainly a future public benefit, it is considered impracticable to measure it. The work involved is of an on-going, operational nature.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Those seeking advice contribute to the need for, and cost of, this activity, however in order to promote the achievement of our environmental mission and goals it will be funded by way of rates.

COSTS AND BENEFITS OF DISTINCT FUNDING
While we recognise the benefits of this information will accrue equally to properties across the Region, we consider it will be too burdensome to low value properties to fund this activity from UAGC. Therefore, this activity will be funded from EQCV.

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

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

*Includes 10% currently unrecoverable national share.

10. Consent Management

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

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems;
- Human wellbeing;
- A robust economy; and
- Confidence in decision making.

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

PERIOD OF BENEFIT
We acknowledge that sustainable resource management benefits future generations. The benefits of a consent will run for the life of the consent

(provided it is complied with). However, we note that it is probably not appropriate to fund this activity over time. It is quite different from capital works. This is recurring expenditure, which remains at a similar level from year to year, so costs can be funded in the year in which they are incurred.

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Enquiries from prospective applicants
This is a private good if the person making the enquiry goes on to lodge an application. The costs of the activity in that case should be 100 per cent recovered from the applicant. However, in the absence of a subsequent application being lodged, the activity would need to be funded entirely from Resource and Consent Monitoring Rates. Council will make an exception for lengthy enquiries from prospective consent applicants. Note: Those applicant enquiries that are short in duration and do not lead to consent applications, and general public enquiries, will be funded as part of the RMA Advice Funding Policy.

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

Accordingly we consider that the consent processing activity should be funded 100 per cent from user fees.

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

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

COSTS AND BENEFITS OF DISTINCT FUNDING
We consider the regional Resource and Consent Monitoring Rate via Equalised Capital Value is the most appropriate funding method for recovering the Region's share of cost for this activity, as it is efficient, generally reflects the ability to pay and meets the need for transparency.

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

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

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

Consent Management Policy

The method of funding this function is:

Processing Applications Received (Including Hearings, Dam Consents and PIMs)	
Section 36 charges to applicant	100%
Environment Court	
Resource and Consent Monitoring Rate (EQCV)*	100%

11. Compliance Monitoring

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

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

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

PERIOD OF BENEFIT
This activity is on-going and therefore allocation of benefits over time is not seen as applicable.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
We identify non-complying consent holders as exacerbating this expenditure requirement, as non-compliance requires follow-up visits or enforcement action. Non-compliers give rise to 100 per cent of the non-complying monitoring costs.

COSTS AND BENEFITS OF DISTINCT FUNDING
We concluded that the regional Resource and Consent Monitoring Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient and meets the need for transparency.

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

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

We also note that some more complicated consent sites require multiple inspection and report analysis during the year. This additional monitoring increases staff time, involvement and costs. In the interests of equity to other consent holders, these additional actual and reasonable costs will be recovered from the consent holder. As these consents have higher potential environmental impacts the proportion of cost recovered will be higher (80 per cent as opposed to 65 per cent of costs for smaller single inspection consents). A minimum fixed fee will be charged annually based on the estimated number of hours involved in inspecting the site discounted by the Resource and Consent Monitoring Rate share (20 per cent). Any hours additional to the estimated hours will be invoiced throughout the year as compliance assessments are undertaken.

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

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

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

NON-COMPLIANCE RESOURCE CONSENTS

When a consent holder does not comply we incur additional costs both in the field and back in the office to deal with the non-compliance. These costs will be recovered 100 per cent from consent holders with non-complying consents on an actual and reasonable basis.

Compliance Monitoring Policy	
The method of funding this function is:	
Compliance Monitoring – Complier Single Inspection	
Resource and Consent Monitoring Rate (EQCV)*	35%
Charge to consent holder on an annual basis	65%
Compliance Monitoring – Complier Multiple	
Resource and Consent Monitoring Rate (EQCV)*	20%
Charge to consent holder on an as-inspected basis	80%
Compliance Monitoring – Non-complier	
Charge to consent holder per inspection on actual and reasonable basis	100%

*Includes 5% currently unrecoverable national share.

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

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

12. Pollution Incidents/Complaints

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

DISTRIBUTION OF BENEFITS

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

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

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

OVERALL IMPACT ON WELLBEING

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

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

Pollution Incidents/Complaints Policy

The method of funding this function is:

Pollution Incidents/Complaints	
Resource and Consent Monitoring Rate (EQCV)*	Remainder
Charge/fines to polluter	As much as appropriate

*Includes 5% currently unrecoverable national share.

13. River and Drainage Engineering – General Advice and Work

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience; and
- Robust economy.

DISTRIBUTION OF BENEFITS

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

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

OVERALL IMPACT ON WELLBEING

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

River and Drainage – General Engineering Advice and Work Policy

The method of funding this function is:

River and Drainage – General Engineering Advice and Work	
River and Drainage Rate (EQCV)*	100%

*Includes 10% currently unrecoverable national share.

14. River and Drainage Scheme – Review, Audit and O&M Manual Development

This function covers the scheme review and audit work undertaken on schemes as required by Council. It also includes developing scheme operations and maintenance manuals.

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience; and
- Confidence in decision making.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

OVERALL IMPACT ON WELLBEING

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

River and Drainage Scheme – Review, Audit and O&M Manual Development Policy

The method of funding this function is:

River and Drainage Scheme – Review and Audit	
River and Drainage Rate (EQCV)*	100%**

*Includes 10% currently unrecoverable national share.

** Excludes Lower Manawatū Scheme, which will be River and Drainage Rate (EQCV)* 50% and Lower Manawatū Scheme 50%.

15. Porewa Scheme

Council has a specific revenue policy for the Porewa Scheme that differentiates it from the revenue policy applied to all other river and drainage schemes. Although operational activity for the Porewa Scheme is similar to the other schemes (albeit with flood protection levels of service provided by way of detention dams rather than stopbanks) the nature of the benefits those assets generate is quite different.

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience; and

- Robust economy.

DISTRIBUTION OF BENEFITS

As with the other river and drainage schemes, there are both private and public benefits from this activity area as it reduces flood hazard. It also indirectly contributes to minimising erosion and assisting with the provision of land drainage through channel management activities. The benefits generated are social, economic and cultural wellbeing as well as hazard mitigation and health and safety.

Beneficiaries can be broken down into four main groups: national, regional, local catchment and direct beneficiaries. However unlike other river and drainage schemes the level of benefit that accrues to those direct beneficiaries is substantially matched by the benefit the Porewa Scheme provides to the regional and, in particular, the national economy. Other benefits are similar in nature to the policy covering the other schemes – the benefits to environmentally and recreationally important areas (conservation land on the valley floor), reduced civil defence/emergency costs, and less social disruption both during and after adverse flood events.

The intent of the Porewa Scheme when it was established was two-fold – reducing the impact of flooding and enabling the productive use of the Porewa valley floor, while also reducing disruption from flooding to State Highway 1 and the South Island Main Trunk Railway, both of which are also located on the valley floor. These nationally important corridors also include other infrastructural assets of national importance such as fibre-optic communications cables. The benefits are assessed as being a substantial portion of the total benefit. Properties within the Region (regional group) receive a proportionately smaller benefit, while properties in the local catchment area (local group) lie in between.

The fourth group of beneficiaries (direct beneficiaries) are those properties that are directly protected by the flood or erosion control works. In addition to the benefits of the other three groups, these properties receive less land/property damage from reduced frequency of flooding, decreased production loss from land erosion, and reduced psychological stress and trauma from a reduction in the frequency of flooding. However because the national benefits are such a large benefit category for this particular scheme, the proportion of total benefit is assessed as being lower than for other schemes.

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Exacerbators include landowners who undertake activities that negatively impact on the schemes. Where possible, the costs of repairing these negative impacts are charged directly to the landowner, eg. inappropriate grazing of stock on dams. Other significant contributors to the need for this activity are owners or occupiers of properties where there has been the historic clearing of indigenous forests for pasture resulting in an increase in the level of water and sediment runoff.

COSTS AND BENEFITS OF DISTINCT FUNDING

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

40 per cent of Scheme Total Operating Costs

less	review, design, depreciation costs
plus	loan servicing
less	loan advances
less	insurance/government grants received
less	revenues from assets, which the General Rate helped to fund

For the direct beneficiaries group, targeted rates will be struck in accordance with a classification system established through consultation. These targeted rates will be set using a capital value basis and are differentiated using eight separate categories.

The amount of the scheme rate will take into account what is not funded by way of targeted rate.

OVERALL IMPACT ON WELLBEING

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

In addition, we consider the use of a mix of rate types for the scheme portion would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. Issues of affordability, especially for the elderly on fixed income, are addressed via the Central Government rates rebate scheme and our rates postponement policy.

Porewa Scheme

The method of funding this function is:

Porewa Scheme

	Year 1	Year 2	Year 3	Year 4
Porewa (EQCV)*****	75%	70%	65%	60%
Scheme Targeted Rates (adjusted for reserves)	25%	30%	35%	40%

*Will ultimately include a 30% unrecoverable national share.

16. River and Drainage Schemes (Excluding Porewa and Review and Audit Work)

The function of river and drainage schemes encompasses operational activities over large parts of the Region for flood and erosion control works on rivers and for land drainage works. It includes the operation, maintenance, ongoing asset management, construction and improvement of 17 river engineering schemes and 12 land drainage schemes.

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience; and
- Robust economy.

DISTRIBUTION OF BENEFITS

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

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

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

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

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

- Per hectare;
- Capital Value;
- Land Value;
- Equalised Capital Value;
- Equalised Land Value; and
- Uniform Annual Charge (UAC) (per SUIP).

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

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

It should be noted that some schemes receive revenue from leases, forestry and gravel extraction. If the assets or activities that generated this revenue are completely scheme funded then all of the revenue is also used to offset scheme rates. If any River and Drainage Rate funding has been used to generate this revenue then the revenue will be allocated back proportionately in the same way it was drawn (under the current funding model primarily 80 per cent against scheme rates and 20 per cent against the River and Drainage Rate). Note that the costs of activity/expenditure associated with these revenue-producing areas, such as grazing leases, will also be fully allocated to the relevant scheme (as opposed to the current 80/20 per cent split).

OVERALL IMPACT ON WELLBEING

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

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

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

The method of funding this function is:

River and Drainage Schemes (Excluding Review and Audit Work)	
River and Drainage Rate (EQCV)*	20%**
Scheme Targeted Rates (adjusted for reserves)	80%**

*Includes 10% currently unrecoverable national share.

** Excludes Porewa Scheme.

17. Biosecurity Pest Animal Management – Excluding Rooks

This function involves the control of animal pests (excluding rooks) within the Region with the purpose of protecting the productive capacity of farms. While this function focusses on possum control, other animals such as rabbits and goats will be managed, if it is considered necessary, to protect the Region's farming capacity.

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- A robust economy.

DISTRIBUTION OF BENEFITS

Both the nation and the Region benefit from this function. The reduction of possum and other pest animal numbers not only protects the national/regional economy, it also contributes towards the protection of significant environmental areas. The majority of the benefit of this activity however can be attributed to farms and larger properties that derive protection from the negative effects of pest animals on their productive capacity and other features of their properties. For occasional operational activities such as delivery of pest control and non-compliance we consider the benefits to be entirely private to those who receive the services, therefore these will be funded on a full cost recovery basis.

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

PERIOD OF BENEFIT

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

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

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

COST AND BENEFITS OF DISTINCT FUNDING

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

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

However we believe the split should progress from 60 per cent Biosecurity Rate (EQCV)/40 per cent targeted per hectare >4 ha to 70 per cent Biosecurity Rate

(EQCV)/30 per cent targeted per hectare >4 ha. This change will be transitioned over three years going from 60 per cent/40 per cent (current), 63 per cent/37 per cent (Year 1), 67 per cent/33 per cent (Year 2) and 70 per cent/30 per cent (Year 3). This will have a minimal impact overall to the ratepayer. The Biosecurity Rate increases from 0.00000423 per dollar to 0.00000557 per dollar and the targeted rate per hectare decreases from 82 cents to 70 cents per hectare.

