

I hereby give notice that an extraordinary meeting of Horizons Regional Council will be held on:

Date: Tuesday, 21 July 2020
Time: 10.00am
Venue: Tararua Room Horizons Regional Council
11-15 Victoria Avenue
Palmerston North

EXTRAORDINARY REGIONAL COUNCIL AGENDA

MEMBERSHIP

| | |
|---------------------|------------------|
| Chair | Cr RJ Keedwell |
| Deputy Chair | Cr JM Naylor |
| Councillors | Cr AL Benbow |
| | Cr EM Clarke |
| | Cr DB Cotton |
| | Cr SD Ferguson |
| | Cr EB Gordon |
| | Cr FJT Gordon |
| | Cr WM Kirton |
| | Cr NJ Patrick |
| | Cr WK Te Awe Awe |
| | Cr GJ Turkington |

Michael McCartney
Chief Executive

Contact Telephone: 0508 800 800
Email: help@horizons.govt.nz
Postal Address: Private Bag 11025,
Palmerston North 4442

**Full Agendas are available on Horizons Regional Council website
www.horizons.govt.nz**

for further information regarding this agenda, please contact:
Julie Kennedy, 06 9522 800

| | | | | |
|------------------------|---|--|--------------------------------------|--|
| CONTACTS | 24 hr Freephone : 0508 800 800 | help@horizons.govt.nz | www.horizons.govt.nz | |
| SERVICE CENTRES | Kairanga Cnr Rongotea & Kairanga-Bunnythorpe Rds, Palmerston North | Marton 19-21 Hammond Street | Taumarunui 34 Maata Street | Woodville Cnr Vogel (SH2) & Tay Sts |
| REGIONAL HOUSES | Palmerston North 11-15 Victoria Avenue | Whanganui 181 Guyton Street | | |
| DEPOTS | Levin 120-122 Hokio Beach Rd | Taihape 243 Wairanu Rd | | |
| POSTAL ADDRESS | Horizons Regional Council, Private Bag 11025, Manawatu Mail Centre, Palmerston North 4442 | | | |
| FAX | 06 9522 929 | | | |

TABLE OF CONTENTS

| | | |
|-----|--|----|
| 1 | WELCOME / KARAKIA | 5 |
| 2 | APOLOGIES AND LEAVE OF ABSENCE | 5 |
| 3 | DEPUTATIONS / PETITIONS | 5 |
| 4 | SUPPLEMENTARY ITEMS | 5 |
| 5 | MEMBER'S CONFLICT OF INTEREST | 5 |
| 6 | MATTERS FOR CONSIDERATION | |
| 6.1 | Jobs for Nature <i>Report No: 20-93</i> | 7 |
| 7 | COMMITTEE REPORTS Nil | |
| 8 | PART TWO – PUBLIC EXCLUDED SECTION | |
| 8.1 | Procedural motion to exclude the public | 23 |
| PX1 | Totara Reserve Poplar Removal <i>Report No: PX20-94</i> | |
| PX2 | Council to consider whether any item in the Public Excluded minutes can be moved into the public domain, and define the extent of the release. | |

AGENDA

1 WELCOME / KARAKIA

2 APOLOGIES AND LEAVE OF ABSENCE

At the close of the Agenda no apologies had been received.

3 DEPUTATIONS / PETITIONS

Deputations: Are designed to enable a person, group or organisation to make a presentation to a meeting on a matter or matters covered by that meeting's agenda.

Requests for Deputations must be made to the meeting secretary by 12 noon on the working day before the meeting. The person applying for speaking rights must provide a clear explanation for the request which is subsequently approved by the Chairperson.

Petitions: Written notice to the Chief Executive is required at least 5 working days before the date of the meeting. Petitions must contain at least 20 signatures and consist of fewer than 150 words (not including signatories).

Further information is available by phoning 0508 800 800.

4 SUPPLEMENTARY ITEMS

To consider, and if thought fit, to pass a resolution to permit the Committee/Council to consider any further items relating to items following below which do not appear on the Order Paper of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended), and the Chairperson must advise:

- (i) The reason why the item was not on the Order Paper, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

5 MEMBER'S CONFLICT OF INTEREST

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

| | |
|--------------------------|-------|
| Report No. | 20-93 |
| Decision Required | |

JOBS FOR NATURE

1. PURPOSE

- 1.1. This item overviews the Jobs for Nature funding programme and the projects that have been announced for Horizons Regional Council (Horizons) to progress. It asks Council to consider proceeding with these projects, and to consider the resourcing implications.

2. EXECUTIVE SUMMARY

- 2.1. In April 2020, Regional Councils and Unitary Councils were invited to submit potential “shovel ready” environmental enhancement projects to Central Government for consideration as a part of COVID-19 Recovery programme. Horizons submitted 20 projects valued at more than \$74 million in total as part of a \$1.5 billion dollar-plus application from Regional Councils and Unitary Authorities collectively.
- 2.2. On 14 May 2020 Central Government’s Budget 2020 announcement included an environmentally-focussed investment package of \$1.1 billion for COVID-19 Recovery.
- 2.3. Following the budget announcement, Councils were invited to refine and update their proposals by 20 May 2020. Horizons subsequently submitted 13 projects for more than \$150 million worth of environmental enhancement works and sought approximately \$100 million of Central Government investment. These projects were across a range of activities including freshwater management, land management, biodiversity, biosecurity projects and lwi management plans. The proposals were developed in a short period of time and were submitted on the basis that they were subject to Council approval.
- 2.4. Horizons staff have continued to work with the **Ministry for Environment** (MfE) team to submit further information and provide clarity around the projects. On 5 July 2020, Government announced funding of \$61,980,287 for 22 quick-start projects to improve freshwater quality, and a further \$100 million towards the \$200 million six-year Kaipara Moana Remediation Programme.
- 2.5. Within these announcements, Central Government funding of \$18.453 million was earmarked for three Horizons-led projects with a total work programme budget of more than \$27 million. These three projects were for riparian fencing and planting, enhancing fish populations through fish passage repairs and a Lake Horowhenua wetlands project.
- 2.6. Horizons has subsequently received letters to confirm the offer to proceed to Stage 2 of the funding process for the three projects. Stage 2 involves completing the work programme including funding arrangements, deliverables and contracting of the project. The letter is clear that expenditure cannot occur prior to the Funding Deed (contract) being signed unless agreed with MfE. This item outlines to Council the proposed projects, the targets, the conditions MfE have specified in their letter, and the proposed funding arrangements. This paper seeks Council’s decisions on progressing these projects, including resourcing contributions.
- 2.7. The paper identifies the requirement to change the projects to fit a four-year work programme rather than the five-year programme provided for in the application templates. Shortening the timeframes requires earlier delivery of the overall targets and for the contributions to be provided over a shorter period. This has resulted in this paper asking for additional resources than those planned for at the time of project submission. The projects have also required some reconfiguration to meet specific requirements of the offer to

