
# He mōhiohio tautoko mō te tauākī whiriwhiri o te Mahere Roa 2024-34

# Supporting information for the 2024-34 Long-term Plan consultation document

horizons
REGIONAL COUNCIL

The design elements in this Long-term Plan include some Māori elements that have been initially designed by a local Māori artist and transformed into design files. These include the 'poutama' pattern that traditionally means stairs or stairway to heaven, and symbolises whakapapa or genealogy, and also the pursuit of knowledge and levels of advancement and growth. In this context the poutama symbolises Horizons' stairs or steps towards its vision and goals for the region. Other elements include pou as symbols of strength alongside our strategic framework and koru icons to represent each of our community outcomes.

Front cover photo: Tōtara Reserve Open Day, October 2023

# Ngā ihirangi
# Contents

# Hei hoa Tiriti pai
# Becoming better Treaty partners

One of Horizons' four strategic priorities is:

**Strengthening partnerships with tangata whenua:** Responding constructively to changing expectations, realising the potential contribution of Māori leadership, building mana-enhancing relationships.

Over the last 10 years, relationships between Horizons and the iwi in the region have developed significantly. Since 2020, the working partnership and capacity funding for the Oranga Wai Freshwater Future programme has seen an increase in memorandums of partnership and much closer working relationships between Council, iwi and hapū.

Council currently has a wide range of formal and informal partnerships that see us collaborating with tangata whenua to work towards shared goals. In 2022 we were pleased to introduce Māori wards in the region; a northern ward, Raki, and a southern ward, Tonga, and we now have two Māori Ward councillors.

With over 30 iwi and more than 100 hapū in the region, strong and authentic partnerships between Council and tangata whenua is always going to be a work in progress. One of the community outcomes that we are working towards is:

He whanaungatanga whai mana

**Our region's relationship with iwi and hapū are respectful and mana-enhancing**

Mutually beneficial partnerships with tangata whenua reflect the intent of Te Tiriti o Waitangi | The Treaty of Waitangi.

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

Te Tiriti o Waitangi | The Treaty of Waitangi[1]

The Treaty is more than just a document that was signed on 6 February 1840. It is a symbol of the enduring partnership between Māori and the Crown. The Regional Council, as an agent of the Crown, has many obligations to fulfil in relation to the Treaty.

Our role under the Treaty is becoming even more important as Manawatū/Whanganui iwi and hapū go through the Treaty claims and settlement process. Therefore, it is essential for staff to understand these obligations through their work.

| Ways Horizons demonstrates its approach to Treaty partnership | | | | |
|---|---|---|---|---|
| Fostering partnerships | Enabling participation | Protecting Māori interests and values | Supporting capacity and capability building | Encouraging early and meaningful engagement |
| ▪ Supporting iwi that are in the process of settling Treaty claims<br>▪ Enabling co-management initiatives<br>▪ Entering into relationship agreements, e.g. memorandums of understanding, joint management agreements<br>▪ Recognising statutory acknowledgement areas and Customary Marine Titles | ▪ Taking iwi management plans in to account in planning and decision-making processes<br>▪ Māori councillors represent Māori interests in Council decision-making processes<br>▪ Developing cultural monitoring initiatives | ▪ Recognising Māori kaitiakitanga (guardianship) responsibilities as part of policy development<br>▪ Developing a regional marae locations map<br>▪ Using Te Reo Māori in our mahi/work | ▪ Supporting the development of Iwi Management Plans and keeping appropriate records<br>▪ Sponsoring Māori to undertake RMA training, e.g. Making Good Decisions training for Hearing Commissioners<br>▪ Enabling student internships and/or secondments | ▪ Maintaining an accurate Māori contacts directory<br>▪ Consulting iwi/hapū on resource consent applications<br>▪ Engaging early and developing relationships with iwi groups that are in the process of settling Treaty claims |

[1] This table is based on the Te Tiriti o Waitangi | The Treaty of Waitangi implementation framework in the Bay of Plenty Regional Council Treaty of Waitangi Toolkit (page 30).

## Ngā putanga ā-hapori **Our community outcomes**

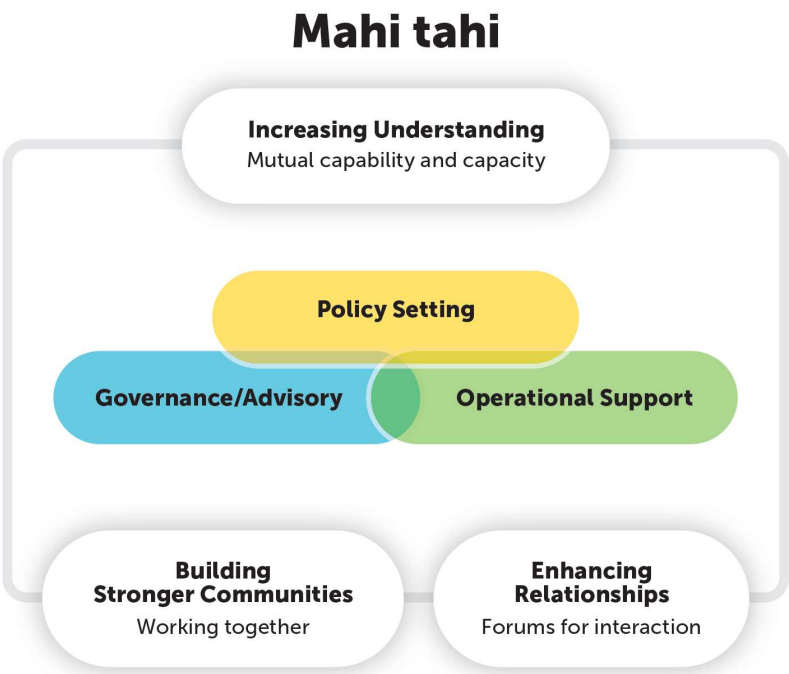
He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## MAHI TAHI: COUNCIL AND IWI/HAPŪ WORKING TOGETHER

The current mahi tahi between Council and the iwi and hapū of the region falls into roughly three categories; policy setting, governance and/or advisory roles, and operational input. Council and iwi/hapū contribute to this mahi in many different ways. In the process of working together towards our mutual aspirations, we increase mutual understanding, enhance the relationship between Council and tangata whenua, and we build stronger communities.




## MĀORI CONTRIBUTION TO COUNCIL'S DECISION-MAKING PROCESSES

The LGA requires all councils to consider ways in which it can foster the development of Māori capacity to contribute to its decision-making processes. The ways in which Council currently does this are through:

- the provision of funding to enable engagement with iwi/hapū in decision and policy making processes (via the Iwi/Hapū Relationships activity, funded by 100% General Rate),
- establishing and maintaining processes for Māori to contribute via Memorandums of Partnership and other relationship agreements, project governance and operational input,
- building our internal capacity through the provision of advisory roles and our staff cultural competency programme so that we are equipped to support tangata whenua when they engage (see our performance measures for the Iwi and Hapū Relationships activity, page 134).

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

# Te anga rautaki
# Strategic framework

## Tō mātou wawata
## Our vision

Tō tātou whenua ora - mauri wai, mauri whenua, mauri ora
Our region – a healthy environment where people are thriving

## Ngā rautaki arotau
## Our strategic priorities

Te piki manawaroa ki te āhuarangi hurihuri
Building resilience to the impacts of climate change

Te whakakaha whanaungatanga ki te tangata whenua
Strengthening partnerships with tangata whenua

He ara torowhārahi – mai i ngā maunga ki te moana (whakahaere riu)
A holistic approach, from the mountains to the sea (integrated catchment management)

He tūhono wāhi he honohono tangata
Connecting people and place through effective public transport connections

## Ngā putanga ā-hapori
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This Long-term Plan has been prepared in an environment of political and economic uncertainty. We discuss the impact of this uncertainty on Council on page 277 assumption 4. Council's strategic framework ensures a big-picture focus when it comes to resource allocation, decision making and strategic oversight, particularly when dealing with the challenge of planning during uncertainty. Along with our vision, we have identified four strategic priorities and six community outcomes which will help us keep our eye on the big picture.

## OUR VISION:

Tō tātou whenua ora - mauri wai, mauri whenua, mauri ora

Our region – a healthy environment where people are thriving

This is what all of us at Council are working to achieve. Our primary focus is on a healthy environment and thriving people across the rohe, both now and in the future.

## OUR STRATEGIC PRIORITIES

### Te piki manawaroa ki te āhuarangi hurihuri | Building resilience to the impacts of climate change

*Reducing risk and building resilience of communities, the economy and the environment*

Climate change and its impact on our communities is one of the most pressing issues facing our region. The majority of Horizons' mahi touches on the issue in some way – science and research, flood protection and drainage schemes, emergency management, promotion and protection of biodiversity and ecosystems, policy setting to promote responsible land and water management, mitigation and adaptation initiatives, community education, public transport, collaboration with local, regional and central government, etc. It is critical that our communities, our economy and our environment are prepared and resilient when facing the increasing impacts of climate change.

As one of Council's strategic priorities. Council has ensured that it has a clear action plan for responding to climate change and promoting community resilience. For more information, see *Āhurangi hurihuri | Climate change*, page 11.

To see how the different activities of Council play their role in addressing this issue, see *Ā mātou kaupapa | Our areas of work* from page 127 onwards.

**He whanaungatanga whai mana**
Our region's relationship with iwi and hapū are respectful and mana-enhancing

**He whatunga waka mauritau**
Our region has effective transport networks

**He hapori manawaroa**
Our region's communities are resilient to the impact of natural hazards and climate change

### Te whakakaha whanaungatanga ki te tangata whenua | Strengthening partnerships with tangata whenua

*Responding constructively to changing expectations, realising the potential contribution of Māori leadership, building mana-enhancing relationships*

Horizons' is committed to strengthening our partnerships with tangata whenua. As Te Tiriti /Treaty partners, we work to foster partnerships, enable participation, protect Māori interests and values, support capacity and capability building, and encourage early and meaningful engagement.

While central government reform is directing planning at regional scale, this doesn't align well with increasing call to work more locally at hapū scale and connected to place. Horizons is committed to exploring formal and informal ways of partnering with Māori. Council values Te ao Māori and seeks to incorporate mātauranga Māori gained through tangata whenua involvement.

In the first year of this Long-term Plan Council will undertake an independent Tiriti/Treaty partnership health check to assess where we can do better, then develop an action plan for improvement. This will be a focus for years 2-3.

For more information on how Horizons works with tangata whenua, see *Hei hoa Tiriti pai | Becoming Better Treaty Partners*, page 1, and *Te rangapū, te whakahaere, te tātaki | Partnership, Governance, and Leadership,* page 128.

### He ara torowhārahi – mai I ngā maunga ki te moana (Whakahaere Riu) | A holistic approach, from the mountains to the sea (integrated catchment management)

*Working together to protect and enhance what matters most*

We believe we can do better at working with local communities to protect and enhance the things they value. This means being clear about what we are aiming to achieve and ensuring that all our actions line up to deliver the best results we can. It means supporting communities, iwi and stakeholder groups in their efforts to look after our environment. This way of working, known as 'integrated catchment management', builds on the work we already do with a greater focus on local outcomes.

Taking a holistic approach to environmental management - from the mountains to the sea - is a significant change for Horizons, even though many of our programmes already operate on a catchment-by-catchment basis. Working out how an integrated catchment management approach will work in practice will involve engagement with a range of stakeholders. It will mean changes in policy, financial and operational settings. It requires investment in the tools to enable our staff to plan, monitor, and report on our work in the joined-up way we think communities expect of us.

An integrated catchment management approach will help us to ensure we can understand the implications of new national direction at a local level, respond effectively to local priorities (and the local impacts of issues like climate change), and deploy the right resource where it is needed most. This will be crucial in our efforts to navigate regulatory complexity, address affordability challenges, and attract and retain skilled staff. Council has allocated the resources to this important project as an investment in the health of te taiao in the long term.

For more information on the integrated catchment management project, see "Issue 2: Planning for the future" in the consultation document, page 29.

### He tuhono wahi he honohono tangata | Connecting people and place through effective public transport connections

*Providing public bus services, and total mobility services, also supporting national and local road safety education programmes.*

Our vision for public transport in our region is to have an attractive, integrated and convenient public transport system that connects us, enhances our wellbeing and environment, and becomes the preferred mode of transport in and between urban areas. Our ambition is that public transport becomes the preferred choice of transport for more people, and contributes to greenhouse gas emission reductions in our region.

We are well on our way to achieving this goal. In 2024 Palmerston North became the first city in Aotearoa New Zealand to have a fully decarbonised bus fleet.

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

For more information on the public transport activity of Council, see *Ngā ratonga ā-rohe, ā-waka | Transport and Regional Services*, page 186.

## OUR COMMUNITY OUTCOMES

The purpose of local government is to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. [2] Council describes how it seeks to do this across the Manawatū-Whanganui Region through its six community outcomes. Council keeps these outcomes front and centre when it is making decisions that impact the current and future wellbeing of communities in the rohe.

**He whakamana hapori, he hapori kori**

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

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

**He punaha hauropi ora**

**Our region's ecosystems are healthy**

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

**He hapori manawaroa**

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

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

**He whatunga waka mauritau**

**Our region has effective transport networks**

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

**He rohe piki te ohanga, piki te taiao**

**Our region's economy is thriving and environmentally sustainable**

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

**He whanaungatanga whai mana**

**Our region's relationship with iwi and hapū are respectful and mana-enhancing**

Mutually beneficial partnerships with tangata whenua reflect the intent of te Tiriti o Waitangi / the Treaty of Waitangi.

[2] Local Government Act 2002, section 10.

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# Ngā tino wero ki mua
# Council's key challenges in the coming years

Council is facing several challenges that are having an impact now and will continue to do so in the coming years. Several of the challenges described below are interconnected. Horizons must focus on being open, responsive, and solutions-focused, while being guided by our strategic priorities and community outcomes (see *Te Anga Rautaki | Strategic Framework*, page 4)

### 1. Uncertainty about changes to central government policy and the timing and implications of those changes.

The previous Government progressed substantial environmental reform, and several other legislative and policy changes that would have resulted in significant impacts on what we were required to deliver. However, the current Government has indicated that they will change or reconsider some of the policy direction of the previous government. Some of the changes that have been indicated by the new government will require a substantial amount of rework on projects that are already well underway. This presents significant challenges to the long-term planning process as we try to plan projects, work programmes and budgets for the next ten years.

Every Council in Aotearoa New Zealand is faced with the same challenge. It is likely that our plans and budgets will be affected by central government decisions that are made while we are consulting with our communities on our draft plan. We must be as agile as we can during this period and be willing to respond to changes as they are presented.

### 2. Increasing regulatory complexity

An increasing amount of environmental regulation has contributed to a complex, contentious and litigious regulatory environment. The Government's Essential Freshwater package is an example that is shaping a great deal of our work. This is especially important around stock exclusion requirements and fish passage around flood protection assets that Horizons owns. The increasing regulatory expectations requires additional staff and improved information systems and is driving cost increases across Council.

Increasing regulatory complexity and contestability is not just a result of reform. Under the Resource Management Act 1991 and the existing planning framework, consent processing has generally become more contentious and complex, particularly in relation to activities such as waste water treatment plant renewals, medium to large industrial operations and large civil construction projects. We are experiencing a significant increase in large infrastructure projects, which more than often than not are subject to hearings and court processes. This can involve significant staff time and financial outlay.

Furthermore, the compliance and enforcement side of the business has become more complex due to the nature of the conditions now imposed, increases in defended hearings for prosecutions, and other high level enforcement actions (such as enforcement orders).

### 3. The impacts of climate change

Building community resilience and responding to climate change is a significant body of work for Horizons. Increasing average temperatures, greater fluctuations in weather patterns and rising sea levels will have a major detrimental effect on the ecosystems in our region. Extreme weather events are increasing in frequency and intensity with significant immediate and long-term impacts experienced by our rural and urban communities. An aligned response between councils, Iwi/Māori and communities is critical for an effective regional response.

See *Āhuarangi hurihuri | Climate change*, page 11 for more information on in the impacts of climate change and Horizons' plan of action.

### 4. Competitive talent market

We are facing a competitive market in terms of securing experienced or specialist staff, external experts, and contractors. We have budgeted to be able to respond to the need for increased staff numbers, however it may be a challenge finding and recruiting people with the required skills and experience. The increasing workload resulting from central government reform and increasing regulatory complexity is compounding this challenge.

### 5. Changing technology

Rapid advances to technology are changing the way we can gather, manage and share data. This in turn, creates changing expectations from our communities around the sophistication of analysis we should be able to perform, and public access to the information we hold.

Meeting new demands and increasing workload, while still being responsive to our communities' expectations, places strain on our internal systems and processes. While new technology opens up possibilities in terms of analysis, data presentation, and operational efficiency, it requires "back office" investment that is not always easy to explain in terms of direct benefit to ratepayers.

### 6. Increasing costs / affordability

Increasing costs is a significant challenge across all our activities. This is being driven by increases in asset values and insurance costs, as well as increasing resourcing requirements from new and changing central government policy, as noted above. We are conscious that the cost of living is hitting our communities hard and that substantial increases in rates is the last thing they need. In an effort to keep rates as low as possible and still maintain our levels of service to the community, Horizons' focus in this Long-term Plan is on maintaining existing assets and levels of service rather than new capital projects. Even this lean approach requires increases in expenditure. Council has had to make difficult decisions about where to prioritise our budget in order to achieve our levels of service targets.

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# Āhuarangi hurihuri
# Climate change

Climate change is one of the most pressing issues facing the region. The importance of building resilience to the impacts of climate change and natural hazards is reflected in its inclusion as one of Council's four strategic priorities and its six community outcomes (see *Te anga rautaki | Strategic framework*, page 4).

The disruptive effects of climate change on our environment and our communities is becoming increasingly obvious. Extreme weather events are now occurring at a frequency and intensity that is having significant environmental, economic and social impact.

Horizons has used the most up to date information available on climate change and its impacts for the Long-term Plan. Most of the information we have on regional climate projections was released in the mid-2010s. NIWA is currently leading work to "downscale" the latest (2022) global climate projections to understand regional impacts across New Zealand. Those will not be available until mid-2024, too late to inform this Long-term Plan, however Horizons will continue to assess the impact of climate change as new information is available.

## CHANGES IN RAINFALL

NIWA predicts a change in precipitation across the region – not only in terms of how much rain falls but also when and where it falls[3]. Rainfall is likely to increase across most of the region west of the Ruahine and Tararua ranges in winter and spring while decreasing in autumn and in summer. Eastern areas are projected to have decreased rainfall throughout the year. This means it is likely that floods will increase in both frequency and magnitude for both the Rangitīkei and Whanganui catchments, with implications for Horizons in terms of levels of service, scheme operations and maintenance activities.

The impact on the Manawatū catchment, which falls on both sides of the ranges, is less certain. It may give rise to more frequent small to medium-scale flood events, with more limited impact of large flood events caused by catchment-wide rainfall. Higher rainfall events are likely to have a similar effect on operating costs for the land drainage schemes that cover the lower Manawatū floodplain.

## INCREASING TEMPERATURES AND RISING SEA LEVELS

Eight of Aotearoa New Zealand's ten warmest years on record occurred in the last decade. An increase in hot days has implications for agricultural practice, health of waterways, biodiversity, animal and human welfare, and psychosocial health.

The NZ Searise data suggests that, under a high emissions scenario, it is likely we will see a 0.28m – 0.43m rise in sea levels for the region by 2050, and a 0.87 – 1.21m rise by 2100[4]. This will impact the protection and drainage

[3] Regional Climate Change Risk Assessment 'NIWA. (2016). Climate Change and Variability—Horizons Region. National Institute of Water and Atmospheric Research.'

[4] NZ Searise takes into account AR6 modelling and incorporates vertical land movement to produce their modelling.

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requirements for our coastal communities. Rising sea levels will raise water tables for coastal areas that can make them more prone to flooding.

Increasing temperatures, greater fluctuations in weather patterns and rising sea levels will have an effect on the ecosystems in our region. The exact impact is difficult to forecast however there is a high likelihood that climate change will impact on biodiversity and change the nature of biosecurity threats to the region.

### LAND AND FRESHWATER SYSTEMS

Climate change will also have impacts on our land and freshwater systems. Modelling undertaken For Horizons by Manaaki Whenua Landcare Research shows that sediment loads in rivers are predicted to increase by between 40% and 180% by 2090. The modelling predicts that Horizons' Sustainable Land Use Initiative programme, at its current rate of on-farm works, may be insufficient to overcome the impacts of climate change at the most extreme scenarios.

### EXTREME WEATHER EVENTS

The factors mentioned above contribute to the occurance, and impact, of extreme weather events. The Regional Climate Change Risk Assessment (2021) identifies flooding as being one of the most significant risks to our built environments. This has been borne out in the significant floods of 2004, 2015 and most recently in February 2023 with Cyclone Gabrielle. Farms were impacted through slips, flooding and wind damage, communities were cut off, forestry slash and other debris littered east coast beaches. The extent of damage caused by Cyclone Gabrielle to roads and infrastructure was extensive. In the Tararua District, the roads suffered 513 high and medium complexity faults, including bridges being washed out. Experts attribute the intensity of the rainfall during the cyclone to climate change.

### OPERATIONAL IMPACTS

Severe weather events require an emergency management response, resulting in the activation of Horizons' Emergency Operations Centre (EOC) and the Manawatu-Whanganui Civil Defence Emergency Management Group's Emergency Coordination Centre (ECC), both of which are operated by trained Horizons staff who have other "business as usual" roles across the organisation. More frequent activation of the EOC and the ECC means that staff will be drawn away more often from their business as usual mahi, impacting on their ability to manage their day-today work loads.

The recovery phase of a weather event has financial and operational impacts on Horizons as well. Repair works or rebuilding damaged infrastructure can cause delays to planned work programmes and can impact levels of service in unexpected ways.

Changes in rainfall patterns can impact on the effectiveness of flood protection schemes, the cost of drainage, and the availability of water during the drier months.

### IMPACTS ON PEOPLE

Climate change will impact different people differently. Rural and coastal communities may suffer from the impacts of accelerated erosion on property, utility networks, and critical transport links. Increasingly frequent and severe storms and droughts are likely, over time, to affect livelihoods in those same rural communities. Studies also show that climate change tends to exacerbate existing vulnerabilities and social inequalities. The elderly and disabled people may be more vulnerable to extreme weather (e.g. heat waves, evacuation). Māori, as well as lower-income groups in the community, are likely to be disproportionately affected.

### OUR RESPONSE

Horizons has used the high-range emissions scenarios for its planning (RCP 8.5), which is based on 2011 data provided by the Ministry for the Environment. This is the most current data available until the release of NIWA's regional data based on the IPCC6 report, expected in mid-2024.

Overall, we know we need to better understand local and regional impacts. We need to investigate and address climate change impact on biodiversity and biosecurity, freshwater habitats, regional food security, flooding, droughts and other hazards. Climate change will be one of the factors we need to consider as we review the performance of our flood-protection

network, move toward integrated catchment management, and embark upon regional spatial planning. In the coming years, we will need to strengthen mechanisms for analysis and reporting of climate-related risks to our operations and assets. For example, as a part of the Infrastructure Strategy, a regional flood vulnerability assessment will be completed to assess the relative risk in the towns within the region. This study will help us better understand where we need to focus our efforts on building resilience. Information on climate impacts will also assist communities in their planning to adapt to the impacts of Climate change.

In 2020 Horizons established the Climate Action Joint Committee which provides a coordinated response from local government across the region, and includes working in partnership with territorial authorities and tangata whenua representatives.

The Joint Committee oversaw the development of regional Climate Action Plan which was adopted in March 2023. Horizons' own action plan dovetails with this coordinated framework, setting out actions which will address some of the knowledge gaps listed above, and build environmental and community resilience to climate change and/or reduce greenhouse gas emissions. Some projects in the Action Plan are joint initiatives with other parties, while some are Horizons' own projects. More information can be found in section 15 of the Climate Action Plan at horizons.govt.nz.

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# Te Rautaki Tūāhanga
# **Infrastructure Strategy**

## EXECUTIVE SUMMARY

Horizons' Infrastructure Strategy identifies the significant infrastructure issues Horizons faces over the next 30 years for its river management, flood protection and drainage infrastructure. The strategy assesses potential options for managing these issues, and identifies the preferred approach. The Infrastructure Strategy links with the Financial Strategy and other aspects of the Long-term Plan to demonstrate the implications, including financial implications, of the preferred responses on River Management and Flood Protection Activity. This includes the changes to operational activity, asset management processes and the capital programme, with new performance targets and changes to budgets.

The Infrastructure Strategy focuses on Horizons' river management, flood protection and drainage scheme assets. At the end of the 2023-24 financial year in June 2023, there were 3,794 assets with a total replacement value of $990 million, an increase of 166% compared to the $372 million value about 10 years ago (Long-term Plan, 2015-25).

The River Management and Flood Protection Activity contributes significantly to the achievement of the Community Outcomes and Strategic Priorities defined in the Long-term Plan. The largest contributions to these outcomes are to building the community's resilience to climate change and natural hazards, and supporting a thriving and sustainable economy. These two community outcomes are among trade-offs the Infrastructure Strategy needs to consider to find a balance between preparing for the impact of climate change to limit disruption to the community and economy during events and operating at an affordable level for the community.

Climate change is reducing the levels of service from the existing assets in the region. These assets are also aging, with many of them having been established 50 to 60 years ago, in the 1960s and 1970s. Climate change is increasing the frequency of flood events, raising insurance costs, requiring additional expenditure on repairs and contributing to community requests for increased levels of protection.

The Manawatū-Whanganui Region covers approximately 8% of New Zealand's land area. In 2023 it was home to approximately 5% of New Zealand's population, producing approximately 3.8% of the nation's Gross Domestic Product (GDP). The region's population is dispersed across approximately 50 towns and settlements with around 77% of the population living in the 17 towns with more than 1,000 people. The region's population is predicted to grow by about a third over the 30 years from 2018 with that forecast growth to be centred in the Horowhenua and Manawatū districts and Palmerston North City areas. Projected population growth in the region is expected to be led by people over 65, raising this group from approximately 18% of the population to 26% in 2048.

Household income is variable within and between the districts of the Region. The majority of the households i.e. more than 70%, earn less than the average income of $116,000 for the region and 42% earn less than $50,000. Affordability is a key issue for the Infrastructure Strategy. Demand for activity and the ability to pay for this are influenced by the small, but growing, dispersed population that is largely urban-based and has a high proportion of low income households. There are also increasing costs to deliver the activity through inflationary pressure, additional expenditure to establish improved

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or new levels of service and the impact of climate change reducing levels of service and contributing to more frequent and larger weather events.

The Infrastructure Strategy considers the balance between affordability and the activity within the programme. Activity in the programme includes works to maintain resilience through existing assets and works to build new resilience through both the operational and capital upgrade programmes. The Infrastructure Strategy also considers how to manage risk to the community from weather or other natural events and having the financial resilience to recover from events when they do occur. In 2023-24 the balance of rates spending ($15.101 million) across these three aspects is:

- Building new resilience. Approximately 20% to servicing loans[5] contributing to funding capital works, primarily work that has already been completed.
- Managing risk for damage. Approximately 11% (8% for insurance payments, 2% for asset renewals and 1% to emergency reserves); and
- Scheme operational activity 69%.

In 2023-24 schemes also have additional income of $1.736 million from other sources, primarily from leases (approximately $1.5 million). There are also significant co-funding contributions to capital upgrades from Central Government that were budgeted at $8.230 million in 2023-24.

Expenditure is increasing due to inflationary pressure. Overall loan payments are expected to increase based on previous commitments and rising interest rate costs. Insurance costs are forecast to grow due to increased risk, higher asset values for exiting assets and to provide for the addition of new assets by the capital and operational programmes each year. Insurance costs are predicted to increase by 15-20% per year over the first 10 years of the Long-term Plan, although this assumption is considered to have high uncertainty. Baseline insurance for the Infrastructural Asset Insurance Policy is predicted to increase by 283% from $1.763 million in year 1 to $6.752 million in year 10. The 166% growth in value of assets from $372 million in the 2015 Long-term Plan to $990 million at the end of the 2023-24 financial year in June 2023 has reduced the proportion of asset value that can be claimed in a single event. The maximum claim value of $100 million (assuming 60% from the Central Government) provided cover for approximately 27% of the asset value in 2015 and this had reduced to approximately 10% in 2023. Council has resolved to increase the Infrastructural Asset Insurance Policy cover progressively over 2023-24 and year 1 of the Long-term Plan (2024-25). Combined with the predicted baseline increases for this policy increase, the projected spend for this cover increases by 87%, from $1.05 million in 2022-23 to $1.962 million in 2023-24. Adjusting for the uncertain assumptions around insurance increases of 15% to 20% per year, this insurance cover is predicted to increase to approximately $9.285 million by year 10 of the Long-term Plan.

The Infrastructure Strategy identifies seven key long-term infrastructure issues, considers options for these and outlines a preferred response. These issues, the preferred responses and impact on the Long-term Plan are overviewed in Table 1.

[5] This assumes all loans are for capital upgrades

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

*Table 1: Key infrastructure issues for the 2024-54 Infrastructure Strategy, preferred responses, some of the advantages and disadvantages and the impact on the Long-term Plan.*

| Issue | Response | Advantages | Disadvantages | Long-term Plan impact |
|---|---|---|---|---|
| 1. Affordability of River Management and Flood Protection Activity. | Transitioning to a maintenance-based programme. | ▪ A more consistent and structured approach to scheme operational activity with a focus on maintenance of existing assets.<br>▪ Scheme maintenance priorities to be predominately driven by risk information from asset inspections, with some aspects policy based e.g. all scheme drains to be maintained at least once every 10 years.<br>▪ Increased resilience to storm events due to prioritisation of maintenance activity based on risk.<br>▪ Efficiency gains through more work programme certainty, including larger multiyear contracts for some maintenance. | ▪ Reduced ability to complete reactive work e.g. to repair areas that are damaged in an event where there are not currently river management assets.<br>▪ Programme less responsive to day to day requests for support.<br>▪ Will take time to implement and require new systems and processes to administer and report on progress. | ▪ An additional $250,000 toward scheme operational budgets in both year 1 and year 3.<br>▪ Changes to scheme budgets to provide for a more structured maintenance programme (some scheme budget increases, some decreases for operational activity).<br>▪ New regional level performance targets for scheme maintenance activity.<br>▪ New asset management team capacity required to inform programme and track and report on maintenance (see issue 5 below). |
| | A review of loan terms and payments. | ▪ Opportunity to review payment amounts and overall costs of existing and planned loans, to consider who pays for these e.g. rating base and in terms of the timeframes over which the assets will provide benefits (loan terms). | ▪ Will require resourcing to be completed.<br>▪ May increase the overall cost of loans over time e.g. if loan terms are extended. | ▪ To be managed within existing staff budgets, with support from new staff capacity for the Integrated Catchment Management Activity that is funded separately to schemes. |
| | Transfer projects team staff from Capital (loan) funded to operationally funded (funded from annual rates income). | ▪ Lowers the long-term cost of these staff resources.<br>▪ Enables these staff resources to work across capital and operational delivery. | ▪ Requires fully funding this staff cost in the year it is delivered, increasing rate requirements in that year. | ▪ A budgeted increase of staff costs of $390,000 in year 2, $140,000 in year 3. Noting these are not new staff positions. |

| Issue | Response | Advantages | Disadvantages | Long-term Plan impact |
|---|---|---|---|---|
| 2. Responding to the impact of climate change and natural disasters. | Completing a regional flood vulnerability assessment. | ▪ Provides a review of current and projected levels of service of existing flood protection infrastructure in the context of climate change and other new information (e.g. updated information on river flows).<br>▪ Provides a regional assessment of relative flood vulnerability for the communities of the region.<br>▪ Provides information to prioritise investment decisions.<br>▪ Co-funding for the study has been secured from Central Government. | ▪ Requires additional investment for work. Horizons share of the budgets to be met from existing budgets.<br>▪ Will divert staff time from delivery of capital and operational programmes. | ▪ No financial impact on the Long-Term Plan due to reprioritisation of budgets.<br>▪ New performance target for the delivery of this report.<br>▪ Report likely to inform decisions about longer term capital programmes (see issue 3 below). |
| 3. Delivering capital programme works to increase resilience to climate change impacts. | Consolidating the capital programme. | ▪ Limits the programme to existing commitments through Central Government co-funded projects, flood protection projects in Palmerston North and Feilding and asset renewals.<br>▪ Increases the likelihood government co-funded projects will be delivered.<br>▪ Decreases planned expenditure on capital programmes over time.<br>▪ Defers decisions on future capital programme upgrades until information is available from the regional flood vulnerability study and the levels of service/funding policy review by the Integrated Catchment Management work. | ▪ Some known areas with flood risk that have previously been in Horizons capital programme are no longer included e.g. Marton, Bulls, and Pūtiki.<br>▪ New areas where requests for flood protection have been made are not included in the capital programme e.g. Saddle Road/ River Road near Ashhurst. | ▪ Capital expenditure reducing over the first 7 years of the Long-term Plan to asset renewal costs only from year 8.<br>▪ All scheme debt projected to be paid by Year 28 of the Infrastructure Strategy. |

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| Issue | Response | Advantages | Disadvantages | Long-term Plan impact |
|---|---|---|---|---|
| | Reduce planning for future capital projects (beyond those included in the capital programme). | ▪ Focuses staff effort on the operational deliverables and projects within the capital programme.<br>▪ Increases the likelihood the capital programme will be delivered. | ▪ Defers work on projects that could inform on options and costings for capital upgrades. | ▪ No Long-term Plan impact, noting this is the area that budgets have been reprioritised to for the regional flood vulnerability assessment. |
| 4. Planning for financial implications of natural hazard events. | Raising insurance budgets for scheme assets. | ▪ Provides for some scheme insurance costs that were previously paid for as a corporate cost to be paid for by schemes.<br>▪ Allows for increases in insurance due to inflationary increases, and an increased amount of cover allowing greater claims in a single event. | ▪ The increased amount of insurance will continue to cover only a proportion of the River Management and Flood Protection assets leaving some level of self-insurance.<br>▪ There is a significant additional cost for insurance that could make some schemes unaffordable.<br>▪ Increases in insurance are predominately in a few of the schemes e.g. Lower Manawatū and Rangitīkei. | ▪ A $1 million increase in insurance premiums has been allowed for in the Long-term Plan, a 78% increase, raising the budget from $1.270 million to $2.270 million.<br>▪ This includes transferring the payment of the scheme component of the Material Damage Policy from a corporate cost to a scheme cost (approximately $100,000); and the estimated $2.424 million amount required to meet the cost of the increase the Asset Insurance Policy.<br>▪ This $1 million increase is estimated to be sufficient fund the increases, after allowing for the November to November billing of the Infrastructure Asset Insurance Policy. |
| | Reviewing what assets are insured and the amount of insurance for the insured assets. | ▪ There is potential to reduce costs through insuring fewer types of assets, or choosing not to insure assets in more schemes. | ▪ If the outcome of the review is to reduce the number and value of assets insured there would be less financial resilience following a large event. | ▪ No impact on the Long-term Plan. |

| Issue | Response | Advantages | Disadvantages | Long-term Plan impact |
|---|---|---|---|---|
| | Maintaining the current reserve for the insurance deductible. | ▪ Maintains the Horizons emergency insurance reserve at approximately $3.6 million above the amount of the insurance deductible of $3 million. | ▪ Provides for a single large event and rebuilding this reserve up after a significant event that required the use of this reserve may be challenging. | ▪ No impact on the Long-term Plan. |
| | Continuing current practice for provisioning scheme emergency reserves. | ▪ Maintains the current practice. | ▪ 17 of the 34 schemes provision emergency reserves and some schemes may be vulnerable to a future event due to reserve amounts being zero or low. | ▪ No impact on the Long-term Plan other than existing rating for scheme emergency reserves. |
| | Review the practice on provisioning for scheme emergency reserves. | ▪ Enables the review of reserve provisioning to occur alongside the levels of service and funding policy review through the Integrated Catchment Management Activity and the review of loan payments.<br>▪ Provides for reserve balances after Cyclone Gabrielle works and other drawdowns, to be confirmed before any changes are made. | ▪ May defer increasing reserves. | ▪ No impact on the Long-term Plan other than the resourcing to undertake this work which are planned through existing staff budgets and the new staff capacity as a part of the Integrated Catchment Management Work programme. |
| 5. Maintaining existing assets and understanding our asset condition and maintenance requirements. | Increasing capacity for asset management activity. | ▪ Increased understanding of and reporting of asset condition and risks. Improved prioritisation of the maintenance programme to areas of greatest risk, to increase resilience and reduce risk.<br>▪ Improved capacity to coordinate, prioritise and report on asset management and scheme maintenance activity. | ▪ Additional costs of two new staff positions. | ▪ Addition of two new staff positions to the asset management team with costs to be recovered via the schemes ($250K).<br>▪ New performance targets for reporting on asset condition and the maintenance programme. |

## Ngā putanga ā-hapori **Our community outcomes**

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Our region's economy is thriving and environmentally sustainable

| Issue | Response | Advantages | Disadvantages | Long-term Plan impact |
|---|---|---|---|---|
| | Prioritising asset inspections. | ▪ Increases the focus on assets with the greatest risk. | ▪ No disadvantages identified | ▪ To be managed within existing staff budgets combined with the new resource above.<br>▪ New performance targets for asset inspections. |
| | Reducing the number of asset management plans to fewer, if not one, asset management plan. | ▪ Increased consistency in approach, improved efficiency and ability to manage risk at programme rather than individual scheme level. | ▪ Resourcing required to complete this task. | ▪ Resourcing from existing staff time and the additional positions noted above. |
| | Improved asset renewal planning. | ▪ This will identify the extent of the aging infrastructure issue using up to date asset condition assessments to enable decision making around what assets will be replaced when and what changes may be required due to new regulatory or community expectation. | ▪ Resourcing required to complete this task. | ▪ Resourcing from existing staff time and the additional positions noted above. |
| 6. Achieving environmental, regulatory and other performance expectations. | Additional resourcing to achieve regulatory requirements. | ▪ Increased capacity to reduce risk of non-compliance with resource consents and other permissions, and to support obtaining new consents.<br>▪ Increased capacity to assess and respond to new legislative requirements e.g. Freshwater regulations. | ▪ Resourcing required to complete this task. | ▪ Resourcing from an existing staff position within the Freshwater Team being reprioritised.<br>▪ New performance target for reporting on regulatory activity. |

| Issue | Response | Advantages | Disadvantages | Long-term Plan impact |
|---|---|---|---|---|
| | Resourcing activity to meet the dam safety legislation6. | ▪ Enables the new legislative requirements to be assessed and responded to for the more than 50 dams within the programme. | ▪ Resourcing required to complete this task. | ▪ Loan funding for this activity has not been included in the budget until costs and timing are confirmed. These costs when known are proposed to be recovered via the scheme funding policies for the schemes with dams.<br>▪ New performance targets for dam safety work. |
| 7. Merging the River Management and Flood Protection Activity into an integrated catchment management approach. | Undertake an Integrated Catchment Management project. | ▪ Will provide greater clarity of how the River Management and Flood Protection Activity and other activities (regulatory and non-regulatory) can better aligned to provide for an integrated catchment management approach.<br>▪ This would enable levels of service and the associated funding models to be reviewed alongside reviews of funding for other activities to support the integrated approach. | ▪ Resourcing required to complete this task. | ▪ Resourcing to be funded via the Integrated Catchment Management project i.e. separate to schemes.<br>▪ Will draw on existing river management staff resourcing (funded by River Management and Flood Protection Activity). |
| | Investigate Room for River Approaches for River Scheme management. | ▪ Will investigate different scheme management options that are similar to those being used in the Rangitīkei Scheme.<br>▪ May have benefits for environmental outcomes, scheme resilience to future events and operational costs.<br>▪ Co-funding secured from Central Government for the first year of the Long-term Plan. | ▪ Resourcing required to complete this task potential costs of transitioning to a new way of working.<br>▪ Approach is likely to require changes to the way some land is used. | ▪ Resourcing secured from the first year of the Long-term Plan. A budget for this work of $180,000 is proposed from year 2 of the Long-term Plan (as a part of the Freshwater and Partnerships programme). |

[6] https://www.building.govt.nz/assets/Uploads/managing-buildings/building-safety/guide-to-complying-with-the-dam-safety-regulations.pdf

## 1. PURPOSE AND SCOPE

This strategy has been prepared as required by section 101B of the Local Government Act (2002). The purpose of the Infrastructure Strategy is to:

- Identify significant infrastructure issues Horizons faces over the next 30 years;
- Consider and assess potential options for managing these issues, and identify the preferred approach;
- Outline the associated service and financial implications of managing the issues; and
- Help our communities understand the long-term investment needs associated with our flood management assets over the next 30 years.

Horizons' Infrastructure Strategy includes assets for flood protection and control works while excluding other assets such as buildings and Forestry Rights. The Infrastructure Strategy is one component of the Long-Term Plan and has been developed alongside the Financial Strategy. It informed the budgeting process and establishment of performance targets.

## 2. STRATEGIC OVERVIEW

The Infrastructure Strategy is influenced by a range of factors (Figure 1) including:

- Horizons Strategic priorities and Community Outcomes (Section 2);
- External factors including population demographics and growth, climate change, statutory requirements and economic conditions (Section 3); and
- Internal factors e.g. river and drainage scheme history (Section 4), scheme funding policies (Section 5), financial position of the schemes (Section 6), current asset holdings (Section 7), asset management practices (Section 11), asset condition (Section 12) and planning assumptions (Section 13).

These combine with customer factors such as community expectations, affordability, changes in demand for services and managing different perspectives on the way the programme should be delivered.

The Infrastructure Strategy identifies key infrastructure issues (Section 9) for the period of the Strategy (2024-54). The Strategy assesses options for these issues and presents preferred options (Section 9). In assessing these options, it is acknowledged that there are trade-offs between the Horizons' Strategic Priorities and Community Outcomes that must be considered as part of determining a preferred option. Further, that the community's view on these options is an important component of deciding the direction for the schemes. For this reason, the consultation process for the Long-term Plan will provide for community input on key issues such as insurance (Section 8) and funding policies (Section 5). It is important to note the whole Infrastructure Strategy and all of the options will be able to be commented on as a part of the Long-term Plan consultation process.

The Infrastructure Strategy must outline the planned capital programme (Section 10) and the forecast capital and operational spend (Section 14).


*Figure 1: The Infrastructure Strategy as a part of the Long-term Plan.*

Horizons Regional Council undertakes river management, flood protection and land drainage activity to manage risks associated with natural hazards, enable economic productivity and to provide for community wellbeing. This activity contributes significantly to Council's Community Outcomes (Table 2) and Council's Strategic priorities (Table 2).

This activity contributes to economic well-being of the region and protection from events that would otherwise interrupt the community's activity. A challenge for this activity is that the benefits of the investment can be overlooked due to the reduction in impact and difficulty in quantifying what would have occurred without the investment

*Table 2: Infrastructure Strategy alignment with Councils Strategic Priorities and Community Outcomes.*

| Strategic priority | Contribution |
|---|---|
| Building resilience to the impacts of climate change. | River management, flood protection, and drainage activity plays a key role in protecting the community from the impacts of climate change, building new resilience and responding to weather events. |
| A holistic approach, from the mountains to the sea (integrated catchment management). | River and drainage work programmes form part of the current management approach delivery for the community and aims to operate in an integrated manner. |
| Strengthening partnerships with tangata whenua. | River and drainage activity is part of the main operational delivery programmes for Horizons and provides a range of opportunities to strengthen partnerships with tangata whenua. |
| Connecting people and place through effective public transport connections. | The river management, flood protection and drainage activities provide a range of benefits by increasing resilience of critical infrastructure, including transport links. |
| **Community outcome** | **Contribution** |
| Our region's communities are resilient to the impacts of natural hazards and climate change. | River management, flood protection, and drainage activity plays a key role in protecting the community from the impacts of climate change, building new resilience and responding to weather events. |
| Our region's economy is thriving and environmentally sustainable. | A primary purpose of the activity is to reduce the impact of weather events on the economy and to enable productive potential of land to be realised. |
| Our region's communities are vibrant and empowered. | This activity contributes to the economic well-being of the region and protection from events that would otherwise interrupt the community's activity. |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | |
|---|---|
| Our region's ecosystems are healthy. | Environmental outcomes are increasingly a key consideration of River Management and Flood Protection Activity. |
| Our region has effective transport networks. | The river management, flood protection and drainage activities provide a range of benefits by increasing resilience of critical infrastructure, including transport links. |
| Our region's relationships with iwi and hapū are respectful and mana-enhancing. | River management, flood protection, and drainage activity provides many opportunities for building relationships with iwi and hapū to deliver outcomes for the regional community. |

## 3. REGIONAL CONTEXT

### 3.1. Our geographic context

The Region is approximately 8% of New Zealand's area covering more than 2.2 million hectares. The region covers the areas of seven territorial authorities and also has parts of three other Territorial Authorities (Figure 2).

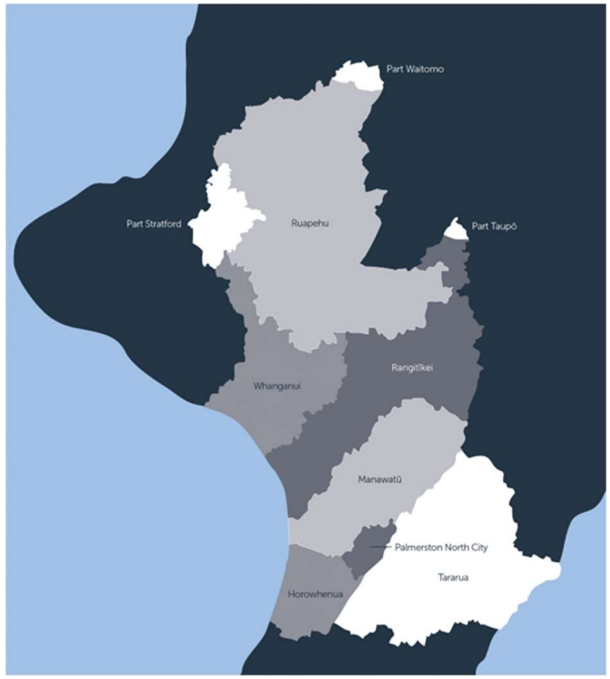


*Figure 2: Map of the Manawatū Whanganui Region showing Territorial Authority Boundaries*

[7] Ministry of Business Innovation and Employment, https://webrear.mbie.govt.nz/theme/population-estimates/map/timeseries/2023/manawatu-wanganui?accessedvia=manawatu-wanganui&areatype=ta&right-transform=absolute (Accessed 19 December 2023).

### 3.2. Our people

The regional population was reasonably stable at approximately 230,000 from the 1990's through to 2013 (Figure 3). Since then there has been an increase to 260,900 in 2023[7], approximately 5% of New Zealand's population in 2023.

During the 30 years from 2018, the population is projected to grow to approximately 355,100, an increase of 36%[8] i.e. more than one third. The fastest growing age group will continue to be the 65-plus group, increasing from 18% of the population in 2018 to 26% by 2053. Manawatū and Horowhenua districts as well as Palmerston North City, are predicted to lead the region's growth, while Tararua, Rangitīkei, Whanganui, and Ruapehu Districts are expected to continue positive but modest growth.[9]

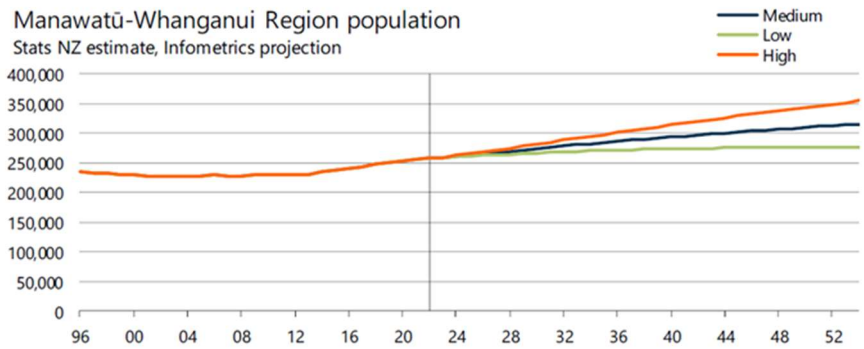


*Figure 3: Projected population growth across the region to 2054. Source, Infometrics*

Manawatū Whanganui's regional population is predominately based in urban areas with approximately 77% being located in the 17 towns with populations of more than 1,000 people (Table 3, Figure 4). There are more than 30 other towns and settlements in the region (Table 4). These face an increased

[8] Infometrics has provided low, medium and high growth scenarios. Horizons, along with all the Territorial Authorities in the region, are using the high growth scenario for its long-term planning. See the Long-term Plan Forecasting Assumptions.
[9] Infometrics Manawatu-Whanganui Population Projections May 2023, page 21.

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challenge for infrastructure investment due to lower population numbers. With approximately 50 settlements and an overall total of approximately 116,000 ratepayers, prioritisation of investment in infrastructure is required to ensure programme affordability.

***Table 3: Towns in the Manawatū-Whanganui Region with more than 1,000 people in 2023***[10]

| Urban area | Population | Percentage of region |
|---|---|---|
| Palmerston North | 82,500 | 32% |
| Whanganui | 42,800 | 16% |
| Levin | 19,800 | 8% |
| Feilding | 17,750 | 7% |
| Dannevirke | 5,640 | 2% |
| Marton | 5,590 | 2% |
| Taumarunui | 4,800 | 2% |
| Foxton | 3,380 | 1% |
| Ashhurst | 3,350 | 1% |
| Pahiatua | 2,840 | 1% |
| Bulls | 2,210 | 1% |
| Foxton Beach | 2,170 | 1% |
| Taihape | 1,800 | 1% |
| Woodville | 1,670 | 1% |
| Shannon | 1,610 | 1% |
| Ohakune | 1,510 | 1% |
| Raetihi | 1,090 | 0% |
| Total population in towns with greater than 1,000 people | 200,510 | 77% |
| Total population (region) | 260,900 | |

[10] Source Statistics New Zealand via Wikipedia (https://en.wikipedia.org/wiki/Manawat%C5%AB-Whanganui).

***Table 4: Other towns and settlements in the Manawatū-Whanganui Region*** [11].

| Town/Settlement | | | | |
|---|---|---|---|---|
| Bunnythorpe | Kai Iwi | National Park | Pohangina | Tangimoana |
| Eketahuna | Kimbolton | Norsewood | Pongaroa | Tokomaru |
| Halcombe | Koitiata | Ohakea | Rangataua | Waikawa Beach |
| Himatangi Beach | Longburn | Ōhau | Ratana | Waiouru |
| Hiwinui | Manakau | Ohura | Raurimu | Waitarere Beach |
| Hokio Beach | Mangaore | Ormondville | Rongotea | |
| Hunterville | Mangaweka | Owhango | Sanson | |

[11] Source Wikipedia (https://en.wikipedia.org/wiki/Manawat%C5%AB-Whanganui).

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

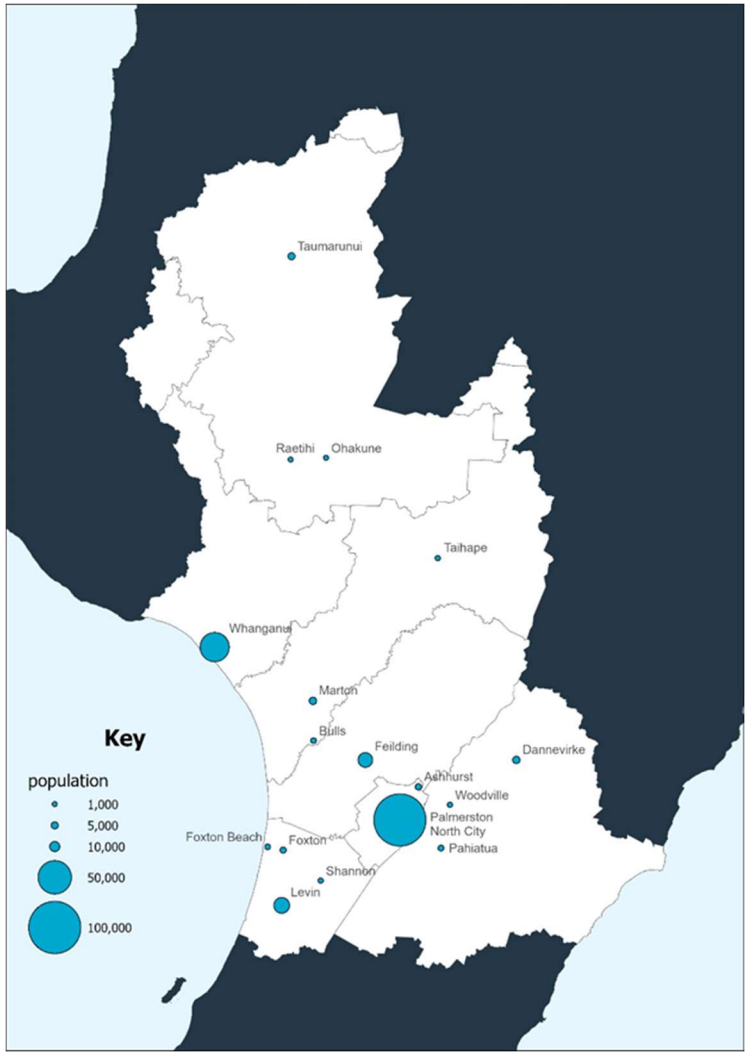


*Figure 4: The Manawatū Whanganui Region showing towns with more than 1,000 people.*

*Implications for the Infrastructure Strategy*

Population numbers and growth projections provide insight into where the population is based and where it is predicted to grow. This is an important component of considering priorities for flood protection activity and investment over the life of the Infrastructure Strategy.

The data shows that the region's population of approximately 261,000 in 2023 is set to grow more than one third to approximately 355,000 people with people in the 65-plus group increasing to make up more than a quarter of the population. While all districts are predicted to have positive population growth, increases are predicted to be higher in Manawatū and Horowhenua districts and Palmerston North City. The growing population will add pressure to the levels of service required in the areas of growth. The increase in the 65-plus age group in the region is likely to increase the amount of people on fixed incomes and reducing the ability to pay for increasing costs of levels of service.

In 2023, more than three quarters (77%) of the population was urban-based and located in towns across the region with more than 1,000 people. Predicted population growth is likely to be in the Manawatū, Horowhenua and Palmerston North areas. Within the limited resourcing available for infrastructure management and upgrades, the Infrastructure Strategy is prioritising flood protection work for urban townships to focus resources on the areas with larger populations. As a part of the Infrastructure Strategy, a regional flood vulnerability assessment will be completed to assess the relative risk in the towns within the region.

## 3.3. Our economy

*Regional Gross Domestic Product (GDP)*

The region generated $14.2 billion of GDP in the year to June 2023. This is 3.8% of New Zealand's total GDP in a region that represents approximately 8% of New Zealand. The regions GDP in 2023 was up from $13.8 billion in June 2021 (+2.9%). The structure of the regional economy supported economic growth from 2020 to 2022 with our industries less sensitive to the impacts of Covid-19 than the national sector. Strong global demand and elevated prices for food

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grown across the region, also supported the region's economic performance relative to many parts of New Zealand.

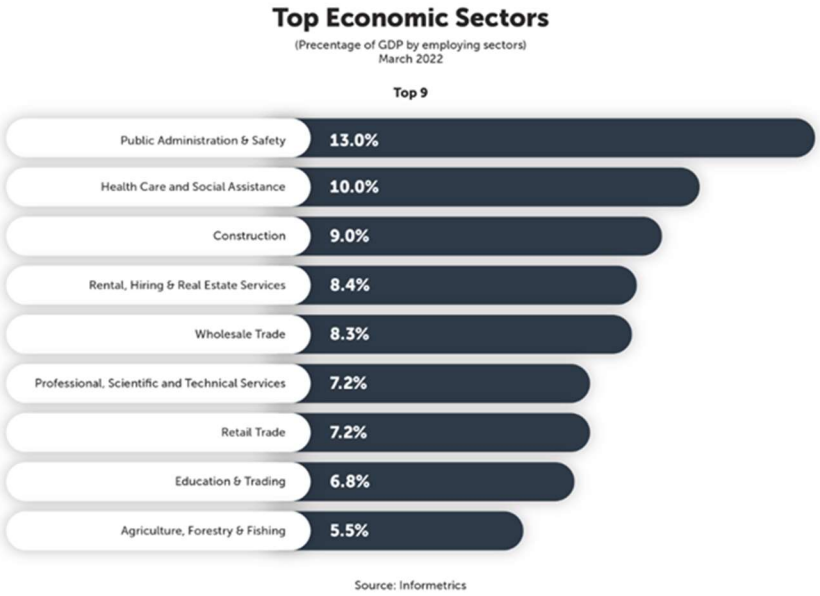



***Figure 5 Top Economic Sectors in the Manawatu Whanganui Region*** [12].

## *Employment*

In the September quarter 2023, the regional unemployment rate was 4.1% coming off a low of 2.9% from the June quarter 2022. The NEET (Not in Employment, Education or Training) rate was 11% in March 2023, slightly below the national rate of 11.2%. Unemployment was lower than the ten-year average unemployment rate of 5.4%.

From 2022 to 2030, employment in Manawatū-Whanganui is forecast to grow 1.0% per year on average, compared to 1.2% nationally. Public administration, health, manufacturing, and education are expected to lead regional employment with jobs in agriculture forecast to start softening. Construction is predicted to remain a significant industry for the region. During this period, employment growth is forecast to be strongest in Manawatū, Palmerston North, Horowhenua and Rangitikei, all growing in excess of 1% per year

From 2030 to 2054, employment in Manawatū-Whanganui is forecast to grow 0.4% per year, just behind the national average of 0.5% and regional employment growth is expected to slow across all industries. Growth will continue to be led by health and public administration. Employment in agriculture is also forecast to ease, reflecting the predicted influence of higher carbon pricing and the adoption of technology and capital investment in the sector to reduce emissions and increase productivity. The four districts mentioned above are still expected to lead growth, albeit at slower rates of around 0.5% per annum. After 2030, weakening agriculture employment will likely impact more in rural districts such as Ruapehu, Tararua and Rangitikei.

## *Income and affordability*

Low unemployment in recent years has driven an increase in wages and salaries resulting in a significant increase in household incomes across the region. In 2023, the average annual household income in the Manawatū-Whanganui Region was $116,000 compared to $88,400 in 2019, a 31.2% increase. Nationally, average income was $132,800 in 2023, up from $106,300 in 2019, representing a 25% increase.[13]

Although incomes are increasing, so is the cost of living. Sharp increases in interest rates and inflation driven by disrupted global and domestic supply are

[12] Source: Annual Economic Snapshot as of December 2022, Central Economic Development Agency (CEDA) *https://ceda.nz/wp-content/themes/ceda/uploads//Economic-Dashboard-2022-Manawatu-draft13.png* (accessed 19 December 2023)

[13] Ministry of Business Innovation and Employment, https://webrear.mbie.govt.nz/theme/population-estimates/map/timeseries/2023/manawatu-wanganui?accessedvia=manawatu-wanganui&areatype=ta&right-transform=absolute (Accessed 19 December 2023)

impacting many households. While the rate of inflation is reducing, the cumulative price increases alongside higher housing costs will continue to put pressure on households and businesses, both in Aotearoa New Zealand and around the world. These factors are expected to dampen economic growth during 2024 and 2025.

While the average income at a regional level is $116,000, there is a wide range of incomes around this amount (Table 5, Figure 6). Approximately 42% of households earn less than $50,000 per annum and a further 30% of households earn less than $100,000. This means more than two thirds (over 70%) of the region's households earn less than the average income for the region.

There are also variations in the household incomes across the various districts of the region (Table 5, Figure 6). Examples of this include Manawatū and Palmerston North areas having approximately one third of households earning less than $50,000 per annum while this group is closer to half the population in Whanganui (46.8%) and Horowhenua (48.6%). This highlights the differing ability of districts to afford to respond to growth.

*Table 5: Table of household income distribution in the Manawatū Whanganui Region in 2023[14].*

| | Percentage of households earning $0 - $50,000 | Percentage of households earning $50,000 - $100,000 | Percentage of households earning $100,000+ |
|---|---|---|---|
| **Horowhenua** | 48.6 | 27.7 | 17.5 |
| **Manawatū** | 33.5 | 31.5 | 29 |
| **Palmerston North** | 34.7 | 29.6 | 29.4 |
| **Rangitīkei** | 41.4 | 31.4 | 20.1 |
| **Ruapehu** | 41.8 | 29.1 | 17.5 |
| **Tararua** | 43.5 | 30.4 | 18.7 |
| **Whanganui** | 46.8 | 27.5 | 17.9 |
| **Regional total** | 41.5 | 29.6 | 21.4 |

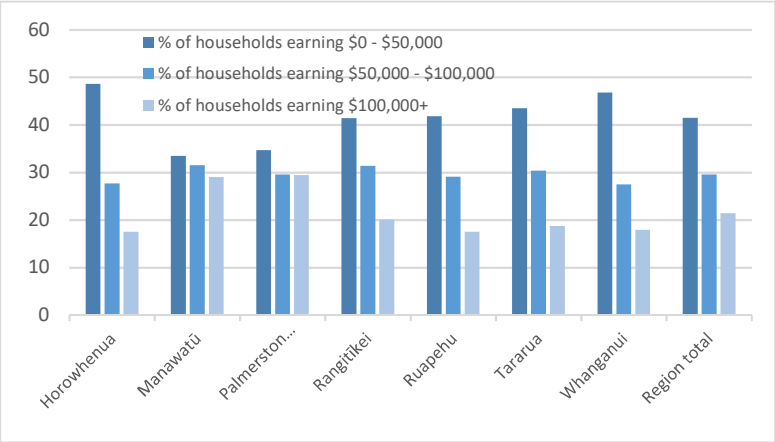



*Figure 6: Graph of household income distribution across the region in 2023.*

[14] Source: https://webrear.mbie.govt.nz/theme/household-income-distribution/map/barchart/2018/wanganui/30001-50000?accessedvia=manawatu-wanganui&areatype=ta&right-transform=absolute

## Ngā putanga ā-hapori **Our community outcomes**

**He whakamana hapori, he hapori kori**
Our region's communities are vibrant and empowered

**He pūnaha hauropi ora**
Our region's ecosystems are healthy

**He rohe piki te ōhanga, piki te taiao**
Our region's economy is thriving and environmentally sustainable

*Implications for the Infrastructure Strategy*

The modest population growth predictions for rural districts and predictions of softening employment in the rural sector could raise challenges for affordability for rural activity based schemes which are facing increased costs over time for scheme activity. There is recognition that this growth will be variable in the mix of industries and parts of the region and this will continue to influence the ability of various schemes ability to pay given that schemes are largely funded by targeted rates.

Affordability is an ongoing challenge for the regions flood protection and drainage activity, particularly in areas of the region with fewer ratepayers and increased proportions of households have lower average income levels.

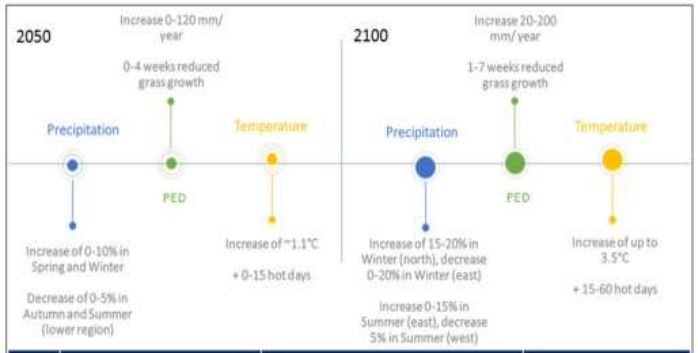
## 3.4. Climate change

Climate change impacts are a significant issue for river and drainage infrastructure management. The importance of building resilience to the impacts of climate change and natural hazards is reflected in its inclusion as one of Council's four strategic priorities and its six community outcomes (see section 1.4, Strategic Framework, in the Long-term Plan).

An overview of the likely impacts of climate change on the region is provided in the Climate Change section of the Long-term Plan and Horizons Regional Climate Change Risk Assessment[15]. This information is summarised below to overview the potential impacts on the Infrastructure Strategy.

*Impacts of climate change on the region*

The disruptive effects of climate change on the environment and communities are becoming increasingly obvious. Extreme weather events are now occurring at a frequency and intensity that is having significant environmental, economic and social impacts. The summary of climate change impact on the region from Horizons Climate Change Risk Assessment report in 2021 is provided in Figure 7 and sections below.




| | Climate change driver/variable | Mid term (2050) RCP8.5 | Long term (2100) RCP8.5 |
|---|---|---|---|
| | Higher temperature | + 0.5- 1.25°C<br>+ 1-1.25°C (Summer) | + 2.5- 3.5°C<br>+ 3.0 – 3.5°C (Summer) |
| | Average change in 'hot days' from present day (20) | + 0-10 days (Central Plateau)<br>+ 15-20 days (Whanganui and hill country, Taumaranui) | + 5-20 days (Central Plateau)<br>+ 50-60 days (Whanganui and hill country, Taumaranui) |
| | Annual rainfall | - 8-15% in summer rainfall<br>+ 10-15% winter rainfall | - 10-15% in summer rainfall<br>+ 4-8% in water rainfall |
| | Average change in 'cold nights' from present day | -0-10 cold nights (coastal)<br>-10-40 cold nights (inland, high elevation) | - 0-10 cold nights (coastal)<br>-30-90 cold nights (inland, high elevation) |
| | Sea level rise | + 0.3 m | + 0.8 m |
| | Inland flooding | + 7% rainfall depth<br>(24 hr, 100 yr) | + 14% rainfall depth<br>(24 hr, 100 yr) |

***Figure 7: Climate projections for the region at 2050 and 2100 (RCP 8.5) (NIWA, 2016)*** [16].

[15] https://www.horizons.govt.nz/HRC/media/Data/20210902_Horizons-CCRA_Report-signed_1.pdf

[16] PED is: Potential evapotranspiration deficit (PED) can be thought of as the amount of water that would need to be added, by rainfall or irrigation, to keep the pasture growing at its potential seasonal rate (NIWA, 2007).

He whanaungatanga whai mana
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### *Changes in Rainfall*

NIWA predicts changes in precipitation across the region – not only in terms of how much rain falls but also when and where it falls[17]. The precipitation changes have seasonality and spatial variations throughout the region, particularly when looking out to the end of the century[18].

Precipitation is projected on average to decrease on the eastern side of the Ruahine and Tararua ranges in the spring and winter months by mid-century, while there is a north-south divide present in summer precipitation changes. Northern areas of the region are projected to experience a 5% increase in summer precipitation, while southern areas are projected to have a 5% decrease. By the end of the century winter rainfall is projected to increase by 20% in the north-west of the region, and decrease by 20% in the south-east of the region. The north/south divide is no longer present in summer months at the long-term timeframe, and spring rainfall is projected to increase by 5% across the majority of the region (NIWA, 2016).

Increases in precipitation can lead to increased frequency and intensity of inland flooding and landslide events. Due to the region's geography (e.g. vast river networks) and geology (e.g. erodible soils), increased precipitation is likely to exacerbate the impacts from these climate-induced hazard events.

Rainfall is likely to increase across most of the region west of the Ruahine and Tararua ranges in winter and spring, while decreasing in autumn and in summer. Eastern areas are projected to have decreased rainfall throughout the year. This means it is likely that floods will increase in both frequency and magnitude for both the Rangitīkei and Whanganui catchments, with implications for Horizons in terms of levels of service, scheme operations and maintenance activities.

The impact on the Manawatū catchment, which falls on both sides of the ranges, is less certain. It may give rise to more frequent small to medium-scale flood events, with more limited impact of large flood events caused by catchment-wide rainfall. NIWA research for Horizons has completed a case study of climate change impacts on flows in the Manawatū River which predicts that mean annual flows in 2040 and 2090 would be similar to recent periods. However, there are likely to be changes in how and when flows occur, including an increase in the average number of high flow events per year[19].

Climate change is also predicted to increase the amount of sediment entering waterways[20] which could impact on levels of flood protection. Further higher rainfall events are likely to affect operating costs for the land drainage schemes that cover the lower Manawatū floodplain.

### *Sea level rise*

Data from NZ SeaRise suggests that, under a high emissions scenario, it is likely the region will see a 0.28 m – 0.43 m rise in sea levels for the region by 2050, and a 0.87 – 1.21 m rise by 2100[21]. Increases in sea level can influence the severity of coastal flooding events and exacerbate the impact. Rising sea levels will likely raise water tables for coastal areas, which can make them more prone to flooding, and may impact the operation of drainage schemes.

### *Information for planning for climate change*

Horizons has used the most up-to-date information available on climate change and its impacts for the Long-term Plan. Most of the information we have on regional climate projections was released in the mid-2010s. This includes Horizons commissioning NIWA to downscale global models based on 2013-14 global climate modelling to predict regional outcomes, over with

[17] Regional Climate Change Risk Assessment 'NIWA. (2016). Climate Change and Variability—Horizons Region. National Institute of Water and Atmospheric Research.'

[18] Manawatū-Whanganui Regional Climate Change Risk Assessment. https://www.horizons.govt.nz/HRC/media/Data/20210902_Horizons-CCRA_Report-signed_1.pdf

[19] https://www.horizons.govt.nz/HRC/media/Media/Publication/2019-State-of-the-Environment.pdf?ext=.pdf (page 20).

[20] https://www.horizons.govt.nz/HRC/media/Media/Publication/2019-State-of-the-Environment.pdf?ext=.pdf (page 19).

[21] NZ SeaRise takes into account AR6 modelling and incorporates vertical land movement to produce their modelling.

different emission scenarios. NIWA is currently leading work to downscale the latest (2022) global climate projections to understand regional impacts across New Zealand. Those will not be available until mid-2024, too late to inform this Long-term Plan, however Horizons will continue to assess the impact of climate change as new information is available.

As a part of the Long-term Plan process, Horizons has considered the emissions scenario that it will plan for and included this in the Long-term Plan Forecasting Assumptions. Council's planning is to use the high emissions scenario (RCP 8.5)[22], which is based on 2011 data provided by the Ministry for the Environment. This is the most current data available until the release of NIWA's regional data based on the IPCC6 report, expected in mid-2024.[23] Our 2027 Infrastructure Strategy will benefit from the provision of the updated data. The current RCP 8.5 high emissions scenario will be used in the design of flood protection infrastructure, providing additional protection over time, but will mean an increase in construction costs.

*Implications for the Infrastructure Strategy*

Climate change is a significant issue when considering long-term infrastructure management and investment in new assets. Climate is likely to reduce levels of service of existing assets over time and lead to requests for higher levels of service in areas with existing assets and in new areas.

The Infrastructure Strategy includes a project to undertake a flood vulnerability assessment that will review current and projected levels of service for existing infrastructure and complete a regional assessment of the relative risk for various towns in the region. This study will also help us better understand where we need to focus our efforts on building resilience within the region.

A further challenge, as highlighted above, is the additional response and recovery work required with more frequent high-flow events. Combined with additional repair work (Figure 8) and likely sediment impacts on levels of service (Figure 9), this will add to costs to the programme and has potential to impact on affordability.

As a part of the Long-term Plan process, Horizons has considered the emissions scenario that it will plan for as outlined in the Long-term Plan Forecasting Assumptions. Council's planning is to use the high emissions scenario (RCP 8.5)[24] in the design of flood protection infrastructure, providing additional protection over time, and this will increase construction costs. Horizons will use updated information as it becomes available.

***Figure 8: Inspection of a stopbank damaged during a storm event. Climate change is likely to increase the amount of asset inspection and repair work required.***

[22] https://www.horizons.govt.nz/HRC/media/Data/20210902_Horizons-CCRA_Report-signed_1.pdf

[23] Once we have access to the updated data, we will incorporated this into our existing planning information.

[24] https://www.horizons.govt.nz/HRC/media/Data/20210902_Horizons-CCRA_Report-signed_1.pdf

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

*Figure 9: Oroua River downstream of Kopane Bridge showing silt build up after Cyclone Gabrielle. The silt build up will have reduced the flood protection levels provided by the stopbanks.*

## 4. RIVER AND DRAINAGE SCHEMES OVERVIEW

Horizons River Management and Flood Protection Activity provides a range of services to protect people and property from weather events and to protect and enhance the regional economy. The activity is primarily delivered through the 34 river and drainage schemes which have developed since the 1940s. The main work types include:

1. Flood protection of city, towns, houses, infrastructure and rural land;
2. Erosion control, channel maintenance and gravel management;
3. Vegetation planting and management;
4. Drainage activity; and
5. Amenity and environmental enhancement works.

There were 3,794 assets across the schemes with a total estimated replacement value in the order of $990 million in June 2023. These assets include approximately 500 km of stopbanks, 509 floodgates, over 800 km of river channel and more than 1,100 km of drains. The operational component of the work programme is focussed on maintaining and repairing these assets while also establishing new assets, e.g. where river erosion has occurred, or is likely to occur, in a scheme area that did not previously have an asset. The capital programme primarily aims to increase levels of service, largely focussed on building resilience to storm events. It also includes asset renewals and some capital upgrades for drainage benefits.

The schemes provide a spatial framework for decision making including defining the purpose of work programmes, levels of service, budgets and rating mechanisms and priorities. Schemes do have variation between and within them, such as:

- Different types of activity and levels of service in different areas within schemes e.g. some areas may only have erosion control activity, and other areas may also have flood protection works; and/or
- Different levels of service for a particular activity e.g. flood protection within the scheme being designed for 100-year return period flood events in rural areas and for 500-year return periods in the urban area.

The 23 river management and erosion control schemes aim to provide protection for people, property and infrastructure from flooding while allowing the productive potential of a significant part of the region to be fully realised. The 11 drainage schemes aim to allow for the productive potential of large areas of low-lying land to be fully realised and in some cases also provide some flood protection benefits, e.g. Foxton.

The earlier schemes, developed from the 1940s to 1980s, received significant Central Government funding assistance and subsequently have been predominately locally and regionally funded. Many of the schemes were developed in the 1960s and 1970s in an operating and climate environment much different to that of today. As part of the formation of the Regional Council in 1989, these earlier schemes were inherited from the various predecessor catchment boards. This included approximately 53 detention dams, mostly near Marton and Hunterville. Schemes have continued to evolve over time with new ones being added, schemes enlarged or merged, and levels of service changing over time through Long-term Plans and other processes.

A formative event for river management in the region occurred in February 2004 when a severe storm impacted much of the lower North Island. The event caused widespread flooding in Horizons' region (Figure 10) and led to some major shifts in Council's organisational approach to flood management and erosion control. Although an upgrade of Palmerston North flood defences had started in the 1990s, the 2004 event led to a further increase in the standard of flood protection for the city. In addition to the 2004 flood event a 12-year capital programme, known as the rural upgrade project, was undertaken. This was to raise flood banks in the Lower Manawatu Scheme outside of Palmerston North to a standard 100-year level of service. While most of this programme has since been delivered, a final component of the work at Te Arakura Road remains incomplete. A similar, smaller scale, capital programme for upgrades was also undertaken in the Rangitīkei Catchment after the 2004 event (Figure 9).

A further response to the 2004 event, which also caused significant hill country erosion, was the formation of Horizons' Sustainable Land Use Initiative (SLUI) to improve the resilience of hill country land to future storm events. The work also contributes to reduced sedimentation of water ways, which has benefits to some schemes. Sedimentation of rivers remains a core issue for scheme management, including investment on an annual basis to remove sediment from rivers to create flood carrying capacity, e.g. in the lower Oroua River downstream of Feilding.

*Figure 10: Flooding in Feilding in 2004.*

There have been a range of further storm events and flooding since 2004 (Figure 11). These include a significant event in June 2015 that flooded Whanganui, Feilding and other areas as well as causing significant hill country erosion and damage to roading infrastructure. This event and others have prompted further planning for increased flood defences. This work is ongoing including a project to increase Feilding's flood resilience that forms part of this Infrastructure Strategy.

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In 2020, Council embarked on a significant capital upgrade programme to increase flood protection in the region with support from Central Government from the Climate Resilience Fund. This involves four projects, in Foxton, Rangitīkei, Lower Manawatū and Palmerston North (Figure 12). Council has also partnered with Central Government, Iwi and others to deliver the River Training Structure component of the Te Pūwaha project at the Whanganui Port area. This project has co-funding support from the Provincial Growth Fund and Whanganui District Council. The Climate Resilience and Te Pūwaha projects are ongoing and form part of the work programme for this Infrastructure Strategy in years 1 and 2.

Cyclone Gabrielle in February 2023 caused significant damage across the Tararua, Pohangina-Oroua, Lower Manawatū and Rangitīkei schemes. The work programme associated with recovery from the Gabrielle event has influenced this Infrastructure Strategy by drawing on scheme reserves and delaying delivery of capital programmes.

Another outcome from Cyclone Gabrielle was further Central Government co-funding for projects to increase resilience. These include two projects through the Local Government Flood Resilience Co-investment Fund. One in the Pohangina Catchment for direct physical works for flood protection, primarily at Tōtara Reserve, and a second regional project to improve flood monitoring, flood forecasting, regional flood mapping and a flood vulnerability assessment. The second project also includes upgrades to communications and power supplies for Horizons' monitoring network and pump stations. A further Government co-funded project following Cyclone Gabrielle is a Nature Based Solutions project to investigate applying "Room for the River" management practices to the Pohangina and Oroua rivers as well as parts of the Manawatū River (from the Manawatu Gorge to the Oroua Confluence). These Government co-funded projects extend into the Long-term Plan and form part of this Infrastructure Strategy.

A map of the river and drainage schemes is provided in Figure 13.

*Figure 11: Two of the region's largest urban centres during the2015 storm event. Above: Palmerston North. Below: Whanganui.*

## Ngā putanga ā-hapori **Our community outcomes**

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*Figure 12: Photos in two flood protection upgrades completed as part of the Climate Resilience work programme. Above: rock armouring at Te Matai Road, Manawatū River. Below: Albert Street Palmerston North.*

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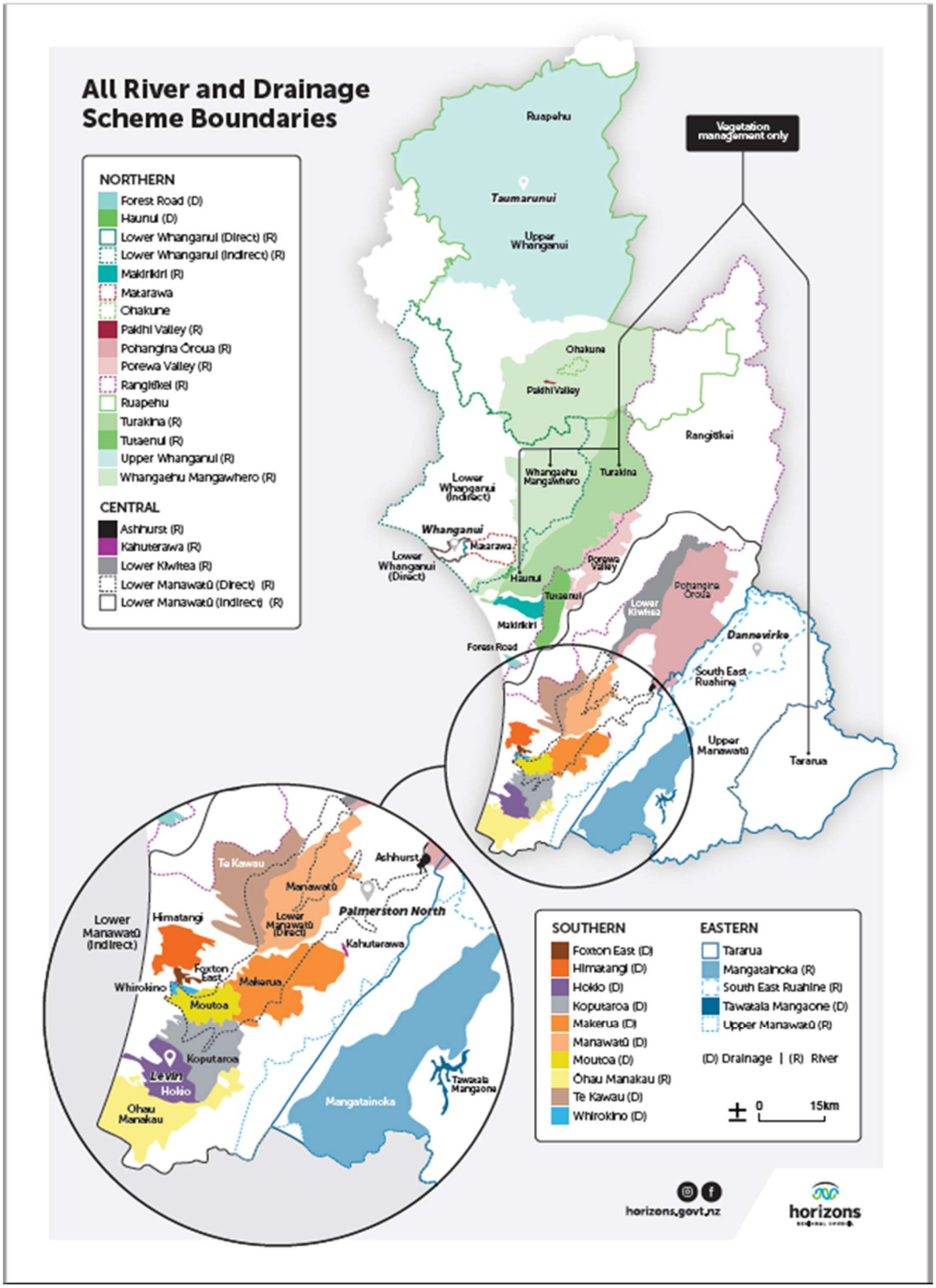


*Figure 13: River and drainage schemes in the region*

## 5. RIVER AND DRAINAGE FUNDING POLICIES

Scheme funding policies are predominately based on an 80% targeted rate and 20% general rate contribution. The one exception is the Porewa Valley Scheme where Council have adopted a 40% targeted rate and 60% general rate contribution[25] (Tables 6, 7 & 8). There is also a proportion of activity fully funded by general rates.

The 2023-24 year total rate take for River and Drainage Activity was budgeted at $16.123 million with 73% from targeted rates ($11.690 million) and 27% general rate funded ($4.434 million).

Targeted rate contributions are recovered through 361 differential rates across the 34 schemes (Tables 6, 7 & 8). An example of the rating differential approach is provided for the Ōhau-Manakau Scheme in Figure 14 and Table 9. All values this report are exclusive of GST unless specified otherwise. The values in Table 9 are GST inclusive.

***Table 6: Summary of river and drainage scheme targeted and general rate income in 2023-24.***

| Type of scheme | Targeted rates 2023-24 ($) | General rate contribution 2023-24 ($) | Total rates ($) | Number of rating differentials |
|---|---|---|---|---|
| Total river schemes | 9,253,730 | 2,803,367 | 12,057,097 | 213 |
| Total drainage schemes | 2,435,891 | 608,973 | 3,044,864 | 148 |
| Total all river and drainage schemes (excludes R&D - General) | 11,689,621 | 3,412,340 | 15,101,961 | 361 |
| River & drainage (R&D)-General | 0 | 1,021,407 | 1,021,407 | 0 |
| Total River Management & Flood Protection Activity | 11,689,621 | 4,433,747 | 16,123,368 | 361 |
| Percentage | 73% | 27% | | |

[25] Horizons Long-term Plan, Page 202.

One component of scheme rating is fully funded from the general rate. This supports responding to information enquiries that are non-scheme related and to support amenity and environmental types of activity. In 2023-24 this rating was budgeted at $54,593.