OVERALL IMPACT ON WELLBEING

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

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

Biosecurity Production Pest Animal Management – (Excluding Rooks)

The method of funding this function is:

Biosecurity Production Pest Animal Management – (Excluding Rooks)	Year 1	Year 2	Year 3
Biosecurity Rate (EQCV)*	63%	67%	70%
Targeted per hectare rate, properties >4 ha	37%	33%	30%
Service Delivery – Pest Control/Non-compliance			
Charge to the landowner			100%

*Includes 20% currently unrecoverable national share.

18. Biosecurity Pest Animal Management – Rooks

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- A robust economy.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

The main contributor to the need for this activity is past generations who introduced rooks. It could also be argued that people who do not control these pests on their properties contribute to the need for this activity. However, we do not want the public to attempt to control rooks, as they are extremely intelligent birds. This intelligence enables them to adapt to noticeable control methods such as shooting and such methods often speed their dispersal.

COST AND BENEFITS OF DISTINCT FUNDING

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

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

OVERALL IMPACT ON WELLBEING

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

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

Biosecurity Production Pest Animal Management – Rooks Policy

The method of funding this function is:

Biosecurity Production Pest Animal Management – Rooks	
Biosecurity Rate (EQCV)*	10%
Targeted per hectare rate, properties >4 ha	90%

*Includes 10% currently unrecoverable national share.

19. Biosecurity Pest Plant Management

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- A robust economy.

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DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

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

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

OVERALL IMPACT ON WELLBEING

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

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

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

Biosecurity Pest Plant Management Policy

The method of funding this function is:

Biosecurity Pest Plant Management	
Biosecurity Rate (EQCV)*	30%
Targeted per hectare rate, properties >4 ha	60%
Pest Plant UAC properties <4 ha per separate rating unit	10%
Service Delivery – Boundary Control/Non-compliance	
Charge to the landowner	100%

*Includes 13% currently unrecoverable national share.

20. Biosecurity – Environmental and Amenity Pests Control

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- A robust economy.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE INTRODUCTION AND SPREAD OF PEST PLANTS

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

OVERALL IMPACT ON WELLBEING

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

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

Biosecurity - Environmental and Amenity Pests Control Policy	
The method of funding this function is:	
Environmental Pest Plant Control	
Biosecurity Rate (EQCV)*	50%
Environmental Initiatives UAC (per SUIP)	50%

*Includes 38% currently unrecoverable national share.

21. Biodiversity Protection – General

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

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

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

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

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

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

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

Biodiversity Protection – General Policy	
The method of funding this function is:	
Biodiversity – General	
General Rate (EQCV)*	50%
Environmental Initiatives UAC (per SUIP)	50%

*Includes 10% currently unrecoverable national share.

22. Regional Parks

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

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

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

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

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

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

Regional Parks Policy

The method of funding this function is:

Regional Park	
General Rate (EQCV)*	10%
Targeted UAC (per SUIP) Manawatū District/Palmerston North City	90%

*Includes 5% currently unrecoverable national share.

23. Biodiversity Protection – Non-strategy

On occasion a community will want some Biodiversity Protection work to be undertaken that is outside our current strategies.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

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

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

CONTRIBUTORS TO HABITAT LOSS
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
We would rate such a project to the community that will benefit from it.

OVERALL IMPACT ON WELLBEING

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

Biodiversity Protection – Non-strategy Policy	
The method of funding this function is:	
Biodiversity Protection – Non-strategy	
Community Targeted Rate*	100%

* Currently there is one project that falls under this revenue and funding policy and that is the funding of the Rangitīkei Environment Group Old Man's Beard Eradication Programme. This project will be funded by way of a differentiated Uniform Annual Charge on the ratepayers of the Rangitīkei District. Initially we considered a Uniform Annual Charge over the whole district but considered that would be too burdensome on lower valued properties. Instead, we will rate 50 per cent of the costs by way of a Uniform Annual Charge on properties 4 ha and greater and 50 per cent by way of a Uniform Annual Charge on properties less than 4 ha.

24. Waitarere Community Biodiversity Project

This project aims to treat weed and biodiversity threats in the Waitarere coastal community.

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- Human wellbeing.

DISTRIBUTION OF BENEFITS

This project will mainly benefit properties in the Waitarere Beach community and its surrounds. There will be some benefit to those within the Region and those outside the Region (particularly those from the Wellington area who may use the beach). This benefit would be no more than 5 per cent and cannot easily be recovered.

At this development level of funding, all residents of the beach community benefit equally. If and when the project is expanded, differences between properties due to location will become more evident and this interim rating position will need to be changed in consultation with the residents of the beach community and surrounding area.

PERIOD OF BENEFIT

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

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

There are no significant contributors to the need for this activity.

COSTS AND BENEFITS OF DISTINCT FUNDING

As there is little variance in benefit and contribution across the beach community at this level of funding, Council considers a UAC across the beach community is equitable and efficient given the low value in dollar terms of the UAC.

OVERALL IMPACT ON WELLBEING

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

Waitarere Community Biodiversity Project	
The method of funding this function is:	
Waitarere Community Biodiversity Project	
Waitarere Beach Community UAC ((per SUIP)	100%

25. Nurseries

Over the past few years the SLUI project has generated a demand for seedlings. As the market could not provide the quantity of seedlings required we created some nurseries to ensure plants were available for SLUI and other projects.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems; and
- A robust economy.

DISTRIBUTION OF BENEFITS
Provision of this service directly benefits the purchasers of the plants.

PERIOD OF BENEFIT
Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
We consider that the cost of this activity should be met by way of user fees for the purchase of plants.

OVERALL IMPACT ON WELLBEING
We consider that directly charging purchasers for plants would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community.

Nurseries Policy

The method of funding this function is:

Nurseries	
User Fees	100%

26. Community Relationships and Customer Services

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcome:

- Confidence in decision making.

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

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

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

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

Community Relationships and Customer Services Policy

The method of funding this function is:

Community Relationships and Customer Services	
Uniform Annual General Charge (per SUIP)	100%

27. Environmental Education

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcome:

- Healthy ecosystems; and
- Human wellbeing.

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

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

CONTRIBUTORS TO THIS ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
As the majority of the benefits of this activity accrue to people in general, a per property charge via the Environmental Initiatives Uniform Annual Charge seems the most appropriate way to rate for this activity. Such a charge will be efficient and highly transparent to property owners.

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

Environmental Education – Excluding the Policy

The method of funding this function is:

Environmental Education	
Environmental Initiatives UAC (per SUIP)	100%

*Includes 10% currently unrecoverable national share.

28. Environmental Research – General

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Healthy ecosystems;
- Human wellbeing; and
- Confidence in decision making.

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

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

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

geography and climate of those other communities prevent the build-up of PM_{10} and other air pollutants.

We consider that all contribute to the need for state of the environment reporting.

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

Environmental Research – General Policy

The method of funding this function is:

Environmental Research General	
General Rate (EQCV)	100%

29. Climate Change – Research

This function involves activities to monitor and research the future impacts of climate change on the Horizons Region. The focus will be on establishing the potential impacts of changes in climate on future levels of service for flood scheme infrastructure, water availability, terrestrial and aquatic ecosystems, and natural hazards.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience;
- Human wellbeing;
- A robust economy; and
- Confidence in decision making.

DISTRIBUTION OF BENEFITS
Monitoring and researching the potential impacts of climate change with a focus on natural hazards and resource management has wide environmental, economic, social and cultural benefits for the Region as a whole.

PERIOD OF BENEFIT
Council consider there are a number of beneficiaries for this activity. The work Horizons undertakes now on this research and monitoring will also impact significantly on future generations in terms of preparing our Region for future changes to our environment. Although it is considered impracticable to measure these benefits, they are considered to accrue evenly over a long time.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
The benefits of research into the impacts of climate change on the Horizons Region accrue to the whole community from this function.

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

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

Climate Change – Research

The method of funding this function is:

Climate Change Research	
Uniform Annual General Charge (per SUIP)	100%

30. Drinking Water – Monitoring and Research

This function involves the activity to ensure Horizons is meeting its statutory requirements around drinking water supplies including communication with other agencies involved in drinking water monitoring and research. The focus will be on Council's operated public water supplies.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Human wellbeing;
- A robust economy; and
- Confidence in decision making.

DISTRIBUTION OF BENEFITS
Monitoring and researching public water supplies with a focus on Council-operated drinking water supplies has wide environmental, economic, social and cultural benefits for the Region as a whole.

PERIOD OF BENEFIT
Council consider there are a number of beneficiaries for this activity. The work Horizons undertakes now on this research and monitoring will also impact significantly on future generations in terms of promoting effective sustainable management of the physical resource. Although it is considered impracticable to measure these benefits, they are considered to accrue evenly over a long time.

CONTRIBUTORS TO THE NEED FOR THIS ACTIVITY
The benefits of drinking water supplies being well managed accrue to the whole community from this function.

COSTS AND BENEFITS OF DISTINCT FUNDING
We concluded that the Drinking Water – Monitoring and Research Rate via Uniform Annual Charge (UAC), for the Region's share, is the most appropriate funding method in the circumstances as it is efficient and meets the need for transparency.

OVERALL IMPACT ON WELLBEING
We consider that the use of the Drinking Water – Monitoring and Research Rate would not cause any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. We also consider the use of Uniform Annual Charge, on the whole, addresses issues of affordability and equity.

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

Drinking Water – Monitoring and Research	
The method of funding this function is:	
Drinking Water – Monitoring and Research	
Uniform Annual Charge (per SUIP)	100%

31. Regional Development and Prosperity Policy

The focus of this activity is to contribute to regional development and prosperity by working with others to facilitate development and implementation of the Manawatu-Whanganui Economic Action Plan. It does so via a programme called Accelerate25.

COMMUNITY OUTCOMES
This activity contributes primarily to the following community outcome:

- A robust economy.

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

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

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

OVERALL IMPACT ON WELLBEING
We consider that the use of a Uniform Annual General Charge (UAGC) to be fair as the benefits accrue to all properties within a catchment. While the UAGC is a

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

Regional Development and Prosperity Policy

The method of funding this function is:

Regional Development and Prosperity	
Uniform Annual General Charge (per SUIP)	100%

32. District Liaison/Rural Advice

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

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

COMMUNITY OUTCOMES

This activity primarily contributes towards the following community outcomes:

- Natural hazard resilience;
- Healthy ecosystems;
- Human wellbeing; and
- A robust economy.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

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

COSTS AND BENEFITS OF DISTINCT FUNDING

While we recognise the benefits of this information will accrue equally to properties across the Region, we consider it will be too burdensome to low value properties to fund this activity from the UAGC. Therefore, this activity will be funded from EQCV.

OVERALL IMPACT ON WELLBEING

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

District Liaison Policy

The method of funding this function is:

District Liaison	
General Rate (EQCV)	100%

33. Regional Emergency Management

We maintain an emergency management capability to help coordinate and facilitate an immediate response to emergencies such as earthquakes, volcanic eruptions, floods and hazardous spills. This is a statutory requirement of Council under the Civil Defence Emergency Management Act 2002. This function is also concerned with the ongoing development of a Civil Defence Emergency Management Group (CDEMG) for this Region. The CDEMG aims to provide an effective and efficient Region-wide emergency management system that makes the best use of available resources to meet the needs of all communities.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience;
- Human wellbeing; and
- A robust economy.

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

PERIOD OF BENEFIT
Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
We concluded that the regional Emergency Management Rate via Equalised Capital Value, for the Region's share, is the most appropriate funding method in the circumstances as it is efficient and meets the need for transparency.

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

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

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

Regional Emergency Management Policy

The method of funding this function is:

Regional Emergency Management	
Emergency Management Rate (EQCV)	100%

34. Territorial Authority Emergency Management

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcome:

- Natural hazard resilience;
- Human wellbeing; and
- A robust economy.