- progress these projects. For example, the requirement for a minimum number of full-time equivalent positions for the fish pass project.
- 2.8. The other projects that Horizons has submitted to the Jobs for Nature funding programme may be considered as a part of future funding rounds. The details of the future funding processes are as yet unknown.
- 2.9. A further fund of \$100 million for stream fencing and planting projects has been made available through the reprioritisation of funding within the Provincial Growth Fund. In June 2020, Horizons submitted an application to this fund for a 12-month project to accelerate the amount of fencing and planting in the region and this has been updated in July. This project proposes an additional fencing and planting programme to Horizons already planned work through the Land programme (including the Sustainable Land Use Initiative) and the Freshwater programme (including the Freshwater Improvement Fund projects). It is also over and above the Riparian Fencing and Planting project within the Jobs for Nature programme. Should that payment be successful it will be presented to Council for consideration. As applied for, it is not expected to have additional requirements for resourcing.

3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 20-93.
- b. approves progressing the riparian fencing and planting project announced as part of the Jobs for Nature funding programme including:
 - i. Delegating to the Chief Executive to enter into a contractual arrangement for the project and the delegation to manage the project, including financial delegations.
 - ii. Acknowledging the total budget for the project of \$11,345,000 with Central Government Funding of \$4,681,000.
 - iii. Acknowledging the specific conditions for the projects identified by the Ministry for the Environment.
 - iv. Approving Horizons Regional Council's contribution to the project totalling \$2,698,000 over four years. This comprises \$1,545,000 from existing grant funding budgets in the Regional Freshwater and Partnerships programme; \$438,000 of new grant funding and \$715,000 for new staff costs. The new expenditure is to be funded by use of General Rate reserves of \$153,500 in Year 1 of the project, new rate funding of \$336,750 in Years 2 and 3, and \$325,750 in Year 4 of the project.
 - v. Approving the employment of 2.5 full-time equivalent staff per annum as permanent positions to deliver the programme, with new funding for 1.25 positions to be funded by Horizons. NB, the other 1.25 positions are to be funded by Central Government as part of the project at a total cost of \$715,000.
 - vi. Note all costings are exclusive of GST.
- c. approves progressing the enhancing native fish populations through fish passage remediation project announced as part of the Jobs for Nature funding programme including:
 - i. Delegating to the Chief Executive to enter into a contractual arrangement for the project and the delegation to manage the project, including financial delegations.
 - ii. Acknowledging the total budget for the project of \$3,215,000 with Central Government funding \$2,572,000.
 - iii. Acknowledging the specific conditions for the projects identified.
 - iv. Approving the Horizons Regional Council contribution to the project \$321,500 over four years. The \$80,375 annual cost is proposed to be from the Freshwater programme reserves for Year 1 and from a new rate contribution in Years 2 to 4.
 - v. Approving the employment of one permanent full-time equivalent staff per annum to deliver the programme. The employment of four fixed-term "cadet" positions, each over four years, and annually employing four fixed-term "cadet" positions for a period of three months.
 - vi. Note all costings are exclusive of GST.
- d. approves progressing the Lake Horowhenua wetlands project, including:
 - i. Delegating to the Chief Executive to enter into a contractual arrangement for the project and the delegation to manage the project, including financial delegations.
 - ii. Acknowledging the specific conditions identified for the projects.
 - iii. Acknowledging the total budget for the project of \$12,500,000 with Central Government funding of \$11,200,000.

- iv. Approving Horizons Regional Council's contribution to the project of \$1,300,000. This includes \$1,150,000 to be loan funded and paid back over a 20-year period, with payments starting in Year 2 of the project and to be paid from the currently allocated freshwater budget for work with the horticulture growers. The additional \$150,000 over a four-year period (\$37,500 per annum) is to be funded from the science budget in Year 1. In Years 2 to 4, \$15,000 per annum is to be paid from the budget currently allocated in the freshwater budget for work with the horticulture growers. The balance of this funding (\$22,500 per annum) is to be paid from the reserves for the Lake Horowhenua restoration rate (based on the funding policy) in Years 2 to 4.
- v. Approving the employment of one full-time equivalent permanent staff per annum to deliver the programme, funded from within the project budget.
- vi. Note all costings are exclusive of GST.
- e. approves the purchase of five additional utility vehicles, one quad bike and quad bike trailer, one LUV and LUV trailer and a plant transport trailer. These items would incur a maximum total budget of \$290,000, exclusive of GST, to enable the above projects, with funding approved as an overspend for the corporate vehicle budget.

4. FINANCIAL IMPACT

- 4.1. This item does potentially have financial impact. If progressed, the additional projects that have been announced will incur additional costs for Horizons. This paper seeks to overview these costs and to obtain Council's decision on these. It is noted that the costs for the projects include those identified in the project announcement, such as contributions to on the ground works and staff time. There will also be additional costs over and above this, including additional time for financial management, recruitment, training and reporting etc. There may also be additional capital expenditure associated with providing vehicles, quad bikes and equipment to enable the projects to proceed.