***Table 7: River scheme rates income in 2023-24.***

| | River schemes | Targeted rates 2023-24 ($) | General rate contribution 2023-24 ($) | Total rates ($) | Number of rating differentials |
|---|---|---|---|---|---|
| 1 | Lower Manawatū (incl. special project) | 4,644,554 | 1,520,400 | 6,164,954 | 27 |
| 2 | Rangitīkei River | 848,953 | 242,419 | 1,091,372 | 24 |
| 3 | Lower Whanganui River | 601,380 | 150,345 | 751,725 | 4 |
| 4 | Mangatainoka | 495,102 | 124,573 | 619,675 | 21 |
| 5 | South East Ruahines | 458,597 | 114,649 | 573,246 | 15 |
| 6 | Pohangina - Oroua | 390,392 | 97,598 | 487,990 | 14 |
| 7 | Ohaū Manakau | 365,850 | 91,463 | 457,313 | 27 |
| 8 | Tararua | 267,443 | 66,861 | 334,304 | 1 |
| 9 | Upper Manawatū | 266,622 | 66,656 | 333,278 | 12 |
| 10 | Porewa Valley (60:40) | 71,420 | 48,717 | 120,137 | 8 |
| 11 | Lower Kiwitea | 120,066 | 30,017 | 150,083 | 3 |
| 12 | Tutaenui | 110,619 | 27,655 | 138,274 | 6 |
| 13 | Upper Whanganui | 101,149 | 29,773 | 130,922 | 7 |
| 14 | Matarawa | 136,640 | 38,494 | 175,134 | 9 |
| 15 | Whangaehu - Mangawhero | 92,726 | 28,599 | 121,325 | 6 |
| 16 | Ruapehu DC | 72,615 | 18,154 | 90,769 | 1 |
| 17 | Ohakune | 54,688 | 13,672 | 68,360 | 1 |

| | River schemes | Targeted rates 2023-24 ($) | General rate contribution 2023-24 ($) | Total rates ($) | Number of rating differentials |
|---|---|---|---|---|---|
| 18 | Ashhurst Stream | 47,718 | 11,930 | 59,648 | 4 |
| 19 | Turakina | 44,553 | 11,138 | 55,691 | 6 |
| 20 | Makirikiri | 28,446 | 7,111 | 35,557 | 12 |
| 21 | Pakihi Valley | 10,423 | 2,606 | 13,029 | 1 |
| 22 | Tawataia - Mangaone | 9,714 | 2,429 | 12,143 | 3 |
| 23 | Kahuterawa | 14,060 | 3,515 | 17,575 | 1 |
| | Miscellaneous - All scheme | 0 | 54,593 | 54,593 | 0 |
| | Total river schemes | 9,253,730 | 2,803,367 | 12,057,097 | 213 |

*Table 8: Drainage scheme targeted and general rate income in 2023-24.*

| Drainage schemes | Targeted rates 2023-24 ($) | General rates contribution 2023-24 ($) | Total rates ($) | Number of rating differentials |
|---|---|---|---|---|
| Manawatū | 782,373 | 195,593 | 977,966 | 11 |
| Makerua | 507,932 | 126,983 | 634,915 | 24 |
| Moutoa | 345,689 | 86,422 | 432,111 | 18 |
| Koputoroa | 328,119 | 82,030 | 410,149 | 39 |
| Te Kawau | 230,126 | 57,532 | 287,658 | 15 |
| Hōkio | 92,217 | 23,054 | 115,271 | 10 |
| Foxton East | 60,279 | 15,070 | 75,349 | 6 |
| Whirokino | 41,361 | 10,340 | 51,701 | 12 |
| Himatangi | 21,530 | 5,383 | 26,913 | 6 |
| Forest Road | 13,720 | 3,430 | 17,150 | 6 |
| Haunui | 12,545 | 3,136 | 15,681 | 1 |
| Total drainage schemes | 2,435,891 | 608,973 | 3,044,864 | 148 |

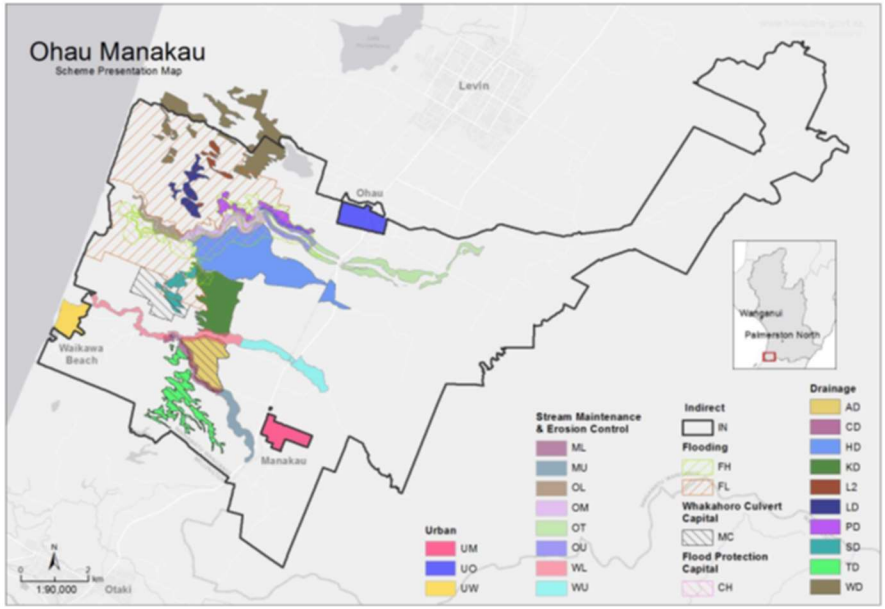


*Figure 14: The Ōhau-Manakau Scheme provides an example of a scheme's rating.*

*Table 9: The rating differentials for the Ōhau Manakau scheme in 2023-24, showing the number of rating units and revenue sought [26] Note these values are GST inclusive. The Class/Diff categorisations relate to the areas shown in Figure 14.*

| Class/Diff | Rating basis | Number of rating of Units | Unit rate | Revenue sought 2023-24 ($) |
|---|---|---|---|---|
| AD | $ Per Hectare | 137 | 32.7250000 | 4,494 |
| CD | $ Per Hectare | 5 | 21.1900000 | 111 |
| CH | $ Per Hectare | 393 | 33.0520000 | 13,004 |
| CL | $ Per Hectare | 1,373 | 2.4790000 | 3,403 |
| FH | $ Per Hectare | 394 | 121.7870000 | 47,933 |

[26] 2023-24 Annual Plan, page 65

## Ngā putanga ā-hapori **Our community outcomes**

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Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| Class/Diff | Rating basis | Number of rating of Units | Unit rate | Revenue sought 2023-24 ($) |
|---|---|---|---|---|
| FL | $ Per Hectare | 1,373 | 9.1340000 | 12,538 |
| HD | $ Per Hectare | 420 | 17.6090000 | 7,388 |
| IN | $ Per Hectare | 12,035 | 7.7670000 | 93,476 |
| KD | $ Per Hectare | 189 | 36.9960000 | 6,981 |
| L2 | $ Per Hectare | 23 | 30.8650000 | 702 |
| LD | $ Per Hectare | 60 | 61.7300000 | 3,696 |
| MC | $ Per Hectare | 402 | 5.1290000 | 2,062 |
| ML | $ Per Hectare | 41 | 117.1320000 | 4,811 |
| MU | $ Per Hectare | 57 | 280.8810000 | 16,044 |
| OL | $ Per Hectare | 34 | 70.2960000 | 2,385 |
| OM | $ Per Hectare | 75 | 215.5110000 | 16,143 |
| OT | $ Per Hectare | 113 | 819.5050000 | 92,624 |
| OU | $ Per Hectare | 50 | 386.7140000 | 19,197 |
| PD | $ Per Hectare | 69 | 31.5470000 | 2,184 |
| SD | $ Per Hectare | 53 | 10.6720000 | 568 |
| TD | $ Per Hectare | 134 | 47.7570000 | 6,386 |
| UM | $ per $ of Capital Value | 76,924,000 | 0.0000659 | 5,072 |
| UO | $ per $ of Capital Value | 130,943,000 | 0.0000512 | 6,703 |
| UW | $ per $ of Capital Value | 159,590,000 | 0.0001315 | 20,978 |
| WD | $ Per Hectare | 265 | 22.1650000 | 5,868 |
| WL | $ Per Hectare | 86 | 91.0610000 | 7,870 |
| WU | $ Per Hectare | 77 | 235.6810000 | 18,120 |
| | | | **Scheme** | **420,741** |

*Implications for the Infrastructure Strategy*

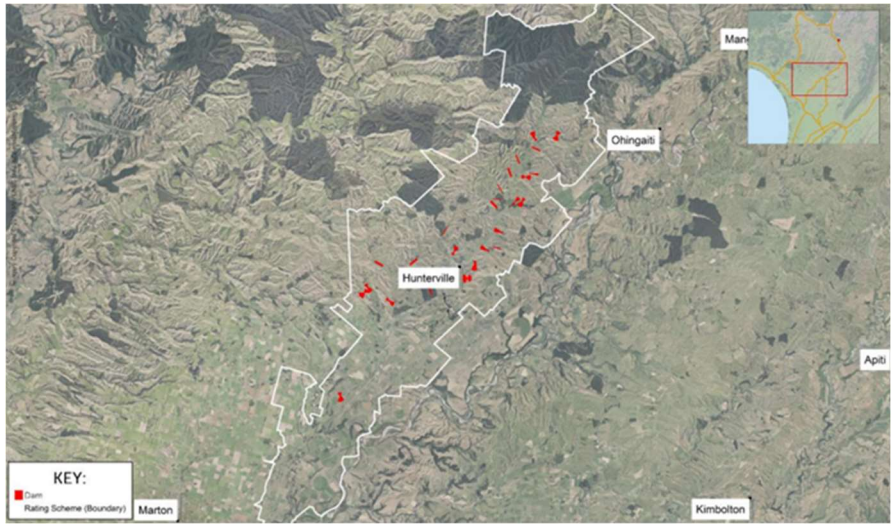
The rating mechanisms for schemes have evolved over time and have been reviewed via scheme reviews and through Long-term Plan and Annual Plan processes.

The complexity of the rating mechanisms, increasing costs and other factors have contributed to calls from the community to review scheme rating systems. Council are planning to review the scheme rating systems alongside levels of service over the first three years of the Long-term Plan as a part of the Integrated Catchment Management programme of work.

Council have reviewed the funding policies as a part of the Long-term Plan process and proposed amendments to the scheme funding policies. This includes the drainage schemes funding model of 80% targeted rate and 20% general rate funded being proposed to change to 90% targeted rate and 10% general rate funded.

Another proposed change to the current scheme funding policies is to formally recognise the policy of landowners contributing 60% of the cost of erosion control works in the Pohangina-Oroua Scheme, with a new funding policy being added into the Long-term Plan for this.

The Porewa Valley Scheme (Figure 15) has a funding policy of 40% targeted rate and 60% general rate contribution in the 2021 to 2031 Long-term Plan (page 202) and this is proposed to be carried forward in the 2024 to 2034 Long-term Plan. The actual rating for this scheme in 2023-24 has been based on a 60% targeted rate and 40% general rate contribution (Table 7). This is to be corrected in the Long-term Plan 2024-2034.



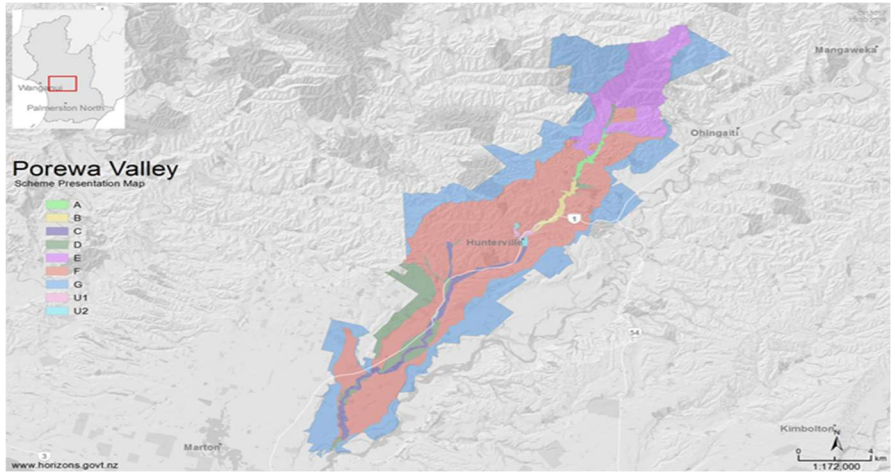




*Figure 15: Porewa Scheme. Above: Location of the 27 detention dams. Below: Rating differential areas. This schemes rating policy differs to the other schemes being 60% general, 40% targeted rate.*

## 6. RIVER AND DRAINAGE SCHEMES FINANCIAL POSITION

Schemes have evolved over time and differ in the scale of activity and financial position (Tables 10 to 12). Scheme finances include the assets and reserves, income from rates and other sources, and expenditure on loans, insurance, capital projects, and operational activity.

### 6.1. Income

The schemes' primary income source is rates. In 2023-24 a total of $15.1 million was rating for the "River Management Scheme" activity (targeted and general rate contributions) and an additional $1.021 million rated for the "River Management - General" activity which also contributes to some aspects of managing schemes. Total rates in 2023-24 were $16.123 million (Table 6 above).

Schemes also have additional income of $1.736 million from other sources, primarily from leases at approximately $1.5 million. Other income is received via direct landowner contributions to works, e.g. in the Pohangina-Oroua Scheme. Government co-funding is also significant, budgeted at $8.230 million in 2023-24. However, this varies considerably from year to year, and is based on specific projects.

### 6.2. Expenditure

Expenditure includes a range of fixed costs such as loan payments (Section 6.3), insurance payments (Section 8) and reserve contributions (Section 6.4). At an overall level, inflation is increasing costs within the programme. Loan and insurance costs are a component of this. These costs were budgeted at approximately $4.518 million in 2023-24, equating to approximately 30% of the rate income for schemes. The proportional cost is higher on average in river schemes (35%) than drainage schemes (10%). In three of the schemes, loan payments and insurance costs make up approximately 50% of the rate income or more in Lower Manawatū (55%,) Whangaehu-Mangawhero (54%) and Ashhurst schemes (49%).

More information on the components of the scheme budgets is provided in the sections below. The assets and asset valuations are discussed in Section

7. In summary, the asset valuations are based on asset replacement value and few of the approximately 3,794 assets with a combined value of more than $990 million in June 2023 can be sold to provide income for the schemes

***Table 10: Financial information for river and drainage schemes in 2023-24.***

| Total | Asset value (June 2023) ($) | Scheme emergency reserves (June 2023). Targeted rate component only ($) | Scheme renewal reserves (June 2023). Targeted rate component only ($) | Loan totals (June 2023) ($) | Total rates (2023-24) ($) | Budgeted emergency reserve payments (2023-24) ($) | Budgeted scheme renewal reserve payments (2023-24) ($) | Budgeted loan repayments (2023-24) ($) | Budgeted insurance payments (2023-24) ($) | Budgeted payments loans & insurance (2023-24) ($) | Budgeted loans & insurance payments as a percentage of rate income (2023-24) | Rate income minus loans & insurance (2023-24) ($) | Rate income minus loans & insurance as a percentage of rate income (2023-24) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total river schemes | 873,984,868 | 10,373,118 | 499,113 | 40,713,064 | 12,057,097 | 117,331 | 41,684 | 3,050,608 | 1,153,699 | 4,204,307 | 35% | 7,852,790 | 65% |
| Total Drainage schemes | 116,048,665 | 1,502,799 | 401,207 | 2,099,408 | 3,044,864 | 2,339 | 259,590 | 197,466 | 116,072 | 313,538 | 10% | 2,731,326 | 90% |
| Total All river and drainage schemes (excludes R&D General) | 990,033,534 | 11,875,917 | 900,320 | 42,812,472 | 15,101,961 | 119,670 | 301,274 | 3,248,074 | 1,269,771 | 4,517,845 | 30% | 10,584,116 | 70% |

*Table 11: Financial information for river schemes in 2023-24.*

| | River schemes | Asset value (June 2023) ($) | Scheme emergency reserves (June 2023). Targeted Rate component only ($) | Scheme renewal reserves (June 2023). Targeted Rate component only ($) | Loan totals (June 2023) ($) | Total rates (2023-24) ($) | Budgeted emergency reserve payments (2023-24) ($) | Budgeted scheme renewal reserve payments (2023-24) ($) | Budgeted loan repayments (2023-24) ($) | Budgeted insurance payments (2023-24) ($) | Budgeted payments loans & insurance (2023-24) ($) | Budgeted loans & insurance payments as a percentage of rate income (2023-24) | Rate income minus loans & insurance (2023-24) ($) | Rate income minus loans & insurance as a percentage of rate income (2023-24) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Lower Manawatū (incl. special project) | 571,048,740 | 3,905,479 | 17,780 | 31,198,899 | 6,164,954 | 0 | 571 | 2,434,542 | 951,820 | 3,386,362 | 55% | 2,778,592 | 45% |
| 2 | Rangitīkei River | 142,395,839 | 979,156 | 0 | 3,029,441 | 1,091,372 | 0 | 0 | 186,707 | 68,191 | 254,898 | 23% | 836,474 | 77% |
| 3 | Lower Whanganui River | 9,527,822 | 1,059,319 | -6,810 | 5,037,506 | 751,725 | -165,429 | 0 | 188,928 | 12,729 | 201,657 | 27% | 550,068 | 73% |
| 4 | Mangatainoka | 22,175,146 | 1,514,050 | -22,922 | 0 | 619,675 | 44,290 | 0 | 0 | 23,374 | 23,374 | 4% | 596,301 | 96% |
| 5 | South East Ruahines | 36,650,118 | 408,177 | 46,332 | 236,044 | 573,246 | 79,469 | 11,371 | 23,893 | 16,347 | 40,240 | 7% | 533,006 | 93% |
| 6 | Pohangina - Oroua | 12,391,340 | 85,235 | -28,901 | 500,000 | 487,990 | 70,667 | 0 | 0 | 0 | 0 | 0% | 487,990 | 100% |
| 7 | Ohaū Manakau | 22,613,049 | 465,098 | 169,429 | 270,693 | 457,313 | 45,000 | 13,517 | 42,045 | 26,798 | 68,843 | 15% | 388,470 | 85% |
| 8 | Tararua | | 44,415 | 0 | 0 | 334,304 | 0 | 0 | 0 | 0 | 0 | 0% | 334,304 | 100% |
| 9 | Upper Manawatū Lower Mangahao | 16,600,879 | 322,468 | -289 | 79,547 | 333,278 | 36,426 | 0 | 22,802 | 6,834 | 29,636 | 9% | 303,642 | 91% |
| 10 | Porewa Valley (60:40) | 10,318,411 | 19,581 | 22,692 | 0 | 120,137 | 1,000 | 6,728 | 0 | 17,400 | 17,400 | 14% | 102,737 | 86% |
| 11 | Lower Kiwitea | 4,232,013 | 389,704 | 0 | 49,450 | 150,083 | 15,000 | 0 | 0 | 0 | 0 | 0% | 150,083 | 100% |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | River schemes | Asset value (June 2023) ($) | Scheme emergency reserves (June 2023). Targeted Rate component only ($) | Scheme renewal reserves (June 2023). Targeted Rate component only ($) | Loan totals (June 2023) ($) | Total rates (2023-24) ($) | Budgeted emergency reserve payments (2023-24) ($) | Budgeted scheme renewal reserve payments (2023-24) ($) | Budgeted loan repayments (2023-24) ($) | Budgeted insurance payments (2023-24) ($) | Budgeted payments loans & insurance (2023-24) ($) | Budgeted loans & insurance payments as a percentage of rate income (2023-24) | Rate income minus loans & insurance (2023-24) ($) | Rate income minus loans & insurance as a percentage of rate income (2023-24) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 | Tutaenui | 4,805,091 | 19,350 | 6,280 | 22,068 | 138,274 | 2,500 | 202 | 2,238 | 6,395 | 8,633 | 6% | 129,641 | 94% |
| 13 | Upper Whanganui | 8,367,945 | 312,390 | 0 | 7,121 | 130,922 | 3,854 | 0 | 3,506 | 11,046 | 14,552 | 11% | 116,370 | 89% |
| 14 | Matarawa | 5,533,038 | 87,183 | 24,904 | 100,617 | 175,134 | 7,060 | -914 | 52,679 | 5,549 | 58,228 | 33% | 116,906 | 67% |
| 15 | Whangaehu - Mangawhero | | 74,510 | 0 | 132,020 | 121,325 | -3,298 | 0 | 65,005 | 0 | 65,005 | 54% | 56,320 | 46% |
| 16 | Ruapehu DC | | 100,763 | 0 | 0 | 90,769 | -19,735 | 0 | 0 | 0 | 0 | 0% | 90,769 | 100% |
| 17 | Ohakune | | 84,055 | 0 | 0 | 68,360 | 800 | 0 | 0 | 0 | 0 | 0% | 68,360 | 100% |
| 18 | Ashhurst Stream | 593,431 | 62,789 | 1,942 | 49,658 | 59,648 | -658 | 62 | 28,263 | 756 | 29,019 | 49% | 30,629 | 51% |
| 19 | Turakina | | 162,621 | 0 | 0 | 55,691 | 2,027 | 0 | 0 | 0 | 0 | 0% | 55,691 | 100% |
| 20 | Makirikiri | 3,698,730 | 34,223 | 41,560 | 0 | 35,557 | -3,905 | 8,215 | 0 | 4,359 | 4,359 | 12% | 31,198 | 88% |
| 21 | Pakihi Valley | 2,389,344 | 11,149 | 931 | 0 | 13,029 | 2,263 | 347 | 0 | 1,691 | 1,691 | 13% | 11,338 | 87% |
| 22 | Tawataia - Mangaone | 643,934 | 26,055 | 8,514 | 0 | 12,143 | 0 | 1,585 | 0 | 410 | 410 | 3% | 11,733 | 97% |
| 23 | Kahuterawa | | 7,582 | 0 | 0 | 17,575 | 0 | 0 | 0 | 0 | 0 | 0% | 17,575 | 100% |
| | Miscellaneous - All Scheme | | 197,766 | 0 | 0 | 54,593 | | 0 | 0 | 0 | 0 | 0% | 54,593 | 100% |
| | Total river schemes | 873,984,868 | 10,373,118 | 281,442 | 40,713,064 | 12,057,097 | 117,331 | 41,684 | 3,050,608 | 1,153,699 | 4,204,307 | 35% | 7,852,790 | 65% |

*Table 12: Financial information for drainage schemes in 2023-24.*

| | Drainage schemes | Asset value (June 2023) ($) | Scheme emergency reserves (June 2023). Targeted Rate component only. ($) | Scheme renewal reserves (June 2023). Targeted Rate component only ($) | Loan totals (June 2023) ($) | Total rates (2023-24) ($) | Budgeted emergency reserve payments (2023-24) ($) | Budgeted scheme renewal reserve payments (2023-24) ($) | Budgeted loan repayments (2023-24) ($) | Budgeted insurance payments (2023-24) ($) | Budgeted payments loans & insurance (2023-24) ($) | Budgeted loans & insurance payments as a percentage of rate income (2023-24) | Rate income minus loans & insurance (2023-24) ($) | Rate income minus loans & insurance as a percentage of rate income (2023-24) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Manawatū | 53,676,210 | 44,010 | 225,914 | 705,130 | 977,966 | 6,359 | 51,994 | 61,119 | 46,911 | 108,030 | 11% | 869,936 | 89% |
| 2 | Makerua | 17,508,252 | 192,253 | 140,515 | 136,013 | 634,915 | 0 | 64,026 | 17,857 | 20,135 | 37,992 | 6% | 596,923 | 94% |
| 3 | Moutoa | 9,049,216 | 132,863 | -20,516 | 127,931 | 432,111 | 0 | 65,666 | 19,871 | 7,295 | 27,166 | 6% | 404,945 | 94% |
| 4 | Koputaroa | 16,932,492 | 229,640 | 128,332 | 576,519 | 410,149 | -1,947 | 35,181 | 63,570 | 22,039 | 85,609 | 21% | 324,540 | 79% |
| 5 | Te Kawau | 15,697,627 | 7,825 | 125,164 | 0 | 287,658 | -16,000 | 39,560 | 0 | 18,260 | 18,260 | 6% | 269,398 | 94% |
| 6 | Hōkio | 657,973 | 77,907 | 2,883 | 314,955 | 115,271 | 0 | 506 | 19,240 | 87 | 19,327 | 17% | 95,944 | 83% |
| 7 | Foxton East | 122,034 | 775,825 | 3,917 | 222,784 | 75,349 | 12,799 | 630 | 10,603 | 103 | 10,706 | 14% | 64,643 | 86% |
| 8 | Whirokino | 1,095,081 | 15,566 | 6,977 | 16,076 | 51,701 | 0 | 1,480 | 5,206 | 1,242 | 6,448 | 12% | 45,253 | 88% |
| 9 | Himatangi | 442,068 | 4,394 | 2,674 | 0 | 26,913 | 500 | 430 | 0 | 0 | 0 | 0% | 26,913 | 100% |
| 10 | Forest Road | 531,496 | 5,491 | 3,693 | 0 | 17,150 | 788 | 119 | 0 | 0 | 0 | 0% | 17,150 | 100% |
| 11 | Haunui | 336,216 | 17,025 | 0 | 0 | 15,681 | -160 | 0 | 0 | 0 | 0 | 0% | 15,681 | 100% |
| | Total drainage schemes | 116,048,665 | 1,502,799 | 619,553 | 2,099,408 | 3,044,864 | 2,339 | 259,590 | 197,466 | 116,072 | 313,538 | 10% | 2,731,326 | 90% |

## 6.3. Loans

Approximately half of the schemes utilise loans to fund activity. At June 2023, scheme loans totalled $42.818 million over 18 schemes (Tables 10 to 12). Loan repayment timeframes vary within and between schemes. With the size of the capital programme and interest rates having increased in recent years, loan repayments are putting additional pressure on the scheme budgets. Horizons budgeted $3.248 million in 2023-24 for scheme loan repayments at an estimated average interest rate of approximately 3.5%. The $3.248 million equates to more than 22% of Scheme rating income ($15.1 million) and more than 5.5% of Horizons' total rates income in 2023-24 ($59.07 million).

The projections for scheme loans are that interest rates are forecast to decrease over the first few years of the Long-term Plan. Horizons has committed to additional loan funding for capital projects that are currently underway, e.g. the Climate Resilience and Te Pūwaha projects, and this will add to loan payments in future years.

The proposed approach to the capital programme through the Long-Term Plan will see increases in loans during the first seven years of the Long-term Plan. With no planned capital upgrade projects scheduled after that, the approach will change to an interest and capital payment-only approach to reduce loan costs. A review of loans, loan terms and loan payments is planned in the first three years of the Long-term Plan.

## 6.4. Reserves

The river and drainage schemes have two main types of reserves – the emergency reserves and the renewal reserves. There are other river management related reserve types, including the Horizons emergency insurance reserve and the river and drainage self-insurance reserves. These reserves are discussed further in the sections below.

### *Scheme emergency reserves*

Emergency reserves, often referred to more simply as scheme reserves, are for the purpose of covering costs in years where the annual budget is insufficient. This could include damage and repair costs or funding for a specific piece of work.

The targeted rate component of the emergency reserves totals $11.875 million (Table 10). It is important to note these are the targeted rate component of the reserves and when the reserves are utilised, there is an additional general rate contribution in line with the funding policy for the scheme. After adjusting for the variation in funding policy for the Porewa-Valley Scheme (using 60% general rate and 40% targeted rate funded), the emergency reserves are estimated to be in the order of $14.9 million with the general rate contribution included. The targeted rate component of these reserves is presented here to match the values in Horizons' Annual Report for the 2022-23 year (Page 129).

If the drainage scheme funding policy of 80% targeted rate, 20% general rate contribution is altered through the Long-term Plan, Council will need to consider the impact of this on scheme reserve drawdowns as future drawdowns would by default be limited to the new funding policy, effectively reducing the scheme emergency reserves by 12.5%. Reserves could be adjusted as part of the process to adjust for this, by transferring funds from general reserves to scheme emergency reserves.

More than 87% of these reserves are in river schemes. The one drainage scheme with significant reserves is the Foxton East with more than $775,825 of emergency reserves reported in the Annual Report.

On an annual basis, half of the schemes (17) provision some of their income to emergency reserves to enable repairs in years where there is damage beyond the annual budget's ability to pay. In the 2023-24 year, schemes overall budgeted a net value of $119,670 be set aside for reserves to approximately 0.8% of the rate take for schemes. Across all the schemes, a total of $330,802 (approximately 2% of the scheme rate take) is being rated for emergency reserves and eight schemes budgeted to use reserves in 2023-24. The largest of these is the Lower Whanganui Scheme which budgeted to use $165,429 of reserves in 2023-24.

Separate to these budgeted reserve drawdowns, drawdowns for Cyclone Gabrielle repairs have been approved for eight of the schemes. The total

work programme was estimated at more than $9 million and this exceeded the reserve amounts in some schemes. Council resolved to fund the additional budgets for repairs through use of general reserves and, in the case of the Pohangina also via additional loan funding[27].

Council approved overspends for additional insurance in the 2023-24 year via a resolution in November (see Section 8.3 below). This approval will likely result in drawdowns of reserves for some schemes to fund this expenditure.

### *Renewal reserves*

Renewal reserves are for the purpose of renewing assets. Horizons' approach to asset renewals is discussed in further detail in Section 11. The Targeted Rate component of the renewal reserves totals $900,000 (Table 10) i.e. less than 10% of the emergency reserve amounts. After adjusting for the variation in funding policy for the Porewa-Valley Scheme (using 60% general rate and 40% targeted rate funded), the renewal reserves are estimated to total approximately $1.127 million with the general rate contribution included. The targeted rate component of these reserves is presented here to match with the values in Horizons' Annual Report for the 2022-23 year (page 130).

Overall, 19 of the schemes provision some budget for asset renewals, including 10 of the 11 drainage schemes. Combined, the budgeted amount for renewal reserves was $301,274, being approximately of the rate take for scheme activity in 2023-24.

### *Other river and drainage activity reserves*

In addition to the scheme emergency reserves and renewal reserves, there are three other type of related reserves (Table 13). These are the Horizons emergency insurance reserve, which is for the purpose of paying for the insurance deductible if there is an event that requires an insurance claim. The value of this is currently approximately $3.6 million, being above the insurance deductible of $3 million. There is also a scheme self-insurance reserve of approximately $1.3 million (June 2023).

Following Cyclone Gabrielle, Council committed approximately $2.407 million of general reserves to the recovery works package28. This funding was provided as scheme emergency reserves were predicted to be insufficient to meet the costs of the identified works package in three schemes (Pohangina-Oroua, Tararua River Management and Upper Manawatū Lower Mangahao). This provision of funding included a contingency of $500,000 and additional funding for debris removal and vegetation management in Tararua District. The actual drawdowns are predicted to be lower than forecast in April 2023 when the approvals were made.

***Table 13: Summary of Horizons' emergency insurance reserve and river and drainage (R&D) reserves as at June 2023. R&D reserve totals including general rates are estimated based on an 80% targeted, 20% general rate contribution.***

| Reserve | Targeted rate component as at June 2023 ($) | Estimated total as at June 2023, includes general rate component ($) |
|---|---|---|
| Horizons emergency insurance reserve | | 3,617,960 |
| R&D self-insurance reserve | 0 | 1,302,000 |
| R&D scheme reserves – emergency | 11,875,917 | 14,844,896 |
| R&D scheme reserves – renewals | 900,543 | 1,125,400 |
| Total | 12,776,460 | 20,890,256 |

[27] https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2023-10-05/2351%20River%20and%20Drainage%20Activity%20Report.pdf (page 3).

[28] https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2023-10-05/2351%20River%20and%20Drainage%20Activity%20Report.pdf (page 3)

*Implications for the Infrastructure Strategy*

The financial positions of the schemes vary. Base costs of loans, reserves and insurance are approximately one third of the overall rate income budgets for schemes in 2023-24 and approximately 50% in three schemes. These costs are predicted to increase during the duration of the strategy. Inflationary costs and new additional costs, including increased asset management work, new regulatory costs and further loan funding of capital upgrades, will also add pressures on budgets. This will contribute to affordability being a key issue for the Infrastructure Strategy. The Long-term Plan requires important decisions on affordability and Council via the consultation process are seeking the community views to inform these decisions

## 7. RIVER AND DRAINAGE SCHEME ASSETS

### 7.1. Asset value

As at June 2023 Horizons had 3,794 river and drainage assets with a total estimated value exceeding $990 million.

*Asset replacement value by scheme*

Overall, 72% of the number of the assets and 88% of the asset value are within the river schemes and 12% of the assets and 28% of the asset value are within the drainage schemes (Table 14).

***Table 14: Summary of number of assets and 2022-23 replacement values for the river and drainage schemes.***

| Type of scheme | Number of assets | 2022-23 replacement value ($) | Percentage of overall number of assets | Percentage of value of assets |
|---|---|---|---|---|
| Total river schemes | 2,735 | 873,984,868 | 72% | 88% |
| Total drainage schemes | 1,059 | 116,048,665 | 28% | 12% |
| Total all schemes | 3,794 | 990,033,534 | 100% | 100% |

Of the 34 schemes, 28 have infrastructure assets (Tables 14 & 15). Some of the schemes are primarily around tasks that do not require Horizons to manage assets e.g. vegetation management in the Tararua Scheme or channel management in the Ohakune Scheme.

The Lower Manawatū Scheme comprises 58% of the total asset value, with the Rangitīkei next largest amount at more than 14% (Table 15). The Manawatū Drainage Scheme has the largest asset value of the drainage schemes (Table 16) with approximately three times the asset value of Makerua, the second largest drainage scheme.

***Table 15: Assets summary and 2022-23 replacement values for the river schemes***

| | River schemes | Number of assets | 2022-23 replacement value ($) | Percentage of overall number of assets | Percentage of value of assets |
|---|---|---|---|---|---|
| 1 | Lower Manawatū (incl. special project) | 847 | 571,048,740 | 22% | 58% |
| 2 | Rangitīkei River | 186 | 142,395,839 | 5% | 14% |
| 3 | Lower Whanganui River | 63 | 9,527,822 | 2% | 1% |
| 4 | Mangatainoka | 384 | 22,175,146 | 10% | 2% |
| 5 | South East Ruahines | 271 | 36,650,118 | 7% | 4% |
| 6 | Pohangina - Oroua | 200 | 12,391,340 | 5% | 1% |
| 7 | Ohaū Manakau | 241 | 22,613,049 | 6% | 2% |
| 8 | Tararua | | | | |
| 9 | Upper Manawatū Lower Mangahao | 133 | 16,600,879 | 4% | 2% |
| 10 | Porewa Valley (60:40) | 81 | 10,318,411 | 2% | 1% |
| 11 | Lower Kiwitea | 106 | 4,232,013 | 3% | 0% |
| 12 | Tutaenui | 62 | 4,805,091 | 2% | 0% |

| | River schemes | Number of assets | 2022-23 replacement value ($) | Percentage of overall number of assets | Percentage of value of assets |
|---|---|---|---|---|---|
| 13 | Upper Whanganui | 41 | 8,367,945 | 1% | 1% |
| 14 | Matarawa | 51 | 5,533,038 | 1% | 1% |
| 15 | Whangaehu - Mangawhero | | | | |
| 16 | Ruapehu DC | | | | |
| 17 | Ohakune | | | | |
| 18 | Ashhurst Stream | 24 | 593,431 | 1% | 0% |
| 19 | Turakina | | | | |
| 20 | Makirikiri | 25 | 3,698,730 | 1% | 0% |
| 21 | Pakihi Valley | 6 | 2,389,344 | 0% | 0% |
| 22 | Tawataia - Mangaone | 14 | 643,934 | 0% | 0% |
| 23 | Kahuterawa | | | | |
| | Total river schemes | 2,735 | 873,984,868 | 72% | 88% |

***Table 16: Assets summary and 2022-23 replacement values for the drainage schemes.***

| | Drainage schemes | Number of assets | 2022-23 replacement value ($) | Percentage of overall number of assets | Percentage of value of assets |
|---|---|---|---|---|---|
| 1 | Manawatū | 309 | 53,676,210 | 8% | 5% |
| 2 | Makerua | 209 | 17,508,252 | 6% | 2% |
| 3 | Moutoa | 92 | 9,049,216 | 2% | 1% |
| 4 | Koputoroa | 126 | 16,932,492 | 3% | 2% |
| 5 | Te Kawau | 205 | 15,697,627 | 5% | 2% |
| 6 | Hōkio | 41 | 657,973 | 1% | 0% |
| 7 | Foxton East | 12 | 122,034 | 0% | 0% |
| 8 | Whirokino | 28 | 1,095,081 | 1% | 0% |
| 9 | Himatangi | 28 | 442,068 | 1% | 0% |
| 10 | Forest Road | 5 | 531,496 | 0% | 0% |
| 11 | Haunui | 4 | 336,216 | 0% | 0% |
| | Total drainage schemes | 1,059 | 116,048,665 | 28% | 12% |

## 7.2. Asset Types

The assets are considered in seven categories for this Infrastructure Strategy (Table 17). The majority by number are erosion protection type assets at 45%, however flood protection assets make up more than 54% of the value of the assets.

*Table 17: River management and drainage assets replacement value by asset type as at June 2023.*

| Asset type | Number of assets | Replacement value (June 2023) ($) | Percentage by number of assets | Percentage by value |
|---|---|---|---|---|
| Bank Protection | 1,697 | 383,773,884 | 44.7% | 38.7% |
| Flood Protection | 1,093 | 535,841,379 | 28.8% | 54.2% |
| Vegetation Management | 770 | 33,934,305 | 20.3% | 3.4% |
| Equipment | 118 | 12,572,024 | 3.1% | 1.2% |
| Control Structure | 57 | 11,799,301 | 1.5% | 1.1% |
| Site | 44 | 11,359,095 | 1.2% | 1.3% |
| Enhancement | 15 | 753,545 | 0.4% | 0.1% |
| Total | 3,794 | 990,033,534 | 100% | 100% |

## 7.3. Changes in asset valuations

Revaluation is undertaken annually by river management staff using a methodology recommended by independent quantity surveyors. The revaluations are reviewed by audit. These revaluations are calculated based on reasonable replacement valuations. The revaluation results for 2022-23 show a total replacement value of $990 million across the asset portfolio, an increase of $80 million (9% increase) from the 2021-22 value of $910 million. There have been substantial increases in value over time (Table 18) with the value in 2023 being 166% more than the valuation in the 2015 Long-term Plan, approximately 10 years ago. The asset valuation increases from June 2022 to June 2023 were driven by a 12% increase in the valuation of bank protection works, which increased overall asset portfolio value by 52% (Table 19). Flood protection assets increased by 6%, adding 38% to the value (Table 19).

*Table 18: River management and drainage asset replacement valuation changes over time.*

| Source | Total replacement value ($ million) | Percentage change (since valuation in row above) | Percentage change (since valuation in Long-term Plan 2015) |
|---|---|---|---|
| Long-term Plan 2015-2025 | 372 | | |
| Long-term Plan 2018-2028 | 466 | 25% | 25% |
| Long-term Plan 2021-2031 | 679 | 46% | 83% |
| 2020-21 revaluation | 834 | 23% | 124% |
| 2021-22 revaluation | 910 | 9% | 145% |
| 2022-23 revaluation | 990 | 9% | 166% |

*Table 19: Asset revaluations from 2021-22 to 2022-23 by asset type.*

| Asset type | Number of assets | 2021-22 replacement value ($) | 2022-23 replacement value ($) | Change in value ($) | Percentage change for the asset type | Percentage of the overall revaluation increase |
|---|---|---|---|---|---|---|
| Bank Protection | 1,697 | 341,723,472 | 383,773,884 | 42,050,412 | 12% | 52% |
| Flood Protection | 1,093 | 506,581,721 | 535,841,379 | 29,259,658 | 6% | 36% |
| Vegetation Management | 770 | 32,119,120 | 33,934,305 | 1,815,185 | 6% | 2% |
| Equipment | 118 | 10,287,730 | 12,572,024 | 2,284,294 | 22% | 3% |
| Control Structure | 57 | 8,341,281 | 11,799,301 | 3,458,020 | 41% | 4% |
| Site | 44 | 10,035,034 | 11,359,095 | 1,324,061 | 13% | 2% |
| Enhancement | 15 | 713,584 | 753,545 | 39,961 | 6% | 0% |
| Total | 3,794 | 909,801,941 | 990,033,534 | 80,231,593 | 9% | 100% |

## 8. INSURANCE

Insurance is an important component of managing risk for Horizons' river management, flood protection and drainage activity infrastructure as many

assets are necessarily exposed to flood events and can be damaged as a consequence. Beyond floods, other types of events such as earthquakes can also impact the assets.

Insurance is one mechanism by which this risk is managed. Self-insurance (Section 8.7) and provisioning reserves (Section 6.4) are also mechanisms used by the schemes to manage the risk of damage. Insurance claims can be made when the damage exceeds the insurance deductible (Section 8.6), which is $3 million in 2023-24.

The Cyclone Gabrielle event has provided a recent example where damage was not sufficient to trigger an insurance claim and reserve funding from schemes and general rate reserves were used to fund works after the large storm event (Section 6.4).

The increases in the asset revaluations in recent years have had an impact on the proportion of asset value that is insured and increased the amount that is self-insured. As a result, Council are seeking community input on the appropriate amount of insurance for the schemes as part of the Long-term Plan process.

### 8.1. Insurance types

Horizons does not insure all its assets (Section 8.2). The river and drainage assets that Horizons do insure are covered by one of the two insurance schedule types:

1. The "Material Damage (All Risks) Insurance Policy" for above-ground built infrastructure including buildings and equipment; and
2. The "Infrastructural Asset Insurance Policy" for below-ground built infrastructure including stopbanks.

### 8.2. Material Damage Policy

The material damages insurance cover had a total annual cost of approximately $100,000 per annum in the 2023-24 year for scheme-related costs, and provides insurance for assets with a total of $26.6 million. This includes replacement value for buildings, plant and equipment, and includes provision for demolition and inflation for buildings.

This premium for this had been paid for as a corporate cost until, and including the 2023-24 year. From year 1 of the Long-term Plan, the scheme-related component of the material damages insurance costs is to be paid by the scheme. This will add a further costs to the schemes from year 1 of the Long-term Plan.

### 8.3. Infrastructural Asset Insurance Policy

The Infrastructure Asset Insurance Policy had a total budgeted cost of $1.270 million in the 2022-23 year for scheme-related costs, to provide insurance for a total of $813.3 million of asset value or 82% of the total asset value the end of June 2023 ($990 million).

### *Value that can be claimed*

The insurance values quoted here refer to the proportion of asset replacement value. The actual amount insured is higher than this as there is some provision for asset value inflation during the year and for enabling things like demolition of damaged assets in the event of an insurance claim.

While the total replacement value insured is in the order of 82% of the overall asset value, the actual amount that can be claimed in a single event is limited to a maximum of $100 million. Horizons' insurance is in a pooled arrangement with other councils and the maximum available for all of the claims for a single event is $300 million. If the event is larger than this then Horizons' claim will be reduced based on a comprehensive Memorandum of Understanding about fund sharing.

The $100 million and $300 million limits on single claims are based on an assumption of a 60% contribution from Central Government, i.e. if Horizons were to claim the $100 million, the assumption is that 40% ($40 million) would come from the insurance company and 60% from Central Government ($60 million). There is uncertainty around the Government contribution. The insurance premium that was budgeted at $1.270 million in 2023-24 essentially purchases the ability to claim up to $40 million in a single event, with some limitations based on other Councils claims. This $40 million can be for any of the approximately $872 million of assets across the region that are insured, i.e. listed on the insurance schedule.

***Table 20: Asset replacement valuations over time and proportions of assets value insured by the insurance company, assuming a 60% contribution from Central Government.***

| Source | Total river and drainage asset replacement value ($ million) | Insurance cover by the insurance company ($ million) | Proportion of asset value covered by the insurance company (%) | Insurance cover assuming 40% insurance company and 60% Government contribution ($ million) | Proportion of asset value covered by the insurance company and an assumed Government contribution of 60% (%) |
|---|---|---|---|---|---|
| Long-term Plan 2015-2025 | 372 | 40 | 11% | 100 | 27% |
| Long-term Plan 2018-2028 | 466 | 40 | 9% | 100 | 21% |
| Long-term Plan 2021-2031 | 679 | 40 | 6% | 100 | 15% |
| 2020-21 revaluation | 834 | 40 | 5% | 100 | 12% |
| 2021-22 revaluation | 910 | 40 | 4% | 100 | 11% |
| 2022-23 revaluation | 990 | 40 | 4% | 100 | 10% |

The $40 million of insurance per event equates to approximately 4% of the overall value of Horizons River Management and Flood Protection assets at the end of June 2023. This proportion has significantly reduced over time as asset replacement values have increased, e.g. in 2015, 11% of assets would have been covered by $40 million of insurance (Table 20). If the maximum insurance claim was to include the assumed 60% contribution from Central Government, the maximum claim would be $100 million. In 2015, this would have equated to approximately 27% of the assets' value and this has reduced to approximately 10% in 2022-23.

*Insurance premiums for similar levels of insurance*

The Infrastructural Asset Insurance Policy costs are estimated to have increased in cost by 30% from the 2022-23 year to the 2023-24 year. The percentage increase is estimated as the actual change was influenced by addition to the schedule, including new assets constructed in 2022-23 and the return to insuring the Whanganui North and South Moles[29]. The North and South Mole are estimated to have added approximately 10% to the insured asset value and are therefore assumed to have added 10% of the increase to the premium. This likely overestimates the cost of insuring these assets, as other new assets were also added. The premium increased from $1.05 million to $1.469 million, an increase of $419,000 (40%). If 10 percent of this is accounted by the North and South Moles, then 30% is estimated to cover premium increases to the combination of: increased risk, addition of new assets, and the increased asset revaluation.

In 2023-24, Horizons budgeted $1.270 million for this insurance premium, approximately $200,000 less than the budget required of $1.469 million. Funding for this budget shortfall is required via some mechanism for future year budgets, adding 15.7% to the insurance budget for the Long-term Plan in year 1, without making any further allowances for premium increases.

Verbal discussions with the insurance providers have indicated premiums could increase by 15 to 20% per annum over the first 10 years of the Long-term Plan. This would have a significant rate impact for the schemes. Based on the approximately 30% increase over the 2023-24 year, an indication of increased values modelling of the potential increases for the same level of insurance has been completed as shown in Table 21. This assumes the insurance of the Whanganui moles continues, i.e. status quo, that there will be a 20% increase in premiums in each of the first three years and a 15% increase in the following seven years. In summary, the insurance costs for the baseline insurance is predicted to increase by 283% from year 1 to year 10 of the Long-term Plan. Overall amounts are projected to rise from $1.05 million in the year that ended in June 2023 to $6.75 million twelve years later in year 10 of the Long-term Plan. There is uncertainty in these estimates due to the uncertainty around baseline insurance increases to cover increased risk, new assets being added and increased asset valuations.

***Table 21: Insurance cost increase forecasts over the first 10 years of the Long-term Plan (see text for details).***

| Year | Long-term Plan year | Assumed premium increase | Premium ($ million) | | | |
|---|---|---|---|---|---|---|
| | | | Baseline (with Whanganui moles added from 2023-24) | Increase pooled insurance from $300 to $500 million | Increase sublimit to $150 million in 2023-24 then $200 million in 2024-25 | Total |
| 2022-23 | | | 1.050 | | | 1.050 |
| 2023-24 | | | 1.469 | 0.318 | 0.175 | 1.962 |
| 2024-25 | 1 | 20% | 1.763 | 0.382 | 0.280 | 2.424 |
| 2025-26 | 2 | 20% | 2.115 | 0.458 | 0.336 | 2.909 |
| 2026-27 | 3 | 20% | 2.538 | 0.550 | 0.403 | 3.491 |
| 2027-28 | 4 | 15% | 2.919 | 0.632 | 0.463 | 4.014 |
| 2028-29 | 5 | 15% | 3.357 | 0.727 | 0.532 | 4.616 |
| 2029-30 | 6 | 15% | 3.861 | 0.836 | 0.612 | 5.309 |
| 2030-31 | 7 | 15% | 4.440 | 0.961 | 0.704 | 6.105 |
| 2031-32 | 8 | 15% | 5.106 | 1.105 | 0.810 | 7.021 |
| 2032-33 | 9 | 15% | 5.872 | 1.271 | 0.931 | 8.074 |
| 2033-34 | 10 | 15% | 6.752 | 1.462 | 1.071 | 9.285 |
| Total cost for the first 10 years of the Long-term Plan | | | 38.72 | 8.38 | 6.14 | 53.25 |
| Percentage increase over the first 10 years of the Long-term Plan | | | 283% | 283% | 283% | 283% |

[29] The Whanganui North and South moles have previously been insured by Horizons. But were not insured the usual way for a period when the North mole was upgraded. They have now returned to the insurance schedule. These assets are not owned by Horizons and have a total estimated value of approximately $91 million.

*Insurance loss modelling*

Insurance loss modelling can assist with informing scenarios for events in terms of the likelihood that they would occur and the level of damage that would result.

In 2023, the insurance company have modelled potential loss scenarios for the Manawatū-Whanganui and Hawkes Bay regions for earthquakes. This modelling indicates damage to Horizons' assets of $247 million in a 1 in 500 earthquake and $327 million in a 1 in 1,000 year event.

*Insurance premium costs for additional levels of insurance*

In November 2023, Council resolved to increase insurance cover to enable the pool of Councils to claim up to $500 million per event from November 2023, at an estimated additional cost of $318,000 per annum. Council also resolved to increase the maximum amount that can be claimed in a single event to $150 million in 2023-24 and to $200 million in 2024. This had an estimated additional annual cost of $175,000 in 2023-24 with the cost assumed to increase by 25% due to the increase in the amount of cover from $150 million extra cover in 2023-24 to $200 million, i.e. to $233,000 per annum before accounting for premium inflation increases. This assumption has a lot of uncertainty.

The impacts of this additional insurance are modelled with the same assumptions for premium increases outlined above in Table 20. The increases to insurance are predicted to raise the insurance premium in 2023-24 to $1.962 million, an increase of 87% on the previous year's premiums. This increase is primarily to be funded by reserves as the budget for insurance is $1.270 million, $692,000 less than the forecast cost.

Over the course of the Long-term Plan from year 1 to year 10, based on these assumptions insurance is forecast to increase to $9.285 million per year. For context, the current total rate take for River and Drainage Activity is $16.1 million. An example of the budget implications is the impact of insurance on budgets in year 1 of the Long-term Plan. A total of $1 million to increase in insurance premiums has been allowed for in the Long-term Plan for year 1. This raises the budget from $1.270 million to $2.270 million (a 79% increase). This is to pay for transferring the payment of the scheme component of the Material Damage Policy from a corporate cost to a scheme cost (approximately $100,000) and the Infrastructure Asset Insurance Policy costs estimated at $2.424 million i.e. a total of $2.524 million. The budgeted amount is approximately $254,000 less than the amount estimated to be required to fully fund the increases in insurance premium costs. This lower amount reflects that a full year of the cost would not occur in 2024-25 as the billing period for the Asset Insurance Policy is from November to November and the financial year is July to July. The new premium cost will take effect from 1 November 2024, four months into the financial year.

## 8.4. Insurance in the various schemes

In the 2022-23 year, 14 of the 34 schemes paid for the Infrastructural Asset Insurance Policy (Tables 22 to 24). Overall, 91% of the insurance is paid for by 10 of the River schemes. The Lower Manawatū scheme (71%) and the Rangitīkei Scheme (9%) paid 80% of the overall Infrastructure Asset Insurance costs in 2022-23 (Table 23). This reflects the larger asset base in these schemes, e.g. the Moutoa Floodgates (Figure 16). The implication of this is that approximately 80% of increases to insurance premiums will be funded by these two schemes. It is also noted that the addition of the Whanganui mole assets, valued at approximately $91 million, will increase the proportion of the Lower Whanganui Scheme contribution which in July 2023 insured assets valued at approximately $9 million and contributed 1% of the insurance costs. Four drainage schemes had Infrastructure Asset Insurance in 2022-23 totalling 9% of the overall insurance (Table 24).

*Table 22: River management and drainage asset valuations, and insurance in 2022-23.*

| Type of scheme | Number of assets | Replacement value 2022-23 ($) | Value of insured assets | Proportion of value of assets insured | Insurance budget 2023-24 ($) | Proportion of overall insurance budget |
|---|---|---|---|---|---|---|
| Total river schemes | 2,735 | 873,984,868 | 722,145,609 | 83% | 1,153,699 | 91% |
| Total drainage schemes | 1,059 | 116,048,665 | 91,126,505 | 79% | 116,072 | 9.1% |
| Total all schemes | 3,794 | 990,033,534 | 813,272,114 | 82% | 1,269,771.0 | 100.0% |

*Table 23: River scheme asset valuations, and insurance in 2022-23.*

| River scheme | Number of assets | Replacement value 2022-23 ($) | Number of insured assets | Value of insured assets ($) | Proportion of value of assets insured | Insurance budget 2023-24($) | Proportion of overall insurance budget |
|---|---|---|---|---|---|---|---|
| Lower Manawatū (incl. special project) | 847 | 571,048,740 | 631 | 561,597,286 | 98% | 951,820 | 75.0% |
| Rangitīkei River | 186 | 142,395,839 | 114 | 84,543,843 | 59% | 68,191 | 5.4% |
| Lower Whanganui River | 63 | 9,527,822 | 56 | 9,263,017 | 97% | 12,729 | 1.0% |
| Mangatainoka | 384 | 22,175,146 | 123 | 12,894,534 | 58% | 23,374 | 1.8% |
| South East Ruahines | 271 | 36,650,118 | 1 | 36,962 | 0% | 16,347 | 1.3% |
| Pohangina - Oroua | 200 | 12,391,340 | 0 | 0 | 0% | | 0.0% |
| Ohaū Manakau | 241 | 22,613,049 | 123 | 19,572,147 | 87% | 26,798 | 2.1% |
| Tararua | | | | | | | |
| Upper Manawatū | 133 | 16,600,879 | 0 | 0 | 0% | 6,834 | 0.5% |
| Porewa Valley (60:40) | 81 | 10,318,411 | 81 | 9,948,740 | 100% | 17,400 | 1.4% |
| Lower Kiwitea | 106 | 4,232,013 | 0 | 0 | 0% | | 0.0% |
| Tutaenui | 62 | 4,805,091 | 58 | 4,674,202 | 97% | 6,395 | 0.5% |
| Upper Whanganui | 41 | 8,367,945 | 27 | 8,231,124 | 98% | 11,046 | 0.9% |
| Matarawa | 51 | 5,533,038 | 44 | 4,905,973 | 89% | 5,549 | 0.4% |
| Whangaehu - Mangawhero | | | | | | | |
| Ruapehu DC | | | | | | | |
| Ohakune | | | | | | | |
| Ashhurst Stream | 24 | 593,431 | 22 | 468,540 | 79% | 756 | 0.1% |
| Turakina | | | | | | | |
| Makirikiri | 25 | 3,698,730 | 25 | 3,698,730 | 100% | 4,359 | 0.3% |
| Pakihi Valley | 6 | 2,389,344 | 6 | 1,913,884 | 80% | 1,691 | |
| Tawataia - Mangaone | 14 | 643,934 | 3 | 396,627 | 62% | 410 | 0.0% |
| Kahuterawa | | | | | | | |
| Total river schemes | 2,735 | 873,984,868 | 1,314 | 722,145,609 | 83% | 1,153,699 | 91% |

*Table 24: Drainage scheme asset valuations, and insurance in 2022-23.*

| Drainage schemes | Number of assets | Replacement value 2022-23 ($) | Number of insured assets | Value of insured assets ($) | Proportion of value of assets insured | Insurance budget 2023-24 ($) | Proportion of overall insurance budget |
|---|---|---|---|---|---|---|---|
| Manawatū | 309 | 53,676,210 | 117 | 37,348,381 | 70% | 46,911 | 3.7% |
| Makerua | 209 | 17,508,252 | 119 | 16,173,063 | 92% | 20,135 | 1.6% |
| Moutoa | 92 | 9,049,216 | 36 | 7,638,755 | 84% | 7,295 | 0.6% |
| Koputoroa | 126 | 16,932,492 | 75 | 15,848,084 | 94% | 22,039 | 1.7% |
| Te Kawau | 205 | 15,697,627 | 81 | 13,161,368 | 84% | 18,260 | 1.4% |
| Hōkio | 41 | 657,973 | 0 | 0 | 0% | 87 | 0.0% |
| Foxton East | 12 | 122,034 | 2 | 76,999 | 63% | 103 | 0.0% |
| Whirokino | 28 | 1,095,081 | 12 | 879,855 | 80% | 1,242 | 0.1% |
| Himatangi | 28 | 442,068 | | | | | |
| Forest Road | 5 | 531,496 | | | | | |
| Haunui | 4 | 336,216 | | | | | |
| Total drainage schemes | 1,059 | 116,048,665 | 442 | 91,126,505 | 79% | 116,072 | 9% |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## 8.5. Assets that are insured

Four river schemes that are primarily for erosion control and three of the smaller drainage schemes do not have any insurance (Table 24).

The combined insurance via the two mechanisms at the start of the 2023-24 year provides insurance for 1,756 of the 3,794 (46%) assets, representing $813 million (82% of the total estimated value) of assets at that time (Table 22).

The proportion of assets that are insured is based on the asset types and sub-types, where some asset sub-types are insured and others are not (Table 22).

The decisions around insurance made at a scheme level to not have insurance (Table 22) results in no cover for assets of sub-types that would be insured if they were in another scheme. These asset sub-types in the schemes that do not have any insurance have a total value of $19.172 million (Table 25).

Note, insured values reflect the provisional asset value available when the insurance schedule is required. These values are refined through audit, however are retained as the value for insurance purposes as these were the amounts available at the time insurance value was determined.

***Table 25: River management and drainage schemes that have been opted out of insurance.***

| Scheme | 2022-23 asset replacement value ($) | Total value of insurable asset subtypes not covered by insurance ($) | Percentage of assets that are insurable asset sub types but not insured |
|---|---|---|---|
| River schemes | | | |
| Lower Kiwitea | 4,232,013 | 2,738,263 | 65% |
| Pohangina-Oroua | 12,391,340 | 3,640,553 | 29% |
| South East Ruahine | 36,650,118 | 7,664,170 | 21% |
| Upper Manawatu-Lower Mangahao | 16,600,879 | 4,850,908 | 29% |
| Drainage schemes | | | |
| Forest Road | 531,496 | 60,198 | 11% |
| Himatangi | 442,068 | 122,201 | 28% |
| Hokio | 657,973 | 96,283 | 15% |
| Total | 71,505,887 | 19,172,578 | 27% |

***Figure 16: Top: Moutoa floodgates have the highest value of any Horizons asset in the region at $50.8 million in June 2023, and are insured as a part of the Lower Manawatū Scheme. Bottom: Moutoa spillway in operation.***

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

*Table 26: River management and drainage asset subcategories showing the policy on insuring or not insuring, and insured values*[30]

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value ($) | Percentage of asset value | Insured (Y/N) | Self-insurance value ($) | Insured replacement value (June 2023) ($) |
|---|---|---|---|---|---|---|---|
| Bank Protection | Erosion Protection Reserve | 26 | 46,324,063 | 4.7% | N | 46,324,063 | |
| | Gabions | 3 | 620,961 | 0.1% | Y | | 620,961 |
| | Groyne | 19 | 21,464,760 | 2.2% | Y or N | 887,232 | 20,577,528 |
| | Lining - Engineered | 101 | 84,523,595 | 8.5% | Y or N | 2,302,588 | 82,221,007 |
| | Lining - Non-engineered | 141 | 60,880,633 | 6.1% | Y or N | 2,206,482 | 58,674,151 |
| | Lining - Tiered | 2 | 691,391 | 0.1% | Y | | 691,391 |
| | Permeable Groyne - Driven | 127 | 10,344,547 | 1.0% | N | 10,344,547 | |
| | Permeable Mesh Unit | 116 | 4,444,713 | 0.4% | Y or N | 1,819,285 | 2,625,428 |
| | Planting | 409 | 35,456,788 | 3.6% | N | 35,465,931 | |
| | Retaining Wall | 6 | 449,302 | 0.0% | Y or N | 15,126 | 434,176 |
| | Retaining Walls – Mass block | 4 | 4,216,319 | 0.4% | Y | | 4,216,319 |
| | Rip Rap | 269 | 77,113,676 | 7.8% | Y or N | 1,044,456 | 76,069,220 |
| | Stock Gate | 9 | 68,495 | 0.0% | N | 68,495 | |
| | Tied Tree Work - Anchored | 464 | 37,168,957 | 3.8% | N | 37,167,957 | |
| | Tied Tree Work - Layered | 1 | 5,682 | 0.0% | N | 5,682 | |
| Control Structure | Bed Armouring | 2 | 2,560,081 | 0.3% | Y | | 1,580,587 |
| | Drop | 4 | 2,403,765 | 0.2% | Y | | 2,403,765 |
| | Grade | 21 | 612,243 | 0.1% | Y or N | 1,478 | 610,766 |
| | Weir | 30 | 6,223,212 | 0.6% | Y or N | 1,682,048 | 4,541,164 |
| Enhancement | Amenity | 8 | 500,568 | 0.1% | N | 500,568 | |
| | Handrail | 1 | 15,826 | 0.0% | N | 15,826 | |
| | Knee-breakers | 1 | 25,695 | 0.0% | N | 25,695 | |
| | Ramp | 3 | 34,841 | 0.0% | N | 34,841 | |
| | Self Help Depot | 1 | 10,108 | 0.0% | N | 10,108 | |
| | Walkway | 1 | 166,506 | 0.0% | N | 166,506 | |
| Equipment | Control - Auto Transformer | 19 | 1,438,759 | 0.1% | Y | | 1,438,759 |
| | Control - Sensor | 1 | 11,467 | 0.0% | Y | | 11,467 |
| | Control - Soft Starter | 1 | 166,889 | 0.0% | Y | | 166,889 |
| | Control - VSD | 1 | 1,496,000 | 0.2% | Y | | 1,439,983 |
| | Mechanical - Pump | 46 | 5,768,584 | 0.6% | Y | | 5,584,566 |
| | Screen / Filter - Screen | 1 | 63,567 | 0.0% | Y | | 63,567 |
| | Structure - Outlet Grill | 48 | 3,260,884 | 0.3% | Y | | 3,260,884 |
| | Supply - Generator | 1 | 365,875 | 0.0% | Y | | 365,875 |
| Flood Protection | Detention Embankment | 54 | 13,312,645 | 1.3% | Y | | 12,467,515 |
| | Detention Inlet | 5 | 517,627 | 0.1% | Y | | 517,627 |
| | Detention Outlet | 5 | 517,627 | 0.1% | Y | | 517,627 |
| | Flood Walls | 64 | 8,426,564 | 0.9% | Y | | 8,426,564 |

[30] Note: insured values are shown are replacement values. Actual insurance is higher than this to allow for demolition there is additional insurance to account for estimated demolition and inflation value (data not shown). Two residential houses are also insured but not included in these totals.

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value ($) | Percentage of asset value | Insured (Y/N) | Self-insurance value ($) | Insured replacement value (June 2023) ($) |
|---|---|---|---|---|---|---|---|
| | Floodgate | 20 | 1,912,034 | 0.2% | Y | | 1,912,034 |
| | Floodgate Structure - Culvert | 534 | 21,806,019 | 2.2% | Y or N | 32,625 | 21,773,394 |
| | Floodgate Structure - Other | 18 | 5,016,887 | 0.5% | Y | | 7,924,887 |
| | Flow Diversion Structure | 10 | 54,228,546 | 5.5% | Y | | 53,696,289 |
| | Guide bank | 15 | 5,319,418 | 0.5% | Y or N | 10,949 | 5,308,468 |
| | Portable Flood Barrier | 8 | 400,484 | 0.0% | Y | | 400,484 |
| | Property Mitigation Bund | 15 | 1,693,175 | 0.2% | Y | | 1,693,175 |
| | Spillway | 56 | 4,240,232 | 0.4% | Y | | 4,240,232 |
| | Stopbank | 284 | 417,857,963 | 42.2% | Y or N | 3,801,182 | 414,056,781 |
| | Toe Drain | 5 | 592,159 | 0.1% | Y | | 592,159 |
| Site | Land Use - Drainage Pump Station | 24 | 11,075,325 | 1.1% | Y | | 12,146,427 |
| | Pump station - Land/Access | 20 | 283,770 | 0.0% | N | 283,770 | |
| Vegetation Management | Drainage Channel | 770 | 33,934,305 | 3.4% | N | 33,934,305 | |
| | Total | 3,794 | 990,033,534 | | Y or N | 178,151,747 | 813,272,115 |
| | Percentage | | 100% | | | 18% | 82% |

## 8.6. Insurance deductible

The insurance deductible for Horizons is $3 million. At the start of the 2023- 24 year, Horizons had an emergency management reserve of approximately $3.6 million to enable payment of the deductible should a large-scale event occur. This reserve funding was rated over several years, through a rate that is no longer being collected.

This threshold for a claim is high and was not met following Cyclone Gabrielle as some of the damage was to areas that did not have assets but where there were requests to install new assets, some of the work identified post-Cyclone Gabrielle was proactive, i.e. to prevent damage in a future storm, and some of the damage was to assets that were not insured.

## 8.7. Self-insurance

Insurance claims are a risk mitigation for assets that are insured in large-scale events. Based on the June 2023 asset valuation of $990 million and the up-to $100 million of insurance cover per event at that time (including 60% assumed from Central Government), the amount of self-insurance is estimated at $890 million. It is noted that it is unlikely that a total loss of assets would occur in a single event.

Loss modelling in 2023 for a 1,000-year earthquake indicated $327 million of damage for these assets. In such an event, the ability for Horizons to claim the $100 million per event would likely be reduced due to the pooled nature of the insurance with other Councils and limits on what that total overall claim can be. This affects the amount of the maximum claim from the insurance company of $40 million for Horizons and consequently, this may also impact the 60% share from Central Government.

As a theoretical example, if Horizons' claim was reduced by 17%[31] due to the pooled nature of the insurance, the maximum insurance claim would be $33.3 million and the Central Government 60% share to match this would be $49.95 million, raising the total claim to $83.25 million. The pooled nature of the insurance reduces annual costs and contributes to the amount of self-insurance for large events.

If Horizons was to replace all of the insured assets damaged in 1,000-year earthquake event modelled above, the level of self-insurance for this event is estimated at a minimum of $227 million. After such a very large event there would likely be prioritisation of what would be repaired/replaced, and changes to the infrastructure design. The recovery expenditure for river and flood protection infrastructure is difficult to forecast given the shortfall from insurance and likely changes to infrastructure if there is an opportunity to rebuild in a different way.

For smaller events, where the threshold for a claim is not met, schemes rely on use of reserves/ loans or an approach of not replacing damaged assets. Overall, the schemes are provisioning in the order of 1% of the rate income to emergency reserves on an annual basis. Loan funding is a further mechanism to fund work following an event. This mechanism has been utilised as a part of the Cyclone Gabrielle repair programme in the Pohangina-Oroua Scheme. The ability to continue to loan fund activity is limited for some schemes, with fixed costs like loan repayments and insurance starting to exceed half the rate income. This has impacts for recovery from events via reserves and self-insurance.

[31] 17% used for this scenario based on an example provided by the insurance company to demonstrate the application of the Memorandum of Understanding between Councils.

*Implications for the Infrastructure Strategy*

Managing risk through having insurance and reserves has been a long-standing approach with the management of scheme assets.

The schemes face key challenges around managing the increased costs of insurance over the life of the Long-term Plan. These include the ongoing ability to obtain insurance, the increasing cost of the current levels of insurance, reviewing which assets are insured, and determining the appropriate level of insurance for these assets. This forms part of the assessment of how repairs would be funded if an event exceeded the insured amounts. Insurance is a key issue for the Infrastructure Strategy and will be one of the topics Council will consult on as a part of the Long-term Plan.

Council has elected to undertake self-insurance through overall insurance amounts, the decisions around what types of assets to insure and which schemes to insure these. Reliance on the central government co-funding and the pooled insurance model can also influence the amount of insurance claims in a large event (Figure 17). The levels of self-insurance have increased considerably with the increasing asset replacement valuations over recent years. If insurance and reserves are insufficient to fund repairs, an option is to loan fund activity. This option has its limitations due to the annual costs for loans and insurance. Financial resilience to recover from events is a key issue for both the Infrastructure Strategy and the Financial Strategy.

Having sufficient funds to complete repairs in response to more frequent climatic events is a challenge for smaller events that do not result in insurance claims. Scheme emergency reserves amounts vary by scheme and total approximately $14.9 million across the schemes. In some schemes reserves are approved to be significantly reduced by the work programme following Cyclone Gabrielle. Decisions on reserve provisioning are required as part of the Infrastructure Strategy.

***Figure 17: Examples of infrastructure not owned by Horizons. Damage to other infrastructure can influence the amount of the Horizons insurance claim or self-insurance as the infrastructure insurance is pooled with other Councils and Government have co-funding arrangements for other infrastructure repairs after events. Above: damage to State Highway 4 (Parapara's) in the 2015 flood event. Below: Churchill Bridge washout in the Pohangina near Tōtara Reserve in the Cyclone Gabrielle event 2023***

## 9. INFRASTRUCTURE STRATEGY KEY ISSUES

An Infrastructure Strategy must address a range of matters as part of legislative requirements. These include how a Council intends to manage its infrastructure assets having regard to issues such as when assets need to be renewed or replaced, funding options, and other matters including the need to improve health or environmental outcomes and to manage risks from natural hazards. The key infrastructure issues that have been identified relate closely to these requirements.

This section summarises the significant infrastructure issues facing Horizons during the next 30 years along with their potential consequences and the proposed approach to managing each issue. The significant issues that have been identified are as follows:

1. Affordability of River Management and Flood Protection Activity;
2. Responding to the impacts of climate change and natural disasters;
3. Delivering capital programme works to increase resilience to climate change impacts;
4. Planning for financial implications of natural hazard events;
5. Maintaining existing assets and understanding our asset condition and maintenance requirements;
6. Achieving environmental, regulatory and other performance expectations; and
7. Merging the River Management and Flood Protection Activity into an integrated catchment management approach.

These issues are interrelated and may share contributing factors. For example, climate change is a contributing factor to our challenges around affordability and our need to better understand the condition of assets, and insurance.

The key issues align to the community outcomes and strategic priorities set by Council as part of the Long-term Plan. They take into account the need to build resilience to the impacts of climate change while contributing to a vibrant and empowered community, and a thriving and environmentally sustainable economy. We recognise that work is needed to move the River Management and Flood Protection Activity into a more holistic approach for Integrated Catchment Management and challenges to adjust to existing and new regulatory requirements, many of which contribute to environmental goals.

Some trade-offs are required to achieve Council's Community Outcomes and Strategic Priorities within the River Management and Flood Protection Activity as part of implementing this strategy. For example, further flood protection related activity that is required to contribute to a thriving economy has potential to reduce significant economic impacts, however the building of that infrastructure and its ongoing maintenance must be affordable. Another example is building resilience to the impact of natural hazards and climate change through physical modification of the environment, e.g. construction of stopbanks may impact on environmental values. Similarly, building of financial resilience to the impact of natural hazards and climate change may require additional costs for reserves and/or insurance that can impact on the goal of a thriving economy.

The sections below provide an overview of these issues, assess options and identify Council's preferred options in response to these key issues (Tables 26 to 33). To determine the preferred approach to addressing each issue, Council has considered a number of options and their potential implications alongside our strategic priorities and community outcomes. Options have been considered across the short (1-3 years), medium (3-10 years) and longer term (10-30 years). These issues and the preferred responses are highly interconnected. Table 1 provides a summary of the key issues, preferred options and implications for the Long-term Plan.

### 9.1. Affordability of River Management and Flood Protection Activity

*Issue*

- Costs of the activity are increasing due to increases in loan servicing, insurance, regulatory costs, and costs of maintenance and repairs.
- Community ability and willingness to pay increasing costs is leading to questions around who should pay, what should be done and how it should be done.

- There is an increasing community expectation for additional river management and flood protection services, within and outside schemes.
- Scheme capital programmes have been accelerated with additional government co-funding increasing Horizons expenditure on capital projects, including via loan funding. Some of these costs are yet to be incurred and further loan funding has been committed to.
- More frequent storm events causing additional damage and requiring additional funding for repairs after events.
- There are requests for associated works when services or upgrades are completed, e.g. amenity upgrades or environmental improvement works as part of renewal or capital upgrade projects that contribute to additional scheme costs.
- Community views on work programmes can differ, leading to additional costs associated with determining what will be done and how major capital projects will be carried out. Additional costs for legal and planning support arise in response to some challenges to projects.

*Response options*

A range of response options have been considered in relation to River Management and Flood Protection activity affordability. These options are spread across the seven key issues and all options have implications for the budgets for the programme. The impacts on affordability of the options for the other key issues are discussed in those sections and a limited summary of these is provided in this section. The options assessed for affordability are overviewed in Table 27.

*Preferred response*

Affordability is a mix of the overall work programme levels of the cost of services, how these services are funded and the affected communities' ability and willingness to pay for the services being provided. The preferred approach seeks to find a balance between Council's goals to build increased resilience to climate change and improving the economy and community wellbeing by providing protection from weather events, and the community's willingness to pay for these services.

Of the options assessed in Table 27 below, the preferred approach includes:

- Transitioning to a maintenance-based programme with a view to reducing costs through efficiencies and by improving resilience of the assets by focussing on risk;
- Reviewing loan payments alongside a range of other related financial information through the Integrated Catchment Management Activity (See issue 7); and
- Transferring staff time from capital (debt) funded to being paid for in the year it occurs, reducing the long-term cost for this time.
- Other options assessed through the key issues will also impact on affordability. These include:
- Reducing the capital programme expenditure over time (see issue 3);
- Increasing the amount of funding for insurance premiums (see issue 4);
- Increasing investment in asset management via two new staff positions (See issue 5); and
- Investigating the use of room-for-river approaches in schemes (see issue 7).

Many of the options assessed aim to reduce risk and therefore may in turn reduce long-term costs. The Integrated Catchment Management Activity, funded separately to the River Management and Flood Protection Activity, plans to review levels of service and funding policies for a range of activities, including schemes, and is a further response to the issue of affordability for River Management and Flood protection Activity.

A further response that will inform future investment decisions is the flood vulnerability assessment (see issue 2)

*Table 27: Options assessment for affordability of the River Management and Flood Protection Activity*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Transition to a maintenance-based programme. | **Advantages**<br>▪ A more consistent structured approach to scheme operational activity focussing on maintenance of existing assets.<br>▪ Scheme maintenance priorities predominately driven by risk information from asset inspections, with some aspects based on policy, e.g. all scheme drains to be maintained at least once every 10 years.<br>▪ Increased resilience to storm events due to prioritisation of maintenance activity based on risk.<br>▪ Efficiency gains through a more structured programme, including enabling the introduction of larger multi-year contracts for some maintenance.<br>**Disadvantages**<br>▪ Reduced ability to complete reactive work, e.g. to repair areas that are damaged in an event, where there are currently no river management assets.<br>▪ Programme less responsive to day-to-day requests for support.<br>▪ Will take time to implement and require new systems and processes to administer and report on progress. | ✓ | ✓ | ✓ | M |
| b) Review loan funding arrangements. | **Advantages**<br>▪ Opportunity to review payment amounts and overall costs of existing and planned loans, to consider how these are paid for, e.g. rating base and in terms of the timeframes over which the assets will provide benefits (loan terms).<br>**Disadvantages**<br>▪ Will require resourcing to be completed.<br>▪ May increase the overall cost of loans over time, e.g. if loan terms are extended. | ✓ | | | L |
| c) Reduce levels of service | ▪ This would reduce costs and also reduce the benefits of the work to the community. | | | | H |
| d) Transition staff costs from capital (debt funded) to operationally funded. | **Advantages**<br>▪ Lowers the long-term cost of these staff resources.<br>▪ Enables these staff resources to work across capital and operational delivery.<br>**Disadvantages**<br>▪ Requires fully funding this staff cost in the year it is delivered, increasing rate requirements in that year. | ✓ | | | L |

## 9.2. Responding to the impact of climate change and natural disasters

*Issue*

The impacts of climate change on the programme include:

- Reductions in levels of service over time due to climate change. e.g., a stopbank constructed to provide 100-year flood protection in the 1980s will no longer provide that initial level of service and the level of service will continue to decline over time;
- The impact of more frequent events on damage to existing assets and requests to respond to, or prevent, damage at locations where there are no existing assets (Figure 18);
- Increased staff time to respond to and recover from weather events including additional asset inspection time;
- Increased operational costs, e.g. more frequent maintenance requirements such as vegetation growth in drains or increased power consumption due to increased number of hours required for pumping;
- Higher design specifications required for assets to allow for climate change into the future; and
- More demand for River Management and Flood Protection Activity to provide protection from the impacts of climate change.

*Response options*

A range of response options have been considered in relation to climate change. These options are spread across the key issues as they are all impacted by climate change. The establishment of additional flood protection infrastructure, which is discussed in issue 3 below and not repeated here, is part of the response to climate change. Similarly, the aspects of financial planning for natural disaster events is discussed in Issue 4 below.

The options assessed for this issue are overviewed in Table 28.

*Preferred response*

Many of the responses to climate change are shared by the other key Infrastructure Strategy issues, reflecting the importance of responding to climate change as a strategic priority and overarching issue for the Infrastructure Strategy, alongside affordability.

Of the options assessed in Table 28 below, the preferred approach includes:

- Completing a regional flood vulnerability assessment; and
- Having a Council policy for what level of climate change to design for.

Other options assessed through the key issues will also impact on building resilience to climate change. These include:

- Moving to a maintenance-based programme (issue 1);
- Upgrades to climate resilience via the capital programme (issue 3) ; and
- Increasing the amount of insurance (issue 4).

***Figure 18: Pohangina River near Pohangina Village in February 2023 following Cyclone Gabrielle. This location is an example of an area that did not have river assets before the Cyclone and new assets were installed following the damage to the area.***

*Table 28: Options assessment for responding to the impact of climate change and natural disasters*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Completing a regional flood vulnerability assessment. | **Advantages**<br>▪ Provides a review of current and projected levels of service of existing flood protection infrastructure in the context of climate change and other new information, e.g. updated information on river flows.<br>▪ Provides a regional assessment of relative flood vulnerability for the communities of the region.<br>▪ Provides information to prioritise investment decisions.<br>▪ Co-funding for the study has been secured from Central Government.<br>**Disadvantages**<br>▪ Requires additional investment for work. Horizons share of the budgets to be met from existing budgets.<br>▪ Will divert staff time from delivery of capital and operational programmes. | ✓ | ✓ | ✓ | M |
| b) Having a council policy on what climate change projections to design for. | **Advantages**<br>▪ Provides for a consistent approach to planning for climate change.<br>**Disadvantages**<br>▪ Less ability to customise the approach to design specifications on a project or asset basis. | ✓ | ✓ | ✓ | L |
| c) Maintain status quo. | **Advantages**<br>▪ Less upfront cost and therefore less rates impact.<br>▪ More ability to determine on an annual basis the amount of work to maintain existing assets and create new assets.<br>**Disadvantages**<br>▪ A more reactive approach will continue to potentially leave existing assets more vulnerable to extreme weather events. | | | | M |

## 9.3. Delivering the capital programme works to increase resilience to climate change

*Issue*

- The scale of the capital programme was significantly increased due to Central Government funding packages to create employment in response to COVID-19. The average annual planned budget of $7.76 million for 2017-21 increased to $27.3 million for the 2021-23 year budgets. The capital programme budget for 2023-24 is $13.41 million. The scale of annual delivery has increase from an average of $5.3 million per year from 2017-21 to approximately $14 million in the last two years with about 50% of the planned budget spent.
- These new projects are contributing to additional climate resilience and Horizons share of the cost is primarily loan-funded, increasing the rates contributions for the schemes.
- Securing the COVID-19 economic stimulus funding for projects in the region was done in a short timeframe, resulting in key design and consultation work following our commitment to the projects. This meant some alterations to projects were subsequently required.
- Capital programmes have encountered some community resistance to work proceeding and there have been challenges in getting agreement on design approaches and securing permissions such as regulatory consents and land access agreements. The regulatory environment for projects continues to evolve, adding new requirements.
- There is an increasing community expectation of additional work, including environmental or amenity upgrade work, which can add significant costs to projects.
- Project delivery is increasingly in a partnership approach, requiring new ways of working. For example, the Te Pūwaha project in Whanganui is working to give effect to the Te Awa Tupua Treaty Settlement legislation.
- Planning for projects that are scheduled to be delivered in future years is not progressing as planned due to staff time being prioritised to delivering on current year contractual requirements.
- The scale of work nationally for delivery of river management and flood protection projects has reduced availability of engineering professionals and contractors, leading to delays in completing design work etc.
- Staff time is being spread across a range of internal and external projects, reducing capacity to deliver the capital programme.

*Response options*

A range of response options have been considered in relation to the delivery of the capital programme. These options have an impact on affordability (issue 1), the amount of capital project work to increase resilience (issue 2), the value of assets requiring insurance (issue 4) and requirements to get regulatory and other permissions (issue 6). The options assessed for delivery of the capital programme are overviewed in Table 29.

*Preferred response*

To deliver on Horizons' strategic priority for building resilience to the impacts of climate change and consider long-term affordability, Council are prioritising the delivery of projects which have current Government co-funding and seeking to reduce the commitment to other projects over the first three years of the Long-term Plan to those in Palmerston North and Feilding, and the capital renewals programme.

During this time Council are also planning to work on the reviews of levels of service and rating systems for River Management and Flood Protection Activity via the Integrated Catchment Management work programme (issue 7) and to complete a regional flood vulnerability assessment (issue 2). These projects will inform prioritisation of the capital programme for the next Long-term Plan.

*Table 29: Options assessment for delivering the capital programme works to increase resilience to climate change.*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Continue with projects that are already underway. | **Advantages**<br>▪ Establishes additional climate resilience in the region.<br>▪ Continues work that is currently committed to, building on the work to date on these projects.<br>▪ Plans to utilise Government co-funding support additional climate resilience work being completed at a lower cost to ratepayers.<br>**Disadvantages**<br>▪ Requires additional loan and rate funding.<br>▪ Current scale of work via Government co-funded projects in the first two years of the Long-term Plan is likely ambitious in terms of ability to secure permissions and have staff capacity for delivery within the contractual timeframes.<br>▪ Will divert staff capacity from scheme management to delivery of projects and may encounter some negative feedback from communities that are directly impacted. | ✓ | | | M |
| b) Reduce commitments to current projects. | **Advantages**<br>▪ Reduced additional climate resilience work in the region. Reduced costs of completing the works. Has potential to better match the work programme with available staff capacity.<br>**Disadvantages**<br>▪ May result in existing contracts, e.g. with Government not being delivered on, lowering the amount of Government funding for work and potentially damaging the reputation of Horizons for future Government funding.<br>▪ May result in negative feedback from communities that are supportive of the work continuing.<br>▪ May result in staff redundancies as a range of staff positions are funded via capital projects. | | | | H |
| c) Continue to develop and plan for new projects beyond those currently underway. | **Advantages**<br>▪ Continues to develop projects for delivery to improve levels of service for river management, flood protection and drainage activity into the future. Enables consultation, design, regulatory permissions and other project management work to refine and price work packages and understand the benefits of these to proceed in advance of commitment to project construction. Creates a programme of work for delivery in future years.<br>**Disadvantages**<br>▪ Requires resourcing for staff time and external costs, and will draw staff time away from programme delivery. | | | | M |
| d) Reduce development and planning for new projects beyond those currently underway. | **Advantages**<br>▪ Enables a focus on consultation, design, regulatory permissions and other project management work for the current project commitments.<br>**Disadvantages**<br>▪ Slows the rate of progress on planning for future capital programmes, increasing the timeframes by which projects, and their benefits, would be realised. | ✓ | | | M |

## 9.4. Planning for the financial implications of natural hazard events

*Issue*

- Climate-related weather events are becoming more frequent due to climate change. Other natural hazard events, such as earthquakes, can also have impacts on assets.
- Natural hazard events globally and nationally are increasing the potential that asset insurance will not be able to be obtained for some assets and driving up insurance costs.
- Insurance costs for the same level of cover are predicted to increase by 15 to 20% per year over the first 10 years of the Long-term Plan.
- The major part of Horizons' insurance is via a pooled arrangement with other councils, including both regional councils and district councils. There is uncertainty around the potential impact of affordable water (previously three waters) legislation on Horizons' insurance premiums.
- Rapidly increasing asset replacement values have reduced the proportions of Horizons' insured assets that are able to be claimed for a single event, while increasing the level of self-insurance by Horizons.
- Scheme emergency reserves as a further mechanism for managing costs after events that are not large enough for an insurance claim, are increasingly being required to be used for repairs and have proven insufficient for some schemes after Cyclone Gabrielle.
- In 2023-24 only half (17) of the schemes were provisioning some of the rating income to emergency reserves for use in years where damage exceeds the schemes' annual budgets ability to pay.
- There is a trade-off in some schemes around the amount of income contributed to reserves and the amount of loan repayments completed.

*Response options*

A range of response options have been considered in relation to planning for the financial impacts of natural hazard events. These options are split into two categories in this section: insurance (Table 30) and scheme emergency reserves (Table 31). This issue is impacted by climate change and potentially could have significant impacts on affordability on an annual basis, and in the event of a significant natural disaster event.

A further component to planning for the financial implications of natural disasters is the ability to borrow funds if an event occurs. This is discussed further in the Financial Strategy.

*Preferred response*

Council's preferred approach is to increase the amount of insurance at this time. Further to continue with current practice around provisioning for emergency reserves and review reserve provisioning as part of the Integrated Catchment Management work (issue 7).