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

PERIOD OF BENEFIT
Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
We consider that the cost of this activity should be met by way of contract payment from the territorial authorities that request the service.

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

Territorial Authority Emergency Management Policy	
The method of funding this function is:	
Territorial Authority Emergency Management	
Contract Payment	100%

35. Representation and Governance

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

COMMUNITY OUTCOMES
This activity contributes primarily to the following community outcome:

- Confidence in decision making.

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

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

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

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

Representation and Governance Policy	
The method of funding this function is:	
Representation and Governance	
Uniform Annual General Charge (per SUIP)	100%

36. Information

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

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

COMMUNITY OUTCOMES
This activity contributes towards all of the community outcomes.

DISTRIBUTION OF BENEFITS
The beneficiaries of this function are the communities across the Region, as the information is used both internally and externally to make more balanced decisions for the wellbeing of the community.

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
While we recognise the benefits of this information will accrue equally to properties across the region, we consider it will be too burdensome to low value properties to fund this activity from UAGC. Therefore, this activity will be funded from EQCV.

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

Information Policy

The method of funding this function is:

Information	
Information Rate (EQCV)	100%

37. Hapū and Iwi

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Confidence in decision making.

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

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
As the benefits will accrue equally to properties across the Region, this activity should be funded by way of the Uniform Annual General Charge (UAGC). Such a charge will be efficient and highly transparent to property owners.

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

Hapū and Iwi Policy	
The method of funding this function is:	
Hapū and Iwi	
Uniform Annual General Charge (per SUIP)	100%

38. Strategic Management – General

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

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

COMMUNITY OUTCOMES
This activity contributes to all the community outcomes.

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

PERIOD OF BENEFIT
Policy and plan documents are considered to have benefits that extend over time, ranging between 5 and 15 years depending on the life of the particular document. With plans that have a life of 10 years or longer, Council will reserve or loan fund the construction phase and fund the repayments and interest over the life of the plan to achieve inter-generational equity.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

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

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

Strategic Management – General Policy	
The method of funding this function is:	
Strategic Management – General	
Strategic Management Rate EQCV*	100%
Strategic Management – 10-year + Plans	
Construction – Reserve/Loan Funded *	100%
Principal, Interest and Ongoing Maintenance –	
Strategic Management Rate EQCV	100%

*Includes 5% currently unrecoverable national share.

39. Transport Planning

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

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcome:

- Connected communities; and
- A robust economy.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

OVERALL IMPACT ON WELLBEING

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

Transport Planning Policy	
The method of funding this function is:	
Transport Planning	
Transport Planning and Safety Rate (EQCV)	50%-60%
Government support	40%-50%

40. Passenger Transport Services (Including Total Mobility)

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

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

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcome:

- Human wellbeing; and
- Connected communities.

DISTRIBUTION OF BENEFITS

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

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

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

PERIOD OF BENEFIT
Immediate.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

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

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

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

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

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

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

Passenger Transport Services (Including Total Mobility) Policy

The method of funding this function is:

Passenger Services	
Transport Passenger Services Rate (CV)	30%-40%
Government support	50%-60%
Other support*	10%

*Average over all passenger services

Total Mobility	
Transport Total Mobility Rate (EQCV)	60%
Government subsidy	40%

41. Transport Safety

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

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcome:

- Human wellbeing.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY:

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

COSTS AND BENEFITS OF DISTINCT FUNDING

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

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

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

OVERALL IMPACT ON WELLBEING

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

Transport Safety Policy

The method of funding this function is:

Road Safety	
Transport Planning and Safety Rate (EQCV)	25%-35%
Government support	65%-75%

42. Unsubsidised Transport Services

On occasion a community will want a transport service that is not subsidised by Central Government or another party. In the past we have not supported unsubsidised services. However if a community expresses a strong desire that is widely supported for an unsubsidised service, we would consider its introduction provided the community paid for that service.

COMMUNITY OUTCOMES

This activity contributes primarily towards the following community outcome:

- Connected communities.

DISTRIBUTION OF BENEFITS

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

PERIOD OF BENEFIT

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

CONTRIBUTORS

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

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

OVERALL IMPACT ON WELLBEING

We consider a specifically targeted rate to be fair when a project is outside government subsidy.

Unsubsidised Transport Services	
The method of funding this function is:	
Unsubsidised Transport Services	
Community Targeted Rate or user fee	100%

43. Investments

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

COMMUNITY OUTCOMES
This activity contributes indirectly towards all community outcomes by providing revenue that enables us to carry out our activities at the levels set in the Long-term Plan.

DISTRIBUTION OF BENEFITS
The beneficiaries of this function are the communities across the Region.

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

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING
The revenue from this activity be offset against the General Rate.

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

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

*Where Investment Revenue offset is greater than the General Rate take, the balance will be applied to the UAGC Rate.

44. Infrastructure Insurance Reserve

The focus of this activity is to enable us to self-insure our river and drainage infrastructural assets. This reserve, in time, will ensure we have a strong enough financial position to accommodate an adverse event.

COMMUNITY OUTCOMES
This activity contributes primarily towards the following community outcomes:

- Natural hazard resilience; and
- Robust economy.

DISTRIBUTION OF BENEFITS
The beneficiaries of this function are the communities across the Region that will benefit from the restoration of infrastructural assets after an adverse event. In addition the remainder of the Region will benefit from not having other Council services diminished by the need to divert funds towards infrastructural replacement after an event.

PERIOD OF BENEFIT
This reserve will benefit both the current community, through peace of mind regarding our ability to restore assets after an event, and the future community that exists in the few years post an adverse event as infrastructural assets are repaired and restored.

CONTRIBUTORS TO THE NEED FOR ACTIVITY
Not applicable.

COSTS AND BENEFITS OF DISTRICT FUNDING

The benefits of this reserve are complex and vary across the Region. Properties in river and drainage schemes will benefit more than properties outside such schemes. Higher value properties will tend to benefit more than lower value properties. In addition, all property owners will receive peace of mind benefits. To quantify such a mix of benefit would be extremely difficult, if not impossible to undertake with any accuracy. Therefore for efficiencies sake we have decided to rate using a four-tiered UAC differentiated by Capital Value to acknowledge a mix of per property and Capital Value based benefit. Such a charge will be efficient and relatively transparent to property owners. We have decided that the following tiers and proportion of UAC will be applied:

Capital Value of Tiers	Percentage of 100% Charge
Up to and including $250,000 CV	7.69%
Greater than $250,000 and up to and including $500,000 CV	15.38%
Greater than $500,000 and up to and including $1,000,000 CV	23.08%
Greater than $1,000,000 CV	100.00%

OVERALL IMPACT ON WELLBEING

We consider that the use of tiered UAC to be fair as the benefits accrue to all properties. While UACs tend to be a regressive rate, we consider that the use of a differentiated UAC based on Capital Values of properties helps to mitigate any adverse effects on the present or future social, economic, environmental and cultural wellbeing of the community. A differentiated UAC also addresses affordability issues for low income ratepayers.

Infrastructure Insurance Reserve

The method of funding this function is:

Infrastructure Insurance Reserve

Differentiated Uniform Annual Charge (per SUIP)	100%

45. Event Recovery

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

COMMUNITY OUTCOMES

These will be considered at the time of the event.

DISTRIBUTION OF BENEFIT

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

PERIOD OF BENEFIT

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

CONTRIBUTIONS TO THE NEED FOR ACTIVITY

Not applicable.

COSTS AND BENEFITS OF DISTINCT FUNDING

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

OVERALL IMPACT ON WELLBEING

This will be considered at the time of the event.

Event Recovery Policy

The method of funding this function is:

Event Recovery

Separate Targeted Rate*	Remainder
Insurance and Government assistance	As much as is appropriate

Method to be decided based on effects of event.

Policy on Financial Contributions

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

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

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

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

A contribution of:

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

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

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

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

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

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

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

The policies in Chapter 19 of the One Plan also set out the matters that we will have particular regard to when deciding whether to impose a financial contribution and the form that contribution takes.

One Plan Policy 19-1 provides for financial contributions where the activity for which consent is granted will cause or contribute to adverse effects on river bank erosion, flow regimes or riparian vegetation. The purpose of the financial contribution is to mitigate or offset the adverse effects of the activity by protecting, restoring or enhancing the river bed, bank and/or flood protection or erosion control works, including (without limitation) maintenance and planting of vegetation, sediment replenishment, and including a contribution to such measures elsewhere in the general locality. This has been applied specifically to gravel extraction on the Rangitīkei River. A financial contribution (as at 30 June 2017 this is $2, excluding GST, per cubic metre of gravel extracted) is set to avoid, remedy or mitigate the adverse effects of gravel extraction on river bank erosion, flow regimes or riparian vegetation in the Rangitīkei River and its tributaries. This financial contribution is applicable to land use consents for gravel extraction in the Rangitīkei River and its tributaries where there is a consent condition requiring a financial contribution to be made for this purpose. The amount payable is set each year in the Long-term Plan or Annual Plan.

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

Review of policy

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

Liability Management Policy

1. Introduction and Application

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

"Borrowing"–

a. Means the incurring, by any means of debt, to raise money.

b. Includes the incurring of debt:

   i. Under any contract or arrangement for hire purchase, deferred payment, instalment payment, sale and lease back or buy back, financial lease, loan, overdraft, or other arrangement for obtaining debt finance;
   ii. By the drawing, acceptance, making, endorsement, issue, or sale of bills of exchange, promissory notes and other negotiable instruments and debt securities; but

c. Does not include debt incurred in connection with the hire purchase of goods, the deferred purchase of goods or services, or the giving of credit for the purchase of goods or services, if:

   i. The period for which the indebtedness is outstanding is less than 91 days and the indebtedness is not incurred again promptly after payment.
   ii. The goods or services are obtained in the ordinary course of the local authority's performance of its lawful functions, on terms and conditions available generally to parties of equivalent creditworthiness, for amounts not exceeding in aggregate an amount:
      (a) Determined by resolution of the local authority as not being so significant as to require specific authorisation.
      (b) Recorded for the purposes of this subparagraph of this paragraph of this definition in the then current borrowing management policy of the local authority.

d. And "borrow" has a corresponding meaning:

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

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

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

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

Horizons is also governed by Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.

New Zealand Local Government Funding Agency Limited

Despite anything in this policy, Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example borrower notes;
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;

- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue; and
- Subscribe for shares and uncalled capital in the LGFA.

The policy is structured as follows:

- Use of Borrowing;
- Borrowing Limits;
- Form of Borrowing;
- Security;
- Interest Rate Exposure Policy;
- Debt Repayment Policy;
- Liquidity Policy;
- Credit Exposure Policy;
- Cash Management Borrowing; and
- Incidental Arrangements.

2. Use of Borrowing

Council’s liabilities comprise of borrowings (external) and various other liabilities. Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures;
- Fund the balance sheet as a whole, including working capital requirements; and
- Fund assets whose useful lives extend over several generations of ratepayers.

Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources, and ensure that the costs are met by those ratepayers benefiting from the investment.

Council may also borrow to fund investments in CCOs, CCTOs and its 100 per cent owned holding company, MWRC Holdings Limited (MWRCH), or elect to borrow to fund commercial investments directly through Council. Council will assess the most appropriate structure to ensure maximum benefits to the ratepayer on a case-by-case basis.

Internal borrowing as a funding option is not covered by the definition of “borrowing”. Council considers it appropriate to maintain the option of internal borrowing to fund scheme capital works, provided overall risk is not increased, and provided the individual risk from each loan is within Council parameters.

The only form of borrowing to meet operating shortfalls would be the use of overdraft facilities or other committed bank facilities to cover mismatches in operating cash flow.

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

3. Delegated Authorities

The Liability Management Policy related delegations are outlined below.