5. COMMUNITY ENGAGEMENT

- 5.1. This item is a public item and provides some level of community engagement around the proposed projects. Due to the compressed timelines for submission of projects and the uncertainty around potential funding, there has been very limited community engagement about these projects. Press releases have highlighted the submission of projects to Government and the recent announcements have had some press coverage. There will be opportunities for further community engagement if these projects progress.

6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. This item is not considered to have significant business risk impact. If the projects progress they will however have some impact on the organisation in terms of increasing the size and scope of programmes.

7. BACKGROUND

Submission process and proposed projects

- 7.1. In mid-April 2020, during the COVID-19 lockdown, Regional Councils were invited to submit shovel-ready projects to Central Government for consideration as part of the

COVID-19 recovery programme. The Regional Council sector (regional and Unitary Councils across New Zealand) submitted 276 projects totalling to \$1.5 billion and providing an estimated 5,522 new jobs to help stimulate the economy. Horizons submitted 20 proposed projects totalling more than \$74 million of the total.

- 7.2. On 14 May 2020, in Budget 2020, the Government announced an environmentally-focussed investment package of \$1.1 billion for COVID-19 Recovery. Councils were subsequently invited to update their proposals by 20 May 2020.
- 7.3. In the second round of project submissions, Horizons put forward 13 projects for more than \$150 million worth of environmental enhancement works and sought approximately \$100 million of Central Government investment. These projects were across a range of activities including freshwater management, land management, biodiversity, biosecurity projects and Iwi management plans. Using the template provided, these projects were proposed to be delivered over a five-year period.
- 7.4. Three of the 13 projects were to be led by other agencies. These included:
 1. **Pōkākā Ecosanctuary Phase 1.** Creating the Pōkākā Ecosanctuary. Includes predator-proof fencing and pest eradication within the sanctuary and the buffer area. Led by Uenuku Charitable Trust.
 2. **Pōkākā Ecosanctuary Phase 2.** Construction of visitor centre and café – to be promoted as a cultural and ecotourism attraction. Also a centre of excellence for matauranga Maori-inspired education. Led by Uenuku Charitable Trust.
 3. **Foxton Futures Phase 2.** Further work building on the recently announced Foxton Futures project. Led by Horowhenua District Council.
- 7.5. The 10 Horizons-led projects that were submitted to Central Government for consideration were:
 1. **An expanded riparian fencing and planting** programme to deliver 405 km of fencing and 375,000 plants.
 2. **Accelerating the Sustainable Land Use Initiative (SLUI)**, lifting targets from 3,440 ha per year to 5,000 ha per year.
 3. **A Lake Horowhenua Wetlands programme** to remediate nutrients and sediment in the Lake Horowhenua Catchment. NB this links with the broader work underway around drainage scheme upgrades that include additional water quality interventions.
 4. **Accelerating uptake of best practice on dairy farms** for dairy farm effluent management and stock crossings for dairy farms.
 5. **Enhancing native fish populations through fish passage remediation.**
 6. **Iwi Environmental Management Plans.**
 7. **Regional Possum Control**, including additional control within Horizons existing programme and on additional land including DOC and Iwi owned land.
 8. **Regional Biodiversity Enhancement** to achieve active management of a representative set of sites across the 60-plus ecosystem types in the region within five years. This programme included additional management at sites already in the programme and new sites. Further, it included assessment of more than 900 sites and development of site management plans.
 9. **Enhanced pest plant management** through an environmental remediation team to target additional old man's beard control, coastal wattle, banana passionfruit, alligator weed, Darwin's barberry and an additional component of work to prepare and maintain riparian planting sites.

10. **Kia Wharite expansion project** to add an additional 9,000 ha to the existing 180,000 ha programme, to protect biodiversity including whio (blue duck) and kiwi.

Funding allocations and announcements

- 7.6. The Ministry for Environment (MfE) website outlines that the Jobs for Nature Programme is a \$1.3 billion programme of broad environmental funding and includes \$202 million that was allocated from previous years. This is part of the COVID-19 recovery package and the programme is intended to run for four years. Within this programme \$433 million was allocated for new jobs in regional environmental projects targeted at freshwater improvement with MfE as the lead agency.
- 7.7. On 5 July 2020, Government announced funding of \$61,980,287 for 22 quick-start projects to improve freshwater quality and a further \$100 million towards the \$200 million six-year Kaipara Moana Remediation Programme.
- 7.8. Within the announcements, Central Government funding of \$18.453 million was announced for three Horizons-led projects with a total work programme budget of \$27.060 million (Table 1). These three projects were for riparian fencing and planting, enhancing fish populations through fish passage repairs and a Lake Horowhenua wetlands project. The projects as applied for are overviewed in Table 1. It is noted that the projects were submitted for a five-year delivery period and since the announcements have been reworked to fit a four-year period.

Table 1: Summary of the projects announced for Horizons' region as part of the Jobs for Nature "quick start" projects.

| Project | Targets | Cost | | | | | Proportion of cost | | |
|--|---|--------------|--------------|--|-------------|--------------------------------|--------------------|---|-------|
| | | Total | Crown | Horizons Regional Council [^] | Other | Other partner | Crown | Horizons Regional Council ^{^^} | Other |
| Riparian planting and stream fencing | <ul style="list-style-type: none"> • 405 km of fencing • 375,000 plants | \$11,345,000 | \$4,681,000 | \$2,698,000 | \$3,966,000 | Land owners | 41.3% | 23.8% | 35.0% |
| Enhancing native fish populations through fish passage remediation | <ul style="list-style-type: none"> • At least 25 fish pass repairs. • 1250 km of stream habitat opened up. | \$3,215,000 | \$2,572,000 | \$0 | \$643,000 | Barrier owners | 80.0% | 0.0% | 20.0% |
| Lake Horowhenua wetlands | <ul style="list-style-type: none"> • Wetlands for water quality improvement • Other catchment water quality interventions | \$12,500,000 | \$11,200,000 | \$150,000 | \$1,150,000 | Hort growers (to be confirmed) | 89.6% | 1.2% | 9.2% |
| Total | | \$27,060,000 | \$18,453,000 | \$2,848,000 | \$5,759,000 | | 68.2% | 10.5% | 21.3% |

^{^^} Subject to Council approval and does not include some costs e.g. for vehicles etc.