This approach contributes to Council's strategic priority to build resilience to the impacts of climate change while acknowledging the trade-off in these decisions in relation to the additional costs to ratepayers annually and the level of insurance able to be claimed if a large event does occur.

*Table 30: Options assessment for the insurance component of planning for financial implications of natural hazard events.*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Continue with the current amount of insurance. | **Advantages**<br>▪ Continued insurance at current amounts.<br>▪ Lower cost than options to increase the amount of insurance cover.<br>**Disadvantages**<br>▪ Increased likelihood that insurance cover will be inadequate to cover the cost of a large event.<br>▪ Increased rating revenue required to keep up with baseline insurance cost increases. | | | | M |
| b) Reduce the current amount of insurance. | **Advantages**<br>▪ Lowest cost option to offset the increases in baseline insurance costs.<br>**Disadvantages**<br>▪ Increased potential that the insurance cover will be inadequate to respond to a large event.<br>▪ Depending on the level of reduction, rating revenue may have to increase to keep up with baseline insurance price increases. | | | | H |
| c) Increase the amount of insurance. | **Advantages**<br>▪ Provides a greater amount of cover if a large event occurs increasing the likelihood insurance cover will be adequate to respond to a large event.<br>▪ Restores levels of insurance cover closer to previous levels in relation to asset value.<br>**Disadvantages**<br>▪ Increased costs of insurance over and above the increases in baseline costs of insurance.<br>▪ May be considered unaffordable for some schemes. | ✓ | ✓ | ✓ | M |
| d) Reviewing what assets are insured and the amount of insurance for the insured assets. | **Advantages**<br>▪ Potential to reduce costs through insuring fewer types of assets, or choosing not to insure assets in more of the schemes.<br>**Disadvantages**<br>▪ If the outcome of the review is to reduce the number and value of assets insured, there would be less increased risk that insurance cover will not be adequate if a large event occurs. | ✓ | | | L |
| e) Maintain the current level of Horizons' emergency insurance reserve. | **Advantages**<br>▪ Maintains this reserve at approximately $3.6 million more than the insurance deductible of $3 million.<br>**Disadvantages**<br>▪ This amount provides for a single large event and rebuilding this reserve after its use in a significant event may be challenging. Would require resourcing. | ✓ | | | M |
| f) Increase the current level of Horizons emergency insurance reserve. | **Advantages**<br>▪ Would continue to grow the $3.6 million toward a further insurance deductible value of $3 million.<br>**Disadvantages**<br>▪ Would require additional rate funding. | | | | L |

*Table 31: Options assessment for the scheme emergency reserves component of planning for the financial implications of natural hazard events.*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Continue with the current practice around rating for emergency reserves. | **Advantages**<br>▪ Continuation of the current process, minimal impact on rating for the schemes.<br>**Disadvantages**<br>▪ Potential that if an event occurs the reserve cover will be inadequate to cover the cost of damage and requests for additional work. | ✓ | | | M |
| b) Reduce the amount of emergency reserve revenue gathered. | **Advantages**<br>▪ Would lower the rating amount for the schemes.<br>**Disadvantages**<br>▪ Increased potential that if an event occurs the reserve cover will be inadequate to cover the cost of the damage and requests for additional work following events. | | | | M |
| c) Increase the amount of emergency reserve revenue gathered by the schemes. | **Advantages**<br>▪ Would increase the amount of reserves for the schemes, increasing the likelihood that reserve cover will be adequate to cover the cost of the damage and requests for additional work following events.<br>**Disadvantages**<br>▪ Increased rating required for schemes at a time when a range of costs are increasing. | | | | L |
| d) Review the policy on provisioning for emergency reserves for the schemes. | **Advantages**<br>▪ Potential for increased consistency in the number of reserves provisioned each year in relation to scheme reserve levels and loan amounts.<br>**Disadvantages**<br>▪ Reduces the ability of schemes to adjust annual provisioning of reserves in relation to their individual financial positions.<br>▪ Increased rating required for schemes at a time when a range of costs are increasing. | ✓ | | | L |

## 9.5. Maintaining existing assets and understanding our asset condition and maintenance

*Issue*

- Horizons currently has a limited understanding of asset conditions and life cycles as regular inspections are not being fully completed due to limited staff capacity.
- Information on asset management is spread across 27 Asset Management Plans.
- Asset condition reporting is currently limited.
- More frequent weather events continue to change asset conditions, requiring more frequent inspections and repairs and increasing the risk of asset failure (Figure 19).
- Increased asset replacement value exacerbates the impact of asset condition change on financial outcomes.
- The asset infrastructure, much of which was established in the 1960s and 1970s, has not been assessed in terms of remaining life cycle based on up to date information to update the renewal programme.
- When aging equipment is due for replacement, requirements for replacement are generally greater than a simple replacement of "like for like" due to new regulatory requirements, climate change and/or community expectations.

*Response options*

A range of response options have been considered in relation to asset management. These options link with affordability issues in terms of cost to the ratepayer for the activity and the linkage to providing information to prioritise and report on the maintenance programme. The options assessed for asset management are overviewed in Table 32.

*Preferred response*

Council's preferred options are centred on increased asset management capacity to better assess risk and inform management of the programme. This contributes to Horizons' strategic priority to build resilience to climate change. The preferred approach includes prioritising critical asset inspections, improving reporting, simplifying asset management plans, and reviewing the asset renewal programme to update information on the issue of aging infrastructure.

Together, these options will enable Council to improve its information, planning processes and work programmes, resulting in greater confidence and efficiency in its asset management.

***Figure 19: Example of asset failure. Stopbank breach in Sluggish Main Drain in the Te Kawau Drainage Scheme during the 2015 flood event.***

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

*Table 32: Options assessment for maintaining existing assets and understanding our assets' condition and maintenance.*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Increasing capacity for asset management activity. | **Advantages**<br>▪ Increased understanding of, and reporting of, asset condition and risks. Improved prioritisation of the maintenance programme to areas of greatest risk in order to increase resilience and reduce risk.<br>▪ Greater capacity to coordinate, prioritise and report on asset management and scheme maintenance activity.<br>**Disadvantages**<br>▪ Increased resourcing required. | ✓ | ✓ | ✓ | L |
| b) Prioritising critical asset inspections. | **Advantages**<br>▪ Increases the focus on assets with the greatest risk.<br>**Disadvantages**<br>▪ No disadvantages identified. | ✓ | ✓ | ✓ | L |
| c) Transitioning to fewer, if not one, Asset Management Plan. | **Advantages**<br>▪ Increased consistency in approach, greater efficiency and improved ability to manage risk at programme level rather than individual scheme level.<br>**Disadvantages**<br>▪ This is an administrative project that will require resourcing. | ✓ | | | L |
| d) Reviewing the asset renewal programme. | **Advantages**<br>▪ This will identify the extent of the aging infrastructure issue using up-to-date asset condition assessments in order to enable decision-making around what assets will be replaced when, and what changes may be required due to new regulatory or community expectation.<br>**Disadvantages**<br>▪ Resourcing required to undertake this task. | ✓ | ✓ | ✓ | L |
| e) Maintain status quo. | **Advantages**<br>▪ Less upfront cost and therefore less rates impact.<br>**Disadvantages**<br>▪ Continued lack of clarity about the condition of our assets makes it difficult to plan with clarity.<br>▪ May result in unbudgeted costs in the event of asset failure or damage to already vulnerable assets during weather events and increased potential for legal action in relation to asset failure.<br>▪ Reactive approach leading to new work being done, thus reducing the amount of maintenance to the existing assets. | | | | |

## 9.6. Achieving environmental, regulatory and other performance expectations

*Issue*

- Many of the schemes were established in the 1960s and 1970s in an operating and climate environment quite different to that today. As these assets are renewed, it is challenging to meet new regulatory and societal expectations for these assets.
- Horizons has more than 250 resource consents to enable activity within schemes, and relies heavily on working through an Environmental Code of Practice established through the One Plan. Ensuring compliance with these regulatory mechanisms has associated costs and reporting on this work could be improved.
- As consents expire and new consents are sought for the activity, the process to obtain these consents is generally more complex, longer and more costly than the past processes to obtain these permissions.
- The regulatory environment is evolving and a range of new regulations have added costs and additional process steps to undertaking projects. Examples include new dam safety regulations, and new freshwater rules e.g. requirements for stream fencing and fish passage.
- Legislation at a national and local level is predicted to continue to change. This is introducing additional costs to respond to proposed new legislation and responding once it is in place.
- Treaty settlements and work to strengthen partnerships with tangata whenua are changing the way projects are delivered.
- There is increasing complexity of obtaining permissions, including consents, land owner approvals, land purchases etc. and this is leading to delays in projects proceeding, increased costs and changes to projects.
- There is potential for reduced levels of service due to legislation/ permission changes, e.g. activities no longer being undertaken as the cost of gaining permission is viewed as prohibitive to the activity continuing.
- There are increasing requests for environmental and/or amenity enhancement works as part of projects.

*Response options*

A range of response options have been considered in relation to this issue. These options link with the Integrated Catchment Management work of issue 7 and affordability (issue 1). The options assessed for this issue are overviewed in Table 33.

*Preferred response*

This approach of increasing resourcing and reporting on regulatory matters contributes to Council's strategic priority of building resilience to the impacts of climate change. The preferred approach contributes to this goal by providing reduced risk of non-compliance with various regulatory permissions, where non-compliance could potentially reduce the amount of work that could be done, e.g. several hundred jobs are being completed under the River Works Code of Practice in 2023-24. Losing the ability to operate under the code due to non-compliances could restrict future work and require individual resource consents to be obtained, increasing costs and potentially making advancing some jobs cost-prohibitive.

Resourcing to meet the dam safety regulations is a necessary cost of compliance. An alternative approach that was assessed was abandoning some of this infrastructure in the face of increasing costs for these structures. Budget has not been included in the Long-term Plan for this at this stage. This is to enable likely resourcing costs, timing of expenditure and funding models to be confirmed, noting some expenditure is likely to be in 2023-24. This will be subject of a Council item when further information is known

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

*Table 33: Options assessment for achieving environmental, regulatory and other performance expectations.*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Increasing staff resourcing for consent and permissions processes. | **Advantages**<br>▪ Increased capacity to reduce risk of non-compliance with resource consents and other permissions, as well as to support obtaining new consents.<br>▪ Increased capacity to assess and respond to new legislative requirements.<br>**Disadvantages**<br>▪ Increased resourcing required to enable this. | ✓ | | | L |
| b) Maintain status quo resourcing for consent and permissions processes. | **Advantages**<br>▪ Reduced costs.<br>**Disadvantages**<br>▪ Increased risk of non-compliances.<br>▪ Non-compliance with dam safety regulations. | | | | M |
| c) Reduce levels of resourcing for consent and permission processes. | **Advantages**<br>▪ Reduced costs.<br>**Disadvantages**<br>▪ Increased risk of non-compliances. | | | | H |
| d) Resourcing activity to meet the dam safety legislation. | **Advantages**<br>▪ Enables the new legislative requirements to be assessed and responded to for the 50-plus dams within the programme.<br>▪ Enables the ongoing benefits of the structures to the community.<br>**Disadvantages**<br>▪ Increased resourcing required to enable this and the limited ability of schemes to fund this. | ✓ | ✓ | ✓ | M |
| e) Not resourcing activity to meet the dam safety legislation and continuing to operate the infrastructure. | **Advantages**<br>▪ Lower cost.<br>**Disadvantages**<br>▪ Would involve operating in a non-compliant manner, thus increasing risk of enforcement action.<br>▪ The work to assess the dams would not be completed and the benefits of this safety-related activity would not be realised. | | | | H |
| f) Not resourcing activity to meet the dam safety legislation and seeking to exit this infrastructure. | **Advantages**<br>▪ Would reduce costs of compliance<br>**Disadvantages**<br>▪ Would require assessment of how to exit this this infrastructure. | | | | H |

## 9.7. Merging the River Management and Flood Protection activity into an integrated catchment approach

*Issue*

- To align with Council's strategic priority of a more holistic approach from the mountains to the sea, there is a need to transition the River Management, Flood Protection and Drainage activity into an Integrated Catchment Management approach. As part of this, Council are seeking a greater alignment of the River Management and Flood Protection activity with the Community Outcome "Our region's ecosystems are healthy".
- Council have changed the committee reporting structure by replacing the previous Catchment Operations and Environment Committees with an Integrated Catchment Committee. This has merged reporting to Council of the non-regulatory programmes into a single committee.
- The Council's non-regulatory programmes for Biodiversity, Biosecurity, Land Management and Freshwater Management are now in the same operational group within Council as the River Management and Flood Protection activity. The Long-term Plan activities have also been reviewed to draw together for these programmes.
- An Integrated Catchment Management approach will require stronger alignment of the regulatory and non-regulatory programmes.
- Council is currently reviewing its Freshwater policies through the Oranga Wai process and this will inevitably have a direct impact on the Integrated Catchment Management approach and the operating environment for both the River Management and Flood Protection Activity, and the other non-regulatory programmes. This impact will include alignment of the non-regulatory programmes with the new visions, objectives and direction setting of the new Freshwater policy and also through this Freshwater policy setting, the policies and rules within which the programmes will need to operate.

*Response options*

A range of response options have been considered in relation to this issue. These options relate to the issue of affordability and the trade-offs between River Management and Flood Protection work to build climate resilience and other activities. The options assessed for this issue are overviewed in Table 34.

*Preferred response*

The preferred approach includes undertaking the Integrated Catchment Management project that is funded separately to the River Management and Flood Protection activity. This contributes to Council's second strategic priority, which is to undertake a more holistic approach from the mountains to the sea. It is also a mechanism to consider how the range of activity Horizons undertakes can be better aligned to achieve all of the desired strategic priorities and community outcomes, to review levels of service and funding models in an integrated manner.

The other component of the preferred approach is investigating Room for River approaches, with some co-funding from Central Government. This seeks to find a more sustainable model for scheme management in terms of resilience to flood events, financial resilience of river management and potentially ecological benefits.

Ngā putanga ā-hapori **Our community outcomes**

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Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

*Table 34: Options assessment for merging the River Management and Flood Protection Activity into an Integrated Catchment Management Approach.*

| Options | Implications of the options | Year 1-3 | Year 3-10 | Year 10-30 | Risk (L/M/H) |
|---|---|---|---|---|---|
| a) Undertake an integrated catchment management project. | **Advantages**<br>▪ Reviewing levels of service will provide greater clarity of how the River Management and Flood Protection Activity and other activities (regulatory and non-regulatory) can better align to provide for an Integrated Catchment Management approach.<br>▪ This would enable levels of service and the associated funding model to be reviewed alongside other activities.<br>**Disadvantages**<br>▪ Increased resourcing required to enable this. | ✓ | | | L |
| b) Consider use of Room for River approaches for scheme management. | **Advantages**<br>▪ Will investigate different scheme management options similar to those being used in the Rangitīkei Scheme.<br>▪ May have benefits for environmental outcomes, scheme resilience to future events and operational costs.<br>▪ Co-funding secured from Central Government for the first year of the Long-term Plan.<br>**Disadvantages**<br>▪ Resourcing required to complete this task.<br>▪ Potential costs of transitioning to a new way of working.<br>▪ Approach is likely to require changes to the way some land is used. | ✓ | | | L |
| c) Maintain status quo. | **Advantages**<br>▪ Continuation of the current model that has been in place over a number of years<br>▪ Reduced costs.<br>**Disadvantages**<br>▪ Provides less scope to review current practice and consult with the community on the future direction of Integrated Catchment Management and the role of River Management and Flood Protection within this. | | | | M |

## 10. MAJOR CAPITAL PROJECTS

Delivery of the capital programme has been identified as a key issue for the Infrastructure Strategy. The capital programme is an important component of achieving Council's strategic priority to build resilience to climate change and the community outcomes around building resilience to natural hazards and climate change. The capital programme also supports the community outcomes for a thriving economy and vibrant community through building flood protection and other assets that protect against the impacts of weather events by reducing the disruption the events cause.

The capital programme includes eight projects that have co-funding from Central Government. These projects are underway and are planned to be delivered in the first two years of the Long-term Plan. The other three proposed major projects are: 1. to increase flood resilience for the Mangaone Stream in Palmerston North; 2. to increase resilience to flooding in the Feilding area; and 3. to lower the Koputaroa number 4 submersible pump to increase levels of service for drainage in the area. The Palmerston North and Feilding projects will be in the planning phases in the first year of the Long-term Plan with delivery planned over the following six years. Throughout the Long-Term Plan, capital renewal programmes are proposed averaging approximately $311,000 per annum.

No major capital expenditure is planned beyond year 8 of this Long-term Plan (2031-32) where the programme is proposed to be limited to capital renewals only. The Integrated Catchment Management work to review levels of service and funding models, combined with the regional flood vulnerability assessment, will inform the next Long-term Plan process and may lead to additional capital expenditure over the period of this Infrastructure Strategy. Affordability is a key issue and this approach reduces over time the capital expenditure on new capital assets.

A particular challenge for forecasting future projects is the need to consult with the community and undertake preliminary design and cost-estimate work. In recent years, with an expanded capital programme and additional work around flood response and recovery, staff time has not been sufficient to advance this level of planning for future projects.

The approach to the capital programme enables future applications to Central Government and/or other partnerships to continue to establish future capital projects, but acknowledges the current work programme in the first few years of the Long-term Plan will be challenging to deliver and new information will be available for the next Long-term Plan to prioritise potential projects.

The delivery of the projects in the first five years of the Long-term Plan, in particular the first two years, will be challenging in terms of the scale and scope of work and the ability to get the appropriate permissions, land agreements etc. to enable the work to proceed. All projects have the project assumptions that design and scoping, consents and other permissions will be able to be secured to enable project delivery with the timeframes specified. More specific project assumptions for the projects are provided in Tables 35 to 39 and in the Financial Assumptions section.

Some projects may take longer than planned. Costs for the projects also have potential to escalate, for example the Feilding project budgets are based on estimates and do not include funding for land purchase. Further information on total project costs for the work programmes will refine as further design work, consultation etc. are completed. A further consideration for project delivery is the appropriate weather, river flow, and ground conditions etc. enabling construction to occur. For example, some projects require low flow conditions for construction to be completed and these do not occur every year.

A brief overview of the major projects, including the planned expenditure and timing, is provided in the following sections

### 10.1. Climate resilience projects

Four Climate Resilience Projects (Rangitīkei, Lower Manawatū, Te Awahou Foxton and Palmerston North) are underway with co-funding by Central Government through Kanoa. These projects were initiated in 2020 as a part of the Government's response to the economic impacts of COVID-19. Horizons received $26.9 million of funding from Government and Horizons' ratepayer contribution is an additional $9 million.

Ngā putanga ā-hapori **Our community outcomes**

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Our region's communities are vibrant and empowered

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Our region's ecosystems are healthy

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Our region's economy is thriving and environmentally sustainable

These projects were initially scheduled for completion in March 2024, however contract variations have been completed to extend the construction component of the projects to the end of June 2025, i.e. by the end of year 1 of the Long-term Plan. The four projects and the planned activity as part of the Long-term Plan are overviewed in Table 35. In total, the planned spend on these projects is $10.618 million, all of which is in year 1 of the Long-term Plan. All of the projects have 75% co-funding from Central Government, with the remaining contribution through ratepayer contributions. The Te Awahou Foxton project has also received co-funding from Horowhenua District Council. Some further work may be carried forward into year 1 of the Long-term Plan if the full work programme for 2023-24 is not delivered.

***Table 35: Overview of the four Climate Resilience projects, planned expenditure as part of the Long-term Plan 2024-54 and project assumptions. Note: common project assumptions to the project are also discussed in the text and not repeated here***

| Project | Planned Expenditure | Timing | Project Assumptions |
|---|---|---|---|
| Rangitīkei Climate Resilience Project<br>The Rangitīkei Climate Resilience project is implementing a more resilient "room for the river" approach to river management for the river downstream of the Bulls Bridge, with one aim being to reduce future damage cost. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ Channel management and other room for river works; and<br>▪ Some berm land planting. | $0.6 million with 75% co-funding from Central Government. | Year 1. | Permissions and weather condition assumptions are considered the highest risks for this project. |
| Lower Manawatū Climate Resilience Project<br>This project is focusses on construction of improvements to the flood protection in the Lower Manawatū Scheme. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ Upgrades to Moutoa flood gates;<br>▪ Upgrades to Moutoa outlet flood gates;<br>▪ Replacement of Rangiotu flood gates;<br>▪ Upgrades to Tokomaru stopbanks; and<br>▪ The continuation of some works on the Koputoroa stopbanks. | $4.9 million with 75% co-funding from Central Government. | Year 1. | Scoping of the work on the Moutoa flood gates and being able to complete the projects within timeframes are considered the highest risks. Consents and other permissions are a further risk for the projects. |
| Te Awahou Foxton Climate Resilience Project<br>This project aims to provide 1:50 year flood protection to the township of Foxton. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ Completion of a resilience works package that is subject to Council decisions in the 2023-24 financial year. May include installing sheet pile, the Cook Street wetland, upstream attenuation and/or other measures. | $1.8 million with 75% co-funding from Central Government. | Year 1. | Decisions on the works to be undertaken are yet to be determined by Council and are awaiting updated design and costing information. |
| Palmerston North Climate Resilience Project<br>This project is focussed on construction of improvements to the flood protection in the Palmerston North area. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ The Tremaine Avenue gabion replacement on the Mangaone Stream; and<br>▪ The Belvedere Crescent stopbank upgrade on the Mangaone Stream. | $3.3 million with 75% co-funding from Central Government. | Year 1. | Securing consents and other permissions is a risk for this project.<br>Weather conditions could pose a risk to project timeline. |

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

## 10.2. Te Pūwaha

The Te Pūwaha project is multi-partner project based around the revitalisation of the port in Whanganui with support through the Provincial Growth Fund that is administered Kanoa. Horizons' component of the larger work programme is the River Training Structures infrastructure upgrades. This work is being delivered in partnership with Te Mata Pūau, the hapū collective who steer and guide the project to ensure it has been developed and guided by Tupua te Kawa and in the context of the Te Awa Tupua (Whanganui River Claims Settlement) Act, 2017. Whanganui District Council are a further funding partner, contributing $1.8 million to the $16.4 million project budget.

The River Training Structures project is being delivered in three main stages (Figure 20).

- Stage 1 is the upgrade to the North Mole River Training Structure.
- Stage 2 includes:
  - Stage 2a: construction of the Tanae Groyne (Stage 2a); and
  - Stage 2b: upgrading the South Mole River Training Structure.
- Stage 3 is the upgrade of river training structures on South Spit, upstream of the Tanae Groyne.

The project was initiated in 2019 and the work programmes for Stages 1 and 2 were originally planned to be delivered by December 2023. Stage 1 was completed in December 2023 and some associated additional flood protection and amenity work is planned in 2024.

The project is seeking an extension to the delivery timeframe, subject to approval by Central Government. The Long-term Plan proposes to carry out construction of the Tanae Groyne in year 1 and work on the South Spit resilience in year 2 (Table 36). The Long-term Plan includes funding of $16.4 million to meet the current budget for the project, but does not include funding to deliver the South Mole upgrade construction, which was estimated to be in the order of a further $9.2 million[32] in March 2023, with costs likely to increase further with time.

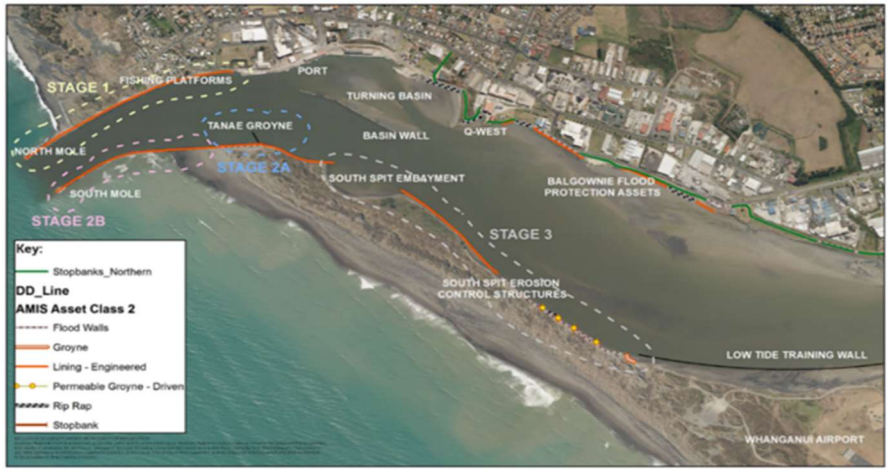


*Figure 20: Te Pūwaha project stages and assets overview.*

*Table 36: Overview of the Te Pūwaha project activity, planned expenditure as a part of the Long-term Plan 2024-54 and project assumptions. Note: common project assumptions to the project are also discussed in the text and not repeated here.*

| Project | Planned Expenditure | Timing | Project Assumptions |
|---|---|---|---|
| Te Pūwaha project<br>Horizons' contribution to the Te Pūwaha project is delivery of River Training Structure upgrades in the location of the Whanganui Port. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ Construction of the Tanae Groyne; and<br>▪ Upgrades to resilience at the South Split. | $5.4 million with 75% co-funding from Central Government. | Years 1 & 2. | Permissions and weather condition assumptions are considered the highest risks for this project. |

[32] Regional Council Meeting 28 March 2023, Lower Whanganui Te Pūwaha update. https://www.horizons.govt.nz/calendar/regional-council-meeting-2023-28-03.aspx

Ngā putanga ā-hapori **Our community outcomes**

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Our region's communities are vibrant and empowered

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Our region's ecosystems are healthy

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Our region's economy is thriving and environmentally sustainable

## 10.3. Local Government Flood Resilience Co-investment Fund

The Local Government Flood Resilience Co-investment Fund is one of a number of initiatives as part of Central Government's budget in 2023 to support response and recovery from the North Island weather events in early 2023, which included Cyclone Hale and Cyclone Gabrielle. This initiative provides funding for Crown co-investment with local authorities in areas impacted by the 2023 North Island weather events to support the proactive management of climate-exacerbated flood risk. The lead agency for this fund is the Department of Internal Affairs.

Horizons received funding for two projects through this fund. The projects were initiated in the 2023-24 financial year and are programmed to be completed in the 2024-25 year (year 1 of the Long-term Plan). In summary, these are:

- To reduce risks to people and houses in the Pohangina Catchment. The total project value is $1.2 million with the local share being $560,000 and $640,000 of Central Government funding; and
- For a regional project to undertake flood forecasting and communication resilience upgrades. The total project value is $4.985 million with the local share being $1.345 million and $3,645,000 of Central Government funding.

The Pohangina Catchment project included a range of work to complete physical flood protection works and a project to assess options for potential flood protection at the River Road, Saddle Road area near Ashhurst. The remaining component of the work that is to be delivered is design and construction of flood protection at Tōtara Reserve, where there are risks to infrastructure and people at the regional park and also risks to roading infrastructure. Horizons' contribution to this project is a total of $210,000 toward the $615,000 sub-project. This funding is via the budget for Tōtara Reserve, which is part of the Biodiversity and Biosecurity budgets. In year 1 of the Long-term Plan, $200,000 of capital has been budgeted toward this project but as this is funded from the Biodiversity budgets is not included in the river management capital budget totals.

The regional project to undertake flood forecasting and communication resilience upgrades (Table 37) has a range of sub-projects comprising of:

- Upgrades to the hydrological monitoring network, including new monitoring stations to provide additional information for flood event management and improve flood forecasting predictions, radio network upgrades and standby power upgrades to build additional resilience in the communication networks during storm events;
- Upgrades to Horizons' flood forecasting system to improve predictions of river flows and inform flood event management;
- Updates to regional flood mapping to provide publicly available information on flood risk;
- A regional flood vulnerability assessment to identify current and predicted levels of service for existing flood protection infrastructure and a regional assessment of flood vulnerability to improve understanding of relative risk across the region and prioritise the work programme; and
- Pump station upgrades to improve communication and reporting from pump stations, thus removing reliance on cell phone communication and third parties during storm events. Some power supplies will be upgraded to enable pump stations to continue to operate if there is a loss of power supply via the national grid.

The projects are a mix of both operational and capital expenditure with funding from a range of budgets across Horizons. Expenditure is planned over 2023-24 year and year 1 of the Long-term Plan. The flood vulnerability assessment is to be funded via operational budgets. The one aspect of this work to be funded via river management capital expenditure in year 1 of the Long-term Plan is the pump station power supply upgrades, which have a budget of $1.135 million in year 1 of the Long-term Plan of which Central Government co-funding is contributing $1.1 million.

*Table 37: Overview of the regional flood forecasting and communication resilience upgrades project planned expenditure as part of the Long-term Plan 2024-54 and project assumptions. Note: common project assumptions to the project are also discussed in the text and not repeated here.*

| Project | Planned Expenditure | Timing | Project Assumptions |
|---|---|---|---|
| Regional flood forecasting and communication resilience upgrades project<br>The river management and flood protection capital programme component of this project as part of the Long-term Plan is to improve communication and reporting from pump stations and installing back-up power supplies to some pump stations. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ Upgrading communication and reporting from pump stations; and<br>▪ Establishing back-up power supplies in some pump stations. | $1.135m with 97% co-funding from Central Government. | Year 1. | Ability to source materials within the timeframes is considered the highest risk for this project. |

## 10.4. Nature-based solutions funding

The Nature Based Solutions funding via the Ministry for the Environment is to investigate Room for the River concepts being applied to the Pohangina and Oroua rivers, and the stretch of the Manawatū River from the lower end of the Manawatū Gorge to the confluence with the Oroua River. This project has evolved from requests by the community and scheme meetings in the Pohangina-Oroua catchments following Cyclone Gabrielle, to investigate alternative methods of river management to reduce the costs of repairs after significant rainfall events.

The Room for the River approach is being implemented in the Lower Rangitīkei scheme and the concept is demonstrated in Figures 21 & 22.

The Room for the River approach aims to:

- Increase engineering resilience by increasing the channel size, thus increasing the capacity to maintain river flows within the defined channel/s;
- Increase financial resilience by decreasing costs via two mechanisms: 1. through reducing the work to highly confine the river/s through maintenance and construction of assets; and 2. reducing future flood damage and ongoing repairs and maintenance through having fewer assets that maintain tightly confined systems;
- Increase ecological resilience by providing gravel beaches, improving riparian zones, widening corridors for native species movement between the ranges and the floodplains, increasing bird habitat, and recreating in-river habitat by allowing habitat complexity with pools, riffles, runs, meanders and side channels; and
- Create more open river spaces that the community can access, use and interact with.

This approach does require additional land area for the river system, which can be in direct competition with the use of this land for other purposes including agricultural production.

This project was initiated in 2023-24 and the Central Government co-funded aspect of the work is programmed for completion in year 1 of the Long-term Plan. The implementation of the project is budgeted to continue beyond then. All current budgeted costs for this project are operational and this project is included here for completeness of the summary of Government co-funded projects. It is also included as it could lead to changes in scheme management that may have transitional costs, including capital costs.

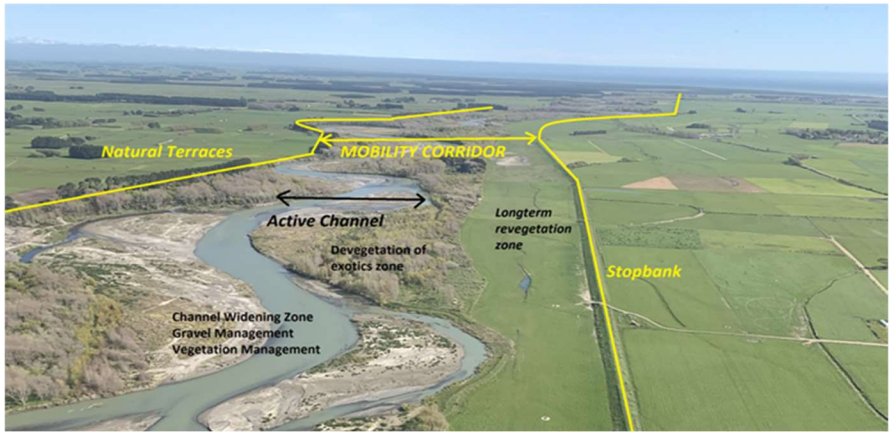


*Figure 21: Annotated photo shown the concept of Room for River approach in the Rangitīkei River with a mobility corridor, channel widening zone and de-vegetation of exotics zone.*

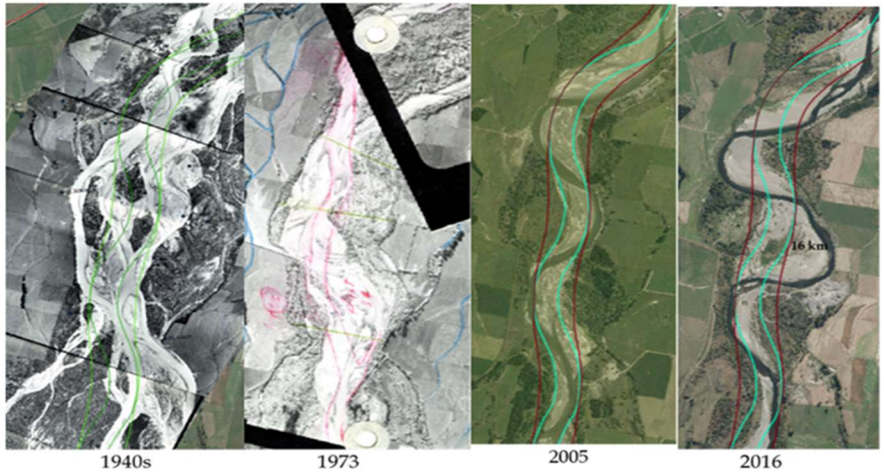


*Figure 22: Aerial photos of the Rangitikei River showing how the river channel has changed from a braided channel to controlled incised channel requiring regular maintenance.*

## 10.5. Palmerston North Mangaone Stream resilience upgrades

This project proposes additional flood resilience upgrades to the Mangaone Stream through Palmerston North. A breach to flood defences in this area would impact a highly populated area and could have significant impacts on the community.

Upgrades to flood resilience in this area have been ongoing over a number of years and the Long-term Plan includes, via the Palmerston North Climate Resilience Project, significant upgrades to the area near Tremaine Avenue and to a stopbank in the Belvedere Crescent location.

This project is a continuation of resilience work for the Mangaone and the works package will be further defined over the course of the first two years of the Long-term Plan. Works are likely to include erosion protection upgrades, particularly on the outsides of bends in the river channel. Works will also likely include channel capacity upgrades and may include amenity and environmental improvement works (Table 38)

***Table 38: Overview of the Palmerston North Mangaone Stream resilience upgrades project planned expenditure as part of the Long-term Plan 2024-54 and project assumptions.*** ***Note: common project assumptions to the project are also discussed in the text and not repeated here.***

| Project | Planned Expenditure | Timing | Project Assumptions |
|---|---|---|---|
| Palmerston North Mangaone Stream resilience upgrades project<br>This project is to complete flood resilience upgrades to the Mangaone Stream. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ Resilience upgrades. | $4.1 million funded by loans to be paid via the Palmerston North Special Project rating mechanism. | Years 2 & 3. | Permissions and weather condition assumptions are considered the highest risks for this project. |

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

## 10.6. Feilding area flood resilience upgrades.

This project is a continuation of work to establish improved flood resilience for Feilding. The work includes the remaining component of the Rural Upgrade project in the Te Arakura Road area, upgrades to the Reid Line spillway to divert an increased amount of water from flowing through the township, and work to increase flood carrying capacity and erosion protection in the Makino Stream through the town (Table 39).

The Te Arakura Road component of the project aims to complete the final component of the rural upgrade project that was halted by protests in 2020. In 2023, the Cyclone Gabrielle event caused flooding of a marae and approximately four houses in this area. The risk of further flooding remains while this stopbank is not complete. An estimated budget provision has been included to enable the remaining approximately 2 km of stopbank to be installed to provide 1 in 100 year flood protection. Delivery, timing and design of the works is subject to agreements and decisions around a stopbank in this location.

The Reid Line spillway was established after the 2004 flood event (around 2009) and a further upgrade was initiated after the 2015 flood event. The upgrade seeks to further reduce the amount of water entering Feilding from upstream sources during flood events. Work over the period from 2018 has progressed some design and land purchases, however this work programme has been delayed due to the focus on the Climate Resilience and Te Pūwaha projects and response/recovery from weather events. The Long-term Plan includes provision for further planning, design and permissions work in year 1 and 2 with an aim to complete construction from year 3 to 7. The major risks to this project include securing the resource consents and obtaining permissions of impacted landowners. The budgets for the Long-term Plan have not included any capital budget for land purchase for this project.

Even with the upgrades to the spillway, there are ongoing challenges with the capacity of the Makino Stream within Feilding. This is partly due to additional development over time contributing additional peak inflows downstream of the diversion structure. A project to increase capacity and upgrade resilience in the Makino Stream is also included with the Long-term Plan. The capacity upgrades component of this are likely to focus on the area of the Duke Street Bridge, which is where the capacity is currently most-limited. The other aspect of the work will be repairing and upgrading existing flood defence and erosion protection in the Makino Stream and establishing new assets for this purpose. The assets established through the Makino Stream since the major flooding in 2004 to improve resilience have mixed ownership and are in a range of asset conditions. This work programme aims to consolidate the management of these assets, complete repairs and upgrades, and establish an ongoing maintenance programme.

***Table 39: Overview of the Feilding area resilience upgrades project planned expenditure as a part of the Long-term Plan 2024-54 and project assumptions.***
***Note: common project assumptions to the project are also discussed in the text and not repeated here.***

| Project | Planned Expenditure | Timing | Project Assumptions |
|---|---|---|---|
| Feilding Area flood resilience upgrades project<br>This project is to complete flood resilience upgrades in the Feilding area. | | | |
| The planned works as part of the Long-term Plan include:<br>▪ Completion of the stopbank on the Oroua River near Te Arakura Road;<br>▪ Upgrades to the Reid Line Spillway; and<br>▪ Resilience and capacity upgrades to the Makino Stream through Feilding. | $15.4 million funded by loans to be paid by the lower Manawatū Scheme. | Years 1 to 7. | Permissions and budget assumptions are considered the highest risks for this project, which requires land access and resource consents. Land purchases have not been budgeted. |

## 10.7. Koputaroa Number 4 Pump Lowering.

This project is to lower an existing submersible pump to improve drainage in the area. The task requires modification of an existing structure to enable the pump to be lowered. Lowering the pump will provide for the pump to operate more effectively and for longer periods. This project is budgeted to cost $100,000 in year 1 of the Long-term Plan.

## 11. ASSET MANAGEMENT

This section of the report overviews asset renewals and disposal practices, and summarises asset condition based on the available data.

### 11.1. Asset renewals

Asset renewals are a critical component of infrastructure management. As outlined in the New Zealand Infrastructure Strategy33 our infrastructure comes with ongoing costs, and alongside expenditure on new infrastructure there is a need to spend on repairing or renewing worn-out infrastructure assets that have been established over time.

The aging nature of Horizons' river management and drainage assets adds to this challenge, as do new regulatory settings and community expectations around replacement of asset infrastructure. A further consideration is maintaining levels of service when replacing assets where larger or different assets may be required to provide the same levels of service due to climate change impacts.

### 11.2. Assigning useful life to assets

The assignment of a useful life to Horizons' assets fits into three types of categorisation (Table 40). These are:

- Assets that are perpetual;
- Assets that have an undefined life span; and
- Assets with specific lifespans in years (Table 41, Table 42).

The lifespans for the various asset sub-types is shown in Table 43.

[33] https://media.umbraco.io/te-waihanga-30-year-strategy/mmahiykn/rautaki-hanganga-o-aotearoa-new-zealand-infrastructure-strategy.pdf

***Table 40: Summary of asset by useful life categorisation***

| Useful life | Perpetual | Undefined | Defined period of time | Total |
|---|---|---|---|---|
| Number of assets | 2,622 | 243 | 929 | 3,794 |
| Percentage of number of assets | 69.1% | 6.4% | 24.5% | 100% |
| Value of assets | $839,934,672 | $14,789,260 | $135,309,601 | $990,033,534 |
| Percentage of value of assets | 85% | 1% | 14% | |

*Table 41: Summary of assets with a specified numeric useful life by asset subtype.*

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value ($) | Percentage of the number of assets with a numeric useful life | Percentage of value of assets with a numeric useful life |
|---|---|---|---|---|---|
| Bank Protection | Lining - Tiered | 2 | 691,391 | 0% | 1% |
| | Retaining Wall | 6 | 449,302 | 0.6% | 0% |
| | Retaining Walls - Mass block | 4 | 4,216,319 | 0.4% | 3% |
| Control Structure | Drop | 4 | 2,403,765 | 0.4% | 2% |
| | Grade | 21 | 612,243 | 2.3% | 0% |
| | Weir | 30 | 6,223,212 | 3.2% | 5% |
| Equipment | Control - Auto Transformer | 19 | 1,438,759 | 2% | 1% |
| | Control - Sensor | 1 | 11,467 | 0.1% | 0% |
| | Control - Soft Starter | 1 | 166,889 | 0.1% | 0% |
| | Control - VSD | 1 | 1,496,000 | 0.1% | 1% |
| | Mechanical - Pump | 46 | 5,768,584 | 5% | 4% |
| | Screen / Filter - Screen | 1 | 63,567 | 0.1% | 0% |
| | Structure - Outlet Grill | 48 | 3,260,884 | 5.2% | 2% |
| | Supply - Generator | 1 | 365,875 | 0.1% | 0% |
| Flood protection | Detention Inlet | 5 | 517,627 | 0.5% | 0% |
| | Detention Outlet | 5 | 517,627 | 0.5% | 0% |
| | Flood Walls | 64 | 8,426,564 | 6.9% | 6% |
| | Floodgate | 20 | 1,912,034 | 2.2% | 1% |
| | Floodgate Structure - Culvert | 534 | 21,806,019 | 57.5% | 16% |
| | Floodgate Structure - Other | 18 | 5,016,887 | 1.9% | 4% |
| | Flow Diversion Structure | 10 | 54,228,546 | 1.1% | 40% |
| | Portable Flood Barrier | 8 | 400,484 | 0.9% | 0% |
| | Spillway | 56 | 4,240,232 | 6% | 3% |
| Site | Land Use - Drainage Pump Station | 24 | 11,075,325 | 2.6% | 8% |
| **Total** | | 929 | 135,309,601 | 100% | 100% |

*Table 42: Summary of assets with a specified numeric useful life by the timeframe of the useful life.*

| Useful life (years) | Number of assets | 2022-23 replacement value ($) | Percentage of the number of assets with a numeric useful life | Percentage of value of assets with a numeric useful life |
|---|---|---|---|---|
| 25 | 46 | 5,768,584 | 5% | 4% |
| 50 | 37 | 4,328,775 | 4% | 3% |
| 70 | 722 | 44,662,064 | 78% | 33% |
| 100 | 50 | 17,895,069 | 5% | 13% |
| 100/200 | 10 | 54,228,546 | 1% | 40% |
| 50/200 | 64 | 8,426,564 | 7% | 6% |
| **Total** | **929** | **135,309,601** | | |

Perpetual assets make up the majority of the assets (69% of number of assets and 84% of the overall value, Table 40). This in part reflects the nature of the assets, including: earth embankments, in the forms of either stopbanks or detention dams; rock riprap; and open drains.

The assets with an undefined lifecycle total approximately 6.5% of the number of assets and approximately 2% of the overall value (Table 40). These assets comprise of three asset subtypes of the bank protection category. Approximately half of these (51.6%) are driven permeable groynes with nearly all of the other half (47.2%) being permeable mesh units. The remainder (1.2%) are gabions. The undefined nature of these relates to the unpredictability of lifespan and need to monitor condition to inform maintenance and replacement.

For assets that have a numerically defined asset life (Table 41), the periods range from 25 to 200 years (Table 42). Assets in this category represent approximately one quarter of the number of assets and 14% of the overall value (Table 40). More than 75% of these assets are flood protection assets with 57% of these being culverted flood gate structures. Predominately (88%

by number of assets and 90% by value) of the assets with specified time frame for useful life have a lifespan of over 50 years (Table 42).

Where assets have been assigned a useful life, i.e. 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. However, this management approach does require careful consideration of whole of life cost and operating risks. Regular inspections and asset condition assessment are a key management tool with this approach.

### *Funding asset renewals*

Horizons approach to funding renewals is to rate relatively consistent amounts on an annual basis and use renewal reserves as a mechanism to fund the renewal expenditure, which varies on an annual basis in relation to information from inspections. As identified above, Horizons does not have established renewal programmes based on up to date estimates of the lifespans for the assets for all of the schemes. This is an identified gap in the asset management programme. Renewal upgrades are occurring both through use of renewal reserves as issues are identified and as part of the capital programme.

A summary of the renewal reserves for each of the schemes, and forecast expenditure over the period of the Long-term Plan, is shown in Tables 44 to 46. There is no expenditure shown for the majority of schemes. The Infrastructure Strategies approach has been to continue to rate as per previous years and build up reserves while the formal asset renewal programme is updated.

*Table 43: Summary of asset sub-types, useful life and depreciation policies.*

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value | Percentage of Asset value | Useful Life | Depreciated (Y/N) | Depreciated value ($) | Not depreciated (value $) |
|---|---|---|---|---|---|---|---|---|
| Bank Protection | Erosion Protection Reserve | 26 | 46,324,063 | 4.7% | Perpetual | N | | 46,324,063 |
| | Gabions | 3 | 620,961 | 0.1% | Undefined | N | | 620,961 |
| | Groyne | 19 | 21,464,760 | 2.2% | Perpetual | N | | 21,464,760 |
| | Lining - Engineered | 101 | 84,523,595 | 8.5% | Perpetual | N | | 84,523,595 |
| | Lining - Non-engineered | 141 | 60,880,633 | 6.1% | Perpetual | N | | 60,880,633 |
| | Lining - Tiered | 2 | 691,391 | 0.1% | 100 | Y | 691,391 | |
| | Permeable Groyne - Driven | 127 | 10,344,547 | 1.0% | Undefined | N | | 10,344,547 |
| | Permeable Mesh Unit | 116 | 4,444,713 | 0.4% | Undefined | N | | 4,444,713 |
| | Planting | 409 | 35,456,788 | 3.6% | Perpetual | N | | 35,465,931 |
| | Retaining Wall | 6 | 449,302 | 0.0% | 50 | Y | 449,302 | |
| | Retaining Walls - Mass block | 4 | 4,216,319 | 0.4% | 100 | Y | 4,216,319 | |
| | Rip Rap | 269 | 77,113,676 | 7.8% | Perpetual | N | | 77,113,676 |
| | Stock Gate | 9 | 68,495 | 0.0% | Perpetual | N | | 68,495 |
| | Tied Tree Work - Anchored | 464 | 37,168,957 | 3.8% | Perpetual | N | | 37,167,957 |
| | Tied Tree Work - Layered | 1 | 5,682 | 0.0% | Perpetual | N | | 5,682 |
| Control Structure | Bed Armouring | 2 | 2,560,081 | 0.3% | Perpetual | N | | 1,580,587 |
| | Drop | 4 | 2,403,765 | 0.2% | 70 | Y | 2,403,765 | |
| | Grade | 21 | 612,243 | 0.1% | 70 | Y | 612,243 | |
| | Weir | 30 | 6,223,212 | 0.6% | 70 | Y | 6,223,212 | |

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value | Percentage of Asset value | Useful Life | Depreciated (Y/N) | Depreciated value ($) | Not depreciated (value $) |
|---|---|---|---|---|---|---|---|---|
| Enhancement | Amenity | 8 | 500,568 | 0.1% | Perpetual | Y/N | 378466.85 | 122,101 |
| | Handrail | 1 | 15,826 | 0.0% | Perpetual | N | | 15,826 |
| | Knee-breakers | 1 | 25,695 | 0.0% | Perpetual | N | | 25,695 |
| | Ramp | 3 | 34,841 | 0.0% | Perpetual | N | | 34,841 |
| | Self Help Depot | 1 | 10,108 | 0.0% | Perpetual | N | | 10,108 |
| | Walkway | 1 | 166,506 | 0.0% | Perpetual | N | | 166,506 |
| Equipment | Control - Auto Transformer | 19 | 1,438,759 | 0.1% | 50 | Y | 1,438,759 | |
| | Control - Sensor | 1 | 11,467 | 0.0% | 50 | Y | 11,467 | |
| | Control - Soft Starter | 1 | 166,889 | 0.0% | 50 | Y | 166,889 | |
| | Control - VSD | 1 | 1,496,000 | 0.2% | 50 | Y | 1,439,983 | |
| | Mechanical - Pump | 46 | 5,768,584 | 0.6% | 25 | Y | 5,584,566 | |
| | Screen / Filter - Screen | 1 | 63,567 | 0.0% | 70 | Y | 63,567 | |
| | Structure - Outlet Grill | 48 | 3,260,884 | 0.3% | 70 | Y | 3,260,884 | |
| | Supply - Generator | 1 | 365,875 | 0.0% | 50 | Y | 365,875 | |
| Flood Protection | Detention Embankment | 54 | 13,312,645 | 1.3% | Perpetual | N | | 12,467,515 |
| | Detention Inlet | 5 | 517,627 | 0.1% | 70 | Y | 517,627 | |
| | Detention Outlet | 5 | 517,627 | 0.1% | 70 | Y | 517,627 | |
| | Flood Walls | 64 | 8,426,564 | 0.9% | 50/200 | Y | 8,426,564 | |
| | Floodgate | 20 | 1,912,034 | 0.2% | 100 | Y | 1,912,034 | |
| | Floodgate Structure - Culvert | 534 | 21,806,019 | 2.2% | 70 | Y | 21,806,019 | |

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value | Percentage of Asset value | Useful Life | Depreciated (Y/N) | Depreciated value ($) | Not depreciated (value $) |
|---|---|---|---|---|---|---|---|---|
| | Floodgate Structure - Other | 18 | 5,016,887 | 0.5% | 70 | Y | 7,924,887 | |
| | Flow Diversion Structure | 10 | 54,228,546 | 5.5% | 100/200 | Y | 53,696,289 | |
| | Guide bank | 15 | 5,319,418 | 0.5% | Perpetual | N | | 5,319,418 |
| | Portable Flood Barrier | 8 | 400,484 | 0.0% | 50 | Y | 400,484 | |
| | Property Mitigation Bund | 15 | 1,693,175 | 0.2% | Perpetual | N | | 1,693,175 |
| | Spillway | 56 | 4,240,232 | 0.4% | 70 | Y | 4,240,232 | |
| | Stopbank | 284 | 417,857,963 | 42.2% | Perpetual | N | | 417,857,963 |
| | Toe Drain | 5 | 592,159 | 0.1% | Perpetual | N | | 592,159 |
| Site | Land Use - Drainage Pump Station | 24 | 11,075,325 | 1.1% | 100 | Y | 12,146,427 | |
| | Pump station - Land/Access | 20 | 283,770 | 0.0% | Perpetual | N | | 283,770 |
| Vegetation Management | Drainage Channel | 770 | 33,934,305 | 3.4% | Perpetual | N | | 33,934,305 |
| Total | Total | 3,794 | 990,033,534 | | | Y or No | 138,894,879 | 852,528,982 |

*Table 44: Summary of asset renewal reserves, planned rating for renewals and planned renewal expenditure for the life of the Long-term Plan for river schemes. Values are in dollars.*

| | 2024-25 | | | 2025-26 | | | 2026-27 | | | 2027-34 | | | 2034-2044 | | | 2044-2054 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| River schemes | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Closing Balance |
| Lower Manawatū (including special project) | 17,227 | - | - | 17,227 | - | - | 17,227 | - | - | 17,227 | - | - | 17,227 | - | - | 17,227 | - | - | 17,227 |
| Rangitīkei River | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Lower Whanganui River | -6,598 | - | - | -6,598 | - | - | -6,598 | - | - | -6,598 | - | - | -6,598 | - | - | -6,598 | - | - | -6,598 |
| Mangatainoka | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| South East Ruahines | 70,519 | 12,814 | - | 83,333 | 12,814 | - | 96,147 | 12,814 | - | 108,961 | 89,698 | - | 198,659 | 128,140 | - | 326,799 | 128,140 | | 454,939 |
| Pohangina - Oroua | -23,623 | - | - | -23,623 | - | - | -23,623 | - | - | -23,623 | - | - | -23,623 | - | - | -23,623 | - | - | -23,623 |
| Ohaū Manakau | 184,353 | 10,098 | - | 194,451 | 10,000 | 2,450 | 202,001 | 10,000 | - | 212,001 | 70,000 | 19,562 | 262,438 | 100,000 | - | 362,438 | 100,000 | - | 462,438 |
| Tararua | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Upper Manawatū | 5,876 | 1,000 | - | 6,876 | 1,000 | - | 7,876 | 1,000 | - | 8,876 | 7,000 | - | 15,876 | 10,000 | - | 25,876 | 10,000 | - | 35,876 |
| Porewa Valley (60:40) | 32,184 | 5,100 | - | 37,284 | 5,100 | - | 42,384 | 5,100 | - | 47,484 | 35,700 | - | 83,184 | 51,000 | - | 134,184 | 51,000 | - | 185,184 |
| Lower Kiwitea | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tutaenui | 6,785 | 350 | - | 7,135 | 350 | - | 7,485 | 350 | - | 7,835 | 2,450 | - | 10,285 | 3,500 | - | 13,785 | 3,500 | - | 17,285 |
| Upper Whanganui | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Matarawa | 36,844 | 6,750 | - | 43,594 | 6,750 | - | 50,344 | 6,750 | - | 57,094 | 47,250 | - | 104,344 | 67,500 | - | 171,844 | 67,500 | - | 239,344 |
| Whangaehu - Mangawhero | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ruapehu DC | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ohakune | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ashhurst Stream | 1,881 | - | - | 1,881 | - | - | 1,881 | - | - | 1,881 | - | - | 1,881 | - | - | 1,881 | - | - | 1,881 |
| Turakina | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Makirikiri | 46,767 | 3,500 | - | 50,267 | 3,500 | - | 53,767 | 3,500 | - | 57,267 | 24,500 | - | 81,767 | 35,000 | - | 116,767 | 35,000 | - | 151,767 |
| Pakihi Valley | 1,592 | 345 | - | 1,937 | 345 | - | 2,282 | 345 | - | 2,627 | 2,415 | - | 5,042 | 3,450 | - | 8,492 | 3,450 | | 11,942 |
| Tawataia - Mangaone | 9,349 | 100 | - | 9,449 | 100 | - | 9,549 | 100 | - | 9,649 | 700 | - | 10,349 | 1,000 | - | 11,349 | 1,000 | - | 12,349 |
| Kahuterawa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total river schemes | 383,156 | 40,057 | 0 | 423,213 | 39,959 | 2,450 | 460,722 | 39,959 | 0 | 500,681 | 279,713 | 19,562 | 760,831 | 399,590 | 0 | 1,160,421 | 399,590 | 0 | 1,560,011 |

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

*Table 45: Summary of asset renewal reserves, planned rating for renewals and planned renewal expenditure for the life of the Long-term Plan for drainage schemes. Values are in dollars*

| | 2024-25 | | | 2025-26 | | | 2026-27 | | | 2027-34 | | | 2034-2044 | | | 2044-2054 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| River schemes | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | River schemes | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | River schemes | Opening Balance | Income | Expenditure |
| Manawatū | 224,940 | 55,928 | 85,306 | 195,562 | 55,928 | 140,649 | 110,841 | 55,928 | 69,081 | 97,688 | 391,496 | 263,812 | 225,372 | 559,280 | 458,423 | 326,230 | 559,280 | 460,359 | 425,150 |
| Makerua | 273,295 | 74,395 | 65,000 | 282,690 | 70,000 | 117,415 | 235,275 | 70,000 | 62,700 | 242,575 | 490,000 | 436,590 | 295,985 | 700,000 | 653,364 | 342,621 | 700,000 | 673,814 | 368,807 |
| Moutoa | 66,509 | 81,569 | 84,194 | 63,884 | 65,000 | 45,945 | 82,939 | 65,000 | 49,123 | 98,816 | 455,000 | 508,230 | 45,585 | 650,000 | 782,381 | -86,795 | 650,000 | 839,618 | -276,414 |
| Koputoroa | 154,108 | 38,826 | 34,835 | 158,099 | 30,000 | 31,597 | 156,502 | 30,000 | 68,131 | 118,371 | 210,000 | 424,277 | -95,906 | 300,000 | 641,742 | -437,648 | 300,000 | 821,484 | -959,133 |
| Te Kawau | 157,025 | 44,726 | 27,700 | 174,051 | 44,726 | 123,577 | 95,200 | 44,726 | 40,755 | 99,171 | 313,082 | 396,067 | 16,186 | 447,260 | 622,700 | -159,253 | 447,260 | 653,682 | -365,676 |
| Hōkio | 3,825 | 516 | - | 4,341 | 516 | - | 4,857 | 516 | - | 5,373 | 3,612 | - | 8,985 | 5,160 | - | 14,145 | 5,160 | - | 19,305 |
| Foxton East | 5,056 | 630 | - | 5,686 | 630 | - | 6,316 | 630 | - | 6,946 | 4,410 | - | 11,356 | 6,300 | - | 17,656 | 6,300 | - | 23,956 |
| Whirokino | 9,937 | 1,589 | - | 11,526 | 1,589 | 2,297 | 10,818 | 1,589 | - | 12,407 | 11,123 | 16,628 | 6,901 | 15,890 | - | 22,791 | 15,890 | - | 38,681 |
| Himatangi | 3,569 | 430 | - | 3,999 | 430 | - | 4,429 | 430 | - | 4,859 | 3,010 | - | 7,869 | 4,300 | - | 12,169 | 4,300 | - | 16,469 |
| Forest Road | 3,978 | 200 | - | 4,178 | 200 | - | 4,378 | 200 | - | 4,578 | 1,400 | - | 5,978 | 2,000 | - | 7,978 | 2,000 | - | 9,978 |
| Haunui | 0 | | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - | - |
| Total drainage schemes | 902,242 | 298,809 | 297,035 | 904,016 | 269,019 | 461,480 | 711,555 | 269,019 | 289,790 | 690,784 | 1,883,133 | 2,045,604 | 528,311 | 2,690,190 | 3,158,610 | 59,894 | 2,690,190 | 3,448,957 | -698,877 |

*Table 46: Summary of asset renewal reserves, planned rating for renewals and planned renewal expenditure for the life of the Long-term Plan for river and drainage schemes. Values are in dollars.*

| | 2024-25 | | | 2025-26 | | | 2026-27 | | | 2027-34 | | | 2034-2044 | | | 2044-2054 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| River schemes | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Opening Balance | Income | Expenditure | Closing Balance |
| Total river schemes | 383,156 | 40,057 | 0 | 423,213 | 39,959 | 2,450 | 460,722 | 39,959 | 0 | 500,681 | 279,713 | 19,562 | 760,831 | 399,590 | 0 | 1,160,421 | 399,590 | 0 | 1,560,011 |
| Total drainage schemes | 902,242 | 298,809 | 297,035 | 904,016 | 269,019 | 461,480 | 711,555 | 269,019 | 289,790 | 690,784 | 1,883,133 | 2,045,604 | 528,311 | 2,690,190 | 3,158,610 | 59,894 | 2,690,190 | 3,448,957 | -698,877 |
| Total all schemes | 1,285,398 | 338,866 | 297,035 | 1,327,229 | 308,978 | 463,930 | 1,172,277 | 308,978 | 289,790 | 1,191,465 | 2,162,846 | 2,065,166 | 1,289,142 | 3,089,780 | 3,158,610 | 1,220,315 | 3,089,780 | 3,448,957 | 861,134 |

## Ngā putanga ā-hapori **Our community outcomes**

**He whakamana hapori, he hapori kori**
Our region's communities are vibrant and empowered

**He pūnaha hauropi ora**
Our region's ecosystems are healthy

**He rohe piki te ōhanga, piki te taiao**
Our region's economy is thriving and environmentally sustainable

### 11.3. Asset disposals

Planned disposal of an asset occurs when the asset is confirmed as no longer in-service, under two main scenarios:

1. Following the end of a fixed lifespan, e.g. a portable flood barrier which has a fixed expiry date recommended by the manufacturer. Decisions about replacement will be made based on a review of the asset purpose and the requirement to replace the asset in order to maintain the level of service, and it is likely to be funded through reserve drawdowns or loan funding; and
2. When assets come up for renewal as they are approaching the end of an estimated useable life based on a calculation of the lifespan of the asset class. For these assets decisions about renewal will be made based on the current performance and condition of the asset and its capability to continue to provide the level of service for which it was designed. Renewals of this type are funded through renewal reserve drawdowns or loan funding.

Other asset disposals can occur when an asset is damaged or assessed and decisions are made not to replace it. Decisions not to replace can relate to new community or regulatory requirements for an asset if it is to be replaced, and the costs of doing so are assessed to outweigh the benefits. An example might be removing a weir that is a barrier to fish passage, where a replacement structure would require fish passage to be provided.

*Implications for the Infrastructure Strategy*

Asset renewals are an item of expenditure that will need to be provisioned for in the Infrastructure Strategy and budgets for the Long-term Plan (Figure 23). The current plan for asset renewals remains consistent with that of the previous Long-term Plan.

There is a risk that due to affordability challenges some renewals do not advance and the current projections include funding for this activity to occur. This assumes like-for-like replacements and with changing climatic conditions, regulatory requirements and community expectations, there may be additional costs that cannot be foreseen at the time of writing this Infrastructure Strategy. Should these arise, they would need to be addressed via scheme budgets and/or Annual Plan or Long-term Plan processes.

*Figure 23: Burkes pump station commissioning/opening 2015. This asset is the biggest of the regions 24 pump stations and the concrete structure has an estimated life span of 100 years.*

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

## 12. ASSET CONDITION

Asset condition inspections and reporting are essential components of managing infrastructure assets. Over recent years Horizons has had challenges meeting the asset inspection targets of the Long-term Plan due to the impacts of Covid-19, Cyclone Gabrielle and capacity constraints.

During the 2022-23 year there were 3,794 assets having a declared value and requiring inspection to meet the Long-term Plan targets. Operationally, these were separated into groups based on criticality of inspection. The programme was disrupted during the year, particularly due to Cyclone Gabrielle and only 951 of the 1,231 critical asset inspections (76%) were completed while none of the remaining 2,563 assets were inspected. Overall, approximately 25% of the assets were inspected in 2022-23, limiting the accuracy of the available data for this Infrastructure Strategy. It is noted that many of the assets will have been inspected, however that information has not been recorded into the asset management database.

Over the last two years, Horizons has increased the size of its asset management team to enable more inspections and improve reporting. The reporting on asset condition is an important component of prioritising maintenance programmes and assessing risk within the asset network.

### 12.1. Asset condition ratings

Our asset condition monitoring programme is designed to identify assets that are most in need of works, according to their condition ratings. Condition ratings (Table 47) are assessed on a scale of 1 (excellent) through 5 (very poor) and there are two additional categories used for monitoring inspections which are 6 (not accessible at last inspection) and 7 (not yet assessed).

***Table 47: Summary of asset condition ratings for river and drainage assets as at November 2023.***

| Rating | Classification | Action | Description |
|---|---|---|---|
| 1 | Excellent | No Action Required | New or near new condition. Some wear but no evidence of damage. Can include repaired assets where the repair is as good as the original. |
| 2 | Good | Monitor to see if there are changes | Deterioration or minor damage that may affect performance. Includes most repair assets. |
| 3 | Average | Consider assessment by Area Engineer | Clearly needs some attention but is still working. Structure in need of repair. Includes repaired where the repair deteriorated. |
| 4 | Poor | Get assessment by Area Engineer | Either not working or is working poorly because of damage or deterioration. Condition or structure is poor or structural integrity in question. |
| 5 | Very Poor | Replace or Repair | Needs urgent attention. |
| 6 | Not accessible at the last inspection | Refer to Area Engineer for a plan to restore access. | Not able to do visual inspection. |
| 7 | Not yet assessed | Refer to Area Engineer to investigate. | Assets without a condition rating. |

### 12.2. Prioritising assets based on criticality

Assets are grouped into high and low criticality classifications (Table 48). High criticality assets are those which are critical to providing the service level of the scheme and require regular inspections of their condition between flood events. These include dams, pump stations, stopbanks, floodgates and weirs. The remaining asset classes are considered to have low criticality. These are unlikely to alter between flood events and provide support to the high critical assets in providing the service level of the scheme. Low criticality assets include drains, tied tree works, rock linings, and vegetation plantings.

The Long-term Plan proposes changes to inspection targets to focus on the high criticality assets being inspected at least once annually and the low criticality assets at least once every five years. This is a change in asset inspection frequency compared to the previous Infrastructure Strategy, where all assets were to be inspected annually. This change in approach is to align with risk and enable further time and focus on following up on asset conditions that are identified as requiring further work, and for repeating inspections of high criticality assets after flood events.

*Table 48: Summary of asset criticality ratings for asset subtypes.*

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value | Percentage of asset value | Number of low criticality assets | Number of high criticality assets | Value of low criticality assets | Value of high criticality assets |
|---|---|---|---|---|---|---|---|---|
| Bank Protection | Erosion Protection Reserve | 26 | 46,324,063 | 0.047 | 26 | | 46,324,063 | |
| | Gabions | 3 | 620,961 | 0.10% | 3 | | 620,961 | |
| | Groyne | 19 | 21,464,760 | 0.022 | 19 | | 21,464,760 | |
| | Lining - Engineered | 101 | 84,523,595 | 8.50% | 101 | | 84,523,595 | |
| | Lining - Non-engineered | 141 | 60,880,633 | 0.061 | 141 | | 60,880,633 | |
| | Lining - Tiered | 2 | 691,391 | 0.10% | 2 | | 691,391 | |
| | Permeable Groyne - Driven | 127 | 10,344,547 | 0.01 | 127 | | 10,344,547 | |
| | Permeable Mesh Unit | 116 | 4,444,713 | 0.40% | 116 | | 4,444,713 | |
| | Planting | 409 | 35,456,788 | 0.036 | 409 | | 35,456,788 | |
| | Retaining Wall | 6 | 449,302 | 0.00% | | 6 | | 449,302 |
| | Retaining Walls - Mass block | 4 | 4,216,319 | 0.004 | | 4 | | 4,216,319 |
| | Rip Rap | 269 | 77,113,676 | 7.80% | 269 | | 77,113,676 | |
| | Stock Gate | 9 | 68,495 | 0 | 9 | | 68,495 | |
| | Tied Tree Work - Anchored | 464 | 37,168,957 | 3.70% | 464 | | 37,168,957 | |
| | Tied Tree Work - Layered | 1 | 5,682 | 0 | 1 | | 5,682 | |
| Control Structure | Bed Armouring | 2 | 2,560,081 | 0.20% | 2 | | 2,560,081 | |
| | Drop | 4 | 2,403,765 | 0.002 | | 4 | | 2,403,765 |
| | Grade | 21 | 612,243 | 0.10% | | 21 | | 612,243 |
| | Weir | 30 | 6,223,212 | 0.006 | | 30 | | 6,223,212 |
| Enhancement | Amenity | 8 | 500,568 | 0.10% | 8 | | 500,568 | |
| | Handrail | 1 | 15,826 | 0 | 1 | | 15,826 | |
| | Knee-breakers | 1 | 25,695 | 0.00% | 1 | | 25,695 | |
| | Ramp | 3 | 34,841 | 0 | 3 | | 34,841 | |

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value | Percentage of asset value | Number of low criticality assets | Number of high criticality assets | Value of low criticality assets | Value of high criticality assets |
|---|---|---|---|---|---|---|---|---|
| | Self Help Depot | 1 | 10,108 | 0.00% | 1 | | 10,108 | |
| | Walkway | 1 | 166,506 | 0 | 1 | | 166,506 | |
| Equipment | Control - Auto Transformer | 19 | 1,438,759 | 0.10% | | 19 | | 1,438,759 |
| | Control - Sensor | 1 | 11,467 | 0 | | 1 | | 11,467 |
| | Control - Soft Starter | 1 | 166,889 | 0.00% | | 1 | | 166,889 |
| | Control - VSD | 1 | 1,496,000 | 0.001 | | 1 | | 1,496,000 |
| | Mechanical - Pump | 46 | 5,768,584 | 0.60% | | 46 | | 5,768,584 |
| | Screen / Filter - Screen | 1 | 63,567 | 0 | 1 | | 63,567 | |
| | Structure - Outlet Grill | 48 | 3,260,884 | 0.30% | | 48 | | 3,260,884 |
| | Supply - Generator | 1 | 365,875 | 0 | | 1 | | 365,875 |
| Flood Protection | Detention Embankment | 54 | 13,312,645 | 1.30% | | 54 | | 13,312,645 |
| | Detention Inlet | 5 | 517,627 | 0.001 | | 5 | | 517,627 |
| | Detention Outlet | 5 | 517,627 | 0.10% | | 5 | | 517,627 |
| | Flood Walls | 64 | 8,426,564 | 0.008 | | 64 | | 8,426,564 |
| | Floodgate | 20 | 1,912,034 | 0.20% | | 20 | | 1,912,034 |
| | Floodgate Structure - Culvert | 534 | 21,806,019 | 0.022 | | 534 | | 21,806,019 |
| | Floodgate Structure - Other | 18 | 5,016,887 | 0.80% | | 18 | | 5,016,887 |
| | Flow Diversion Structure | 10 | 54,228,546 | 0.054 | | 10 | | 54,228,546 |
| | Guide bank | 15 | 5,319,418 | 0.50% | | 15 | | 5,319,418 |
| | Portable Flood Barrier | 8 | 400,484 | 0 | 8 | | 400,484 | |
| | Property Mitigation Bund | 15 | 1,693,175 | 0.20% | 15 | | 1,693,175 | |
| | Spillway | 56 | 4,240,232 | 0.004 | | 56 | | 4,240,232 |
| | Stopbank | 284 | 417,857,963 | 42.10% | | 284 | | 417,857,963 |

| Asset Type | Asset sub-type | Number of assets | 2022-23 replacement value | Percentage of asset value | Number of low criticality assets | Number of high criticality assets | Value of low criticality assets | Value of high criticality assets |
|---|---|---|---|---|---|---|---|---|
| | Toe Drain | 5 | 592,159 | 0.001 | 5 | | 592,159 | |
| Site | Land Use - Drainage Pump Station | 24 | 11,075,325 | 1.20% | | 24 | | 11,075,325 |
| | Pump station - Land/Access | 20 | 283,770 | 0 | | 20 | | 283,770 |
| Vegetation Management | Drainage Channel | 770 | 33,934,305 | 3.40% | 770 | | 33,934,305 | |
| Total | Total | 3,794 | 990,033,534 | | 2503 | 1291 | 419,105,580 | 570,927,954 |

## 12.3. Asset condition ratings as at November 2023

The asset condition ratings as at November 2023 show that overall 94% of the assets are average to excellent i.e. require no further immediate action (Figure 24, Table 49)[34]. A total of 3% of the assets are poor or very poor and a further 3% require further inspection as they were unable to be accessed last time or have not been inspected. The ratings show that 9% of high criticality assets are in poor or very poor condition in part reflect the impact of storm events like Cyclone Gabrielle and the current work programmes to complete repairs after those events.

The accuracy of this information is considered limited given the low number of asset inspections over the previous year.

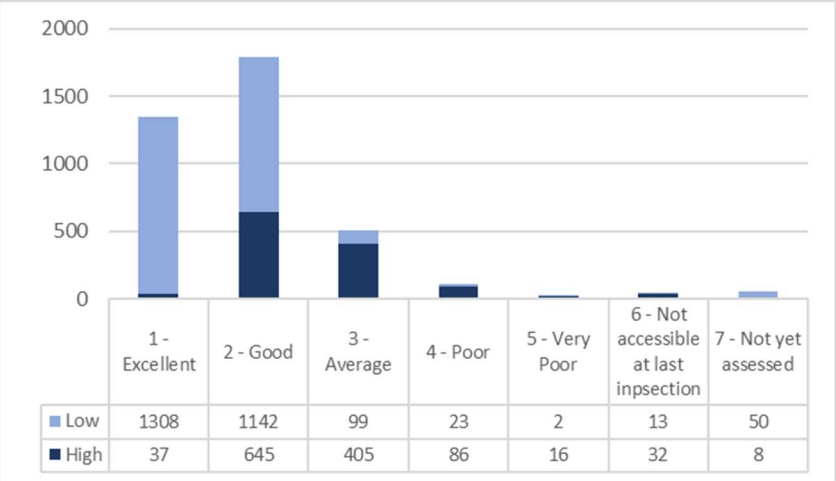


*Figure 24: Summary of Asset Condition ratings as at November 2023.*

[34] In November 2023 there were 1,228 high criticality assets (Figure 25) and 2,637 low criticality assets. The total number of assets reported differs from some other parts of the Infrastructure Strategy that report on assets as at the end of June 2023.

*Table 49: Asset condition rating summary for Horizons River Management assets at November 2023*

| Asset condition rating | | | | |
|---|---|---|---|---|
| Criticality | Average to Excellent | Poor to very poor | Unable to be accessed, or have not been inspected | Total |
| High | 1,087 | 102 | 40 | 1,229 |
| Low | 2,549 | 25 | 63 | 2,637 |
| Total | 3,636 | 127 | 103 | 3866 |
| High | 88% | 8% | 3% | 100% |
| Low | 97% | 1% | 2% | 100% |
| Total | 94% | 3% | 3% | 100% |

The more specific asset summary information for the individual schemes are shown in Tables 48 & 49 below.

*Figure 25: Asset condition inspection at the Makino flood gates upstream of Feilding. This asset is an example of high criticality asset.*

*Table 50: Summary of asset condition ratings for Horizons river scheme assets as at November 2023*

| | | Asset condition rating | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | River scheme | Criticality | 1-Excellent | 2-Good | 3-Average | 4-Poor | 5-Very Poor | 6 -Not accessible at last inspection | 7- Not yet assessed | Row Total |
| 1 | Lower Manawatū (incl. special project) | High | 9 | 179 | 136 | 30 | 5 | 17 | 7 | 383 |
| | | Low | 3 | 451 | 21 | 4 | | 2 | 4 | 485 |
| 2 | Rangitīkei River | High | | 17 | 23 | 2 | | | 1 | 43 |
| | | Low | 7 | 126 | 15 | 7 | 1 | 1 | 2 | 159 |
| 3 | Lower Whanganui River | High | | 29 | 14 | | | | | 43 |
| | | Low | 1 | 16 | | | | | 9 | 26 |
| 4 | Mangatainoka | High | | 5 | 15 | 4 | 1 | | | 25 |
| | | Low | 164 | 175 | 12 | 4 | | 2 | 3 | 360 |
| 5 | South East Ruahines | High | | 10 | 22 | 2 | 6 | | | 40 |
| | | Low | 44 | 170 | 16 | 4 | | 3 | 1 | 238 |
| 6 | Pohangina - Oroua | High | | | | | | | | 0 |
| | | Low | 143 | 33 | 14 | | | | 4 | 194 |
| 7 | Ohaū Manakau | High | 2 | 15 | 11 | 6 | 1 | | | 35 |
| | | Low | 214 | 16 | | | 1 | | | 231 |
| 8 | Tararua | High | | | | | | | | 0 |
| | | Low | 3 | 2 | 1 | | | | 15 | 21 |
| 9 | Upper Manawatū | High | | 1 | 1 | 1 | | | | 3 |
| | | Low | 48 | 64 | 8 | 2 | | 5 | 5 | 132 |
| 10 | Porewa Valley (60:40) | High | 1 | 61 | 14 | 5 | | | | 81 |
| | | Low | | 1 | | | | | | 1 |
| 11 | Lower Kiwitea | High | 1 | 1 | | | | | | 2 |
| | | Low | 120 | 3 | 1 | | | | | 124 |
| 12 | Tutaenui | High | 5 | 48 | 4 | | | | | 57 |
| | | Low | | 6 | | | | | | 6 |
| 13 | Upper Whanganui | High | | 7 | 5 | | | 3 | | 15 |
| | | Low | 2 | 23 | 3 | | | | 1 | 29 |

| | | Asset condition rating | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | River scheme | Criticality | 1-Excellent | 2-Good | 3-Average | 4-Poor | 5-Very Poor | 6 -Not accessible at last inspection | 7- Not yet assessed | Row Total |
| 14 | Matarawa | High | | 23 | 17 | 1 | | 1 | | 42 |
| | | Low | 1 | 6 | 3 | | | | | 10 |
| 15 | Whangaehu - Mangawhero | High | | | | | | | | 0 |
| | | Low | | | | | | | 2 | 2 |
| 16 | Ruapehu DC | High | | | | | | | | 0 |
| | | Low | | | | | | | 1 | 1 |
| 17 | Ohakune | High | | | | | | | | 0 |
| | | Low | | | | | | | | 0 |
| 18 | Ashhurst Stream | High | 1 | 12 | 6 | 1 | | 2 | | 22 |
| | | Low | 2 | | | | | | | 2 |
| 19 | Turakina | High | | | | | | | | 0 |
| | | Low | 1 | | 1 | | | | 3 | 5 |
| 20 | Makirikiri | High | | 6 | 11 | 4 | 1 | 2 | | 24 |
| | | Low | | 1 | | | | | | 1 |
| 21 | Pakihi Valley | High | | 6 | | | | | | 6 |
| | | Low | | | | | | | | 0 |
| 22 | Tawataia - Mangaone | High | | 3 | | | | | | 3 |
| | | Low | 2 | 11 | | | | | | 13 |
| 23 | Kahuterawa | High | | | | | | | | 0 |
| | | Low | | | | | | | | 0 |
| | Total river schemes | High | 19 | 423 | 279 | 56 | 14 | 25 | 8 | 824 |
| | Total river schemes | Low | 755 | 1104 | 95 | 21 | 2 | 13 | 50 | 2040 |
| | Total river schemes | Total | 774 | 1527 | 374 | 77 | 16 | 38 | 58 | 2864 |

*Table 51: Summary of asset condition ratings for Horizons drainage scheme assets as at November 2023.*

| | | Asset condition rating | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | River scheme | Criticality | 1-Excellent | 2-Good | 3-Average | 4-Poor | 5-Very Poor | 6 -Not accessible at last inspection | 7- Not yet assessed | Row Total |
| 1 | Manawatū | High | 4 | 49 | 44 | 12 | 2 | 3 | | 114 |
| | | Low | 183 | 7 | 2 | | | | | 192 |
| 2 | Makerua | High | 7 | 58 | 23 | 2 | | 1 | | 91 |
| | | Low | 82 | | | | | | | 82 |
| 3 | Moutoa | High | | 21 | 6 | 2 | | | | 29 |
| | | Low | 52 | 1 | 1 | | | | | 54 |
| 4 | Koputoroa | High | 3 | 36 | 23 | 5 | | 1 | | 68 |
| | | Low | 46 | 6 | | | | | | 52 |
| 5 | Te Kawau | High | 1 | 51 | 24 | 4 | | 1 | | 81 |
| | | Low | 118 | 4 | | 1 | | | | 123 |
| 6 | Hōkio | High | 1 | | 2 | 1 | | 1 | | 5 |
| | | Low | 33 | 3 | | | | | | 36 |
| 7 | Foxton East | High | | | | 1 | | | | 1 |
| | | Low | 9 | 1 | | | | | | 10 |
| 8 | Whirokino | High | | 6 | 4 | 1 | | | | 11 |
| | | Low | 6 | 9 | 1 | | | | | 16 |
| 9 | Himatangi | High | 2 | | | 2 | | | | 4 |
| | | Low | 24 | | | | | | | 24 |
| 10 | Forest Road | High | | 1 | | | | | | 1 |
| | | Low | | 4 | | | | | | 4 |
| 11 | Haunui | High | | | | | | | | 0 |
| | | Low | | 3 | | 1 | | | | 4 |
| | Total drainage schemes | High | 18 | 222 | 126 | 30 | 2 | 7 | 0 | 405 |
| | Total drainage schemes | Low | 553 | 38 | 4 | 2 | 0 | 0 | 0 | 597 |
| | Total drainage schemes | Total | 571 | 260 | 130 | 32 | 2 | 7 | 0 | 1002 |

*Implications for the Infrastructure Strategy*

Asset condition inspections and reporting are an essential part of asset management. Horizons has not fully achieved its goals around asset inspections in recent years and additional staff are being proposed to add capacity to the team. New performance targets have been added to the Long-term Plan to provide additional reporting on asset inspections and asset condition ratings on an annual basis. This includes measures for annual inspections for all high criticality assets and at least 20% of the low criticality assets each year.

This Infrastructure Strategy includes a shift to a more maintenance-based programme for operational activity within the schemes, informed by the asset inspections and condition ratings. A further aim of this more structured maintenance-based approach is to reduce the damage that occurs to assets in events and to focus on existing assets, rather than establishing new assets as part of the operational programme.

Additional staffing in the asset management team will provide further capacity to enable this additional work and improved reporting on asset condition and the maintenance programme. The staff cost will add additional cost to the programme that will be spread across the schemes.

## 13. PLANNING ASSUMPTIONS

The Infrastructure Strategy investment programme is based on the assumptions in Table 52. The full list of assumptions is included in the Long-term Plan.