Activity	Responsibility
Approve policy document	Council
Alter policy document	Council
Approval of borrowing programme for the year	Council
Approval for charging assets as security over borrowing	Council
Approve new loans and borrowing facilities in accordance with the Council general resolution or through the adoption of the AP/LTP	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Refinancing of existing debt	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)

Activity	Responsibility
Negotiate bank facilities	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Approve borrowing and interest rate transactions outside policy	Council
Open/close bank accounts	Chief Financial Officer (delegated by Council)
Approve authorised cheque/electronic signatory positions	Chief Executive (delegated by Council)
Transfers of stock/register new debt issues	Seal register signatories
Borrowing management activity	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Interest rate risk management activity	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Approve allowable risk management instruments	Council
Adjust interest rate risk profile	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council) Per risk control limits
Manage funding maturities	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council) Per risk control limits
Maximum daily transaction amount (approved borrowing, cash management, interest rate risk management) excludes roll-overs on existing debt, interest rate swaps and financial investments	Council (unlimited) Chief Executive ($30 million) Chief Financial Officer ($20 million)
Ensure compliance with policy	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Policy review	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)

4. Borrowing Limits

Borrowing will be managed within the following limits:

Item	Borrowing Limit	LGFA Lending Covenant
Net external debt as a percentage of total revenue*	<175%	<175%
Net external interest as a percentage of total revenue*	<15%	<20%
Net external interest as a percentage of annual rates revenue (debt secured under debenture)	<20%	<30%
Liquidity (term debt + committed loan facilities + available cash or cash equivalent) over existing external debt	>110%	>110%

Council also ensures that internal borrowing is no more than 67 per cent of total infrastructural assets.

Disaster recovery requirements are to be met through the liquidity ratio.

For the purpose of calculating the above ratios:

- Revenue is defined as revenue from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. It excludes government capital contributions (eg. developer contributions and vested assets).
- Annual rates revenue is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- The liquidity ratio does not include cash/cash equivalents held within MWRCH.
- Cash/cash equivalents are defined as:
    - Overnight bank cash deposits;
    - Wholesale/retail bank term deposits no greater than 30 days;
    - Bank issued RCDs less than 181 days; or
    - Wholesale/retail bank term deposits linked to pre-funding of maturing term debt amounts.
- Net external debt is defined as total external debt less cash/cash equivalents that would be available to repay debt.

Infrastructural assets

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

Infrastructural or system assets are fixed assets with the following characteristics:

- They comprise a system or network of interdependent components;
- This system interdependency may limit a component life to a lesser period than the expected life of the component by itself;
- Infrastructural assets have very long lives and the normal expectation is of an *indefinite* life. A finite life is determinable only when a decision is taken to replace the entire network, or to discontinue a section of it;
- Infrastructural assets are renewable rather than replaceable. Although, at any point in time, all components (excluding land and similar assets like earthworks) have a finite useful life, the asset as a whole can be maintained at a specified level of service potential by the continuous replacement and refurbishment of its components; and
- If infrastructural assets suffer severe failure, equivalent service levels from other sources are usually unobtainable for months or years.

Net interest

Interest expense less interest received recorded in Council's accounts.

5. Form of Borrowing

Trade credit

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

Primary instruments

The primary instruments for other Horizons borrowing will be:

- Committed bank call and term funding facilities including provision of overdrafts and cash advance facilities, term loans or other credit facilities;
- Issue of commercial paper (CP), bills, fixed rate bonds, floating rate notes (FRNs), to the wholesale and retail investor markets and the Local Government Funding Agency (LGFA); and
- Council may also use internal funds as a borrowing mechanism.

Alternative funding mechanisms such as leasing must be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration ownership, redemption value and effective cost of funds.

Other

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

6. Security

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

Any internal borrowing will be on an unsecured basis.

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

7. Interest Rate Exposure Policy

Exposure to interest rate risk is managed and mitigated through the controls below. These risk control limits will be only activated once 12 month forecast external core debt exceeds $30 million.

Master Fixed/Floating Risk Control Limit	
Minimum Fixed Rate	**Maximum Fixed Rate**
50%	90%

Fixed Rate is defined as an interest rate re-pricing date beyond 12 months forward on a continuous rolling basis.

Floating Rate is defined as an interest rate re-pricing within 12 months.

The percentages are calculated on the rolling 12 month projected external core debt level calculated by management and signed off monthly by the chief financial officer. (External core debt is the amount of total external core debt). This allows for pre-hedging in advance of projected physical drawdown of new external debt. When approved forecasts are changed, the amount of fixed rate/hedging in place may have to be adjusted to comply with the policy minimums and maximums.

At any time, the total of the fixed rate external core debt should be within the following maturity bands:

Fixed Rate Maturity Profile Limit		
Period	**Minimum**	**Maximum**
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	60%

- A fixed rate maturity profile that is outside the above limits, but self corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile beyond 90 days requires specific approval by Council.
- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself; both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 1.00 per cent above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- The forward start period on swap/collar strategies to be no more than 24 months, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount that is no more than that of the existing swap/collar.
- Any fixed rate hedge with a term greater than 10 years must be approved by Council.

Dealing in interest rate instruments is limited to the approved interest rate instruments as follows:

Category	Instrument
Interest rate risk management	• Forward rate agreements (FRAs) on: ○ Bank bills
	• Interest rate swaps including: ○ Forward start swaps/collars (start date less than 24 months, unless linked to existing maturing swaps/collars) ○ Amortising swaps (whereby notional principal amount reduces) ○ Swap extensions and shortenings
	• Interest rate options on: ○ Bank bills (purchased caps and one for one collars) • Purchased interest rate swaptions, with the option term up to 18 months

Any other interest rate instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

8. Debt Repayment Policy

Council's policy is to repay debt as it falls due utilising one or more of the following:

- Surplus operating funds;
- Rating revenues established for that purpose;
- Proceeds from the disposition of surplus assets or investments;
- Regular instalments of principal and interest, especially with internal scheme capital works loans; and/or
- Refinancing with new debt.

Total debt levels are determined through the Long-term Plan, Annual Plans and Asset Management Plans.

9. Liquidity and Funding Risk Policy

Cash flow deficits in various future periods based on long-term financial forecasts are reliant on the maturity structure of term debt and bank facilities. Liquidity risk management focusses on the ability to borrow at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing facilities.

It is Council's policy to ensure the timely availability of funds to enable the related expenditure to be carried out, and for obligations to be paid on due date, without incurring penalties or holding unnecessary cash reserves.

To manage and mitigate Council's liquidity and funding risks, Council has imposed the following controls:

- Match revenue requirements with expenditure streams and ensure timing differences, if any, are favourable to Council;
- Ensure replacement/renewal funds are available no later than the repayment date, whether sourced from re-financing loans or other sources. Council has the ability to pre-fund up to 12 months of forecast debt requirements including re-financings in liquid investments. Debt re-financings that have been pre-funded will remain included within the funding maturity profile until their maturity date;
- Avoid significant concentration of credit risk, exposure or debt repayment maturities; and
- Term debt and committed bank funding facilities plus cash/cash equivalents over existing external debt to be greater than 110 per cent. The liquidity ratio does not include cash/cash equivalents held within MWRCH.

The chief financial officer and chief executive have the discretionary authority to re-finance existing debt on more acceptable terms and within the parameters of this policy.

The maturity profile of total committed funding in respect to all term debt and committed bank funding facilities is to be controlled by the following system with percentages calculated off existing external debt.

Period	Minimum	Maximum
0 to 3 years	15%	60%*
3 to 5 years	15%	60%*
5 years plus	10%	60%*

*To be adhered to when external debt levels are greater than $30 million.

- A funding maturity profile that is outside the above limits, but self corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile beyond 90 days requires specific approval by Council.

- To minimise concentration risk the LGFA require that no more than the greater of NZD $100 million or 33 per cent of a Council's borrowings from the LGFA will mature in any 12-month period.

10. Credit Exposure Policy

In using Financial Risk Management instruments, Council can be exposed to counterparty credit risk. This is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party.

Credit risk will be regularly reviewed by Council. Treasury related transactions would only be entered into with counterparties and limits approved on the basis of long-term credit ratings (Standard & Poor's, Fitch or Moody's) being A+ and above or short-term rating of A-1 or above.

The following framework will determine limits.

Counterparty/ Issuer	Minimum Long-term/Short-term Credit Rating	Interest Rate Risk Management Instrument Maximum Per Counterparty ($m)
NZ Registered Bank (per bank)	A/ A-1+	10.0

In determining the usage of the above gross limits, the following weightings will be used:

- Interest rate risk management (eg. swaps, FRAs) – Transaction Notional × Maturity (years) × 3 per cent; and
- Foreign Exchange – Transactional Principal Amount × the square root of the Maturity (years) × 15 per cent.

To avoid undue concentration of exposures, financial instruments must be used with as wide a range of counterparties as possible. Where possible, transaction notional sizes and maturities should also be well spread. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and re-priced from.

11. Borrowing for Cash Management

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

For cash management purposes Council maintains a committed bank funding facility and/or cash/cash equivalents not exceeding a limit of $5,000,000, primarily for the urgent financing of emergency-related works and services. This facility may also be used for unexpected short-term fluctuations in operating cash flow. In day-to-day cash management, the target is to maintain operating cash balances as close as possible to zero to minimise bank costs and maximise deposit rates, while meeting obligations to staff and suppliers.

12. Incidental Arrangements

Council may, on terms and conditions as considered appropriate, enter into and perform any contract or arrangement that is referred to as an "incidental arrangement" (known as financial risk management instruments). Incidental arrangements are further defined in Section 112 of the Local Government Act 2002 as:

a. A contract or arrangement for the management, reduction, sharing, limiting, assumption, offset, or hedging of financial risks and liabilities in relation to any investment or investments or any loan or loans or other incidental arrangement, whether or not that contract or arrangement involves:

   i. the expenditure, borrowing, or lending of money; or

   ii. the local authority undertaking to make payments in exchange for another person undertaking to make payments to the local authority; or
   iii. the creation or acquisition or disposal of any property or right; or

b. A contract or arrangement with any bank, financial institution, or other person providing for any person to act as underwriter, broker, indemnifier, guarantor, accommodation party, manager, dealer, trustee, registrar, or paying fiscal, or other agent for, or in connection with, any loan or investment including the creation of a charge.

Agents

Where it is considered necessary for the efficient management of the Liability Management Policy, and to assist in compliance with Council's legislative requirements, Council will appoint only reputable persons or companies to fulfil the following roles:

- Financial/Investment Advisors;
- Registrars/Paying Agents;
- Brokers; and
- Trustees.

Foreign exchange

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated goods and services.

Generally, all significant commitments for foreign exchange are hedged, using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Council.

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

Other

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

13. Internal Controls

Council's systems of internal controls over treasury activity include:

- Adequate segregation of duties among the core treasury functions of deal execution, confirmation, settling and accounting/reporting. There are a small number of people involved in treasury activity. Accordingly strict segregation of duties is not always achievable. The risk from this is minimised by the following processes:
    - A documented discretionary approval process for treasury activity;
    - Regular management reporting;
    - Regular operational risk control reviews by an independent audit function; and
    - Organisational, systems, procedural and reconciliation controls to ensure:
        - All treasury activity is bona fide and properly authorised; and
        - Checks are in place to ensure Council's accounts and records are updated promptly, accurately and completely.

14. Legal Risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks.

Council will seek to minimise this risk by adopting policies regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, and contacts for disputed transactions) to be sent to counterparties;
- The matching of third party confirmations and the immediate follow-up of anomalies; and
- The use of expert advice for any non-standardised transactions.

Agreements

- Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master

Agreements for financial instruments must be signed under seal by the Council.

- Council's appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

Financial covenants and other obligations

- Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.
- Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

15. Accounting Treatment of Financial Instruments

Council use financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the prospective Statement of Comprehensive Revenue and Expense unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The chief financial officer is responsible for advising the chief executive of any changes to relevant New Zealand Public Sector PBE Standards that may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

Investment Policy

1. Introduction and Application

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

The policy is structured as follows:

- General Policy;
- Mix of Investments;
- Acquisition of New Investments;
- Revenue and Proceeds of Investments;
- Procedures for Management and Reporting to Council; and
- Risk Management.