- 7.9. Further information on the broader set of projects that were funded through the quick-start component of the Ministry for Environment projects can be found at the following link <https://www.mfe.govt.nz/funding/jobs-for-nature/funding-for-improving-freshwater>.
- 7.10. The further projects that Horizons have submitted to the Jobs for Nature funding programme may be considered as a part of future funding rounds. Details of the future funding announcements or processes are as yet unknown. Horizons has also submitted an application to the Provincial Growth Fund's new allocation of funding for stream fencing

and planting. This is a project over and above existing work programmes and the projects discussed above.

8. DISCUSSION

Progressing from concept to delivery

- 8.1. Council's decisions of whether to progress these projects and the associated budget decisions are the key next step in this project. If Council chooses to proceed, then the next step will be to work with the Ministry for the Environment to complete the contracting. Horizons could choose to seek approval to advance some aspects of the projects while the contracting phase is in development. Alongside these contractual aspects of the programme there is an associated piece of work around working with stakeholders and project partners.
- 8.2. Horizons has received letters from the MfE to confirm the offer to proceed the projects to Stage 2 of the funding process. This includes completion of a work programme for the life of the project and an annual work programme plan and if these are satisfactory then proceeding to signing a Deed of Funding (contract between MfE and Horizons). The letters include some specific conditions for the projects that are specified in the paper below. The letter is clear that expenditure cannot occur prior to the Deed of Funding (contract) being signed unless agreed with MfE.
- 8.3. These following sections provide more detail on the proposed projects, the targets, the specific conditions for the projects that are a requirement for funding.
- 8.4. It is noted that since the announcements the project budgets and targets have been reworked to provide for delivery over four years and in response to the specific conditions being noted by the MfE in the invite to proceed to Stage 2. The move to a four-year timeframe rather than the five years allowed for in the application template requires further resource from Horizons over a shorter period of time than originally anticipated and shortens the timeframes for the delivery of the targets. It is noted that there may be a further need to refine budgets as the contracting phase is progressed.

9. Riparian Fencing and Planting Project

Original proposal

- 9.1. The riparian fencing and planting project sets out to establish 405 km of stream fencing and 375,000 riparian plants being established and maintained for their first 12 months over a five-year period. This project is over and above existing projects contracted with the Government through the Whangaehu Freshwater Improvement project that ends in the current financial year and the Manawatū Freshwater Improvement Fund that has a further three years (including this year).
- 9.2. There were no conditions of funding specifically noted in the letter of invitation for the project to enter Stage Two. The maximum amount of funding available for the duration of the project is \$4.681 million from MfE (41.3%). Other sources to contribute \$6.664 million (59%) are Horizons \$2.698 million (23.8%) and landowners \$3.966 million (35%).

Revised delivery over four years

- 9.3. The original project proposal over the five years was designed to increase the amount of fencing and planting during the years of the project. This was to complement a reduction in the existing programmes in place through the Freshwater Improvement Fund as these projects end.
- 9.4. The reworked budget over a four-year period has not changed the overall targets. It has kept the fencing and planting targets the same for the first year and increased delivery for Year's 2 to 4. This results in targets of 35 km, 105 km, 105 km and 160 km for Years 2 to 4

respectively. Further targets of 35, 90, 90 and 160 thousand plants for years 1 to 4 (Table 2). The additional staff commitment was 2 fulltime equivalents (FTEs) each year for five years and has been adjusted to 2.5 FTEs for four years (Table 2). It is noted that other Horizons staff, in addition to the proposed new staff will contribute to the project.

Table 2: Summary of adjusted targets for the riparian fencing and planting programme to achieve the overall project targets in four years rather than five.

| Over 5 years as originally submitted | | | | Over 4 years as now proposed | | | |
|--------------------------------------|---------|---------|-------|------------------------------|--------------|---------|-------|
| Targets | Fencing | Plants | Staff | Targets | Fencing (km) | Plants | Staff |
| Year 1 | 35,000 | 35,000 | 2 | Year 1 | 35 | 35,000 | 2.5 |
| Year 2 | 65,000 | 50,000 | 2 | Year 2 | 105 | 100,000 | 2.5 |
| Year 3 | 65,000 | 50,000 | 2 | Year 3 | 105 | 100,000 | 2.5 |
| Year 4 | 120,000 | 120,000 | 2 | Year 4 | 160 | 140,000 | 2.5 |
| Year 5 | 120,000 | 120,000 | 2 | -- | -- | -- | -- |
| Total | 405,000 | 375,000 | 10 | Total | 405 | 375,000 | 10 |

Revised funding contributions

- 9.5. Reducing the project period from five years to four reduces the time for the contributions from MfE, landowners and Horizons to be paid into the project. The proposal for the fencing and planting funding component (excluding staff costs) was 40 percent from MfE, 20 percent from Horizons and 40 percent from landowners.
- 9.6. Horizons proposed share of this “grant funding” was proposed to be met from within the existing freshwater budgets over five years without the need for any increase in rates. The shortening of the time period for the project has removed the ability to utilise the grant funding in Year 5 and overall leaves a shortfall of \$438,000 of Horizons’ contribution for grants, spread unevenly across the four years of the project.
- 9.7. The staff component comprises 2.5 new fulltime permanent employees within the Freshwater and Partnerships Team. These are proposed to be half funded by MfE and half funded by Horizons. The request for new staff resources in relation to this project is for Council to fund 1.25 fulltime positions in the Freshwater Team. It is proposed that Council fund these from General Rate reserves in Year 1 of the project (this year) and that the positions would be funded as permanent within the Long-Term Plan from Year 1 of the new Long-Term Plan (next year).
- 9.8. Combined the additional annual contributions to the project required from Horizons of \$1,153,000, with the totals being \$153,500, \$336,750, \$336,750 and \$325,750 respectively for Years 1 to 4 (Table 3). The contribution for Year 1 is proposed to be from General Rate reserves, with the new amounts proposed as new funding to be incorporated into the Long-Term Plan.
- 9.9. Additional costs for the delivery of the project include requirements for vehicles and on farm transport. This project is identified as requiring two new utility vehicles, a small LUV and trailer, a quad bike and trailer, plus a plant delivery trailer to enable delivery. A total capital budget of \$150,000 has been identified for these items. Vehicle running costs are expected to be recoverable via the project.
- 9.10. A summary of revised project budget outlining the contributions is provided in Table 3.