***Table 52: Planning assumptions for the Infrastructure Strategy.***

| Assumption | Description of risk | Level of uncertainty about assumption | Potential effects of uncertainty on financial estimates |
|---|---|---|---|
| **Infrastructure asset lifecycle** | | | |
| The predicted useful lifespans of assets are correct and kept relevant (in line with policies) through the entire lifecycle of the significant infrastructure assets. | That the actual lives are of a shorter duration than those assumed and that a significant event could shorten asset life. | Medium | There may be additional costs if asset conditions deteriorate faster than the projections used. |
| That our condition assessments will maintain a high level of confidence grading, giving confidence that our work plans are most appropriate for the condition and life cycles of our assets. | That our condition information grading deteriorates and Council cannot make informed decisions on asset renewals or works programmes. | Medium | There may be increased costs if the programme is not prioritised based on up to date asset information. |
| **Change in demand for services** | | | |
| The operational budgets for management of the River Management and Flood Protection Activity will be sufficient to meet demand for service, including the refinement as a part of the Long-term Plan of budgets to place more emphasis on maintenance and a reduction in the amount of budgets for reactionary work. | There is a risk that weather events combined with the reduced availability of funds for repair work creates increased demand for out-of- budget work that is not budgeted (including through availability of reserves). | Medium | There may be additional unbudgeted costs for delivery of unplanned work. |
| | There is a risk that the increased maintenance programme will not be able to be delivered within the resources available, as when the programme is rolled out there are insufficient staff or budget for the work programme, including budgets for obtaining permissions for the programme. | Medium | If less work is delivered than planned there may be savings. There may also be increased risk that could lead to additional costs. |
| **Insurance** | | | |
| That insurance costs will increase by 20% per year for the first three years, 15% per year for years 4 to 10, 10% per year for years 11 to 20 and 5 percent per year for year 21 to 30. | The annual insurance cost increases are a mix of increases due to inflation, increases in the value of the assets insured previous, addition of assets to the schedule and increases due to increased risk and other factors in the insurance market. The assumptions used are based on the approximately 30% increase in the 2023-24 year, and market indications from the insurance company including via verbal conversations. | High | If the insurance cost increases are more or less than this there may be further budget required. Alternatively if they are lower the costs may not be as much. |
| That the current assets that are insured continue to be insured. | The infrastructure strategy signals a review of insurance that may result in reductions in the amount of insurance. | High | If Council chooses to reduce the amount of insured assets the insurance costs may reduce. |
| That Council continue to insure at the increased amounts for a single event and for the pooled insurance as per the resolutions in late 2023. | Council are consulting on insurance and may make changes as a result of feedback from the community.<br>The pooled insurance premium amounts are dependent on the number of other Councils purchasing this cover. If only a few Councils choose this type of cover the cost may be deemed too high. | High | Changes to forecast costs for insurance may be required due to the community feedback, confirmation of the costings for the increased insurance (which are currently estimates) and if the decision to add this insurance is changed due to the number of partner councils that choose to enter the arrangement. |

| Assumption | Description of risk | Level of uncertainty about assumption | Potential effects of uncertainty on financial estimates |
|---|---|---|---|
| That Horizons continues to insure the Whanganui North and South moles that Horizons do not own. | Horizons are working with Whanganui District Council around ownership, maintenance and insurance of the North and South Mole. This may result in Horizons no longer insuring the North and South Moles. Noting that if Horizons is continuing to complete construction on the moles, construction insurance may still be required. | High | Potential for reduced insurance costs for the Whanganui North and South Moles. |
| **Whanganui North and South Mole ownership** | | | |
| That Horizons continues to complete maintenance and construction work on the North and South Moles and does not own these. | Horizons are working with Whanganui District Council around ownership, maintenance and insurance of the North and South Mole. These discussions could impact the way funds spent by Horizons are accounted for. As Horizons does not own the moles, the expenditure on the moles is considered an operational expense, rather than a capital expense. | Medium | If Horizons were to assume ownership of the Moles the expenditure on the moles would be able to be accounted for as a capital expense. |
| **Changes to levels of service** | | | |
| The levels of service required for River Management and Flood Protection Activity stay the same over the course of the Long-term Plan, with the exception of the upgrades proposed as a part of the capital works programme. | There is a risk that during the course of the Long-term Plan there is an increased demand for services e.g. more regular maintenance and/or a greater amount of repair work, or upgrades to levels of service than budgeted for. This risk is considered high, particularly if there are more frequent damage-causing events. | High | There is potential for further resourcing and staff and funding may be required to deliver work that is requested. This may mean financial budgets need to be adjusted via the annual planning processes during the course of the Long-term Plan. |
| | A further risk is that there may be a drop in demand for levels of service if costs for repairs and/or maintenance are considered unaffordable, or if the community chooses a reduced level of service. This could lead to asset retreat and lowering levels of service. | Medium | Some aspects of the work programme may not be continued, potentially resulting in savings. This may mean financial budgets need to be adjusted via the annual planning processes, during the course of the Long-term Plan. |
| The assumption in the Long Term Plan is that landowner arrangements will be acquired to enable works to go ahead within timeframes without budget provision for land arrangements. | There is a risk that costs related to arrangements for land access as part of capital programmes are significant. Costs may including legal processes, consultation, purchase, leases, compensation etc. | High | As land arrangements are identified, additional unbudgeted expenditure may be required. |
| **Capital programme delivery** | | | |
| That Council will complete 100% of planned annual capital works programme each year as part of the River Management and Flood Protection Activity. | Completion of the capital works programme requires the appropriate operational permissions, resourcing and often suitable weather conditions. Achieving this combination is not always possible, e.g. years where there are major storm events or regular high flow events during the usual summer construction season. | Very High | The non-completion of capital programmes can have a flow-on effect to subsequent years, changing budget requirements and staffing requirements.<br>There is potential that some projects will not be completed within anticipated timeframes, impacting on the ability to complete other projects.<br>There is also potential for increased costs due to: inflation if the projects are spread over additional years; and requirements for project changes if there are challenges to the way projects are proposed to be delivered. |

| Assumption | Description of risk | Level of uncertainty about assumption | Potential effects of uncertainty on financial estimates |
|---|---|---|---|
| That staff capacity will be sufficient to enable delivery of the capital programme. | The programme also relies on staff availability, which can be reduced when responding to weather events or new and unanticipated projects. Staff availability can also be impacted due to staff turnover in an environment with very little, if any, spare staff capacity. Staff can also be drawn away from the core work programme to other activity for Horizons and others, e.g. to provide expertise on issues such as policy development or to assist other organisations with their processes and projects. | Very High | If work is unable to be progressed due to staff capacity there may be savings in annual budgets and increases in future budgets due to work being deferred. Deferred work may have additional cost due to inflation. There may loss of government or other co-funding if contractual obligations are not met e.g. delivery within timeframes. |
| That Horizons as an applicant will obtain regulatory permissions within the planned budgets and timeframes for projects. | Experience shows that often when river and drainage projects are proposed there is some opposition to the work programme that can lead to delays or changes in the way the project is delivered. This can lead to delays and additional costs to get permissions. Regulatory processes and new legislation can lead to changes in project methodologies and additional costs. | Very High | There may be additional costs associated with obtaining permissions, or meeting requirements of existing or new regulatory requirements. |
| Changes in land use and population | | | |
| Changes in population and land use will not significantly impact the programme over the duration of the Long-term Plan. | Changes in land use and population growth could impact the programme for example climate change and freshwater reform may drive land use changes in the primary sector and populations are projected to grow. There is a risk that land-use change and population changes may lead to requests for new levels of service. | Medium | Financial forecasts and programmes may have to change the amount of delivery or the way they are delivered in response to changes to land use and population. |
| That recent land-use changes in the region e.g. increased forestry will not impact the River Management and Flood Protection Activity | There may be elements of land-use change that have occurred where impacts on Horizons' programmes are yet to be fully realised and this could lead to additional costs for some programmes. Alternatively, if prevailing land-use changes markedly, this may require large-scale reassessment of levels of service.<br><br>Issues around forestry slash have been significant issues in other regions during flood events, and there is no known work programme to identify the risk of this causing issues in this region. | Medium | |

## 14. FINANCIAL IMPLICATIONS OF COUNCIL'S KEY DECISIONS

### 14.1. Summary

Overall operational and capital expenditure projections for the 30 years of the Infrastructure Strategy (year 1 to 30) are shown in Figure 26. The combined operational expenditure (loan costs, depreciation costs, insurance costs and other costs) are projected to increase significantly over the 30 years, largely driven by forecast increases in insurance. Capital budgets are projected to peak in year 1 and reduce over the first 7 years to renewals only in year 8. Loans are projected to be fully paid off by year 28. There is significant uncertainty around the operational and capital forecasts as discussed in the following sections

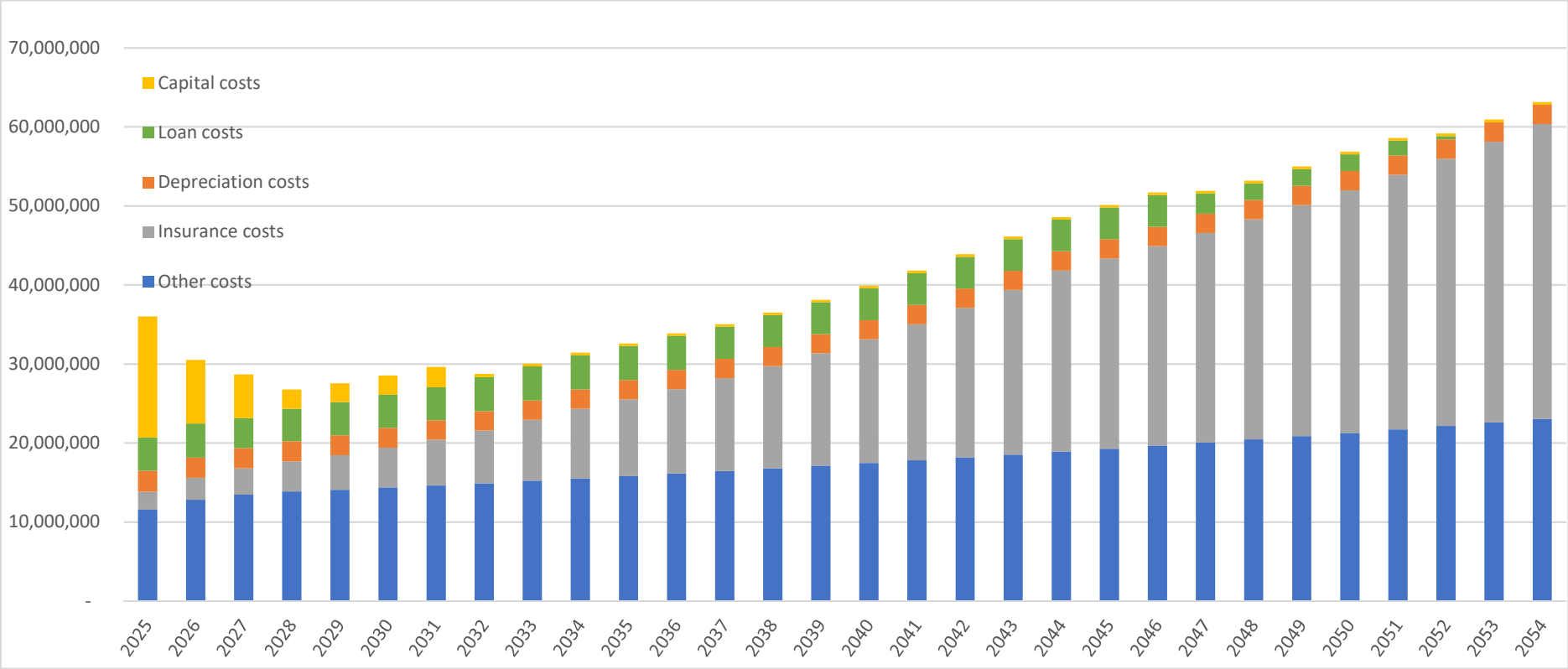


*Figure 26: Planned expenditure ($) over the 30 years of the Long-term Plan based on the assumptions of the Infrastructure Strategy.*

## 14.2. Capital programme

Capital expenditure is predicted to peak in year 1 of the Long-term Plan at $15.3 million, up from the $13.5 million in 2023-24 (Figure 27). This includes some work being deferred from the 2023-24 programme to year 1 of the Long-term Plan. The capital programme totals $46.4 million over 30 years, with 86% of that ($39.8 million) in the first 10 years of the Long-term Plan. The programme reduces to renewals only in year 8. The renewals programme averages approximately $324,000 per annum over the 30 years and totals $9.7 million. There are a range of assumptions underlying these projections (Section 10). The size and timing of the capital programme has historically been modified by Council through annual planning cycles. Council will likely add projects in the future. The next Long-term Plan will revisit the forward capital programme with the benefit of considerable new information. This will include the flood vulnerability assessment which will review levels of service of existing assets and provide a flood risk assessment for the regions communities. Further, the Integrated Catchment Management work programme, which will review levels of service and funding models, is programmed to be completed to inform the next Infrastructure Strategy.

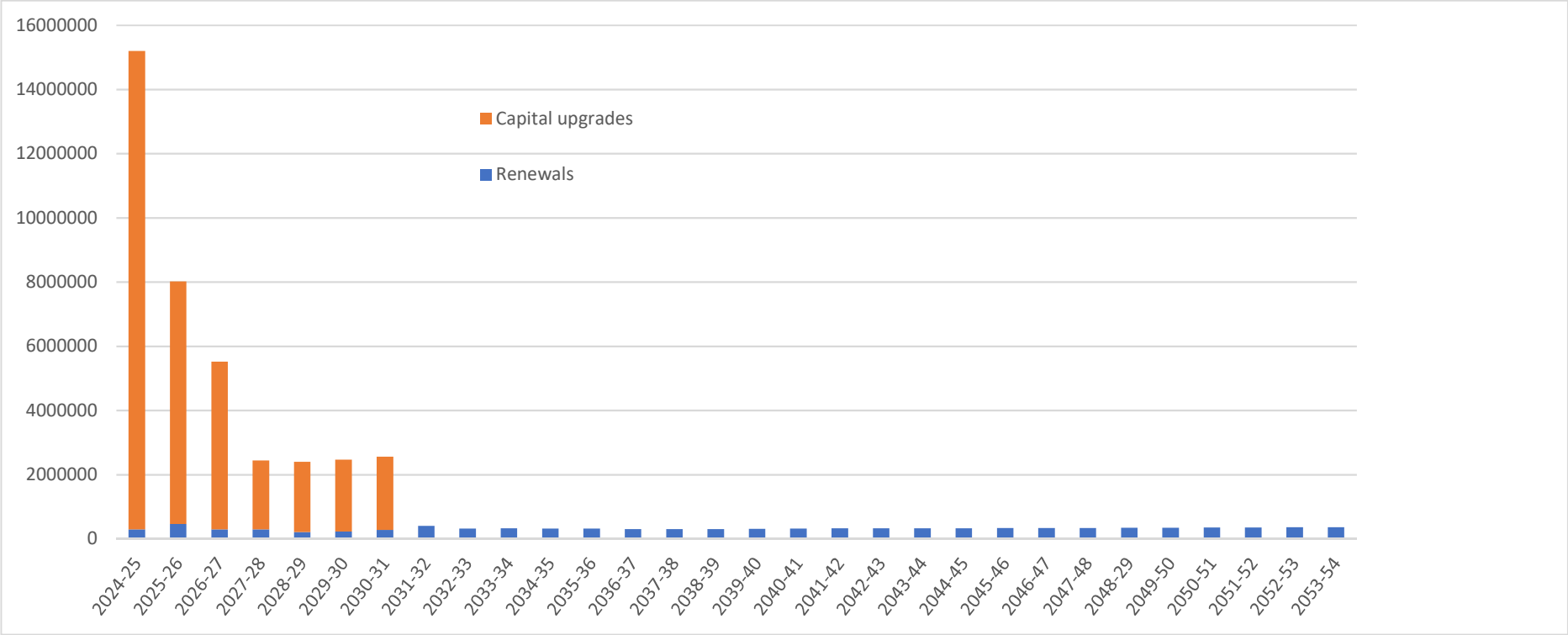


*Figure 27: Summary of River Management and Flood Protection capital expenditure budgets ($) over the 30 years of the Long-term Plan*

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## 14.3. Debt and loan repayments

Budgeted loan balances, loan drawdowns and loan payments are shown in Figure 28. Overall loan balances are forecast rise from $44.6 million at the start of year one to a peak of $56.2 million at the start of year 6 of the Long-term Plan. With the planned reduction in capital spend (Section 10, Section 14.2), loan drawdowns reduce to zero by year 8 and loan repayments are forecast to repay all debt by year 28 (2052). Loan repayments are projected to increase by approximately 30% from the 2023-24 year to year 1 of the Long-term Plan ($3.25 million to $4.22 million) reflecting the significant budgeted capital programme in 2023-24. The peak loan repayments are predicted in year 2 at $4.32 million, with average loan repayments predicted to be $4.2 million annually over the first 10 years.

There are a range of assumptions in this modelling that could lead to a different profile of debt for the programme over the 30 years of the Infrastructure Strategy. These include additional capital programmes being added to the programme following the completion of the current government co-funded projects and the flood vulnerability assessment. The amount of work completed in the 2023-24 year, is likely to reduce the starting point for debt in the first year of the Long-term Plan. If more of this work is carried forward into the Long-term Plan than currently planned, the peak debt estimate is unlikely to change significantly, however the timing may be delayed. The proposed review of loans may increase or reduce loan repayments changing the debt profile over time. Any borrowings for the dam safety compliance work will also add to debt and repayment requirements. A significant natural hazard event could also alter the debt profile.

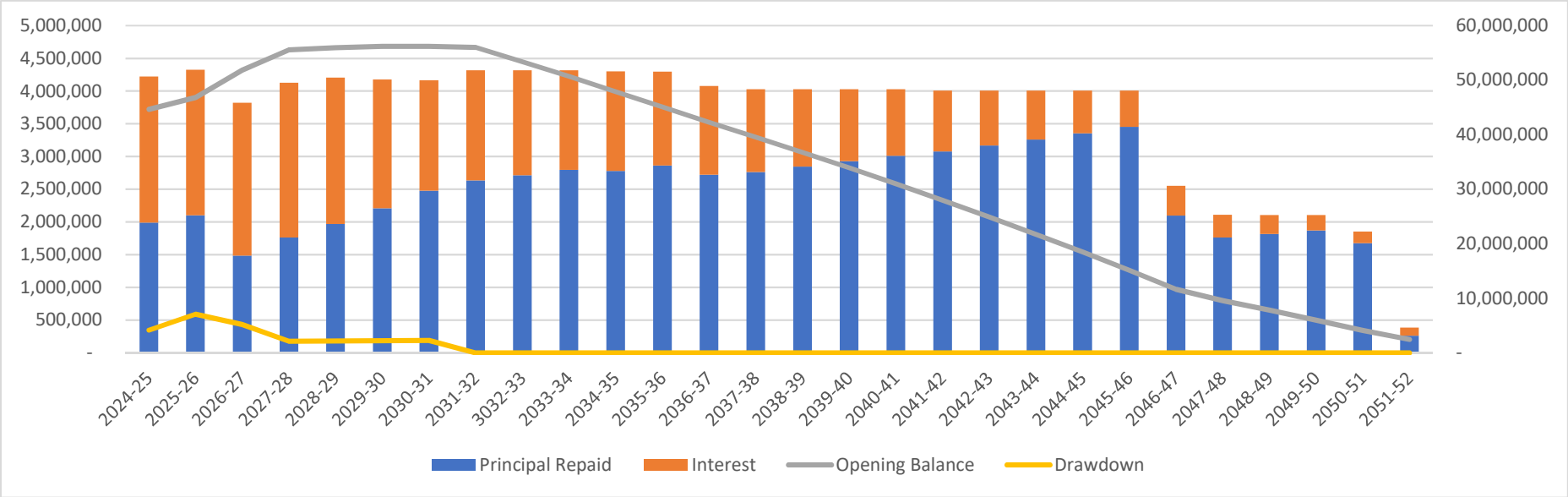


***Figure 28: Summary of total scheme loan costs ($) over the 30 years of the Long-term Plan, showing loan debt and drawdowns (left axis) and loan repayment amounts split into principal and interest (right axis).***

### 14.4. Insurance

The budget for insurance costs are forecast to increase significantly (Figure 26). Current budgets increase from $1.270 million in 2023-24 to $2.3 million in 2024-25 (year 1 of the Long-term Plan) and up to approximately $9 million by year 10, noting significant uncertainty in the assumptions. The assumptions include annual increases of 20% for the first three years, 15% for years 4 to 10, 10% for years 11 to 20 and 5% for the remaining 10 years.

These assumptions include the inflationary increases in the base premiums and the increased insurance cover through the amount of pooled insurance and increased Horizons sub-limit. A further assumption is that the planned insurance review does not result in changes to these insurance budget projections. A factor that has not been accounted for, is the ongoing addition of assets through the capital and operational programmes. This could further increase insurance premiums.

A review of infrastructure insurance is planned within the first three years of the Infrastructure Strategy in response to the forecast increases in budgets for insurance.

### 14.5. Operational costs

The operational budgets include depreciation, loan payments, insurance and other costs. The other costs include contractor and staff time, corporate costs, hydrological monitoring costs, and scheme operational costs.

Overall operational costs are predicted to increase over time (Figure 26) with inflationary pressure and the addition of new expenditure in years 1 to 3. Insurance is forecast to be the major driver of increases in the operational costs.

Operational costs are predicted to increase from $20.7 million to $23.1 million over the first three years of the Long-term Plan. Over the longer-term these costs are forecast to increase from $31.1 million in year 10 to $62.7 million in year 30.

The increases from 2023-24 to year 1 of the Long-term Plan include: approximately $1 million of budget increase for insurance; an allowance of $250,000 of additional budget for scheme maintenance; two new asset management positions ($250,000); and some inflationary increases.

The year 2 and 3 increases include: further insurance premium increases; the transition of some staff cost ($390,000) from capital funded to operationally funded; a further $250,000 increase for scheme maintenance in year 3; and some inflationary increases.

The impact of the cost increases over years 1 to 3 are predicted to be variable across the schemes. For example approximately 80% of the insurance increases are likely to be apportioned to the Lower Manawatū and Rangitīkei schemes.

## ANNEX 1: SUPPORTING INFORMATION

This annex provides further supporting information for the Infrastructure Strategy including a further comment on the asset information data reliability and levels of service. In summary, the Infrastructure Strategy has identified some issues with components of the asset information and this annex draws these together to provide an overall assessment of data reliability. The levels of service section draws together the deliverables in terms of Long-term Plan performance targets for maintenance with the objectives for asset condition ratings and the goals of the assets e.g. 1 in 500 year flood protection for a particular area.

### 1.1 Asset Information Data Reliability

There are a range of types of asset management information that underpin the Infrastructure Strategy e.g. asset condition scores, asset valuations, renewal programmes etc. The quality of these various types of data sources are commented on the Infrastructure Strategy and this Annex draws these together to provide further comment on the data confidence for individual types of data and an overall rating using a common framework (Table 1).

The Infrastructure Strategy notes there are gaps in the Asset Information and some processes. The Strategy identified asset management as a key issue and assessed options to improve this. The preferred responses include:

- Additional capacity for asset management activity;
- Improving asset renewal information and programming;
- Changes to asset inspection targets;
- New reporting to Council annually;
- An increased focus on maintenance of assets in the programme (reduced reactive work and establishment of new assets); and
- Using asset condition ratings to prioritise the maintenance based programme.

These responses combine to improve the quality of asset information and increase the use of asset information to direct the programme. Overall this aims to improve the overall level of asset condition and reduce risk. Improving the quality of asset information over time is a key part of this approach and the assessment below provides a framework to rate the overall quality of asset management information and provides a benchmark to measure improvements over time. As part of improving asset management, the Long-term Plan performance targets for asset management have been revised to the measures shown in Table 2.

***Table 1: Data reliability matrix.***

| Confidence Grade | Description |
|---|---|
| Highly Reliable | Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%. |
| Reliable | Data based on sound records, procedure, investigations and analysis, documented properly but has minor shortcomings, for example some data is old, some is documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%. |
| Uncertain | Data based on sound records, procedure, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially completed but up to 50% is extrapolated data and accuracy estimated ± 25%. |
| Very Uncertain | Data based on unconfirmed verbal reports and/or cursory inspection and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy ± 40%. |
| Unknown | None or very little data held. |

*Table 2: Draft Long-term Plan targets for asset management.*

| Asset management activity within the river and drainage schemes | | 24/25 Target |
|---|---|---|
| 2.1 | % of critical assets inspection completed | 75% |
| 2.2 | % of non-critical assets inspections completed | 20% |
| 2.3 | % of Assets Renewal program completed. | 75% |
| 2.4 | Asset condition report provided to Council. May report on the previous year's information | Achieved |
| 2.5 | Asset revaluation process completed and reported to Council. May report on the previous year's information. | Achieved |
| 2.6 | Number of assets upgraded or modified to meet NPS-FM requirements | 2 |

Overall the assessment is that the current data confidence level is a grade D overall (Table 2). Grade D (very uncertain) is defined as "Data based on unconfirmed verbal reports and/or cursory inspection and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy ± 40%".

The assessment of the individual components that contribute to this rating are:

- Asset condition ratings for high criticality assets being assessed as grade B. Data for these assets is increasingly up to date due to a focus on data collection for these assets over the 2023-24 year.
- Asset condition ratings for low criticality assets being assessed as grade D. This reflects that few inspections on these assets have occurred over the last two years. The Infrastructure Strategy proposes that these assets be inspected once every five years with a target of 20% of these assets inspected each year. Over 2022-23, and 2023-24 very few inspections of these assets have been recorded in the Asset Information system (less than 5%). Some asset inspections will have occurred however this information has not been captured. There is a risk that due to the storm events over the last few years, and other factors, the information for these assets is inaccurate.
- The asset renewal programme is rated as a Grade D. In total 24 of the 34 schemes have assets that require asset renewals. Of these 24 schemes 19 currently have some funding of renewal within the first 10 years of the Long-term Plan. Of the 22 schemes that fund renewals, 7 of these have a programme for asset renewals (Tables 44 and 45). The 7 schemes with asset renewal programmes are 6 of the drainage schemes and one of the river schemes. None of the other 22 River Schemes have programmed expenditure for asset renewal in the first 10 years of the Long-term Plan. Further there are gaps in the information on establishment dates for some assets. An upgrade to the asset renewal programme is proposed as a part of the implementation of the Infrastructure Strategy.
- Asset information quality in terms of consistency between the data in the asset database and the geospatial files that support them is graded as C. In February 2024, 82% of our asset database matches our geospatial data, this forms part of our data improvement plan to ensure that all data is most up to date.
- The accuracy of the data for physical dimensions and installation dates is considered a grade C. There is inconsistency in the way some of the physical dimensions have been measured and significant data gaps. Overall the data set had installation dates for 8% of the data in 2023.
- The completeness of the data in terms of number of assets is considered grade C. This grading reflects that we do not know, what we do not know. It is considered that the larger part of this risk is around assets being in the register that no longer exist due to loss in storm events. Another risk is that assets have been established over time, however have not been recorded in the asset database. It is noted that this may have implications for insurance.
- The revaluation information is considered to be a grade C. The process is considered highly reliable, however the data used does have some potential issues as identified above. The process for asset revaluation was reviewed in May 2020. This review identified areas for improving data management to increase the accuracy of the revaluation.

## 1.2 Levels of Service

Horizons River Management and Flood Protection Activity has a range of goals, objectives and performance measures.

### *Levels of service*

The levels of service provided through the Long-term Plan are defined via the performance targets of the Long-term Plan for maintenance. An example of this is the target to complete 520 km of drain maintenance on an annual basis. This is the level of service the budget is set up to provide.

Achieving the performance targets aims to achieve the objectives for asset condition e.g. 95% of flood gate condition ratings being good or excellent (2 or better).

The maintenance programme combined with other river management and flood protection activity aims to provide for the goals of programme e.g. capacity to carry flows that would occur if 15 mm of rainfall occurred in one day, with free board.

In the event the asset condition objectives and/or goals for flood protection, drainage capacity etc. are not being provided for, there may need to be adjustments to the programme to achieve these goals. This may require additional investment in the maintenance programmes, renewal programme and/or new capital programme works.

### *Maintenance programme*

The budgets for the programme have been set to deliver the maintenance performance targets define in the Long-term Plan (Table 3). The intervention logic assumes that this level of service will provide for the objectives around asset condition (Table 4) and goals (Table 5).

The maintenance programme has been defined at a regional level, to provide a more consistent approach to maintenance based on common rates for budgeted works. The work programmes were defined using concepts and programmes for some existing schemes and applying these more consistently across the schemes.

***Table 3: Objectives for asset condition ratings. Note the "rating 2 or above" reflects good or excellent asset condition ratings.***

| Maintenance within the River and Drainage Schemes | | Annual target 2024-34 |
|---|---|---|
| 1.1 | Maintenance is undertaken on scheme drains (note a drain may receive maintenance more than once per year and each maintenance activity counts to the target). | 520 km |
| 1.2 | Kilometres of scheme river erosion protection maintained e.g. mulching of maintenance of vegetation used for river bank erosion (such as mulching of willows). | 75 km |
| 1.3 | Kilometres of river channel maintenance completed e.g. movement of gravel in a reach to reduce erosion pressure on stopbanks. | 18 km |
| 1.4 | Number of scheme flood gates maintained e.g. cleaned, repaired, adjusted etc. | 97 |
| 1.5 | Kilometres of scheme stopbanks maintained e.g. mowing of stopbanks, repairs to stopbanks etc. | 65 km |
| 1.6 | Number of river scheme amenity works maintained (e.g. tracks on stopbanks). | 1 |

### *Asset condition objectives*

The asset condition objectives aim to meet 80% of asset condition rating 2 or above on Stopbanks, 95% on floodgate condition rating 2 or above and 95% on Dam condition rating 2 or above. These are all high criticality assets and inspections are to be conducted annually to determine if planned maintenance activities is adequate to meet our required levels of service. To monitor the achievement of the asset condition ratings there are several Long-term Plan performance targets to ensure the monitoring and reporting are completed.

*Table 4: Objectives for asset condition ratings. Note the "rating 2 or above" reflects good or excellent asset condition ratings.*

| Asset condition objective | Annual target 2024-2034 |
|---|---|
| Stopbanks at maintenance rating 2 or above | 80% |
| Floodgates at maintenance rating 2 or above | 95% |
| Dam is at maintenance rating 2 or above | 95% |

### *Scheme goals*

The underlying structure of for the activity has been based around the 34 schemes that each have their own goals and purpose e.g. 1 in 100 year flood protection in a certain area of the river or drainage capacity to handle a 2-5 year rainfall event or 15mm/day with free board. These goals vary between and within schemes, for example at a broad level the lower Manawatū Scheme has a goal of 1 in 500 year flood protection in the Palmerston North area and 1 in 100 year flood protection goal for the areas with stopbanks outside of Palmerston North.

The various goals of the programme are documented in Table 5 below. This is a compilation of the information that was previously spread across the 27 scheme based asset management plans. This table summarises the locations where the schemes have set various goals or objectives. The goals include flood protection and drainage goals. There are no goals define for the erosion protection schemes.

It is highly likely that the work required to achieve the objectives and goals will vary from year to year based on the rainfall events and other seasonal conditions. There is budget provision for a certain amount of maintenance of existing work, and some reactive work (including establishment of new assets). The approach of this Infrastructure Strategy is to clearly define that there are limits to what the programme is set up to do and that to achieve the goals in some years will likely require further resources.

It is recognised that the goals of the programme like 1 in 500 year flood protection are likely to be being impacted by climate change, further that with new hydrological information the assessment of what height a stop bank may need to be to provide protection in 1 in 500 year flood event may be changing. The flood vulnerability assessment performance target provides for an assessment of this for the flood protection goal.

*Table 5: Compilation of the goals of the various schemes. Note all drainage schemes have for the areas with defined drains the goal of drainage capacity to handle a 2-5 year rainfall event or 15mm/day with free board. Note there are no defined goals around erosion control works. Annual Exceedance Probability (AEP) is the probability of an event occurring in any one year.*

| Scheme | Scheme Goal |
|---|---|
| Lower Manawatū | Flood flows not exceeding 1% AEP (0.2% for Palmerston North) will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Ashhurst | Flood flows not exceeding 1% AEP will be contained within stopbanks to protect adjoining areas and farmland. |
| Rangitikei | Flood flows not exceeding 2% AEP for Tangimoana and 1% AEP for the Parewanui area will be contained within stopbanks to protect adjoining areas and farmland. |
| Lower Whanganui | Flood flows not exceeding 0.5% AEP will be contained within stopbanks to protect adjoining urban areas. |
| Upper Whanganui | Flood flows not exceeding 1% AEP will be contained within stopbanks to protect adjoining areas and farmland |
| Porewa | Flood flows not exceeding 4% AEP will be detained behind the dam to protect adjoining developed areas and farmland. |
| Tutaenui | Flood flows not exceeding 5% AEP will be detained behind the dam to protect adjoining developed areas and farmland. |
| Pakihi | Flood flows not exceeding 1% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| Scheme | Scheme Goal |
|---|---|
| Matarawa | Flood flows not exceeding 5% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Lower Kiwitea | Flood flows not exceeding 1% AEP will be contained within stopbanks to protect adjoining areas and farmland. |
| Foxton East Drainage | Flood flows not exceeding 10% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Himatangi Drainage | Flood flows not exceeding 5% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Hokio Drainage | nā |
| Koputaroa Drainage | Flood flows not exceeding 10% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Makerua Drainage | Flood flows not exceeding 1% (Linton) AEP will be contained within stopbanks to protect adjoining developed areas and farmland (secondary drains have non-specific design standards). |
| Manawatū Drainage | Flood flows not exceeding 20% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Moutoa Drainage | NA |
| Ohau-Manakau | Flood flows not exceeding 10% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Te Kawau Drainage | Flood flows not exceeding 20% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |
| Whirokino Drainage | Flood flows not exceeding 4% AEP will be contained within stopbanks to protect adjoining developed areas and farmland. |

| Scheme | Scheme Goal |
|---|---|
| Pohangina-Oroua | NA |
| Forest Road | NA |
| Haunui Drainage | NA |
| Makirikiri | Flood flows not exceeding 50% AEP will be contained within stopbanks to protect adjoining areas and farmland. |
| Mangatainoka | Flood flows not exceeding the following AEP will be contained within stopbanks to protect adjoining areas and farmland:<br>Burmeister stopbank 20% AEP<br>Kamo stopbank 10% AEP<br>Hamua stopbanks 5% AEP |
| Tawataia - Mangaone | Flood flows not exceeding 5% AEP will be detained behind the dam to protect adjoining developed areas and farmland |
| South Eastern Ruahine | Flood flows not exceeding 20% AEP will be contained within stopbanks to protect adjoining developed areas and farmland |
| Upper Manawatū-Lower Mangahao | Flood flows not exceeding 20% AEP will be contained within stopbanks to protect adjoining developed areas and farmland |

## Ngā putanga ā-hapori **Our community outcomes**

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Our region's communities are vibrant and empowered

**He pūnaha hauropi ora**
Our region's ecosystems are healthy

**He rohe piki te ōhanga, piki te taiao**
Our region's economy is thriving and environmentally sustainable

# Te Rautaki Ahumoni
# **Financial Strategy**

## INTRODUCTION

The Financial Strategy brings together the overall financial direction for the Long-term Plan with a summary of the financial issues and consequences that arise from decisions made by the Council through the development of the Plan. The strategy has been developed alongside the Infrastructure Strategy (page 15).

Over the last 10 years, Council has undertaken a large capital investment programme, reflecting a focus on improving service levels, flood protection in particular. This capital expenditure has required significant funding support, with an increase in both debt and rates as a consequence.

In this Long-term Plan, there will be less of a focus on capital expenditure from year 2 onwards, as we focus on consolidating and improving operations.

The focus of the 2024-34 Long-term Plan is:

- continuing our commitment to improving public transport as per the 2021-31 Long-term Plan and the 2022-2032 Regional Public Transport Plan,
- resourcing the increasing complexity and changing policy and regulatory requirements from central government,
- transitioning to a more holistic "integrated catchment management" approach which recognises that land, water, plants, animals, and people form an interconnected system, from the mountains to the sea. This transition is a significant and complex planning project which will take three years. Our intention is that it will be ready for implementation in year 4, the first year for the next Long-term Plan (2027).

This approach will mean a substantial increase in the rates requirement for years 1-4, which will exceed Council's self-imposed percentage increase limit, before returning to increases of between 2.5% and 3.8% from year 5 onwards.

## STRATEGIC CONTEXT

Council is facing several challenges that are having an impact on our region now and we expect them to continue in the coming years. Several of these challenges are interconnected and create a complex funding environment. Horizons must focus on being open, responsive, and solutions-focused, while being guided by our strategic priorities and community outcomes (see *Te Anga Rautaki | Strategic Framework*, page 4, and *Ngā tino wero ki mua | Council's key challenges in the coming years*, page 9).

1. **Uncertainty about changes to central government policy and the timing and implications of those changes.**

   This Long-term Plan has been prepared during a period of political change in Aotearoa New Zealand. The election in 2023 delivered a new (coalition) government with different priorities from their predecessors. Several of their policies will have a direct impact on local government. During the period of key decision making for this Long-term Plan, many of these policy changes have been indicated

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

but not decided upon, so there is still a high level of uncertainty about what these changes will look like in practice for Council.

Based on the government's decision in late 2023 to repeal the Resource Management Act reforms, and the indications they have given about future policy changes, Council has made some assumptions around the extent of the change, and the impact on its work programme, and budgeted accordingly (see forecasting assumption no.4, Central Government Policy, page 277). Any change to these resourcing requirements that result from central government policy decisions after the adoption of this Long-term Plan will need to be addressed through future annual plans or as part of the 2027-37 Long-term Plan.

2. **Increasing regulatory complexity**

   The increasingly complex regulatory requirements over at least the last decade have necessitated an increase in planning, consenting, monitoring and enforcement resources. The need for additional staff and improved information systems is driving cost increases across Council.

   Meeting these increasing resourcing requirements has contributed to the bulk of the rates impact for this Long-term Plan. In the past Council has been under-resourced in this area. Significant budget increases in the first three years of this Long-term Plan will allow Council to take a "bare minimum" approach addressing this gap. While Council would like to be able to increase its resourcing further to enable a higher level of service, it has had to balance minimum compliance requirements and affordability.

3. **The impacts of climate change**

   Climate change is changing the way we approach our work. Increasingly, extreme weather events are causing major infrastructure damage which comes at a significant cost. Our priority is mitigating risk to life and property. We are therefore investing heavily in increasing both Council's and our communities' resilience to the impacts of climate change while still maintaining levels of service in other parts of the business. We are also increasing our insurance cover in accordance with the increasing risk (and increasing asset values). This is having an upwards impact on the rates requirement and debt.

   We assume that there will be central government funding available to assist with the cost of recovery from a significant event, but this assumption comes with a high level of uncertainty about whether such support will be made available, and if so, how much. See forecasting assumption no. 3, Recovery from Significant Adverse Events, page 277.

4. **Competitive talent market**

   Increasing requirements from central government places increasing pressure on our ability to resource our policy and regulatory services. A competitive labour market has made it difficult to attract and retain experienced staff, especially senior technical/specialist roles. Since Council is reliant on public funds, it can be difficult to balance affordability and still meet market salary demands.

5. **Changing technology**

   Council is investing tools and technology to meet increasing requirements for information management and to improve efficiency. These improved digital systems are costly but necessary. This increases pressure on rates.

6. **Increasing costs/affordability**

   This is a combination of all the factors mentioned above. In all areas of this Long-term Plan Council has sought to find a middle ground between what is required and what is affordable.

## Ngā putanga ā-hapori **Our community outcomes**

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He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## POPULATION GROWTH AND LAND USE CHANGE

Infometrics projections show that the region's population is expected to increase by over 90,000 people between now and 2054, an increase of around 36%.[35] Most of this growth will occur in Manawatū, Palmerston North, Tararua and Horowhenua Districts. The 65+ age group is the fastest growing age group and is expected to increase to 26% of the region's population by 2053. An older population tends to primarily have fixed incomes and will be impacted by increasing affordability challenges.

While population growth can have an impact on our activities, the cost of Horizons activities is generally not as impacted by the costs associated with growth to the same degree as territorial authorities. For example, flood protection infrastructure is less impacted by growth than other types of infrastructure (for example, roading and water networks) because there is little discretion about where flood protection is required, and growth is directed away from such areas through the regional and district planning processes.

An exception to this is public transport. Growing towns and cities require improved public transport services to maintain well-functioning urban environments. Provision has been made for this in Whanganui and Palmerston North. Funding for public transport is a mixture of crown funding (via NZTA) and local funding (via rates) so the rates impact of the cost of this service is softened somewhat. Allowance for growth is included in the budget for public transport services.

Changes in land use will mainly relate to population growth in our larger urban areas. Climate change and Freshwater Reform may drive land use changes in the primary sector. There has recently been some changes to land use in the region with an increase in forestry. The impacts of this on Horizons programmes are largely unknown.

Changes to higher-value uses of land such as urban development or horticulture can lead to further requests for increase levels of service for flood protection and drainage, however, as mentioned above Council prefers to direct urban growth and intensification away from flood prone land where practicable.

## OPERATIONAL EXPENDITURE

Council is planning to undertake a key strategic planning project in the first three years of this Long-term Plan which will transition Council to taking a more holistic "integrated catchment management" approach to river management. This approach recognises that land, water, plants, animals, and people form an interconnected system, from the mountains to the sea.

This is a decision on which Council is seeking public input (see page 29 and 30 of the Consultation Document).

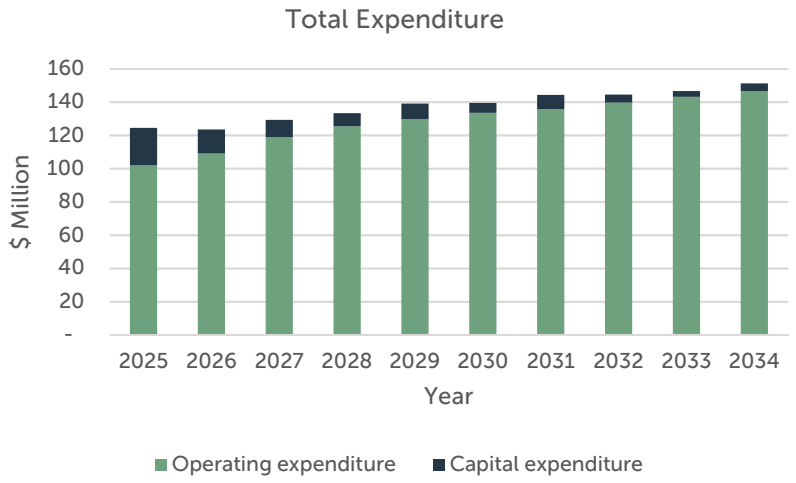
This transition is a significant and complex planning project which will take three years. The planning project will involve a lot of work behind the scenes looking at system and process changes such as what levels of service are to be delivered, what rating arrangements would be required, and the best way to report back on catchment work and progress. Extensive community engagement with the whole community and existing river management schemes will be required.

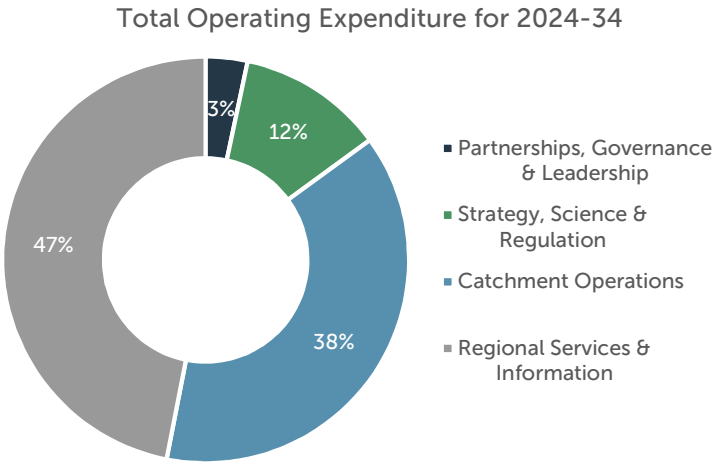
Our intention is that the new integrated catchment management model will be ready for implementation in year 4, the first year for the next Long-term Plan (2027).

To enable this important strategic planning project, and to respond to the pressures described in the "Strategic Context" section above, our annual operating expenditure is projected to grow significantly. Our Annual Plan 2023/24 budget was $89 million. This will grow over the life of this plan to $147 million by 2034. This is being driven by a range of factors, primarily increasing land and asset values, increasing insurance costs, and increasing

[35] This assumption is based on the high growth scenario, which aligns with the approach taken by the majority of territorial authorities in our region.

central government policy and regulatory requirements which has driven the need for a substantial increase in staff numbers in years 1-3.




## CAPITAL EXPENDITURE

Capital expenditure is categorised into three categories:

- renewals (looking after what we already have)
- service levels (new assets that improve an existing service), and
- growth (new assets required to meet additional demand).

Over the next 10 years we are planning $93 million in capital expenditure, including $41 million for infrastructure. Around 96% of this will be for improving the level of service provided over the ten-year period and the balance for asset renewals. Most of these service improvements will occur in the first two years of this LTP as we complete the Council's Climate Resilience infrastructure projects.

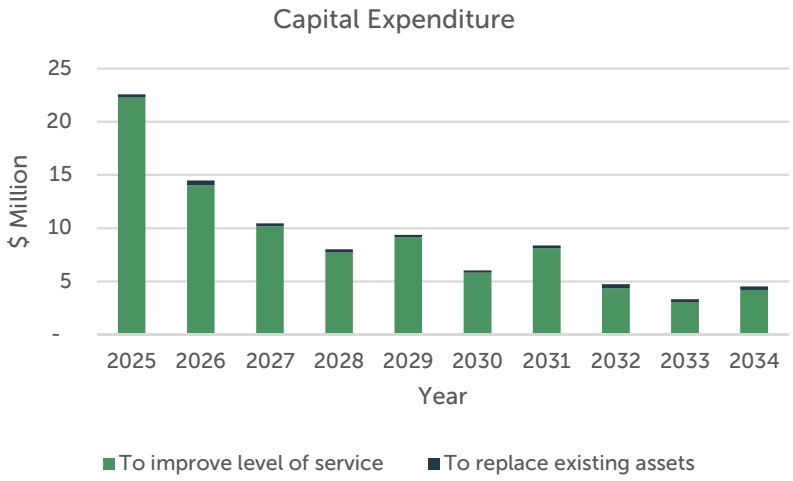
The graph below shows total capital expenditure for the next 10 years. Infrastructure specific expenditure can be seen on page 107 and 108 in our Infrastructure Strategy (section 2.1).

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable




## RENEWALS (LOOKING AFTER WHAT WE HAVE)

It is important that Horizons continues to renew or replace assets to ensure that they are fit for purpose and deliver an agreed level of service. This is a particular area of focus for this Long-term Plan as Council looks to increase asset management capacity to better assess risk and inform the renewals programme.

Funding for renewal expenditure for operational assets is rate-funded as the assets are depreciated over their lifetime. Longer-term infrastructure assets such as flood control, are not fully depreciated. Council carries an infrastructure renewal reserve to cover some, but not all of these renewal costs.

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

## SERVICE LEVELS

Our focus over the next 10 years is maintaining existing levels of service for most of Horizons' business. With inflation and substantial increases in asset values and insurance costs, it is costing us a lot more to simply maintain business as usual. This additional cost is a big contributor to the increase in the rates requirement.

There are three areas of Council that will see a change in the level of service throughout the life of this Long-term Plan; Public Transport, staff resourcing, and Freshwater programmes.

### Public Transport – An increase in level of service for Palmerston North and Whanganui

For this Long-term Plan, Council has committed to an improved network in Palmerston North and further improvements for bus services in Whanganui, including for Te Ngaru – The Tide.

In response to community feedback as part of the Regional Public Transport Plan review in 2022, Council will be providing more than double the level of service compared to previous levels in Palmerston North, provide more direct routes and have more coverage in the evenings and weekends. The rates impact of this increase in levels of service (targeted to Palmerston North) will fall in year 1 with a budgeted rates increase of $2.3M.

For the Te Ngaru – The Tide service in Whanganui, Council has committed to changing the funding arrangement for 2024-25 onwards. Previously the service was part-funded by Whanganui District Council and will now be fully funded by Horizons. We will also deliver improvements to the bus network in Whanganui through a second high-frequency bus route from 2025-26. The budgeted rate increase (targeted to Whanganui ratepayers) will be $290,000 in year 1 and $414,000 in year 2.

Council is proposing to increase the levels of service, or introduce a new service if there isn't currently one, for public transport in the Horowhenua, Whanganui, Rangitīkei, Tararua, and broader regional connections. For all of the following service improvements we will be seeking a similar amount of funding from NZ Transport Agency Waka Kotahi. Further consultation and

engagement would occur for each of the proposed service improvements to ensure that any future public transport service best met the needs of the community it served. Additional resourcing to support the implementation of the proposals below will be sought in 2024-25.

Future improvements to the Capital Connection rail service between Palmerston North and Wellington are expected to commence in 2028-29. The final budget implications from those improvements will not be known until the contract and financial commitment is presented to Council in late 2024. These implications are expected to be part of the 2025-26 Annual Plan.

### Staff resourcing – An increase in staff numbers required to meet levels of service required by central government

As mentioned in point 2 of the "Strategic Context" section above, steadily increasing regulatory requirements over many years, without the corresponding increase in staff to manage those requirements, has resulted in Council being under-resourced for some time, and increasingly, struggling to deliver on statutory requirements. A significant increase in staff numbers over the first three years of this plan will bring Council to a place where it can deliver the essentials without any additional services. In year 1 we have budgeted for 19 new full-time equivalents; in year 2, 21; and in year 3, 13.

### Freshwater programmes – A return to pre-COVID levels of service

*(Note this is an issue on which Council is seeking feedback during public consultation. See page 34 and 35 of the consultation document for more detail and to provide feedback).*

As part of central government's COVID stimulus (Jobs for Nature) funding, Council received external funding for three freshwater programmes; the Regional Riparian Fencing and Planting project, the Enhancing Fish Populations through Fish Passage Remediation project, and the Horowhenua Freshwater Management Unit Water Quality Interventions project. The government funding boost allowed Council to increase its levels of service for these existing projects while the funding lasted. This funding was originally scheduled to end in June 2023 but is now continuing into year 1 of the Long-term Plan via extensions to the five-year contract timeframes.

The cessation of the Jobs for Nature funding will reduce the overall funding for the Freshwater and Partnerships activity by $4.3 million over the next two years. Council plans to return to the pre-Jobs for Nature budget for these projects, providing the previous levels of service (see performance targets for the Freshwater and Partnerships activity, page 171). This will result in a reduction in environmental outcomes, however in the interests of affordability, Council has indicated that this is its preferred option. Alternatively, it could rates-fund a continuation of the current levels of service when the Jobs for Nature funding ends. This would require an additional $2.1 million from year 2 onwards. This equates to a rates increase of 3.1%.

## FUNDING OUR ACTIVITIES

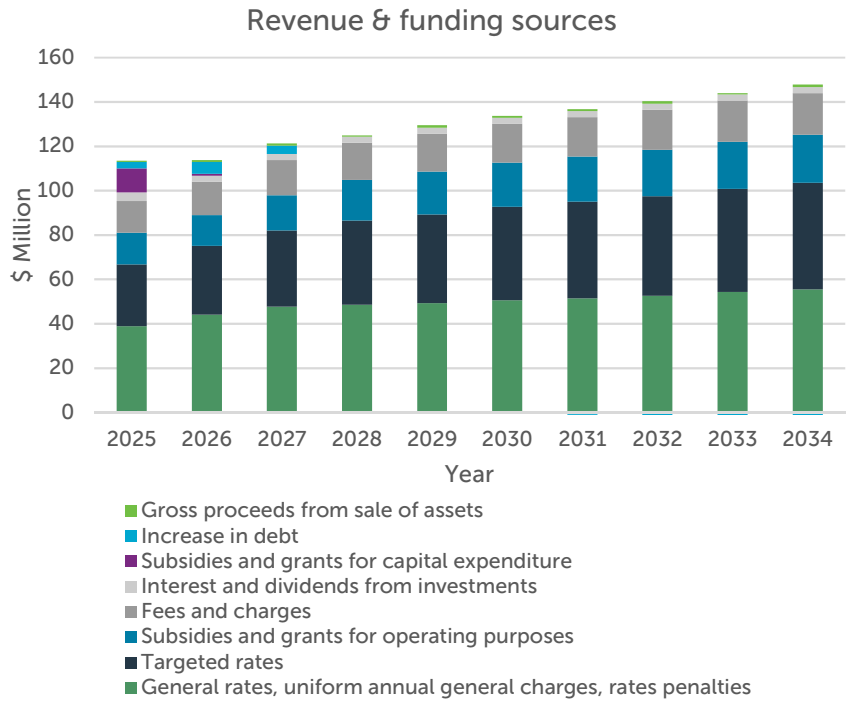
Council funds its activities through a range of mechanisms, as identified in its Revenue and Financing Policy (see page 253). Rates revenue will continue to make up the bulk of Council's revenue. As mentioned above, Government subsidies and grants will provide additional revenue (over and above transport subsidies) in Year 1, but will come to an end from year 2 onwards as COVID stimulus funding and other funding contracts (e.g. SLUI) come to an end. Council will continue to seek alternative sources of revenue to supplement rates funding.

Sources of funding

- General rates - Set based on capital value and applied to all rateable land

- Fixed charges – A fixed amount charged to each Separately Used or Inhabited Part of a property (SUIP) in the region.[36]
- Targeted rates - Used to pay for a specific activity, and targeted to those who benefit from that activity
- Fees and Charges - applied where the users of a service can be identified and charged according to their use of the service.
- Investment - Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to offset the Uniform Annual General Charge in order to reduce the rating burden on ratepayers.
- Grants and subsidies - Council is able to obtain grants and subsidies from central government, Crown entities, territorial authorities and utility operators to fund some of its activities.
- Reserve Funds - arise where funding has been obtained for a particular activity and, at a point in time, not all the revenue has been spent on the activity.
- Rentals - Council receives rent from properties it owns.
- Debt - An effective method of achieving equity between different generations of ratepayers and is commonly used to fund assets with long lifespans.

For more detail on the different sources of funding, see Council's Revenue and Financing Policy, page 253.

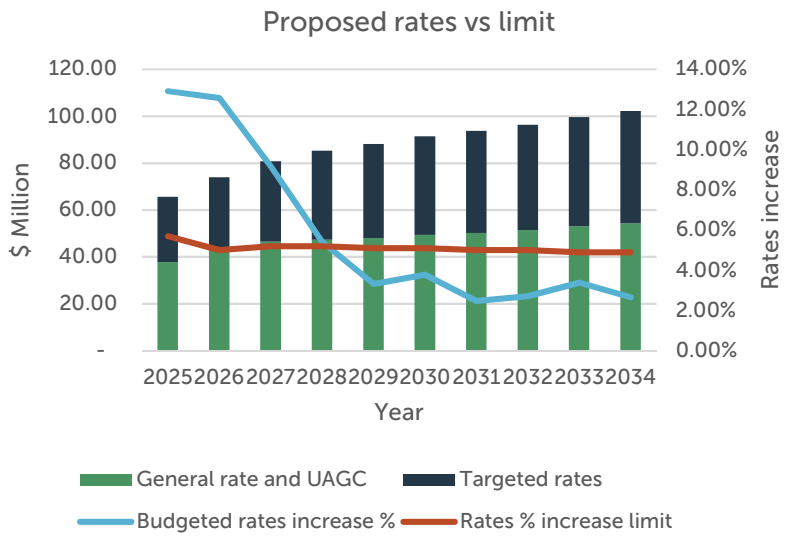



## RATES

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

[36] A "SUIP" is any part of a property (rating unit) that is separately used or occupied, or is intended to be.

Council's projected rates requirement for Year 1 is $67 million, rising to $103 million in Year 10. The increase for the first four years will be between 5.4% and 12.9%. This attempts to strike a careful balance between affordability and our ability to still meet statutory obligations, maintain levels of service and make progress towards our community outcomes. Where possible, Council has sought to explore alternative funding sources, and our use of debt is discussed below. From Year 5 onwards, the rates increase will range between 2.5% and 3.8%. This is predominantly in response to inflation, with our level of service planned to be maintained at similar levels. It is important to note that this increase reflects growth in Council's rates revenue only; increases in capital value or number of rating units are not factored into these figures, as they do not increase the total rates revenue collected by Council.




| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|
| Rates increase | 12.92% | 12.57% | 9.16% | 5.42% | 3.31% | 3.78% | 2.47% | 2.71% | 3.38% | 2.64% |
| Limit on rates increase | 5.70% | 5.00% | 5.20% | 5.20% | 5.10% | 5.10% | 5.00% | 5.00% | 4.90% | 4.90% |

Council has set a limit on rates increases of no more than the predicted BERL inflation rate plus 3% for the term of this LTP (note that the BERL inflation rate is different from the CGI). This will allow Council to respond to additional demands for service while managing the costs of providing current levels of service. For Year 1 to Year 4 Council will exceed this self imposed limit due to the need to significantly increase staff numbers and increase in levels of service to public transport. While Council acknowledges that planning to breach our own set limit is not ideal, in order to maintain our current levels of service, provide for improved levels of services in transport, and meet our statutory requirements these breaches were deemed necessary. However having the limit set below where we are planning to be indicates Council will continue to seek alternative means to reduce the rates burden on our ratepayers and return as soon as possible back to within our set limit.

The total rates increases identified are across the region; there will be some variation between households, and within districts. This is due factors such as the targeted rates Council uses to fund certain activities and changes to district rating valuation information.

## OPERATING RESULT

The Council endeavours to operate a balanced budget. For the life of this plan, Council have budgeted to make surpluses between $1.04 million and $11.85 million. These surpluses are used to fund our capital works programme and debt repayments.

## DEBT

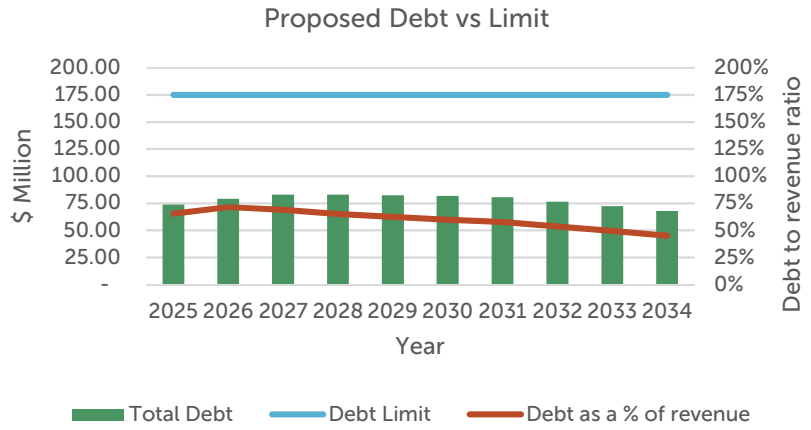
Capital expenditure for flood protection will be debt funded for the first 5 years of this Plan. From year 6 onwards, Council expects that it will take on no new debt.

Council's debt includes money that has been on-lent to MWRC Holdings Ltd. for the construction of Te Ao Nui. MWRC Holdings Ltd. are planning to begin repaying debt from year 2 onwards. (For more information on MWRC Holdings Ltd., see the Statement on Council controlled organisations, page 301).

We project our total debt to rise from $71 million (2023-24 Annual Plan) to $82.7 million in Year 3 of this LTP. As a proportion of our revenue, this equates to 66% in 2023-24, rising to 68.98% in Year 3 of this LTP, before reducing to 45.05% by Year 10. Our debt ceiling is set by the Local Government Funding Agency (LGFA) at 175% of total revenue. This strategy will still leave considerable headroom underneath this limit, maintaining our flexibility to respond to unforeseen circumstances.

## COUNCIL'S POLICY ON THE GIVING OF SECURITIES FOR ITS BORROWING

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.




## INVESTMENTS

The primary purpose of our investments, as outlined in Council's Investment Policy, is to generate revenue to further the vision and community outcomes identified in this plan. Horizons and our holdings company MWRC Holdings Ltd, has a range of investments, including CentrePort Ltd, property and a share portfolio. In managing its investments, Council generally is not driven by commercial considerations alone. As a public body it is accountable in terms of the social, economic, environmental and cultural wellbeing of its communities. These considerations may lead to Council making investment decisions that would not be made on commercial of financial considerations alone.

Council aims to achieve the following returns from the investments it holds.

- Working capital funds- a return in excess of the Reserve banks 90 bill rate.
- A return on Net Investment Assets held by MWRC Holdings Ltd of 3.33%
- A dividend return in excess of $2 million

In the previous Financial Strategy Council's approach to managing increasing cost of services and responding to COVID was to defer MWRCH debt repayment to maximise return from investments to offset rates.

From year 2 of this Long-term plan MWRC Holdings Ltd plan to start the repayment of the debt owed to Council of $18.5 million, at a rate of $1.2 million per year. This will result in a reduction in the dividend revenue paid to Council by a similar amount, and a subsequent increase in the rate demand it would otherwise need to ask of its communities.

As a result of the Revenue and Financing Policy review process, Council has changed the use of its investment funds from offsetting the General Rate, which to offsetting the Uniform Annual General Charge so that all ratepayers benefit equally.

## UNEXPECTED EVENTS

Unexpected events (such as a flood or storm event) can have a significant impact on Horizons' activities and finances, and it would be imprudent not to prepare accordingly. Our flood protection and drainage infrastructure, currently valued at more than $990M, are our main area of risk. Due to their nature, these assets are exposed to natural hazard risk.

As noted in point 3 of the "Strategic Context" section above, we assume that there will be central government funding available to assist with the cost of recovery from a significant event, but this assumption comes with a high level of uncertainty about whether such support will be made available, and if so, how much. See forecasting assumption no. 3, Recovery from Significant Adverse Events, page 277, Insurance costs are becoming less and less affordable. Over the next few years we will explore alternative insurance models, looking to provide us with cost effective protection against unexpected events.

## FINANCIAL ASUSMPTIONS

Council's forecasting assumptions for this Long-term Plan, including its financial assumptions, can be found on page 277.

# Ā mātou kaupapa
# Our areas of work

## Groups of activities

| Strategic Priorities | Groups | Activities |
|---|---|---|
| • Resilience to the impacts of climate change<br>• Integrated catchment management<br>• Partnerships with tangata whenua<br>• Connecting people and place through effective public transport connections | **Partnerships, Governance and Leadership** | • Governance<br>• Iwi and Hapū Relationships<br>• Community Wellbeing and Relationships |
| | **Strategy, Science and Regulation** | • Policy, Strategy and Climate Resilience<br>• Science and Environmental Reporting<br>• Regulatory Management |
| | **Catchment Operations** | • Biodiversity and Biosecurity<br>• Freshwater and Partnerships<br>• Land Management<br>• River Management and Flood Protection |
| | **Transport and Regional Services** | • District Advice<br>• Emergency Management<br>• Environmental Data<br>• Information Management<br>• Transport Planning<br>• Passenger Services<br>• Road Safety |

Council's activities are arranged into four groups. This section of the Long-term Plan contains information about each of these groups.

For each **group** we outline why we deliver these activities and the challenges the group faces. At the end of each group section, we have included the funding impact statement for the group.

For each **activity** we describe what we do, our key projects, and any planned changes in what we will deliver. We also identify any significant negative impacts our mahi (work) may have on community wellbeing, how each activity is funded, and our performance targets.

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

# Te rangapū, te whakahaere, te tātaki
# Partnerships, governance and leadership

This group of activities is made up of the following activities:

- Governance
- Iwi and Hapū Relationships
- Community Wellbeing and Relationships

## WHY WE DELIVER THIS GROUP OF ACTIVITIES

The Partnerships, Governance and Leadership Group provides the leadership and oversight for Council's strategic decision-making and relationships, and community wellbeing in the region. The governance function, made up of the elected members sitting as Council, the six committees of Council and the Joint Committees, represent their constituent communities around the Council table.

This group is also focused on developing and maintaining strong iwi and hapū partnerships, as well as informing, educating, and empowering the diverse range of communities across the rohe.

## Contribution to Council's strategic priorities

The Partnerships, Governance and Leadership Group is focused on Council's strategic priorities, in the following ways:

1. **Building resilience to the impacts of climate change**
   - Through our Climate Action Plan (2023) we have committed to a wide range of actions that will both increase our understanding of the challenges our region faces and empower our communities to be more resilient to the impacts of climate change that are specific to them.
   - Council's decision in March 2023 to decarbonise the Palmerston North bus fleet has meant that, as of 2024, Palmerston North will be the first city in Aotearoa New Zealand with a fully electric bus fleet. This directly reduces the amount of greenhouse gas emissions from the transport network.
   - We provide timely and accurate messaging to our communities to ensure they are prepared for natural hazard events.

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

2. **A holistic approach, from the mountains to the sea (integrated catchment management)**
   - In the first three years of this Long-term Plan we will be reconsidering our approach to the way we are managing our river catchments. We recognise that we need to take a more integrated approach to ensure efficient and sustainable environmental, economic and cultural outcomes. Designing and developing an integrated catchment management approach is a huge project in the short term but will have considerable benefits in the medium to long term. For more discussion on this project, see *Te anga rautaki | Strategic Framework*, page 4.
3. **Strengthening partnerships with tangata whenua**
   - We are committed to becoming better Tiriti/Treaty partners. We have several formal, active relationship agreements with Iwi and Hapū in the rohe, and we seek to develop more as appropriate.
   - In the first year of this Long-term Plan we will undertake an independent Tiriti/Treaty partnership health check to assess where we can do better, then for years 2-3 we will act on the areas for improvement.
   - Elected members and staff are encouraged to participate in a cultural confidence programme so that they can incorporate their increased understanding of te ao and te reo Māori into their mahi and everyday lives.
4. **Connecting people and place through effective public transport connections**
   - Our Regional Public Transport Plan is ambitious as we seek to increase the use of public transport in our urban areas and provide community transport connections in some of our more isolated rural areas.

In addition to the governance-level focus on the strategic priorities, our Communications function plays a key role in connecting communities with information and activities related to the four priority areas, and highlighting Horizons' work in those areas.

## Contribution to Council's community outcomes

The Partnerships, Governance and Leadership Group contributes to all six of our community outcomes by having a holistic focus in the decision-making process and engagement with the community.

1. **Our region's communities are vibrant and empowered**
   - We provide effective leadership and make future-focused decisions that benefit the community.
   - We develop and maintain formal and informal partnerships that benefit the region, or distinct communities.
   - We inform and educate the community about Council mahi that impacts them.
2. **Our region's communities are resilient to the impacts of natural hazards and climate change**
   - We work with local and regional authorities, tangata whenua, and community groups to provide leadership and direction to promote community resilience.
   - Our communications function has a direct impact on the resilience of our communities, through the provision of timely and accurate messaging to ensure they are prepared for natural hazard events.
3. **Our region's ecosystems are healthy**
   - We seek to make wise, evidence-based decisions that promote the health and longevity of our region's varied and unique ecosystems.
   - We help tamariki and rangatahi learn about and engage with te taiao/ the natural environment so that they are empowered to make decisions about their future.
4. **Our region's economy is thriving and environmentally sustainable**
   - We consider the challenges and opportunities of balancing economic and environmental wellbeing as we make decisions.
5. **Our region has effective transport networks**
   - Our Regional Land Transport Plan and Regional Public Transport plan set out an integrated approach to the transport networks in the rohe/ region that provide for our current and future communities.
   - We seek feedback from our communities about their transport needs and regularly communicate with them about matters that impact them.

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

6. **Our region's relationships with iwi and hapū are respectful and mana-enhancing**
   - We seek to become better Te Tiriti/ Treaty partners by seeking meaningful partnerships with tangata whenua, by seeking their participation in planning and decision making, by supporting capacity and capability building.

## CHALLENGES WE FACE

As discussed in *Ngā tino wero ki mua |Council's key challenges in the coming years* (page 9) Council, as a governing body, is navigating a complex range of challenges, several of which are interconnected. The key areas of challenge are:

1. Uncertainty about changes to central government policy and the timing and implications of those changes.
2. Increasing regulatory complexity
3. The impacts of climate change
4. Competitive talent market
5. Changing technology
6. Increasing costs / affordability

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

# Governance

## WHAT WE DO

As a team, the councillors provide governance oversight and decision-making for the organisation through regular Council and Committee meetings. In addition to setting and monitoring policy, the Council keeps abreast of relevant matters so that emerging issues for the region can be investigated and planned for.

## KEY PROJECTS

### *Integrated Catchment Management project*

In the first three years of this Long-term Plan Council will undertake a significant project to transition from a catchment-by catchment approach to managing our waterways, to an integrated catchment management approach. This is a Strategic priority for Council. (See *Contribution to Council's strategic priorities*, page 128).

### *Representation Review and Reform*

All councils are required to review their representation arrangements at least every six years, so they are in place prior to an election. The next review is scheduled for 2025. Council will seek community views on whether or not the current constituency boundaries met their needs as ratepayers and members of the community. Council will also consider the most appropriate voting system to use.

## CHANGES IN WHAT WE WILL DELIVER

There are no significant changes planned for the way we will deliver the governance function of Council.

## NEGATIVE EFFECTS ON COMMUNITY WELLBEING

As a statutory governance body Council must make decisions on behalf of the community as a whole. Likewise, as a regulatory body, Council is required to enact central government policy and regulation. These decisions and/or actions have different impacts on different members of the community. Some individuals or communities may see these decisions and actions as having a negative impact on their social, economic, environmental, or cultural wellbeing. Council always tries to weigh up the positive and negative effects of its decisions on affected communities.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

### *Funding arrangements*

- 100% UAGC

### *Rationale*

- The Governance activity is needed to fulfil legislative requirements.

The whole region benefits from robust and democratic governance that enables local decision making and action by, and on behalf of, communities, and promotes the social, economic, environmental and cultural wellbeing of communities now and in the future

## PERFORMANCE TARGETS

| ACTIVITY: GOVERNANCE |
| --- |
| Council's purpose is a) to enable democratic local decision-making and action by, and on behalf of, communities; and, b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.[37] Our performance goals are expressed through our strategic priorities and community outcomes.<br><br>Measuring successful delivery of these things on an annual basis is difficult because governance the impacts of our decisions are mostly experienced in the longer term rather than within a single year.<br><br>Thinking about impact on an annual basis, if the Governance Team (the elected members) does its job well, the rest of Council will perform well. Our success is measured by the performance of the whole Council team. Rather than using numbers or percentages to measure how well we are doing as a Governance Team, we will undertake an honest assessment of how we did each year to be included in the Annual Report. We will use our strategic priorities and community outcomes as a framework for that assessment. For each of our strategic priorities, we will ask ourselves, and report on, the following questions:<br><br>1. What actions did we take to demonstrate our commitment to this strategic priority?<br>2. What happened as a result of our actions?<br>3. What difference has been made as a result of our actions?<br>4. What lessons have we learned? What can we improve on in the future? |

[37] Local Government Act 2022, Section 10.

# Iwi and hapū relationships

## WHAT WE DO

Our Iwi and Hapū Relationships advisors are responsible for supporting Horizons' role in post-settlement co-governance structures and building relationships with Māori to enable meaningful engagement and partnership in policy development. Our region benefits when tangata whenua participate in planning and decision making. Council also has a statutory responsibility to enable increased capacity for iwi and hapū to contribute to Council's decision-making processes.

In addition, as an organisation we need to equip our staff with the skills and knowledge to be able to meet our obligations and to carry out our roles effectively. We are investing in developing staff capability and cultural understanding to work confidently in the iwi and hapū relationships space.

For further discussion on Council's commitment to becoming better te Tiriti/ Treaty partners, see page 1.

## KEY PROJECTS

Engagement with iwi and hapū is an important part of all of Council's projects. The key projects of Council need the active involvement of tangata whenua (to the extent they wish to be involved) through all the stages of the project, including initiation, planning and execution. Resourcing is required to facilitate engagement and enable tangata whenua to develop their capacity and capability to participate.

## CHANGES IN WHAT WE WILL DELIVER

Strengthening partnerships with tangata whenua is a strategic priority for Horizons. To enable improved engagement with iwi and hapū in the region we have created two additional roles, one starting in 2024 (year 1) and one starting in 2025 (year 2).

Council will gradually increase investment in the capacity and capability of iwi and hapū to engage with Horizons on a range of natural resource matters.

## NEGATIVE EFFECTS ON COMMUNITY WELLBEING

There are no significant negative effects of this activity on the social, economic, environmental or cultural wellbeing of our communities.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

### *Funding arrangements*

- 100% UAGC

### *Rationale*

- Legislative requirements mandate engagement with the community, with particular requirements for iwi and hapū.

Benefits from this activity are intergenerational and accrue to the whole region. Communities benefit from the quality of decision making that is enabled when mana whenua participate in decisions.

## PERFORMANCE TARGETS

| IWI AND HAPŪ RELATIONSHIPS | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | 2023/23 Actual | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We work towards respectful and mana-enhancing relationships with tangata whenua | | | | | | |
| 1.1 | An independent Te Titiri o Waitangi partnership health check of the organisation is completed in year 1 of the LTP. | New measure. Baseline 2024/25 | N/A | Achieve | N/A | N/A | Achieve 2027, 2030 |
| 1.2 | Develop an implementation plan based on recommendations from the independent health check. | New measure. Baseline 2024/25 | N/A | Achieve | N/A | N/A | Achieve 2027, 2030 |
| 1.3 | Improving our relationship with tangata whenua is one of Council's four strategic priorities and one of our six community outcomes. We don't think numbers alone are a good way to measure how well we are doing as Te Tiriti/Treaty partners. Through a three-yearly, independent Te Titiri o Waitangi Partnership health check (see 1.1) we will gain insight into areas for improvement, and over time, we will be able to see our progress. In years 2 and 3 of each Long-term Plan we will undertake our implementation plan. At the end of each year, we will ask ourselves, and report on, the following questions:<br>1. What were our areas for focussed improvement?<br>2. What steps did we take towards improvement?<br>3. Examples of what happened as a result of our actions.<br>4. What difference has been made as a result of our actions?<br>5. What lessons have we learned? What can we improve on in the future? | | | | | | |
| 1.3 (cont.) | Implement steps and reflection process for areas for improvement raised in the health check in year 1. | New measure. Baseline 2024/25 | N/A | N/A | Implementation and reflection undertaken as above | Implementation and reflection undertaken as above | 2028, 2029, 2031, 2032 Implementation and reflection undertaken as above |
| 2. | Council staff and elected members are strongly encouraged to participate in an internal cultural competence programme | | | | | | |
| 2.1 | Total average score in the Horizons Cultural Competence self-assessment survey (1=strongly disagree, 4=strongly agree) | New measure. Baseline 2022/23, avg score: 2.2 | N/A | Increase on previous year | Increase on previous year | Increase on previous year | Increase on previous years |

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2.2 | All elected members and executive leadership team participate in the cultural competence programme or undertake other related professional development every year. | New measure. Baseline 2024/25 | N/A | Achieve | Achieve | Achieve | Achieve |

# Community wellbeing and relationships

## WHAT WE DO

We engage with the community and conduct communications campaigns through a variety of methods including digital and social media channels, media liaison, publications and consultation documents, reports and summaries, material for field staff, and event management. The emphasis of our work is to inform, educate, and empower our communities by being a trusted and credible source of meaningful information.

In addition to our Horizons work programme, the team is the communications lead for partnership projects such as Te Āpiti-Manawatū Gorge and Manawatū River Leaders' Forum. The team also plays an important role in internal communications.

To engage with our region's tamariki and rangatahi, we facilitate the Enviroschools programme throughout our rohe/region, as well as delivering programmes such as Wairoa stream studies, pest tracking and trapping, native flora and fauna education, and other community engagement activities. Our Environmental Educator also works alongside community groups, the Department of Conservation, territorial authorities, and other environmental educator providers.

## KEY PROJECTS

### *New website*

The current Horizons Regional Council website is now 8 years old and has limited functionality. With changing digital technology, we are no longer able to upgrade our existing website to provide the level of service needed for today's information requirements and expectations. A new, replacement website will enable us to provide more, better quality information to the public, improve our ability to engage with our communities and keep up with service expectations. This work is expected to begin in 2024 at a forecasted total cost of $500,000 across 2024-25 and 2025-26. This includes the cost of the new website platform and a fixed-term role to assist with website development and project management.

## CHANGES IN WHAT WE WILL DELIVER

- The new website will enable us to provide an improved level of service to anyone seeking information or wishing to engage with Council through the website.
- It is expected that communications support will scale up to support the Orange Wai | Our Freshwater Future journey and freshwater farm plan implementation which is a result of central government legislation.
- We also aim to increase te reo Māori resources within Environmental Education and attend more community events throughout the region.

## NEGATIVE EFFECTS ON COMMUNITY WELLBEING

There are no significant negative effects of this activity on the social, economic, environmental or cultural wellbeing of our communities.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into two sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Community relationships

#### *Funding arrangements*

- 100% UAGC

#### *Rationale*

Legislative requirements mandate engagement with the community.

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

### Environmental education

*Funding arrangements*

- 100% UAC (Environmental Initiatives)

*Rationale*

This service is provided to assist us in achieving our community outcomes.

The benefits of this activity are ongoing and region-wide. Council's engagement and education efforts are provided across the region.

## PERFORMANCE TARGETS

| COMMUNITY WELLBEING & RELATIONSHIPS | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | 2023/23 Actual | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We provide relevant and valued information to communities enabling education, engagement and informed decision making. | | | | | | |
| 1.1 | Percentage of media releases picked up and published by media outlets | New measure. Baseline 2022/23 | 90% | >90% | >90% | >90% | >90% |
| 1.2 | Number of likes/followers on all social media accounts that Horizons manages | 2022/23 | Achieved 25,400 | >44,000 | >45,000 | >46,000 | >47,000 |
| 1.3 | Percentage of engaged website sessions[38] | 2023/24 | N/A | >60% | >65% | >65% | >65% |
| 2. | We provide the opportunity for participation in the Enviroschools programme to all primary and secondary schools and early childhood centres in the region. | | | | | | |
| 2.1 | Maintain or increase school numbers in relation to territorial authority funding available[39] | 2022/23 | 104 | >100 | >100 | >100 | >100 |
| 3. | We provide a quality experience to schools and centres who engage with our Environmental Education team. | | | | | | |
| 3.1 | Satisfaction rating via post-session surveys[40] | New measure. Baseline 2023/24 | N/A | >90% | >90% | >90% | >90% |
| 4. | We provide varied opportunities for our communities to engage with staff on Council business at events throughout the region | | | | | | |
| 4.1 | Horizons attendance at, and/or creation of, community events in the seven districts in the region | 2022/23 | N/A | >7 | >7 | >7 | >7 |

[38] "Engaged sessions" last longer than 10 seconds, or client clicks through to a document/form, or results in 2 or more screen or page views.

[39] The number of schools Horizons is about to register is dependent on co-funding contributions by the Territorial Authorities in the region.

[40] Satisfied means 4-5 out of a scale of 1-5.

Ngā putanga ā-hapori **Our community outcomes**

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He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## HORIZONS REGIONAL COUNCIL: FUNDING IMPACT STATEMENT FOR 2024-34 FOR PARTNERSHIP, GOVERNANCE AND LEADERSHIP ($000)

| | Annual Plan | Long-term Plan | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Sources of operating funding** | | | | | | | | | | | |
| General rates, uniform annual general charges, rates penalties | 5,443 | 5,690 | 5,852 | 6,259 | 6,411 | 6,475 | 6,521 | 6,579 | 6,660 | 6,833 | 6,869 |
| Targeted rates | 316 | 353 | 361 | 372 | 384 | 388 | 397 | 404 | 411 | 422 | 429 |
| Subsidies and grants for operating purposes | - | - | - | - | - | - | - | - | - | - | - |
| Fees and charges | 280 | 305 | 311 | 318 | 326 | 333 | 340 | 347 | 354 | 361 | 368 |
| Internal charges and overheads recovered | - | - | - | - | - | - | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other | - | - | - | - | - | - | - | - | - | - | - |
| **Total operating funding (A)** | **6,039** | **6,348** | **6,524** | **6,949** | **7,121** | **7,196** | **7,258** | **7,330** | **7,425** | **7,616** | **7,666** |
| **Applications of operating funding** | | | | | | | | | | | |
| Payments to staff and suppliers | 2,318 | 2,101 | 2,420 | 2,461 | 2,213 | 2,586 | 2,668 | 2,387 | 2,749 | 2,811 | 2,496 |
| Finance costs | - | - | - | - | - | - | - | - | - | - | - |
| Internal charges and overheads applied | 3,815 | 4,076 | 4,195 | 4,403 | 4,543 | 4,570 | 4,680 | 4,737 | 4,786 | 4,915 | 4,964 |
| Other operating funding applications | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of operating funding (B)** | **6,133** | **6,177** | **6,615** | **6,864** | **6,756** | **7,156** | **7,348** | **7,124** | **7,535** | **7,726** | **7,460** |
| **Surplus (deficit) of operating funding (A-B)** | **(94)** | **171** | **(91)** | **85** | **365** | **40** | **(90)** | **206** | **(110)** | **(110)** | **206** |
| **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)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Application of capital funding** | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | |
| to meet additional demand | - | - | - | - | - | - | - | - | - | - | - |
| to improve level of service | 10 | 175 | 332 | - | - | - | - | - | - | - | - |
| to replace existing assets | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in reserves | (104) | (4) | (423) | 85 | 365 | 40 | (90) | 206 | (110) | (110) | 206 |
| Increase (decrease) of investments | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of capital funding (D)** | **(94)** | **171** | **(91)** | **85** | **365** | **40** | **(90)** | **206** | **(110)** | **(110)** | **206** |
| **Surplus (deficit) of capital funding (C - D)** | **94** | **(171)** | **91** | **(85)** | **(365)** | **(40)** | **90** | **(206)** | **110** | **110** | **(206)** |
| **Funding balance ((A - B)+(C - D))** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation | 7 | - | 14 | 169 | 169 | 155 | - | - | - | - | - |

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

# Te rautaki, pūtaiao me ngā waeture
# **Strategy, science and regulation**

This group of activities is made up of the following activities:

- Policy, Strategy & Climate Resilience
- Science & Environmental Reporting
- Regulatory Management

## WHY WE DELIVER THIS GROUP OF ACTIVITIES

The Strategy, Science and Regulation Group delivers our statutory resource management planning, compliance, monitoring and reporting functions. We also provide corporate plans (e.g. Long-term Plan, Climate Action Strategy).

In addition, this group provides sound science, policy and regulatory advice, support and information to our communities and the wider organisation. We monitor changes in the region's resources and environment, develop and inform regulatory and non-regulatory responses to environmental issues, and measure the effectiveness of these responses.

## Contribution to Council's strategic priorities

The Strategy, Science and Regulation Group contributes to Council's strategic priorities, as outlined below:

1. **Building resilience to the impacts of climate change**
   - We ensure that Council's action on the climate change priority is well-directed, and that we can present key issues and our response to them clearly to communities and central government, to ensure environments are resilient to the effects of climate change
2. **A holistic approach, from the mountains to the sea (integrated catchment management)**
   - Our planning, research, monitoring and regulatory approach considers our environment in an interconnected way - ki uta ki tai.
3. **Strengthening partnerships with tangata whenua**
   - We enable tangata whenua involvement in policy development, monitoring and regulatory processes.

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

4. **Connecting people and place through effective public transport connections**
   - We provide a policy framework that provides for well-functioning urban environments that support accessibility by way of public transport and reductions in greenhouse gas emissions.

### Contribution to Council's community outcomes

The Strategy, Science and Regulation Group contributes to all six of Council's community outcomes:

1. **Our region's communities are vibrant and empowered**
   - We invite formal and informal community involvement to help shape our planning documents, and provide advice, support and information to the community.
   - We ensure the region's interests are represented in central government's policy development.
2. **Our region's ecosystems are healthy**
   - We regulate and monitor actions that affect the environment to ensure sustainable management, and to ensure community and environmental values are upheld.
   - We inform good decision making by monitoring the state and trends of our ecosystems and making the information available to the public.
   - We develop strategy and regulation to protect and enhance our ecosystems.
3. **Our region's communities are resilient to the impact of natural hazards and climate change**
   - Our statutory resource management planning, compliance, monitoring and reporting functions support community resilience, and we prepare and implement plans relating to resource management and climate change.
4. **Our region has effective transport networks**
   - We prepare Council's Long-term Plan, and are involved in consenting and regional planning processes. We are also involved in ensuring well-functioning urban environments by implementing the National Policy Statement on Urban Development 2020.
   - We support efforts within the Transport activity to develop and maintain a resilient, low-emission regional transport system.
5. **Our region's economy is thriving and environmentally sustainable**
   - Our resource management planning enables economic activity where appropriate while ensuring that our environment will be left healthy for future generations.
6. **Our region's relationship with iwi and hapū are respectful and mana-enhancing**
   - We encourage iwi and hapū involvement in strategic planning and policy development, supporting the incorporation of mātauranga Māori and involvement in resource management processes.

## CHALLENGES WE FACE

For more discussion on Council's strategic challenges, see *Ngā tino wero ki mua | Council's key challenges in the coming years*, page 9.

### Uncertainty about changes to central government policy and the timing and implications of those changes

The previous Government advanced substantial environmental reform, which would have resulted in significant impacts on how we deliver this group of activities. However, the current Government has repealed the Natural and Built Environment Act and the Spatial Planning Act, and intend to undertake further amendments to the Resource Management Act 1991. This has created high levels of uncertainty surrounding the legislative environment, and consequently the impacts, in the short, medium and long term.

A review of the parts of the One Plan that have not been reviewed by recent plan changes will be required under the Resource Management Act.

### Implementing national policy and undertaking plan changes

The previous government introduced national policy statements that require substantial scientific research and policy development, in order to update the One Plan. These include the National Policy Statement for Freshwater

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Management 2020, the National Policy Statement for Highly Productive Land 2022, and the National Policy Statement for Indigenous Biodiversity 2023. The current government has indicated that they will commence an urgent review of the National Policy Statement for Indigenous Biodiversity and the National Policy Statement for Freshwater. There are significant resourcing impacts to implement national policy statements, but the changes indicated by the government create uncertainty regarding the level and timing of resourcing required.

Alongside this work we are continuing to implement the National Environmental Standards for Freshwater (NES-F), which involve nitrogen cap reporting, stock exclusion, intensive winter grazing, stock holding, water takes, culverts and fish passage regulations. The increased emphasis on freshwater management and water quality improvement delivered through the Essential Freshwater reforms is placing greater resource demands on regional councils.

### Increasing regulatory complexity

An increasing amount of environmental regulation has contributed to a complex, contentious and litigious regulatory environment. The implementation of national environmental standards has added to this challenge.

Increasing regulatory complexity and contestability is not just a result of reform. Under the Resource Management Act 1991 and the existing planning framework, consent processing has generally become more contentious and complex, particularly in relation to activities such as waste water treatment plant renewals, medium to large industrial operations and large civil construction projects. We are experiencing a significant increase in large infrastructure projects, which more than often than not are subject to hearings and court processes. There is a lot more pressure on the regulatory team to be involved at the pre-application phase for large projects. This can involve significant resource input from both the consents and compliance teams.

Furthermore, the compliance and enforcement side of the business has become more complex due to the nature of the conditions now imposed (primarily through hearings), increases in defended hearings for prosecutions and other high level enforcement actions (such as enforcement orders).

### Creating efficiencies

Council has a programme in place to help ensure we can meet new demands and increasing workloads, while still being responsive to our communities' expectations. This work involves placing a stronger focus on better systems and processes to support our activities and create efficiencies.

### The impacts of climate change

Responding to climate change is a significant body of work for Horizons. An aligned response between councils, Iwi/Māori and communities is critical for an effective regional response. With increased occurrence of adverse events, community preparedness will become more crucial. For an effective regional response, knowledge gaps need to be filled to inform planning and policy development.

### Competitive talent market

We are facing a competitive market in terms of securing staff, consultants and external experts. Recent reviews of the regulatory activities have indicated that this area of the business is currently under-resourced when compared with other Councils. The increasing workload resulting from central government reform and the increasing complexity is compounding this challenge. We will invest in resourcing and improving systems to ensure we can meet new demands and increasing workload.

### Changing technology

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

## Ngā putanga ā-hapori **Our community outcomes**

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# Policy, strategy & climate resilience

## WHAT WE DO

The Policy, Strategy and Climate Resilience Team fulfils a number of compulsory requirements relating to corporate and resource management planning, including responding to national policy statements, national environmental standards and government legislation.