2. General Policy

Council has a variety of investments (see Section 3) that, at any time, may include cash, trust funds, special funds, shares, shares in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) (eg. MWRCH), property held for investment purposes and financial reserves, investment in internal loans for scheme capital works, and funds loaned for the One Plan project (also see under Liability Management Policy).

These investments are acquired, held and realised by Council in furtherance of its community and environmental goals and objectives that are identified in Council's Long-term Plan and Annual Plans. To help meet these objectives, Council will manage the following as an investment base to support the funding of its activities, thereby producing an investment revenue stream that reduces reliance on general rating revenues:

- Port equity-related investment portfolio (comprising Horizons' investments in shares or proceeds thereof allocated by the 1989 Local Government Reorganisation Order; rationale for this holding and Council's policy on future management are outlined in Section 13); and
- Deposits resulting from reserve appropriations.

In managing its investments, Council generally is not driven by commercial considerations alone. As a public body it is accountable in terms of social, economic, environmental and cultural wellbeing of its communities, and environmental management. These considerations may lead to Council making investment decisions that would not be made on commercial or financial considerations alone.

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

- Achieve the goals and objectives set out in the Long-term Plan and the Annual Plan;
- Protect its investment;
- Maximise investment returns within the parameters of the Policy (which may include using a managed funds approach);
- Ensure investments are of a type that provide Council with funds when required;
- Manage its risk; and
- Consider internal loans to fund scheme capital works only, provided Council's overall risk is not increased, and provided the individual risk from each loan is within Council's parameters.

New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

3. Mix of Investments

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

- For strategic economic, social and commercial purposes consistent with Council's Long-term Plan and Annual Plan;
- To reduce current and future ratepayer burden;
- The retention of vested land;
- Holding short-term investments for working capital requirements;
- Holding assets (such as property) for commercial returns;
- Provide ready cash in the event of a natural disaster, the use of which is intended to bridge the gap between the disaster and the reinstatement of normal revenue streams and assets;
- Invest amounts allocated to accumulated surplus, Council-created restricted reserves and general reserves; and
- Invest proceeds from the sale of assets.

Council may hold the following investments:

Equity investments (CCTO/CCO)

Equity investments may include investments held in CCO/CCTO and other shareholdings. Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the Long-term Plan. Equity investments may be held where Council considers there to be strategic community value.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Any purchase or disposition of equity investments requires Council approval. Council may also acquire shares that are gifted or are a result of restructuring.

Dividends received from CCOs/CCTOs and companies not controlled by Council are used firstly to repay debt in relation to that investment, then, unless otherwise directed by Council, used to reduce other Council debt.

Any dividends received, and/or proft or loss arising from the sale of these investments must be recorded in accordance with appropriate accounting standards. Unless otherwise directed by Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then utilised to reduce other Council debt. Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, through the relevant Council committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

Property

Council may own property investments for strategic and commercial purposes. Council reviews ownership through assessing the benefits including financial returns, in comparison to other arrangements that could deliver similar results.

Surpluses generated from commercial and semi-commercial property investments are treated as an internal dividend to Council. Other surpluses from property are treated as revenue in the related Council activity.

Property disposals are managed to ensure compliance with statutory requirements and, where appropriate, in consultation with community boards and committees.

Property purchases are supported by registered valuations and where appropriate, a full business case analysis. Council will not purchase properties on a speculative basis.

All property acquisitions and disposals are approved by Council.

Financial investments

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties.

Council may invest in approved financial instruments as set out in Section 10. These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Financial investments must be restricted to a term that meets future cash flow and capital expenditure projections;
- Council may choose to hold specific reserves in cash and direct what happens to that investment revenue, in effect, the revenue from financial investments will be an interest revenue stream into the treasury activity. The treasury activity pays interest on special funds and reserves; and
- Internal borrowing will be used wherever possible to avoid external borrowing.

Loan Advances

Council may provide advances to CCOs, CCTOs, charitable trusts and community organisations for strategic and commercial purposes. New loan advances are by Council resolution only. Council does not lend money or provide any other financial accommodation to a CCO or CCTO on terms and conditions that are more favourable than those that would apply if Council were borrowing the money or obtaining the financial accommodation.

Council does not lend to CCTOs on more favourable terms than what it can achieve itself, without charging any rate or rate revenue as security.

Advances to charitable trusts and community organisations do not have to be on a fully commercial basis. Where advances are made to charitable trusts and community organisations at below Council's cost of borrowing, the additional cost is treated as an annual grant to the organisation.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

Uses for these investments are summarised in the following table:

Nature of Funds	Term of Funds	Rationale for Retention
Working capital and surpluses due to temporary cash flow fluctuations	Short term	Necessary to fund future cash flow requirements. Target is for a minimum available committed bank funding facility and/or liquid assets of $5 million. Targets for receivables are: For rates – overdues not to exceed 5% of the rates for the current year at balance date; and For other receivables – overdues not to exceed, on average for the year, 15% of the total receivables (other than rates) outstanding.
General Accumulated Reserves	Short to medium term	Maintain revenue stream to minimise General Rate reliance.
Restricted Reserves – Scheme Emergency Reserves	Short to medium term	For flood damage restoration and/or capital replacement.

4. Delegated Authorities

The Investment Policy related delegations are outlined below.

Activity	Responsibility
Approve policy document	Council
Alter policy document	Council
Approve acquisition and disposition of investments (other than financial instruments)	Council

Activity	Responsibility
Open/close bank accounts	Chief Financial Officer (delegated by Council)
Approve authorised cheque/electronic signatory positions	Chief Executive (delegated by Council)
Investment management activity	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Approve allowable risk management instruments	Council
Approve financial investment activity	Chief Financial Officer
Adjust interest rate risk profile	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council) Per risk control limits
Maximum daily transaction amount (approved investing, cash management, interest rate risk management)	Council (unlimited) Chief Executive ($30 million) Chief Financial Officer ($20 million)
Ensuring compliance with policy	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)
Policy review	Chief Executive (delegated by Council) Chief Financial Officer (delegated by Council)

5. Acquisition of New Investments

Acquisition of financial investments, such as on-call and short-term deposits, is managed within the treasury functions allocated to specified and authorised Council staff. This function covers the selection of initial deposits, reinvestment and maturities.

Acquisition and management of medium to long-term investments are done in accordance with goals, objectives and provisions of the Long-term Plan and Annual Plans, with particular reference to the equity and associated investment holdings relating to port companies. However, Council may from time to time deem it appropriate, in terms of prudent financial management, to modify its investment profile; such a change would be entered into only through specific Council resolution and in compliance with the provisions of the Local Government Act 2002. As part of this medium to long-term investment strategy, Council's non-equity related investments will be linked to approximately three months equivalent of rating revenue. Fund surpluses to this requirement would then be available for internal investment (see following paragraph).

Council will also maintain the option of internal investment in scheme capital works, provided its overall risk is not increased, and provided the individual risk from each loan is within its parameters. This option takes into account the special nature of schemes and related capital works, and the relationship between scheme ratepayers and Council. (For a broad definition of schemes, see the introduction to the Liability Management Policy).

Such internal loans will generally be charged at Council's projected cost of borrowing plus a margin per the Long-term Plan for each annual period. Actual interest is paid annually in arrears taking into account the full cost of external borrowing for the year.

6. Revenue and Proceeds of Investments

Disposition of revenue from investments

Revenue from investment of funds reserved for particular purposes, such as Scheme Reserves and Capital Asset Reserves, is appropriated through the prospective Statement of Comprehensive Revenue and Expense to the relevant reserves, utilising the weighted average interest rate earned from Council's non-equity related investments.

Revenue from other investments is retained as a revenue source in the prospective Statement of Comprehensive Revenue and Expense to assist the funding of Council's general activities.

Revenue from asset sales

Revenue from the disposal of fixed assets is appropriated to the relevant Capital Asset Reserves and generally used for the purchase and replacement of fixed assets.

Abnormal funding items

Council will generally use proceeds from abnormal funding items (such as the sale of a major capital item and reductions in Council's shareholdings) to maintain its capital reserves and investment portfolio, and not for operating expenditures.

7. Procedures for Management and Reporting to Council

Council's policy for the management and reporting of investments includes:

- The legislative necessity to maintain efficient financial systems for the recording and reporting (*inter alia*) of:
  1. All revenues and expenditures;
  2. All assets and liabilities; and
  3. The treatment and application of special funds.
- Adherence to Council's financial processes and delegations to Council's staff to invest surplus short-term funds and negotiate reinvestments, subject to the provision of adequate cash resources to meet normal expected demands;
- A requirement to maintain investments to cover, in total, the balances contained in the Asset Replacement, Investments, Scheme Balances, and General Disaster and Scheme Disaster Pool Equity Accounts;
- Periodic reporting of current investments to the chief executive and executive, including details of investment types, maturity dates and interest rates applicable, including the current weighted average rate; and
- Periodic reporting to Council through a summary of investments, including investment amounts by type, year of maturity, total amounts and appropriate weighted average interest rate.

8. Risk Management

In carrying out Council's statutory obligations under Section 101 of the Local Government Act 2002, to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of its regional communities, Council must make its investments in accordance with the provisions of the Trustee Act 1956 as they apply to the investment of trust funds. In exercising its powers of investment, Council is required to exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Council may also consider, in making any investment decisions:

- The desirability of diversifying investments;
- The desirability of a managed funds approach;
- The nature of existing investments;
- The risk of capital loss or depreciation;
- The potential for capital appreciation;
- The likely revenue return;
- The length of the term of the proposed investment;
- The marketability of the proposed investment during, and on the determination of, the term of the proposed investment;
- The effect of the proposed investment in relation to tax liability; and
- The likelihood of inflation affecting the value of the proposed investment.

9. Credit Exposure Policy

In managing its investments generally, Council will always seek to protect the investment and manage the risks. Accordingly, Council has determined that Horizons is "risk averse" and will apply the "prudent person" principle for the management of risk and return on Council's investments.

When investing cash, Council will seek to minimise its risk by investing only in institutions with a high degree of security or credit rating, and by limiting maximum exposure in certain cases. Council has established the following requirements for all financial investments:

Counterparty/Issuer	Minimum Long-term/ Short-term Credit Rating	Investments Maximum Per Counterparty ($m)	Interest Rate Risk Management Instrument Maximum Per Counterparty ($m)	Total Maximum Per Counterparty ($m)	Total Financial Investment Portfolio
NZ Government	n/a	Unlimited	None	Unlimited	100%
LGFA	AA-/A-1	20.0	None	20.0	50%
State Owned Enterprises	A+/A-1	10.0	None	10.0	20%
NZ Registered Bank **	A+/A-1	20.0	10.0	30.0	100%
Corporate*	A+/A-1	5.0	none	5.0	10%

Counterparty/Issuer	Minimum Long-term/ Short-term Credit Rating	Investments Maximum Per Counterparty ($m)	Interest Rate Risk Management Instrument Maximum Per Counterparty ($m)	Total Maximum Per Counterparty ($m)	Total Financial Investment Portfolio
Local Government*	A-1/A+	2.0	None	2.0	20%
Subject to a maximum exposure no greater than 20% of the portfolio being invested at any one point in time.* * The limit amount can be exceeded up to a maximum period of five working days [the transactional bank account] where the excess amount relates to revenue related cash balances.*					

In determining the usage of the above gross limits, the following weightings will be used:

- Investments (eg. Bank Deposits) – Transaction Notional × Weighting 100 per cent;
- Interest Rate Risk Management (eg. swaps, FRAs) – Transaction Notional × Maturity (years) × 3 per cent; and
- Individual counterparty limits are kept on a register by management and updated on a day-to-day basis with specific approvals made by the chief financial officer. Credit ratings should be reviewed on an ongoing basis and in the event of material credit downgrade this should be immediately reported to Council and assessed against exposure limits. Counterparties exceeding limits should be reported to Council.