Table 3: Summary of revised budgets for the riparian fencing and planting programme to achieve the overall project targets in four years rather than five.

| | MfE contribution (\$) | HRC contribution (\$) | Landowners contribution (\$) | Total | Horizons existing grant budget available (\$) | Horizons new grant budget required (\$) | Horizons new staff budget required (\$) | Total Horizons new funding required (\$) |
|-----------------------------|-----------------------|-----------------------|------------------------------|-------------------|---|---|---|--|
| Year 1 | 528,750 | 353,750 | 350,000 | 1,232,500 | 200,000 | -25,000 | 178,750 | 153,750 |
| Year 2 | 1,214,750 | 696,750 | 1,036,000 | 2,947,500 | 360,000 | 158,000 | 178,750 | 336,750 |
| Year 3 | 1,214,750 | 696,750 | 1,036,000 | 2,947,500 | 360,000 | 158,000 | 178,750 | 336,750 |
| Year 4 | 1,722,750 | 950,750 | 1,544,000 | 4,217,500 | 625,000 | 147,000 | 178,750 | 325,750 |
| Year 5 | | | | | | | | |
| Total | 4,681,000 | 2,698,000 | 3,966,000 | 11,345,000 | 1,545,000 | 438,000 | 715,000 | 1,153,000 |
| % of project | 41.3% | 23.8% | 35.0% | 100% | | | | |
| Vehicles | 150,000 | 150,000 | | | | | 150,000 | 150,000 |
| Total incl. vehicles | 4,831,000 | 2,848,000 | 3,966,000 | 11,345,000 | 1,545,000 | 438,000 | 865,000 | 1,303,000 |
| % of project | 42.6% | 25.1% | 35.0% | 100% | 13.6% | 3.9% | 7.6% | 11.5% |

Feasibility of delivery

- 9.11. There is a question around the feasibility of delivering the increased fencing and planting targets. Table 4 below shows this new project fits into the overall Freshwater and Partnerships programme for fencing and planting over the four years. The Whangaehu Freshwater Improvement Fund project (currently targeting 17 km and 3,333 plants) closes after Year 1 of the project and the Manawatū Freshwater Improvement Fund programme (currently targeting 50 km and 40,000 plants) closes at the end of Year 3 of the project.
- 9.12. The targets are considered feasible, as the overall targets for riparian fencing and planting levels of delivery are similar to the allocation levels in the 2019-20 year that ended June 30, 2020. The allocation level for fencing of 176 km was nearly double the Annual Plan targets of 79 km (Table 4) and more than the maximum annual delivery target proposed in this new project of 160 km. For riparian planting (Table 5) the allocation level in 2019-20 of 158,980 plants was approximately two and a half times greater than the Annual Plan target of 63,333 plants and less than the maximum annual delivery target predicted for the next four years as a part of this new project (140,000).
- 9.13. During the last financial year (2019-20) allocation levels were able to be increased based on the level of Council reserve funding available and approved by Council for use. However, achieving these levels of delivery was constrained by staff resource and COVID-19. During the current financial year, the level of delivery without this new project was anticipated to be much lower as the reserves for this programme have been nearly fully utilised. Final levels of delivery for the 2019-20 year are yet to be fully calculated and will be reported to the next Environment Committee meeting. It is noted that the land programme (SLUI, Whanganui Catchment Strategy and Environment Grant work) also complete riparian fencing and delivered approximately 60 km of stream fencing in 2019-20. Overall, with the additional staff, these targets are considered feasible; however they will be dependent on landowner willingness and contributions.

Table 4: Summary of the projected stream fencing targets for the Freshwater and Partnerships programme compared to targets and allocation levels in the 2019-20 year.

| Riparian fencing (km) | Last financial year | | This year | | | | Total next four years |
|-------------------------|---------------------|----------------|------------|------------|------------|------------|-----------------------|
| | | | Year 1 | Year 2 | Year 3 | Year 4 | |
| New project year | | | Year 1 | Year 2 | Year 3 | Year 4 | Total next four years |
| LTP year | | | Year 1 | Year 2 | Year 3 | Year 4 | |
| | Targets | Allocated* | Targets | Targets | Targets | Targets | Targets |
| | 2019-20 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2020-2024 |
| Regional programme | 12 | 33.142 | 35 | 105 | 105 | 160 | 405 |
| Manawatū FIF | 50 | 99.9 | 50 | 50 | 50 | 0 | 150 |
| Whangaehu FIF | 17 | 43.416 | 17 | 0 | 0 | 0 | 17 |
| Total Freshwater | 79 | 176.458 | 102 | 155 | 155 | 160 | 572 |

*As at 30 April 2020

Table 5: Summary of projected riparian plant targets for the Freshwater and Partnerships programme compared to targets and allocation levels in the 2019-20 year.

| Riparian Plants (number of plants) | Last financial year | | This year | | | | Total next four years |
|------------------------------------|---------------------|----------------|---------------|----------------|----------------|----------------|-----------------------|
| | | | Year 1 | Year 2 | Year 3 | Year 4 | |
| New project year | | | Year 1 | Year 2 | Year 3 | Year 4 | Total next four years |
| LTP year | | | Year 1 | Year 2 | Year 3 | Year 4 | |
| | Targets | Allocated* | Targets | Targets | Targets | Targets | Targets |
| | 2019-20 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2020-2024 |
| Regional programme | 20,000 | 45,725 | 35,000 | 100,000 | 100,000 | 140,000 | 375,000 |
| Manawatū FIF | 40,000 | 108,890 | 40,000 | 40,000 | 40,000 | 0 | 120,000 |
| Whangaehu FIF | 3,333 | 4,365 | 3,333 | 0 | 0 | 0 | 3,333 |
| Total Freshwater | 63,333 | 158,980 | 78,333 | 140,000 | 140,000 | 140,000 | 498,333 |