We set regional policy direction through the Horizons One Plan, and develop guidance and frameworks for Council's future work, while also responding to central government policy direction for regional councils. This includes undertaking regional resource management planning work, including the continued refinement and evolution of the One Plan and partnering across the region to support regional economic development.

Responding to climate change is a component of most of Horizons' activities - both the impacts of a changing climate and in transitioning to a low-emission future. We are responsible for the planning and coordination of climate change work across the organisation. We also work with other councils in our region and other relevant parties on climate action.

## KEY PROJECTS

### Implementation of National Policy Statements

We are required to make changes to the One Plan in order to implement national policy statements (e.g. National Policy Statement for Freshwater Management 2020, National Policy Statement for Highly Productive Land 2022, and National Policy Statement for Indigenous Biodiversity 2023). The process for making changes to the One Plan is set out in the Resource Management Act and can take a lot of time and resources.

The implementation of national policy requires the involvement of tangata whenua (to the extent they wish to be involved) and resourcing is required to facilitate engagement and enable tangata whenua to develop their capacity and capability to participate. These projects will be occurring throughout the life of this Long-term Plan with separate budgets for each national policy statement.

As part of the implementation of the National Policy Statement for Highly Productive Land we are required to map highly productive land in the region and notify a change to the One Plan no later than September 2025, to include those maps.[41] This work is expected to occur throughout 2024-25.

### Freshwater Farm Plan Implementation

We are required to oversee the implementation of Freshwater Farm Plans across the region.[42] Freshwater farm plans are a practical way for farmers and growers to identify, manage and reduce the impact of farming on the freshwater environment. The roll-out will be undertaken on a Freshwater Management Unit (FMU) basis, commencing with the Rangitīkei-Turakina FMU which will start in April 2024. All FMUs are required to be completed by the end of 2025. There are seven FMUs in the region. Additional resourcing has been budgeted in 2024/25 of $50,000 and a further $50,000 in the 2025/26 year for an ongoing annual total of $100,000 plus staff time.

### One Plan monitoring

Council is required to monitor the efficiency and effectiveness of its policies, rules and other methods in the One Plan, and to report on this every five years. This information is needed to inform any review of the provisions in the One Plan. Resourcing to support the monitoring and reporting is required on an on-going basis.

[41] The definition of "highly productive land" is set out in the NPS

[42] Resource Management (Freshwater Farm Plans) Regulations 2023

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### e-Plan

We are required to provide an e-Plan (an interactive, electronic version of the One Plan) by 2029. This work is expected to begin in 2025 at a forecasted cost of $220k over two years, reducing to $20k per year for ongoing operational expenses.

### Review of Regional Pest Management Plan

Council has a Regional Pest Management Plan to control and manage pests in our region. In accordance with Section 100D of the Biosecurity Act 1993, Council must have a draft proposal within ten years of the existing Plan being made operative. The existing Plan was made operative in November 2017. This project is discussed in more detailed under the Biodiversity and Biosecurity activity's key projects. The Policy, Strategy and Climate Resilience Team will assist with the coordination of the review.

## CHANGES IN WHAT WE WILL DELIVER

There will be an increase in the size and scale of the policy, strategy and climate resilience activity at Horizons to enable us to respond to significant government reform within the mandatory timeframes.

In 2024 (year 1 of the Long-term Plan) we will create three new roles to provide for on-going monitoring and reporting of the efficiency and effectiveness of the Operative One Plan and scheduled reviews of the Operative One Plan. The additional resourcing has been budgeted for a total of $300,000 from 2024 onwards.

We will also provide resourcing to support iwi and hapū engagement and capacity building to support the policy process.

In 2025 (year 2 of the Long-term Plan) we will create five new roles to enable us to meet the further increasing requirements of changing legislation. These roles will enable us to respond to the reform of the Resource Management Act 1991, increase our capacity to engage with tangata whenua, support the development of Freshwater Farm Plans, and undertake the required reviews of Horizons' One Plan.

In 2026 (year 3 of the Long-term Plan) we will create two new roles to enable us to meet the increasing requirements related to climate change and additional support for proposed Resource Management Act reform.

Regional and district councils are often the "implementation body" of central government legislation. As central government increases its policy standards and compliance requirements, the burden of implementation falls on local and regional government. It is important to emphasise that the increase in required resourcing noted above is simply to allow us to achieve "bare minimum" compliance.

It also must be noted that with a new coalition government in October 2023, there is significant uncertainty about the legislative landscape in the next three years. Changes made by the government of 2024 may affect expected resourcing levels.

## NEGATIVE EFFECTS OF THIS ACTIVITY

Resource management planning involves a level of tension between environmental and economic wellbeing. We will continue to carefully balance this in our activities to enable economic activity where appropriate while ensuring that our environment will be left healthy for future generations.

Responding to climate change will create social and economic impacts. Whether these are 'negative' is often a question of framing and subject to significant uncertainty. In many cases, short-term economic costs are outweighed by longer-term social and economic benefits. We will provide the most robust advice we can. This will be supported, where possible, with community and tangata whenua engagement, to assist decision-making.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

*Funding arrangements*

- 100% General Rate

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

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Our region's economy is thriving and environmentally sustainable

*Rationale*

- Legislative requirements mandate resource management and strategic planning.

This activity provides benefit to the region as a whole through the delivery of integrated plans, policies and strategies that guide the management of our natural and physical resources. These benefits are intergenerational.

## PERFORMANCE TARGETS

| POLICY, STRATEGY AND CLIMATE RESILIENCE | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | 2023/23 Actual | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We will implement resource management policy and plan reviews in a timely manner. | | | | | | |
| 1.1 | Resource management policy and plan reviews meet legislative, nationally directed or Council imposed deadlines. Including, but not limited to:<br>▪ Freshwater (NPS-FM)<br>▪ Highly Productive Land (NPS-HPL)<br>▪ Indigenous Biodiversity (NPS-IB)<br>▪ Pest Management (Regional Pest Management Plan)<br>▪ Natural Hazards<br>▪ Climate Adaptation | 2022/23 | Achieved | Meets legislative deadline or by Council decision | Meets legislative deadline or by Council decision | Meets legislative deadline or by Council decision | Meets legislative deadline or by Council decision |
| 2. | Opportunities for involvement in decision-making processes will be provided in accordance with legislative and policy expectations | | | | | | |
| 2.1 | Community input into policy reviews is sought in a way that aligns with Council's Significance and Engagement Policy | New measure<br>Baseline Year 2024-25 | N/A | Meets policy guidance | Meets policy guidance | Meets policy guidance | Meets policy guidance |
| 3. | We support communities to adapt to a changing climate | | | | | | |
| 3.1 | Responses to Community-led Adaptation Plans are timely and consistent. | New measure<br>Baseline Year 2024-25 | N/A | Formal response to the proposals in the plan within 12 months. | Formal response to the proposals in the plan within 12 months. | Formal response to the proposals in the plan within 12 months. | Formal response to the proposals in the plan within 12 months. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3.2 | Community, iwi, hapū-led adaptation planning is supported with seed funding. | New measure<br>Baseline Year 2024-25 | N/A | Fund criteria and application decision-making process developed by 30 June 2025 | Adaptation planning agreements completed and funding allocated by 30 June 2026 | Adaptation planning agreements completed and funding allocated by 30 June 2027 | Funding uncertain in these years |
| 3.3 | Community climate action projects are supported through the Pūtea Hapori Urupare Āhaurangi- Community Climate Response Fund | New measure<br>Baseline Year 2024-25 | N/A | >80% of available funds are allocated | >80% of available funds are allocated | >80% of available funds are allocated | >80% of available funds are allocated each year |

# Science and environmental reporting

## WHAT WE DO

The Science and Environmental Reporting Team provides expert evidence and opinion within the field of science to support policy development and planning processes within Horizons Regional Council. We inform evidence-based decision making through the provision of information and technical advice. Other teams at council often rely on our support with matters such as water quality, water quantity and ecology. This involves gathering a significant amount of information through monitoring and research, and working with other regional councils, central government and science providers. We also undertake environmental monitoring and reporting.

## KEY PROJECTS

### Community Science and Mātauranga Monitoring

We will work to support community science and Mātauranga knowledge and monitoring across the region. This will include actively involving iwi/hapū (to the extent they wish to be involved) to develop and implement mātauranga Māori and monitoring as well as working alongside Catchment Care groups where requested. This is part of our commitment to enhancing partnerships with tangata whenua and our communities. Working with tangata whenua is legislatively required through Te Mana o te Wai and the National Policy Statement for Freshwater Management 2020. This work is expected to begin in 2025/26 at a forecasted cost of $100k in 2025/26, and additional resourcing of $50k in 2026/27 for a total of $150k plus staff time.

### Additional research and monitoring – estuary and coast

Our Estuary and Coastal Monitoring and Research Programme will require expansion in order to support our review of the Coastal Plan. This work is expected to begin in 2024/25 at a forecasted cost of $100k plus staff time.

### Wetland mapping and monitoring

Implementing a Wetland Mapping and Monitoring Programme is necessary to meet requirements of the National Policy Statement for Freshwater

Management 2020. Mapping of Natural Inland Wetlands must be completed by 2030. Work is expected to begin in 2024/25 at a forecasted cost of $50k, with additional resourcing in 2025/26 and 2026/27 for a total of $150k plus staff time.

### Additional monitoring – lakes

Expanding our Lakes Monitoring Programme is necessary to meet requirements of the National Policy Statement for Freshwater Management 2020. This work is expected to begin in year 2024/25 at a forecasted cost of $50k with additional resourcing in year two for a total of $100k plus staff time.

## CHANGES IN WHAT WE WILL DELIVER

Increases in the size and scale of this activity will occur, as we support the development and implementation of policy in response to government reform, and increasing regulatory complexity under both the One Plan and existing national environmental regulations.

We are also facing increases in environmental monitoring and reporting requirements and increases in information and data collection, storage and provision requirements.

In order to meet these requirements, we will be creating three new roles in 2024/25 to support work programmes around wetlands, lakes and estuaries as part of Councils Oranga Wai freshwater programme. In 2025/26 there are, three new roles to support ensure that we meet legislatively required timeframes around wetland mapping and additional support to the

Ngā putanga ā-hapori **Our community outcomes**

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Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

biodiversity and biosecurity work programmes. In 2026/27 there are additional roles to support community science.

## NEGATIVE EFFECTS OF THIS ACTIVITY

There are no significant negative effects of this activity on the social, economic, environmental or cultural wellbeing of our communities.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into eight sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Environmental reporting

*Funding arrangements*

- 100% General Rate

*Rationale*

- Gaining a better understanding of natural processes is integral to strategy and policy development and monitoring, consent processes, restoration work and co-management programmes.

This service provides ongoing benefit to the whole region.

### Water quality – general

*Funding arrangements*

- 100% General Rate

*Rationale*

- Water quality and quantity is impacted by human activities, including discharges and takes. Rural activities contribute to poor water quality. Extreme weather events and climate change also contribute.

This service provides ongoing benefit to the whole region.

### Water quality and quantity – research

*Funding arrangements*

- 70% General Rate
- 30% Fees and Charges

*Rationale*

- Water quality and quantity is impacted by human activities, including discharges and takes. Rural activities contribute to poor water quality. Extreme weather events and climate change also contribute.

The benefits of this service are ongoing, and both region-wide and targeted to farms and other industries who are dependent on this information.

### Water quality – additional research

*Funding arrangements*

- 50% Fees and Charges
- 50% General Rate

*Rationale*

- Consent holders for major point-source discharges create the need for this service. As direct beneficiaries, these consent holders pay a targeted rate for this service.
- At most major point-source discharges to water we monitor directly above the point source and directly below. This forms part of our State of Environment monitoring network. Without the discharge we wouldn't need to monitor below the discharge. The data gained from State of Environment monitoring benefits the region as a whole, therefore a portion of the cost associated with this activity is recovered through the general rate.

### Water quality - consent holders' research responsibilities

*Funding arrangements*

- 100% Fees and Charges

*Rationale*

- Resource users create the need for this service. They receive individual benefit from the monitoring research that is carried out.
- This research is essential for our many regional organisations, farms and other industries, who are dependent on this information.
- The research charges contribute towards the costs incurred by Horizons in researching and identifying the ongoing and cumulative impact on our environment of all such activities across our region. Information gained from this research can also be used by applicants during the resource consent application process.

### Biodiversity and biosecurity (research)

*Funding arrangements*

- 100% General Rate

*Rationale*

- The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.
- Benefits from improved biodiversity and ecosystem health occur in the ecological districts where those improvements are made. However, this has broader benefits to the region and the nation. These benefits are intergenerational.
- A component of biosecurity protection also protects the rural economy and rural landowners.

### Land research

*Funding arrangements*

- 100% General Rate

*Rationale*

- The need for this service comes from environmental degradation as a result of a range of factors, including rural land use and urban discharges from current and previous generations.
- This service has ongoing and region-wide benefits, as our land management activity responds to land-based issues which impact on the health of our soil and water resources.

### Gravel quantity

*Funding arrangements*

- 60% Fees and charges
- 40% General rate

*Rationale*

- Holders of land use consents to remove gravel contribute to the need for the gravel quantity service.
- This service has ongoing and region-wide benefits. Our region's primary sector is built on our land and water resources. Ensuring their sustainable management is important for the prosperity of these businesses and the region's economy.

## Ngā putanga ā-hapori **Our community outcomes**

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Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## PERFORMANCE TARGETS

| SCIENCE AND ENVIRONMENTAL REPORTING | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | 2023/23 Actual | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | Our community has easy access to State of Environment monitoring data collected by HRC | | | | | | |
| 1.1 | Up to-date SoE monitoring data is available for download on the LAWA site. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 1.2 | Provide an annual summary report on the State of Environment | 2022/23 | Not achieved | Achieve | Achieve | Achieve | Achieve |
| 2. | Identified summer swim spot sites are monitored for recreation water quality weekly and data is made available to the public via LAWA | | | | | | |
| 2.1 | Percentage of swim spot samples that are monitored and displayed on LAWA | 2023/24 | N/A | 95% | 95% | 95% | 95% |
| 3. | Natural inland wetlands in the region are mapped | | | | | | |
| 3.1 | A program is developed to map inland wetlands across the region. | 2024/25 | N/A | Achieve | | | |
| 3.1 | Completion of key activities identified in the program plan developed to map inland wetlands across the region | Baseline year 2025/26 | N/A | N/A | Achieve | Achieve | Achieve |
| 4. | Undertake environmental public education campaigns. | | | | | | |
| 4.1 | Number of campaigns completed per year | 2022/23 | Achieved | 2 | 2 | 2 | 2 |
| 5. | Our community has access to the Science and Research work we do. | | | | | | |
| 5.1 | Report to Council on the previous years science work programme. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |

# Regulatory management

## WHAT WE DO

The Regulatory Management Team fulfils a number of legislative requirements relating to resource management planning. This includes consent processing, compliance monitoring and enforcement under the Resource Management Act 1991. This work occurs in accordance with the policies and rules in the One Plan.

We also fulfil our functions through methods such as education and advice to resource users. This activity helps to minimise or prevent activities in the region from having adverse effects on the environment and promote economic wellbeing. In fulfilling these requirements we seek to ensure the community has confidence we are a reliable and effective regulator.

## KEY PROJECTS

We do not have any upcoming key projects, as our work is driven by regulatory requirements such as processing resource consents, undertaking compliance monitoring, and responding to non-compliances.

## CHANGES IN WHAT WE WILL DELIVER

Significant increases in the size and scale of this activity will occur, as we respond to government reform, plan changes, increasing regulatory complexity, and increases in the number of activities requiring resource consent and monitoring under both the One Plan and existing national environmental regulations.

The region is entering a period of large civil construction which also has resourcing implications. Growing capability and capacity in the team will enable effective input into matters such as regulatory reform, plan changes and reviews of national regulations, and enable us to be a reliable and effective regulator for our regional community.

In order to meet these requirements, we will be creating five new roles in 2024, seven new roles in 2025, and six new roles in 2026. These additional roles will address the current under-resourcing in the regulatory programme, and provide the additional capacity to deliver the increased regulatory workload including: Intensive Farming Landuse consents associated with Plan Change 2, increased monitoring associated with planned major projects within the region (Ōtaki tō North Levin highway, and windfarms), implementation of the National Environmental Standards for Freshwater, and National Environmental Standards for Production Forestry, Dangerous Dams Regulations, Freshwater Farm Plan implementation and Hazardous Activities and Industries List (HAIL) monitoring.

## NEGATIVE EFFECTS OF THIS ACTIVITY

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

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into two sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Regulatory management

*Funding arrangements*

- As actual and reasonable: Fees and Charges.
- Remainder: General Rate

## Ngā putanga ā-hapori **Our community outcomes**

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Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

*Rationale*

- Current users of resources create the need for regulatory services.
- There is some public good in issuing and monitoring of consents, permitted activities, and pollution incidents, however the primary beneficiaries are the applicants and resource users.
- Benefits accrue immediately. There are also benefits throughout the life of a consent.

### Resource management act advice

*Funding arrangements*

- 100% General Rate

*Rationale*

- The public's need for general advice around permitted activities and consents creates the need for this service.
- The service has ongoing and region-wide benefit.

## PERFORMANCE TARGETS

| REGULATORY MANAGEMENT | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. We are a reliable and effective regulator | | | | | | | |
| 1.1 | Percentage of consents processed within Resource Management Act (RMA) timeframes.[43] | 2022/23 | Achieved 88% | 85% | 85% | 85% | 85% |
| 1.2 | Percentage of Rural and Primary resource consents and permitted activities monitored using a risk-based approach | 2022/23 | Not achieved 77% | 90% | 90% | 90% | 90% |
| 1.3 | Percentage of resource consents and permitted activities related to Category 1 and Category 2 (high priority) sites[44] | 2022/23 | Not achieved 60% | 100% | 100% | 100% | 100% |
| 1.4 | Appropriate enforcement action is taken in relation to all instances of significant or serious non-compliance | 2022/23 | 100% | 100% | 100% | 100% | 100% |
| 1.5 | All notifications of non-compliance from the public are responded to.[45] | 2022/23 | 100% | 100% | 100% | 100% | 100% |
| 1.6 | The webpage providing guidance for consent applicants around engaging with iwi/hapū is maintained. | 2022/23 | N/A | Achieve | Achieve | Achieve | Achieve |
| 1.7 | Percentage of HAIL2[46] enquiries that are responded to within 10 working days of receipt | 2022/23 | Not achieved 85% | 100% | 100% | 100% | 100% |

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

[44] Identified in each territorial authority's, Infrastructure and Industry Annual Monitoring Programme.

[45] Options for response include: desktop response; immediate site inspection; planned site inspection; phone call only; referred to external contractor; subject to investigation; and referred to other agency (i.e. relevant territorial authority, Civil Aviation Authority etc.)

[46] Hazardous Activities and Industries List

## HORIZONS REGIONAL COUNCIL: FUNDING IMPACT STATEMENT FOR 2024-34 FOR STRATEGY, SCIENCE AND REGULATION ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Sources of operating funding** | | | | | | | | | | | |
| General rates, uniform annual general charges, rates penalties | 11,453 | 13,605 | 16,090 | 18,138 | 18,008 | 18,116 | 18,830 | 19,211 | 19,576 | 20,089 | 20,410 |
| Targeted rates | - | - | - | - | - | - | - | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - | - | - | - | - | - | - | - |
| Fees and charges | 6,737 | 7,261 | 7,798 | 8,337 | 8,594 | 8,706 | 8,908 | 9,063 | 9,230 | 9,472 | 9,625 |
| Internal charges and overheads recovered | 703 | 703 | 724 | 739 | 754 | 769 | 784 | 800 | 816 | 832 | 849 |
| Local authorities fuel tax, fines, infringement fees, and other | - | - | - | - | - | - | - | - | - | - | - |
| **Total operating funding (A)** | **18,893** | **21,569** | **24,612** | **27,214** | **27,356** | **27,591** | **28,522** | **29,074** | **29,622** | **30,393** | **30,884** |
| **Applications of operating funding** | | | | | | | | | | | |
| Payments to staff and suppliers | 6,968 | 7,473 | 8,626 | 9,356 | 8,603 | 8,588 | 8,770 | 8,953 | 9,136 | 9,320 | 9,503 |
| Finance costs | - | - | - | - | - | - | - | - | - | - | - |
| Internal charges and overheads applied | 13,625 | 15,232 | 16,968 | 18,629 | 19,418 | 19,212 | 19,652 | 19,960 | 20,314 | 20,892 | 21,188 |
| Other operating funding applications | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of operating funding (B)** | **20,593** | **22,705** | **25,594** | **27,985** | **28,021** | **27,800** | **28,422** | **28,913** | **29,450** | **30,212** | **30,691** |
| **Surplus (deficit) of operating funding (A-B)** | **(1,700)** | **(1,136)** | **(982)** | **(771)** | **(665)** | **(209)** | **100** | **161** | **172** | **181** | **193** |
| **Sources of capital funding** | | | | | | | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - | - | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in debt | - | (39) | (42) | (45) | (48) | (52) | (54) | (56) | (58) | (60) | (63) |
| Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - | - |
| Lump sum contributions | - | - | - | - | - | - | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - | - |
| **Total sources of capital funding (C)** | **-** | **(39)** | **(42)** | **(45)** | **(48)** | **(52)** | **(54)** | **(56)** | **(58)** | **(60)** | **(63)** |
| **Application of capital funding** | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | |
| to meet additional demand | - | - | - | - | - | - | - | - | - | - | - |
| to improve level of service | 70 | 70 | 72 | 73 | 75 | 77 | 79 | 81 | 83 | 84 | 86 |
| to replace existing assets | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in reserves | (1,770) | (1,245) | (1,096) | (889) | (788) | (338) | (33) | 24 | 31 | 37 | 44 |
| Increase (decrease) of investments | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of capital funding (D)** | **(1,700)** | **(1,175)** | **(1,024)** | **(816)** | **(713)** | **(261)** | **46** | **105** | **114** | **121** | **130** |
| **Surplus (deficit) of capital funding (C - D)** | **1,700** | **1,136** | **982** | **771** | **665** | **209** | **(100)** | **(161)** | **(172)** | **(181)** | **(193)** |
| **Funding balance ((A - B)+(C - D))** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation | 52 | 25 | 27 | 34 | 36 | 40 | 47 | 55 | 63 | 71 | 80 |

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

# Ngā mahi ā-riu
# Catchment operations

This group of activities is made up of the following activities:

- Biodiversity and Biosecurity
- Freshwater and Partnerships
- River Management and Flood Protection
- Land Management

## WHY WE DELIVER THIS GROUP OF ACTIVITIES

The Catchment Operations Group promotes the health and resilience of the region's land and water ecosystems. It works to ensure an integrated approach to land and river management. This includes biosecurity management for animal and plant pests.

## Contribution to Council's strategic priorities

The Catchment Operations Group contributes to Council's strategic priorities, as outlined below:

1. **Building resilience to the impacts of climate change**
   - The Catchment Operations Groups activity increases resilience to the impacts of climate change through:
     - management of river and drainage schemes to maintain and build new resilience and responding to weather events when they do occur;
     - improving resilience to hill country erosion through the Sustainable Land Use Initiative (SLUI); and
     - managing pest plants and animals and protecting native biodiversity, increasing carbon sequestration and additional resilience of priority native habitats to the impacts of climate change.
2. **A holistic approach, from the mountains to the sea (integrated catchment management)**

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

- The combined work programme to manage hill country erosion, undertake work to improve water quality, biodiversity and biosecurity outcomes as well as provide river management, flood protection and drainage activity provides for an integrated catchment management approach.

3. **Strengthening partnerships with tangata whenua**
   - Tangata whenua contribute to our programme and projects by providing governance support, advice, and assisting with operational delivery. Some examples include the work through the Manawatū River Leaders' Accord, Te Pūwaha project, Te Āpiti Governance Group, Jobs for Nature programmes and Lake Horowhenua weed harvesting work.
4. **Connecting people and place through effective public transport connections**
   - The river management, flood protection and drainage activities have a direct impact on other critical infrastructure, including transport links.

### Contribution to Council's community outcomes

The Catchment Operations Group primarily contributes to the following community outcomes:

1. **Our region's communities are vibrant and empowered**
   - Our team provides a range of support and advice to empower landowners and community groups across all parts of the Catchment Operations group.
2. **Our region's ecosystems are healthy**
   - We work with and support landowners and the community on initiatives to protect and restore ecosystems. This includes freshwater initiatives such as stream fencing, riparian planting, and fish passage improvements, protection of priority habitats, contestable funds for community-led works, and contributions to managing Icon Biodiversity Sites and priority habitats. The programme also manages pest animals and plants and provides grants and advice to enable erosion protection on hill country and river berms.
3. **Our region's communities are resilient to the impact of natural hazards and climate change**
   - We provide flood and erosion protection and flood response and recovery activity.
   - We provide information and advice about flood risk to support informed decisions.
   - We undertake biodiversity projects to encourage resilience to rising sea levels, help reduce erosion, sequester carbon and improve air quality.
   - We work to reduce sediment in our rivers which will improve the flood-carrying capacity of our rivers and enhance the life of our scheme assets.
   - We help to protect critical infrastructure.
4. **Our region has effective transport networks**
   - Our flood protection and drainage activities have a direct impact on other critical infrastructure, including transport links.
5. **Our region's economy is thriving and environmentally sustainable**
   - We support farmers and growers to reduce soil erosion, ensuring our region will maintain its productive soil resource.
   - Our work benefits the region's economic activity derived from flood protection, river control and land drainage activities.
   - Our pest control programmes help protect the region from the economic drain of agricultural disease, improves agricultural production, and assists with management of weed invasion.
   - The work we do at Icon Sites and Totara Reserve Regional Park enhance these natural environments and support recreational activity and ecotourism.

## CHALLENGES WE FACE

For more discussion on Council's strategic challenges, see *Ngā tino wero ki mua | Council's key challenges in the coming years*, page 9.

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

### Restoring or maintaining high-priority ecotypes

Due to extensive modification of the region's landscapes since the arrival of people, and the plants and animals they introduced, there has been significant loss and fragmentation of indigenous ecotypes across the region. There is a limited number of sites that represent the previous biodiversity extent in the region and the voluntary Priority Habitats programme is working to find and protect examples of 30 of the ecotypes that are predominately on private land out of the 72 ecotypes regionally.

These sites face a range of challenges from plant and animal pests and require ongoing maintenance which can be resource intensive. Landowner approval to undertake the work is required and in many cases a landowner share of the costs are required. This can be a limitation to including sites into the programme and keeping sites within the programme.

### Animal and weed pest invasions

This is a major challenge in being able to protect and improve biodiversity across the region. There is limited resourcing for animal and weed pest management in sites that have difficult topography (making effective pest control difficult), as well as community sensitivity to certain tools like poisons.

Some of the most effective tools for controlling animal and weed pests to preserve endangered ecosystems involves the use of poisons and toxic chemicals which need rigorous testing to be approved for use and can still face significant resistance from communities that feel uncomfortable about the risks.

Biological control options are also investigated and utilised as a part of the programme. Not all biological control agents that are investigated pass the rigorous testing and this can mean investment which doesn't lead to a successful outcome. For those that do past the testing there is always uncertainty around how effective the agent will be on release and there can be resistance to these being released even after the appropriate testing. This resistance can be in-part due to the history of releases of new mammal species into New Zealand and the damage to biodiversity that has occurred.

### Increasing costs / affordability

This is a significant challenge across all our activities. Maintaining existing assets and levels of service requires increases in expenditure. We are facing the same challenge in regards to completing new capital upgrades, on-going maintenance and operation, and appointing contractors. Examples include increasing costs for fencing, pest control, funding of flood protection maintenance, asset upgrades, power, and fuel. Council needs to make difficult decisions about where to prioritise its budget and set achievable targets for levels of service.

Insurance premiums are a part of the programme where costs are increasing due to more frequent and severe events and the increasing replacement value of our assets. Combined, these two factors are challenging the affordability of insuring our assets which total approximately $1 billion in value.

Our non-regulatory programmes rely on farmers and growers contributing to the cost of erosion control, stream fencing, riparian planting, biodiversity and river protection works. If farmers' finances become constrained through the economic impacts on farm, and/or though increasing regulatory costs, this may reduce the amount of work that can be completed, impacting on the ability to achieve our levels of service targets.

### Increasing regulatory complexity

Central government reform has introduced a range of regulations that impact the way we deliver our activities and increase consenting complexity. Responding to this complexity has financial and resourcing implications and costs. The Government's Essential Freshwater package is an example that is shaping a great deal of our work.

The changing regulatory context requires additional staff and other resources, and is driving cost increases within operational activity. Examples of this include dam safety regulations and new requirements for stream fencing and fish passage that form part of new National Freshwater Regulations.

## Ngā putanga ā-hapori **Our community outcomes**

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### Increasing demand for staff advice and funding support

We are facing an increased demand to provide advice to landowners around the changing legislation, and to offer other support such as participating in catchment care groups. Further, there are increasing levels of request for new activity such as flood damage repairs and upgrades to, or construction of new, flood protection infrastructure.

### The impacts of climate change

Increasing average temperatures, greater fluctuations in weather patterns and rising sea levels will have an effect on the ecosystems in our region. The exact impact on biodiversity and biosecurity are difficult to forecast however there is a high likelihood that climate change will impact on biodiversity and change the nature of biosecurity threats to the region.

Climate change will also have impacts on our land and freshwater systems. Modelling undertaken by Manaaki Whenua Landcare Research for Horizons shows that sediment loads in rivers are predicted to increase by between 40 and 180% by 2090. The modelling predicts that the SLUI programme at its current rate of on-farm works may be insufficient to overcome the impacts of climate change at the most extreme scenarios.

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

Climate change is a significant issue for Horizons as a landowner, asset owner and service provider. For example, management of flood risk and damage at Tōtara Reserve Regional Park.

For more discussion on the expected impacts of climate change on our region, see *Āhuarangi Hurihuri* | *Climate Change*, page 11, and our assumption on climate change in *Ngā Matapae* | *Forecasting Assumptions*, page 277.

### Infrastructure Strategy Key Issues

Horizons River and Drainage Activity includes more than 3,700 assets with a value of approximately $1 Billion. The Infrastructure Strategy identifies a range of key issues for the management of this infrastructure. These issues relate closely to those the challenges for the Catchment Operations Group outlined above. In summary, the key issues for the infrastructure activity are:

1. Affordability of River Management and Flood Protection Activity;
2. Responding to the impacts of climate change and natural disasters;
3. Delivering capital programme works to increase resilience to climate change impacts;
4. Planning for financial implications of natural hazard events;
5. Maintaining existing assets and understanding our asset condition and maintenance requirements;
6. Achieving environmental, regulatory and other performance expectations; and
7. Merging the River Management and Flood Protection Activity into an integrated catchment management approach.

These issues and potential responses to them are further discussed in the Infrastructure Strategy, page 15.

# Biodiversity and Biosecurity

## WHAT WE DO

This activity delivers functions relating to biodiversity and biosecurity (pest animals and plants).

The biodiversity programme functions include:

- Identification and maintenance of priority habitats.
- Supporting Icon biodiversity projects where there is significant community interaction with these sites. The Icon projects are Te Āpiti Manawatū Gorge, Kia Wharite in the Ruapehu, Pūkaha Mount Bruce, Bushy Park and Manawatū Estuary.
- Two projects that have been requested by specific communities, and are funded through a rate targeted to those communities. These projects are Rangitīkei Old Man's Beard Control, and the Waitārere Community Biodiversity Project.
- Enabling the community to undertake biodiversity projects through support from a contestable biodiversity grants fund.
- Managing the Regional Park at Tōtara Reserve.
- Supporting community engagement and delivering education opportunities to contribute to the protection of biodiversity.

The biosecurity animals programme functions include:

- A Possum Control Programme, with the aim of sustained control.
- A Rook Control Programme, with the aim of eradication of rook breeding in the region.
- An animal pest monitoring programme primarily focussed on possums and including some monitoring of rabbits and surveillance for wallabies.
- A pest animal advisory service for the community.

The biosecurity pest plants programme functions include:

- Implementing the Regional Pest Management Plan which includes 66 species of pest plants. Horizons funds and coordinates pest plant control across the region for 18 plant species and a further 11 species inside individually managed zones.
- Working in partnership with landowners, community groups and other stakeholders.
- Supporting biological control options for a range of pest plants.
- A pest plant advisory service for ratepayers.

## WHY WE DO IT

The biodiversity and biosecurity activity seeks to enhance regional biodiversity and provide support for management of some production pests.

Biodiversity decline over time has been well documented and the biodiversity programme includes work to identify and protect priority habitats that represent the region's biodiversity with a focus on the ecotypes that are predominately on private land.

The Biodiversity Partnerships programme has a goal of "*Empowering communities to reconnect with and improve biodiversity*". This includes support of the Icon sites and Tōtara Reserve Regional Park where there is high levels of public connection with biodiversity, projects where the community have requested support and are funding the activity by targeted rates, and the contestable fund where the community can put forward their priorities for biodiversity activity.

A significant component of the biosecurity programme also supports the regional economy through management of pests that can impact on production e.g. possums, rooks and some pest plants.

## KEY PROJECTS

**Implementation of and Review of Regional Pest Management Plan**

Council has a pest management plan which we follow to control and manage pests (animals and plants) in our region. Under the Biosecurity Act 1993 there is a statutory requirement to draft a revised plan by November

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

2027. This work will occur throughout years 1-3 of the Long-Term Plan at a forecasted total cost of $650k plus staff time. This is planned to be reserve funded in year 1, with additional rate funding from year 2.

### Possum Control Operation

Horizons voluntary possum control programme seeks to provide positive outcomes for production, animal health, biodiversity and amenity. The programme covers over 1.568 Million hectares or about 70% of the region. In the 2023-24 year the programme aims to deliver control over more than 900,000 ha with a target of over 110,000 bait station fills. The region-wide programme is under pressure with some areas of the programme showing results over the goal of 10% Residual Trap Catch. The pressure on the programme to undertake further control is forecast to increase over the life of the Long-term Plan with land OSPRI likely to cease controlling some areas and these areas becoming part of Horizons programme. There is also a positive trend of more landowners wanting to opt into the programme that is increasing the number of bait stations in the region. Land use change in the region including more forestry is also changing the intensity of work required in some areas. The programme which is currently predominately a ground operation approach may adapt to include aerial control for some land parcels to increase efficiency. The Long-term Plan provides for increasing control efforts in year 2 and year 3. This work will occur throughout years 1-10 of the Long-Term Plan at a forecasted cost of $4.4M, with a year 2 boost of $150k and a further $250k in year 3.

### Pest Plant Management

Implementing the Regional Pest Management Plan which includes 66 species of pest plants. Horizons funds and coordinates pest plant control across the region for 18 plant species and a further 11 species inside individually managed zones. Not all of the objectives for the pest plan are currently on track to be meet. Analysis has shown the nine species are considered to have a low likelihood of meeting the objectives - Old man's beard, Purple Loosestrife, Chinese pennisetium, evergreen buckthorn and five aquatic weeds).

The Long-term Plan is provisioning some funding, primarily in year two to enhance the likelihood to achieve some of the pest plan objectives. A total of $95K of additional funding has been provisioned in year two for additional control of Wilding conifers, Bone seed, Darwin's barberry, Banana Passionfruit and evergreen buckthorn. The Long-term Plan also includes increases of $100,000 in each of year 2 and year 3 for further old man's beard control. The additional support will enhance the ability of the pest plant programme to achieve some goals.

## CHANGES IN WHAT WE WILL DELIVER

As outlined below there are few changes to the structure of what we deliver for the biosecurity and biodiversity projects. The Long-term Plan proposes little change to biodiversity and biosecurity operational budgets in year 1. Some increases in activity are proposed in year 2 and 3 to enhance the ability to achieve goals and objectives for this activity. The proposed increases in activity and budgets for these are outlined in the section above. There is an increase in capital programme spending proposed for Tōtara Reserve, with some of this receiving co-funding from Central Government.

### Improvements to Priority Habitats

Council's goal for the priority habitats programme is "to maintain or restore the full range of the region's priority indigenous ecosystems to a healthy and functioning level". Overall 72 ecotypes have been identified in the region and Horizons has priorities on 30 of these that are predominately on private land with the balance to be managed by other agencies such as the Department of Conservation. Horizons currently has 83 sites in the programme representing 27 of the priority habitats, with more being added in 2023-24 year. Over the first three years of the Long-term Plan we aim to bring examples of the remaining three priority ecotypes into the programme and we have included additional funding to improve the on-going management of the more than 83 existing sites in the programme. Budgets for the project are forecasted cost of $360K for year one (similar to 2023-24 levels), increasing to approximately $810k per annum by year 3.

### Kanorau Koiora Taketake

Our Kanorau Koiora Taketake - Indigenous Biodiversity Community grants provide funding and advice to community groups who are helping to make this region a healthy environment where people are thriving. The vision for is to 'empower communities to reconnect with and improve biodiversity'. The programme has supported over 65 projects since its initiation in 2021. This work will occur throughout years 1-10 of the Long-Term Plan at a forecasted average cost of $307k per year.

### Support for Icon biodiversity sites and targeted rate projects

Horizons provides support to five Icon site projects and two targeted rate projects. The Icon sites are Te Āpiti Manawatū Gorge, Kia wharite predator control, Bushy Park, Pūkaha Mt Bruce and Manawatū Estuary. The two target rate projects are the Rangitīkei old man's beard control work and the Waitarere Community Biodiversity project. This work will occur throughout years 1-10 of the Long-Term Plan at a forecasted average cost of $1,050k per year. Funding for the Waitarere Community Biodiversity project has been increased from historic level of approximately 7k to 20k (including GST) and the area of the target rate applies to have been increased. This change is to provide for more activity as part of the project.

### Totara Reserve Regional Park Ongoing Management

Totara reserve is classified a 'Scenic Reserve' under the Reserves Act 1977 and is the Region's only Regional Park. Activity at the Reserve includes the management of camping and the broader park activity including protecting biodiversity and biosecurity. The site has been significantly impacted by flooding on a number of occasions over the last 20 years. Government Co-funding has been secured to assist with establishing further flood protection at the site and is supported by an additional $200k in year 1. As part of the ongoing Reserve management, the Long-term Plan has provisioned for some additional biosecurity/biodiversity work at a cost of $120k over years 1-3; as well as a toilet replacement for the Fern walk, an effluent treatment component upgrade, and new ablution block. These capital works are planned to occur throughout years 1 – 3 of the Long-Term Plan at a forecasted estimated cost of $370,000.

## NEGATIVE EFFECTS OF THIS ACTIVITY

### Impacts on the environment

Much of the activity is dedicated to working with others to improve environmental outcomes. However, some aspects of the work can have, or be perceived to have, negative impacts on the environment.

Examples of this include the potential climate change impact through activities like travel to work locations, constructing fences, flood defences etc. Further, as a part of delivering pest control activity for environmental and economic benefit a range of toxins are utilised. In part, some of this impact will be offset by the significant amount of planting and pest control that is undertaken which will have a positive impact on carbon sequestration.

Other environmental impacts can occur in delivering services for human activity in natural environments. For example, the establishment of tracks in the Tōtara reserve may require some modification to the native bush.

### Impacts on People

Ecological enhancement activities are undertaken to provide overall benefits for the community. In some cases, the provision of these services can have impacts on some of the community through changing their local area, impacting on their properties, cultural values etc.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into four sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Biodiversity and biosecurity - implementation

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 55% General Rate
- 30% UAC (Environmental Initiatives)
- 15% targeted per ha rate on properties >4 ha

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.

There are both regional and local benefits to this activity. Benefits from improved biodiversity and ecosystem health occur in the ecological districts where those improvements are made, both in the present and the future. However, this has broader benefits to the region and the nation. A component of biosecurity protection also protects the rural economy and rural landowners.

**Note:** The implementation of the Regional Pest Management Plan is funded via the *Biodiversity and Biosecurity – Implementation* activity in accordance with consideration given under section 100T of the Biosecurity Act 1993.The Regional Pest Management Plan (RPMP) and the Biodiversity and Biosecurity – Implementation activity generally have the same purpose regarding the protection of our region's unique biodiversity and ecological systems. The funding structure of the Biodiversity and Biosecurity – Implementation activity generally reflects the RPMP's intended benefits (both direct and indirect), and interests, of the occupiers of affected properties across the region.

### Regional park camp ground (component of Tōtara reserve regional park management)

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- >30% fees and charges

Remainder:

- 90% Targeted UAC (Palmerston North City Council area and Manawatū District)
- 10% General rate.

Capital expenditure may be funded through borrowing.

*Rationale*

This service is provided to assist us in achieving our community outcomes.

The regional park campground largely benefits residents in the surrounding district and city. The initial source of funds are camping fees, with the bulk of the remainder targeted to Palmerston North City and Manawatū District.

### Rangitīkei environment group old mans' beard control

*Funding arrangements*

- 50% UAC (properties >4 ha in the Rangitīkei District)
- 50% UAC (properties <4 ha in the Rangitīkei District)Rationale

Need for this service comes from introduced pest species as a result of the actions of previous generations.

For the purposes of funding this activity, the properties in the Rangitīkei District have been divided into those that are less than four hectares (<4ha), and those that are more than four hectares (>4ha). Council assumes that the >4ha properties generally receive greater benefit from the Old Mans' Beard control improvements than <4ha properties. The >4ha properties pay more per property to reflect the greater benefit.

### Waitārere community biodiversity project

*Funding arrangements*

- Grants and Subsidies in the first instance

Remainder

- 100% targeted (Waitārere Community) based on capital value.

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.

This service benefits those in the Waitārere Beach community. The recovery of costs for the service are targeted to that community.

## PERFORMANCE TARGETS

As a part of the Long-term Plan process Council have reviewed the performance targets for the biosecurity and biodiversity activity. In summary the changes include:

- The Priority Habitats programme moving the focus from a single target adding new sites each year to having two new measures, one aligned to the goal of having a representative set of priority ecotypes in the programme and a second focussed on providing maintenance of the sites in the programme.
- The previous Community Biodiversity target to support 10 community projects has been separated into two measures, one for the known Icon and targeted Rate projects and one for the contestable fund projects that are decided on each year. Overall the two measures the target has increased to supporting at least 19 projects.
- The possum control programme measures have refined to reflect more clearly that they are measured based on the annual monitoring results. To support this a new measure for the minimum amount of annual monitoring required has been added.
- Pest Plant measures have been broadened to provide a measure of all species that Horizons manage and measure seeking an overall improving trend. A further measure has been added to provide a detailed annual report containing information on each of the individual species. This measure aligns with a mandatory requirement under the Biosecurity Act.

| BIODIVERSITY | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. Protection of priority representative sites of the region's biodiversity | | | | | | | |
| 1.1 | At least one representative site of each of the 30[47] known and priority ecosystem types in the region are found and protected in the priority habitats active management programme | 2022/23 | 81%<br>[27 of 33] | >90% | >93% | >96% | >100% |
| 1.2 | The number of sites in the priority habitats programme is sustained or increased | Baseline for modified measure<br>2024/25 | N/A | >80 | >80 | >80 | >80 |

[47] Explanatory note: There are 72 ecosystem types currently identified in the Horizons region (Singers and Rogers classification). Thirty four of these are under-represented, threatened and not already found on private conservation land in the region. Four of these are ecosystem types that are impractical to manage (ie. cliff faces and braided riverbeds) leaving 30 priority ecosystem types that should be found and protected by Horizons.

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2. | We support biodiversity protection and improvement projects at identified biodiversity icon sites and specified targeted rate projects | | | | | | |
| 2.1 | Support Icon and target rate biodiversity projects. | Baseline year for split measure – 2023/24 | N/A | 7 | 7 | 7 | 7 |
| 3. | We support communities to manage their own biodiversity improvement projects | | | | | | |
| 3.1 | Private individuals, organisations and community groups are supported and enabled to improve and protect biodiversity across the region. | Baseline year for split measure – 2023/24 | N/A | >12 | >12 | >12 | >12 |
| 4. | We manage Tōtara Reserve Regional Park, including the campground | | | | | | |
| 4.1 | Annual report to Council on the management of Totara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| BIOSECURITY – PEST ANIMAL MANAGEMENT | | | | | | | |
| 5. | Horizons will undertake targeted animal pest control and monitoring programmes across the Region to reduce adverse effects on economic wellbeing and the environment | | | | | | |
| 5.1 | Possum densities are maintained at/below 10% residual trap-catch, (on average), across the Possum Control Operations monitored annually. | 2022/23 | Achieved | <10% | <10% | <10% | <10% |
| 5.2 | Monitor possum control densities within the Horizons possum control programme based on the possum control operations that make up the overall possum control area | Baseline year for modified measure – 2023/24 | N/A | >20% of Possum Control Operations monitored | >20% of Possum Control Operations monitored | >20% of Possum Control Operations monitored | >20% of Possum Control Operations monitored each year |
| 5.3 | All additional hectares released from OSPRI control are included in the PCO programme | 2023/24 | N/A - No new hectares this year. | 100% | 100% | 100% | 100% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5.4 | All known rookeries are treated annually to reduce crop losses and damage. | 2022/23 | 100% | 95% | 95% | 95% | 95% |
| 5.5 | Provide an animal pest management advisory service. All enquiries will be responded to within three working days | 2022/23 | 100% | 100% | 100% | 100% | 100% |
| BIOSECURITY – PEST PLANT MANAGEMENT | | | | | | | |
| 6. | We prevent establishment of high risk pest plant species | | | | | | |
| 6.1 | Response plans are enacted within their specified timeframes. | Baseline year for modified measure – 2023/24 | N/A – No plans required | Achieve | Achieve | Achieve | Achieve |
| 7. | We effectively reduce the risk of pest plants spreading from sites Horizons manages within Regional Pest Management Plan programmes. | | | | | | |
| 7.1 | The overall zero-level status of Horizons managed sites increases on a yearly basis. | Baseline year for modified measure – 2022/23 | 86% | Achieve | Achieve | Achieve | Achieve |
| 8. | We contribute to the management of widespread pest plant species using natural methods | | | | | | |
| 8.1 | Financially support the national bio-control agent development programme and report annually to Council on this programme and Horizons other biocontrol activity. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 9. | We monitor our RPMP programmes according to the Biosecurity Act requirements | | | | | | |
| 9.1 | Submit an annual monitoring report | 2023/24 | N/A | Achieve | Achieve | Achieve | Achieve |

# Freshwater and Partnerships

## WHAT WE DO

The primary functions of the freshwater and partnerships team are to work with external partners to result in improvements in aquatic habitat (fish passage and riparian management) and water quality (including stream fencing, riparian planting, advice on constructed wetlands and other interventions). The programme also enables community projects (through funding and advice) and provides advice, support and raises awareness of rules and regulations.

The activities are focussed on working with landowners and the community. This includes coordinating the Manawatū River Leaders' Forum and the provision of advice and grants to co-funding intervention works that either result in improvement in overall aquatic health (including water quality) or greater community involvement in freshwater.

The programme has a strong linkages to Horizons science and monitoring activity to inform decisions on interventions in the context of the identified issues within the catchment of work. Parts of the programme will assist in the development of action plans required to be prepared under the National Policy Statement for Freshwater Management 2020 for some of the region's river and/or lakes. The activity also has a role in supporting overall operational activity, enhancing the delivery of an integrated catchment management approach including providing support to the river management and flood protection activity.

## WHY WE DO IT

Our projects and partnerships are undertaken to improve water quality and aquatic habitats in the region. This includes providing support to community and landowners to develop options for and to undertake works.

## KEY PROJECTS

**Jobs for Nature projects – Riparian management and Fish Passage**

The Freshwater and Partnerships programme has been successful in obtaining a range of government co-funding over the last decade.

Two of the programmes, the Regional Riparian Fencing and Planting project and the Enhancing Fish Populations through fish passage remediation project are funded via the Jobs for Nature programme that is administered by the Ministry for the Environment. These projects were originally programme to end in June 2023. These are now continuing into year 1 of the Long-term Plan via an extensions to the five year contract timeframes.

The extension of the programmes will be funded by a carry forward of government co-funding and rates from previous years. Overall the cessation of the Jobs for Nature funding (including the Horowhenua project below) will reduce the overall funding for the Freshwater and Partnerships activity by $2.8 million. This includes a reduction of 6 staff positions.

**Jobs for Nature project - Horowhenua**

The Horowhenua Freshwater Management Unit Water Quality interventions project is a further project with co-funding from Jobs for Nature Fund via the Ministry for the Environment. The work has objectives that include governance, monitoring and science, job creation, communications and the establishment of the Arawhata Wetland. This project was contracted to be completed in year 1 of the new Long-term Plan (by 2024). This project will focus on obtaining permissions and construction of phase 1 of the wetland in year 1 and moves to a maintenance programme from year 2. The second phase of the wetland has not been provisioned for in the Long-term Plan.

**Regional Water Quality Improvement**

This project seeks to improve the swimmability and aquatic habitat of the region's rivers through riparian planting and the exclusion of stock from the

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

region's rivers and stream margins. The programme also supports restoration of native fish populations through improving fish passage and supports community projects to enhance water quality. This work will occur throughout years 1 - 10 of the Long-Term Plan at a forecasted cost of $11.0 million. The overall amount of work completed will be substantially reduced due to the reduction of central government co-funding. In year 1 the activity will include the remainder of the Jobs for Nature projects for riparian fencing and planting and enhancing fish passage and will likely increase the level of delivery compared the targets in year 1 of the Long-term Plan.

Council funded a regional freshwater community grants programme via use of $100,000 of reserves in 2023-24. This approach is planned to continue in year 1 of the Long-term Plan. The Long-term Plan includes additional rate funding of $100,000 to continue this programme.

**Manawatū River Water Quality Improvemen** t

The Manawatū River Water Quality Enhancement programme supports the delivery of projects to meet the goals of the Manawatū River Leaders Accord that was established in 2010. It is funded via a targeted rate to the ratepayers within the Manawatū Catchment. With the completion of the central government co-funding from Freshwater Improvement Fund in June 2023, the targeted rate has been a part of the Jobs for Nature Project for regional fencing and planting in 2023-24. The Long-term Plan now separates this work back out from the regional programme. This project faces a significant reduction in the level of service due to a reduction in external funding from central government.

The work programme includes support for the Manawatū River Leaders' Forum meetings, riparian fencing and planting, fish passage remediation and community projects. This is an ongoing project, that will be delivered throughout the life of this Long-Term Plan via the Manawatū Accord targeted rate, at a forecasted cost of $450,000 annually.

**Horowhenua District Water Quality Improvement**

The Horowhenua District Water Quality Enhancement programme supports the delivery of water quality and freshwater enhancement projects in the Horowhenua District. It is funded via a target rate to the Horowhenua District (previously referred to as the Lake Horowhenua Restoration Rate). In recent years the programme has supported Lake Horowhenua Weed Harvesting and the Jobs for Nature project that is completing work within the Horowhenua District including the design, consenting and construction of the Arawhata wetland.

The LTP work programme includes continued support for the Lake Weed Harvesting operation and in year 1 the wetland construction. An additional provision of $100,000 in year 2 and further $100,000 in year 3 have been provisioned for ongoing maintenance of the wetland. This is an ongoing project, that will be delivered throughout the life of this Long-term Plan at a forecasted cost of $9.8 million.

## CHANGES IN WHAT WE WILL DELIVER

Over the past decade the freshwater and partnerships programme has been successful in obtaining government co-funding for a range of projects to enhance the level of delivery. In the previous Long-term Plan this increase in size and scale of activity included the Freshwater Improvement Fund, Community Environment Fund and Jobs for Nature projects. As a result of the government co-funding coming to an end, there will be a significant reduction in the level of service in these programmes during this Long-term Plan. While there will likely be some additional work in year 1 of the LTP due to funding carried forward. Overall the programme is reducing by a total of $2.8 million and 6 staff.

Additional resourcing of $200k is being allocated to the Horowhenua District Water Quality Improvement programme provide for the operation, maintenance of the Arawhata wetland complex.

The Freshwater and Partnership team will work to deliver the Jobs for Nature work in year 1 and will provide support for the Integrated Catchment Management work programme over the life of the Long-term Plan. A key part of that will be increasing the alignment of the activity of the Catchment Operations Group and support for the River Management, Flood protection and Drainage team. This includes delivery of the Nature Based Solutions funded work to investigate a 'room for the river' approach in the Pohangina/Ōroua and part of the lower Manawatū River. More information on

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

this project is provided in the Infrastructure Strategy. The new government co-funding will partially offset the reduction in government co-funding from other programmes but is not directed to co-funding physical works like fencing and planting.

## NEGATIVE EFFECTS OF THIS ACTIVITY

### Impacts on the environment

Much of the activity is dedicated to working with others to improve environmental outcomes. However, some aspects of the work can have, or be perceived to have, negative impacts on the environment.

Examples of this include the potential climate change impact through activities like travel to work locations, constructing fences, flood defences etc. In part some of this impact will be offset by the significant amount of planting and pest control that is undertaken which will have a positive impact on carbon sequestration.

Other environmental impacts can occur in delivering services for human activity in natural environments. For example, building a wetland to assist in restoring Lake Horowhenua may require earthworks in wetland areas.

### Impacts on People

Ecological enhancement activities are undertaken to provide overall benefits for the community. In some cases, the provision of these services can have impacts on some of the community through changing their local area, impacting on their properties, cultural values etc.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into three sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Freshwater and partnerships regional implementation

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder

- 100% General Rate

Capital expenditure may be funded through borrowing.

*Rationale*

Water quality outcomes are the result of local catchment characteristics and what happens in the catchment. Land use, discharges and water takes contribute to water quality outcomes. Extreme weather events and climate change also contribute.

The benefits of this service are region-wide and intergenerational.

### Manawatū catchment water quality improvement

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 100% UAC (properties in the Manawatū Catchment).

Capital expenditure may be funded through borrowing.

*Rationale*

Water quality outcomes are the result of local catchment characteristics and what happens in the catchment. Land use, discharges and water takes contribute to water quality and ecological health outcomes. Extreme weather events and climate change also contribute.

This service benefits those in the Manawatū Catchment area. The recovery of costs for the service are targeted to properties in the Manawatū Catchment.

### Horowhenua District water quality improvement

*Funding arrangements*

- Grants and subsidies (in the first instance).

Remainder:

- 100% targeted (properties in the Horowhenua District) based on capital value.

Capital expenditure may be funded through borrowing.

*Rationale*

Water quality outcomes are the result of local catchment characteristics and what happens in the area. Land use, discharges and water takes contribute to water quality and ecological health outcomes. Extreme weather events and climate change also contribute.

This service benefits residents within the Horowhenua District. The recovery of costs for the service are targeted to properties in the Horowhenua District.

## PERFORMANCE TARGETS

The performance targets for the Freshwater and Partnerships activity have been reviewed to reflect the cessation of the Jobs for Nature project and are arranged in the three sections for the Regional, Manawatū and Horowhenua Water Quality Improvement programmes. The overall levels of service across these activities are programmed to reduce significantly as outlined below.

- Stream fencing targets will reduce from 160 km in the 2023-24 Annual Plan to 30 km in year 1 of the Long-term Plan
- Riparian planting targets will reduce from 140,000 plants to 70,000 plants
- Fish passage repair targets will reduce from 7 to 4
- Community projects will increase from 0 to 10

| FRESHWATER AND PARTNERSHIPS | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | Deliver freshwater enhancement work in the Region | | | | | | |
| 1.1 | Kilometres (km) of stream fencing completed | 2023/24 | 40km | 15 km | 15 km | 15 km | 15 km per year |
| 1.2 | Number of riparian plants planted. | 2023/24 | 77,817 | 35,000 | 35,000 | 35,000 | 35,000 per year |
| 1.3 | Fish barriers remediated | 2023/24 | 3 | 2 | 2 | 2 | 2 per year |
| 1.4 | Number of regional community projects funded. | 0 [Annual Plan states zero, but a fund has been run with reserves] | 9 | 5 | 5 | 5 | 5 per year |
| 2. | Deliver freshwater enhancement work within the Manawatū Catchment | | | | | | |
| 2.1 | Manawatū Accord Leaders forums are held twice per year. | 2023/24 | N/A | 2 | 2 | 2 | 2 per year |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2.2 | Kilometres (km) of stream fencing completed. | 0 [All funding to Regional Jobs for Nature projects in 2023/24] | 2024/25 | 15 km | 15 km | 15 km | 15 km per year |
| 2.3 | Number of riparian plants planted. | 0 [All funding to Regional Jobs for Nature projects in 2023/24] | 2024/25 | 35,000 | 35,000 | 35,000 | 35,000 per year |
| 2.4 | Fish barriers remediated | 0 [All funding to Regional Jobs for Nature projects in 2023/24] | 2024/25 | 2 | 2 | 2 | 2 per year |
| 2.5 | Number of community projects funded | 0 [All funding to Regional Jobs for Nature projects in 2023/24] | 2024/25 | 5 | 5 | 5 | 5 per year |
| 3. Deliver freshwater enhancement work within the Horowhenua District | | | | | | | |
| 3.1 | Annual report to Council on Horowhenua Freshwater restoration activity | 2022/23 | Achieved | Achieve | Achieve | Achieve | 1 per year<br>Achieved |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

# River management and flood protection

## WHAT WE DO

Horizons River Management and Flood Protection Activity provides a range of services to protect people and property from weather events and to support the regional economy. The activity is primarily delivered through the 34 River and Drainage Schemes which have developed over time since the 1940's. The levels of service and activities vary between and within the schemes. The main work types include:

- Flood protection of city, towns, houses, infrastructure and rural land;
- Erosion control, channel maintenance and gravel management;
- Vegetation planting and management;
- Drainage activity; and
- Amenity and environmental enhancement works

Across the schemes there were 3,794 assets with a total estimated value in the order of $990 million in June 2023. These assets include approximately 500 km of stop banks, over 509 floodgates, over 800 km of river channel and over 1070 km of drains. A large component of the work programme is focussed on maintaining and repairing these assets. The programme also includes a capital upgrade programme to increase levels of service and activity to respond to and recover from storm events. The investigation and design aspect of the activity provides technical design and advice, produces gravel resources studies and also support works outside of schemes, via environmental grants.

## WHY WE DO IT

Horizons River Management Activity is one of Council's statutory functions. Relevant statues include the Soil Conservation and River Control Act 1941, the Civil Defence Emergency Management Act 2002, and some Orders in Council relating to performance of Catchment Board and Drainage functions.

Horizons River Management, Flood Protection and Drainage Activity aims to protect people and property from weather events and to support the regional economy. This includes building resilience to the impacts of climate change in the region.

## KEY PROJECTS

### Scheme Maintenance & Operational Delivery

A core function of the River Management and Flood protection activity is the maintenance programme for the 23 River Schemes and 11 Drainage Schemes.

The Long-term Plan sets out new performance measures to provide a greater level of certainty and transparency around the way scheme maintenance will be undertaken. Scheme maintenance targets have been set at a regional level across the schemes using a common methodology. This includes targets like all scheme drains will be maintained at least once every 10 years and 2% of the channels within the scheme areas will be maintained each year. These measures aim to set out the level of activity that has been funded and provide transparent reporting on the amount of activity that has been achieved.

This maintenance based programme will be informed by the asset management programme outlined below. The move to this approach places a focus on maintaining existing assets within the programme to increase resilience to storm events. The programme maintains some budget provision for damage repairs and a limited budget for new assets to establish in scheme where damage occurs and there is not currently an asset.

This approach will change the way activity is delivered in some schemes. The aims of the maintenance based approach include to reduce the amount of damage to assets during storm events through preventative maintenance, increasing transparency around the levels of service and increasing the efficiency of the delivery of the programme through a more structured

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

programmed. This activity is programmed to occur over the life of the Long-term Plan. Over the course of the Long-term Plan increases of $250,000 in year 1 and year 3 have been included to enable the delivery of the Long-term Plan targets. Further two new staff positions have been included in year 2 of the programme to provide increased staff capacity for delivery.

### Capital Programme Delivery

The capital programme has two components, the asset renewals programme as outlined in the Asset Management Plan and the capital upgrade programme to maintain and/or increase the levels of service. More information on both of these programmes is available in the Infrastructure Strategy.

Horizons' Capital Upgrade programme over the Long-term Plan is currently supported by a range of central government co-funding, including:

- Provincial Growth Funding for the Te Pūwaha project at the mouth of the Whanganui River which is being budgeted to deliver the Tanae Groyne construction in year 1 of the LTP and South Spit resilience upgrades in Year 2 of the LTP. Council has not provided for the upgrade of the South Mole that had an estimated budget of $9.2 million in March 2023.
- Climate resilience funding for the Lower Manawatū, Palmerston North, Rangitīkei and Foxton projects. A range of sub-projects are planned within these projects in year 1 including:
  - The Lower Manawatū Project upgrades to the Moutoa Flood Gates at both ends of the spillway, Rangiotu Floodgates and Tokomaru stop banks.
  - The Palmerston North stop banks projects to build resilience to flood protection the Mangaone Stream near Tremaine Avenue.
  - The Foxton project to establish improved flood protection; and
  - The Rangitīkei project to further implement the room for river management approach.
- The Local Government Flood Resilience Fund projects for
  - Flood forecasting and communication resilience upgrades which has a range of projects including flood forecasting, communications and back-up power supply upgrades and completion of flood vulnerability assessment programmed for year 1 of the Long-term Plan; and
  - The Pohangina Catchment project to reduce the risk to people and infrastructure which has a work programme to establish improved flood protection at Tōtara Reserve in year 1 of the LTP.

Other capital programmes planned in the first ten years of the Long-term Plan include:

- Further work to design, consent and complete upgrades to flood protection for Feilding township;
- Plans to determine and implement a solution to the flood risk at Te Arakuru Road downstream of Feilding township on the Ōroua River; and
- Further work to build resilience in the Mangaone Stream in Palmerston North.

Longer term capital upgrade projects are further discussed in the Infrastructure Strategy.

The funding for the capital programme in year 1 of the LTP is $15.2M being an increase to the 2023-24 Annual Plan budget for this activity ($13.5M). After year 1 of the LTP the amount provisioned for upgrades reduces as the government co-funding reduces and over the first 10 years of the programme the budget is approximately $36.5M. From year three, there is a focus on projects in Feilding, Palmerston North and the capital renewals programme. The Long-term Plan includes budget to transition staff salaries currently being funded by capital costs to being funded by operational budget annual. An allowance of $390,000 in year 2 and $140,000 in year 3 has been included for this.

## CHANGES IN WHAT WE WILL DELIVER

A range of changes to delivery of the River Management and Flood protection are proposed. These are overviewed in the section above and sections below.

### Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

### Responding to and recovering from weather events

Staff time and resources to respond to weather events are provisioned in the Long-term Plan as a part of Horizons Emergency Management function. River and Drainage Scheme budgets also supporting responding to events, including additional inspections, enquiry responses and a limited budget for repairs. Response to weather events is prioritised over activity. During years where there are large and/or frequent events, the response to and recovery from weather events can impact on the delivery of the planned work programme. The 2023-24 year has been a good example of this with a range of weather events in the region causing flood damage, including Cyclone Gabrielle. This required staff resources to be diverted from planned work to response and recovery activity.

### Asset Management

Of the 34 schemes, 28 schemes have assets. Within the 28 schemes there are approximately 3,700 assets. Knowledge of the condition of the over 3,700 assets is important to prioritising the maintenance programme, managing risks to providing the levels of service and assessing asset values for auditing and insurance purposes. Five performance targets have been included in the Long-term Plan for the asset management activity. These include targets for asset inspections and providing Annual reports on Asset Condition and Asset Revaluations to Council.

The Long-term Plan includes provision for two new staff positions to assist with the implementation of the infrastructure strategy and asset management programme.

### Delivering on regulatory requirements

The River Management, Flood Protection and Drainage work of Horizons requires a range of regulatory and other permissions. The number of these and complexity is growing due to community expectations changing, consents expiring and requiring replacing, new central government legislation coming into effect and councils (including Horizons) reviewing their policies.

New Dam Safety Legislation is one example of new legislation that will add to the costs of scheme activity. Currently, it is estimated that 14 dam safety assurance programmes have to be developed over the first two years of the Long-term Plan to meet regulatory requirements within timeframes. This work is planned to be loan funded over the lifespan of these reports (five years) with the costs to be met by the schemes the dams are in. Funding for this has not been provisioned in the Long-term Plan at this stage, while the required amount and likely timing of the spend and funding model is confirmed.

### Design and advice activity

Design and advice activity includes:

- Undertaking gravel resource assessments in a programme coordinated with the Fluvial Research Programme.
- Developing a regional flood vulnerability assessment with support from Central Government co-funding via the Local Government Flood Resilience Fund.

## NEGATIVE EFFECTS OF THIS ACTIVITY

### Impacts on the environment

Much of the activity is dedicated to working with others to provide services like flood protection and drainage services. However, some aspects of the work can have, or be perceived to have, negative impacts on the environment.

Examples of this include the potential climate change impact through activities like travel to work locations, constructing fences, flood defences etc. In part some of this impact will be offset by the significant amount of planting and pest control that is undertaken which will have a positive impact on carbon sequestration.

Other environmental impacts can occur in delivering services for human activity in natural environments. For example, work to establish flood protection assets like stop banks or to protect assets from flood damage may require in-river works that have potential to impact ecosystems and natural character as well as people's enjoyment of waterways.

### Impacts on People

Ecological enhancement and flood protection type activities are undertaken to provide overall benefits for the community. In some cases, the provision of these services can have impacts on some of the community through changing their local area, impacting on their properties, cultural values etc. For example, in some cases providing flood protection can have positive impacts for a large part of the community, through having additional impacts on other areas in the community.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into five sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### River and drainage – general

*Funding arrangements*

- Grants and subsidies in the first instance

Remainder:

- 100% General Rate

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

Benefits accrue to the whole region – this service protects the lives and property of people within the region.

### River and drainage – river schemes (excluding Pohangina-Oroua and Porewa)

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 80% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)
- 20% General Rate.

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

Benefits primarily accrue to the populations and properties that each river scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.

There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

### River and drainage – drainage schemes

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 90% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)
- 10% General Rate.

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

Benefits primarily accrue to the populations and properties that each drainage scheme protects, over the lifetime of those scheme assets. A

mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.

There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

### River and drainage - Porewa scheme

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 60% General Rate
- 40% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

This scheme provides regional and national benefit through the reduction of flooding risk to State Highway 1 and the Southern North Island Main Trunk Railway. Flood protection enables distribution of goods on these significant corridors as well as productive use of the land.

The properties in the Porewa valley also directly benefit because the land is protected by flood and erosion control works.

### RIVER AND DRAINAGE: POHANGINA-OROUA SCHEME

*Funding arrangements*

- Grants and subsidies in the first instance (including 60% landowner contribution to erosion control works).

Remainder:

- 20% General Rate
- 80% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges).

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

Benefits primarily accrue to the populations and properties that the river and drainage scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.

There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

## PERFORMANCE TARGETS

As a part of the Long-term Plan process, Council are implementing changes to the delivery of the River Management and Flood Protection Activity including establishing a new set of performance measures to increase the level of transparency around activity. The new levels of service include:

- Six measures for the Scheme Maintenance and Operational delivery. These outline the amount of work that will be completed as a proportion of the total amount of assets and include measures for maintenance of drains, stop banks, river channels, erosion control vegetation, flood gates and amenity assets.
- Six measures for asset management including inspection number targets and annual reporting to Council on Asset Condition and Asset Revaluations.
- A revised target for delivery of the Capital Programme that reflects the uncertainty around the ability to deliver all planned projects in a given year.
- Measures for reporting on regulatory requirements, damage from severe weather events, gravel management reports, environmental grants and the room for the river projects.

| RIVER MANAGEMENT AND FLOOD PROTECTION | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We will undertake maintenance within the River and Drainage schemes | | | | | | |
| 1.1 | Maintenance is undertaken on scheme drains (note a drain may receive maintenance more than once per year and each maintenance activity counts to the target)<br>[Numbers in the targets for this measure and others below should be treated as indicative. These measures rely on sufficient staffing and a business model that enables delivery as well as a new tracking system that is in development. Numbers may change over the course of the LTP process.] | 2024/25 | N/A | 520km | 520km | 520km | 520km per year |
| 1.2 | Kilometres of scheme river erosion protection maintained e.g. mulching of maintenance of vegetation used for river bank erosion (such as mulching of willows). | 2024/25 | N/A | 75km | 75km | 75km | 75km |
| 1.3 | Kilometres of river channel maintenance completed e.g. movement of gravel in a reach to reduce erosion pressure on stopbanks. | 2024/25 | N/A | 18km | 18km | 18km | 18km |
| 1.4 | Number of scheme flood gates maintained e.g. cleaned, repaired, adjusted etc. | 2024/25 | N/A | 97 | 97 | 97 | 97 |

Ngā putanga ā-hapori **Our community outcomes**

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He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1.5 | Kilometres of scheme stopbanks maintained e.g. mowing of stopbanks, repairs to stopbanks etc. | 2024/25 | N/A | 65km | 65km | 65km | 65km |
| 1.6 | Number of river scheme amenity works maintained (e.g. tracks on stopbanks). | 2024/25 | N/A | 1 | 1 | 1 | 1 |
| 2. | We will complete asset management activity for the River and Drainage Schemes | | | | | | |
| 2.1 | % of critical assets inspection completed | Baseline for modified measure<br>2024/25 | N/A | 75% | 76% | 77% | 78% |
| 2.2 | % of non-critical assets inspections completed | Baseline for modified measure<br>2024/25 | N/A | 20% | 20% | 20% | 20% |
| 2.3 | % of Assets Renewal program completed. | 2024/25 | N/A | 75% | 75% | 75% | 75% |
| 2.4 | Asset condition report provided to Council. May report on the previous year's information. | Baseline for modified measure<br>2024/25 | N/A | Achieve | Achieve | Achieve | Achieve |
| 2.5 | Asset revaluation process completed and reported to Council. May report on the previous year's information. | 2024/25 | N/A | Achieve | Achieve | Achieve | Achieve |
| 2.6 | Number of assets upgraded or modified to meet NPS-FM requirements | 2024/25 | N/A | 2 | 2 | 2 | 2 |
| 3. | We will continue to undertake capital works programs that have been identified through the planning process and approved by Council at the first Integrated Catchment Committee meeting at the start of each financial year | | | | | | |
| 3.1 | Percentage of the approved capital works programme completed. | Baseline year 2023-24 | N/A | 60% | 65% | 70% | 70% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4. | We will continue to respond to weather events that impact our River and Drainage Schemes | | | | | | |
| 4.1 | Council are informed of the likely impact of weather events that cause significant damage to river and drainage schemes on work programs and budget within three months of the event occurring. | Baseline for modified measure<br>2024/25 | N/A | Achieve | Achieve | Achieve | Achieve |
| 5. | We will report on River and Drainage Regulatory Activity | | | | | | |
| 5.1 | Dam Safety Assurance Program reports completed as a part of meeting the Dam Safety regulations 2022. | 2024/25 | N/A | 5 | 9 | 0 (Not required) | 0 (Not required) |
| 5.2 | Intermediate Dam Safety Review reports completed as a part of meeting the Dam Safety regulations 2022 | 2024/25 | N/A | 0 | 5 | 14 | 14 |
| 5.3 | Annual report on regulatory activity including Environmental Code of Practice and consents and work to align with new regulations such as national policy statements and Environmental standards | 2024/25 | N/A | Achieve | Achieve | Achieve | Achieve |
| 6. | We will continue to provide advice and direction around performance and sustainability of our scheme networks | | | | | | |
| 6.1 | Number of Gravel Management reports completed | 2024/25 | N/A | 2 | 2 | 2 | 2 |
| 6.2 | Flood vulnerability assessments reports completed (year 1 only) | 2024/25 | N/A | 1 | 0 | 0 | 0 |
| 6.3 | Annual Report on Room for the River projects | 2024/25 | N/A | Achieve | Achieve | Achieve | Achieve |
| 7. | We will continue to provide Environmental Grants to assist applicants to undertake works within waterways | | | | | | |
| 7.1 | Number of Environmental Grants completed | Baseline for modified measure<br>2024/25 | N/A | 5 | 5 | 5 | 5 |

## Ngā putanga ā-hapori **Our community outcomes**

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# Land Management

## WHAT WE DO

The Land Management Activity is focussed on reducing erosion, protecting soil health and encouraging sustainable use of our land resources.

The major component of the programme is the Sustainable Land Use Initiative (SLUI) which has objectives to:

- Build resilience to adverse events in the rural sector and region;
- Protect downstream communities and extend the life of flood protection assets; and
- Improve water quality in the region's waterways.

The programme has been underway since 2006 and is currently in its fifth contract that provides government co-funding support for the work via the Hill Country Erosion Fund. SLUI uses a variety of tools, including farm mapping and developing works programmes, to treat erosion and address water quality issues. The programme also provides advice and grant funding to support the implementation of these works programmes. An additional component of the SLUI programme is the management of some Forestry Right arrangements that have been established with programme funding.

The Land Management Activity has a number other programmes focused on providing land use advice (with limited grant assistance) to landowners, community groups, and others. The Regional and Coast programme includes the Whanganui Catchment Strategy (WCS) that is co-funded by the Whanganui River Enhancement Trust; an environment grant programme; soil health monitoring; and industry partnerships support. Horizons also operates poplar and willow pole nurseries to supply materials required for successful delivery of the erosion control. The nursery programme includes purchasing poplar and willow poles from other suppliers to meet demand from landowners.

## WHY WE DO IT

Over half our region's land is classified as hill country and, in an economy defined by agriculture, it is vital to manage this land sustainably. The Manawatū-Whanganui Region has the largest amount of highly erodible land of any region in New Zealand. SLUI takes a 'mountains to the sea' approach to protecting our valuable hill country soils where they are at risk of moderate to severe erosion. The programme has established farm plans on over 970 farms covering more than one third of the region. The Land Management Activity works closely with landowners and industry to promote and support sustainable land use. This work aligns strongly with Horizons' goals to build resilience to climate change, support healthy ecosystems and empower the community.

## KEY PROJECTS

### Sustainable land use initiative (SLUI)

The SLUI programme is an important part of the region's activity to build resilience to climate change and achieve water quality outcomes. Over the life of SLUI more than 670,000 ha of whole farm plans have been established and over 55,000 ha of erosion control works completed. While the programme is operating at a significant scale, modelling by Landcare Research indicates at the current rate of implementation the programme will struggle to offset the impacts of climate change on hill country erosion impacts on sediment in waterways in the longer-term.

The SLUI programme is having to evolve in response to the changing regulatory environment which has made farm plans a requirement. The SLUI programme is no longer seeking to produce whole farm plans over the life of the Long-term Plan and will now undertake farm mapping to identify and prioritise the work. The major focus of the programme will be on completing erosion control works. The first three years of the Long-term Plan have government co-funding secured via the Hill Country Erosion Fund that is

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He hapori manawaroa
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administered by Te Uru Rākau. The Long-term Plan is forecasting more government co-funding to be available over the life of the Long-term Plan. The budget for years 1-3 is $5,278,000 to $5,693,000 per annum.

To deliver on the contract targets, the Long-term Plan includes an increase of $248,000 in year 2 and $100,000 in year 3 of the programme. The Land Management Activity has other increases provisioned in year 1 of the Long-term Plan related to accounting requirements for the Forestry Right forests. These include a reduction to the forecast increase in forestry valuation each year and provisioning funding for replanting costs to meet audit requirements.

## CHANGES IN WHAT WE WILL DELIVER

The Land Management programme is proposed to continue through the Long-term Plan with some minor changes. These changes include no longer producing farm plans and more of a focus on supporting on-farm erosion control works. The targets for the programme have been amended to align with the new government contract and the focus on on-farm works (see below).

The scale of our SLUI work is influenced by central government funding. Central government funding is contracted for the first three years of the Long-term Plan. There may be a reduction in size and scale of SLUI if central government funding reduces.

### Regional and Coast Programme

The Regional and Coast component of the Land Management Activity aims to provide advice and support on sustainable land management and erosion control to both internal and external stakeholders, including industry and community groups.

Part of the grant-assisted work programme is supported by the Whanganui River Enhancement Trust through the Whanganui Catchment Strategy work programme. A further grant-assistance programme is delivered region-wide through the Environment Grant programme. These grant programmes have a broader focus than the SLUI programme and include works and farms that are outside the scope of the SLUI programme.

The Regional and Coast work programme also delivers on Horizons' commitment to the national soil health monitoring programme. The industry partnerships programme supports and partners with a variety of industry and community-led programmes promoting sustainable land use. This includes partnerships with the New Zealand Farm Environment Trust, and the Poplar and Willow Research Trust. Staff support and provide advice to industry and catchment projects. These long-standing programmes are planned continue over the Long-term Plan at an approximate cost to Council of $750,000 per annum.

### Pole Nurseries

The land management programme also runs pole nurseries and purchases poles to supply erosion control material to projects in the region. This assists with land management and river management and flood protection activity. A provision of capital for an expansion to the nursery activity has been included in year four of the Long-term Plan.

## NEGATIVE EFFECTS OF THIS ACTIVITY

### Impacts on the environment

Much of the activity is dedicated to working with others to improve environmental outcomes. However, some aspects of the work can have, or be perceived to have, negative impacts on the environment.

Examples of this include the potential climate change impact through activities like travel to work locations, constructing fences, flood defences etc. In part some of this impact will be offset by the significant amount of planting and pest control that is undertaken which will have a positive impact on carbon sequestration.

### Impacts on People

Ecological enhancement activities are undertaken to provide overall benefits for the community. In some cases, the provision of these services can have

impacts on some of the community through changing their local area, impacting on their properties, cultural values etc.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into two sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Regional and coast

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 100% General Rate.

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this activity comes from environmental degradation as a result of a range of factors, including catchment characteristics, climate change impacts and rural land use.

The deforestation of erodible hill country was in-part encouraged by central government policy historically.

Benefits accrue to the whole region, as our land management activity responds to land-based issues which impact on the health of our soil and water resources and increased regional resilience to storm events.

### Sustainable land use initiative (SLUI)

*Funding arrangements*

- Grants and subsidies in the first instance.
- 100% UAC (SLUI)

Capital expenditure may be funded through borrowing

*Rationale*

The need for this service comes from environmental degradation as a result of a range of factors, including catchment characteristics, climate change impacts and rural land use.

The deforestation of erodible hill country was in-part encouraged by central government policy historically.

Benefits accrue to the whole region, as our land management activity responds to land-based issues which impact on the health of our soil and water resources and increased regional resilience to storm events.

## PERFORMANCE TARGETS

The land management performance targets have been reviewed as a part of the Long-term Plan. In summary the changes include:

- The SLUI Programme target for erosion control works being increased to 3,285 ha in year 1 from 2,900 ha in the 2023-24 Annual Plan. The target is forecast to increase further to 3,540 ha for years 2 to 10.
- The target for SLUI whole farm plan production being removed in response to SLUI no longer producing whole farm plans.
- The targets for the Regional and Coast Grant programmes via the Whanganui Catchment Strategy and Environment Grant Programme being merged. The way these programmes is measured has also been changed to reflect the number of grants for works completed rather than the previous measure of hectares of work completed. This change reflects a goal to support a range of projects across multiple landowners rather than focusing on larger projects. It also assists with the uncertainty around the types of projects that will be completed in any one year and the number of hectares that will be completed.

The target for 5 industry partnerships to be supported and 30,000 willow and poplar poles to be made available for erosion control programmes remain the same.

## PERFORMANCE TARGETS

| LAND MANAGEMENT | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. Under the Sustainable Land Use Initiative (SLUI) programme, we deliver erosion control works on farms | | | | | | | |
| 1.1 | Hectares of erosion control works completed. | Baseline year for modified target: 2023-24 | 4038 (Achieved) | 3,285 | 3,540 | 3,540 | 3540 per year |
| 2. Regional and Coast, and Whanganui Catchment Strategy programmes deliver advice and funding to decrease erosion and/or improve water quality through provision of advice and financial support via grants for works | | | | | | | |
| 2.1 | Number of grants for works completed | Baseline year for modified target: 2023-24 | N/A | 50 | 50 | 50 | 50 grants per year |
| 3. Under the Regional and Coast programme we will engage in industry partnerships to promote sustainable land management | | | | | | | |
| 3.1 | Support industry initiatives that promote sustainable land use | 2022/23 | 8 groups (Achieved) | 5 groups | 5 groups | 5 groups | 5 groups per year |
| 4. Under the Horizons willow and poplar pole nursery programme we will produce and source poles for use in erosion control programmes | | | | | | | |
| 4.1 | Number of poles made available for erosion control programmes | 2022/23 | 31,366 (Achieved) | 30,000 | 30,000 | 30,000 | 30,000 per year |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## HORIZONS REGIONAL COUNCIL: FUNDING IMPACT STATEMENT FOR 2024-34 FOR CATCHMENT OPERATIONS ($000)

| | Annual Plan | Long-term Plan | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Sources of operating funding** | | | | | | | | | | | |
| General rates, uniform annual general charges, rates penalties | 17,672 | 17,866 | 19,224 | 20,460 | 21,171 | 21,504 | 22,166 | 22,775 | 23,399 | 24,203 | 24,805 |
| Targeted rates | 17,314 | 19,381 | 21,060 | 22,415 | 23,488 | 24,165 | 25,185 | 26,233 | 27,379 | 28,626 | 29,838 |
| Subsidies and grants for operating purposes | 4,678 | 3,050 | 910 | 910 | 910 | 910 | 910 | 910 | 910 | 910 | 910 |
| Fees and charges | 3,150 | 3,182 | 3,249 | 3,328 | 3,412 | 3,492 | 3,570 | 3,648 | 3,728 | 3,808 | 3,887 |
| Internal charges and overheads recovered | 1,205 | 1,550 | 1,610 | 1,637 | 1,672 | 1,674 | 1,695 | 1,708 | 1,732 | 1,773 | 1,793 |
| Local authorities fuel tax, fines, infringement fees, and other | - | - | - | - | - | - | - | - | - | - | - |
| **Total operating funding (A)** | **44,019** | **45,029** | **46,053** | **48,750** | **50,653** | **51,745** | **53,526** | **55,274** | **57,148** | **59,320** | **61,233** |
| **Applications of operating funding** | | | | | | | | | | | |
| Payments to staff and suppliers | 20,880 | 21,530 | 21,666 | 23,622 | 24,355 | 25,305 | 26,428 | 27,649 | 29,002 | 30,478 | 32,078 |
| Finance costs | - | - | - | - | - | - | - | - | - | - | - |
| Internal charges and overheads applied | 18,682 | 20,281 | 21,456 | 22,343 | 23,109 | 23,045 | 23,531 | 23,865 | 24,200 | 24,745 | 24,884 |
| Other operating funding applications | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of operating funding (B)** | **39,562** | **41,811** | **43,122** | **45,965** | **47,464** | **48,350** | **49,959** | **51,514** | **53,202** | **55,223** | **56,962** |
| **Surplus (deficit) of operating funding (A-B)** | **4,457** | **3,218** | **2,931** | **2,785** | **3,189** | **3,395** | **3,567** | **3,760** | **3,946** | **4,097** | **4,271** |
| **Sources of capital funding** | | | | | | | | | | | |
| Subsidies and grants for capital expenditure | 8,232 | 10,887 | 906 | - | - | - | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in debt | - | 2,140 | 4,929 | 3,663 | 297 | 138 | 40 | (80) | (2,537) | (2,638) | (2,744) |
| Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - | - |
| Lump sum contributions | - | - | - | - | - | - | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - | - |
| **Total sources of capital funding (C)** | **8,232** | **13,027** | **5,835** | **3,663** | **297** | **138** | **40** | **(80)** | **(2,537)** | **(2,638)** | **(2,744)** |
| **Application of capital funding** | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | |
| to meet additional demand | - | - | - | - | - | - | - | - | - | - | - |
| to improve level of service | 13,669 | 15,459 | 7,843 | 5,627 | 2,167 | 2,217 | 2,265 | 2,313 | 25 | 25 | 25 |
| to replace existing assets | 199 | 297 | 464 | 290 | 296 | 209 | 230 | 273 | 407 | 319 | 331 |
| Increase (decrease) in reserves | (1,179) | 489 | 459 | 531 | 1,023 | 1,107 | 1,112 | 1,094 | 977 | 1,115 | 1,171 |
| Increase (decrease) of investments | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of capital funding (D)** | **12,689** | **16,245** | **8,766** | **6,448** | **3,486** | **3,533** | **3,607** | **3,680** | **1,409** | **1,459** | **1,527** |
| **Surplus (deficit) of capital funding (C - D)** | **(4,457)** | **(3,218)** | **(2,931)** | **(2,785)** | **(3,189)** | **(3,395)** | **(3,567)** | **(3,760)** | **(3,946)** | **(4,097)** | **(4,271)** |
| **Funding balance ((A - B)+(C - D))** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation | 2,210 | 2,940 | 2,874 | 2,863 | 2,860 | 2,825 | 2,832 | 2,799 | 2,829 | 2,882 | 2,926 |

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

# Ngā ratonga ā-rohe, ā-waka
# Transport and regional services

This group of activities is made up of the following activities:

- Transport Planning
- Passenger Services
- Road Safety
- District Advice
- Emergency Management
- Environmental Data
- Information Management

## WHY WE DELIVER THIS GROUP OF ACTIVITIES

Our transport activities ensure a coordinated approach to regional transport planning through the Regional Land Transport Plan. They also ensure our communities are well connected through the provision of public transport services via the Regional Public Transport Plan. We also work to keep our communities safe through road safety and education initiatives.

