



WANGANUI



Horizons Regional Council Draft Community Plan 2009 - 2019

DRAFT COMMUNITY PLAN
2009-2019

CONFIDENTIAL

FOR YOUR INFORMATION ONLY

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Message from the Chairman and Chief Executive

It is just three years since our last round of consultation for a Long-term Council Community Plan (Community Plan) but the current economic landscape has changed dramatically.

In 2006 we talked to you about some new and exciting business. It was the year that ground-breaking projects such as the Green RIG, the Sustainable Land Use Initiative (SLUI) and the One Plan came to life. Today, in 2009, these projects are a fundamental part of our business but even they have come under intense scrutiny in our effort to produce a very conservative budget.

Our Community Plan 2009-19 is a direct reflection of the national and global economic conditions in which we find ourselves. It shows a concentration on some of our core responsibilities – water quality, flood protection, sustainable land use and transport – and a reduction in service over a number of key projects such as pest management and biodiversity. The fundamental criteria in deciding which part of the business stayed and which went, came down to those where not maintaining the current level of service would be more damaging than any reductions. In such cases, we believe we cannot compromise.

The result of deliberations by management and councilors is that we are proposing an overall rates increase of 4.66% in 2009-10, 8.50% in 2010-11, and 7.85% in 2011-12. These rate increases are higher than predicted inflation but allow for significant increases in levels of service, particularly in our SLUI, information and river and drainage activities. From 2012-13 to 2014-15 rates are forecast to increase around the rate of inflation (2.5-3.5%) due to levels of service being held constant. From 2015-16 rate increases are predicted to be around -1.0 to 2.5% as the completion of major river and drainage Scheme work will result in lower Scheme rate requirements, which will bring down the overall increase in total rates.

We have worked hard to propose a programme of work that shows responsibility to our communities and acknowledges the financial hardship many are experiencing. To do this we have had to consider some challenging questions. What is our absolute core business? How do we maintain our priorities as a customer-focused council while cutting back on our levels of service? How do we cut costs but still remain true to our key responsibilities, such as managing the environment and mitigating risks? Each of these questions, and countless others,

has been approached with the same attitude – that we can apply our expertise but then it is up to our communities to decide what is best for them and their Region.

So, what do we have for you to consider through this planning process?

We are suggesting spending approximately \$29.354 million across our organisation in 2009-10, the first year for this Community Plan. This amount will enable us to keep rate increases to marginally above the projected level of inflation. We have also endeavoured to keep costs to our communities affordable in subsequent years covered by this plan. In light of this positively frugal approach, we have some key areas of change.

The upgrading of various river scheme works in the Region remains of high importance and, as a result, our major single item of expenditure over the life of this plan is \$40 million of flood protection upgrade work proposed for the Lower Manawatu Scheme (LMS). We propose to fund this through a combination of loans, repayable over 30 years, and rates. Twenty percent of the rating component will be from the Region as a whole via the General Rate and the balance from properties covered by the Scheme rating classifications, whether as contributors to the flood risk or as beneficiaries of the flood protection.

Since we set out details of our Sustainable Land Use Initiative (SLUI) in our 2006-16 Community Plan, we have made good progress, and have enjoyed significant support from Central Government, our farming community and our ratepayers. However, we acknowledge that the upper limits of the UAC funding proposed in former Plans would become too burdensome for our ratepayers and we have revised the SLUI programme. As a result, we are proposing to extend the timeframe to reach our targets for farm coverage from 10 years to 15 years, to 2020. Because we will be preparing and implementing fewer Whole Farm Plans each year, there will be a significant reduction in the annual funding requirement during the life of the programme.

The One Plan continues to be fundamental to our business and we are extremely proud of how this ambitious project is progressing. Under this Community Plan we are proposing the completion and implementation of the One Plan over the next three years. With completion

of the One Plan targeted for the 2010-11 financial year, the total cost spent from reserves for the One Plan (including 2007-08 and 2008-09) will be approximately \$5.77 million. We are proposing to repay to reserves an amount of \$4.16 million over the 10-year life of this plan, using a table mortgage to ensure transparency.

After debating whether to continue providing funding to the Animal Health Board (AHB) to assist its Tb control work in our Region, we have proposed allocating \$400,000 for 2009-10 (a reduction on our \$500,000 contribution for the 2008-09 year), but to make no further annual funding provision for subsequent years covered by this Community Plan. This decision is in line with the approach taken by other regional councils who contribute to AHB funding. It also reflects our expectation that major changes in national arrangements for possum control will emerge from a review by Central Government in 2009-10.

Finally, in recognition of the importance of information as a key asset of our organisation, this Community Plan sees the introduction of a new Information Activity which brings together related staff functions and systems that previously sat within different departments and with different reporting lines.

Substantial information projects are proposed for both Geographic Information Systems (GIS) and our business systems (through the Integrated Regional Information System (IRIS) project), in conjunction with other regional councils. These will result in higher operational and capital spending, funded through an increase in the General Rate.

Getting to the stage of approving this Community Plan for consultation has been a difficult balancing exercise for management and your Councillors. We have had to weigh our responsibilities to the environment and our communities against the increasingly grim picture that has emerged of global economic slowdown and its inevitable impact on our country and our Region. We are confident that what we are proposing is a reasonable approach given that the current economic downturn is unprecedented in the lifetime of this Council, and no-one is able to predict with any certainty how long it will last or how deeply it will affect the Region. However, we did not lose sight of the need for us to be in a position to respond by stepping up our programmes of work when the economy improves and we believe our budgets provide for this eventuality.

Please consider the proposed programmes in this document, especially those that are major new initiatives or require an increased budget. At this draft stage it is important to remember that all the projects in our draft Community Plan are proposals. We are asking for comments on the different options we are suggesting and changes can be made as a result of what you say through your submissions.



A handwritten signature in black ink, appearing to read 'Garrick Murfitt'.

Garrick Murfitt
CHAIRMAN



A handwritten signature in black ink, appearing to read 'Michael McCartney'.

Michael McCartney
CHIEF EXECUTIVE