*As at 30 April 2020

10. Fish Passage

Original proposal

- 10.1. The project enhancing indigenous fish populations through fish passage remediation aims to improve fish populations through the removal of at least 25 fish barriers over a period of five years and the opening up of 1,250 km of stream habitat for migratory fish. The project was put forward to include a new fulltime staff member as coordinator. This position was budgeted to be funded by the Ministry for Environment over the five-year period.
- 10.2. The proposed project budget totals \$3.215 million, with MfE contributing \$2.572 million (80%) and barrier owners contributing 20% of overall costs for the project (including staff time). Obtaining barrier owner contributions to fish passes has proven more challenging than obtaining contributions for projects like riparian fencing and planting and Horizons has not been able to secure any owner contributions for some fish pass repairs. The barrier owner contributions were proposed as an average overall to clarify that some barrier owners may provide more or less and for some barriers there may be no contribution. This approach allows for fixing a range of barriers in a location, not just those where an owner can be identified and is willing to make a contribution. This is an important consideration if trying to remedy fish passage through a catchment.

Revised project

- 10.3. The condition that has been identified in the invitation to Stage Two is that “a stage-gate to be included after year one to ensure the project meets job creation expectations (at least 8 FTEs/\$1 m investment)”. It is noted that in their request for proposals MfE asked for the number of jobs to be estimated using a scale where a staff member working full time for five years equates to five fulltime equivalents.
- 10.4. To meet the stage-gate test of eight FTEs/\$1 m of investment, the project plan has been amended to ensure a greater level of employment. The stage-gate test requires 26 FTE’s for the full budget of the project. Over the four years of the project the project requires an average of 6.43 FTEs per year. A further consideration for the amended project plan is the requirement for the project to be delivered over four years rather than five.
- 10.5. The approach to ensuring the project meets its number of jobs requirements has been to increase the number of direct employees as a part of the project. This diverts the amount of funding available from fish barrier repairs, however it increases the capacity to locate barriers, design fixes and implement them. It also provides increased resource to monitor the region’s fish populations to significantly increase the knowledge of its native fish populations and to measure the effectiveness of the fish pass repairs.
- 10.6. The revised project includes a project manager as originally proposed as a permanent position. It also includes four four-year fixed term cadet positions and four summer internships over a period of three months for each of the four years. This provides an average of 6.33 positions per \$1 million of spend and the balance required (0.1 FTE/year) to meet the project stage-gate test is to be provided by additional employment to build the repairs. The project salary budget, including some training etc, is estimated at \$485,000 per annum with a total of \$1,940,000 for the four years.
- 10.7. The additional labour cost reduces the amount of funding for fish pass repairs and increases the proportion of these costs being sought from barrier owners. This is considered likely to provide a significant constraint on the ability to progress the project. It is proposed that Horizons contribute new grant funding of \$321,500 in total for the four years (\$80,375 per year) to provide grants toward barrier repairs. This would require a barrier owner share of \$321,500 to be secured from owners (25.2% of the cost of barrier repairs). The \$80,375 from Horizons’ budgets is proposed to be from freshwater reserves in year 1 of the project and from new grant funding to be included in the Long-Term Plan in years 2, 3 and 4.
- 10.8. It is noted that the revised project plan is yet to be discussed with the Ministry for the Environment.

Revised funding contributions

- 10.9. The revised project budget has the same quantum of funding overall (\$3.215 million), with the same contribution from MfE (\$2.572 million). The external contribution of \$643,000 that was originally specified as to be from barrier owners has been proposed to be half sourced from Horizons (\$321,500) and half from owners (\$321,000). The additional proposed costs for Horizons are two double cab utes estimated at a total cost of \$92,000 of new capital spend. Further budget to resource additional electrofishing machines, other fish monitoring equipment etc are proposed to be met from reprioritisation of existing budgets.

Feasibility of delivery

- 10.10. The proposed project targets for fish passes fit within a larger programme of fish pass repairs, including targets for the existing FIF projects as shown in Table 6. In the current financial year, 15 fish passes would be required to be delivered to account for current year targets for the FIF projects (seven fish pass repairs) and three carried forward to meet targets as these were not able to be completed last year due to COVID-19. This means the

targets for this project are assessed as being feasible to deliver in the context of the existing programme.

Table 6: Summary of the projected fish pass repair targets for the Freshwater and Partnerships programme compared to targets and allocation levels in the 2019-20 year. Please note some fish pass repairs unable to be completed in 2019-20 have been included in 2020-21 to ensure overall targets for the Freshwater Improvement Fund project are met.

| Fish passes (number of repairs) | Last financial year | | This year | | | | Total next four years |
|------------------------------------|---------------------|------------|-----------|-----------|-----------|----------|--------------------------|
| | New project year | LTP year | Year 1 | Year 2 | Year 3 | Year 4 | |
| | Targets | Allocated* | Targets | Targets | Targets | Targets | Targets |
| | 2019-20 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2020-2024 |
| Regional programme | 1 | 2 | 5 | 6 | 7 | 7 | 25 |
| Manawatū FIF | 4 | 4 | 7 | 4 | 4 | 0 | 15 |
| Whangaehu FIF | 2 | 3 | 3 | 0 | 0 | 0 | 3 |
| Total Freshwater | 7 | 9 | 15 | 10 | 11 | 7 | 43 |