Our communities, district councils and Horizons operational teams rely on timely, accurate and accessible data and information to inform their decisions. We are responsible for the collection, management and provision of sound, accurate data and information.

We work to support regional community resilience and safety through our emergency management activity which has two primary areas of focus; Horizons' own internal emergency management capability, and we are the Administering Authority for the regional Civil Defence Emergency Management Group (CDEM).

## Contribution to Council's strategic priorities

The Transport and Regional Services Group contributes to Council's strategic priorities, as outlined below:

**1. Building resilience to the impacts of climate change**

- Decarbonising the public transport bus fleet and increasing the use of public transport will reduce carbon emissions from transport and improve air quality.
- We take a precautionary approach when providing information on the effects of climate change and sea level rise on the scale and frequency of natural hazards with regard to land development decisions.
- The Emergency Management Team works to promote community resilience through planning and coordination across the CDEM Group. It also provides support during and after an emergency event.
- We support communities to build their resilience to climate change by ensuring

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

relevant, reliable and tracked data and information is accessible.

2. **A holistic approach, from the mountains to the sea (integrated catchment management)**
   - We provide relevant information for land development proposals near waterways, lakes, ponds, wetlands and the coast.
   - Providing information about known or potential indigenous biodiversity sites.
   - By ensuring relevant, reliable and tracked data and information is accessible.
3. **Strengthening partnerships with tangata whenua**
   - We seek to understand matters of interest to iwi and hapū when we are preparing and reviewing local and regional transport plans.
   - We seek to improve our engagement and planning processes with iwi/Māori across all aspects of emergency management to enable them to support their own communities during and after an emergency..
4. **Connecting people and place through effective public transport connections**
   - We contribute to an efficient and reliable transport network through the provision of public transport services, giving people an alternative to private vehicle travel. We also ensure urban growth/subdivision projects align with the Regional Land Transport Plan connectivity for all modes of transport (enabling walking and cycling) and enabling public transport.

### Contribution to Council's community outcomes

The Transport and Regional Services Group primarily contributes to the following community outcomes:

1. **Our region's communities are vibrant and empowered**
   - We provide communities with natural hazard information and access to river alert systems so they have the opportunity to avoid risk to people and property.
2. **Our region's ecosystems are healthy**
   - We implement and support business systems that track regulation and monitoring under resource management legislation, ensuring effectiveness can be assessed.
   - We provide communities with information from the Horizons One Plan on how proposed developments could avoid or mitigate adverse effects on the environment. This includes stormwater management and wastewater disposal advice.
   - We provide information on rare, threatened, or at-risk habitats in the vicinity of all proposed developments, potential growth areas and zone changes.
   - We collect ecosystem, environmental data which is critical to understanding the state and trends of our complex ecosystems.
3. **Our region's communities are resilient to the impacts of natural hazards and climate change**
   - We provide a public transport service which gives our communities a lower emission transport option.
   - We work to minimise the impact of natural hazards on our communities by providing timely information and advice on natural hazards.
   - We coordinate the Building Act requirements for dams, and implement the Dam Safety Scheme.
   - We equip our communities to be prepared for emergencies by promoting the 'Reduction, Readiness, Response and Recovery'.
   - We ensure Horizons' River Monitoring network is fit for purpose.
   - We provide data for design, decision making, real-time and forecast information for emergency management and public safety.
4. **Our region's economy is thriving and environmentally sustainable**
   - We contribute to an efficient and reliable transport network through the provision of public transport services, giving people an alternative to private vehicle travel and supporting urban growth objectives.
   - We provide road safety education, by raising driver awareness of key road safety issues, and work with other key stakeholders to help reduce the incidence and severity of road traffic crashes. The key focus is to change road user behaviour, making roads safer for people to use.

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

5. **Our region's economy is thriving and environmentally sustainable**
   - We facilitate regional integrated transport planning to support and enable regional growth initiatives such as Accelerate25 and Accessing Central NZ.
   - We enable 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.
   - We inform business decisions by making our data accessible.
   - Our emergency management planning, response and recovery arrangements play a key role in ensuring the impacts on the economy from emergency events are minimised.
6. **Our region's relationships with iwi and hapū are respectful and mana-enhancing**
   - We seek to understand matters of interest to iwi and hapū when we are preparing and reviewing local and regional transport plans.
   - We seek to improve our engagement and planning processes with iwi/Māori across all aspects of emergency management to enable them to support their own communities during and after an emergency.

## CHALLENGES WE FACE

For more discussion on Council's strategic challenges, see *Ngā tino wero ki mua | Council's key challenges in the coming years*, page 9.

### Responding to our communities' transport needs and preferences

Understanding the changing needs of our region's communities is of critical importance to the way we plan for, and operate, our transport networks. Our communities' expectations are changing, which will change the kinds of transport solutions that are needed. We are seeing demand for more frequent services, more responsive and easy-to-use information, modern vehicles, and greater integration between types of transport, (for example, being able to cycle to a bus stop to catch a bus, or drive to a train station to catch a train). Horizons' response to these changing expectations requires considerable community and stakeholder engagement and responsiveness to feedback when developing, trialling and refining services.

### Trading off alternative transport options

Our urban communities want more frequent services, access to a range of destinations, and longer operating hours for public transport. We must balance community expectations with the level of service we can realistically offer.

### The impacts of climate change

The New Zealand government has a target of net zero emissions by 2050. Transport contributes to a quarter of the region's greenhouse gas emissions. Significant reductions to our region's transport emissions will need to be made if New Zealand is to meet its goal. Decarbonising our transport networks is difficult, and it can be a challenge to public transport that provides a genuine and affordable alternative to the private car.

Fully decarbonising the public transport fleet will come at a cost premium. This is likely to be the case for some time yet.

Severe weather events are becoming more frequent and intense. Horizons Emergency Operations Centre and the Civil Defence Emergency Management Group's Coordination Centre are having to be activated more often. This puts pressure on resourcing levels and the ability to undertake business as usual activities.

### Increasing costs / affordability

Our public transport services have seen significant cost increases due to inflationary pressures. This includes increases in the cost of diesel and bus driver wages. These escalations are factored into our bus service contracts. A move to a fully electric bus fleet in Palmerston North, which has lower diesel and maintenance costs, may help to moderate these increases.

Our Total Mobility service, which provides a subsidised service for people who have a permanent disability or impairment, has seen increases in patronage The Central government subsidy was increased in 2022 which is

## Ngā putanga ā-hapori **Our community outcomes**

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He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

beneficial for our Total Mobility clients, however increased patronage increases the local share of the cost of the service. The local share is funded by rates.

### Making public transport affordable

An ongoing challenge in managing our public transport network is balancing the demands for increased levels of service with affordability for users and ratepayers. We do this by regularly monitoring the cost of our operations and programme of improvements with patronage and fare revenue.

### Changing technology

Rapid advances in technology are changing the way we gather, store, manage, analyse, view and share data. At the same time, there is a growing expectation from our communities about how they can access, review, and utilise the information we hold.

We currently have technological and information gaps for customers who wish to access our natural hazard and climate change information. Plugging these gaps as opportunities arise (e.g. when commissioning future modelling) will increase our levels of service and reduce staff workload. Council needs to invest more in this area to meet these demands.

### Resourcing and responding to increasing legislative requirements

Legislative requirements from central government for how we deliver our activities have increased, which has resulted in the need to increase staffing levels to meet these needs.

Delivering key projects (e.g. an ambitious Regional Public Transport Plan, implementation of IRIS Next Generation) and responding to ongoing and intensive requests for advice also places increased pressure on internal resourcing.

# TRANSPORT PLANNING

## WHAT WE DO

### Regional Land Transport Plan

We are responsible for the region's land transport planning. This is done through the Regional Land Transport Plan (RLTP). The RLTP outlines the strategic priorities for investment in the Transport network in the Horizons region. It also identifies the projects for central government co-investment through the National Land Transport Fund.

### Regional Public Transport Plan

Horizons is also responsible for the preparation, review and implementation of the Regional Public Transport Plan (RPTP). The RPTP sets out the framework for the provision and development of services and infrastructure integral to public transport in our region. Our RPTP was adopted by Council in 2022 and will help inform investment in public transport over the next 10 years.

## WHY WE DO IT

Land Transport Planning is crucial to support growing, busy communities. Our planning allows us to identify the region's key land transport issues, objectives, and strategic priorities that will be the immediate focus of agencies responsible for land transport through capital and maintenance investment.

## KEY PROJECTS

### Regional Land Transport Plan - implementation and next review

This strategic document is the primary document guiding integrated land transport planning and investment within our region. An interim review of the RLTP will be completed in April 2024 – and incorporates new central government policy. A full review of the RLTP will be undertaken ahead of 2027 to inform long-term transport priorities in light of any change in direction from central government and the Regional Transport Committee.

### Regional Public Transport Plan - implementation

This strategic document was adopted in 2022 and sets the direction for public transport in the region, including funding and delivery. Our focus for the next three years will be the delivery of this plan.

## CHANGES IN WHAT WE WILL DELIVER

No significant changes are planned for this activity.

## NEGATIVE EFFECTS OF THIS ACTIVITY

The vast majority of our region's transport, including our public transport outside of Palmerston North, is powered by fossil fuels and so contributes to the negative effects of climate change on the four wellbeings. We will seek to minimise this impact through efficient use of transport, and mode-shift towards public transport in some areas. Over the next ten years, reducing the region's transport emissions will be an important component of the regional climate action plan.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

*Funding arrangements*

- 49% General Rate
- 51% Grants and subsidies

## Ngā putanga ā-hapori **Our community outcomes**

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Our region's economy is thriving and environmentally sustainable

*Rationale*

- Effective transport networks are needed to move people and goods within and between our communities.
- Our region's transport networks also make a significant contribution to the region's greenhouse gas emissions and must transition to a low carbon system.
- The benefits of this activity accrue to the whole region.

## PERFORMANCE TARGETS

| TRANSPORT PLANNING | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We deliver transport planning activities for the region | | | | | | |
| 1.1 | The Regional Land Transport Plan (RLTP) 2021-2031 is monitored to allow the Regional Transport Committee (RTC) to assess implementation of the plan. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 1.2 | The Regional Land Transport Plan is up to date in line with the Land Transport Management Act, and any guidance issued by Waka Kotahi. | Baseline year for modified measure2023/24 | N/A – mid-term review of RLTP due 2023/24 | Achieve | Achieve | Achieve | Achieve |
| 1.3 | The Regional Public Transport Plan is up to date in line with the Land Transport Management Act and any guidance issued by Waka Kotahi. | Baseline year for modified measure2023/24 | Achieved | Achieve | Achieve | Achieve | Achieve |

# Passenger services

## WHAT WE DO

### Public Transport

Our public transport provides a vital transport option for many parts of our community. We have urban bus services in the cities of Palmerston North, Whanganui and Feilding and a number of regional commuter services across the region serving the Horowhenua, Manawatū, Rangitīkei, and Ruapehu districts. We also contribute to the Capital Connection rail service between Palmerston North and Wellington. Our Regional Public Transport Plan sets ambitious targets for growing public transport within the region.

In 2024 Palmerston North became the first city in Aotearoa New Zealand to have a fully decarbonised bus fleet.

### Total Mobility

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

### Community Transport

We support community vehicles within our region through a funding contribution to their service. These vehicles provide transport opportunities in areas of our community not currently served by other types of public transport.

## KEY PROJECTS

Many key Passenger Services projects will come out of our Regional Public Transport Plan. This includes:

### Bus Service Improvements

- Palmerston North and Ashhurst

2024/25 will be the first full year of the new bus service for Palmerston North and Ashhurst. This will more than double the level of service compared to previous levels.

- Whanganui

In 2024 we will continue to deliver the Whanganui bus service including the new Tide service. Previously the Tide was part funded by Whanganui District Council. It will now be fully funded by Horizons. Council is also proposing to deliver improvements to the bus network through two additional high-frequency bus routes like Te Ngaru – The Tide from 2025-26.

- Horowhenua

It is proposed to introduce new public transport services for the wider Horowhenua including within Levin, improved connections to the beach and rural towns, and a greater frequency to connect south to Waikanae and the passenger rail network south to Wellington in 2025-26.

- Feilding

The Feilding to Palmerston North and Feilding Orbiter bus services are up for contract renewal in 2025. We will be considering what improvements could be made to the service ahead of this.

- Regional bus services.

As a result of recent consultation on the level of service desired for regional and inter-regional services, we heard there was a strong desire across the region to have better regional public transport connections.

Ngā putanga ā-hapori **Our community outcomes**

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Our region's economy is thriving and environmentally sustainable

Council are proposing to support improved regional transport connections through the provision of a regional public transport network. While final prioritisation is still to occur via the March Passenger Transport Committee meeting, this investment is expected to provide a new connecting service for the Tararua district, plus improved connections across the region including Whanganui, Marton, Levin, with many linking through Palmerston North and south into the Wellington region. Council is also proposing as part of this investment to investigate and implement rural connector services, connecting our rural communities to their nearest town or city – this is all to be operational by the end of 2026-27.

### Passenger Rail Improvements

- Alongside Greater Wellington Regional Council (GWRC) we're delivering improvements to passenger rail services on the Manawatū line between Palmerston North and Wellington. The improvements, not scheduled to commence until late 2028 / early 2029, will see four return weekday services between Palmerston North and Wellington and include two return weekend services each day. In its budget 2023 announcement, the Government approved funding 90% of the approximately $870M capital cost associated with this investment. In the meantime Council will continue to support the existing Capital Connection service at current budgeted levels and also actively seek opportunities, alongside GWRC & central government, to increase the current levels of service prior to the new services commencing in 2028/29.
- The North Island Passenger Rail Connector project continues to explore the feasibility of providing passenger rail between Auckland and Wellington. We're continuing to advocate for further consideration of this project in collaboration with neighbouring Councils.

### National Ticketing Solution

- A new ticketing solution for public transport is being rolled out across the country. The solution is expected to be introduced in the Horizons region during 2026. This will allow people to pay for public transport with their credit / debit card. There will be an initial cost associated with the change in ticketing solution, after which, a portion of the ongoing cost will be taken up by Government.

## CHANGES IN WHAT WE WILL DELIVER

- Improve existing public transport networks in Palmerston North, Whanganui, Horowhenua and Feilding.
- Investigate and where appropriate deliver improvements to regional, inter-regional and rural services. This may be alongside other Councils and external partners.
- Implement a new ticketing solution on all our public transport services.

## NEGATIVE EFFECTS OF THIS ACTIVITY

The vast majority of our region's transport, including our public transport outside of Palmerston North, is powered by fossil fuels and so contributes to the negative effects of climate change on the four wellbeings. We will seek to minimise this impact through efficient use of transport, and mode-shift towards public transport in some areas. Over the next ten years, reducing the region's transport emissions will be an important component of the regional climate action plan.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into two sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Public Transport

*Funding arrangements*

- 45-50% Grants and subsidies,
- 30-35% Targeted rates (EQCV),
- 15-20% Fees and charges,
- 1-2% Other revenue

*Rationale*

- Individuals without vehicles require affordable alternative transport options.
- Public transport primarily benefits the user. However, there are also social wellbeing benefits to providing transport services to those without other transport options. Public transport can also provide wider community benefits from reduced congestion and reduced transport emissions.
- The cost of this service that is not covered by external grants and subsidies are targeted to individual districts. The costs of providing the service within each district are applied to that district.

### Total Mobility

*Funding arrangements*

- 70-75% Grants and subsidies
- 25-30% targeted rates (EQCV).

*Rationale*

- Individuals without vehicles require affordable alternative transport options.

The cost of this service that is not covered by external grants and subsidies are targeted to individual districts. The costs of providing the service within each district are applied to that district.

## PERFORMANCE TARGETS

| PASSENGER SERVICES | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We deliver bus services that people and communities value and regard as a quality service. | | | | | | |
| 1.1 | Percentage of customers surveyed who are 'satisfied' or better with their trip overall.[48] (bi-annual) | 2022/23 | Achieved 91% | > 90% | No measure | > 90% | >90% |
| 1.2 | Percentage of monitored scheduled services that depart the terminus on time compared to public timetable. | 2022/23 | Achieved ≥96% | >95% | >95% | >95% | >95% |
| 1.3 | Annual patronage on bus services in the region. | 2022/23 | Achieved Increased | Maintain or increase from the prior year | Increase from the prior year | Increase from the prior year | Increase from the prior year |
| 1.4 | Percentage of households in Whanganui, Palmerston North & Feilding urban areas within 800m of a public transport stop. | 2021/22 Achieved | No change from 2021/22 | >90% | >90% | >90% | >90% |
| 2. | We subsidise the total mobility scheme to enable those with long term disabilities access to transport opportunities | | | | | | |
| 2.1 | Percentage of registered customers who are 'satisfied' or better with the overall service of the Total Mobility scheme.49 | 2022/23 | Achieved 100% | >90% | >90% | >90% | >90% |

[48] Satisfied means 6-10 out of a scale of 0-10

[49] Satisfied means 4-5 out of a scale of 1-5

# Road Safety

## WHAT WE DO

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

## KEY PROJECTS

The Road Safety programme is an ongoing programme of work. There are no key projects planned at this time.

## CHANGES IN WHAT WE WILL DELIVER

No significant changes are planned for this activity.

## NEGATIVE EFFECTS OF THIS ACTIVITY

There are no significant negative effects of this activity on the social, economic, environmental or cultural wellbeing of our communities.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

*Funding arrangements*

- 20-25% General rate
- 60% grants and subsidies
- 15-20% external funding

*Rationale*

- Dangerous roads, driving conditions and drivers create the need for road safety.

The region as a whole benefits from safe, effective and sustainable transport networks.

## PERFORMANCE TARGETS

| ROAD SAFETY | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We support safe use of the region's transport network | | | | | | |
| 1.1 | Number of road safety behavioural change education initiatives delivered across the region in partnership with key agencies. | 2022/23 | Achieved 42 | >30 | >30 | >30 | >30 |

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

# District Advice

## WHAT WE DO

The District Advice team provides free, non-regulatory information and advice to members of the public regarding natural hazards and Horizons' One Plan requirements for property developments as well as information for prospective property purchases, insurance matters and land valuation assessments.

We provide information and recommendations to territorial authorities to assist them in their decision making with respect to subdivision applications, land use and building consents. In addition, District Advice works closely with territorial authorities to coordinate initial information for potential growth areas, proposed plan changes, notices of requirement to designate land and other statutory planning processes.

We also manage the Building Act requirements for the construction and alterations of large dams. This includes the implementation of the new dam safety regulations that ensure dams are well operated, maintained, and regularly monitored so the potential impact of dam incidents and failures are reduced.

## KEY PROJECTS

There are no key projects planned for the District Advice activity at this time.

## CHANGES IN WHAT WE WILL DELIVER

**Implementation of new obligations under the Local Government Official Information and Meetings Amendment Act 2023**

New legislation introduces a new requirement for regional authorities to provide natural hazard and climate change information for Land Information Memorandum (LIM) reports.[50] The District Advice team will be required, from 1 July 2025, to provide natural hazard information for LIM reports as well as other activities as outlined in the legislation. This will result in the need for additional staff resourcing due to the increase in workload. This will begin in July 2025 with a total on-going cost of $80,000 per annum.

**Implementation of the new Dam Safety Scheme**

The Building Act 2004 requires regional authorities to implement and administer the new regulations on dam safety. The regulations have been made to protect people, property, and the environment from potential impacts of dam failures. They also set a minimum requirement for dam safety. We are managing the implementation and administration of the regulations. No additional resourcing is allocated for this in 2024.

## NEGATIVE EFFECTS OF THIS ACTIVITY

There are no significant negative effects of this activity on the social, economic, environmental or cultural wellbeing of our communities.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

*Funding arrangements*

- 100% General Rate

[50] Passed in July 2023 under the Local Government Official Information and Meetings Amendment Act 2023

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

*Rationale*

- The provision of sound information to the community about population growth, natural hazards and climate change is the driver for this activity.

The community as a whole benefit from this activity. By better understanding natural hazard risks, communities can prepare for or avoid them.

## PERFORMANCE TARGETS

| DISTRICT ADVICE | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We provide timely land development advice to the community and territorial authorities. | | | | | | |
| 1.1 | Percentage of enquiries responded to within 20 working days | 2022/23 | 100% | 100% | 100% | 100% | 100% |
| 2. | We administer and monitor the implementation of all legislated dam safety requirements. | | | | | | |
| 2.1 | Percentage of applications responded to within the required timeframes | 2022/23 | 100% | 100% | 100% | 100% | 100% |

# Emergency Management

## WHAT WE DO

We deliver a range of emergency management services across the region. Our activity can be divided into two distinct but connected functions:

- We ensure Horizons Regional Council is prepared to respond to an emergency event at any time. This includes the provision of flood warnings to the public, ensuring that adequate numbers of staff are trained to undertake a range of internal emergency management-related activities, navigation safety functions on the Manawatū River and its tributaries, and contracted services with Maritime New Zealand (MNZ) for responses to marine oil spills within the region.
- We are the Administering Authority for the Manawatū-Whanganui Civil Defence Emergency Management (CDEM) Group, which is made up of eight local authorities in the region. We are also responsible for staffing the Group Emergency Coordination Centre.

Our activity contributes to keeping our communities safe and protecting our coastal marine environment.

## KEY PROJECTS

### Hazard information updates

Our existing hazard information data sets need to be updated and aligned with updated climate change information. This project is expected to begin in 2024 with a total capital expenditure of $300,000 over 3 years. This will unlock $1,000,000 of central government funding from the Local Government Flood Resilience Co-Investment Fund.

### Satellite communications infrastructure for the Emergency Coordination Centre

The current satellite communication system is old technology and is no longer fit for purpose. It is likely that it will soon become unsupported. We intend to replace the existing system, and to also develop mobile Starlink capability for improved alternate communications. This project is expected to occur in 2024 and cost $20,000.

## CHANGES IN WHAT WE WILL DELIVER

Proposed changes to Emergency Management legislation include additional requirements to engage and plan with iwi/Māori and other diverse communities across all aspects of emergency management, and to have structures and processes in place to achieve this. This will expand our activity and we will need additional resource to implement this (see below).

Lessons learnt from Cyclone Gabrielle have identified a need to improve our levels of service, particularly with regard to recovery from emergency events, and engagement with a wide range of disproportionally affected communities. To enable these improvements, we will create an additional role in 2024 to increase our capacity to coordinate and plan for recovery, and another role in 2025 to engage with affected communities, particularly iwi-Māori.

The two new roles will allow us to better meet the needs of our community before, during, and after an emergency event, and meet the increasing requirements of legislative reforms.

We are currently reviewing the CDEM Group Plan. As part of this review we will look at our current arrangements across the Group to ensure that our operating model continues to provide for appropriate coordination of the region's emergency management.

Regional councils may regulate the ports, harbours, waters and maritime related activities in their regions for the purposes of ensuring navigation safety. A recent independent review identified the need for more monitoring and enforcement of activities under the Manawatū River & Tributaries Bylaw. This will cost $20,000 per annum, starting in 2024.

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Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

## NEGATIVE EFFECTS OF THIS ACTIVITY

There are no significant negative effects of this activity on the social, economic, environmental or cultural wellbeing of our communities.

## HOW WE WILL FUND THIS ACTIVITY

This activity has been divided into three sub-activities for funding, following an assessment of most appropriate funding sources. This provides transparency and accountability in relation to costs and benefits.

### Regional emergency management – Manawatū-Whanganui civil defence emergency management (CDEM) group

*Funding arrangements*

- 100% General Rate

*Rationale*

- Horizons is the administering Authority for the Manawatū-Whanganui CDEM Group in accordance with legislative requirements.

The benefits of this service accrue to the whole region.

### Horizons emergency management (excluding marine oil spill response)

*Funding arrangements*

- 100% General Rate

*Rationale*

- The benefits of this service accrue to the whole region.

### Marine oil spill response

*Funding arrangements*

- Funded by Maritime New Zealand - no impact on rates.

*Rationale*

- This activity is undertaken in response to an oil spill event.

The benefit accrues to the marine environment affected by the event.

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

## PERFORMANCE TARGETS

| EMERGENCY MANAGEMENT | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We ensure that an operative Civil Defence Emergency Management (CDEM) Group Plan under the CDEM Act 2002 is in place at all times | | | | | | |
| 1.1 | Number of formal meetings at which CDEM targets are reported: | | | | | | |
| | CDEM Joint Committee | 2022/23 | 4 | 4 | 4 | 4 | 4 |
| | CDEM Coordinating Executive Group aligned to the approved work programme | 2022/23 | 4 | 4 | 4 | 4 | 4 |
| 1.2 | CDEM Group Plan meets legislative requirements and is reviewed within statutory timeframes by the CDEM Joint Committee. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 1.3 | Critical outputs pertaining to operational capability, community resilience and riskscape are monitored , reviewed, and reported to the CDEM Coordinating Executive Group a minimum of four times per year. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 2. | We maintain operational readiness to respond to an emergency event at all times | | | | | | |
| 2.1 | Emergency Operations/Coordination Centre staff are trained and ready to respond, Emergency Management Duty Officer available 24/7, response manuals, flood action plans and procedures available and reviewed at least annually. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 3. | We maintain business continuity planning arrangements to ensure the Emergency Management Office can continue to operate during and after an emergency event | | | | | | |
| 3.1 | An up to date Business Continuity Plan is in place for the Emergency Management Office | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 4. | We manage and promote navigation safety outputs via Manawatū River Users Advisory Group, Whanganui Coastguard and other river user groups | | | | | | |
| 4.1 | Number of formal meetings: Manawatū River Users Advisory Group | 2023/24 | N/A | 2 | 2 | 2 | 2 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4.2 | Number of formal meetings: Whanganui Awa Safety Group. | 2023/24 | N/A | 2 | 2 | 2 | 2 |
| 5. | We maintain Maritime New Zealand (MNZ) oil spill response capability to MNZ audit standards. | | | | | | |
| 5.1 | Tier 2 Marine Oil Spill Plan response requirements are maintained. | 2022/23 | Achieved | Achieve | Achieve | Achieve | Achieve |
| 6. | Hazard Information | | | | | | |
| 6.1 | Hazard Information acquired and disseminated aligned to project plan. | 2022/23 | Not achieved | Achieve | Achieve | Achieve | Achieve |

# Environmental Data

## WHAT WE DO

Horizons has an extensive environmental monitoring network throughout the region to support a range of council and community needs, for example, flood protection and drainage, emergency management, water usage and other science-related activities. The primary function of the team is the collection and provision of trustworthy environmental data. This includes the full lifecycle from monitoring network design, construction, ongoing maintenance, data collection, management, and service delivery.

The Environmental Data team is also accountable for delivering asset management for Horizon's environmental monitoring infrastructure, data analysis, surveying services, regional web-cameras, digital radio network and flood forecasting in all major river catchments. We also coordinate Horizons flood plain mapping.

## KEY PROJECTS

For this Long-Term Plan period, the Environmental Data team is entering a phase of consolidation, with a focus on improvements to existing infrastructure and services. The Local Government Flood Resilience Co-investment Fund, which provides co-funding from central government will enable us to accelerate previously planned system upgrades including our flood forecasting systems.

### Asset Improvement

Over the first three years of this Long-term Plan, the environmental data activity will invest $2.6M of planned capital expenditure into Horizons' environmental monitoring infrastructure and major asset improvement projects, with no additional rate impact due to the central government funding mentioned above. This mahi will involve:

- An upgrade and expansion of Horizons' digital telecommunications network.
- Improving resilience in our river and flood monitoring infrastructure.
- Improved lake, dam and drainage monitoring infrastructure.

### Improved Service Delivery

- Flood forecasting system upgrade.
- Proactive engagement and support for external stakeholders being able to access Horizons data assets.
- Support sector wide investment in improved data management tools, systems, standards and industry training.

## CHANGES IN WHAT WE WILL DELIVER

While moving into a consolidation phase, the Environmental Data team is seeking to further improve the quality and availability of data for internal and external users. Our stakeholders will be able to access more timely environmental data and an improvement in the quality of available data.

## NEGATIVE EFFECTS OF THIS ACTIVITY

There are no significant negative effects of this activity on the social, economic, environmental or cultural wellbeing of our communities.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

*Funding arrangements*

- Internally recovered through other activities:
  - Science and Environmental Reporting (~60%)
  - Emergency Management (~30%)
  - River Management and Flood Protection (~9%)
  - Freshwater and Partnerships (~1%)

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He hapori manawaroa
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The funding sources for each of these activities is reflected in other parts of the policy.

*Rationale*

- Legislative requirements mandate the acquisition and reporting of environmental data. Environmental data supports the Emergency Management functions of Council.

The benefits of this activity accrue to the whole region. Real-time environmental data supports flood warning services and catchment forecasting.

## PERFORMANCE TARGETS

| ENVIRONMENTAL DATA | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. We provide environmental monitoring which is fit for stakeholder purposes and data is openly available for all interested parties. | | | | | | | |
| 1.1 | **Hydro-Climate Monitoring**<br>Total percentage of collected environmental data available for users, relating to: water level, rainfall, soil moisture, wind, air temperature and air quality (approx. 15 million data-points p.a.) | 2022/23 | 98.7% | 98.5% | 98.5% | 98.5% | 98.5% |
| 1.2 | **Continuous Water Quality Monitoring**<br>Total percentage of collected environmental data available for users, relating to: continuous data relating to water quality parameters (approx. 8.0 million data-points p.a.) | 2022/23 | 92.2% | 94% | 94% | 94% | 94% |
| 1.3 | **Continuous Lake Monitoring**<br>Total percentage of collected environmental data available for users, relating to: continuous lake level and lake water quality data (approx. 6.5 million data-points p.a.) | 2022/23 | 98.1% | 90% | 90% | 90% | 90% |
| 1.4 | **National Environmental Standards Water Metering**<br>Collection of continuous consented water use data from verified meters meeting the requirements of the NES-Water Metering (approx. 10.0 million data-points p.a.). | Updated measure. Baseline year 2023/24 | N/A | Achieve | Achieve | Achieve | Achieve |

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# Information Management

## WHAT WE DO

With the vast quantity and variety of environmental, operational, geospatial, and financial information generated by Horizons, it is important to ensure that the data is stored appropriately, and is readily available to meet the region's current and future needs. This is the responsibility of the Horizons' Information Management team.

## KEY PROJECTS

### IRIS Next Generation

IRIS is the digital system Horizons uses for the delivery of council activities, for example, consenting, compliance monitoring, contacts management, enforcement, state of the environment monitoring, land management, biosecurity and biodiversity. Our current version of IRIS is over 10 years old and can no longer provide the level of service we require. In order to meet increasing legislative requirements as well as provide the level of service the community expects, we are continuing to transition to IRIS Next Generation. In the last LTP we committed along with 8 other regions to transition to IRIS Next Generation. This work commenced in 2023 and will be a major priority for Horizons.

### Aerial photography

There are regulatory obligations to have timely terrain data and imagery to support operational and compliance operations. This project involves the capture of aerial photography, processing and delivery, and additional hardware procurement for storage. This project is expected to start in 2026 with a total capital expenditure of approximately $200,000.

## CHANGES IN WHAT WE WILL DELIVER

We need to build our capacity to be able to respond to increasing legislative requirements. The improvements IRIS Next Generation will bring to our digital information management system will provide improved quality, availability and timeliness of information to internal and external stakeholders.

The organisation's transition to IRIS Next Generation is expected to take three years. After this time we expect to be able to provide improved levels of service with no change to staffing levels.

An additional resource has been budgeted for year 2 of the Long-term Plan to help meet increased demands for information services.

## NEGATIVE EFFECTS OF THIS ACTIVITY

As a 'behind-the-scenes' support service, the Information Management activity's contribution to community wellbeing can be difficult to identify. However, Horizons, like most organisations, relies on its Information Management activity for almost everything it does, both internally, and the services Council provides the community.

Unfortunately, the digital platforms and systems required to ensure a fit for purpose information management service is very costly. This cost is passed on to our communities through rates. This can have a negative impact on households in terms of affordability.

## HOW WE WILL FUND THIS ACTIVITY

We will fund this activity separately to other activities to provide transparency and accountability in relation to costs and benefits.

*Funding arrangements*

- 100% General Rate

*Rationale*

- This activity is fundamental to the success of all other activities undertaken by Council. Providing a centralised, robust, accessible &

Ngā putanga ā-hapori **Our community outcomes**

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He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

secure information service is critical to other departments across Council and to the public.

Benefits from this group of activities accrue to the whole region.

## PERFORMANCE TARGETS

| INFORMATION MANAGEMENT | | | | | | | |
|---|---|---|---|---|---|---|---|
| Levels of service and performance measures | | Performance Measure/Target | | | | | |
| | | Baseline | Actual 22/23 | 24/25 Target | 25/26 Target | 26/27 Target | Years 4-10 Target |
| 1. | We provide timely information to support the community regarding maps and data that Council holds. | | | | | | |
| 1.1 | Initial responses to map, information and data requests from the community are made within 5 working days | Updated measure. Baseline year 2023/24 | N/A | ≥95% | ≥95% | ≥95% | ≥95% |
| 1.2 | Map, information and data requests from the community are resolved and within timeframes agreed at the time of request. | Updated measure. Baseline year 2023/24 | N/A | ≥95% | ≥95% | ≥95% | ≥95% |

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## HORIZONS REGIONAL COUNCIL: FUNDING IMPACT STATEMENT FOR 2024-34 FOR TRANSPORT AND REGIONAL SERVICES ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Sources of operating funding** | | | | | | | | | | | |
| General rates, uniform annual general charges, rates penalties | 4,989 | 4,961 | 5,205 | 5,390 | 5,633 | 5,880 | 5,955 | 6,006 | 6,061 | 6,221 | 6,300 |
| Targeted rates | 5,087 | 8,103 | 9,647 | 11,543 | 14,008 | 15,517 | 16,531 | 16,880 | 17,184 | 17,481 | 17,800 |
| Subsidies and grants for operating purposes | 7,906 | 11,219 | 12,854 | 14,875 | 17,412 | 18,333 | 19,012 | 19,409 | 19,842 | 20,262 | 20,685 |
| Fees and charges | 2,415 | 2,838 | 2,995 | 3,306 | 3,670 | 3,797 | 3,892 | 3,942 | 3,992 | 4,062 | 4,116 |
| Internal charges and overheads recovered | 3,457 | 3,077 | 3,180 | 3,242 | 3,334 | 3,343 | 3,418 | 3,440 | 3,488 | 3,597 | 3,634 |
| Local authorities fuel tax, fines, infringement fees, and other | - | - | - | - | - | - | - | - | - | - | - |
| **Total operating funding (A)** | **23,854** | **30,198** | **33,881** | **38,356** | **44,057** | **46,870** | **48,808** | **49,677** | **50,567** | **51,623** | **52,535** |
| **Applications of operating funding** | | | | | | | | | | | |
| Payments to staff and suppliers | 15,528 | 21,772 | 25,086 | 29,164 | 34,475 | 37,050 | 38,797 | 39,577 | 40,380 | 41,143 | 41,955 |
| Finance costs | - | - | - | - | - | - | - | - | - | - | - |
| Internal charges and overheads applied | 7,312 | 7,567 | 8,091 | 8,500 | 8,820 | 8,881 | 9,086 | 9,239 | 9,384 | 9,655 | 9,779 |
| Other operating funding applications | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of operating funding (B)** | **22,840** | **29,339** | **33,177** | **37,664** | **43,295** | **45,931** | **47,883** | **48,816** | **49,764** | **50,798** | **51,734** |
| **Surplus (deficit) of operating funding (A-B)** | **1,014** | **859** | **704** | **692** | **762** | **939** | **925** | **861** | **803** | **825** | **801** |
| **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)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Application of capital funding** | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | |
| to meet additional demand | - | - | - | - | - | - | - | - | - | - | - |
| to improve level of service | 1,226 | 1,411 | 2,245 | 1,327 | 574 | 629 | 566 | 573 | 543 | 575 | 505 |
| to replace existing assets | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in reserves | (212) | (552) | (1,541) | (635) | 188 | 310 | 359 | 288 | 260 | 250 | 296 |
| Increase (decrease) of investments | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of capital funding (D)** | **1,014** | **859** | **704** | **692** | **762** | **939** | **925** | **861** | **803** | **825** | **801** |
| **Surplus (deficit) of capital funding (C - D)** | **(1,014)** | **(859)** | **(704)** | **(692)** | **(762)** | **(939)** | **(925)** | **(861)** | **(803)** | **(825)** | **(801)** |
| **Funding balance ((A - B)+(C - D))** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation | 1,247 | 1,076 | 764 | 735 | 772 | 950 | 930 | 872 | 813 | 835 | 811 |

### Ngā putanga ā-hapori **Our community outcomes**

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# Te pūnaha rēti
# Rating system

## ABOUT THE RATES CONTAINED IN THIS SECTION:

- All rates in this statement are inclusive of GST.
- The final date of payment for all rates is 27 September 2024. Except where prior arrangements are made, penalties for late payment will be applied at the maximum rate allowable, being 10%, on 4 October 2024. A 10% penalty will also be applied to accumulated rates arrears from previous financial years on 5 July 2024 and 10 January 2025.
- A separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of tenancy, lease, license, or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.
- For further information on the activities funded by the targeted rates listed below, please refer to the "How we will fund this activity" in the activity sections.
- The Council is not inviting any lump sum contributions in respect of any targeted rate.

## EQUALISED CAPITAL VALUE

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

For further information about your rates please visit https://www.horizons.govt.nz/faqs.

## GENERAL RATE

### What it funds

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

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| | Revenue sought (Including GST) |
|---|---|
| Partnership, governance and leadership | - |
| Strategy, science and regulation | 15,587,755 |
| Catchment operations | 15,675,343 |
| Transport and regional services | 5,704,933 |
| Investments | 138,000 |
| Grand Total | 37,106,031 |

### How it is applied

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

| District/City | % of EQCV | All properties $ per | Revenue sought |
|---|---|---|---|
| Horowhenua DC | 15.53% | 0.0003874 | 5,764,354 |
| Manawatū DC | 16.28% | 0.0003870 | 6,036,058 |
| Palmerston North CC | 32.68% | 0.0003875 | 12,128,545 |
| Part Stratford DC | 0.11% | 0.0003875 | 39,779 |
| Part Taupō DC | 0.00% | 0.0003862 | 616 |
| Part Waitomo DC | 0.08% | 0.0003859 | 29,246 |
| Rangitikei DC | 6.34% | 0.0003870 | 2,349,022 |
| Ruapehu DC | 5.81% | 0.0003874 | 2,155,458 |
| Tararua DC | 7.59% | 0.0003872 | 2,816,284 |
| Whanganui DC | 15.58% | 0.0003874 | 5,781,907 |
| Grand Total | 100% | | 37,101,269 |

## UNIFORM ANNUAL GENERAL CHARGE

### What it funds

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

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

The UAGC is offset by revenue from interest, dividends and rate penalties.

### How it is applied

The revenue required is $1,448,034. It is applied on a uniform basis to every SUIP in the region.

| | Revenue sought (Including GST) |
|---|---|
| Partnership, governance and leadership | 6,543,091 |
| Science and Environmental Reporting | 57,500 |
| Investments | (5,152,557) |
| Grand Total | 1,448,034 |

The 2024-25 rate is $12.73 per SUIP (GST inclusive).

## PUBLIC TRANSPORT RATE

### What it funds

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

### How it is applied

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

| District/City | % of EQCV | All properties $ per | Revenue sought |
|---|---|---|---|
| Horowhenua DC | 13.42% | 0.0000451 | 325,483 |
| Manawatū DC | 8.86% | 0.0000985 | 469,451 |
| Palmerston North CC | 50.11% | 0.0002546 | 6,859,352 |
| Rangitikei DC | 3.24% | 0.0000329 | 57,332 |
| Ruapehu DC | 2.87% | 0.0000113 | 17,380 |
| Tararua DC | 2.10% | 0.0000140 | 15,782 |
| Whanganui DC | 19.39% | 0.0001505 | 1,569,006 |
| Grand Total | 100% | | 9,313,786 |

## SUSTAINABLE LAND USE INITIATIVE RATE

### What it funds

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

### How it is applied

The revenue is require is $4,872,468. It is applied on a uniform basis to every SUIP in the region.

The 2024-25 rate is $42.82 per SUIP (GST inclusive).

## ENVIRONMENTAL INITIATIVES RATE

### What it funds

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

### How it is applied

The revenue required is $3,780,970. It is applied on a uniform basis to every SUIP in the region.

The 2024-25 rate is $33.23 per SUIP (GST inclusive).

## BIOSECURITY AND BIODIVERSITY PROTECTION (PER HA) RATE

### What it funds

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

### How it is applied

The revenue required is $1,687,316. It is applied on a per hectare basis to every rating unit larger than four hectares.

The 2024-25 rate is $1.05 per ha (GST inclusive).

## REGIONAL PARK RATE

### What it funds

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

### How it is applied

The revenue required is $16,664. It is applied on a uniform basis to every SUIP in the Manawatū District and Palmerston North City.

The 2024-25 rate is $0.35 per SUIP (GST inclusive).

## RANGITĪKEI ENVIRONMENT GROUP

### What it funds

This rates funds the cost of Horizons' contribution to the Rangitīkei Environment Group, as part of the biosecurity and biodiversity protection activity.

### How it is applied

The revenue required is $120,750. Half of this is applied on a uniform basis to every SUIP in the Rangitīkei District larger than four hectares. The other half is applied on a uniform basis to every SUIP in the Rangitīkei District smaller than four hectares.

The 2024-25 rate is $37.41 per SUIP for properties greater than four hectares and $9.68 per SUIP for properties less than four hectares (GST inclusive).

## WAITĀRERE COMMUNITY BIODIVERSITY PROJECT

### What it funds

This rate funds the cost of Horizons' contribution to the Waitārere Community Biodiversity Project, as part of the biosecurity and biodiversity protection activity. A map of this rate can be found at https://maps.horizons.govt.nz/Gallery/

### How it is applied

The revenue required is $23,000. It is applied on a capital value basis to the properties in the Waitārere Beach community.

The 2024-25 rate is $0.0000313 per dollar of capital value (GST inclusive).

## MANAWATŪ RIVER ACCORD

### What it funds

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

### How it is applied

The revenue required is $517,500. It is applied on a uniform basis to every SUIP in the Manawatū River catchment

The 2024-25 rate is $8.44 per SUIP (GST inclusive).

## HOROWHENUA WATER QUALITY IMPROVEMENT

### What it funds

This rate supports the delivery of water quality and freshwater enhancement projects in the Horowhenua District. This was previously referred to as the Lake Horowhenua restoration rate.

### How it is applied

The revenue required is $899,953. It is applied on a capital value basis to the properties in the Horowhenua District.

The 2024-25 rate is $0.0000611 per dollar of capital value (GST inclusive).

## RIVER AND DRAINAGE SCHEME TARGETED RATES

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

### What they fund

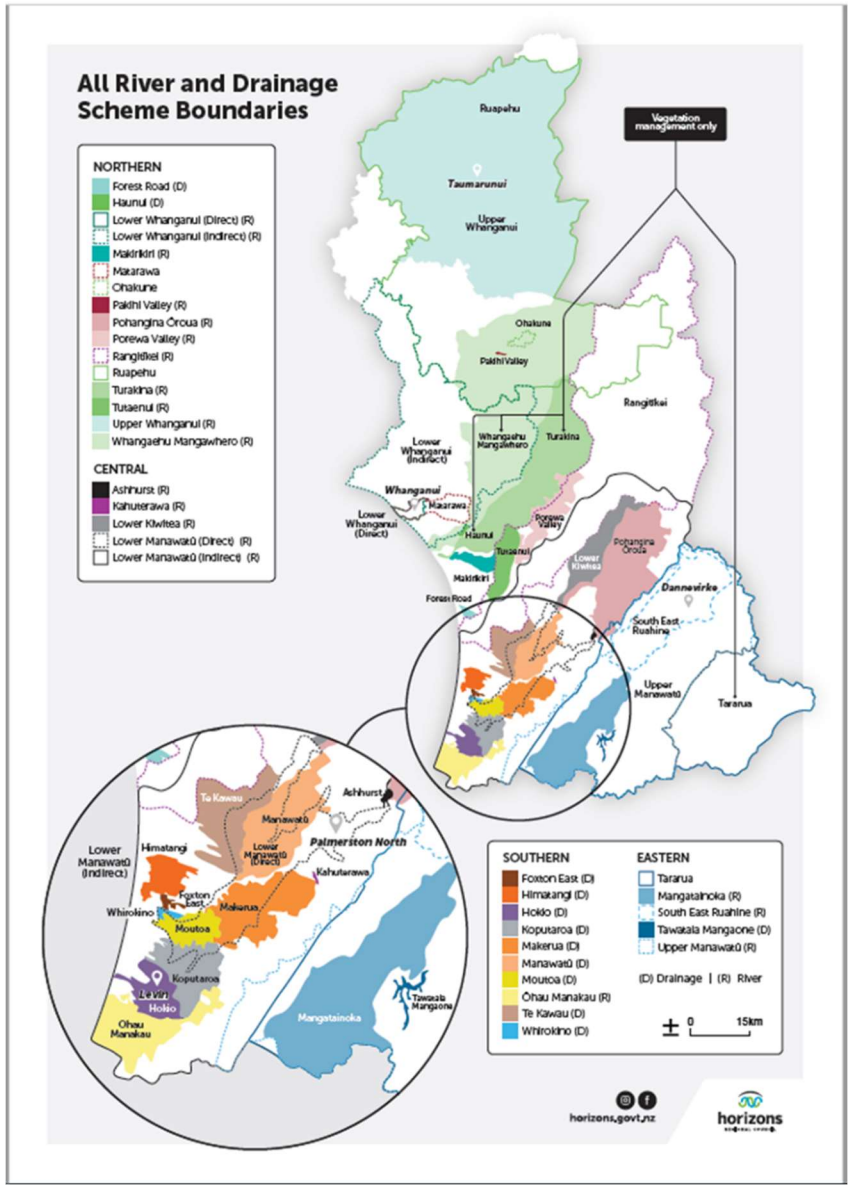
These rates fund part of the cost of the River and Drainage – Scheme activity.

### How they are applied

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

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

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




He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

| Class/Diff | Rating Basis | Number of rating units | Unit rate | Revenue sought (including GST) |
|---|---|---|---|---|
| River Schemes | | | | |
| Kahuterawa | | | | |
| KM | $ Per Hectare | 47 | 112.3029472 | 5,327 |
| | | | Scheme | 5,327 |
| Lower Kiwitea Stream | | | | |
| CK | $ Per Hectare | 141 | 195.0561496 | 27,443 |
| CN | $ Per Hectare | 23,617 | 1.2876184 | 30,410 |
| MK | $ Per Hectare | 300 | 304.4273309 | 91,214 |
| | | | Scheme | 149,067 |
| Lower Manawatū | | | | |
| CE | $ Per Hectare | 269,125 | 0.6103527 | 164,261 |
| CL | $ Per Hectare | 142,119 | 2.0831150 | 296,051 |
| CW | $ Per Hectare | 78,959 | 1.0415575 | 82,240 |
| DR | $ Per Hectare | 187 | 166.6432437 | 31,082 |
| F1 | $ per $ of Land Value | 180,239,180 | 0.0018316 | 330,125 |
| F2 | $ per $ of Land Value | 110,766,240 | 0.0014653 | 162,303 |
| F3 | $ per $ of Land Value | 60,399,700 | 0.0010990 | 66,377 |
| F4 | $ per $ of Land Value | 453,705,443 | 0.0007326 | 332,401 |
| F5 | $ per $ of Land Value | 842,637,890 | 0.0001832 | 154,337 |
| FB | $ per $ of Capital Value | 1,031,672,000 | 0.0000771 | 79,528 |
| FG | $ per $ of Capital Value | 4,547,533,200 | 0.0001680 | 764,085 |
| HF | $ Per SUIP | 761 | 660.4434706 | 502,597 |
| IC | $ Per SUIP | 53,761 | 13.9033482 | 747,455 |
| IE | $ Per SUIP | 2,802 | 6.9516741 | 19,479 |
| IF | $ Per SUIP | 6,072 | 4.5881049 | 27,859 |
| IS | $ Per SUIP | 11,883 | 6.9516741 | 82,607 |
| IW | $ Per SUIP | 939 | 4.5881049 | 4,308 |
| PN | $ per $ of Capital Value | 26,128,380,500 | 0.0000485 | 1,267,778 |
| R1 | $ Per Hectare | 3,958 | 87.1801972 | 345,060 |
| R2 | $ Per Hectare | 164 | 17.4360396 | 2,864 |
| SA | $ per $ of Capital Value | 5,027,690 | 0.0015569 | 7,827 |
| SB | $ per $ of Capital Value | 52,793,720 | 0.0013737 | 72,522 |
| SC | $ per $ of Capital Value | 11,899,150 | 0.0009158 | 10,897 |
| SD | $ per $ of Capital Value | 79,213,680 | 0.0004579 | 36,272 |
| | | | Scheme | 5,590,315 |
| Lower Manawatū Special Project | | | | |
| AH | $ per $ of Capital Value | 891,321,000 | 0.0000010 | 932 |
| SP (On specified PN scheme) | $ per $ of Capital Value | 25,917,840,500 | 0.0000289 | 750,088 |
| TU (Turitea) | $ per $ of Capital Value | 16,050,000 | 0.0005935 | 9,526 |
| | | | Scheme | 760,545 |
| Lower Whanganui River | | | | |
| N1 | $ per $ of Capital Value | 9,791,060,764 | 0.0000190 | 186,334 |
| N2 | $ Per SUIP | 3,626 | 25.6941283 | 93,167 |
| W1 | $ per $ of Capital Value | 226,261,000 | 0.0001116 | 25,262 |
| W2 | $ per $ of Capital Value | 9,562,634,674 | 0.0000558 | 533,824 |
| | | | Scheme | 838,587 |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | | | | |
|---|---|---|---|---|
| **Mākirikiri** | | | | |
| A | $ Per Hectare | 24 | 47.2420463 | 1,153 |
| A1 | $ Per Hectare | 24 | 116.7216648 | 2,849 |
| B | $ Per Hectare | 107 | 33.0694304 | 3,531 |
| B1 | $ Per Hectare | 42 | 81.7051674 | 3,445 |
| C | $ Per Hectare | 64 | 23.6210223 | 1,518 |
| C1 | $ Per Hectare | 8 | 58.3608396 | 483 |
| CN | $ Per Hectare | 5,229 | 1.6656328 | 8,709 |
| F | $ Per Hectare | 2,031 | 4.7242044 | 9,593 |
| F1 | $ Per Hectare | 305 | 11.6721669 | 3,557 |
| GF | $ Per SUIP | 1 | 759.00 | 759 |
| LF | $ Per SUIP | 1 | 1,457.28 | 1,457 |
| T1 | $ Per SUIP | 1 | 819.72 | 820 |
| | | | Scheme | 37,873 |
| **Mangatainoka** | | | | |
| CK | $ Per Hectare | 16,496 | 0.7209087 | 11,892 |
| CM | $ Per Hectare | 5,993 | 0.1049364 | 629 |
| CU | $ Per Hectare | 15,965 | 2.7969126 | 44,654 |
| DR | $ Per Hectare | 214 | 107.3925782 | 23,000 |
| F1 | $ Per Hectare | 461 | 64.6832647 | 29,811 |
| F2 | $ Per Hectare | 742 | 38.8099589 | 28,793 |
| IN | $ Per Hectare | 39,617 | 1.0362096 | 41,052 |
| KL | $ Per Hectare | 166 | 169.2088621 | 28,073 |
| LH | $ Per Hectare | 224 | 19.7349989 | 4,429 |
| LL | $ Per Hectare | 590 | 3.9469998 | 2,328 |
| LM | $ Per Hectare | 47 | 11.8409980 | 561 |
| MH | $ Per Hectare | 794 | 59.3653035 | 47,165 |
| ML | $ Per Hectare | 540 | 11.8730606 | 6,412 |
| MM | $ Per Hectare | 1,268 | 35.6191821 | 45,164 |
| MR | $ Per Hectare | 508 | 9.5658121 | 4,860 |
| PU | $ per $ of Capital Value | 465,370,000 | 0.0002879 | 133,961 |
| R1 | $ per $ of Capital Value | 68,750,000 | 0.0004300 | 29,559 |
| R2 | $ per $ of Capital Value | 7,580,000 | 0.0003998 | 3,030 |
| UH | $ Per Hectare | 399 | 168.2367644 | 67,207 |
| UL | $ Per Hectare | 507 | 33.6473529 | 17,053 |
| UM | $ Per Hectare | 249 | 100.9420584 | 25,116 |
| | | | Scheme | 594,749 |
| **Matarawa** | | | | |
| CM | $ per $ of Capital Value | 9,791,343,650 | 0.0000032 | 31,478 |
| CN | $ Per Hectare | 8,163 | 2.4160945 | 19,723 |
| IN | $ Per SUIP | 326 | 25.1457500 | 8,198 |
| L1 | $ Per Hectare | 92 | 11.9578791 | 1,105 |
| L2 | $ Per Hectare | 70 | 11.9578785 | 838 |
| L3 | $ Per Hectare | 14 | 47.8315156 | 666 |
| M1 | $ Per Hectare | 395 | 79.7191937 | 31,490 |
| M3 | $ Per Hectare | 69 | 15.9438391 | 1,098 |
| M4 | $ Per Hectare | 32 | 15.9438366 | 503 |
| | | | Scheme | 95,099 |
| **Ohakune** | | | | |
| UR | $ per $ of Capital Value | 705,764,500 | 0.0000989 | 69,776 |
| | | | Scheme | 69,776 |
| **Ōhau-Manakau** | | | | |
| AD | $ Per Hectare | 137 | 35.6913826 | 4,902 |
| CD | $ Per Hectare | 5 | 23.1130955 | 121 |
| CH | $ Per Hectare | 393 | 35.2148770 | 13,855 |
| CL | $ Per Hectare | 1,373 | 2.6411158 | 3,625 |
| FH | $ Per Hectare | 394 | 132.8437376 | 52,285 |
| FL | $ Per Hectare | 1,373 | 9.9632803 | 13,676 |
| HD | $ Per Hectare | 420 | 19.2069523 | 8,058 |
| IN | $ Per Hectare | 12,035 | 8.4593131 | 101,804 |
| KD | $ Per Hectare | 189 | 40.3546976 | 7,614 |
| L2 | $ Per Hectare | 23 | 33.6672049 | 765 |
| LD | $ Per Hectare | 60 | 67.3344049 | 4,032 |
| MC | $ Per Hectare | 402 | 5.4639986 | 2,197 |
| ML | $ Per Hectare | 41 | 127.7663689 | 5,248 |

| | | | | |
|---|---|---|---|---|
| MU | $ Per Hectare | 57 | 306.3822719 | 17,501 |
| OL | $ Per Hectare | 34 | 76.6782999 | 2,602 |
| OM | $ Per Hectare | 75 | 235.0776116 | 17,609 |
| OT | $ Per Hectare | 113 | 893.9206349 | 101,034 |
| OU | $ Per Hectare | 50 | 421.8248130 | 20,939 |
| PD | $ Per Hectare | 69 | 34.4104324 | 2,382 |
| SD | $ Per Hectare | 53 | 11.6399809 | 620 |
| TD | $ Per Hectare | 134 | 52.0919477 | 6,966 |
| UM | $ per $ of Capital Value | 77,804,000 | 0.0000710 | 5,524 |
| UO | $ per $ of Capital Value | 130,778,000 | 0.0000558 | 7,300 |
| UW | $ per $ of Capital Value | 157,395,000 | 0.0001452 | 22,849 |
| WD | $ Per Hectare | 265 | 24.1766497 | 6,400 |
| WL | $ Per Hectare | 86 | 99.3284324 | 8,584 |
| WU | $ Per Hectare | 77 | 256.9799212 | 19,765 |
| | | | Scheme | 458,258 |
| **Pakihi Valley** | | | | |
| A | $ Per Hectare | 103 | 149.8118485 | 15,490 |
| | | | Scheme | 15,490 |
| **Pohangina - Ōroua** | | | | |
| DR | $ Per Hectare | 21 | - | - |
| EZ | $ Per Hectare | 369 | 0.1323809 | 49 |
| IA | $ per $ of Capital Value | 893,591,000 | 0.0000138 | 12,310 |
| IN | $ Per Hectare | 55,151 | 2.8767997 | 158,657 |
| O1 | $ Per Hectare | 394 | 91.6597623 | 36,084 |
| O2 | $ Per Hectare | 694 | 113.8932408 | 79,071 |
| O3 | $ Per Hectare | 10 | 73.3278148 | 698 |
| O4 | $ Per Hectare | 170 | 91.1145927 | 15,449 |
| P1 | $ Per Hectare | 282 | 220.8009224 | 62,211 |
| P2 | $ Per Hectare | 628 | 132.4805536 | 83,192 |
| P3 | $ Per Hectare | 128 | 24.3902676 | 3,122 |
| P4 | $ Per Hectare | 195 | 176.6407383 | 34,417 |
| P5 | $ Per Hectare | 24 | 105.9844439 | 2,577 |
| P6 | $ Per Hectare | 33 | 19.5122139 | 640 |
| | | | Scheme | 488,478 |
| **Porewa Valley** | | | | |
| A | $ per $ of Capital Value | 2,893,120 | 0.0040955 | 11,849 |
| B | $ per $ of Capital Value | 5,549,480 | 0.0023754 | 13,182 |
| C | $ per $ of Capital Value | 9,556,353 | 0.0011467 | 10,959 |
| D | $ per $ of Capital Value | 47,004,050 | 0.0002048 | 9,625 |
| E | $ per $ of Capital Value | 13,650,500 | 0.0001229 | 1,677 |
| F | $ per $ of Capital Value | 179,941,160 | 0.0000410 | 7,370 |
| U1 | $ per $ of Capital Value | 22,650,000 | 0.0003276 | 7,421 |
| U2 | $ per $ of Capital Value | 13,911,000 | 0.0000819 | 1,139 |
| | | | Scheme | 63,222 |
| **Rangitīkei River** | | | | |
| CD | $ Per Hectare | 25,000 | 0.4007442 | 10,019 |
| CN | $ Per Hectare | 173,587 | 0.8014883 | 139,128 |
| CU | $ Per Hectare | 40,137 | 0.4007442 | 16,084 |
| DR | $ Per Hectare | 87 | 241.9099706 | 21,089 |
| E1 | $ Per Hectare | 594 | 81.9491447 | 48,672 |
| E2 | $ Per Hectare | 701 | 32.7796581 | 22,989 |
| E3 | $ Per Hectare | 1,203 | 147.5717745 | 177,516 |
| E4 | $ Per Hectare | 1,294 | 125.1545772 | 161,955 |
| F1 | $ Per Hectare | 1,494 | 101.1129740 | 151,109 |
| F2 | $ Per Hectare | 785 | 60.6677844 | 47,598 |
| F3 | $ Per Hectare | 42 | 14.5504504 | 614 |
| F4 | $ Per Hectare | 160 | 33.8273772 | 5,426 |
| F5 | $ Per Hectare | 220 | 69.9203458 | 15,386 |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | | | | |
|---|---|---|---|---|
| F6 | $ Per Hectare | 53 | 41.9522077 | 2,223 |
| GF | $ Per SUIP | 51 | 463.6932451 | 23,648 |
| GT | $ Per SUIP | 226 | 135.4414876 | 30,610 |
| IN | $ Per Hectare | 40,505 | 0.6874546 | 27,846 |
| RF | $ per $ of Capital Value | 1,010,000 | 0.0057775 | 5,835 |
| RH | $ per $ of Capital Value | 2,750,000 | 0.0026059 | 7,166 |
| RO | $ per $ of Capital Value | 154,900,000 | 0.0000245 | 3,788 |
| UF | $ per $ of Capital Value | 17,257,000 | 0.0013704 | 23,648 |
| UL | $ per $ of Capital Value | 1,486,042,060 | 0.0000289 | 42,895 |
| UT | $ per $ of Capital Value | 89,398,400 | 0.0003424 | 30,610 |
| UU | $ per $ of Capital Value | 245,968,290 | 0.0000325 | 7,985 |
| | | | Scheme | 1,023,841 |
| **Ruapehu DC** | | | | |
| CN | $ per $ of Capital Value | 5,692,981,800 | 0.0000171 | 97,593 |
| | | | Scheme | 97,593 |
| **South East Ruahines** | | | | |
| CN | $ Per Hectare | 49,379 | 1.5450868 | 76,294 |
| DK (Dannevirke only) | $ per $ of Capital Value | 862,022,000 | 0.0000975 | 84,037 |
| DR | $ Per Hectare | 348 | 59.5456409 | 20,700 |
| IN | $ Per Hectare | 64,721 | 1.2691278 | 82,139 |
| M1 | $ Per Hectare | 1,212 | 47.7457976 | 57,873 |
| M2 | $ Per Hectare | 621 | 86.2216258 | 53,584 |
| M3 | $ Per Hectare | 110 | 93.2580771 | 10,232 |
| M4 | $ Per Hectare | 441 | 95.5194292 | 42,162 |
| M5 | $ Per Hectare | 1,907 | 15.1369037 | 28,860 |
| RZ | $ Per Hectare | 230 | 0.0265470 | 6 |
| SZ | $ Per Hectare | 305 | 0.0199875 | 6 |
| W1 | $ Per Hectare | 530 | 11.3249361 | 6,004 |
| W2 | $ Per Hectare | 753 | 20.9310688 | 15,754 |
| W3 | $ Per Hectare | 8,535 | 14.3427662 | 122,416 |
| WO (Woodville only) | $ per $ of Capital Value | 267,457,200 | 0.0001151 | 30,789 |
| | | | Scheme | 630,858 |
| **Tararua** | | | | |
| CN | $ per $ of Capital Value | 7,251,540,710 | 0.0000463 | 335,990 |
| | | | Scheme | 335,990 |
| **Tawataia - Mangaone** | | | | |
| B | $ Per Hectare | 110 | 84.3047857 | 9,248 |
| C | $ Per Hectare | 658 | 28.1015952 | 18,480 |
| D | $ Per Hectare | 11 | 14.0507993 | 158 |
| | | | Scheme | 27,886 |
| **Turakina** | | | | |
| CN | $ Per Hectare | 82,291 | 0.1316979 | 10,838 |
| T1 | $ Per Hectare | 274 | 38.4835521 | 10,551 |
| T2 | $ Per Hectare | 154 | 34.3389108 | 5,276 |
| T3 | $ Per Hectare | 223 | 23.6348901 | 5,276 |
| T4 | $ Per Hectare | 1,412 | 15.0998764 | 21,324 |
| T5 | $ Per Hectare | 110 | 6.6953683 | 734 |
| | | | Scheme | 53,999 |
| **Tūtaenui** | | | | |
| CN | $ Per Hectare | 12,742 | 0.8970324 | 11,430 |
| IN | $ Per Hectare | 12,742 | 0.8792997 | 11,204 |
| TL | $ Per Hectare | 456 | 22.9570525 | 10,462 |
| TW | $ Per Hectare | 291 | 49.3471164 | 14,337 |
| UB (Bulls) | $ per $ of Capital Value | 316,863,576 | 0.0000548 | 17,369 |

| | | | | |
|---|---|---|---|---|
| UM (Marton) | $ per $ of Capital Value | 861,374,500 | 0.0000626 | 53,919 |
| | | | Scheme | 118,721 |
| **Upper Manawatū** | | | | |
| CN | $ Per Hectare | 267,081 | 0.3590873 | 95,905 |
| D1 | $ Per Hectare | 122 | 17.2279328 | 2,105 |
| D2 | $ Per Hectare | 213 | 12.8387189 | 2,737 |
| D3 | $ Per Hectare | 238 | 13.2822039 | 3,158 |
| D4 | $ Per Hectare | 85 | 29.5698361 | 2,527 |
| IN | $ Per Hectare | 24,043 | 1.3769360 | 33,105 |
| M1 | $ Per Hectare | 257 | 100.8822863 | 25,921 |
| M2 | $ Per Hectare | 38 | 318.7392468 | 12,083 |
| U1 | $ Per Hectare | 612 | 153.7374816 | 94,118 |
| U2 | $ Per Hectare | 165 | 116.2879981 | 19,168 |
| U3 | $ Per Hectare | 158 | 180.1068780 | 28,537 |
| U4 | $ Per Hectare | 125 | 94.2481053 | 11,785 |
| | | | Scheme | 331,150 |
| **Upper Whanganui** | | | | |
| IN | $ per $ of Capital Value | 3,146,107,650 | 0.0000173 | 54,529 |
| R1 | $ per $ of Capital Value | 182,000 | 0.0012736 | 232 |
| R2 | $ per $ of Capital Value | 1,701,000 | 0.0006368 | 1,083 |
| R3 | $ per $ of Capital Value | 1,275,400 | 0.0011410 | 1,455 |
| R4 | $ per $ of Capital Value | 3,007,000 | 0.0005705 | 1,715 |
| U1 | $ per $ of Capital Value | 115,888,800 | 0.0002321 | 26,901 |
| U2 | $ per $ of Capital Value | 398,267,750 | 0.0000929 | 36,980 |
| | | | Scheme | 122,896 |
| **Whangaehu - Mangawhero** | | | | |
| CN | $ Per Hectare | 129,306 | 0.2963327 | 38,318 |
| IN | $ Per SUIP | 451 | 24.2747155 | 10,948 |
| LW | $ Per Hectare | 843 | 5.0364674 | 4,247 |
| MW | $ Per Hectare | 1,301 | 17.8293906 | 23,204 |
| UM | $ Per Hectare | 78 | 77.4360543 | 6,078 |
| UW | $ Per Hectare | 637 | 41.8720030 | 26,684 |
| | | | Scheme | 109,479 |
| **Drainage Schemes** | | | | |
| **Ashhurst Stream** | | | | |
| AC | $ per $ of Capital Value | 888,350,820 | 0.0000131 | 11,628 |
| AL | $ Per Hectare | 10 | 61.1557436 | 591 |
| AN | $ Per SUIP | 1,287 | 9.0346151 | 11,628 |
| AU | $ Per Hectare | 22 | 16.1872605 | 358 |
| | | | Scheme | 24,204 |
| **Forest Road** | | | | |
| A | $ Per Hectare | 36 | 65.3915318 | 2,386 |
| B | $ Per Hectare | 207 | 49.0436475 | 10,169 |
| C | $ Per Hectare | 158 | 32.6957648 | 5,177 |
| D | $ Per Hectare | 549 | 16.3478824 | 8,982 |
| E | $ Per Hectare | 79 | 8.5008996 | 675 |
| F | $ Per Hectare | 139 | 4.5774073 | 635 |
| | | | Scheme | 28,023 |
| **Foxton East** | | | | |
| CN | $ Per Hectare | 813 | 12.1178613 | 9,856 |
| UB | $ per $ of Capital Value | 670,148,000 | 0.0000637 | 42,711 |
| | | | Scheme | 52,568 |
| **Haunui** | | | | |
| A | $ per $ of Land Value | 15,399,000 | 0.0016713 | 25,736 |
| | | | Scheme | 25,736 |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | | | | |
|---|---|---|---|---|
| Himatangi | | | | |
| A | $ Per Hectare | 413 | 25.9141701 | 10,701 |
| B | $ Per Hectare | 390 | 18.1399191 | 7,077 |
| C | $ Per Hectare | 659 | 9.0699597 | 5,979 |
| D | $ Per Hectare | 1,104 | 4.6645507 | 5,150 |
| E | $ Per Hectare | 1,363 | 1.8139919 | 2,472 |
| F | $ Per Hectare | 404 | 1.2957083 | 523 |
| | | | Scheme | 31,903 |
| Hokio | | | | |
| AC | $ Per SUIP | 172 | 125.0926360 | 21,516 |
| DA | $ Per Hectare | 101 | 32.0138691 | 3,226 |
| DH | $ Per Hectare | 55 | 21.6178631 | 1,199 |
| DL | $ Per Hectare | 39 | 4.7436596 | 186 |
| DM | $ Per Hectare | 172 | 17.1056020 | 2,936 |
| DP | $ Per Hectare | 26 | 44.5094293 | 1,179 |
| DS | $ Per Hectare | 646 | 33.2445450 | 21,475 |
| IN | $ Per Hectare | 4,307 | 4.8014480 | 20,678 |
| UH | $ per $ of Capital Value | 64,198,000 | 0.0000224 | 1,437 |
| UL | $ per $ of Capital Value | 4,744,719,000 | 0.0000062 | 29,560 |
| | | | Scheme | 103,392 |
| Koputaroa | | | | |
| A1 | $ Per Hectare | 174 | 61.8600286 | 10,770 |
| A2 | $ Per Hectare | 216 | 30.9300146 | 6,693 |
| C1 | $ Per Hectare | 30 | 23.3925067 | 697 |
| C2 | $ Per Hectare | 127 | 15.4390537 | 1,968 |
| C3 | $ Per Hectare | 111 | 7.7195276 | 860 |
| C4 | $ Per Hectare | 99 | 24.7445317 | 2,445 |
| C5 | $ Per Hectare | 107 | 16.3313900 | 1,745 |
| D1 | $ Per Hectare | 501 | 45.2443027 | 22,683 |
| D2 | $ Per Hectare | 80 | 22.6221518 | 1,799 |
| D3 | $ Per Hectare | 141 | 28.3271006 | 4,002 |
| D4 | $ Per Hectare | 63 | 14.1635506 | 892 |
| D5 | $ Per Hectare | 348 | 29.5377476 | 10,273 |
| D6 | $ Per Hectare | 113 | 14.7688740 | 1,669 |
| D7 | $ Per Hectare | 250 | 51.2735118 | 12,802 |
| D8 | $ Per Hectare | 165 | 25.6367560 | 4,241 |
| F1 | $ Per Hectare | 753 | 12.5028110 | 9,417 |
| F2 | $ Per Hectare | 720 | 7.5016866 | 5,399 |
| F3 | $ Per Hectare | 109 | 3.7508431 | 410 |
| F4 | $ Per Hectare | 158 | 1.2502809 | 197 |
| F5 | $ Per Hectare | 124 | 41.7127710 | 5,180 |
| F6 | $ Per Hectare | 237 | 16.6851084 | 3,960 |
| I1 | $ Per Hectare | 1,294 | 6.7732750 | 8,766 |
| I2 | $ Per Hectare | 306 | 9.4410086 | 2,885 |
| I3 | $ Per Hectare | 663 | 8.1831295 | 5,427 |
| I4 | $ Per Hectare | 635 | 10.8304541 | 6,878 |
| IA | $ Per Hectare | 1,830 | 1.6140381 | 2,954 |
| IK | $ Per Hectare | 5,234 | 1.7654336 | 9,240 |
| IN | $ Per Hectare | 1,035 | 29.9759435 | 31,025 |
| K1 | $ Per Hectare | 132 | 117.2259106 | 15,434 |
| K2 | $ Per Hectare | 104 | 58.6129563 | 6,101 |
| P1 | $ Per Hectare | 110 | 240.1550475 | 26,458 |
| P2 | $ Per Hectare | 176 | 158.5023314 | 27,942 |
| P3 | $ Per Hectare | 48 | 188.6340423 | 9,046 |
| P4 | $ Per Hectare | 97 | 124.4984685 | 12,039 |
| P5 | $ Per Hectare | 30 | 221.4734382 | 6,600 |
| P6 | $ Per Hectare | 127 | 146.1724688 | 18,635 |
| P7 | $ Per Hectare | 111 | 73.0862346 | 8,146 |
| P8 | $ Per Hectare | 99 | 240.1706644 | 23,721 |
| P9 | $ Per Hectare | 107 | 158.5126390 | 16,939 |
| | | | Scheme | 346,340 |
| Makerua | | | | |
| B1 | $ Per Hectare | 307 | 37.5361786 | 11,511 |
| B2 | $ Per Hectare | 128 | 15.0144713 | 1,926 |
| C1 | $ Per Hectare | 97 | 63.0411861 | 6,098 |
| C2 | $ Per Hectare | 144 | 25.2164746 | 3,629 |
| CB | $ Per Hectare | 0 | 0.0000000 | 0 |
| CK | $ Per Hectare | 357 | 16.8532737 | 6,018 |
| CM | $ Per Hectare | 214 | 21.1998544 | 4,534 |
| CO | $ Per Hectare | 3,499 | 1.4608799 | 5,111 |

| | | | | |
|---|---|---|---|---|
| EC | $ Per Hectare | 8,626 | 2.4463967 | 21,104 |
| G1 | $ Per Hectare | 141 | 11.7068983 | 1,649 |
| K1 | $ Per Hectare | 367 | 92.1582410 | 33,799 |
| L1 | $ Per Hectare | 230 | 31.8742703 | 7,346 |
| L2 | $ Per Hectare | 323 | 12.7497080 | 4,112 |
| M1 | $ Per Hectare | 219 | 41.8220920 | 9,147 |
| M2 | $ Per Hectare | 128 | 16.7288366 | 2,147 |
| O1 | $ Per Hectare | 4,079 | 58.9463090 | 240,430 |
| O2 | $ Per Hectare | 1,208 | 23.5785236 | 28,477 |
| OC | $ Per Hectare | 6,007 | 6.8477184 | 41,136 |
| PB | $ Per Hectare | 131 | 285.4326738 | 37,426 |
| PK | $ Per Hectare | 357 | 178.2291425 | 63,641 |
| PM | $ Per Hectare | 214 | 200.8204370 | 42,949 |
| PO | $ Per Hectare | 3,499 | 66.9177223 | 234,119 |
| R1 | $ Per Hectare | 121 | 58.0167607 | 7,007 |
| T1 | $ Per Hectare | 222 | 49.7169399 | 11,046 |
| | | | Scheme | 824,363 |
| **Manawatū** | | | | |
| CL | $ Per Hectare | 31 | 156.4316250 | 4,868 |
| CN | $ Per Hectare | 15,470 | 11.9414445 | 184,734 |
| DR | $ Per Hectare | 17,212 | 28.9456742 | 498,225 |
| DU | $ Per SUIP | 1,393 | 116.4754926 | 162,250 |
| F1 | $ Per Hectare | 1,183 | 56.6893731 | 67,040 |
| F2 | $ Per Hectare | 499 | 28.3446866 | 14,145 |
| F3 | $ Per Hectare | 214 | 5.6689373 | 1,215 |
| P1 | $ Per Hectare | 724 | 215.0351260 | 155,788 |
| P2 | $ Per Hectare | 176 | 107.5175628 | 18,873 |
| P3 | $ Per Hectare | 911 | 53.7587815 | 48,954 |
| P4 | $ Per Hectare | 264 | 10.7517563 | 2,840 |
| | | | Scheme | 1,158,931 |
| **Moutoa** | | | | |
| B1 | $ Per Hectare | 4 | 264.7499012 | 1,072 |
| B2 | $ Per Hectare | 36 | 211.7999337 | 7,604 |
| B3 | $ Per Hectare | 62 | 39.7124872 | 2,459 |
| C1 | $ Per Hectare | 124 | 62.2324491 | 7,728 |
| C2 | $ Per Hectare | 21 | 49.7859583 | 1,044 |
| C3 | $ Per Hectare | 5 | 18.6697297 | 102 |
| D1 | $ Per Hectare | 1,138 | 42.4516772 | 48,291 |
| D2 | $ Per Hectare | 712 | 24.1736140 | 17,217 |
| D3 | $ Per Hectare | 1,338 | 9.6694456 | 12,937 |
| D4 | $ Per Hectare | 1,011 | 11.0977362 | 11,223 |
| D5 | $ Per Hectare | 135 | 4.4390943 | 600 |
| MC | $ Per Hectare | 4,460 | 26.6194753 | 118,719 |
| P1 | $ Per Hectare | 206 | 152.8247938 | 31,538 |
| P2 | $ Per Hectare | 835 | 122.2598348 | 102,068 |
| P3 | $ Per Hectare | 410 | 45.8474381 | 18,781 |
| P4 | $ Per Hectare | 600 | 121.8400178 | 73,147 |
| P5 | $ Per Hectare | 375 | 97.4720142 | 36,600 |
| P6 | $ Per Hectare | 102 | 36.5520052 | 3,746 |
| | | | Scheme | 494,873 |
| **Te Kawau** | | | | |
| AC | $ Per SUIP | 563 | 115.8146080 | 65,204 |
| C1 | $ Per Hectare | 82 | 21.0861742 | 1,723 |
| C2 | $ Per Hectare | 849 | 0.8088016 | 687 |
| CF | $ Per Hectare | 13,328 | 2.0690302 | 27,576 |
| CR | $ Per Hectare | 714 | 5.0784710 | 3,627 |
| CU | $ Per Hectare | 36 | 60.7214173 | 2,193 |
| DA | $ Per Hectare | 1,637 | 2.6908072 | 4,404 |
| DO | $ Per Hectare | 4,173 | 10.2211445 | 42,654 |
| DR | $ Per Hectare | 314 | 14.0213336 | 4,404 |
| DS | $ Per Hectare | 7,518 | 18.9755355 | 142,666 |
| FK | $ Per Hectare | 207 | 16.4188182 | 3,394 |
| FM | $ Per Hectare | 1,089 | 60.4000067 | 65,801 |
| P1 | $ Per Hectare | 40 | 72.5049095 | 2,907 |
| P2 | $ Per Hectare | 11 | 18.1262260 | 194 |
| PR | $ Per Hectare | 333 | 23.9665317 | 7,982 |
| | | | Scheme | 375,415 |
| **Whirokino** | | | | |
| D1 | $ Per Hectare | 111 | 84.9461199 | 9,459 |
| D2 | $ Per Hectare | 156 | 56.0644392 | 8,724 |

## Ngā putanga ā-hapori **Our community outcomes**

**He whakamana hapori, he hapori kori**
Our region's communities are vibrant and empowered

**He pūnaha hauropi ora**
Our region's ecosystems are healthy

**He rohe piki te ōhanga, piki te taiao**
Our region's economy is thriving and environmentally sustainable

| | | | | |
|---|---|---|---|---|
| D3 | $ Per Hectare | 4 | 8.4946051 | 34 |
| D4 | $ Per Hectare | 45 | 195.9833730 | 8,795 |
| D5 | $ Per Hectare | 26 | 78.3933525 | 2,021 |
| F1 | $ Per Hectare | 89 | 65.3434235 | 5,783 |
| F2 | $ Per Hectare | 4 | 39.2060649 | 159 |
| F3 | $ Per Hectare | 267 | 6.5343425 | 1,743 |
| IN | $ Per Hectare | 457 | 6.2221039 | 2,847 |
| P1 | $ Per Hectare | 28 | 439.1188060 | 12,392 |
| P2 | $ Per Hectare | 16 | 175.6475253 | 2,866 |
| P3 | $ Per Hectare | 48 | 43.9118814 | 2,105 |
| | | | Scheme | 56,930 |
| | | | Including GST | 15,541,877 |
| | | | Excluding GST | 13,514,675 |

| Total Rates Summary ($000) | Including GST | Excluding GST |
|---|---|---|
| General Rate | 37,101 | 32,262 |
| Uniform Annual General Charge | 1,493 | 1,298 |
| Sustainable Land Use Initiative (SLUI) UAC | 4,872 | 4,237 |
| Environmental Initiatives UAC | 3,781 | 3,288 |
| Manawatū River Accord | 518 | 450 |
| River and Drainage Scheme | 13,727 | 11,937 |
| River and Drainage Scheme Rates (UAC) | 1,815 | 1,578 |
| Regional Park UAC | 17 | 14 |
| Biosecurity and Biodiversity Protection (per ha) | 1,687 | 1,467 |
| Rangitīkei Environment Group greater than 4 ha | 121 | 105 |
| Rangitīkei Environment Group less than 4 ha | 121 | 105 |
| Public Transport | 9,314 | 8,099 |
| Waitārere Community Biodiversity Project | 23 | 20 |
| Horowhenua Water Quality Improvement | 900 | 783 |
| Sub Total | 75,490 | 65,643 |
| Penalties and Remissions | 1,265 | 1,100 |
| Total Rates including penalties and remissions | 76,755 | 66,743 |

## PROSPECTIVE SUMMARY FUNDING IMPACT STATEMENT FOR THE PERIODS 2024-34 ($000)

| | | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Common Rates** | **Rating Method** | | | | | | | | | | | |
| General Rate | Capital Value (Equalised) | 25,220 | 32,262 | 36,128 | 39,410 | 40,057 | 40,633 | 41,925 | 42,819 | 43,712 | 44,990 | 45,851 |
| Uniform Annual General Charge | UAGC per separately used or | 5,514 | 1,298 | 2,278 | 2,376 | 2,447 | 2,434 | 2,313 | 2,158 | 2,231 | 2,495 | 2,625 |
| Sustainable Land Use Initiative | SUIP | 4,372 | 4,237 | 4,458 | 4,646 | 4,821 | 4,932 | 5,089 | 5,236 | 5,385 | 5,583 | 5,722 |
| Environmental Initiatives UAC | SUIP | 3,270 | 3,288 | 3,608 | 3,900 | 3,977 | 3,992 | 4,086 | 4,165 | 4,243 | 4,350 | 4,420 |
| Drinking Water Monitoring and | SUIP | 107 | - | - | - | - | - | - | - | - | - | - |
| **Individual Rates** | | | | | | | | | | | | |
| Manawatū River Accord | SUIP | 445 | 450 | 460 | 472 | 483 | 495 | 507 | 519 | 531 | 542 | 554 |
| Biosecurity and Biodiversity (per | Per hectare >4 ha | 1,476 | 1,467 | 1,624 | 1,764 | 1,797 | 1,802 | 1,845 | 1,880 | 1,916 | 1,964 | 1,996 |
| Rangitīkei Environment Group | SUIP | 51 | 53 | 54 | 55 | 56 | 58 | 59 | 61 | 62 | 63 | 65 |
| Rangitīkei Environment Group less | SUIP | 51 | 52 | 54 | 55 | 56 | 58 | 59 | 61 | 62 | 63 | 65 |
| River and Drainage Scheme | Mix of rating mechanisms | 10,352 | 11,937 | 12,940 | 13,686 | 14,512 | 15,073 | 15,828 | 16,646 | 17,538 | 18,475 | 19,433 |
| River and Drainage Scheme Rates | SUIP | 1,281 | 1,578 | 1,710 | 1,809 | 1,918 | 1,992 | 2,092 | 2,200 | 2,318 | 2,442 | 2,569 |
| Regional Park UAC | SUIP | 18 | 14 | 15 | 15 | 16 | 16 | 16 | 17 | 17 | 17 | 18 |
| Transport Passenger Services | Capital Value | 5,098 | 8,099 | 9,647 | 11,543 | 14,008 | 15,517 | 16,531 | 16,880 | 17,184 | 17,481 | 17,800 |
| Waitārere Community Biodiversity | Capital Value | 7 | 20 | 20 | 21 | 21 | 22 | 23 | 23 | 24 | 24 | 25 |
| Horowhenua Water Quality | Capital Value | 627 | 783 | 937 | 1,010 | 1,035 | 1,046 | 1,067 | 1,067 | 1,082 | 1,107 | 1,123 |
| **Grand Total** | | **57,890** | **65,538** | **73,933** | **80,761** | **85,206** | **88,070** | **91,442** | **93,731** | **96,304** | **99,598** | **102,264** |
| Penalties and Remissions | | 1,185 | 1,100 | 1,150 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| **Total Rates Including Penalties** | | **59,075** | **66,638** | **75,083** | **81,961** | **86,406** | **89,270** | **92,642** | **94,931** | **97,504** | **100,798** | **103,464** |
| Projected number of rating units in the region as at 30 June of the | | 116,529 | 116,674 | 117,577 | 118,497 | 119,443 | 120,463 | 121,501 | 122,542 | 123,568 | 124,563 | 125,501 |

## SUMMARY OF RATES AND THEIR CHANGES FOR THE LONG-TERM PLAN 2024-34

| | | Annual Plan 2023-24 | Long-term Plan Year 1 | | | Long-term Plan Year 2 | | | Long-term Plan Year 3 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Annual Change (B-A) | | | Annual Change (C-B) | | | Annual Change (D-C) | |
| | | (A) | (B) | $000 | % | (C) | $000 | % | (D) | $000 | % |
| **Common Rates**[*1] | **Rating Method** | | | | | | | | | | |
| General Rate | Capital Value (Equalised) | 25,220 | 32,262 | 7,042 | 28% | 36,128 | 3,866 | 12% | 39,410 | 3,282 | 9% |
| Uniform Annual General Charge[*2] | UAGC per separately used | 5,514 | 1,298 | (4,216) | (76)% | 2,278 | 980 | 75% | 2,376 | 98 | 4% |
| Sustainable Land Use Initiative | SUIP | 4,372 | 4,237 | (135) | (3)% | 4,458 | 222 | 5% | 4,646 | 187 | 4% |
| Environmental Initiatives UAC | SUIP | 3,270 | 3,288 | 18 | 1% | 3,608 | 320 | 10% | 3,900 | 292 | 8% |
| Drinking Water Monitoring and | SUIP | 107 | - | (107) | (100)% | - | - | 0% | - | - | 0% |
| **Individual Rates**[*3] | | | | | | | | | | | |
| Manawatū River Accord | SUIP | 445 | 450 | 5 | 1% | 460 | 10 | 2% | 472 | 12 | 3% |
| Biosecurity and Biodiversity (per | Per hectare >4 ha | 1,476 | 1,467 | (9) | (1)% | 1,624 | 156 | 11% | 1,764 | 141 | 9% |
| Rangitīkei Environment Group | SUIP | 51 | 52 | 1 | 3% | 54 | 1 | 2% | 55 | 1 | 3% |
| Rangitīkei Environment Group less | SUIP | 51 | 52 | 1 | 3% | 54 | 1 | 2% | 55 | 1 | 3% |
| River and Drainage Scheme | Mix of rating mechanisms | 10,352 | 11,937 | 1,585 | 15% | 12,940 | 1,003 | 8% | 13,686 | 746 | 6% |
| River and Drainage Scheme Rates | SUIP | 1,281 | 1,578 | 297 | 23% | 1,710 | 133 | 8% | 1,809 | 99 | 6% |
| Regional Park UAC | SUIP | 18 | 14 | (4) | (19)% | 15 | 0 | 2% | 15 | 0 | 3% |
| Transport Passenger Services | Capital Value | 5,098 | 8,099 | 3,001 | 59% | 9,647 | 1,548 | 19% | 11,543 | 1,896 | 20% |
| Waitārere Community Biodiversity | Capital Value | 7 | 20 | 13 | 186% | 20 | 0 | 2% | 21 | 1 | 3% |
| Horowhenua Water Quality | Capital Value | 627 | 783 | 156 | 25% | 937 | 154 | 20% | 1,010 | 73 | 8% |
| **Grand Total** | | **57,889** | **65,538** | **7,649** | **13.21%** | **73,933** | **8,394** | **12.81%** | **80,761** | **6,829** | **9.24%** |
| Penalties and Remissions | | 1,185 | 1,100 | | | 1,150 | | | 1,200 | | |
| **Total Rates Including Penalties and Remissions** | | **59,074** | **66,638** | **7,564** | **12.80%** | **75,083** | **8,444** | **12.67%** | **81,961** | **6,879** | **9.16%** |
| UAC total (for 30% cap) | | 15,743 | 10,971 | | | 12,637 | | | 13,328 | | |
| **Percentage of rates set on a uniform basis** | | **27%** | **16%** | | | **17%** | | | **16%** | | |

Rates in the above table are stated exclusive of GST

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

[*2]We have changed the way in which we apply our investment activity revenue to offset rates from reducing the revenue required for general rates to the UAGC. This may have an impact on your property.