10. Approved Financial Investments and Liquidity Policy

Current approved investment instruments are as follows:

Category	Instrument
Cash and debt investments	Short term call and term bank deposits Bank registered certificates of deposit (RCDs) LGFA FRNs/bonds/Commercial paper/borrower notes Local Authority, stock or State Owned Enterprise (SOE) /Corporate bonds (fixed rate and floating rate notes Local Authority, Promissory notes/Commercial paper

Debt instruments must be ranked as senior unsecured or secured debt obligations. No subordinated debt investments are allowed with the only exception being borrower notes or similar issued by the LGFA.

The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/issuer; and
- Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes, and debt/equity hybrid notes such as convertibles.

Internal borrowing may be used for the investment of funds managed by Council where there are no relevant restrictions on the investment of those funds.

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

11. Treasury Financial Investment Interest Rate/Maturity Limits

Short-term call and term bank deposits are invested for a term of up to 12 months. Other financial investments are invested for a term of no more than 2 years.

The following control limits are designed to manage interest rate and maturity risk on the financial investment portfolio. The portfolio comprises both cash and core treasury investments. Cash investments relate to matching investments with Council's working capital funding and liquidity buffer amount requirements. Core treasury investments relate to unencumbered investments invested for terms of greater than three months. The assets of MWRCH are excluded.

An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure thereby ensuring that investments are available when required.

Period	Minimum Limit	Maximum Limit
0 to 1 year	60%	100%
1 to 2 years	0%	40%

The re-pricing risk profile can be altered within the above limits through using approved interest rate instruments, and through using floating and fixed interest rate investments. Approved instruments are as follows:

Category	Instrument
Cash and debt investments	Short-term call and term bank deposits Bank term deposits linked to pre-funding maturing debt up to 12 months Bank registered certificates of deposit (RCDs) LGFA FRNs/bonds/Commercial paper/borrower notes Local Authority, stock or State Owned Enterprise (SOE)/Corporate bonds (fixed rate and floating rate notes Local Authority, Promissory notes/Commercial paper
Interest rate risk management	Forward rate agreements (FRAs) on: o Bank bills. Interest rate swaps including: o Forward start swaps (start date up to six months); and o Swap extensions and shortenings. Interest rate options on: o Bank bills (purchased floors and one-for-one collars); and o Purchased interest rate swap options, with the option term up to six months.

Any other interest rate instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

12. Schedule of Investments

Horizons Regional Council's Investments as reported at 30 June 2017

Nature of Investments	No. of Shares	Book Value $,000
Shares:		
MWRC Holdings Limited	25,400,000	25,400
New Zealand Local Government Insurance Corporation (NZLGIC)	2,000	2
MW LASS Ltd	16	16
Private Wealth Portfolio		2,383
Regional Software Holdings Ltd	1,550	798
Deposits (including Treasury Bills and TCDs)		160
Loan to MWRC Holdings Ltd		1,000
TOTAL INVESTMENTS		29,759

In December 2009 Council, in accordance with the 2009-19 Community Plan, established a holding company (MWRCH) to manage its CentrePort Ltd shareholding and other investments that will be established over time. Council set up MWRCH with $25,400,000 fully paid shares and sold its CPL shares to the holding company on 17 December 2009.

13. Port Company Equity-related Investment Portfolio

A. CentrePort Ltd

NATURE OF INVESTMENT

Council currently owns 23.08 per cent of the CentrePort Ltd (CPL) via its holding company MWRCH. The balance of shares is held by the Wellington Regional Council.

CPL is an important operator for the Region and the CPL shares are a significant financial asset held by Horizons on behalf of Horizon's regional communities.

RATIONALE FOR HOLDING INVESTMENT

In 1991 Council adopted several objectives in relation to port equity investments, which the directors of the MWRCH will manage. These were, and continue to be:

- To maximise the value of Horizons' equities in CPL;
- To review Horizons' port company holdings;
- To ensure the export and import sectors of the Region are serviced by efficient ports;
- To ensure CPL is operated as a successful commercial port, recognising the importance of the port to the Horizons Region; and
- To determine any change of shareholding on the basis of what is best for the ultimate success of the ports and what is the most appropriate role of local government in port ownership, in accordance with the following policy guidelines:
  - The most appropriate role of local government is one of being able to 'influence' and not necessarily 'control' a regionally essential operation such as a port company;
  - CPL would benefit from a wider base of shareholding, especially drawn from key port users;
  - Any programme of planned divestment of shareholding in either or both ports should result in the best possible result for regional ratepayers; and
  - The strategic interests of this Region would be served by CPL and Wanganui Port being complementary in their operations allowing for the future possibility of better utilisation of capital.

Since 1991, Council has retained its 23.08 per cent holding in CPL. Council will continue to consider potential divestment options in line with its policy, but as the shareholding is a strategic asset held on behalf of the community any move towards sale would be preceded by a full public consultation process.

DISPOSITION OF REVENUE

A prudent percentage (as determined by the Board of MWRCH) of dividend and interest revenue from CPL is to be used to reduce rates.

Council's accounting policy in respect of dividend revenue is that dividends are recognised when declared.

RISK MANAGEMENT

Council's investment in CPL has some risk. Returns to the shareholders are driven by the level of profitability that CPL can continue to generate. Given the fixed cost nature of CPL's business, the level of revenue it can generate is the prime driver of profitability. Both the returns Council can expect to receive from the investment and the ultimate value of this investment are therefore very dependent on the ability of CPL to protect and enhance its revenue base. Much has been achieved to reduce Council's exposure to the risks associated with this investment.

Council's ongoing risk management procedures include:

- Passing the management of the CPL investment into the hands of a commercially skilled MWRCH Board;
- Appointing external directors with appropriate expertise to CPL's and MWRCH's Boards of Directors;
- Appointing Horizons' chief financial officer (CFO) as reporting officer to the Council on related matters. Horizons' CFO has quarterly briefings from CPL and MWRCH;
- Approving on an annual basis MWRCH's Statement of Corporate Intent;
- Receiving a formal briefing and a half-yearly report on the results achieved and future outlook; and
- Reviewing both MWRCH's and CPL's strategic plan at least every two years.

POLICIES FOR MANAGEMENT OF INVESTMENT

The following policies will be applied by Council in the management of its investment in CPL. The management of these policies is delegated to MWRCH.

- MWRCH will continue to maintain the current risk management procedures and exercise ongoing governance through the Constitution, Statement of Corporate Intent, and the appointment of the Board of Directors;
- MWRCH will continue to review CPL's policy for dividends; and
- MWRCH will continue to consider divestment options in line with Horizons policy.

14. Reporting, Internal Controls and Legal Risks

Refer Liability Management Policy.

15. Accounting Treatment of Financial Instruments

Council use financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS), changes in the fair value of derivatives go through the Prospective Statement of Comprehensive Revenue and Expense unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The chief financial officer is responsible for advising the chief executive of any changes to relevant New Zealand Public Sector PBE Standards that may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

Significance and Engagement Policy

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.*

4. Assessing Significance

Council will consider each proposal or decision on a case-by-case basis to determine its level of significance, by applying the criteria set out in this policy and following the procedures set out below.

a. Criteria

Council will consider the following criteria in reaching a decision as to the significance of matters that are not required to have a special consultative procedure by the LGA.

The criteria will be considered together – a proposal that meets one of the criteria in isolation will not necessarily be significant.

- The number of people who may be affected;
- The potential impact on any affected person or persons;
- Whether the matter has a history of wide public interest in the Region, or is likely to generate considerable public interest;
- The extent to which the matter is consistent with Horizons' policies and plans;
- Whether the decision is permanent or can be reversed, such as the potential impact on the environment;
- Whether the decision is likely to be of high interest to Māori;
- The impact the decision will have on Council's resources and/or future direction; and
- Financial consequences.

b. Procedures

- Every report to Council (including its standing committees) must include a statement indicating that the decision, proposal or other matter has been considered in regard to Council's Significance and Engagement Policy.
- If the decision or proposal is considered to be significant, the report will also include a statement setting out how Sections 76-82 of the Local Government Act 2002 have or will be complied with.
- The recommendations in the report will ask the Council (or committee) to either confirm that the matter is significant and the degree of significance or determine an alternative status, and either confirm that Sections 76-82 have been met or agree what further actions are needed to ensure compliance.

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 *consultation* and *informing*. Horizons has, and will continue to, use engagement methods to *involve* or *collaborate* with its communities at times.

In general, the more significant or material the impact or consequences of a decision or proposal, the more formal or extensive the engagement process is likely to be.

b. General approach

The most significant decisions and proposals 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.

Horizons may also use the special consultative procedure for other matters if they are assessed as having a very high level of significance.

Matters that are not considered to be significant generally will be decided by Council or delegated to Horizons officers or a Council committee. Communities and affected individuals will be informed about these decisions and their implementation, for example through the Annual Report.

For matters that are assessed as being significant, Council will use one or a combination of consultation methods. Examples of some methods that may be used are:

- Formal and informal surveys;
- Public meetings; and
- Stakeholder workshops and focus groups.

The choice of engagement methods will depend on factors including:

- The size, location and characteristics of the communities that will be affected by the decision;
- The communities' preferences for engagement;
- What is already recorded about the communities' views and preferences;
- The degree of significance the matter is assessed as having;
- The criteria that were relevant in the assessment;
- The circumstances in which the 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. Legal Framework

a. Consultation and decision making

The LGA sets out a framework for local authority decision making. This framework requires councils to consider the views of those likely to be affected by or to have an interest in its decisions (Section 78), using a set of consultation principles (Section 82(a)). These include:

- Ensuring people affected by or interested in a decision have reasonable access to relevant information;
- Encouraging those people to present their views to council and ensuring they have a reasonable opportunity to do so;
- Giving people presenting their views clear information on the purpose of the consultation and the scope of decisions to be made following consideration of these views;
- Councils receiving those views with an open mind and giving them due consideration in making their decision; and
- Providing people who presented their views with access to a clear record of the decisions and explanatory material.

b. Inconsistent decisions

When a decision is made that is, or could have consequences that are, significantly inconsistent with this policy, Section 80 of the LGA applies. This provision requires that the inconsistency, the reasons for it, and any intention Horizons may have to amend the policy to accommodate it, be set out when making the decision.

7. Attachments

Attachment 1: Strategic Assets

Strategic assets are defined in the LGA as being those that need to be retained to maintain a local authority's capacity to achieve the outcomes it determines are important to the current or future well-being of its communities. The definition specifies that some assets, such as equity securities in a port company, are strategic.

The assets Horizons considers to be strategic are:

- 23. 08 per cent shareholding in CentrePort Ltd; and
- River and drainage scheme taken as a whole but not any specific part of the asset group.

Horizons' holdings include other assets that do not meet the definition of 'strategic asset' in the LGA. Decisions regarding those assets may be considered significant.

Attachment 2: IAP2 Public Participation Spectrum

iap2 public participation spectrum

developed by the international association for public participation

Increasing Level of Public Impact

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decision.	To work directly with the public throughout the process to ensure that public issues and concerns are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and issues are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advise and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
EXAMPLE TOOLS	• Fact sheets • Websites • Open houses	• Public comment • Focus groups • Surveys • Public meetings	• Workshops • Deliberate polling	• Citizen Advisory committees • Consensus-building • Participatory decision-making	• Citizen juries • Ballots • Delegated decisions

Index and Glossary

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Glossary of Terms

The following words and terms may appear in the Long-term Plan. The definitions provided relate to how the word or term is used in the Long-term Plan or within Horizons Regional Council, which may differ from the purist's definition for a given word or term.

Abstractor
Person/company removing water from rivers or groundwater.

Aquaculture
Fish and shellfish farming at sea.

Aquifer
A gravel or sand layer that holds water beneath the ground.

Biodiversity
The number and varieties of plant and animal populations in an area of land or water

Biosecurity
The prevention of new pest invasions and management of the impacts of existing pests.

Cargo hub
Coordinated air, rail and road transport and distribution centre for the lower North Island.

Catchment
The area occupied by a river system.

Common rates
Common rates are rates that are charged to all rateable properties in the Region. They are made up of general rates and targeted rates that are spread across all properties in the Region, such as the SLUI Uniform Annual Charge.