*As at 30 April 2020

11. Lake Horowhenua Wetlands

Project background

- 11.1. The Lake Horowhenua Wetlands project seeks to establish a wetlands complex within the Arawhata Sub-catchment of Lake Horowhenua and an associated works programme of other water quality interventions around the lake to improve water quality and aquatic health in the catchment and the lake.
- 11.2. The project concept for the wetland component arose from an alliance formed by horticulture growers, Iwi and Horowhenua District Council. An application for the project was in preparation for the Sustainable Farming Fund and an application for the project was submitted by **Horowhenua District Council (HDC)** to the Crown Infrastructure Fund as a part of the COVID-19 recovery programme. The high-level estimate of costs for that application were \$10 million with a project plan identifying \$9 to \$14 million of costs. The project proposal estimated further investment would be required with total costs growing to \$14-\$20 million to achieve the project's long-term vision of creating a wetland reserve park. The HDC proposal identified that the preliminary conceptual design and feasibility assessment were required within the first phase of the project. The project proposal identified that "Co-funding from the Crown of \$5 m will help deliver this project quickly. The other stakeholders will raise the balance."
- 11.3. The associated water quality improvement works across the catchment that have been included in the project in the Horizons-led application for this project include an acceleration of a work programme that Horizons had underway for the Arawhata Sub-catchment to identify ways to improve the drainage network to improve water quality outcomes for the lake. As has been previously reported to Council, the drainage network that was formerly a stock water-race system has been identified as a potential mechanism to improve water quality through actions that reduce the inundation of cultivated farm land during storm events and also through adding further sediment traps and wetlands etc to improve water quality. During the 2019-20 financial year Tonkin & Taylor consultants were engaged to assess options for improvement to the drainage scheme in the Arawhata Sub-

catchment to provide water quality improvement. This work is ongoing, although it was impacted by the COVID-19 lockdown. The Horizons project proposal also includes scope for similar work in other sub-catchments of Lake Horowhenua and includes scope to work on a range of water quality parameters including nitrogen, phosphorus, bacteria and sediment as well as mitigations to improve dissolved oxygen concentrations, habitat etc.

- 11.4. Following discussions with Woodhaven Gardens and Horowhenua District Council during the limited time to submit projects, Horizons chose to submit a project that combined the wetlands concept with the broader water quality improvement works programme. Horowhenua District Council indicated via their Chief Executive that the preference was for Horizons to lead the project.
- 11.5. The project submitted by Horizons has a broader brief that is not tied to a particular location or size of the wetland complex and includes the wetlands concept as one part of a wider programme to deliver on water quality outcomes. The project includes a monitoring component to improve knowledge of the farm drains and streams etc in the catchment and budget to design and prioritise water quality interventions. The project is designed to enable the concept of prioritising the most effective interventions, be they many small sediment traps, wetlands etc and potentially the concept of a larger wetland complex. The project also includes a science programme to inform design of potential water quality interventions at various locations, including assessing the potential efficacy of these prior to investment and to monitor these after construction.
- 11.6. To inform this potential project Horizons has commissioned work to scope 10 potential designs for a wetland complex based on three potential land areas in the catchment. Each of the designs are to have high-level assessments of potential efficacy and cost. Further the project work by Tonkin & Taylor to identify water quality intervention options for the Arawhata Sub-catchment has been increased in scope to link with the potential wetland complex idea. The two pieces of work are scheduled for delivery later this calendar year. This work is being funded via the budget for work with the horticulture growers included in the Annual Plan and some science budget.
- 11.7. In summary, the Jobs for Nature project will include water quality monitoring to inform potential water quality interventions, design and prioritisation. There will likely be some consenting requirements. The project budget includes an allocation for land purchase/legal arrangements around land use. This may be for a single land block or a range of smaller areas. The preliminary estimates for wetland construction identify that this project will build some components of what potentially could be a larger project into the future. This project has been budgeted to establish a first phase of the wetland complex in a manner that potentially can be added to in the future. This will enable testing of the efficacy prior to full-scale construction.

Revised project

- 11.8. The conditions of funding for the project that have been identified in the invitation to Stage Two include 'a stage-gate to be included after Year 1 to ensure the landowner is still willing to sell land and appropriate land tenure obligations will be embedded in any transfer agreement' and 'Horowhenua District Council and iwi groups involved in this project must provide a support letter agreeing to roles for each group before the deed is finalised'.
- 11.9. The original project plan was scoped for delivery over five years and since the announcement it has been identified that the project required re-scoping for delivery over four years. The revised project plan seeks to
 - In Year 1:
 - Hire a project coordinator for this project within three months of commencement.
 - Establish an advisory group for the project.

- Undertake an assessment of priority water quality interventions and more monitoring and design work.
- Identify the land area/s and establish the legal arrangement/s for this/these, potentially including property purchase.
- Work on consent requirements, including submitting a consent application.
- In Years 2 to 4:
 - In Year 2 complete consent processing and have the consent/s granted.
 - Undertake construction of wetland module cells for wetland creation and planting of wetland species (includes maintenance).
 - Complete a plan for the broader catchment (other water quality interventions) including monitoring.
 - Implementation of the broader water quality interventions and further monitoring, investigation of interventions prioritisation and implementation of priority projects.
 - Undertake monitoring of effectiveness and reporting.

Revised funding contributions

- 11.10. The overall project budget has been proposed at \$12.5 million, with Government announcing an \$11.2 million contribution. The balance of funding was proposed to be from Horizons (\$150,000) and from the horticultural growers \$1.150 million.
- 11.11. The short timeframes for project submission required some quick decisions around potential contributions and the horticulture growers' contribution was offered in a very short space of time. It was noted that there were some conditions and that this would be subject to further discussion. The primary conditions for the funding from the growers relate to how the wetland complex benefits in terms of water quality improvement can be linked to regulatory requirements of the farm/s contributing funding to the project. A further challenge is the uncertainty for the growers in relation to plan change processes. Subsequent to the announcements, Woodhaven Gardens have signalled a willingness to invest in this project, although they have requested more time to confirm this.
- 11.12. There are options for Council in relation to the co-funding of the \$1.150 million. This co-funding is signalled for land purchase within the first year of the project. One option to continue dialogue with the growers regarding funding. A further option is for Horizons to contribute this co-funding. Following discussion with the Chair and Chief Executive, an option was raised for Horizons to loan fund this contribution and to then pay it back over a period of time. Loan funding the \$1.150 million with a payback period of 20 years has been estimated to cost approximately \$57,500 per annum plus interest. The proposed approach is for this cost to be met from the existing Annual Plan budget of \$75,000 per annum for working with the horticulture growers to improve water quality outcomes. These payments would start in Year 2 of the project (Year 1 of the LTP) and not impact on rates. This would leave a balance of approximately \$15,000 from \$75,000 for working with the horticulture growers.
- 11.13. The signalled \$150,000 of Horizons' co-funding was identified as \$30,000 per year. As the project is now over four years this would increase Horizons' annual contribution to \$37,500. This funding is proposed to be met from the science budget in 2020-21 and the remainder (\$15,000) from dedicated funding for work with the horticultural growers in Years 2 to 4. There is a further \$22,500 to fund in Years 2 to 4 and this is proposed to be met from the use of reserves for the Lake Horowhenua restoration rate. This will have no impact on rates.