[*3]Individual rates apply to properties depending on the location and size of each individual property. Some of these rates will not apply for some properties. For example, the Biosecurity and Biodiversity rate will not apply to properties under 4 ha.

## SAMPLE RATEPAYERS FOR 2024-25

| Hectares | Current Capital Value CV | 2023-24 Rates | 2024-25 Estimated | Change $ | Change % |
|---|---|---|---|---|---|
| HOROWHENUA DISTRICT | | | Indicative Average for District | | **11.24%** |
| 0.084 | 365,000 | 318.75 | 291.84 | (26.91) | (8.44%) |
| 0.082 | 530,000 | 350.73 | 354.28 | 3.55 | 1.01% |
| 0.081 | 590,000 | 369.00 | 383.51 | 14.51 | 3.93% |
| 4.865 | 970,000 | 538.16 | 593.37 | 55.21 | 10.25% |
| 260.511 | 3,881,000 | 1,736.39 | 2,207.29 | 470.90 | 27.11% |
| 619.050 | 1,350,000 | 2,053.04 | 2,367.50 | 314.46 | 15.31% |
| MANAWATU DISTRICT | | | Indicative Average for District | | **16.29%** |
| 0.045 | 460,000 | 373.14 | 412.58 | 39.44 | 10.57% |
| 0.082 | 590,000 | 434.93 | 497.62 | 62.69 | 14.41% |
| 0.441 | 690,000 | 483.00 | 563.72 | 80.71 | 16.71% |
| 80.707 | 2,580,000 | 1,016.67 | 1,186.45 | 169.78 | 16.69% |
| 2.930 | 1,700,000 | 862.21 | 1,012.14 | 149.93 | 17.38% |
| 88.528 | 4,260,000 | 1,691.12 | 2,037.66 | 346.55 | 20.49% |
| PALMERSTON NORTH CITY | | | Indicative Average for District | | **18.66%** |
| 0.085 | 590,000 | 468.66 | 516.35 | 47.70 | 10.17% |
| 0.066 | 760,000 | 453.70 | 496.21 | 42.50 | 9.36% |
| 0.101 | 1,030,000 | 512.64 | 594.11 | 81.47 | 15.89% |
| 49.305 | 1,280,000 | 501.98 | 579.75 | 77.77 | 15.49% |
| 0.154 | 2,580,000 | 1,532.95 | 1,968.55 | 435.60 | 28.41% |
| 0.428 | 4,800,000 | 1,198.80 | 1,423.99 | 225.19 | 18.78% |
| RANGITIKEI DISTRICT | | | Indicative Average for District | | **4.27%** |
| 0.065 | 175,000 | 207.85 | 178.01 | (29.83) | (14.35%) |
| 0.110 | 365,000 | 297.37 | 282.66 | (14.72) | (4.94%) |
| 0.081 | 430,000 | 1,271.21 | 1,318.80 | 47.58 | 3.74% |
| 84.602 | 2,050,000 | 895.56 | 1,019.72 | 124.16 | 13.86% |
| 840.065 | 6,030,000 | 3,521.74 | 3,997.13 | 475.39 | 13.49% |
| 1844.203 | 6,310,000 | 5,191.64 | 5,708.72 | 517.07 | 9.95% |

| Hectares | Current Capital Value CV | 2023-24 Rates | 2024-25 Estimated | Change $ | Change % |
|---|---|---|---|---|---|
| RUAPEHU DISTRICT | | | Indicative Average for District | | **2.75%** |
| 0.103 | 190,000 | 217.25 | 189.10 | (28.15) | (12.95%) |
| 0.438 | 280,000 | 228.70 | 207.29 | (21.42) | (9.36%) |
| 0.260 | 370,000 | 295.47 | 283.77 | (11.70) | (3.95%) |
| 1994.310 | 2,338,000 | 3,021.70 | 3,164.73 | 143.03 | 4.73% |
| 86.911 | 2,490,000 | 1,046.53 | 1,213.06 | 166.53 | 15.91% |
| 263.431 | 5,940,000 | 2,406.76 | 2,870.87 | 464.11 | 19.28% |
| TARARUA DISTRICT | | | Indicative Average for District | | **6.93%** |
| 0.075 | 320,000 | 288.20 | 276.68 | (11.52) | (3.99%) |
| 0.554 | 300,000 | 253.44 | 234.93 | (18.51) | (7.30%) |
| 0.216 | 375,000 | 383.96 | 375.91 | (8.06) | (2.09%) |
| 288.038 | 1,770,000 | 1,053.13 | 1,158.33 | 105.20 | 9.98% |
| 191.017 | 3,810,000 | 2,147.00 | 2,474.99 | 327.99 | 15.27% |
| 814.480 | 5,770,000 | 3,674.15 | 4,246.70 | 572.55 | 15.58% |
| WHANGANUI DISTRICT | | | Indicative Average for District | | **8.66%** |
| 0.000 | 280,000 | 268.86 | 261.64 | (7.23) | (2.68%) |
| 0.030 | 510,000 | 379.08 | 403.31 | 24.23 | 6.39% |
| 0.058 | 670,000 | 455.75 | 501.86 | 46.11 | 10.11% |
| 419.866 | 1,560,000 | 1,218.73 | 1,307.81 | 89.08 | 7.30% |
| 90.505 | 3,800,000 | 1,408.32 | 1,681.90 | 273.58 | 19.42% |
| 1039.360 | 9,690,000 | 4,501.20 | 5,264.77 | 763.57 | 16.96% |

Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

# Tauākī ahumoni
# Financial statements

## HORIZONS REGIONAL COUNCIL: PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE FOR THE PERIODS 2024-34 ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Revenue** | | | | | | | | | | | |
| Rates | 59,068 | 66,697 | 75,083 | 81,961 | 86,406 | 89,270 | 92,642 | 94,931 | 97,504 | 100,798 | 103,464 |
| Subsidies and grants | 20,876 | 25,217 | 14,730 | 15,845 | 18,382 | 19,303 | 19,982 | 20,379 | 20,812 | 21,232 | 21,655 |
| Finance revenue | 3,470 | 3,850 | 2,701 | 2,750 | 2,750 | 2,750 | 2,751 | 2,750 | 2,751 | 2,751 | 2,751 |
| Other revenue | 14,270 | 17,084 | 18,050 | 19,340 | 19,615 | 20,701 | 20,799 | 21,116 | 21,755 | 21,669 | 22,394 |
| **Total revenue** | **97,864** | **112,848** | **110,564** | **119,896** | **127,153** | **132,024** | **136,174** | **139,176** | **142,822** | **146,450** | **150,264** |
| **Expenditure** | | | | | | | | | | | |
| Personnel costs | 28,272 | 31,089 | 34,444 | 36,817 | 37,789 | 38,196 | 38,958 | 39,737 | 40,532 | 41,340 | 42,166 |
| Depreciation and amortisation expense | 5,878 | 5,992 | 5,686 | 6,194 | 6,472 | 6,506 | 6,268 | 5,950 | 6,024 | 6,040 | 6,089 |
| Finance costs | 1,500 | 3,050 | 2,800 | 2,700 | 2,650 | 2,450 | 2,300 | 2,100 | 2,100 | 2,100 | 2,100 |
| Other expenses | 53,362 | 60,872 | 65,936 | 73,147 | 78,419 | 82,518 | 85,866 | 88,007 | 90,945 | 93,674 | 96,184 |
| **Total expenditure** | **89,013** | **101,003** | **108,866** | **118,858** | **125,330** | **129,670** | **133,392** | **135,794** | **139,601** | **143,154** | **146,539** |
| **Surplus/(deficit) before tax** | **8,672** | **11,845** | **1,698** | **1,038** | **1,823** | **2,354** | **2,782** | **3,382** | **3,221** | **3,296** | **3,725** |
| Income tax expense/benefit | - | - | - | - | - | - | - | - | - | - | - |
| **Surplus/(deficit) after tax** | **8,672** | **11,845** | **1,698** | **1,038** | **1,823** | **2,354** | **2,782** | **3,382** | **3,221** | **3,296** | **3,725** |
| **Other comprehensive revenue and expense** | | | | | | | | | | | |
| Financial assets at fair value through other comprehensive revenue and expense | - | 100 | 72 | 76 | 74 | 68 | 65 | 59 | 56 | 51 | 48 |
| Property, plant, and equipment revaluations | 18,567 | 42,037 | 20,465 | 25,370 | 33,386 | 25,462 | 25,429 | 32,769 | 25,278 | 25,126 | 33,158 |
| **Total other comprehensive revenue and expense** | **18,567** | **42,137** | **20,537** | **25,446** | **33,460** | **25,530** | **25,494** | **32,828** | **25,334** | **25,177** | **33,206** |
| **Total comprehensive revenue and expense** | **27,239** | **53,982** | **22,235** | **26,484** | **35,283** | **27,884** | **28,276** | **36,210** | **28,555** | **28,473** | **36,931** |

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

## HORIZONS REGIONAL COUNCIL: PROSPECTIVE STATEMENT OF FINANCIAL POSITION FOR THE PERIODS 2024-34 ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Assets** | | | | | | | | | | | |
| **Current assets** | | | | | | | | | | | |
| Cash and cash equivalents | 3,499 | 2,062 | 2,336 | 3,249 | 3,524 | 2,055 | 3,945 | 2,960 | 2,912 | 4,139 | 4,030 |
| Trade and other receivables | 10,663 | 8,250 | 7,916 | 8,540 | 9,043 | 9,418 | 9,676 | 9,910 | 10,136 | 10,369 | 10,651 |
| Revenue receivable | 7,945 | 6,091 | 4,683 | 5,007 | 5,378 | 5,643 | 5,745 | 5,840 | 5,981 | 6,025 | 6,177 |
| Prepayments and leases - current portion | 664 | 1,487 | 1,737 | 2,030 | 2,298 | 2,600 | 2,943 | 3,331 | 3,773 | 4,275 | 4,848 |
| Inventory | 1,361 | 1,892 | 1,933 | 1,982 | 2,031 | 2,082 | 2,132 | 2,181 | 2,230 | 2,279 | 2,328 |
| Tax refund due | - | - | - | - | - | - | - | - | - | - | - |
| Other current assets | - | 1,857 | 1,798 | 1,754 | 1,648 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| **Total current assets** | **24,132** | **21,639** | **20,403** | **22,562** | **23,922** | **23,298** | **25,941** | **25,722** | **26,532** | **28,587** | **29,534** |
| **Non-current assets** | | | | | | | | | | | |
| **Other financial assets** | | | | | | | | | | | |
| Investments in CCOs and other similar entities | 33,346 | 33,429 | 33,632 | 33,720 | 33,801 | 34,004 | 34,060 | 34,117 | 34,117 | 34,117 | 34,117 |
| Loan to CCO | 18,500 | 17,000 | 15,500 | 14,000 | 12,500 | 11,000 | 9,500 | 8,000 | 6,500 | 5,000 | 3,500 |
| **Subtotal** | **51,846** | **50,429** | **49,132** | **47,720** | **46,301** | **45,004** | **43,560** | **42,117** | **40,617** | **39,117** | **37,617** |
| Investments in other entities | 3,615 | 3,602 | 3,474 | 3,350 | 3,224 | 3,092 | 2,957 | 2,816 | 2,672 | 2,523 | 2,371 |
| Derivative financial instruments | 637 | 245 | 79 | - | - | - | - | - | - | - | - |
| **Total other financial assets** | **56,098** | **54,276** | **52,685** | **51,070** | **49,525** | **48,096** | **46,517** | **44,933** | **43,289** | **41,640** | **39,988** |
| Deferred taxation asset | - | - | - | - | - | - | - | - | - | - | - |
| Investment property | 3,225 | 3,850 | 4,160 | 4,480 | 4,810 | 5,150 | 5,500 | 5,860 | 6,230 | 6,610 | 7,000 |
| Forestry assets | 4,759 | 3,905 | 3,905 | 3,905 | 3,905 | 3,905 | 3,905 | 3,905 | 3,905 | 3,905 | 3,905 |
| Land leases (prepaid) non-current | 2,288 | 1,979 | 1,864 | 1,749 | 1,634 | 1,519 | 1,404 | 1,289 | 1,174 | 1,059 | 944 |
| Restoration asset | 3,438 | 1,384 | 1,407 | 1,289 | 1,183 | 1,068 | 922 | 750 | 535 | 277 | (54) |
| Carbon credits | 5,170 | 18,159 | 20,064 | 22,109 | 24,115 | 26,272 | 28,355 | 30,469 | 32,580 | 34,669 | 36,739 |
| Intangible assets | 11,980 | 6,568 | 8,442 | 8,219 | 7,648 | 6,929 | 6,391 | 5,886 | 5,487 | 5,078 | 4,679 |
| Operational assets | 104,066 | 111,879 | 113,426 | 115,056 | 124,756 | 128,569 | 129,054 | 140,062 | 141,452 | 141,569 | 151,067 |
| Infrastructural assets | 964,901 | 1,077,089 | 1,103,045 | 1,131,398 | 1,157,346 | 1,182,725 | 1,208,155 | 1,233,049 | 1,256,301 | 1,279,308 | 1,302,168 |
| **Total non-current assets** | **1,155,925** | **1,279,089** | **1,308,998** | **1,339,275** | **1,374,922** | **1,404,233** | **1,430,203** | **1,466,203** | **1,490,953** | **1,514,115** | **1,546,436** |
| **Total assets** | **1,180,057** | **1,300,728** | **1,329,401** | **1,361,837** | **1,398,844** | **1,427,531** | **1,456,144** | **1,491,925** | **1,517,485** | **1,542,702** | **1,575,970** |

## HORIZONS REGIONAL COUNCIL: PROSPECTIVE STATEMENT OF FINANCIAL POSITION FOR THE PERIODS 2024-34 ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Liabilities** | | | | | | | | | | | |
| **Current liabilities** | | | | | | | | | | | |
| Trade and other payables | 16,502 | 19,660 | 20,219 | 22,189 | 23,751 | 24,769 | 25,700 | 26,288 | 27,070 | 27,888 | 28,609 |
| Provisions - general | - | 46 | 50 | 54 | 56 | 58 | 61 | 63 | 66 | 68 | 71 |
| Provisions - employee entitlements | 2,827 | 3,484 | 3,852 | 4,115 | 4,224 | 4,271 | 4,357 | 4,444 | 4,533 | 4,624 | 4,716 |
| Debt - current portion | 9,000 | 7,000 | 8,000 | 4,500 | 9,500 | - | - | - | - | - | - |
| Derivative financial instruments (current) | - | - | - | - | - | - | - | - | - | - | - |
| **Total current liabilities** | **28,329** | **30,190** | **32,121** | **30,858** | **37,531** | **29,098** | **30,118** | **30,795** | **31,669** | **32,580** | **33,396** |
| **Non-current liabilities** | | | | | | | | | | | |
| Derivative financial instruments | 398 | - | - | - | - | - | - | - | - | - | - |
| Debt - non-current portion | 62,221 | 66,685 | 71,029 | 78,204 | 73,189 | 82,344 | 81,591 | 80,412 | 76,476 | 72,235 | 67,690 |
| Deferred taxation liability | - | - | - | - | - | - | - | - | - | - | - |
| Provision - replanting | 3,803 | 2,094 | 2,258 | 2,297 | 2,364 | 2,442 | 2,513 | 2,587 | 2,655 | 2,729 | 2,795 |
| **Total non-current liabilities** | **66,422** | **68,779** | **73,287** | **80,501** | **75,553** | **84,786** | **84,104** | **82,999** | **79,131** | **74,964** | **70,485** |
| **Total liabilities** | **94,752** | **98,969** | **105,408** | **111,359** | **113,084** | **113,884** | **114,222** | **113,794** | **110,800** | **107,544** | **103,881** |
| **Net assets (assets minus liabilities)** | **1,085,305** | **1,201,759** | **1,223,993** | **1,250,478** | **1,285,760** | **1,313,647** | **1,341,922** | **1,378,131** | **1,406,685** | **1,435,158** | **1,472,089** |
| **Equity** | | | | | | | | | | | |
| Asset revaluation reserves | 635,094 | 763,603 | 784,068 | 809,438 | 842,824 | 868,286 | 893,715 | 926,484 | 951,762 | 976,888 | 1,010,046 |
| Fair value through other comprehensive revenue and expense reserve | 1,327 | 1,656 | 1,728 | 1,804 | 1,878 | 1,946 | 2,011 | 2,070 | 2,126 | 2,177 | 2,225 |
| Restricted reserves | 15,535 | 14,534 | 15,058 | 15,729 | 16,394 | 17,146 | 17,877 | 18,584 | 19,138 | 19,780 | 20,410 |
| Infrastructure insurance reserves | 5,040 | 5,040 | 5,160 | 5,280 | 5,400 | 5,520 | 5,640 | 5,760 | 5,880 | 6,000 | 6,120 |
| Accumulated funds | 428,309 | 416,926 | 417,979 | 418,227 | 419,264 | 420,749 | 422,679 | 425,233 | 427,779 | 430,313 | 433,288 |
| **Total equity** | **1,085,305** | **1,201,759** | **1,223,993** | **1,250,478** | **1,285,760** | **1,313,647** | **1,341,922** | **1,378,131** | **1,406,685** | **1,435,158** | **1,472,089** |

## HORIZONS REGIONAL COUNCIL: PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 2024-34 ($000)

| | Annual Plan | Long-term Plan | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Balance at 1 July** | **1,058,066** | **1,147,778** | **1,201,759** | **1,223,993** | **1,250,478** | **1,285,760** | **1,313,647** | **1,341,922** | **1,378,131** | **1,406,685** | **1,435,158** |
| Total comprehensive revenue and expense | 27,239 | 53,982 | 22,235 | 26,484 | 35,283 | 27,884 | 28,276 | 36,210 | 28,555 | 28,473 | 36,931 |
| **Balance at 30 June** | **1,085,305** | **1,201,760** | **1,223,994** | **1,250,477** | **1,285,761** | **1,313,644** | **1,341,923** | **1,378,132** | **1,406,686** | **1,435,158** | **1,472,089** |

## HORIZONS REGIONAL COUNCIL: PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE PERIODS 2024-34 ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Cash flows from operating activities** | | | | | | | | | | | |
| Receipts from rate revenue | 56,907 | 65,915 | 73,256 | 81,035 | 85,528 | 88,218 | 91,581 | 93,820 | 96,403 | 99,715 | 102,366 |
| Subsidies and grants received | 24,940 | 24,883 | 16,103 | 15,653 | 18,135 | 19,107 | 19,953 | 20,333 | 20,724 | 21,254 | 21,558 |
| Interest received | 985 | 1,692 | 1,750 | 1,716 | 1,629 | 1,550 | 1,550 | 1,550 | 1,550 | 1,550 | 1,550 |
| Dividends received | 2,104 | 2,350 | 1,150 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Receipts from rate penalties | - | 1,100 | 1,150 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Receipts from other revenue | 11,672 | 13,798 | 15,851 | 15,818 | 16,521 | 16,919 | 17,408 | 17,717 | 18,008 | 18,479 | 18,722 |
| Payments to suppliers and employees | (76,368) | (91,710) | (99,412) | (108,767) | (115,449) | (120,267) | (124,491) | (127,663) | (131,284) | (134,914) | (138,355) |
| Interest paid | (1,357) | (3,021) | (2,775) | (2,681) | (2,628) | (2,428) | (2,278) | (2,078) | (2,079) | (2,078) | (2,079) |
| Income tax paid/refunded | - | - | - | - | - | - | - | - | - | - | - |
| GST (net) | - | - | 31 | (31) | (28) | (55) | - | (45) | 7 | (13) | (37) |
| **Net cash flows from operating activities** | **18,885** | **15,007** | **7,104** | **5,143** | **6,108** | **5,444** | **6,123** | **6,034** | **5,729** | **6,393** | **6,125** |
| **Cash flows from investing activities** | | | | | | | | | | | |
| Receipts from sale of operational assets | 180 | 630 | 786 | 973 | 548 | 1,134 | 897 | 871 | 1,186 | 695 | 1,126 |
| Receipts from sale/maturity of investments | 25,000 | 48,416 | 49,357 | 50,332 | 51,375 | 52,348 | 53,200 | 54,200 | 55,200 | 56,200 | 57,200 |
| Repayment of loan principal from CCO | - | - | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Purchase of forestry assets | (300) | - | - | - | - | - | - | - | - | - | - |
| Purchase of property, plant, and equipment | (28,359) | (20,392) | (12,153) | (10,003) | (7,819) | (9,150) | (5,820) | (8,149) | (4,518) | (3,106) | (4,297) |
| Purchase of intangible assets | (1,803) | (2,156) | (2,329) | (444) | (193) | (197) | (201) | (205) | (209) | (214) | (218) |
| Purchase of investment property | - | - | - | - | - | - | - | - | - | - | - |
| Payment of loan to CCO | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition of investments | (25,000) | (48,321) | (49,335) | (50,263) | (51,229) | (52,203) | (53,056) | (54,057) | (55,000) | (56,000) | (57,000) |
| **Net cash flows from investing activities** | **(30,282)** | **(21,823)** | **(12,174)** | **(7,905)** | **(5,818)** | **(6,568)** | **(3,480)** | **(5,840)** | **(1,841)** | **(925)** | **(1,689)** |
| **Cash flows from financing activities** | | | | | | | | | | | |
| Proceeds from borrowings | 16,053 | 4,196 | 7,102 | 5,225 | 2,142 | 2,192 | 2,240 | 2,288 | - | - | - |
| Repayment of borrowings | (9,000) | (1,354) | (1,758) | (1,550) | (2,157) | (2,537) | (2,993) | (3,467) | (3,936) | (4,241) | (4,545) |
| **Net cash flows from financing activities** | **7,053** | **2,842** | **5,344** | **3,675** | **(15)** | **(345)** | **(753)** | **(1,179)** | **(3,936)** | **(4,241)** | **(4,545)** |
| **Net (decrease)/increase in cash, cash equivalents, and bank overdrafts** | **(4,345)** | **(3,974)** | **274** | **913** | **275** | **(1,469)** | **1,890** | **(985)** | **(48)** | **1,227** | **(109)** |
| Cash, cash equivalents, and bank overdrafts | 7,844 | 6,036 | 2,062 | 2,336 | 3,249 | 3,524 | 2,055 | 3,945 | 2,960 | 2,912 | 4,139 |
| **Closing cash balances** | **3,499** | **2,062** | **2,336** | **3,249** | **3,524** | **2,055** | **3,945** | **2,960** | **2,912** | **4,139** | **4,030** |

## HORIZONS REGIONAL COUNCIL: FUNDING IMPACT STATEMENT FOR 2024-34 (WHOLE OF COUNCIL) ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Sources of operating funding** | | | | | | | | | | | |
| General rates, uniform annual general charges, | 36,351 | 38,861 | 44,015 | 47,631 | 48,525 | 49,200 | 50,528 | 51,413 | 52,529 | 54,268 | 55,398 |
| Targeted rates | 22,717 | 27,836 | 31,068 | 34,330 | 37,880 | 40,071 | 42,114 | 43,518 | 44,975 | 46,529 | 48,067 |
| Subsidies and grants for operating purposes | 12,644 | 14,329 | 13,824 | 15,845 | 18,382 | 19,303 | 19,982 | 20,379 | 20,812 | 21,232 | 21,655 |
| Fees and charges | 13,537 | 14,269 | 15,051 | 16,002 | 16,731 | 17,070 | 17,466 | 17,770 | 18,089 | 18,504 | 18,809 |
| Interest and dividends from investments | 3,470 | 3,850 | 2,700 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 |
| Local authorities fuel tax, fines, infringement fees, | - | - | - | - | - | - | - | - | - | - | - |
| **Total operating funding (A)** | **88,719** | **99,145** | **106,658** | **116,558** | **124,268** | **128,394** | **132,840** | **135,830** | **139,155** | **143,283** | **146,679** |
| **Applications of operating funding** | | | | | | | | | | | |
| Payments to staff and suppliers | 82,806 | 92,821 | 100,616 | 110,014 | 116,266 | 120,769 | 124,884 | 127,810 | 131,546 | 135,087 | 138,427 |
| Finance costs | 1,500 | 3,050 | 2,800 | 2,700 | 2,650 | 2,450 | 2,300 | 2,100 | 2,100 | 2,100 | 2,100 |
| Other operating funding applications | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of operating funding (B)** | **84,306** | **95,871** | **103,416** | **112,714** | **118,916** | **123,219** | **127,184** | **129,910** | **133,646** | **137,187** | **140,527** |
| **Surplus (deficit) of operating funding (A-B)** | **4,413** | **3,274** | **3,242** | **3,844** | **5,352** | **5,175** | **5,656** | **5,920** | **5,509** | **6,096** | **6,152** |
| **Sources of capital funding** | | | | | | | | | | | |
| Subsidies and grants for capital expenditure | 8,232 | 10,887 | 906 | - | - | - | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in debt | 9,032 | 2,842 | 5,344 | 3,675 | (15) | (345) | (753) | (1,179) | (3,936) | (4,241) | (4,545) |
| Gross proceeds from sale of assets | - | 630 | 786 | 973 | 548 | 1,134 | 897 | 871 | 1,186 | 695 | 1,126 |
| Lump sum contributions | - | - | - | - | - | - | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - | - |
| **Total sources of capital funding (C)** | **17,264** | **14,359** | **7,036** | **4,648** | **533** | **789** | **144** | **(308)** | **(2,750)** | **(3,546)** | **(3,419)** |
| **Application of capital funding** | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | |
| to meet additional demand | - | - | - | - | - | - | - | - | - | - | - |
| to improve level of service | 17,256 | 22,251 | 14,018 | 10,157 | 7,716 | 9,138 | 5,791 | 8,081 | 4,321 | 3,001 | 4,184 |
| to replace existing assets | 199 | 297 | 464 | 290 | 296 | 209 | 230 | 273 | 407 | 319 | 331 |
| Increase (decrease) in reserves | 4,222 | (5,010) | (4,226) | (2,024) | (2,273) | (3,528) | (365) | (2,885) | (2,169) | (970) | (1,982) |
| Increase (decrease) of investments | - | 95 | 22 | 69 | 146 | 145 | 144 | 143 | 200 | 200 | 200 |
| **Total applications of capital funding (D)** | **21,677** | **17,633** | **10,278** | **8,492** | **5,885** | **5,964** | **5,800** | **5,612** | **2,759** | **2,550** | **2,733** |
| **Surplus (deficit) of capital funding (C - D)** | **(4,413)** | **(3,274)** | **(3,242)** | **(3,844)** | **(5,352)** | **(5,175)** | **(5,656)** | **(5,920)** | **(5,509)** | **(6,096)** | **(6,152)** |
| **Funding balance ((A - B)+(C - D))** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation | 5,878 | 5,992 | 5,686 | 6,194 | 6,472 | 6,506 | 6,268 | 5,950 | 6,024 | 6,040 | 6,089 |

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Our region's communities are vibrant and empowered

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Our region's economy is thriving and environmentally sustainable

## RECONCILIATION BETWEEN THE PROSPECTIVE FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL AND THE PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR 2024-34 ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Surplus (deficit) of operating funding** | **4,413** | **3,274** | **3,242** | **3,844** | **5,352** | **5,175** | **5,656** | **5,920** | **5,509** | **6,096** | **6,152** |
| Subsidies and grants for capital expenditure | 8,232 | 10,887 | 906 | - | - | - | - | - | - | - | - |
| Gross proceeds from sale of assets | - | 630 | 786 | 973 | 548 | 1,134 | 897 | 871 | 1,186 | 695 | 1,126 |
| Amortisation on SLUI lease | - | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) | (115) |
| Gain/(loss) on revaluations through | 733 | 300 | 310 | 320 | 330 | 340 | 350 | 360 | 370 | 380 | 390 |
| Capitalised labour | 1,172 | 971 | 352 | 166 | 173 | 173 | 177 | 182 | 182 | 189 | 191 |
| Depreciation | (5,878) | (5,992) | (5,686) | (6,194) | (6,472) | (6,506) | (6,268) | (5,950) | (6,024) | (6,040) | (6,089) |
| **Surplus/(deficit) after tax** | **8,672** | **11,845** | **1,698** | **1,038** | **1,823** | **2,354** | **2,782** | **3,382** | **3,221** | **3,296** | **3,725** |

# Ngā tahua tāpui
# Reserve funds

## PROSPECTIVE RESERVE BALANCES FOR THE PERIODS 2024-34 ($000)

| | Annual Plan | | | | | Long-term Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| **Asset revaluation reserves** | | | | | | | | | | | |
| **Balance at 1 July** | **616,527** | **721,566** | **763,603** | **784,068** | **809,438** | **842,824** | **868,286** | **893,715** | **926,484** | **951,762** | **976,888** |
| Increase/(decrease) in revaluation reserves | 18,567 | 42,037 | 20,465 | 25,370 | 33,386 | 25,462 | 25,429 | 32,769 | 25,278 | 25,126 | 33,158 |
| Transfer to accumulated funds | - | - | - | - | - | - | - | - | - | - | - |
| **Balance at 30 June** | **635,094** | **763,603** | **784,068** | **809,438** | **842,824** | **868,286** | **893,715** | **926,484** | **951,762** | **976,888** | **1,010,046** |
| **Fair value through other comprehensive revenue** | | | | | | | | | | | |
| **Balance at 1 July** | **1,327** | **1,556** | **1,656** | **1,728** | **1,804** | **1,878** | **1,946** | **2,011** | **2,070** | **2,126** | **2,177** |
| Increase/(decrease) in fair value reserve | - | 100 | 72 | 76 | 74 | 68 | 65 | 59 | 56 | 51 | 48 |
| **Balance at 30 June** | **1,327** | **1,656** | **1,728** | **1,804** | **1,878** | **1,946** | **2,011** | **2,070** | **2,126** | **2,177** | **2,225** |
| **Restricted reserves - river and drainage** | | | | | | | | | | | |
| **Balance at 1 July** | **14,568** | **13,706** | **14,534** | **15,058** | **15,729** | **16,394** | **17,146** | **17,877** | **18,584** | **19,138** | **19,780** |
| Plus/(less) retained earnings | 967 | 828 | 524 | 671 | 665 | 752 | 731 | 707 | 554 | 642 | 630 |
| **Balance at 30 June** | **15,535** | **14,534** | **15,058** | **15,729** | **16,394** | **17,146** | **17,877** | **18,584** | **19,138** | **19,780** | **20,410** |
| **Infrastructure insurance reserve** | | | | | | | | | | | |
| **Balance at 1 July** | **4,920** | **4,920** | **5,040** | **5,160** | **5,280** | **5,400** | **5,520** | **5,640** | **5,760** | **5,880** | **6,000** |
| General rate contribution | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Withdrawals | - | - | - | - | - | - | - | - | - | - | - |
| **Balance at 30 June** | **5,040** | **5,040** | **5,160** | **5,280** | **5,400** | **5,520** | **5,640** | **5,760** | **5,880** | **6,000** | **6,120** |
| **Accumulated funds** | | | | | | | | | | | |
| **Balance at 1 July** | **420,725** | **406,031** | **416,928** | **417,982** | **418,229** | **419,267** | **420,749** | **422,680** | **425,235** | **427,782** | **430,316** |
| Less transfer to restricted reserves | (967) | (828) | (524) | (671) | (665) | (752) | (731) | (707) | (554) | (642) | (630) |
| Less transfer to infrastructure insurance reserve | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) |
| Net surplus/(deficit) for the year | 8,672 | 11,845 | 1,698 | 1,038 | 1,823 | 2,354 | 2,782 | 3,382 | 3,221 | 3,296 | 3,725 |
| **Balance at 30 June** | **428,309** | **416,928** | **417,982** | **418,229** | **419,267** | **420,749** | **422,680** | **425,235** | **427,782** | **430,316** | **433,291** |

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## RIVER AND DRAINAGE SCHEME RESERVE SUMMARY FOR 2024-34 ($)

Under our River and Drainage Scheme Activity, all of our schemes set aside funds in scheme-specific emergency reserve accounts. The purpose of these funds, as set out in our Infrastructural Asset Management Plans, is to:

- Meet costs of urgent and un-programmed works, usually associated with flood damage;
- Enable a rapid start on damage repairs, avoiding time delays associated with other funding mechanisms; and
- Fund the deductible in respect of an insurance claim.

The table below shoes the estimated opening balance, the amounts expected to be deposited including interest, the amounts expected to be withdrawn and the estimated closing balance for each reserve account over the life of the plan.

| Scheme Reserve Name | Estimated Opening Balance 1 | Transfers in 2024-34 | Transfers out 2024-34 | Estimated Closing Balance 30 |
|---|---|---|---|---|
| Akitio River Scheme | - | - | - | - |
| Ashhurst Drainage Scheme | 59,296 | 40,790 | - | 100,086 |
| Forest Road Drainage Scheme | 3,858 | 8,060 | - | 11,918 |
| Foxton East Drainage Scheme | 803,595 | 193,550 | - | 997,145 |
| Haunui Drainage Scheme | 12,494 | 660 | - | 13,154 |
| Himatangi Drainage Scheme | 13,387 | 9,530 | - | 22,917 |
| Hōkio Drainage Scheme | 73,058 | 9,930 | - | 82,988 |
| Kahuterawa River Scheme | 8,290 | 2,590 | - | 10,880 |
| Koputaroa Drainage Scheme | 175,859 | 51,320 | - | 227,179 |
| Lower Kiwitea Scheme | 380,943 | 232,160 | - | 613,103 |
| Lower Manawatū Scheme | 3,481,393 | 723,290 | - | 4,204,683 |
| Lower Manawatū Scheme Special Projects | 434,667 | 109,170 | - | 543,837 |
| Lower Whanganui River Management Scheme | 1,172,332 | 729,800 | - | 1,902,132 |
| Makerua Drainage Scheme | 120,507 | 50,350 | - | 170,857 |
| Makirikiri Flood Control Scheme | 23,928 | 5,260 | - | 29,188 |
| Manawatū Drainage Scheme | 250,271 | 176,090 | - | 426,361 |
| Mangatainoka River Scheme | 1,515,954 | 1,023,000 | - | 2,538,954 |
| Matarawa Flood Control Scheme | 157,194 | 40,570 | - | 197,764 |
| Moutoa Drainage Scheme | 110,614 | 35,150 | - | 145,764 |
| Ohakune Flood Protection Scheme | 59,187 | 14,420 | - | 73,607 |
| Ōhau-Manakau Scheme | 589,898 | 464,660 | - | 1,054,558 |
| Pakihi Flood Control Scheme | 14,641 | 30,470 | - | 45,111 |
| Pohangina-Ōroua River Control Scheme | 938,480 | 787,330 | - | 1,725,810 |
| Porewa Flood Control Scheme | 17,855 | 26,510 | - | 44,365 |

| | | | | |
|---|---|---|---|---|
| Rangitīkei River Control Scheme | 1,401,021 | 604,960 | - | 2,005,981 |
| Ruapehu Scheme | 83,299 | 10,900 | - | 94,199 |
| South-East Ruahines Scheme | 762,421 | 747,280 | - | 1,509,701 |
| Tararua Scheme | 67,173 | 12,080 | - | 79,253 |
| Tawatia-Mangaone Scheme | 23,962 | 19,140 | - | 43,102 |
| Te Kawau Drainage Scheme | 67,490 | - | (110,340) | (42,850) |
| Turakina River Scheme | 122,077 | 32,820 | - | 154,897 |
| Tutaenui Flood Control Scheme | 17,677 | 15,360 | - | 33,037 |
| Upper Manawatū-Lower Mangahao Scheme | 561,974 | 446,730 | - | 1,008,704 |
| Upper Whanganui River Scheme | 326,514 | 98,470 | - | 424,984 |
| Whangaehu-Mangawhero River Scheme | 85,219 | - | (17,560) | 67,659 |
| Whirokino Drainage Scheme | 2,798 | 8,620 | - | 11,418 |
| Amenity Enhancements Contestable | 309,987 | 45,930 | - | 355,917 |
| **Total Scheme Reserve** | **14,249,313** | **6,806,950** | **(127,900)** | **20,928,363** |

## RIVER AND DRAINAGE SCHEME CAPEX RENEWAL RESERVES SUMMARY FOR 2024-34

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 the Council's Asset Management Policy.

The table below shoes the estimated opening balance, the amounts expected to be deposited including interest, the amounts expected to be withdrawn and the estimated closing balance for each reserve account over the life of the plan.

| Renewal Scheme Reserve Name | Estimated Opening Balance 1 | Transfers in 2024-34 | Transfers out 2024-34 | Estimated Closing Balance 30 |
|---|---|---|---|---|
| Ashhurst Drainage Scheme | 1,881 | - | - | 1,881 |
| Forest Road Drainage Scheme | 3,978 | 2,000 | - | 5,978 |
| Foxton East Drainage Scheme | 5,056 | 6,300 | - | 11,356 |
| Himatangi Drainage Scheme | 3,569 | 4,359 | - | 7,928 |
| Hōkio Drainage Scheme | 3,825 | 5,160 | - | 8,985 |
| Koputaroa Drainage Scheme | 154,108 | - | (250,014) | (95,906) |
| Lower Manawatū Scheme | 17,227 | - | - | 17,227 |
| Lower Whanganui River Management Scheme | (6,598) | - | - | (6,598) |
| Makerua Drainage Scheme | 273,295 | 22,690 | - | 295,985 |
| Makirikiri Flood Control Scheme | 46,767 | - | - | 46,767 |
| Manawatū Drainage Scheme | 224,940 | 431 | - | 225,371 |
| Matarawa Flood Control Scheme | 36,844 | - | - | 36,844 |
| Moutoa Drainage Scheme | 66,509 | - | (20,925) | 45,584 |
| Ōhau-Manakau Scheme | 184,353 | 100,098 | - | 284,451 |
| Pakihi Flood Control Scheme | 1,592 | - | - | 1,592 |
| Pohangina-Ōroua River Control Scheme | (23,623) | - | - | (23,623) |
| Porewa Flood Control Scheme | 32,184 | - | - | 32,184 |
| South-East Ruahines Scheme | 70,519 | 128,140 | - | 198,659 |
| Tawatia-Mangaone Scheme | 9,349 | 1,000 | - | 10,349 |
| Te Kawau Drainage Scheme | 157,025 | - | (140,840) | 16,185 |
| Tutaenui Flood Control Scheme | 6,785 | - | - | 6,785 |
| Upper Manawatū-Lower Mangahao Scheme | 5,876 | - | - | 5,876 |
| Whirokino Drainage Scheme | 9,937 | - | (3,036) | 6,901 |
| **Total Scheme Reserve** | **1,285,398** | **270,178** | **(414,815)** | **1,140,761** |

# Ngā kauwhata paerewa
# Benchmark graphs

## LONG-TERM PLAN DISCLOSURE STATEMENT FOR THE PERIOD COMMENCING 1 JULY 2024

### 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.

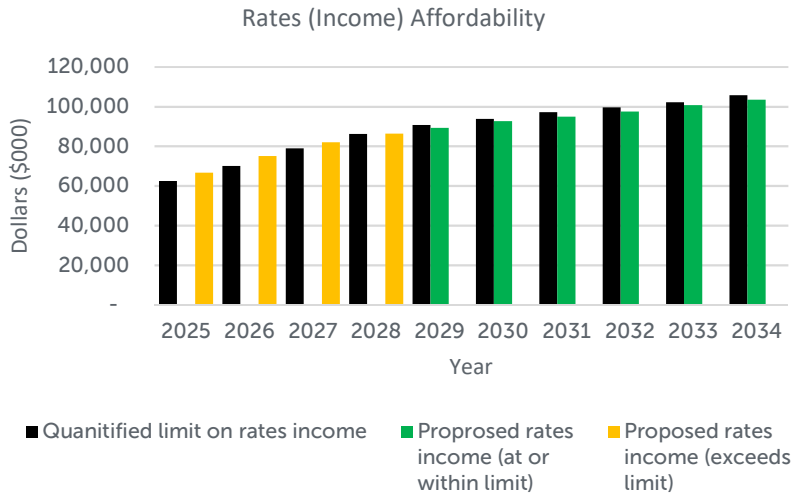
### RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if:

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

### Rates (income) 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 $62.4 million (2025), $70.0 million (2026), $79.0 million (2027), $86.2 million (2028), $90.8 million (2029), $93.8 million (2030), $97.3 million (2031), $99.7 million (2032), $102.3 million (2033), and $105.7 million (2034).

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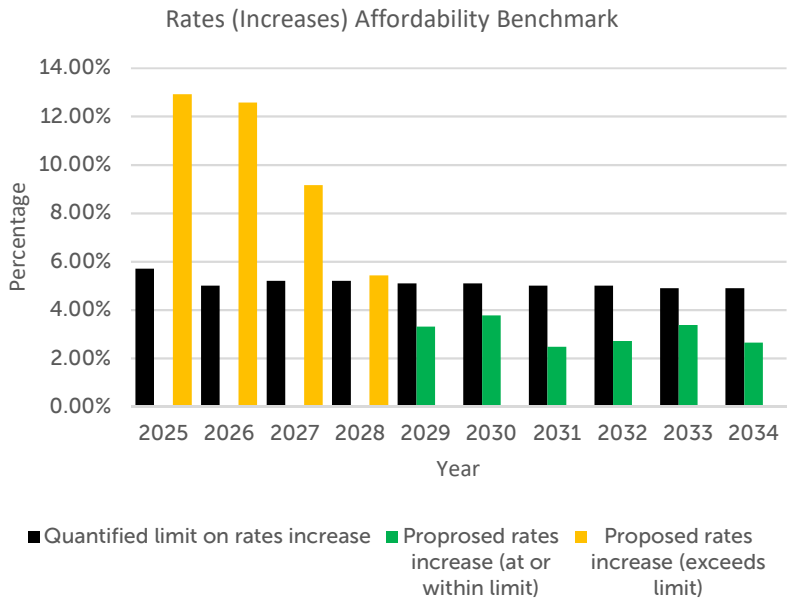
### Rates (increases) affordability

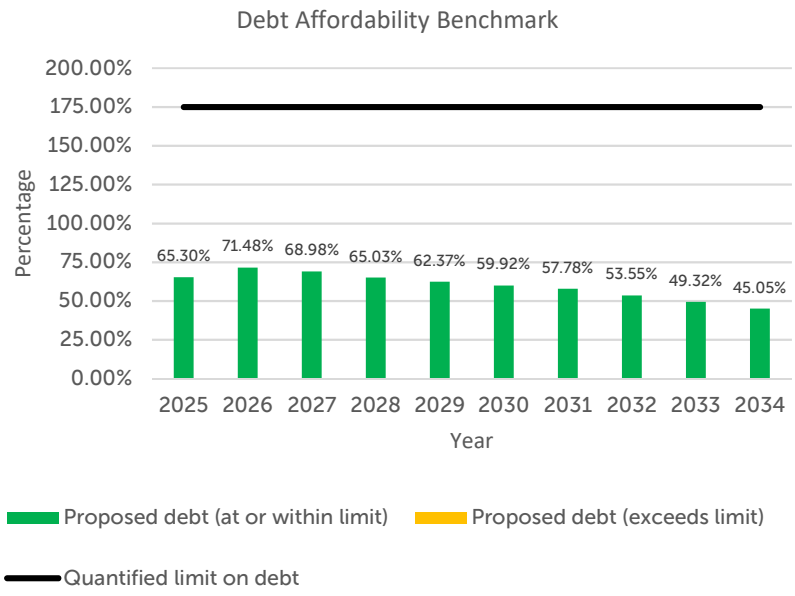
The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is the predicted BERL rate plus 3% each year. (Note that BERL is different to CPI).




## DEBT AFFORDABILITY BENCHMARK

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

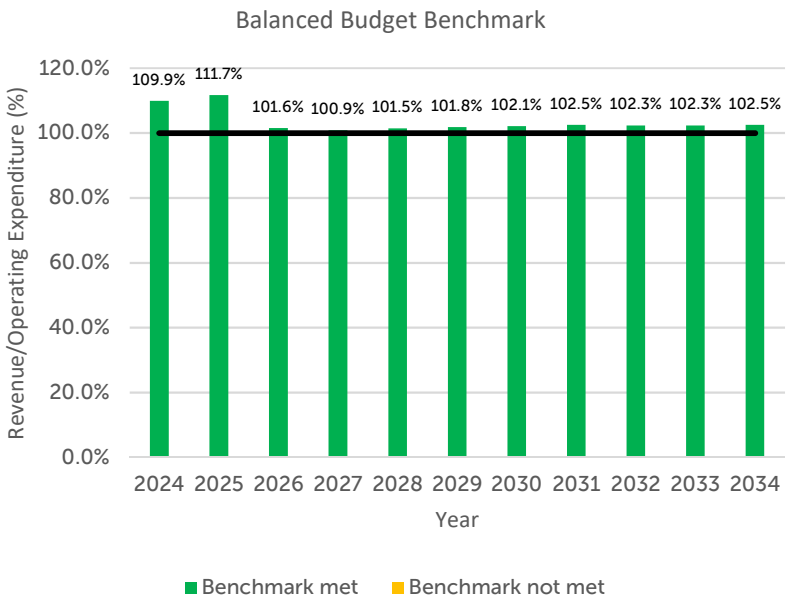
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is 175% of total revenue.

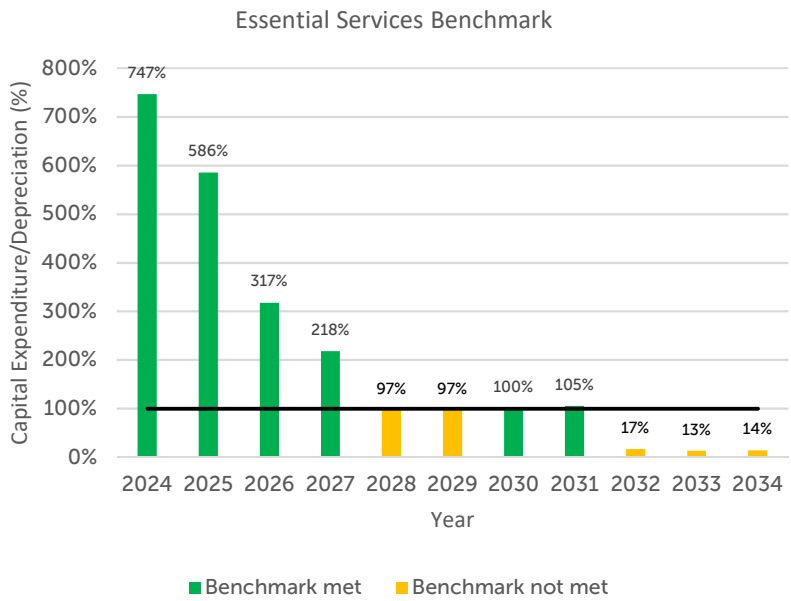



## BALANCED BUDGET BENCHMARK

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

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.




However, the balanced budget benchmark (see regulation 19) is subject to clause 6 of Schedule 1 (which relates to the transfer of assets, liabilities, or other matters from a local authority to a water services entity).

## ESSENTIAL SERVICES BENCHMARK

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

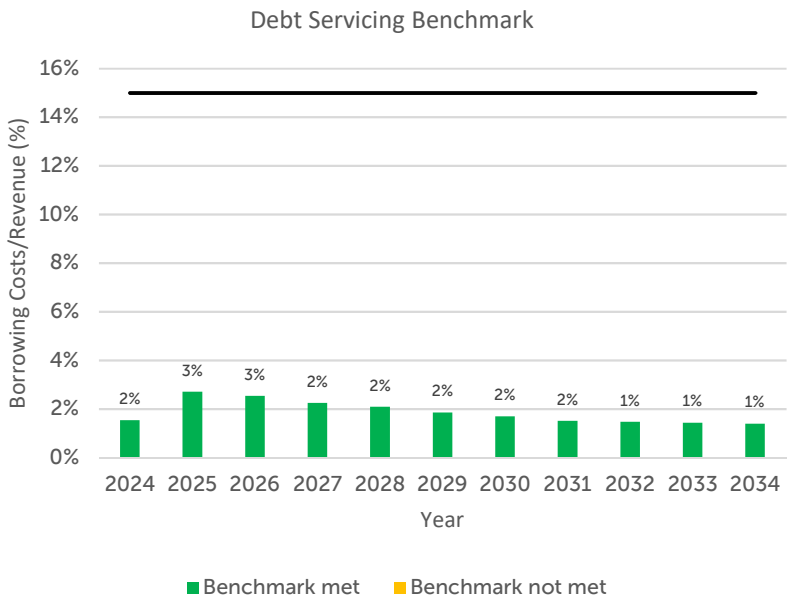
The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Renewal upgrades are occurring both through use of renewal reserves as issues are identified and as part of the capital programme. For further information on how we are managing our renewals in our network services see section 11 of our infrastructure strategy.

## 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 council'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 15% of its planned revenue.



# Te tauākī kaupapa here kaute
# Statement of accounting policies

## STATEMENT OF ACCOUNTING POLICIES FOR THE PERIODS ENDING 30 JUNE 2024-34

### REPORTING ENTITY

Horizons Regional Council (HRC) is the trading name of the Manawatū-Whanganui Regional Council, a Local Authority governed by the Local Government Act 2002 (LGA), 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 on the balance sheet:

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

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

The prospective financial statements presented are those of the 'parent entity' only and are to the year ending 30 June 2034. 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: Partnership, governance and leadership; Strategy, science and regulation; Catchment operations; and Transport and regional services. As these activities are carried out for environmental and community benefit and not for financial return, HRC has designated itself a Public Benefit Entity (PBE) for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The prospective financial statements presented are those of HRC for the periods ending 30 June 2024-34. Council is planning to authorise for issue the 2024-34 Long-term Plan on 12 June 2024.

### 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.

### STATEMENT OF COMPLIANCE

The prospective financial statements of HRC have been prepared in accordance with the requirements of the Local Government Act 2002, which

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include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The prospective financial statements have been prepared to comply with PBE Standards for a Tier 1 entity. In particular, these prospective financial statements have been prepared in accordance with PBE Financial Reporting Standard-42: Prospective Financial Statements.

## COMPARATIVE INFORMATION

The Annual Plan 2023/24 adopted by Council on 27 June 2023 has been provided as a comparator for these prospective financial statements. The closing balances in this comparative differ from the opening position used to prepare these prospective financial statements, which is based on the most up-to-date forecast information.

## PRESENTATION AND CURRENCY

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

## BASIS OF CONSOLIDATION

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

### Subsidiaries

A subsidiary is an entity over which HRC has control of the entity. Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding agreements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

## CHANGES IN ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There are no new standards which are likely to have a material impact on the prospective financial statements and therefore have not been disclosed.

## REVENUE

Revenue is measured at fair value. The specific accounting policies for major categories of revenue are outlined below:

### Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates, and uniform annual general charges are recognized at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due.
- 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 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.

The fair value of this asset is usually determined by reference to the cost of constructing the asset.

For long-lived assets that must be used for a specific use (e.g. land that 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 in proportion to the stage of completion or when the services are rendered or goods produced.

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

Interest revenue is recognised using the effective interest method.

## EXPENDITURE

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

### Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

### Defined contribution schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

### Grant expenditure

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

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

### Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

### Operating leases

An operating lease is a lease that does not transfer substantially 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.

Although cash and cash equivalents are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised, because the estimated allowance is trivial.

## TRADE AND OTHER RECEIVABLES

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

Rates are "written-off":

- When remitted in accordance with the Council's rate remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

## INVENTORIES

Inventories of HRC are deemed to be held for distribution, being material or supplies to be consumed in the rendering of service, 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.

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

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

## FINANCIAL ASSETS

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as and subsequently measured under the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); or
- Fair value through surplus deficit (FVTSD)

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding, and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost of FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

### Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits and loans to subsidiaries and associates.

### Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council and Group do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated at FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments, including our investment fund portfolio, and if they are intended to be held for the medium to long term.

### Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council and Group's LGFA borrower notes and Interest Rate Swaps.

### Expected Credit Loss Allowance

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls,

which is the difference between the cash flows due to Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment and including forward-looking information.

The Council and Group considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council and Group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

## 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 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

This consists of our operational assets, including operational land and buildings, communications equipment, computer equipment, equipment and electronics, fittings, furniture and equipment, plant and machinery, scientific/hydrological equipment, and vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other assets are measured at cost, less accumulated depreciation and impairment losses.

Included within the land assets managed by Horizons, are significant land-holdings that are legally held in the name of the crown. This technical legal ownership by the Crown results from the fact that, prior to 1987, various government departments, e.g. the Ministry of Works, were responsible for acquiring land required for the various river control schemes. Since 1987, however, all land acquisitions were undertaken by HRC, and so legal ownership was vested in HRC. While the Crown is the legal owner of a portion of HRC's river control scheme land-holdings, it is considered that HRC, or at least HRC's ratepayers, enjoy all of the risk 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.

### Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

### Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group, 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, 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.

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 Group, 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 surplus or deficit as they are incurred.

### 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 in the net 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.

## INFRASTRUCTURAL ASSETS

Infrastructural assets are assets that deliver benefits directly to the community rather than being used directly by HRC. The major infrastructural assets owned by HRC are associated with the region's major flood protection and land drainage schemes. It is generally considered that the majority of infrastructural assets owned by HRC would not be readily saleable. Additions and disposals are recognised in the same way they are for property, plant, and equipment.

### Revaluation

Infrastructural assets are revalued annually at depreciated replacement cost by HRC engineering staff that are directly associated with the administration of these schemes. The valuation methodology is reviewed by suitably qualified, independent consultants to confirm that the methodology is consistent with PBE IPSAS 17.

## DEPRECIATION

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

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

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

| | |
|---|---|
| Concrete block walls | 100-200 years |
| Major floodgate structures | 70-100 years |
| Floodgate culverts (over 1.2m) | 70 years |
| Flow diversion structures | 70-200 years |
| Pump station structure | 70 years |
| Spillways | 70 years |
| Drop structures | 50-120 years |
| Amenity enhancements | 50 years |
| Concrete/timber flood walls | 50-200 years |
| Control electrical/mechanical | 50 years |
| Grade controls | 70 years |
| Portable flood barriers | 50 years |
| Pump station floodgates/pumps | 50 years |
| Timber retaining walls | 50 years |
| Weirs | 70 years |
| Pump station electrical/mechanical | 25 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, rock work, concrete rip rap, stop gates, drainage channels, permeable mesh units, culverts, dams, groynes, gabions, forestry, and stopbanks. These assets are not depreciated.

## ACCOUNTING FOR REVALUATIONS

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

## INTANGIBLE ASSETS

### Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit. The useful lives of major classes of intangible assets have been estimated as follows:

| | |
|---|---|
| Digital Terrain Flood Modelling | 10-12 years |
| Other computer software | 3-20 years |

### Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits 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.

As an obligation to surrender carbon credits only arises on deforestation, the Council has elected not to recognise a liability for the surrender of its carbon units. The Council has also elected not to recognise a liability for the landowner's residual carbon credits as these values are not able to be accurately calculated until our forests are harvested and the carbon credits required to extinguish the emissions liability are known.

## IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

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

As 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, a 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 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 silviculture 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.

## CREDITOR AND OTHER PAYABLES

Creditors and other payables are initially measured at the amount payable.

## 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 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, and contractual entitlement information, and

- The present value of the estimate future cash flows.

## 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'.

## 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
- Fair value through other comprehensive revenue and expense reserve
- 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.

### Fair value through other comprehensive revenue and expense

These reserves relate to the revaluation of financial assets 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 purpose 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.

### Infrastructure insurance reserve

Following the earthquake events in Christchurch and Kaikoura, our ability to insure our infrastructure assets has reduced considerably, as we have been unable to reinsure with one of our commercial providers.

Accordingly, we have a level of rating 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

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

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 received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## COST ALLOCATION

The cost of service for each project group has been derived 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 includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable 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 from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

## 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 Costs (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, e.g. HRC could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by HRC adhering to maintenance requirements included in asset management plans currently in force to ensure design standards are adequately maintained;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted by local conditions, for example, weather patterns and population and/or traffic growth. To minimise this risk, HRC's infrastructural assets' useful lives were determined in conjunction with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering (NAMS) Group.

Senior engineering staff working in the river and drainage area initially revise infrastructural asset valuations, and their methodology is then subject to peer review and also reviewed by experienced independent valuers.

### Fair value of investment property

There are a number of assumptions and estimates used when performing the valuation of investment property. This includes but is not limited to the income capitalisation rate and yields.

## CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies:

### Classification of property

HRC owns properties that are currently rented as residential accommodation. The receipt of market-based rental from these is incidental to holding them, as the properties are held for service delivery and activity programmes. The properties are accounted for as property, plant and equipment

### Fair value of investment property

This has been valued using advice from a third party with expertise in valuing this kind of asset. The fair value model has been used for valuing the property. The valuers utilise an income capitalisation approach referred to the lease of the property.

## CAPITAL MANAGEMENT

HRC's capital is its equity (or ratepayers' fund), which comprise retained earnings and reserves. This is represented by HRC's net assets.

The Local Government Act 2002 (the Act) requires HRC to manage its revenues, expenses, assets, liabilities, investments and general financial dealings, prudently, and in a manner that promotes the current and future interests of the community. Largely as a by-product of this prudential management, ratepayers' funds are managed accordingly.

In order to achieve intergenerational equity, a principle promoted in the Act, HRC utilises asset management plans for its major assets and groups of assets, detailing renewal and maintenance programmes; to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Long-term plan identifies the long-term expenditure needs in relation to these asset management plans, and sets out the sources and level of funding necessary to achieve these.

As part of this approach to intergenerational equity, HRC has created reserves identifying different areas of benefit. These are used where there is a discrete set of ratepayers as distinct from the general rate. Any surplus or

deficit relating to these separate areas of benefit is applied solely to the specific reserves concerned.

# Te Kaupapa here mō ngā Moni Whiwhi me te Ahumoni
# Revenue and Financing Policy

**A summary of proposed changes to this policy can be found on page 269**

## PURPOSE

The purpose of this policy is to set out the various funding sources that support the operational and capital expenditure of Horizons Regional Council ("Council").

This policy has been prepared in accordance with the Local Government Act 2002, sections 101-103. Council will manage its finances prudently and in a manner that promotes the current and future wellbeing of the region.

## POLICY CONSIDERATIONS

Council considered the matters set out in section 101(3) of the Local Government Act 2002 to determine the most appropriate way of funding its activities. For each activity, Council considered:

- To which of Council's six community outcomes the activity primarily contributes,
- Whether the benefits of the activity are regional, individual or a community of interest, or a combination,
- The period of benefit,
- Who or what creates the need,
- Whether the activity should be funded separately form other activities or whether it could be "bundled" with others and why.

Council also considered the impact of the funding arrangements as a whole on the current and future wellbeing of the community.

## GUIDING PRINCIPLES

Without undermining, or having more weight than, Council's section 101(3) analysis, the following principles also guided Council's consideration of the most appropriate way of funding each activity:

- **Manaakitanga** – Expressing kindness and respect for others, emphasising responsibility and reciprocity.
- **Īnati** - To share the mutual benefits of an action that has been worked upon in an alliance or in a collaborative way.
- **Intergenerational equity** - Payment for the benefits of an activity should be spread over the period those benefits occur. If future generations benefit from an activity, they should contribute to the cost.
- **Beneficiary pays** - Council seeks to allocate costs to those who benefit from its activities. It considers whether the benefits of an activity are region-wide or targeted to a specific community or portion of a community
- **Exacerbator pays** - If the actions or inactions of a particular person or group creates the need for an activity, then that person or group should contribute to the costs of that activity.
- **Efficiency -** Balancing the costs and benefits of implementing the funding method.

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He whatunga waka mauritau
Our region has effective transport networks

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

- **Transparency and accountability** - Our communities should be able to tell what their money is being used for and whether they are receiving value for money.
- **Affordability** - Consideration of the communities' ability to pay.
- **Financial prudence** - Council's revenues, expenses, assets, liabilities, investment and general financial dealings should be managed in a prudent and sustainable manner

## RELATED STRATEGIES AND POLICIES

This policy should be read in conjunction with the 2024-2034 Long Term Plan, Financial Strategy, and Liability Management Policy.

## SOURCES OF FUNDING FOR OPERATIONAL EXPENDITURE

Council will generally fund its operating expenditure out of operating revenue. Rates and levies will usually be set at a level to ensure that Council achieves this objective. Council has a number of potential sources of funds – each of these can be considered for funding a particular activity.

### General rates

*Principles: beneficiary pays, affordability, efficiency, financial prudence*

General rates are set based on capital value and applied to all rateable land under section 13 of the Local Government (Rating) Act 2002.

Council uses general rates to fund activities which have a 'public good' element or where it wishes to subsidise the provision of services because of the wider community benefits they provide, consistent with the beneficiary pays principle.

Council is of the view that properties with a higher capital value are generally better able to bear the costs. It also assumes that those with more capital consume more resources, and so have a greater financial stake in the management of those resources. This is consistent with the affordability and beneficiary/exacerbator pays principles.

General rates are set on an 'equalised' basis by territorial authority area. This smooths the impact of the timing of the three-yearly revaluation cycles between each territorial authority. Without this 'equalisation', each district's share of our rating base will increase the year they revalue the properties in the district, then decrease in the following two years giving a more volatile rates take.

### Uniform Annual General Charge

*Principles: beneficiary pays, efficiency, financial prudence*

A Uniform Annual General Charge (UAGC) is a fixed amount charged to each Separately Used or Inhabited Part of a property (SUIP) in the region.[51]

The UAGC is applied to activities where one or more of the following criteria applies:

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

Under the Local Government (Rating) Act a limit of 30% of total rates revenue can be collected via uniform annual charges (UAC), which includes the UAGC.

### Targeted rates

*Principles: beneficiary pays, transparency and accountability*

Targeted rates are used to fund a discrete activity and can only be used for the purpose for which they were collected.

[51] A "SUIP" is any part of a property (rating unit) that is separately used or occupied, or is intended to be.

Targeted rates can apply to:

- properties that receive the benefit of a certain activity, or
- properties that are located in specified areas or categories of land.

Targeted rates can be applied:

- equally (a set amount per rating unit or SUIP) to all liable properties (e.g. Uniform Annual General Charge), or
- based on a variable, for example, capital value, land area, etc.
- using a differential, which is a weighting based on different categories of ratable land (for example, per hectare or capital value).

### Fees and charges

*Principles: beneficiary pays, exacerbator pays*

Fees and charges are applied where the users of a service can be identified and charged according to their use of the service.

Our charges are reviewed annually and set according with several pieces of legislation including but not limited to, section 36 of the Resource Management Act 1991, section 243 of the Building Act 2004 and section 150 of the Local Government Act 2002. They can be found on the Horizons website.

### Investment revenue

*Principles: affordability*

Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to offset the Uniform Annual General Charge in order to reduce the rating burden on ratepayers.

### Grants and subsidies

*Principles: affordability, beneficiary pays, exacerbator pays*

Council is able to obtain grants and subsidies from central government, Crown entities, territorial authorities and utility operators to fund some of its activities.

Grants and subsidies are used to fund activities that have both public and private benefit.

Where possible, Council prefers to fund its activities through grants and subsidies to reduce the rating burden on ratepayers and for every activity Council will endeavour to secure grant and subsidy funding in the first instance.

### Reserve funds

*Principles: efficiency*

Reserves arise where funding has been obtained for a particular activity and, at a point in time, not all the revenue has been spent on the activity. Maintaining reserves ensures that revenue is used for its intended purpose and enables revenue to be maintained at a constant level when the service provided is continuing at the same level.

The council maintains reserves relating to targeted rates which have been provided by regional ratepayers for specific activities. While the cash associated with reserves may be used as funding for other activities within the organisation, it will continue to be identified as an asset and credited to the area for which the revenue was raised.

### Rentals

*Principles: Transparency, affordability*

The council receives rents from properties it owns. These properties largely relate to land attached to council flood protection schemes. Rental revenue is used to offset the operating costs of the flood protection schemes.

## SOURCES OF FUNDING FOR CAPITAL EXPENDITURE

Council considers that the following sources of funding are appropriate for its capital expenses. These funding sources may be applied either directly to capital projects when expenditure is incurred, or towards financing interest and principal repayments on borrowings that were raised to fund the expenditure.

Intergenerational equity principles, which are dealt with under the council's guiding principle of paying for benefits received when they are received, suggest that the purchase or construction of long-lived assets should be funded by way of borrowings. In that way, repayments are spread over time, instead of paying the entire cost of the assets in the year they are built. For long-lived assets, the funding sources below can be used to finance principal repayments on borrowings, rather than for directly funding capital projects.

Where the council assesses a targeted rate for the repayment of capital and associated interest costs for the construction of new assets, it will not seek to fund depreciation for the period of the capital loan. This ensures that ratepayers are not charged twice – for the initial construction and for the future replacement of the asset.

### General rates

*Principles: beneficiary pays, affordability, efficiency, financial prudence*

General rates are seen as an appropriate capital funding mechanism for projects where there is a public good element. This approach is consistent with the guiding principle of paying for benefits received. Where an existing asset provides a public good or positive externalities, it is appropriate to fund replacement of that asset from general rates, especially where the general rate includes an explicit charge to recover depreciation.

General rates are also appropriate for funding capital projects where imposing the cost on the person or groups who will benefit from the project would place too great a burden on them. This is consistent with the guiding principle of affordability.

### Targeted rates

*Principles: beneficiary pays, transparency and accountability*

Targeted rates are seen as an appropriate capital funding mechanism for projects where the project mainly benefits a specific group of ratepayers or where the action or inaction of that group contributes to the need for the project.

### Grants and subsidies

*Principles: affordability, beneficiary pays, exacerbator pays*

Appropriate (in general) only for funding the costs of providing a particular asset that the grant or subsidy was intended for.

### Proceeds from asset sales

*Principles: affordability*

It is generally appropriate to use the proceeds of selling an asset to fund the cost of providing another asset.

### Borrowing

*Principles: affordability, intergenerational equity*

Borrowing is recognised as an effective method of achieving equity between different generations of ratepayers and is commonly used to fund capital expenditure, particularly assets with long lifespans.

All borrowing is subject to Council's Liability Management Policy.

## TE TURE WHENUA MĀORI ACT 1993

Council supports the principles set out in the preamble to Te Ture Whenua Māori Act 1993 which, in relation to Māori-owned land, acknowledge:

- the importance of the Treaty of Waitangi,
- the protection of rangatiratanga (self-determination),
- that the land is a taonga (treasure),
- that the land and its places of signficance should be retained and protected by tangata whenua,
- that the occupation, development, and utilisation of that land should be facilitated, and
- that mechanisms should be established to assist Māori to implement these principles.

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

Horizons has a policy on Rates Remissions for Māori Freehold Land which generally promotes these principles. We also ensure our approach is consistent with the territorial authorities in the region.

## FUNDING SOURCES FOR EACH ACTIVITY

A full funding needs analysis was undertaken in accordance with 101(3) to determine the most appropriate way of funding each activity. A summary of the funding arrangement and rationale for each activity is included below.

The community outcomes that each activity contributes to are as follows:

## PARTNERSHIPS, GOVERNANCE AND LEADERSHIP GROUP:

### Activity: Governance

The community wellbeing(s) this activity primarily contributes to:

*Funding arrangements*

- 100% UAGC

*Rationale*

- The Governance activity is needed to fulfill legislative requirements.
- The whole region benefits from robust and democratic governance that enables local decision making and action by, and on behalf of, communities, and promotes the social, economic, environmental and cultural wellbeing of communities now and in the future.

### Activity: Iwi and Hapū Relationships

The community wellbeing(s) this activity primarily contributes to:

*Funding arrangements*

- 100% UAGC

*Rationale*

- Legislative requirements mandate engagement with the community, with particular requirements for iwi and hapū.
- Benefits from this activity are intergenerational and accrue to the whole region. Communities benefit from the quality of decision making that is enabled when mana whenua participate in decisions.

### Activity: Community Wellbeing and Relationships

The community wellbeing(s) this activity primarily contributes to:

## COMMUNITY RELATIONSHIPS

*Funding arrangements*

- 100% UAGC

*Rationale*

- Legislative requirements mandate engagement with the community.

## ENVIRONMENTAL EDUCATION

*Funding arrangements*

- 100% UAC (Environmental Initiatives)

*Rationale*

- This service is provided to assist us in achieving our community outcomes.
- The benefits of this activity are ongoing and region-wide Council's engagement and education efforts are provided across the region.

## STRATEGY, SCIENCE AND REGULATION GROUP

### Activity: Policy, Strategy and Climate Resilience

The community wellbeing(s) this activity primarily contributes to:

*Funding arrangements*

- 100% General Rate

*Rationale*

- Legislative requirements mandate resource management and strategic planning.
- This activity provides benefit to the region as a whole through the delivery of integrated plans, policies and strategies that guide the management of our natural and physical resources. These benefits are intergenerational.

### Activity: Science and Environmental Reporting

The community wellbeing(s) it primarily contributes to:

## ENVIRONMENTAL REPORTING

*Funding arrangements*

- 100% General Rate

*Rationale*

- Gaining a better understanding of natural processes is integral to strategy and policy development and monitoring, consent processes, restoration work and co-management programmes.
- This service provides ongoing benefit to the whole region.

## WATER QUALITY – GENERAL

*Funding arrangements*

- 100% General Rate

*Rationale*

- Water quality and quantity is impacted by human activities, including discharges and takes. Rural activities contribute to poor water quality. Extreme weather events and climate change also contribute.
- This service provides ongoing benefit to the whole region.

## WATER QUALITY AND QUANTITY – RESEARCH

*Funding arrangements*

- 70% General Rate
- 30% Fees and Charges

*Rationale*

- Water quality and quantity is impacted by human activities, including discharges and takes. Rural activities contribute to poor water quality. Extreme weather events and climate change also contribute.
- The benefits of this service are ongoing, and both region-wide and targeted to farms and other industries who are dependent on this information.

## WATER QUALITY – ADDITIONAL RESEARCH

*Funding arrangements*

- 50% Fees and Charges
- 50% General Rate

*Rationale*

- Consent holders for major point-source discharges create the need for this service. As direct beneficiaries, these consent holders pay a targeted rate for this service.

### Ngā putanga ā-hapori **Our community outcomes**

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Our region's economy is thriving and environmentally sustainable

- At most major point-source discharges to water we monitor directly above the point source and directly below. This forms part of our State of Environment monitoring network. Without the discharge we wouldn't need to monitor below the discharge. The data gained from State of Environment monitoring benefits the region as a whole, therefore a portion of the cost associated with this activity is recovered through the general rate.

### WATER QUALITY - CONSENT HOLDERS' RESEARCH RESPONSIBILITIES

*Funding arrangements*

- 100% Fees and Charges

*Rationale*

- Resource users create the need for this service. They receive individual benefit from the monitoring research that is carried out.
- This research is essential for our many regional organisations, farms and other industries, who are dependent on this information.
- The research charges contribute towards the costs incurred by Horizons in researching and identifying the ongoing and cumulative impact on our environment of all such activities across our region. Information gained from this research can also be used by applicants during the resource consent application process.

### BIODIVERSITY AND BIOSECURITY (RESEARCH)

*Funding arrangements*

- 100% General Rate

*Rationale*

- The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.
- Benefits from improved biodiversity and ecosystem health occur in the ecological districts where those improvements are made. However, this has broader benefits to the region and the nation. These benefits are intergenerational.
- A component of biosecurity protection also protects the rural economy and rural landowners.

### LAND RESEARCH

*Funding arrangements*

- 100% General Rate

*Rationale*

- The need for this service comes from environmental degradation as a result of a range of factors, including rural land use and urban discharges from current and previous generations.
- This service has ongoing and region-wide benefits, as our land management activity responds to land-based issues which impact on the health of our soil and water resources.

### GRAVEL QUANTITY

*Funding arrangements*

- 60% Fees and charges
- 40% General rate

*Rationale*

- Holders of land use consents to remove gravel contribute to the need for the gravel quantity service.
- This service has ongoing and region-wide benefits. Our region's primary sector is built on our land and water resources. Ensuring their sustainable management is important for the prosperity of these businesses and the region's economy.

## Activity: Regulatory Management

The community wellbeing(s) it primarily contributes to:

### REGULATORY MANAGEMENT

*Funding arrangements*

- As actual and reasonable: Fees and Charges.
- Remainder: General Rate

*Rationale*

Current users of resources create the need for regulatory services.

There is some public good in issuing and monitoring of consents, permitted activities, and pollution incidents, however the primary beneficiaries are the applicants and resource users.

Benefits accrue immediately. There are also benefits throughout the life of a consent.

### RESOURCE MANAGEMENT ACT ADVICE

*Funding arrangements*

- 100% General Rate

*Rationale*

- The public's need for general advice around permitted activities and consents creates the need for this service.
- The service has ongoing and region-wide benefit.

## CATCHMENT OPERATIONS GROUP

## Activity: Biodiversity and Biosecurity

The community wellbeing(s) this activity primarily contributes to:

### BIODIVERSITY AND BIOSECURITY – IMPLEMENTATION

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 55% General Rate
- 30% UAC (Environmental Initiatives)
- 15% targeted per ha rate on properties >4 ha
- Capital expenditure may be funded through borrowing.

*Rationale*

- The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.
- There are both regional and local benefits to this activity. Benefits from improved biodiversity and ecosystem health occur in the ecological districts where those improvements are made, both in the present and the future. However, this has broader benefits to the region and the nation. A component of biosecurity protection also protects the rural economy and rural landowners.

**Note:** The implementation of the Regional Pest Management Plan is funded via the *Biodiversity and Biosecurity – Implementation* activity in accordance with consideration given under section 100T of the Biosecurity Act 1993.The Regional Pest Management Plan (RPMP) and the Biodiversity and Biosecurity – Implementation activity generally have the same purpose regarding the protection of our region's unique biodiversity and ecological systems. The funding structure of the Biodiversity and Biosecurity – Implementation

activity generally reflects the RPMP's intended benefits (both direct and indirect), and interests, of the occupiers of affected properties across the region.

### REGIONAL PARK CAMP GROUND (COMPONENT OF TŌTARA RESERVE REGIONAL PARK MANAGEMENT)

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- >30% fees and charges

Remainder:

- 90% Targeted UAC (Palmerston North City Council area and Manawatū District)
- 10% General rate.

Capital expenditure may be funded through borrowing.

*Rationale*

- This service is provided to assist us in achieving our community outcomes.
- The regional park campground largely benefits residents in the surrounding district and city. The initial source of funds are camping fees, with the bulk of the remainder targeted to Palmerston North City and Manawatū District.

### RANGITĪKEI ENVIRONMENT GROUP OLD MANS' BEARD CONTROL

*Funding arrangements*

- 50% UAC (properties >4 ha in the Rangitīkei District)
- 50% UAC (properties <4 ha in the Rangitīkei District)

Rationale

- Need for this service comes from introduced pest species as a result of the actions of previous generations.
- For the purposes of funding this activity, the properties in the Rangitīkei District have been divided into those that are less than four hectares (<4ha), and those that are more than four hectares (>4ha). Council assumes that the >4ha properties generally receive greater benefit from the Old Mans' Beard control improvements than <4ha properties. The >4ha properties pay more per property to reflect the greater benefit.

### WAITĀRERE COMMUNITY BIODIVERSITY PROJECT

*Funding arrangements*

- Grants and Subsidies in the first instance

Remainder

- 100% targeted (Waitārere Community) based on capital value.

Capital expenditure may be funded through borrowing.

*Rationale*

- The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.
- This service benefits those in the Waitārere Beach community. The recovery of costs for the service are targeted to that community.

## Activity: Freshwater and Partnerships

The community wellbeing(s) this activity primarily contributes to:

### FRESHWATER AND PARTNERSHIPS REGIONAL IMPLEMENTATION

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder

- 100% General Rate

Capital expenditure may be funded through borrowing.

*Rationale*

- Water quality outcomes are the result of local catchment characteristics and what happens in the catchment. Land use, discharges and water takes contribute to water quality outcomes. Extreme weather events and climate change also contribute.
- The benefits of this service are region-wide and intergenerational.

### MANAWATŪ CATCHMENT WATER QUALITY IMPROVEMENT

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 100% UAC (properties in the Manawatū Catchment).

Capital expenditure may be funded through borrowing.

*Rationale*

- Water quality outcomes are the result of local catchment characteristics and what happens in the catchment. Land use, discharges and water takes contribute to water quality and ecological health outcomes. Extreme weather events and climate change also contribute.
- This service benefits those in the Manawatū Catchment area. The recovery of costs for the service are targeted to properties in the Manawatū Catchment.

### HOROWHENUA DISTRICT WATER QUALITY IMPROVEMENT

*Funding arrangements*

- Grants and subsidies (in the first instance).

Remainder:

- 100% targeted (properties in the Horowhenua District) based on capital value.

Capital expenditure may be funded through borrowing.

*Rationale*

- Water quality outcomes are the result of local catchment characteristics and what happens in the area. Land use, discharges and water takes contribute to water quality and ecological health outcomes. Extreme weather events and climate change also contribute.
- This service benefits residents within the Horowhenua District. The recovery of costs for the service are targeted to properties in the Horowhenua District.

## Activity: River Management and Flood Protection

The community wellbeing(s) it primarily contributes to:

### RIVER AND DRAINAGE – GENERAL

*Funding arrangements*

- Grants and subsidies in the first instance

Remainder:

- 100% General Rate

Capital expenditure may be funded through borrowing.

*Rationale*

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.
- Benefits accrue to the whole region – this service protects the lives and property of people within the region.

### RIVER AND DRAINAGE – RIVER SCHEMES (EXCLUDING POHANGINA-OROUA AND POREWA)

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 80% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)
- 20% General Rate.

Capital expenditure may be funded through borrowing.

*Rationale*

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.
- Benefits primarily accrue to the populations and properties that each river scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.
- There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

### RIVER AND DRAINAGE – DRAINAGE SCHEMES

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 90% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)

- 10% General Rate.

Capital expenditure may be funded through borrowing.

*Rationale*

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.
- Benefits primarily accrue to the populations and properties that each drainage scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.
- There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

### RIVER AND DRAINAGE - POREWA SCHEME

*Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 60% General Rate
- 40% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)

Capital expenditure may be funded through borrowing.

*Rationale*

The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

This scheme provides regional and national benefit through the reduction of flooding risk to State Highway 1 and the Southern North Island Main Trunk Railway. Flood protection enables distribution of goods on these significant corridors as well as productive use of the land.

The properties in the Porewa valley also directly benefit because the land is protected by flood and erosion control works.

### RIVER AND DRAINAGE: POHANGINA-OROUA SCHEME

*Funding arrangements*

- Grants and subsidies in the first instance (including 60% landowner contribution to erosion control works).

Remainder:

- 20% General Rate
- 80% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges).

Capital expenditure may be funded through borrowing.

*Rationale*

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.
- Benefits primarily accrue to the populations and properties that the river and drainage scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.
- There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

## Activity: Land Management

The community wellbeing(s) this activity primarily contributes to:

## REGIONAL AND COAST

### *Funding arrangements*

- Grants and subsidies in the first instance.

Remainder:

- 100% General Rate.

Capital expenditure may be funded through borrowing.

### *Rationale*

- The need for this activity comes from environmental degradation as a result of a range of factors, including catchment characteristics, climate change impacts and rural land use.
- The deforestation of erodible hill country was in-part encouraged by central government policy historically.
- Benefits accrue to the whole region, as our land management activity responds to land-based issues which impact on the health of our soil and water resources and increased regional resilience to storm events.

## SUSTAINABLE LAND USE INITIATIVE (SLUI)

### *Funding arrangements*

- Grants and subsidies in the first instance.
- 100% UAC (SLUI)

Capital expenditure may be funded through borrowing

### *Rationale*

- The need for this service comes from environmental degradation as a result of a range of factors, including catchment characteristics, climate change impacts and rural land use.
- The deforestation of erodible hill country was in-part encouraged by central government policy historically.
- Benefits accrue to the whole region, as our land management activity responds to land-based issues which impact on the health of our soil and water resources and increased regional resilience to storm events.

## TRANSPORT AND REGIONAL SERVICES GROUP

**Activity: Transport Planning**

The community wellbeing(s) this activity primarily contributes to:

Council's transport activities are subsidised by Waka Kotahi. Any portion of the cost of these activities that is not funded by grants and subsidies are met by other sources of funding, as described below.

The percentage of grants and subsidies are current as of [date]. This may change through the life of this policy, depending on Waka Kotahi's policies. In this case, Horizons may need to adjust the other funding sources accordingly.

## TRANSPORT PLANNING

### *Funding arrangements*

- 49% General Rate
- 51% Grants and subsidies

### *Rationale*

- Effective transport networks are needed to move people and goods within and between our communities.
- Our region's transport networks also make a significant contribution to the region's greenhouse gas emissions and must transition to a low carbon system.
- The benefits of this activity accrue to the whole region.

## Activity: Passenger Services

The community wellbeing(s) it primarily contributes to:

### PUBLIC TRANSPORT

*Funding arrangements*

- 45-50% Grants and subsidies,
- 30-35% Targeted rates (EQCV),
- 15-20% Fees and charges,
- 1-2% Other revenue

*Rationale*

- Individuals without vehicles require affordable alternative transport options.
- Public transport primarily benefits the user. However, there are also social wellbeing benefits to providing transport services to those without other transport options. Public transport can also provide wider community benefits from reduced congestion and reduced transport emissions.
- The cost of this service that is not covered by external grants and subsidies are targeted to individual districts. The costs of providing the service within each district are applied to that district.

### TOTAL MOBILITY

*Funding arrangements*

- 70-75% Grants and subsidies
- 25-30% targeted rates (EQCV).

*Rationale*

- Individuals without vehicles require affordable alternative transport options.
- The cost of this service that is not covered by external grants and subsidies are targeted to individual districts. The costs of providing the service within each district are applied to that district.