Community consultation
A consultation process to achieve community feedback.

Community outcomes
Community priorities for the future of the Region, identified through a community consultation process.

Compliance monitoring
Monitoring of resource consent holder performance against consent conditions.

Consents
Legal documents that give conditional rights to use a natural resource.

Council Controlled Trading Organisation (CCTO)
A Council Controlled Trading Organisation is a Council Controlled Organisation (CCO) that can undertake trading.

Degradation
Damage to a natural resource.

Endemic
Native to a particular place such as a country or region.

Environmental Grant
Funding provided by Horizons Regional Council to offset the costs of environment-based projects.

Erosion
The breakdown and removal of soil and rock by water.

Estuary
Tidal area along the lower reach of a river, eg. Manawatū estuary at Foxton.

Exempt CCO
A Council Controlled Organisation that has been resolved as exempt pursuant to Section 7(3-5) of the LGA 2002. Consequently the CCO does not require a statement of intent nor is the information that is normally necessary under the LGA 2002 included in this Long-term Plan.

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

General rates
General rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under Sections 13 to 15 of that Act. General rates are charged to all rateable properties in the Region.

GIS
Geographical Information Systems.

Governance
The function of elected members.

Gross Domestic Product (GDP)
The total value of products and services generated by an area.

Groundwater
Water held in layers of sand or gravel beneath the ground.

Habitat
The environment in which animals live, eg. forests and wetlands.

Habitat protection
The community outcome and activity that relate to biodiversity issues.

Hapu
Whanau groups descended from a common ancestor.

He Tini Awa Trust
Environmental enhancement trust established and supported by Horizons Regional Council.

High value conservation areas
Habitat areas that have been identified as priorities for protection.

Holistic
All encompassing.

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

Individual rates
Individual rates are rates that are only charged to some properties in the Region. For example as the Lower Manawatū Scheme rates are only charged to properties in the southern part of the Region they are considered an individual rate. All individual rates are targeted rates.

Inter-generational equity
Being fair to both current and future generations when using resources or paying for infrastructure and facilities.

Inventory
A stocktake, eg. wetland inventory.

Irrigation take
The abstraction of water for irrigation purposes.

Iwi
A grouping of Māori based on ancestral ties.

Iwi management plans
Plans outlining how iwi would like the natural resources of their area of interest managed.

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

Kyoto Agreement
An agreement between some national governments to reduce the quantities of greenhouse gases each produces.

LGA 2002
Local Government Act 2002. This is the legislation that gives councils the majority of their powers and responsibilities.

Lifelines
Road, rail, power, gas and telecommunication networks.

Linklater Bursary
Horizons Regional Council scholarship for students taking or intending to take an environment-related course at university.

Live tree protection
Use of trees to protect banks from erosion.

Local Government
Regional, district and city councils.

Lowland
Plains.

Māori freehold land
Māori freehold land is defined by the Local Government (Rating) Act 2002 as "land whose beneficial ownership has been determined by the Māori Land Court by freeholder order".

Marae
Meeting place of the people.

Memorandum of partnership or understanding
An agreement between two or more parties outlining how a partnership will work.

Mitigation
Reducing adverse effects.

MNZ
Maritime New Zealand.

Non-point source pollutants
Pollutants that enter water bodies from the surrounding land.

Non-rateable
Non-rateable land is land exempted by the Local Government (Rating) Act 2002 or any other Act from the imposition of rates. Local authorities are not able to declare rateable land as non-rateable. Non-rateable land is not exempt from separate rates for water supply, wastewater disposal or waste collection where these services are provided.

Non-scheme
Work done in rivers and drains not covered in a scheme area.

Point discharge or point-source discharge
Piped discharge into a water body.

Primary sector
The agricultural sector.

Publicly notified
A notice is printed in appropriate newspapers informing the public about the release of a council's draft and final documents. The submission period for the document is also included.

Rateable
Except as otherwise provided by the Local Government (Rating) Act 2002, or in any other act, all land is deemed to be rateable property. All land classified as being rateable must be rated by the local authority.

Rates remission
Where a rates remission is granted, the rates levied are forgiven and are no longer collectable by the local authority. Rates remissions do not apply to targeted rates levied for water, wastewater disposal, stormwater disposal and waste collection.

Regional Collective Iwi Forum
Group representing regional iwi that Council will work with.

River and drainage – general
Areas not covered by Horizons Regional Council flooding, river control or drainage schemes.

River and drainage – schemes
Areas where Horizons Regional Council manages flooding, river control and drainage on behalf of ratepayers.

Roadsafe Central
A group comprising regional and district councils, Police, ACC, NZ Transport Agency, regional health boards and AA tasked with improving road safety in the Region.

Rohe
The area of interest to an iwi.

Run off
Waste material draining from land to water.

Scheme activity
Work in rivers and drains where a plan has been agreed for flood protection and/or drainage management.

Soil health
The quality of the soil for production purposes.

SUIP
SUIP is a legal definition we use to determine which properties and parts of a rating unit (property) receive Uniform Annual Charges (UACs). SUIP means Separately Used or Inhabited Part of a property and we currently define this as "A separately used or inhabited part of a rating unit is only recognised as such if there is an unique valuation identifier for that part of the rating unit".

Sustainable
Using a natural resource in such a way that it does not damage it for future users or reduce its ability to support life.

Targeted rates
Targeted rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under Sections 16 to 19 of that act. Targeted rates can be charged to all rateable properties in the Region or to a subset of properties in the Region. In theory a targeted rate could be targeted to just one property within the Region if it were equitable to do so.

Tb vector
An animal, such as a possum or ferret, that is able to transfer Tb (bovine tuberculosis) to farm animals.

Technological failure
Disruption to a transport, power, water, gas or telecommunication network.

Terrestrial
Land-based.

Territorial authorities (TAs)
District and city councils.

Total Mobility Service
A subsidised service for people who are assessed as being mobility impaired.

TRA (Te Roopu Awhina)
In abeyance.

Triennial agreement
A three-yearly agreement between the Regional Council and territorial authorities of the Region outlining how they will work together.

Triennial elections
Local government elections held every three years.

Tsunami
Tidal wave set off by an earthquake.

Vector risk areas
Areas where Tb is present in the resident possum and ferret populations.

Waahi tapu
Means land set apart under Section 338(1) (b) of the Te Ture Whenua Māori Act 1993 (a place of special significance according to the meaning, custom, obligation and conditions to Māori).

Wash water
Industrial wastewater resulting from the cleaning of equipment and product.

Waste assimilation
Ability of a water body to dilute and process waste.

Water bodies
Rivers, streams, creeks, lakes and groundwater.

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

Whanau
Extended family in which a person is born and socialised.

Whole farm plans (WFPs)
Specific work programmes for the Region's hill country and the Whanganui Catchment.

Glossary of Terms for Liability Management and Investment Policies

Amortising Swap – An interest rate swap contract that has a reducing principal or notional amount over the term of the contract period. The appropriate market swap rate from which to price an amortising swap is the weighted average maturity, not the final maturity date.

Bank Bill – A “bill of exchange” security document issued by a corporate borrower, but guaranteed by a bank, who then in turn sells the security into the bank/investor market to re-liquefy itself with cash. Normally for terms of 30, 60, 90 or 180 days.

Base Rate – Normally a lending bank’s cost of funds/interest rate for a particular funding period. The base or “prime” rate will be changed by the bank from time to time, but not every day like market rates.

Basis Point(s) – In financial markets it is normal market practice to quote interest rates to two decimal places eg. 6.25 per cent – one basis point is the change from 6.25 per cent to 6.26 per cent, one hundred basis points is the change from 6.25 per cent to 7.25 per cent.

Basis Risk – The risk that the interest rate difference between the current physical debt instrument (eg. a bank bill) market interest rate and the interest rate quoted for that debt instrument’s future price (eg. a bank bill futures price) changes over the period to the date of the future price.

Bid-Offer Spread – The exchange points (FX) or basis points (interest rates) difference between the bid and offer rate when quoted by a bank is known as the “bid-offer spread”. Banks make their profits from dealing at their own bid and offer prices, thus earning the spread.

Bid Rate – Exchange rates and interest rate securities/instruments that are traded between banks are always quoted as a two-way price. One rate is where the quoting bank will buy – **the bid rate**, the second rate or price where the bank will sell at – **the offer rate**.

Bond – The security instrument that is issued by a borrower whereby they promise to repay the principal and interest on the due dates. A bond’s interest rate is always fixed.

Bond FRA – A tailored contract to buy or sell a bond (Government or Corporate) at a fixed interest rate at some specified future date. The Bond FRA contract rate will differ from the current physical market bond yield, depending on the slope of the interest rate yield curve.

Bond Option – The right, but not the obligation by the owner/holder of the option to buy or sell bonds (Government or Corporate) at a pre-determined interest rate at a specified future date. The buyer pays a “premium” in cash up-front to reduce risk and have insurance-type protection, the seller or grantor of the bond option receiving the premium for assuming the risk.

Borrower Notes – On occasion when Council borrows from the LGFA it will be required to contribute part of that borrowing back as equity in the form of “Borrower Notes”. A Borrower Note is a written, unconditional declaration by a borrower (in this instance the LGFA) to pay a sum of money to a specific party (in this instance the Council) at a future date (in this instance upon the maturity of the loan). A return is paid on the Borrower Notes and can take the form of a dividend if the Borrower Notes are converted to redeemable preference shares.

Call Option – The owner or buyer of a call option has the right, but not the obligation, to buy the underlying debt security/currency/commodity at the price stated in the option contract.

Cap – A series or string of interest rate put options whereby a borrower can have protection against rising short-term interest rates, but participate in the lower rates if market rates remain below the “capped rate”. A cap is normally for more than one 90-day funding period. Also called a “ceiling”.

Caplet – A series of call options (caplets) that exist for each period the cap agreement is in existence.

Certificate of Deposit "CD" – A debt instrument (normally short-term) issued by a bank to borrow funds from other banks/investors.

Closing-Out – The cancellation/termination of a financial instrument or contract before its maturity date, resulting in a realised gain/loss as the current market rate differs from the contract rate.

Collar – Two option contracts linked together into the one transaction or contract. A borrower's collar is normally a **"cap"** above current market rates and a **"floor"** below current rates. Over the term of the collar contract, if rates go above the cap the borrower is protected and pays an interest cost no more than the cap rate. Likewise, if market rates fall below the floor, the borrower pays the floor rate and does not participate in the lower market rates. Also called a **"cylinder"**.

Collateral – A legal term, meaning "security".

Commercial Paper – The debt security instrument issued by a prime (and normally credit-rated) borrower to raise short-term funds (30, 60, 90 or 180 days). Also called "one-name paper" and "promissory notes" issued by competitive public tender to investors, or by private treaty to one investor.

Common Rates – Common rates are rates that are charged to all rateable properties in the Region. They are made up of general rates and targeted rates that are spread across all properties in the Region, such as the SLUI Uniform Annual Charge.

Counterparty – The contracting party to a financial transaction or financial instrument.

Coupon – The interest rate and amount that will be paid on the interest due dates of a bond. The coupon will normally differ from the purchase or issue yield/interest rate on a bond instrument.

Covenants – Special conditions and financial ratios required to be met or maintained by a borrower for a lender under the legal security documents.

Cover – A term used to describe any action of entering financial instruments that reduces risk or puts protection in place against adverse future price movements.

Credit Rating – The credit rating of a corporation/council is a financial indicator to potential investors of debt securities such as bonds. These are assigned by credit rating agencies such as Standard & Poor's, Moody's or Fitch Ratings and have letter designations such as AAA, B, CC. A poor credit rating indicates a high risk of defaulting, therefore constitutes a higher level of interest rates.

Credit Risk – The risk that the other party to a financial transaction (bank deposit, interest rate swap contract) will default on or before the maturity date and not be able to fulfil their contractual obligations.