11.14. Overall, Horizons' contribution to the project is proposed to be \$1.3 million (10.4%) of a \$12.5 million project (Table 7). Outside of the project budget there will be some additional costs. The primary cost will be the capital cost for purchase of a vehicle, for which new capital funding of \$46,000 is sought. Some other equipment and potential capital costs will be required for the project e.g. monitoring site establishment. Where these are outside of the project cost, they are proposed to be met from reprioritisation of the Horizons' existing budgets e.g. the science capex budget.

Table 7: Summary of revised budgets for the Lake Horowhenua wetlands project.

| | Total Budget (\$) | MfE contribution (\$) | Horizons' contribution (\$) | Others |
|-----------------------|-------------------|-----------------------|-----------------------------|--------|
| Total over 4 years | 12,500,000 | 11,200,000 | 1,300,000 | 0 |
| Percentage of project | | 89.6% | 10.4% | 0.0% |
| Vehicles | 46,000 | | 46,000 | |
| Total incl. vehicles | 12,546,000 | 11,200,000 | 1,346,000 | 0 |
| | | 89.3% | 10.7% | 0.0% |

12. Summary of Horizons' contribution

12.1. Overall, the three projects represent a total budget of \$27,060 million. The revised proposed budgets would increase Horizons' share from 10.5% overall to 16.0% of the overall project budget (Table 8). Horizons' share of the combined projects is \$4,319,500, of which \$2,925,000 is from existing budgets and \$1.394 million is sought over a four-year period as new funding. Averaged over four years this equates to \$348,531 or approximately 0.76% percent of rates. The request for funding is not evenly spread over the years as noted in the paper.

12.2. There is an additional \$288,000 of capital funding identified for vehicle expenditure including utes trailers etc. Overall, the request for new resourcing is \$1,682,125 including this vehicle expenditure (Table 9).

Table 8: Summary of projects announced for Horizon's region as a part of the Jobs for Nature "quick-start" projects.

| Project | Targets | Cost | | | | | Proportion of cost | | |
|--|---|--------------|--------------|-----------------------------|-------------|----------------|--------------------|------------------------------|-------|
| | | Total | Crown | Horizons Regional Council ^ | Other | Other partner | Crown | Horizons Regional Council ^^ | Other |
| Riparian planting and stream fencing | <ul style="list-style-type: none"> • 405 km of fencing • 375,000 plants | \$11,345,000 | \$4,681,000 | \$2,698,000 | \$3,966,000 | Landowners | 41.3% | 23.8% | 35.0% |
| Enhancing native fish populations through fish passage remediation | <ul style="list-style-type: none"> • At least 25 fish pass repairs. • 1,250 km of stream habitat opened up. | \$3,215,000 | \$2,572,000 | \$321,500 | \$321,500 | Barrier owners | 80.0% | 10.0% | 10.0% |
| Lake Horowhenua wetlands | <ul style="list-style-type: none"> • Wetlands for water quality improvement • Other catchment water quality interventions | \$12,500,000 | \$11,200,000 | \$1,300,000 | \$0 | | 89.6% | 10.4% | 0.0% |
| Total | | \$27,060,000 | \$18,453,000 | \$4,319,500 | \$4,287,500 | | 68.2% | 16.0% | 15.8% |

Table 9: Summary of proposed contributions from Horizons.

| | Total Horizons contribution | | |
|--|-----------------------------|--------------------|--------------------|
| | Overall | Existing | new |
| Riparian planting and stream fencing | \$2,698,000 | \$1,545,000 | \$1,153,000 |
| Enhancing native fish populations through fish passage remediation | \$321,500 | \$80,375 | \$241,125 |
| Lake Horowhenua wetlands | \$1,300,000 | \$1,300,000 | \$0 |
| Total | \$4,319,500 | \$2,925,375 | \$1,394,125 |
| Proportion | | 67.7% | 32.3% |
| Vehicles | \$288,000 | | \$288,000 |
| Total incl. vehicles | \$4,607,500 | \$2,925,375 | \$1,682,125 |
| Proportion | | 63.5% | 36.5% |

13. TIMELINE / NEXT STEPS

- 13.1. If Council chooses to proceed, staff will meet with MfE and progress the contracting and delivery of the projects.
- 13.2. If Council choose not to proceed, MfE will be notified.
- 13.3. The further projects that Horizons have submitted to the Jobs for Nature funding programme may be considered as a part of future funding rounds. The details of the future funding announcements or processes are as yet unknown. If there are further announcements, Council will be notified.

14. SIGNIFICANCE

- 14.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

Logan Brown
FRESHWATER & PARTNERSHIPS MANAGER

Jon Roygard
GROUP MANAGER NATURAL RESOURCES & PARTNERSHIPS

ANNEXES

There are no attachments for this report.

Public Excluded Section

RECOMMENDATION

That the public be excluded from the remainder of the Council meeting as the general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

| General subject of each matter to be considered | Reason for passing this resolution | Ground(s) under section 48(1) for the passing of this resolution |
|---|---|---|
| PX1 Totara Reserve Poplar Removal | s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. Involves awarding a contract. | s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. |
| PX2 Council / Committee to consider whether any item in the Public Excluded minutes can be moved into the public domain and define the extent of the release | | |