## Activity: Road Safety

The community wellbeing(s) it primarily contributes to:

### ROAD SAFETY

*Funding arrangements*

- 20-25% General rate
- 60% grants and subsidies
- 15-20% external funding

*Rationale*

- Dangerous roads, driving conditions and drivers create the need for road safety.
- The region as a whole benefits from safe, effective and sustainable transport networks.

## Activity: District Advice

The community wellbeing(s) it primarily contributes to:

*Funding arrangements*

- 100% General Rate

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He pūnaha hauropi ora
Our region's ecosystems are healthy

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Our region's economy is thriving and environmentally sustainable

*Rationale*

- The provision of sound information to the community about population growth, natural hazards and climate change is the driver for this activity.
- The community as a whole benefit from this activity. By better understanding natural hazard risks, communities can prepare for or avoid them.

## Activity: Emergency Management

The community wellbeing(s) it primarily contributes to:

### REGIONAL EMERGENCY MANAGEMENT – MANAWATŪ-WHANGANUI CIVIL DEFENCE EMERGENCY MANAGEMENT (CDEM) GROUP

*Funding arrangements*

- 100% General Rate

*Rationale*

- Horizons is the administering Authority for the Manawatū-Whanganui CDEM Group in accordance with legislative requirements.
- The benefits of this service accrue to the whole region.

### HORIZONS EMERGENCY MANAGEMENT (EXCLUDING MARINE OIL SPILL RESPONSE)

*Funding arrangements*

- 100% General Rate

*Rationale*

- The benefits of this service accrue to the whole region.

### MARINE OIL SPILL RESPONSE

*Funding arrangements*

- Funded by Maritime New Zealand - no impact on rates.

*Rationale*

- This activity is undertaken in response to an oil spill event.
- The benefit accrues to the marine environment affected by the event.

## Activity: Environmental Data

The community wellbeing(s) it primarily contributes to:

*Funding arrangements*

- Internally recovered through other activities:
  - Science and Environmental Reporting (~60%)
  - Emergency Management (~30%)
  - River Management and Flood Protection (~9%)
  - Freshwater and Partnerships (~1%)

The funding sources for each of these activities is reflected in other parts of the policy.

*Rationale*

- Legislative requirements mandate the acquisition and reporting of environmental data. Environmental data supports the Emergency Management functions of Council.

- The benefits of this activity accrue to the whole region. Real-time environmental data supports flood warning services and catchment forecasting.

**Activity: Information Management**

The community wellbeing(s) it primarily contributes to:

*Funding arrangements*

- 100% General Rate

*Rationale*

- This activity is fundamental to the success of all other activities undertaken by Council. Providing a centralised, robust, accessible & secure information service is critical to other departments across Council and to the public.
- Benefits from this group of activities accrue to the whole region.

## CONSIDERATION OF THE IMPACT OF THIS POLICY ON COMMUNITY WELLBEING

In developing this policy, Council has considered the overall impact of its funding arrangements for each activity on the current and future social, environmental, economic, and cultural wellbeing of the region.

For each activity, Council has given careful consideration to each of the following, according to section 103(3) of the Act:

- which of Council's six community outcomes the activity primarily contributes,
- the distribution of benefits,
- the period of benefit,
- who or what creates the need,
- whether the activity should be funded separately form other activities or whether it could be "bundled" with others and why.
- In addition, Council believes that:
- its application of uniform charges (UAGC and UAC) are appropriate.
- it has used targeted rates appropriately, ensuring that where the exacerbator and/or beneficiary can be identified, they bear the cost of the service.
- that overall, the funding arrangements are in alignment with this policy's guiding principles.

Council believes that the revenue needs in this plan can be supported by the regional economy without undue effects on community-well being, and that overall, the funding arrangements in this policy will positively impact the current and future wellbeing of the region.

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Our region's economy is thriving and environmentally sustainable

# POLICY REVIEW SUMMARY:
# TE KAUPAPAHERE MŌ NGĀ MONI WHIWHI ME TE AHUMONI | DRAFT REVENUE AND FINANCING POLICY

The Revenue and Financing Policy sets out the various funding sources that Council uses to support operational and capital expenditure, for example, different types of rates, user pays, debt, etc. It also shows how each activity of Council is funded.

## LANGUAGE AND FORMATTING UPDATES

As part of the review process, Council some changes to the language, flow and layout of the policy to improve readability. It also strengthened the links to the relevant legislation to better demonstrate how it complies with the requirements of the Local Government Act 2002.

None of these updates change Council's policy position.

## NEW SECTION: TE TURE WHENUA ACT 1993

The Local Government Act 2002 (s102(3A)) requires this policy (and others) to support the Preamble of Te Ture Whenua Act 1993.

## UPDATES TO EXPENDITURE AND REVENUE POLICIES

Council is proposing some changes to how it uses investment revenue and the way it funds some of its activities. These proposed changes are listed in the table below. Additional text is <u>underlined.</u>

## FEEDBACK ON THE DRAFT POLICY

- This policy is a review draft. It is part of the consultation process for the Long-term Plan 2024-34. Public feedback is invited on any of the proposed updates to the policy.
- Any feedback received will be considered by Council prior to adoption in June 2024.
- If you would like to give feedback on any of the proposed changes, please use the Long-term Plan 2024-34 Consultation Document submission form.

For comparison purposes, the 2021 policy can be found on pages 193-205 of the Long-term Plan 2021-31.

| | From (2021): | To (2024): | Rationale |
|---|---|---|---|
| EXPENDITURE | | | |
| Use of investment revenue | Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to supplement rate funding in order to reduce the rating burden on ratepayers. | Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to supplement rate funding offset the Uniform Annual General Charge in order to reduce the rating burden on ratepayers. | Under the 2021 policy, investment revenue is used to offset the General Rate. The General Rate is set based on capital value. This means that currently, ratepayers whose property has a higher capital value receive greater benefit from the investment revenue.<br><br>The UAGC is a fixed amount applied equally to all ratepayers across the region that pays for a range of council services that provide region-wide benefit. The proposed change to use investment revenue to offset the UAGC means that there would be a reduction in the UAGC charge of $39.09 for every rating unit in the region. All ratepayers would benefit equally, regardless of the value of their property. It would, however mean that properties of approximately $850,000+ would pay more than the current arrangement.<br><br>The change from using investment revenue offsetting the General Rate to offsetting the UAGC would mean an increase to the amount of general rates per property of $4.64 per $100,000 of CV. |
| REVENUE | | | |
| Water Quality and Quantity – Research | | Incorporate Environmental Research and Monitoring - Drinking Water | Simplification of budgets. Initial work to identify Source Protection Zones now complete and future work will be aligned with other Water Quality and Quantity budget research. |

| | From (2021): | To (2024): | Rationale |
|---|---|---|---|
| Regulatory Management | Part of Water Quality and Quantity –Research activity | Incorporate Telemetered Water Metering Programme. | Changes to the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010 have resulted in this becoming the legislative responsibility of the consent holder rather than information for Water Quantity Research. |
| Biodiversity and Biosecurity (Research) | 55% General Rate<br>30% UAC (Environmental. Initiatives)<br>15% targeted per ha rate on properties >4 ha | 100% General Rate | Previously Biodiversity and Biosecurity Research focused primarily on supporting the Biodiversity and Biosecurity Implementation programmes and was funded the same way. The work programme now incorporates additional biodiversity and biosecurity with a focus on supporting future policy development whilst maintaining a base level of support to implementation programmes. |
| Biodiversity and Biosecurity Implementation (includes implementation of the Regional Pest Management Plan). | 55% General Rate<br>30% UAC (Environmental Initiatives)<br>15% targeted per ha rate on properties >4 ha | Grants and Subsidies in the first instance<br>Remainder:<br>55% General Rate<br>30% UAC (Environmental Initiatives)<br>15% targeted per ha rate on properties >4 ha<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>Transparency |

| | From (2021): | To (2024): | Rationale |
|---|---|---|---|
| Regional Park Campground (Component of Tōtara Reserve Regional Park management) | >30% Fees and Charges.<br>Remainder:<br>90% Targeted UAC (Palmerston North City and Manawatū District),<br>10% General Rate | Grants and Subsidies in the first instance<br>>30% Fees and Charges<br>Remainder:<br>90% Targeted UAC (Palmerston North City and Manawatū District),<br>10% General Rate<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>Transparency |
| Rangitīkei Environment Group Old Mans' Beard control | 50% UAC on properties >4 ha<br>50% UAC on properties <4 ha | 50% UAC on properties >4 ha in the Rangitīkei District<br>50% UAC on properties <4 ha. in the Rangitīkei District | Added for clarity |
| Waitārere Community Biodiversity Project | 100% targeted rate per SUIP (UAC)<br>Capital expenditure may be funded through borrowing | Grants and Subsidies in the first instance<br>Remainder:<br>100% targeted (Waitārere Community) based on capital value.<br>Capital expenditure may be funded through borrowing. | Not new in practice. Included for clarity.<br>The Waitarere Community benefits from this activity. |
| Freshwater and Partnerships Regional Implementation (Included in Water Quality and Quantity in 2021 policy) | 100% General Rate | Grants and Subsidies in the first instance<br>Remainder:<br>100% General Rate<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>Transparency |

## Ngā putanga ā-hapori **Our community outcomes**

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He pūnaha hauropi ora
Our region's ecosystems are healthy

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

| | From (2021): | To (2024): | Rationale |
|---|---|---|---|
| Manawatū River Water Quality Improvement | 100% UAC | Grants and Subsidies in the first instance<br>Remainder:<br>100% UAC (properties in the Manawatū Catchment)<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>Added for clarity<br>Transparency |
| Horowhenua Water Quality Improvement (previously Lake Horowhenua Restoration) | 80% UAC<br>20% General Rate<br>Capital expenditure may be funded through borrowing | Grants and Subsidies in the first instance<br>100% UAC (properties in the Horowhenua District) based on capital value.<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>The residents of the Horowhenua District benefit from this activity. |
| River and Drainage – General | 100% General Rate | Grants and Subsidies in the first instance<br>Remainder:<br>100% General Rate<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>Transparency |
| River and Drainage - Schemes (Excluding Pohangina-Oroua and Porewa) | 80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges)<br>20% General Rate<br>Capital expenditure may be funded through borrowing | Grants and Subsidies in the first instance<br>80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges)<br>20% General Rate<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity. |

| | From (2021): | To (2024): | Rationale |
|---|---|---|---|
| River and Drainage – Drainage Schemes | 80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges)<br>20% General Rate<br>Capital expenditure may be funded through borrowing | Grants and Subsidies in the first instance<br>Remainder:<br>90% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges)<br>10% General Rate<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>Better reflects the benefit the properties within a drainage scheme receive. |
| River and Drainage – Porewa Scheme | 60% General Rate<br>40% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges)<br>Capital expenditure may be funded through borrowing | Grants and Subsidies in the first instance<br>Remainder:<br>60% General Rate<br>40% Targeted scheme Rates (mixed model, including CV, LV, UAC and per ha charges)<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity. |
| Regional and Coast | 100% General Rate | Grants and Subsidies in the first instance.<br>Remainder:<br>100% General Rate<br>Capital expenditure may be funded through borrowing | Not new in practice. Included for clarity.<br>Transparency |

| | From (2021): | To (2024): | Rationale |
|---|---|---|---|
| Sustainable Land Use Initiative (SLUI) | As granted Grants and Subsidies<br>Remainder:<br>UAC (SLUI) | Grants and Subsidies in the first instance<br>Remainder:<br>UAC (SLUI)<br>Capital expenditure may be funded through borrowing | Transparency |
| Transport Planning | 50-60% General Rate<br>40-50% Grants and Subsidies | 49% General Rate<br>51% Grants and Subsidies | Updated NZ Tansport Agency Waka Kotahi subsidy rates. |
| Public Transport | 50-55% Grants and Subsidies<br>25-30% Targeted Rate (EQCV)<br>15-20% Fees and Charges<br>1-5% other revenue | 45-50% Grants and Subsidies<br>30-35% Targeted Rate (EQCV)<br>15-20% Fees and Charges<br>1-2% other revenue | Updated NZ Tansport Agency Waka Kotahi subsidy rates. |
| Total Mobility | 60% Grants and Subsidies<br>40% Targeted Rate (EQCV) | 70-75% Grants and Subsidies<br>25-30% Targeted Rate (EQCV) | Updated NZ Tansport Agency Waka Kotahi subsidy rates. |
| Road Safety | 25-35% General Rate<br>65-75% Grants and Subsidies | 20-25% General Rate<br>60% Grants and Subsidies<br>15-20% external funding | Updated NZ Tansport Agency Waka Kotahi subsidy rates.<br>External funding from other external agencies in support of the road safety programme. |

| NEW funding policies: | | |
|---|---|---|
| Environmental Data | This activity is internally recovered through other activities:<br>Science and Environmental Reporting (~60%),<br>Emergency Management (~30%),<br>River Management and Flood Protection (~9%),<br>Freshwater and Partnerships (~1%).<br>The funding sources for each of these activities is reflected in other parts of the policy. | The data collected by this activity is utilised by the activites across the organsation. Each activity funds a proportion of the cost of this data based on benefit.<br>The activity has been included in the updated policy for transparency. |
| River and Drainage – Pohangina-Oroua Scheme | Grants and Subsidies in the first instance (including 60% landowner contribution to erosion control works)<br>Remainder:<br>20% General Rate<br>80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges)<br>Capital expenditure may be funded through borrowing | This formalises the existing policy of relevant landowners making a 60% contribution to erosion control works. This is the only scheme that has this type of arrangement. |

# Ngā matapae
# Forecasting assumptions

Planning for the future is challenging because there are so many variables that can affect the implementation of the plan. For this reason, it is important to identify and agree on a set of facts or assertions that will "anchor" the planning, budgeting, and decision-making process. These facts or assertions are called forecasting assumptions (or planning assumptions). They need to be based on the best information available at the time and consistent across the organisation.

This Long-term Plan has been prepared in an environment of uncertainty. Climate change, a recent change in government (and resulting changes in policy and regulatory requirements), and high inflation contribute to a challenging planning environment. For e ach assumption below, we have included a description of the associated risk and our level of uncertainty. In some cases there is a high level of uncertainty, however for planning and budgeting purposes we must agree on an "anchor". Where possible we try to understand the impact it turns out to be wrong so that we can be prepared.

Our forecasting assumptions are thoroughly reviewed every three years as part of each Long-term Plan.

## SECTION A – GENERAL ASSUMPTIONS

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 1. CLIMATE CHANGE | | | |
| Horizons uses high-range emissions scenarios for its planning. The RCP 8.5 trajectory represents the high-range emissions scenario and allows for a precautionary approach when screening for climate change impacts. The high-range data is based on the Manawatū-Whanganui Regional Climate Change Risk Assessment (2021) (1). | The climate modelling that informs our assumptions is based 2011 data provided by the Ministry for the Environment. In keeping with the precautionary principle ("better safe than sorry") we have chosen the high range (RCP 8.5/ SSP5-8.5)) projections. | Medium | As identified in the Climate Change Regional Risk Assessment, climate change will have direct impacts Catchment Operations group of activities, indirect impacts on environmental activities, and transition- |

<table>
<tr><th>ASSUMPTION</th><th>DESCRIPTION OF RISK</th><th>LEVEL OF UNCERTAINTY ABOUT ASSUMPTION</th><th>POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES</th></tr>
<tr>
<td>Climate change is expected to have a range of impacts for our region, including changes in averages and an increase in peak events:<br><br>Changing averages
<table>
<tr><th></th><th>High range RCP 8.5 by 2050 (1)</th></tr>
<tr><td>Temperature (region-wide)</td><td>↑ 0.5° – 1.25°C</td></tr>
<tr><td>Rainfall</td><td>Summer: ↓ 8-15%<br>Winter: ↑ 10-15%</td></tr>
<tr><td>Inland flooding</td><td>↑</td></tr>
<tr><td>Hot days (2)</td><td>↑</td></tr>
<tr><td>Frost days</td><td>↓</td></tr>
<tr><td>Hill country erosion and sediment loads (3)</td><td>↑</td></tr>
<tr><td>Visual clarity of waterways (3)</td><td>↓</td></tr>
<tr><td>Sea level rise (r ) (4)</td><td>By 2050: 0.28m-0.43m<br>By 2100: 0.871.21-1.21m</td></tr>
</table>
These changing conditions will have a negative impact on already challenged ecosystems, with an increased threat to biodiversity, increases in pest incursion and disease (plant and animal/human), and a decrease in food security.<br><br>Peak events<br><br>We assume that the frequency of peak (extreme) events is predicted to increase. These extreme events have a negative impact on immediate and near-future agricultural productivity, health of waterways, erosion, animal and human welfare, and psychosocial health.<br><br>Likely extreme events include:<br>▪ severe flooding<br>▪ severe drought<br>▪ rural fires (scrub, crop, forest)</td>
<td>(Note: In mid-2024, NIWA is expected to release regional data based on the IPCC6 report. Once we have access to this data we will incorporated this into our existing planning information. Searise uses IPCC6 datasets (4).<br><br>(Note: The Searise range uses SSP5-8.5 at the 50th percentile and includes vertical land movement).</td>
<td></td>
<td>related impacts on the passenger services activity.<br><br>There will be a significant impact on insurability and affordability as well as more frequent need for Civil Defence and emergency management response.<br><br>Building resilience to the impacts of climate change is a strategic priority for Horizons, and as such, there is a strong focus throughout this LTP on addressing the challenge it poses. The known effects have been factored into our 30-year Infrastructure Strategy.</td>
</tr>
</table>

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| Sources:<br>(1) https://www.horizons.govt.nz/HRC/media/Data/20210902_Horizons-CCRA_Report-signed_1.pdf<br>(2) The number of days when the maximum air temperature is greater than or equal to 25° (NIWA website, accessed 29 September 2023)<br>(3) https://freshwater.horizons.govt.nz/__data/assets/pdf_file/0022/4099/NPSFM_2023_Application-of-SedNetNZ-using-updated-erosion-mitigations-with-climate-change-scenarios-in-the-Horizons-region.pdf<br>(4) https://searise.takiwa.co/map/6245144372b819001837b900/embed (accessed 5 October 2023) | | | |
| 2. EMISSIONS REDUCTION | | | |
| In its Climate Action Plan (2023) Horizons has voluntarily set a goal of reducing its gross corporate greenhouse gas emissions by 43% by 2030 from 2019-20 levels (excluding contractors and other scope 3 emissions). This target aligns Horizons with the Intergovernmental Panel on Climate Change 2030 Target.<br>We assume that we will meet this target on the basis of the actions we have committed to in the Climate Action Plan. This plan can be found on the Horizons website. | There are several risks associated with the assumption that we will meet our self-imposed target:<br>New technology (for example electric utes) not coming on board in a timely fashion. Our target relies on the transition to e-vehicles.<br>The required increase in staffing anticipated in this LTP, not expected at the time we set the target.<br>If central government imposes emission reduction requirements on local government, this will increase costs and/or impact service delivery.<br>If we are unable to meet our targets, the result may be:<br>Reputational damage<br>Reduction in social licence – we should be "practicing what we preach". | High | With the realisation of any of the risks noted, the cost of meeting our target will increase and/or levels of service may decrease. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 3. RECOVERY FROM SIGNIFICANT ADVERSE EVENTS | | | |
| We assume that there is adequate insurance and government co-funding to pay for damage following a significant adverse event. | Horizons has approximately more than $990 million of River Management Assets, some are insured and some are not.<br><br>Horizons has pooled insurance cover with other Councils. The maximum amount that can be claimed for a single event is $100M. This amount can only be claimed if the combined damage for that single event is less than $300M for all of the councils involved. If it is over $300M the amount will be reduced. Council resolved to increase this but we are yet to receive an updated policy so this assumption is based on the level of cover we have now.<br><br>These totals include an assumption that Central Government will provide 60% of the cost e.g. up to 60 million of the 100 million that can be claimed in a single event. There is some uncertainty around the ability to rely on this, and there are likely be strict criteria.<br><br>In summary, there is a risk that Horizons will not have adequate insurance cover for rebuilding infrastructure in a large adverse event. | High | Potentially Council would need to borrow further funds to rebuild after a large event, increasing rates. There may be limitations on what could be rebuilt and a drop in level of service. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| We assume that River and Drainage Schemes are provisioning enough funds to cover damage after small scale events that do not reach the threshold for insurance claims | Most River and Drainage Schemes provision an amount of annual rate funding to reserves to cover damages in years where repairs. Recent experience through multiple weather events in 2022-23 financial year, including Cyclone Gabrielle has significantly reduced and in some cases used all scheme reserves, requiring Council to provide additional general rate reserves to fund damage repairs. There is a risk that further events occur during the course of the LTP and there will be insufficient funds to do repairs. | Very high | If a further event does occur, there may be a need to increase scheme borrowings and or rates to fund repairs. Further there may be an inability to fund all repairs. There may be limitations on what could be repaired and a drop in levels of service. As an example the Cyclone Gabrielle event resulted in a work programme with $9.107M of work and exceeded the reserves available in 3 of the 8 schemes impacted. |
| We assume that Horizons will not be challenged on matters of liability in relation to delivery of River and Drainage Activity. This applies to significant adverse events and more broadly to the overall River and Drainage and other activity. | In a damage-causing event there may be legal challenge to whether Horizons met its legal obligations in relation to provision of levels of service or some other aspect of the work programme. | High | There may be additional costs associated with legal challenges. There may also be a draw on resources in relation to legal challenges that impact on delivery of other aspects of the work programme. |
| 4. CENTRAL GOVERNMENT POLICY | | | |
| 4.1. Resource Management Reforms<br><br>In December 2023 the new National Government repealed the Natural and Built Environment Act (NBA) and the Spatial Planning Act (SPA) enacted by the Labour Government in August 2023. The current Government has signalled that new resource management legislation will be passed.<br><br>We assume that a full review of the One Plan currently required by the Resource Management Act 1991 will be required to commence before the end of 2024 and will be progressed during this Long-term Plan period. | Changes to be made to the RMA are unknown. Under the RMA 1991, a review of the One Plan must be commenced within the period of this 10-Year Plan.<br><br>Changes have the potential to impact policy work programmes. | Medium | The uncertainty makes it difficult to plan and budget accordingly. Additional funding is likely to be required to progress a review of the One Plan. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 4.2. National Policy Statement – Freshwater Management (NPS-FM)<br><br>The Government has signalled its intention to begin work on a replacement National Policy Statement for Freshwater Management (NPS-FM) in 2024. In preparation for this, the repeal legislation extends the date that councils are required to notify freshwater plan changes, by three years to 31 December 2027.<br><br>We assume that there will be a new NPS-FM initiated in 2024. In the meantime we will continue to work in accordance with current national policy direction. We assume notification of the Freshwater Plan Change in our region under the NPS-FM will occur post December 2024. | While the Government has stated that the changes to the NPS-FM 2020 will be to better reflect the interests of all water users, the exact changes are unknown. The risk is that changes to regional policy will require further change when the new national policy direction is delivered. | Medium | A new notification date for the Freshwater Plan Change has not been determined. An extension of the timeframe for notification is likely to incur additional costs. |
| 4.3. National Policy Statement – Highly Productive Land (NPS-HPL)<br><br>In 2023 feedback was sought on potential amendments to the NPS-HPL and there is potential for the new National Government to make further changes.<br><br>We assume that the requirement for regional councils to notify a change to the One Plan/Regional Policy Statement to include maps of HPL in the region by October 2025 will not change. | The risk is that the mapping requirements may change as we are undertaking the mapping work. | Medium | Mapping requirements and therefore costs may change. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 4.4. National Policy Statement – Indigenous Biodiversity (NPS-IB)<br><br>We assume that the NPS-IB will proceed according to the timeframes set by central government in terms of regional council responsibilities:<br>▪ Changes to the One Plan are notified by 4 August 2031.<br>▪ Regional Biodiversity Strategy is started by 4 August 2026 and completed by 4 August 2033.<br><br>4.5. We assume there will be changes to requirements for territorial authorities to identify Significant Natural Areas. | There is a risk that changes will be made to the policy statement with the new government signalling an urgent review before any implementation, including implementation of Significant Natural Areas This might alter the requirements and implementation timeframes.<br><br>There is a risk of inadequate resource provision to enable the implementation within the required timeframes. | Medium | Resourcing requirements may change once project implementation plans have been developed and resourcing demands identified. |
| 4.6. Water Services Reform Programme<br><br>We assume that the Water Services Reform Programme reforms will not proceed in the manner set by the Labour Government. It is assumed that an alternative model (Local Water Done Well) will be developed which restores council ownership and control, but with stronger central government oversight. | The detail of water reform is uncertain for the preparation of this Long-Term Plan. | Medium | This has potential to change the way three waters was intended to be managed in the region, although the impacts on Horizons are likely to be small or indirect. |
| 4.7. Future for Local Government review (FFLG)<br><br>We assume that policy decisions will not be made within the timeframe of this plan. | There is a risk that policy decisions resulting from the FFLG review will be made within the lifetime of this plan. | Medium | Earlier implementation of FFLG policy may require Council to increase rates to fund additional/changes to existing activity. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 4.8. Emergency Management Reforms<br>We assume that the Emergency Management Bill will proceed as planned.<br>As currently written, the Bill could present challenges for Council to adequately resource the requirements of the Bill, particularly with regard to engagement, capability and capacity requirements. The Manawatū-Whanganui Civil Defence Emergency Management Group are yet to determine an approach to resourcing the Act once it receives Royal Assent. | As at January 2024 the bill is on hold due to the new government. At this stage we have no clear understanding whether there will be an increase or reduction to the requirements of the Bill. We have requested an update from NEMA. | Low | Changes that reduce the requirements of the Bill will have less financial impact on Council (lesser impact on resourcing requirements).<br>Changes that increase the requirements of the Bill will have a negative financial impact on Council (increased resourcing requirements). |
| 5. COMPETITIVE TALENT MARKET FOR STAFF | | | |
| Regional councils and central government are often competing for the same talent when recruiting for positions within council officer roles – especially senior technical/specialist roles. In addition, a highly competitive global market for labour is expected to limit migration inflows at the same time as an elevated number of New Zealanders are leaving.<br>We assume that we will be able to fill these roles over the life of the plan. | There is a risk that we will not be able to recruit enough experienced staff. | Medium | An inability to recruit enough experienced staff may impact Council's ability to deliver on projects or levels of services that have been agreed with our communities. This work may have to be contracted out. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 6. POPULATION | | | |
| Our population assumptions are based on Infometrics' population projections for the region.<br>6.1. Regional Population<br>These projections show that there is expected to be an increase in population of over 90,000 people between now and 2054. This assumption is based on the high growth scenario, which aligns with the approach taken by the majority of territorial authorities in our region.<br>The regional projections are: | There is a risk that population will not change in accordance with the projections. | Medium | Higher population growth than expected will put pressure on existing infrastructure and services. Council may need to find ways of raising the extra revenue required, or consider lower levels of service. Alternatively, lower than expected population growth could increase the costs per property of delivering agreed levels of service. |
| 6.2. District Population<br>There is some variation in the projected populations to 2034 between the different territorial authorities within the region: | There is a risk that population will not change in accordance with the projections. Patterns of population distribution are driven by a range of factors including labour demand, net migration, central government legislation, Regional and District Plan regulations, market conditions, land supply, housing affordability and levels of investment. While the most-up-to-date information has been used, it is likely that some factors will change. These changes may influence the overall pattern of population distribution. | Medium - Most of the region<br>High – Horowhenua District | If the actual population figures differ considerably from what is projected, the timing and scale of growth projects will need to be revisited.<br>There is particular uncertainty for the Horowhenua District as it is brought into the sphere of Greater Wellington's Regional Growth Framework. |

| | 2022 | 2030 | 2040 | 2054 |
|---|---|---|---|---|
| HIGH | 258,282 | 281,703 | 313,892 | 355,118 |
| MEDIUM | 258,282 | 274,385 | 294,014 | 315,539 |
| LOW | 258,282 | 266,945 | 274,004 | 276,507 |

| District | 2022 | 2034 | Change |
|---|---|---|---|
| Ruapehu | 13,000 | 13,653 | 5% |
| Whanganui | 48,700 | 52,981 | 9% |
| Rangitīkei | 16,100 | 17,533 | 9% |
| Manawatū | 33,900 | 39,694 | 17% |
| Palmerston north | 90,400 | 103,185 | 14% |
| Tararua | 19,050 | 20,981 | 10% |
| Horowhenua | 37,000 | 46,668 | 26% |
| Region | 258,200 | 294,832 | 14% |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 6.3. Ageing<br><br>The 65+ age group has been Manawatū-Whanganui's fastest growing in the past two decades. In 2018, it accounted for 18% of the region's population. This is projected to increase to 24% by 2033, and 26% by 2053.<br><br>With an increasingly older population, the number of those on fixed incomes is also likely to increase. This may impact our ability to continue to increase rates. | There is a risk that population will not change in accordance with the projections. | Medium | Higher than expected growth will increase pressure on affordability for a significant portion of our region.<br><br>Lower than expected growth of the 65+ age group will not have a significant impact. |
| Source for population data: Infometrics Manawatū-Whanganui projections report May 2023 page 22 | | | |
| 7. EMISSIONS TRADING SCHEME (ETS) | | | |
| Council receives carbon units for the forestry assets held which are recognised at fair value on receipt. We assume these will continue to be received as the forestry assets grow until such time as they are harvested. They will be surrendered unto harvest to satisfy carbon emission obligations. | There is a risk the price for carbon units will change significantly.<br><br>There is a risk the amount of carbon units received per year will change significantly | High | If the price per carbon unit or the amount of carbon units generated each year is higher or lower than expected, the amount of revenue accounted for could be significantly higher or lower than planned.<br><br>Given these are intangible assets and therefore the revenue associated with them is not actually received, the financial impact is minimal. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| **1. ACTUAL FINANCIAL RESULTS** | | | |
| This Plan incorporates our actual financial results up to 30 June 2023. We have then projected forward to the opening balances as at 1 July 2024 based on the 2023/24 Annual Plan budgets. We consider that no significant financial event, that would require adjustments to our 2023/24 budgets, has occurred up until 30 June 2024. | An event may occur between March to June 2024 that has significant financial effect. | Low | Unknown impact at this stage. |
| **2. INFLATION[1] AND LOCAL GOVERNMENT COST INDEX** | | | |
| **Inflation**<br>Inflation rates applied in are based on the 10-year forecast provided by Business and Economic Research Limited (BERL).<br>**Local Government Cost Index[2]**<br>The cumulative significant percentage rates of inflation are below: | Actual rates are significantly different from the estimated rates.<br>Inflationary rates are particularly difficult to project this year as a result of the changing economic environment and potential Central Government changes. | 2024-34 - Low<br>2035-38 - Low to medium<br>2038-41 - Medium | Minimal impact expected as Council works within fixed operating budgets.<br>If there were to be a significant variance in inflationary pressures, this would have a corresponding impact on rates.<br>However, adjustments would be made to budgets and Council would operate within agreed budgets. We also have the opportunity to re-baseline every LTP. |

| *Costs* | *Planning & Regulation* | *Transport* | *Comm-unity* | *Water & environ-ment* | *Roading (used for Flood Protection)* | *Staff (Cumulative %)* |
|---|---|---|---|---|---|---|
| *Yr 1* | 0 | 0 | 0 | 0 | 0 | 4.0 |
| *Yr 2* | 2.2 | 2.2 | 2.1 | 2.2 | 2.1 | 7.40 |
| *Yr 3* | 4.5 | 4.6 | 4.4 | 4.8 | 4.5 | 9.63 |
| *Yr 4* | 6.8 | 7.1 | 6.8 | 7.4 | 7.1 | 11.91 |
| *Yr 5* | 9.0 | 9.4 | 9.1 | 10.1 | 9.6 | 14.22 |
| *Yr 6* | 11.2 | 11.8 | 11.4 | 12.7 | 12.0 | 16.59 |
| *Yr 7* | 13.4 | 14.1 | 13.7 | 15.3 | 14.4 | 19.00 |
| *Yr 8* | 15.6 | 16.5 | 16.0 | 17.9 | 16.9 | 21.46 |
| *Yr 9* | 17.8 | 18.8 | 18.3 | 20.5 | 19.3 | 23.97 |
| *Yr 10* | 20.0 | 21.2 | 20.5 | 23.1 | 21.8 | 26.53 |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| Source data: https://www.berl.co.nz/<br>[1]Where applicable; many services are fixed fee and therefore do not attract inflation<br>[2]Note that the Local Government Cost Index is different from Consumer Price Index (CPI). | | | |
| 3. DIVIDEND REVENUE | | | |
| These revenue streams are based on expectations of MWRC Holdings Limited, as outlined in the company's Statement of Intent (SOI).<br>We assume that revenue from our investments will remain stable, including dividends received from CentrePort Ltd.<br>From year 2 of the plan the dividend received from MWRC Holdings Limited will be reduced to allow for the repayment of debt. | Profits from the Investment portfolio held and managed by MWRCH provides dividend revenue to Council to reduce the rates burden on ratepayers. There is a risk funds may not be available to pay a dividend to Council due to changes to the investment portfolio.<br>Centre Port's SOI is signalling stable dividends over the next two years. | Medium.<br>The dividend revenue assumption is assessed annually. | Any reduction would need to be met by increased Rates revenue or the use of existing reserves – if $1,000,000 was not received by HRC, then $1,000,000 of reserves would need to be utilised to hold rates at the same level. |
| 4. INTEREST RATE CHARGES | | | |
| Interest rates have increased significantly over the past few years however expectation is these will plateau. This has an impact on both interest revenue and expense and the impact will in turn flow into the rates paid by ratepayers. The interest rates we have used in the formulation of this LTP are:<br>Interest paid on loans: Range from 5.0% to 4.0% over the 10 years. | 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. | 2024-34 - Low<br>2035-38 - Low to medium<br>2038-41 - Medium | Little or no impact expected as Council receives external treasury advice to ensure debt is managed to take advantage of the best rates available to mitigate exposure to interest rate rises. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| **5. INTEREST REVENUE** | | | |
| The recent trend of increasing rates will continue for the short term, with small increases following over the life of the plan. | Interest rates continue to rise resulting in more income earned from investing available cash. We will also be exposed to increases debt service costs. | 2021-24 - Low<br>2025-28 - Low to medium<br>2028-31 - Medium | Little or no impact expected due to a transition in investing activities from passive investments to active investments to create returns to Council and maximise any offset of rates. |
| **6. INSURANCE COSTS** | | | |
| Council insures a range of assets.<br>Insurance costs have been forecast to increase over the life of the Long-term Plan at an annual rate of between 15-20% across all insured assets.<br>We assume that we will be able to continue to insure all Council assets and that this will be affordable for ratepayers. | There is a risk that with potential changes to the affordable waters legislation the current insurance pooled insurance arrangements Regional Council and District Councils may need to alter resulting in Regional Councils having to insure alone (separate to three waters infrastructure). This may increase overall costs of insurance for the river and drainage type assets.<br>A further risk is that increased frequency of climate related events and increasing replacement values drive up the costs for insurance premiums and deductibles more than forecast in the Long-term Plan. | High | There may be an increase in costs for premiums and/or deductibles more than forecast in the Long-term Plan.<br>A further potential risk is not being able to get insurance for some types of assets. These factors may lead to an increased amount of self-insurance. |
| **7. DEBT REPAYMENT** | | | |
| A large portion of Council's debt relates to our River Management Schemes. Should the schemes not be able to repay this debt, there will be an impact on available cash for Council to repay the debt to our external providers. Debt repayment levels are dependent on the actual level of | If there are unanticipated changes to interest rates, scheme debt repayment may be advanced (if rates are lower than budget) or delayed (if rates are higher than budget). | 2021-24 - Low<br>2025-28 - Low to medium | This is a controlled risk in that the MWRC Holdings Ltd interest costs are passed on as specified in the contract |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| interest rates compared to budgeted interest rates. Debt repayment from MWRC Holdings Ltd is in line with the contractual agreement. | | 2028-31 - Medium | between HRC and MWRC Holdings Ltd. |
| **8. 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.<br><br>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.<br><br>We are assuming all our key funding grant revenue streams will continue throughout the life of each project. Should a particular stream of funding decrease, the offsetting expenditure relevant to that grant will also decrease.<br><br>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.<br><br>Levels of support for transport related activities are reduced below current indicated levels.<br><br>Level of consent applications fall significantly. | Very low<br><br>Medium<br><br>Low | Little or no impact expected.<br><br>Significant reduction in the level of work completed or increased length of the project by a number of years.<br><br>Reduced financial support for transport and road safety activities within the Region |
| **9. REVALUATIONS OF ASSETS** | | | |
| For Long-term Plan purposes, estimates relating to the impact of the annual revaluation process on infrastructure assets have been estimated as being BERL inflation on infrastructure assets rates. We have taken the average of two rates (Earthmoving & Reclamation). Across the 10 years of this plan, the average rate is 2.2% per year. These revaluation adjustments have been profiled in Years 1-10. | There is a risk that actual movements in asset values do not match expectations. | Low | No significant financial impact as revaluations are adjustments between assets and reserves.<br><br>Any significant fluctuations would self-correct in the following 12 month period before the following revaluation occurs.<br><br>Horizon has also budgeted reasonable increases in |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| | | | insurance premiums over the life of the plan. This is based off previous increases and allows mitigation of larger than anticipated valuation increases of our infrastructure assets. |
| **10. FUNDS FOR ASSET REPLACEMENT** | | | |
| Infrastructure depreciation is currently unfunded by Horizons. Instead, Council chooses to fund a renewal reserve once debt repayment levels on that scheme is below the depreciation expenditure anticipated. Renewal reserves will not be sufficient to meet future asset renewal/ replacement expenditure, requiring some loan funding. | That the mix of rates, reserves and both internal and external loans is sufficient to meet future asset replacement needs.<br><br>That debt levels become too high, potentially constraining other capex spend, reducing scheme resilience and impacting levels of service. | Low to medium | How material this risk will prove to be depends on a range of factors. Those include increased depreciation requirements (e.g. depending on further quantification, some sections of stop bank 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.<br><br>Increased resilience in the schemes is expected as a result of the high levels of investment captured through the shovel ready and jobs for nature funding. This should reduce the frequency of asset renewal and replacement. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| | | | Experience in the management of these assets, together with the mixed source of funding, minimises any impact on the various schemes. |
| 11. CENTREPORT LIMITED SHAREHOLDING | | | |
| MWRC Holdings Limited currently hold 23.08% shareholding in CentrePort Limited, with the balance held by Greater Wellington. This shareholding generates an annual dividend to MWRC Holdings Ltd who in turn pay a dividend to Council.<br><br>We have assumed MWRC Holdings Ltd will retain ownership of this shareholding for this plan. | Council may decide to divest this shareholding, therefore reducing the potential investment revenue. | High | A decision to sell would require further public consultation.<br><br>Any sale would generate funds for reinvestment. |

## SECTION C – ASSET ASSUMPTIONS

These asset assumptions are also included in the Infrastructure Strategy.

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 1. INFRASTRUCTURE ASSET LIFECYCLE | | | |
| The predicted useful lifespans of assets are correct and kept relevant (in line with policies) through the entire lifecycle of the significant infrastructure assets. For details on our useful lives see our Statement of Accounting Policies on page 240. | That the actual lives are of a shorter duration than those assumed and that a significant event could shorten asset life. | Medium | There may be additional costs if asset conditions deteriorate faster than the projections used. |
| That our condition assessments will maintain a high level of confidence grading, giving confidence that our work plans are most appropriate for the condition and life cycles of our assets. | That our condition information grading deteriorates and Council cannot make informed decisions on asset renewals or works programmes. | Medium | There may be increased costs if the programme is not prioritised based on up to date asset information. |
| 2. CHANGE IN DEMAND FOR SERVICES | | | |
| The operational budgets for management of the River Management and Flood Protection Activity will be sufficient to meet demand for service, including the refinement as a part of the Long-term Plan of budgets to place more emphasis on maintenance and a reduction in the amount of budgets for reactionary work. | There is a risk that weather events combined with the reduced availability of funds for repair work creates increased demand for out-of- budget work that is not budgeted (including through availability of reserves). | Medium | There may be additional unbudgeted costs for delivery of unplanned work. |
| | There is a risk that the increased maintenance programme will not be able to be delivered within the resources available, as when the programme is rolled out there are insufficient staff or budget for the work programme, including budgets for obtaining permissions for the programme. | Medium | If less work is delivered than planned there may be savings. There may also be increased risk that could lead to additional costs. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 3. INSURANCE | | | |
| That insurance costs will increase by 20% per year for the first three years, 15% per year for years 4 to 10, 10% per year for years 11 to 20 and 5 percent per year for year 21 to 30. | The annual insurance cost increases are a mix of increases due to inflation, increases in the value of the assets insured previous, addition of assets to the schedule and increases due to increased risk and other factors in the insurance market. The assumptions used are based on the approximately 30% increase in the 2023-24 year, and market indications from the insurance company including via verbal conversations. | High | If the insurance cost increases are more or less than this there may be further budget required. Alternatively if they are lower the costs may not be as much. |
| That the current assets that are insured continue to be insured. | The infrastructure strategy signals a review of insurance that may result in reductions in the amount of insurance. | High | If Council chooses to reduce the amount of insured assets the insurance costs may reduce. |
| That Council continue to insure at the increased amounts for a single event and for the pooled insurance as per the resolutions in late 2023. | Council are consulting on insurance and may make changes as a result of feedback from the community.<br>The pooled insurance premium amounts are dependent on the number of other Councils purchasing this cover. If only a few Councils choose this type of cover the cost may be deemed too high. | High | Changes to forecast costs for insurance may be required due to the community feedback, confirmation of the costings for the increased insurance (which are currently estimates) and if the decision to add this insurance is changed due to the number of partner councils that choose to enter the arrangement. |
| That Horizons continues to insure the Whanganui North and South moles that Horizons do not own. | Horizons are working with Whanganui District Council around ownership, maintenance and insurance of the North and South Mole. This may result in Horizons no longer insuring the North and South Moles. Noting that if Horizons is continuing to complete construction on the moles, construction insurance may still be required. | High | Potential for reduced insurance costs for the Whanganui North and South Moles. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 4. WHANGANUI NORTH AND SOUTH MOLE OWNERSHIP | | | |
| That Horizons continues to complete maintenance and construction work on the North and South Moles and does not own these. | Horizons are working with Whanganui District Council around ownership, maintenance and insurance of the North and South Mole. These discussions could impact the way funds spent by Horizons are accounted for. As Horizons does not own the moles, the expenditure on the moles is considered an operational expense, rather than a capital expense. | Medium | If Horizons were to assume ownership of the Moles the expenditure on the moles would be able to be accounted for as a capital expense. |
| 5. CHANGES TO LEVELS OF SERVICE | | | |
| The levels of service required for River Management and Flood Protection Activity stay the same over the course of the Long-term Plan, with the exception of the upgrades proposed as a part of the capital works programme. | There is a risk that during the course of the Long-term Plan there is an increased demand for services e.g. more regular maintenance and/or a greater amount of repair work, or upgrades to levels of service than budgeted for. This risk is considered high, particularly if there are more frequent damage-causing events. | High | There is potential for further resourcing and staff and funding may be required to deliver work that is requested. This may mean financial budgets need to be adjusted via the annual planning processes during the course of the Long-term Plan. |
| | A further risk is that there may be a drop in demand for levels of service if costs for repairs and/or maintenance are considered unaffordable, or if the community chooses a reduced level of service. This could lead to asset retreat and lowering levels of service. | Medium | Some aspects of the work programme may not be continued, potentially resulting in savings. This may mean financial budgets need to be adjusted via the annual planning processes, during the course of the Long-term Plan. |
| The assumption in the Long Term Plan is that landowner arrangements will be acquired to enable works to go ahead within timeframes without budget provision for land arrangements. | There is a risk that costs related to arrangements for land access as part of capital programmes are significant. Costs may including legal processes, consultation, purchase, leases, compensation etc. | High | As land arrangements are identified, additional unbudgeted expenditure may be required. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| **6. CHANGES IN LAND USE AND POPULATION** | | | |
| Changes in population and land use will not significantly impact the programme over the duration of the Long-term Plan. | Changes in land use and population growth could impact the programme for example climate change and freshwater reform may drive land use changes in the primary sector and populations are projected to grow. There is a risk that land-use change and population changes may lead to requests for new levels of service. | Medium | Financial forecasts and programmes may have to change the amount of delivery or the way deliver in response to changes to land use. |
| That recent land-use changes in the region e.g. increased forestry will not impact the River Management and Flood Protection Activity | There may be elements of land-use change that have occurred where impacts on Horizons' programmes are yet to be fully realised and this could lead to additional costs for some programmes.<br>Alternatively, if prevailing land-use changes markedly, this may require large-scale reassessment of levels of service.<br><br>Issues around forestry slash have been significant issues in other regions during flood events, and there is no known work programme to identify the risk of this causing issues in this region. | Medium | |
| **7. CAPITAL PROGRAMME DELIVERY** | | | |
| That Council will complete 100% of planned annual capital works programme each year as part of the River Management and Flood Protection Activity. | Completion of the capital works programme requires the appropriate operational permissions, resourcing and often suitable weather conditions. Achieving this combination is not always possible, e.g. years where there are major storm events or regular high flow events during the usual summer construction season. | Extreme | The non-completion of capital programmes can have a flow-on effect to subsequent years, changing budget requirements and staffing requirements. There is potential that some projects will not be completed within anticipated timeframes, impacting on the ability to complete other projects.<br>There is also potential for increased costs |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| | | | due to: inflation if the projects are spread over additional years; and requirements for project changes if there are challenges to the way projects are proposed to be delivered. |
| That staff capacity will be sufficient to enable delivery of the capital programme. | The programme also relies on staff availability, which can be reduced when responding to weather events or new and unanticipated projects. Staff availability can also be impacted due to staff turnover in an environment with very little, if any, spare staff capacity. Staff can also be drawn away from the core work programme to other activity for Horizons and others, e.g. to provide expertise on issues such as policy development or to assist other organisations with their processes and projects. | Very High | If work is unable to be progressed due to staff capacity there may be savings in annual budgets and increases in future budgets due to work being deferred. Deferred work may have additional cost due to inflation. There may loss of government or other co-funding if contractual obligations are not met e.g. delivery within timeframes. |
| That Horizons as an applicant will obtain regulatory permissions within the planned budgets and timeframes for projects. | Experience shows that often when river and drainage projects are proposed there is some opposition to the work programme that can lead to delays or changes in the way the project is delivered. This can lead to delays and additional costs to get permissions. Regulatory processes and new legislation can lead to changes in project methodologies and additional costs. | Very High | There may be additional costs associated with obtaining permissions, or meeting requirements of existing or new regulatory requirements. |

## SECTION D – TRANSPORT ASSUMPTIONS

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| **1. FARES & REVENUE** | | | |
| We have assumed that fare and third party revenue have conservative growth:<br>▪ Fare revenue for 2024/25 is assumed to grow by 2% compared to 2023/24 level. This is followed by year on year growth of 2%<br>▪ Third party contributions from tertiary institutions are assumed not to grow, or are adjusted in line with inflation only.<br>▪ Revenue from Massey is assumed to remain at a consistent level.<br>Advertising revenue is assumed not to grow. | There is a risk that fare growth is slower than expected. This may be directly due to people's willingness to use public transport, or long-term changes to the number of people working from home.<br>Third party contributors such as Massey are looking at ways to save cost. This includes consideration of the funding they provide to deliver free travel to their students and staff. | Medium | Slower than expected fare growth will require increased rates funding to maintain the same level of service.<br>Levels of service are reduced due to decreased funding (say from Massey University for instance) |
| **2. SERVICE IMPROVEMENTS** | | | |
| We have assumed that where service improvements are planned, there will be an increase in fare revenue. The scale of the fare revenue increase will be dependent on the service improvements<br>. | There is a risk that fare growth is slower than expected. This may be directly due to willingness to use public transport, the attractiveness of new services or long-term changes to the number of people working from home. | Medium/high | Slower-than-expected fare growth will require increased rates-funding to maintain the same level of service, but with additional uncertainty from the impact of service improvements on patronage. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 3. CENTRAL GOVERNMENT FUNDING | | | |
| We have assumed that existing funding arrangements with central government will continue. Central government funds various transport activities to a subsidy of anywhere between 51-60% of the total cost. | Pressure on the National Land Transport Fund from other projects means governments reduces the level of funding available for existing activities. | For 2024-2027, where we already have contracts in place to support existing levels of service – low uncertainty<br><br>For future investment in improvement activities – high uncertainty | The level of funding available in the National Land Transport Fund is reduced.<br><br>Changes to these arrangements may require changes in Council's funding method to maintain levels of service, or a reduction in the levels of service provided. This change would trigger Council's Significance and Engagement Policy and require extensive community engagement. |
| 4. MANAWATŪ PASSENGER RAIL | | | |
| That the existing funding arrangements or the Capital Connection with KiwiRail will continue until the introduction of the new fleet and improved service levels. | Waka Kotahi may request Council to fund a greater portion of the Capital Connection through the transition to the new rolling stock. | High | Additional funding required for Capital Connection service.<br><br>The assumed levels of Government support are in line with other similar projects. |
| That central government will fund 90% of the capital cost of the lower North Island Rail Integrated Mobility.<br><br>That central government will fund 51% of the operating cost of the improved rail services on the Manawatū line | The procurement strategy and updated business case identifies higher than expected costs. | Medium | Higher costs or reduced Government support will require an increased regional government contribution, or a level of service lower than is proposed. |

| ASSUMPTION | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|---|---|---|
| 5. CONTRACTED PUBLIC TRANSPORT FLEET EMISSIONS | | | |
| We will meet current central government requirements that no new diesel vehicles will enter the fleet after 2025 and the fleet will be fully decarbonised by 2035. | Current central government requirements may change (level and/or timing). | Low | Changes to central government requirements may have an impact on contract arrangements resulting in an increase to the cost of providing the service. |

# Ngā rōpū a te kaunihera
# Statement on council controlled organisations

## WHAT IS A COUNCIL CONTROLLED ORGANISATION?

A Council Controlled Organisation (CCO) is an organisation where a council (or a number of councils) either directly or indirectly controls the organisation.[52] This control can be ownership of shares, voting rights or the power to appoint directors or trustees. Currently Council has three CCOs:

1. MWRC Holdings Limited;
2. MW LASS Limited; and
3. Regional Software Holdings Limited.

## SIGNIFICANT POLICIES FOR OUR COUNCIL CONTROLLED ORGANISATIONS

- Policy on Appointment and Remuneration of Directors
- Investment Policy
- MWRC Holdings Statement of Intent
- Regional Software Holdings Statement of Intent

[52] The definition of a Council Controlled Organisation is set out in Section 6 of the LGA 2002

## 1. MWRC HOLDINGS LIMITED

### Description and objectives

MWRC Holdings Limited is our investment holding company that manages Council's income-generating assets such as port investments, property rentals/developments and short-term cash investments. In addition, MWRC Holdings Limited manages a portfolio of New Zealand and international equities for Council.

The company was established in December 2009 with the objective of providing a commercial basis for the management of Council's medium and long-term investments. Investment in this company is provided for in our Investment Policy which can be found on our website www.horizons.govt.nz. 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.

### Nature and scope of activities

MWRC Holdings Limited is charged with commercially managing our medium to long-term investments, which currently comprise the following:

- To hold and manage the 23.08% shareholding in CentrePort Ltd.

- To hold manage the $3.67 million 28 North Street investment property.
- To hold manage the $25 million 17-23 Victoria Ave investment property.
- To hold manage the $1.1 million 7 Victoria Ave investment property.
- To hold manage the $0.8 million 184 Grey Street investment property.
- To hold manage the $2.0 million 40 Bowen Street investment property.
- To manage the $3.797 million Hobson Wealth investment as directed by Council with a focus on increased returns rather than capital growth assets. This investment is owned by Council but managed by MWRC Holdings Ltd.
- To operate within the developed process for identifying and evaluating potential investment opportunities in a non-political environment.
- To develop sound and prudent strategies and policies for its trading and capital intensive investments.
- To research and develop new investment opportunities that meet Council's objectives, which is to enhance the well-being of the region, provide a return per shareholder's requirements and match the risk profile of Council.

### Key performance targets

MWRC Holdings' current performance targets are set out in its 2024-26 Statement of Intent as shown below.

The targets are to:

- Operate within agreed budgets; and
- Maintain the following financial performance targets.

| | 2023-24 $000 | 2024-25 $000 | 2025-26 $000 |
|---|---|---|---|
| Net Profit/(Loss) Before Tax | 2,430 | 2,650 | 2,816 |
| Income Return on Total Assets[1] | 3.05% | 3.33% | 3.47% |
| Income Return on Net Assets excluding Investment in CentrePort | 6.56% | 7.22% | 6.79% |
| Dividend Payment (excluding subvention payments) | 2,049 | 2,226 | 1,110 |
| Debt Repayment | - | - | 1,500 |

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

## 2. 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, Rangitikei, 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% 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.

### Nature and scope of activities

The focus of the company is to provide benefit to Councils and their staff through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. Activities range from joint tendering projects to actually employing staff to more effectively run Council operations such as:

- Archives Central
- Debt Management Central

### Key performance targets

MW LASS is an "exempt organisation" under section 7 of the Local Government Act 2002. As such, it does not have performance measures and targets.

## 3. REGIONAL SOFTWARE HOLDINGS LIMITED

### Description and objectives

Regional Software Holdings Ltd was incorporated in 2012 by six Regional Councils (Waikato, Northland, Taranaki, Southland, West Coast and Horizons Regional Councils) to provide a high quality shared service for the regional council sector that delivers value to shareholders, customers and the sector. We own 15.5% of this company.

### Nature and scope of activities

RSHL provides a framework for collaboration across Te Uru Kahika. It supports the procurement or development of shared solutions in a manner that provides greater consistency in how we operate. RSHL provides a more cost effective alternative than individual councils can achieve on their own

RSHL activities are grouped as follows:

- IRIS Software Platform
- IRIS Next Generation Software Platform
- Environmental Monitoring and Reporting
- Regional Sector Office

Sector Financial Management System

### Significant policies and obligations on ownership and control

Council will retain its shareholding in Regional Software Holdings Ltd as long as it remains a user of the IRIS solution.

### Key performance targets

The performance of Regional Software Holdings Ltd can be judged against the following measures:

| | Measure | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Non-Financial | Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support.<br>Provide a summary of the survey results in the annual report, including performance against the baseline.<br>Survey results to be the same or better than the previous year. | Complete baseline survey | Complete survey.<br>Results to be better than previous year. | Complete survey.<br>Results to be better than previous year. |
| | Budgets for IRIS support and development are approved by the IRIS Advisory Group and Board by 30 June each year. Delivery within these budgets is effectively managed by the Advisory Group and the Chief Executive | Applies each year | | |
| | Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.<br>Revenue and Expenditure for SFMS Programmes are within budget, with any variations approved by the RCEOs.<br>Annual Survey of Programme Leads in relation to SFMS Management presented to RCEOs in June.<br>Survey results to be the same or better than the previous year. | Complete baseline survey | Complete survey.<br>Results to be better than previous year. | Complete survey.<br>Results to be better than previous year. |

| | Measure | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| | Effectively support the activities of the Te Uru Kahika through the Regional Sector Office.<br>Annual survey of RCEOs in relation to performance of the sector office presented to RCEOs in June.<br>Survey results to be the same or better than the previous year. | Applies each year | | |
| | Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager. | Applies each year | | |
| | Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services.<br>Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group. | Applies each year | | |
| Financial | RSHL will operate within approved budget, with any material variations approved by the relevant governance group.<br>RSHL Overheads – RSHL Board.<br>IRIS NextGen Programme – IRIS<br>NextGen Steering Group<br>IRIS Programme – IRIS Advisory Group<br>Sector Financial Management System – RCEOs Group | Applies each year | | |
| | Annual charges for shareholders and customers to be at the level approved by the relevant governance group. Based upon the approved operating budget and budgets.<br>RSHL Overheads – RSHL Board.<br>IRIS NextGen Programme – IRIS<br>NextGen Steering Group<br>IRIS Programme – IRIS Advisory Group<br>Sector Financial Management System – RCEOs Group | Applies each year | | |
| Growth | Monitor the regional sector and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL. | Applies each year | | |
| | Work with the Te Uru Kahika Network to develop shared service opportunities. | Applies each year | | |
| | Engage with councils in the regional sector to increase the scope of the usage of shared solutions.<br>The objective is to increase the number of councils using the solutions, and the breadth of the solution in use. | Applies each year | | |

# ANNUAL ADMINISTRATIVE CHARGES FOR THE YEAR ENDING 30 JUNE 2025

Pursuant to Section 36 of the Resource Management Act 1991, Section 243 of the Building Act 2004 and Section 150 of the Local Government Act 2002

## A. OVERVIEW

Section 36 of the Resource Management Act 1991 (RMA), Section 243 of the Building Act 2004 and Section 150 of the Local Government Act 2002 (LGA) 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 2024 to 2025. 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)

These charges are based on cost recoveries specified in this Annual Plan. Projected recoveries for 2024-25 are $2,281,477 for consents processing, $1,858,408 for all compliance monitoring charges, and $2,571,137 for contributions from resource users to research and science programmes.

Two statutes guide the Council in setting its administrative charges: the Revenue and Financing Policy prepared under the Local Government Act 2002 (LGA), and the criteria in Section 36 of the RMA. The matters to be considered under both Acts are similar and can be briefly summarised as follows.

### Matching costs to benefits

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

In setting its charges, the Council also considers one further principle.

### Equity

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

## B. RESOURCE CONSENT PROCESSING CHARGES

The RMA enables Council to recover all reasonable costs incurred in respect of particular activities to which the charge relates. These costs are largely

associated with (but not limited to) the receiving, processing, granting and monitoring of resource consents, as well as the change or cancellation of conditions, reviews, certificates of compliance and deemed permitted activities (DPAs).

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

- Council's policy is to recover from applicants, 100 per cent of the actual and reasonable costs of receiving, processing and granting resource consent applications and their subsequent administration and monitoring. It should be noted that some community-based applications (excluding territorial authorities) will, at the sole discretion of Council, not be charged with the full cost of processing consents
- Council's policy is to recover its actual and reasonable costs associated with monitoring compliance of resource consents
- Council officers are available to assist with queries before a resource consent application is lodged. There is no charge for the first hour of pre-application assistance. After the first hour, Council's policy is to charge for this service, and
- In accordance with the Resource Management (Discount on Administrative Charges) Regulations 2010, where Council fails to process resource consent applications, including applications seeking to change or cancel conditions under Section 127 within statutory timeframes, Council will provide a discount of 1 per cent per day, up to a maximum of 50 working days. Council does not have to provide a discount in relation to applications seeking to extend lapse dates under Section 127 as this is not provided for under these Regulations.

When dealing with applications under the RMA, including, among others, consent applications, applications seeking to vary consents or initiating consent reviews, applications for certificates of compliance, existing use and DPAs, requests under Section 100A of the RMA and objections pursuant to Section 357AB of the RMA, Council will recover costs via a combination of fixed charges (as initial deposits), which are detailed below; and additional charges where the initial deposit is insufficient. The deposit is set by reference to the average costs for processing various consent types, whilst the additional charges are recovered on the basis of the hourly rate of the staff involved. These hourly rates are determined using actual employment costs plus a factor to cover administration and operating costs in receiving, processing, granting and monitoring resource consents. A similar approach is taken to compliance monitoring charges, as detailed later in this section.

### Application Charges

Section 36(1)(b) of the RMA enables Council to recover from applicants, its actual and reasonable costs in carrying out its functions in relation to the receiving, processing and granting of resource consent applications (including consent variations, certificates of compliance and existing use certificates). Council is also permitted, under Section 36, to recover its costs associated with various activities including, for example, resource consent reviews (Section 36(1)(cb) and issuing notices for DPAs (Section 36(1)(ae).

Application charges involve payment of an initial fixed deposit (minimum application fee) at the time an application is lodged with Council. Where an application is to be limited or publicly notified, a further fixed deposit is required to be paid to Council one week prior to notification occurring. In instances where the total cost of processing an application is not fully covered by the fixed deposit(s), an additional charge(s) will be made under Section 36(5) of the RMA to recover the actual and reasonable costs incurred by the Council in carrying out its statutory functions.

Unless the initial fixed deposit(s) are paid in full when applications are first lodged and/or when additional charges for limited notified or fully notified consents are required, Council reserves its right under Section 36AAB(2) of the RMA to suspend processing an application until the charge has been paid.

### Fixed initial deposits for applications

The following tables set out the fixed initial deposit amounts for various types of activities, payable on lodgement of application. As set out above, if the application is to be limited or publicly notified, a further fixed deposit will be required one week prior to notification occurring – see below for details as to the fixed initial deposits for notified consent application processes.

| Activity type | Fixed Initial Deposit GST Inclusive |
|---|---|
| **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 (e.g. earthworks, vegetation clearance and land-based gravel extraction) | $920.00 |
| Use or disturbance of land and vegetation clearance – infield consents | $200.00 |
| Land disturbance and vegetation clearance associated with forestry activities (including activities that require consent under the NES-CF) | $920.00 |
| Activities associated with the NES-FW | $940.00 |
| | |
| **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. NES-CF refers to the Resource Management (National Environmental Standards for Commercial Forestry) Amendment Regulations 2023.
2. NES-FW refers to the Resource Management (National Environmental Standards for Freshwater) Regulations 2020.
3. Administrative conditions include monitoring and reporting requirements. All other conditions relate to avoiding, remedying or mitigating adverse effects on the environment (e.g. water quality standards, construction methodology, maintaining environmental flows etc.).
4. Resource consent reviews initiated by Council will take place regardless of whether the consent holder pays the initial fixed deposit or not. The consent holder will be liable for the actual and reasonable costs incurred at the end of the review.

### Further fixed deposit for notified applications

If an application is required to be limited or publicly notified, the Council will require a further fixed deposit as set out below. This deposit is in addition to the initial fixed deposit. The further fixed deposits also apply to applications

lodged seeking to vary conditions of a consent or a review of conditions initiated by Council.

| Notification type | Further Fixed Deposit GST Inclusive |
|---|---|
| Limited notification | $7,500.00 |
| Publicly notified (full notification) | $20,000.00 |

### Hearing by a commissioner if requested by applicant or submitter

Section 36(1)(aa) and (ab) enables Council to set charges in the event an applicant or submitter makes a request in writing, pursuant to Section 100A of the RMA that Council delegate its functions, powers and duties required to hear and decide an application to one or more hearing commissioners who are not members of Council. In the event this occurs, a fixed preliminary deposit, as detailed below, is required to be paid to Council upon the request being made pursuant to Section 100A of the RMA. Where fixed preliminary deposit is insufficient, then actual and reasonable costs will be recovered from the applicant or submitter in accordance with Section 35(6), and as detailed in the Schedule of Additional Charges. The charge detailed below is to be paid to Council upon the request being lodged with Council.

| Hearing by a commissioner if requested by applicant or submitter | Fixed Preliminary Deposit GST Inclusive |
|---|---|
| Hearing by a commissioner if requested by applicant or submitter. | $5,000.00 |

### Objections

Section 36(1)(af) of the RMA enables Council to set charges when considering an objection under Section 357A(1)(f) or (g) if a person requests under Section 357AB that the objection be considered by a hearing commissioner. In the event this occurs, a fixed preliminary deposit as detailed below is required. In the event costs exceed this amount, actual and reasonable costs will be recovered from the applicant under Section 36(5), and as detailed under the Schedule of Additional Charges. The charge detailed below is to be paid to Council upon the request being lodged with Council.

| Objections under section 357(1)(f) or (g) | Fixed Preliminary Deposit GST Inclusive |
|---|---|
| Objection | $5,000.00 |

### Direct referral

Where an application is to proceed via direct referral to the Environment Court, all actual and reasonable costs incurred by Council up until formal referral to the Environment Court, will be recovered from the applicant under Section 36 of the RMA. All costs incurred after that will be recovered by agreement with the applicant or by way of application to the Environment Court under Section 285 of the RMA.

*Notes*

1. 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.
2. 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.
3. 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.
4. Where the initial deposit exceeds the actual and reasonable costs, the difference will be refunded to the applicant.
5. 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.
6. 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.

7. 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.
8. Mileage will be charged at the applicable Inland Revenue Department rate, when the travel is incurred. In relation to staff travel time, each visit may only be charged to a maximum of 2 hours per visit. This ensures those consent applicants or consent holders who are located in remote locations are not unduly penalised.
9. 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.
10. These charges shall come into effect on 1 July 2024 and remain in effect until 30 June 2025.

## 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 |
|---|---|
| Consents Administrator | $75 |
| Consents Monitoring Officer | $90 |
| Consents Planner | $109 |
| Senior Consents Planner | $121 |
| Senior Communications Advisor | $116 |
| Team Leader Consents | $142 |
| Team Leader Compliance | $142 |
| Scientist | $115 |
| Senior Scientist | $140 |
| Rural Industry Advisor | $130 |
| Freshwater & Partnerships Manager | $175 |
| Investigations & Design Manager | $175 |
| Regulatory Manager | $175 |
| Group Manager | $250 |
| Commissioner | At Cost Plus Disbursements |
| Hearings Committee Chair and Members | At Cost Plus Disbursements |

## Other charges

| Descriptor | Charge Rate GST Exclusive |
|---|---|
| Pre-lodgment checking and advice (first hour) | $0.00 |
| Pre-lodgment 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 |

| Descriptor | Charge Rate GST Exclusive |
|---|---|
| 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.

Under Section 150 of the LGA, where Council receives a complaint about a person or organisation carrying out an activity that does not comply with the RMA, and that person is subsequently found to be non-compliant, Council will charge that person or organisation for the cost of any inspection it undertakes in relation to that activity. An initial minimum charge of $194 excl. GST will apply to all incidents inspected which covers travel time, inspection time, identification of relevant parties and any follow-up administration (e.g. entering outcomes into database, follow-up correspondence, etc).

Any additional charges will only be made to cover actual and reasonable costs from the person or organisation who is found to be non-compliant with the RMA.

Apart from those activities listed in the fixed schedule of charges below, annual costs associated with monitoring resource consents, and any NES, will be recovered via a combination of a fixed annual preliminary charge (as a deposit) and additional charges where the initial charge is insufficient, based on:

- Staff time multiplied by the chargeable hourly rate identified in Schedule of Charges, plus disbursements (such as specialist advice).

The fixed annual preliminary charge accounts for costs associated with the first compliance assessment, with any further time to undertake the total annual monitoring activity recovered through additional charges based on actual and reasonable costs. Additional charges (over and above the annual preliminary charge) will also account for extra compliance monitoring (including site visits, sampling, assessment, reporting and follow up processes), which is required as a result of non-compliance with consent conditions.

In the event consultants are required to assist in monitoring compliance, the costs associated with this will be recovered from the consent holder, at cost plus disbursements.

Council has added a new charge of $750 excl. GST per water meter location/data-set, which will cover all activities relating to the water use consent including consent administration, validation visits, fault repairs, telemetry and data management, asset depreciation, website and live data access for consent holder connections, along with Central Government annual data supply and reporting.

## 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 |
| Monitoring required under Resource Management (Measurement and Reporting of Water Takes) Amendment of Regulations 2022 or as a condition of consent. | $862.50 |

## 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 |
| 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 (e.g. 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 (e.g. earthworks, vegetation clearance, land-based gravel extraction and quarry operations) – earthworks activities that have a low risk of discharging into receiving environment | $429.00 |
| Land disturbance, vegetation clearance and other activities associated with forestry activities (including activities that require consent under the National Environmental Standard Production Forestry) | $429.00 |
| Major discharge of stormwater – Category 1 and Category 2 discharges | $1,043.00 |
| Minor discharge of stormwater – Category 3 and Category 4 discharges | $225.00 |
| Works in beds of rivers or lakes, including gravel extraction and construction of culverts, bridges and fords | $225.00 |
| Activities Permitted by a National Environment Standard | |
| National Environmental Standard for Commercial Forestry (NES-CF)* | $429.00 |
| National Environment Standard for Freshwater (NES-FW)** | $224.00 |
| National Environmental Standards for Storing Tyres Outdoors (NES-STO)*** | $224.00 |
| Other Activities | |
| Covers activities that require resource consent that do not fit within the consent activities above, but which may have | $429.00 |

| Activity type | Fixed Annual Preliminary Compliance Charge GST Inclusive |
|---|---|
| environmental effects and will require some supervision and monitoring by Council | |

*The NES-CF specifies which activities councils may charge for through Regulation 106, These activities relate to earthworks (Regulation 24), river crossings (Regulation 37), forestry quarrying (Regulation 51) and harvesting (Regulation 63(2)).

**The NES-FW provides for recovery of costs for monitoring of permitted activities under Part 4 of the NES-FW.

***Section 16 of the NES-STO provide for the recovery of costs for monitoring of permitted activities.

### Annual consents administration charge

The resource consent annual administration charge fee of $50 excluding GST per consent, contributes to the costs Council incurs in undertaking its consenting, monitoring and administrative functions required under the RMA. This includes maintaining consent and compliance information, reviewing annual charges and ensuring information on our databases and files is accurate and current. This charge is the same for all categories of resource consent.

Annual charges apply to all current resource consents.

The charges apply regardless of whether the consent is being monitored or used. The reason being the consent holders either actively use their resource consents and derive direct private benefit from that use, or if they are not, are reserving the right to use a resource or carry out an activity, which in turn may limit others from holding similar resource consents. If a consent holder is not using a consent and does not wish to pay charges, they have the option of surrendering their resource consent. This is provided for under section 138 of the RMA.

## D. RESEARCH AND MONITORING CHARGES

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

### Overview of charging policy

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

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

### Schedule of charges

### Charges for surface and groundwater takes

| Standard Charges | |
|---|---|
| Water Quantity Environmental Monitoring Base Charge | $32.05 |
| Water Quantity Environmental Monitoring (based on maximum daily rate) | $0.75 per $m^3$ |
| Non-domestic Power Schemes | |
| Draw and Discharge or Abstract less than 0.05 $m^3$/second | Nil |
| Draw and Discharge or Abstract between 0.05 - 0.2 $m^3$/second | $232.75 |

| Hydro Electricity Power Scheme Fixed Charges | |
|---|---|
| KCE Mangahao Limited | Mangahao – $11,920 |
| Genesis Power Limited | Tongariro Power Development – $46,685 Plus additional costs for specific projects as per the Schedule of Administrative Charges. |
| NZ Energy Limited | $2,147 |
| KCE Piriaka | $11,920 |
| **Other Permits** | |
| Other holders of permits | A charge of $32.05 plus $0.75 per cubic metre authorised as a maximum daily take. |

| Land Use Permits (fluvial resources/gravel extractions) | |
|---|---|
| Holders of land use consents to remove gravel* | $0.45 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 | 2024-25 Annual Fee |
|---|---|
| AFFCO Feilding | $6,208 |
| Fonterra – Longburn | $4,070 |
| Horowhenua District Council | $2,035 |
| Manawatū District Council | $28,229 |
| NZ Defence Force | $10,554 |
| Palmerston North City Council | $8,912 |
| Rangitīkei District Council | $30,667 |
| Riverlands Manawatū | $5,200 |
| Ruapehu District Council | $30,638 |
| Scanpower | $6,586[1] |
| Winstone Pulp | $5,616 |

[1] Charged at 50% if the currently contracted monitoring continues.

| Consent Monitoring (Contracted) | 2024-25 Annual Fee |
|---|---|
| Tararua District Council | $55,803 or as contracted |

| State of Environment Monitoring and Research Type and Quantity | 2024-25 Annual Fee |
|---|---|
| Discharge to Land <25 m3/day | $267 |
| Discharge to Land 25 to 50 m3/day | $356 |
| Discharge to Land 50 to 100 m3/day | $535 |
| Discharge to Land 100 to 200 m3/day | $713 |
| Discharge to Land 200 to 1,000 m3/day | $2,380 |
| Discharge to Land 1,000 to 10,000 m3/day | $2,677 |
| Discharge to Land >10,000 m3/day | $2,975 |
| Discharge to Water <25 m3/day | $535 |
| Discharge to Water 25 to 50 m3/day | $713 |
| Discharge to Water 50 to 100 m3/day | $1,070 |
| Discharge to Water 100 to 200 m3/day | $1,427 |
| Discharge to Water 200 to 1,000 m3/day | $4,760 |
| Discharge to Water 1,000 to 10,000 m3/day | $5,355 |
| Discharge to Water >10,000 m3/day | $5,950 |
| Unspecified Volume Discharge | $2,975 |
| Land Fill – High Impact | $5,920 |
| Land Fill – Medium Impact | $893 |
| Land Fill – Low Impact | $297 |

- Categorisation of landfills as 'high', 'medium' or 'low' impact takes into account key factors regarding the site and its operation are taken into account. These include, but are not limited to, site risks, pathways for contamination and the nature of the receiving environment.

*Notes:*

1. All charges are payable on request.
2. These charges shall come into effect on 1 July 2024 and remain in effect until 30 June 2025. These charges are reviewed annually for each Annual Plan and are likely to increase in line with increased costs.
3. 3In 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 $32.05.
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:

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) | | |
| Large Value Dam (above $100,000) | $1,000 | $1,000 |
| Medium Value Dam ($20,000 to $99,999) | $750 | $750 |
| Small Value Dam ($0 to $19,999) | $500 | $500 |
| Dam Building Consent and Certificate of Acceptance *[1] | | |
| Large Value Dam (above $100,000) | $4,000 | $4,000 |
| Medium Value Dam ($20,000 to $99,999) | $2,000 | $2,000 |
| Small Value Dam ($0 to $19,999) | $1,000 | $1,000 |
| *[1] The charges associated with building consent applications are those that are directly applied by Waikato Regional Council (WRC) as these functions have been transferred to WRC. It is therefore advised to contact WRC (www.waikatoregion.govt.nz) to check building consent application charges and charge-out rates. Please note that building consents incur BRANZ and Department of Building and Housing levies. These are payable to WRC | | |
| Building (Dam Safety) Regulations 2022 Dam safety is administered and invoiced by Horizons. | | |
| Lodge dam potential impact category | $200 | $200 |
| Review dam safety assurance programme | $400 | $400 |
| Lodge annual dam safety compliance certificate | $200 | $200 |
| Policy implementation – dangerous dams, earthquake-prone dams and flood-prone dams | $200 | N/A |
| Amendment to compliance schedule | $100 | N/A |
| 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 84) 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

The following charges are made pursuant to Sections 103(2) of the LGA and are payable by campers at the Totara Reserve.

### Overview of charging policy

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

a. Council's policy (as outlined in the Revenue and Financing Policy) is to recover from campers more than 30 per cent of the costs of running the Totara Reserve Camp.

### Schedule of charges

| Camp fees | |
|---|---|
| Powered site: | $40.00 (for two people) plus $7.50 per person per night |
| Non-powered site: | $22.50 (for two people) plus $7.50 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 2024 and remain in effect until 30 June 2025.
3. All charges are inclusive of GST.

## G. OTHER ADMINISTRATIVE CHARGES

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

### Schedule of charges

| | |
|---|---|
| Application for the preparation of a plan | A deposit of $1,000 or the actual and reasonable costs of notification, whichever is the greater. |
| Application to change a policy statement or plan | A deposit of $600 or the actual and reasonable costs of notification, whichever is the greater. |
| Information for general education/public use and normal public enquiries | No charge for first half hour or 20 A4 photocopies. Beyond that, actual and reasonable costs may be charged. |
| Information for planning, technical and commercial purposes | Actual and reasonable cost recovery. |

| Photocopies | Black and White | Colour |
|---|---|---|
| A4 single sided | 10c per page | 60c per page |
| A4 double sided | 20c per page | $1.20 per page |
| A3 single sided | 20c per page | 80c per page |
| A3 double sided | 40c per page | $1.60 per page |
| A2 single sided | $14.00 per page | Not available |

Copying charges are GST inclusive and should be paid immediately by cash or eftpos. 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 84.
2. These charges shall come into effect on 1 July 2024 and remain in effect until 30 June 2025.
3. In accordance with Section 13 of the LGOIMA, a deposit for part of a charge for Council information may be sought in advance of a request being actioned.
4. In making these charges, the Council has had regard to the criteria set out in Section 36 of the RMA, and the practice guides accompanying the LGOIMA.
5. All charges are exclusive of GST.

# SIGNIFICANCE AND ENGAGEMENT POLICY 2023

## 1 Purpose

a) To provide clear guidance on determining the significance of matters for Council decision.
b) To inform the community about how they can expect to be engaged in Council's decision-making processes.

## 2 Background

Section 76AA of The Local Government Act 2002 (LGA) requires Council to have a policy on significance and engagement that sets out:

- the general approach it takes to determining the significance of an issue or decision,
- the criteria and procedures used for determining significance, and
- what the community can expect in terms of consultation and engagement on matters with different degrees of significance.

## 3 What does "significance" mean?

'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 considered 'significant'.

The LGA defines significance (in the context of local government decision making) as "the degree of importance of the issue…in terms of its likely impact on, and likely consequences for,—

a) the current and future social, economic, environmental, or cultural well-being of the district or region:
b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:
c) the capacity of the local authority to perform its role, and the financial and other costs of doing so."

The LGA states that an issue is "significant" if it has a "high degree of significance.

## 4 Assessing Significance

**a) Approach**

Assessing the level of significance of a decision is essentially a matter of judgment.

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. (See also Appendix 1 – Implementation of this Significance and Engagement Policy.)

**b) 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.

I. The number of people who may be affected
II. The potential impact on any affected person or persons
III. Whether the matter has a history of wide public interest in the region, or is likely to generate considerable public interest
IV. Whether the decision is permanent or can be reversed, such as the potential impact on the environment
V. Whether the decision involves a strategic asset
VI. Whether the decision is likely to be of high interest to Māori (see also section 5(c))
VII. The impact the decision will have on Council's resources and/or future direction
VIII. Financial consequences to Council
IX. Alignment with Council's vision and community outcomes
X. Alignment with Council's policies and plans

**c) 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.

# 5 Engagement

**a) Statutory Requirements**

The LGA sets out several requirements of councils in relation to community engagement:

- Section 78 – That Council consider the views of those likely to be affected by or to have an interest in its decisions.
- Section 82 – That Council gives effect to the principles of consultation. These principles relate to ensuring that the community has the information, and the opportunity, to engage in Council's decision making processes, and that those processes are transparent.
- Section 83 - Special Consultative Procedure (SCP). In certain cases, the Act requires councils to use a prescribed process for consultation. This process relates to the presentation the consultation information.

**b) Approach**

In general, decisions and proposals assessed as significant will be part of statutory long-term planning processes and will be assessed against Horizons' strategic objectives. Therefore, community engagement on these matters will usually be included within the Long term Plan's special consultative procedure.

For matters that are assessed as being significant, Council will use one or a combination of engagement methods (see Appendix 2: Levels and methods of engagement - IAP2 Public Participation Spectrum). Generally, 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.

The choice of engagement methods will depend on a range of factors including:

- The size, location and characteristics of the communities that will be affected by the decision
- The communities' preferences for engagement
- What is already recorded about the communities' views and preferences

- The degree of significance the matter is assessed as having
- The criteria that were relevant in that assessment
- The circumstances in which the decision is to be taken or the issue arose
- The cost of the method relative to the significance of the matter, and
- Whether there is good reason under the provisions of Part 1 of the Local Government Official Information and Meetings Act 1987 to withhold information.

Matters assessed as low significance will be decided by Council or delegated to Horizons' officers or a Council committee. Communities or affected individuals will be informed about these decisions and their implementation either directly, through existing communications channels, or in some cases publications like the Annual Report.

**c) Engagement with Māori**

The Local Government Act 2002 requires us to provide opportunities for Māori to contribute to our decision-making processes. To meet this, we will:

- recognise the enduring presence, aspirations, and cultural practices of Māori as kaitiaki in the region,
- actively consider the recognition and protection of Māori rights and interests within the region and how we contribute to the needs and aspirations of Māori,
- where a decision relates to land or a body of water, take into account the relationship of Māori, and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga,
- recognise the entities and governance frameworks established by treaty settlement legislation and the intent of that legislation,
- establish and maintain processes to provide opportunities for Māori to contribute to our decision making processes, including collaborative and partnership approaches where appropriate,
- support Māori to fully engage with us, for example through capability and capacity building,
- build ongoing relationships with Māori through a range of approaches that enables:
  - early engagement with Māori in the development of appropriate plans and policies,
  - Māori to guide how they want to engage with the council.

For the purposes of this policy, 'Māori' will usually refer to mana whenua and other iwi with a recognised interest in an area.

**d) When Council may choose not to consult**

There are times when Council will not normally consult with the community because the issue is routine, operational or because there is an emergency. These may include:

- Emergency management activities, such as during a state of emergency
- Decisions that have to be made urgently where it is not reasonably practicable to consult
- Decisions to act where it is necessary to comply with the law
- Decisions that are confidential or commercially sensitive as prescribed under the Local Government Official Information Act 1987
- Organisational decisions (such as staff changes and operational matters) that do not materially reduce a level of service

- Decisions with regard to regulatory and enforcement activities
- Procurement and tendering processes
- Standards set by National Policy Statements
- Any decisions that are made by delegation or sub delegation to officers
- Where the matter has already been addressed by Council's policies or plans, which have previously been the subject of consultation
- Where there is not yet enough of an evidence-base to justify meaningful engagement
- Minor administrative changes to documents

Some decisions made by Council are bound by legislation. In these situations, Council must follow the law and cannot use a flexible consultation process with the community.

# 6 Strategic Assets

Strategic assets are defined in the LGA as being those that need to be retained to maintain a local authority's capacity to achieve the outcomes it determines are important to the current or future wellbeing of its communities. The definition specifies that some assets, such as equity securities in a port company, are strategic.

The assets Horizons considers to be strategic are:

I. 23.08 per cent shareholding in CentrePort Ltd, and
II. River and drainage schemes taken as a whole but not any specific part of the asset group

Horizons' holdings include other assets that do not meet the definition of 'strategic asset' in the LGA. Decisions regarding those assets may be considered significant.

# 7 Policy Review

This policy will be reviewed at least every three years, or as required.

# 8 Attachments

## 8.1 Attachment 1 – Implementation of the Significance and Engagement Policy

1. Internal guidance on making a significance assessment is available to Council officers.
2. The relevant Council officer will make an assessment of significance (in accordance with this policy) on the matter for consideration.
3. Once an assessment has been made, this will be reviewed by the Executive Team.
4. Reports to Council and standing committees include a section on the significance of the matters raised in that report. An explanation of the significance assessment will be provided in the report.
5. If the decision or proposal is considered to be significant, the report will also include recommendations for engagement in accordance with section 5 of this policy.
6. The recommended resolutions in the report will ask the Council (or committee) to
   a. confirm or modify the significance assessment, and
   b. confirm or modify the engagement recommendations.

# 8.2 Attachment 2 – Levels and methods of engagement - IAP2[53] Public Participation Spectrum

| Level | Inform | Seek Feedback | Involve | Collaborate | Empower |
|---|---|---|---|---|---|
| **Goal** | To provide affected communities with balanced and objective information to assist them in understanding the problems, alternatives or solutions. | To obtain input or feedback from affected communities about our analysis, alternatives and/or proposed decisions. | To work directly with affected communities throughout the process to ensure their issues and concerns are consistently understood and fully considered in Council's decision making. | To work closely with affected communities to develop alternatives and recommend preferred solutions. | To place final decision making in the hands of affected communities. |
| **Promise to the Community** | Council will keep you informed and advise you of the decisions it makes. | Council will keep you informed and listen to and acknowledge your concerns. Council will provide reasons for the decision making. | Council will work with you to ensure your concerns and issues are directly reflected in the alternatives developed. Council will provide feedback about how your input influenced the decisions it made. | Council will work with you to formulate solutions and incorporate your advice and recommendations into the decisions it makes to the maximum possible extent. | Council will implement what you decide. |
| **Types of issues we have used this for** | • Annual Report<br>• Annual Plan | • Long-term Plan<br>• Environmental issues (Plan Change 2 to the One Plan)<br>• Public transport<br>• Flood control and drainage | • Our Freshwater Future | • Te Kōpuka nā te Awa Tupua<br>• Ngā Wai Tōtā | • Council elections |
| **Tools we might use** | • Websites<br>• Information flyer<br>• Public notices<br>• Social media<br>• Public signage | • Formal submissions and hearings<br>• Social media and online tools<br>• Surveys<br>• Focus groups | • Hui<br>• Workshops | • External working groups (with community experts)<br>• Co-governance forums | • Council elections<br>• Binding referendums |

[53] International Association for Public Participation

| Level | Inform | Seek Feedback | Involve | Collaborate | Empower |
|---|---|---|---|---|---|
| **When Communities can expect to be involved** | Council would generally advise the community once a decision has been made. | Council would advise the community once a draft decision is made and would generally provide the community with up to four weeks to participate and respond. | Council would generally provide the community with greater lead-in time to allow them time to be involved in the process. | Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered. | Council would generally provide the community with a greater lead-in time, to allow them time to be involved in the process, typically a month or more. |

horizons
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