Credit Spread – The interest rate difference (expressed as basis points) between two types of debt securities. The credit spread being a reflection of the difference in credit quality, size and liquidity between the two securities eg. five-year corporate bonds may be at a credit spread of 200 basis points above Government bonds.

Debenture – A debt instrument similar to a bond whereby a borrower (normally a finance company) borrows for a longer term at a fixed rate. Also a legal instrument provided as security to a lender.

Derivative(s) – A "paper" contract whose value depends on the value of some "underlying" asset eg. sharemarket stocks, bank bills, bonds or foreign currency. Also called a **"synthetic"**. The value of the assets will change as its market price changes and the derivative instrument will correspondingly change its value.

Discount – A bond or bank bill is discounted when the interest rate is applied to the face value of the security and the net proceeds after deducting the interest is paid out to the borrower. Investors pay for the discounted (NPV) value at the commencement of the investment and receive the interest coupon payments along the way and the full face value at the maturity date.

Duration – Not the simple average maturity term of a debt or investment portfolio, but a measure of the interest rate risk in a portfolio at a particular point in time. The duration of a portfolio is the term (measured in years and months) if the total portfolio of bonds/fixed interest investments was revalued at market rates and expressed as one single bond. The profit/loss on revaluation of a one basis point movement being the same in both cases.

Equity – Equity equals the total of actual (or estimated) asset revaluation reserves, restricted reserves and retained earnings.

Eurobond – A fixed rate bond issued by a non-resident borrower in a European country.

Eurodollar – The borrowing and depositing of a currency outside its domestic financial markets.

Event Risk – The risk of a major/unforeseen catastrophe eg. earthquake, Y2K or political elections adversely affecting a council's financial position or performance.

Exchange – traded – A currency, debt or financial instrument that is quoted and traded on a formal exchange with standardised terms, amounts and dates.

Exercise Date/Price – The day and fixed price that an option contract is enforced/actioned or "exercised" because it is in the interests of one of the parties to the contract to do so.

Fair Value – The current market value of an off-balance sheet financial instrument should it be sold or closed-out on the market rates ruling at the balance date.

Federal Reserve – The US Government's central bank and/or monetary authority.

Fixed Rate – The interest rate on a debt of financial instrument is fixed and does not change from the commencement date to the maturity date.

Floating Rate – The interest rate on a loan or debt instrument is re-set at the ruling market interest rates on the maturity date of the stipulated funding period (usually 90 days).

Floor – The opposite of a "cap." An investor will buy a floor, or a series/string of call options (the right to buy) to protect against falling interest rates, but be able to invest at higher interest rates if rates move upwards.

Floorlet – A series or string of floor options that exist for each period the floor agreement is in existence.

Forward Exchange Contract – A contract to buy and sell one currency against another at a fixed price for delivery at some specified future date.

Forward Points – The difference in interest rates between two currencies expressed as the exchange rate points, ie. 152 forward points is a 0.0152 adjustment to the 0.5500 NZ$/US$ exchange spot rate.

Forward Rate Agreement – A contract ("FRA") whereby a borrower or investor in Bank Bills agrees to borrow or invest for an agreed term (normally 90 days) at a fixed rate at some specified future date. A FRA is an "over-the-counter" contract as the amount and maturity date is tailored by the bank to the specific requirements of the borrower/investor.

Forward Starting Swap – An interest rate swap contract that commences at a future specified date. The rate for the forward starting swap will differ from the current market rate for swaps by the shape and slope of the yield curve.

Funding Risk – The risk that a borrower cannot re-finance its debt at equal or better terms at some date in the future, in terms of lending margin, bank fees and funding time commitment. Funding risk may increase due to Council's own credit worthiness, industry trends or banking market conditions.

Futures – Exchange-traded financial and commodity markets that provide forward prices for the underlying asset, instrument or commodity. Futures contracts are standardised in amount, term and specifications. Futures markets are cash-based; transacting parties do not take any counter-party credit risk on each other. Deposits and margin-calls are critical requirements of all futures markets.

General Rates – General rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under Sections 13 to 15 of that Act. General rates are charged to all rateable properties in the Region.

Hedging – The action of reducing the likelihood of financial loss by entering forward and derivative contracts that neutralise the price risk on underlying financial exposures or risks. The gain or loss due to future price movements on the underlying exposure is offset by the equal and opposite loss and gain on the hedge instrument.

High-yield Bonds – Corporate bonds issued by borrowing companies that are non-prime, ie. have a low or no credit rating. The margin or credit spread above Government bond yields is high (>300 basis points) to compensate the investor into the bond for the higher credit and liquidity risk.

Individual Rates – Individual rates are rates that are only charged to some properties in the Region. For example as the Lower Manawatū Scheme rates are only charged to properties in the southern part of the Region they are considered an individual rate. All individual rates are targeted rates.

Interest Rate Swaps – A binding, paper contract where one party exchanges, or swaps, its interest payment obligations from fixed to floating basis, or floating to fixed basis. The interest payments and receipts under the swap contract being offsetting, equal and opposite to the underlying physical debt.

ISDA – International Security Dealers Association: a governing body that determines legal documentation/standards for over-the-counter swaps/options/ FRAs and other derivative instruments for interest rates, currencies, commodities etc. Corporate users of such instruments sign an ISDA Master Agreement with banking counterparties that covers all transactions.

“In-the-Money” Option – An option contract that has a strike price/rate that is more favourable or valuable than the current market spot or forward rate for the underlying currency/instrument.

Inverse Yield Curve – The slope of the interest rate yield curve (90 days to 10 years) is “inverse” when the short-term rates are higher than the long-term rates. The opposite, when short-term rates are lower than long-term interest rates is a normal curve or “upward sloping”. In theory, a normal curve reflects the fact that there is more time, therefore more time for risk to occur in long-term rates, hence they are higher to build in this extra risk premium.

Liability Management – The policy, strategy and process of actively managing a portfolio of debt.

Limit(s) – The maximum or minimum amount or percentage a price or exposure may move to before some action or limitation is instigated. Also called **“risk control limits”**.

Liquidity Risk – The risk that a council cannot obtain cash/funds from liquid resources or bank facilities to meet foreseen and unforeseen cash requirements. The management of liquidity risk involves working capital management and external bank/credit facilities.

“Long” Position – Holding an asset or purchased financial instrument in anticipation that the price will increase to sell later at a profit.

Look-back Option – An option structure where the strike price is selected and the premium paid at the end of the option period.

Margin – The lending bank or institution’s interest margin added to the market base rate, normally expressed as a number of basis points.

Marked-to-Market – Financial instruments and forward contracts are revalued at current market rates, producing an unrealised gain or loss compared to the book or carrying value.

Medium Term Notes (MTN) – A continuous programme whereby a prime corporate borrower has issuance documentation permanently in place and can issue fixed rate bonds at short notice under standard terms.

Multi-currency Facility – A committed banking facility that allows the borrowing of several alternative currencies to the NZ dollar.

Netting – Method of subtracting currency receivables from currency payables (and vice versa) over the same time period to arrive at a net exposure position.

Open Position – Where a council has purchased or sold an asset, currency, financial security or instrument unrelated to any physical exposure, and adverse/favourable future price movements will cause direct financial loss/gain.

Option Premium – The value of an option, normally paid in cash at the commencement of the option contract, similar to an insurance premium.

Order – The placement of an instruction to a bank to buy or sell a currency or financial instrument at a pre-set and pre-determined level and to transact the deal if and when the market rates reach this level. Orders are normally placed for a specific time period or "good till cancelled". The bank must deal at the first price available to them once the market level is reached. Some banks will only take orders above a minimum dollar amount.

"Out-of-the-Money" Option – An option contract that has a strike price/rate that is unfavourable or has less value than the underlying current spot market rate for the instrument.

Over-the-Counter – Financial and derivative instruments that are tailored and packaged by the bank to meet the very specific needs of the corporate client in terms of amount, term, price and structure. Such financial products are non-standard and not traded on official exchanges.

Perpetual Issue – A loan or bond that has no final maturity date.

Pre-hedging – Entering forward or option contracts in advance of an exposure being officially recognised or booked in the records of the Council.

Primary Market – The market for new issues of bonds or MTNs.

Put Option – The right, but not the obligation to sell a debt security/currency/commodity at the contract price in the option agreement.

Revaluation – The re-stating of financial instruments and option/forward contracts at current market values, different from historical book or carrying values. If the contracts were sold/bought back (closed-out) with the counterparty at current market rates, a realised gain or loss is made. A revaluation merely brings the contract/instrument to current market value.

Secondary Market – The market for securities or financial instruments that develops after the period of the new issue.

"Short" Position – Selling of an asset or financial instrument in anticipation that the price will decrease or fall in value to buy later at a profit.

Spot Rate – The current market rate for currencies and interest rates for immediate delivery/settlement, normally two business days after the transaction is agreed.

Stop Loss – Bank traders use a "stop-loss order" placed in the market to automatically closeout an open position at a pre-determined maximum loss.

Stop Profit – The opposite of a "stop-loss order" where a "stop-profit order" is placed in the market to automatically closeout an open position at a pre-determined maximum gain/profit.

Strike Price – The rate or price that is selected and agreed as the rate at which an option is exercised.

Swap Spread – The interest rate margin (in basis points) that interest rate swap rates trade above Government bond yields.

Swaption – An option on an interest rate swap that, if exercised, the swap contract is written between the parties. The option is priced and premium paid similar to bank bill and bond interest rate options.

Swaption Collar – The simultaneous position of entering into two option contracts on two interest rate swaps linked together into one transaction. A swaption collar performs similarly to a 'collar' where from a borrower's perspective, a top-side position above current market rates and a bottom-side position below current market rates are entered into. On maturity of the options and depending on current interest rates relative to the strike levels on the swaps will determine if either swap is transacted.

Targeted Rates – Targeted rates is a legal term from the Local Government (Rating) Act 2002 and refers to rates set under Sections 16 to 19 of that Act. Targeted rates can be charged to all rateable properties in the Region or to a subset of properties in the Region. In theory a targeted rate could be targeted to just one property within the Region if it were equitable to do so.

Time Value – Option contracts taken for longer-term periods may still have some time value left even though the market rate is a long way from the strike rate of the option and the option is unlikely to be exercised.

Tranches – A loan may be borrowed in a series of partial drawdowns from the facility and each part borrowing is called a tranche.

Treasury – Generic term to describe the activities of the financial function within a council that is responsible for managing the cash resources, debt, foreign exchange risk, and sometimes the commodity price and energy price risk.

Treasury Bill – A short-term (<12 months) financing instrument/security issued by a government as part of its debt funding programme.

Volatility – The degree of movement or fluctuation (expressed as a percentage) of an asset, currency, commodity or financial instrument price over time. The percentage is calculated using mean and standard deviation mathematical techniques.

Yield – Read interest rate, always expressed as a percentage.

Yield Curve – The plotting of market interest rate levels from short-term (90 days) to long-term on a graph, ie. the difference in market interest rates from one term (maturity) to another.

Yield to Maturity – The Yield to Maturity (YTM) or redemption yield is the yield promised by the bondholder on the assumption that the bond or other fixed-interest security such as gilts will be held to maturity, that all coupon and principal payments will be made and coupon payments are reinvested at the bond's promised yield at the same rate as invested. It is a measure of the return of the bond.

Zero Coupon Bond – A bond that is issued with the coupon interest rate being zero, ie. no cash payments of interest made during the term of the bond, all interest paid on the final maturity date. In effect the borrower accrues interest on interest during the term, increasing the total interest cost.

Audit Opinion

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the reader:

Independent auditor's report on Horizons Regional Council's 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Horizons Regional Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 20 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
    - long-term, integrated decision-making and co-ordination of the Council's resources; and
    - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 180 to 183 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have carried out engagements in the area of assurance reviews of the Regional Council's Debenture Trust Deed, the Manawatu River clean-up project funding and Lake Horowhenua clean-up project funding, which are compatible with those requirements, we have no relationship with or interests in the Council.

Debbie Perera, Audit New Zealand
On behalf of the Auditor-General, Palmerston North, New Zealand