



HAVE
YOUR SAY

SHAPE YOUR REGION'S FUTURE

Welcome to our 2021-31 Long-term Plan consultation document

Our proposed Long-term Plan sets out how Horizons Regional Council plans on managing the region's natural resources for the next 10 years. This includes identifying the activities we propose to deliver and what rate contributions will be required to cover the estimated costs for each year.

Our region and our role Tō tātou rohe me tā mātou mahi

The Horizons Region extends over 22,000 km² - from Ruapehu in the north and Horowhenua in the south, to Whanganui in the west and Tararua in the east. It has a population of approximately 250,000 residents. As your Regional Council our role differs to that of city and district councils - we are responsible for managing the region's land, air and water resources on behalf of the communities we serve. We also contract passenger transport services, play an important part in regional transport planning and road safety education, work to reduce the risk and impact of flooding, and lead the planning for and response to emergencies to help keep people and properties safe.

Chair's message

He kupu nā te Heamana



Kia ora and welcome to our consultation document for Horizons Regional Council's 2021-31 Long-term Plan (LTP). Inside we have outlined what we believe are the most significant issues we are planning for the next 10 years, which we would like your feedback on. This information is a summary of the more comprehensive supporting information that you can find on our website - haveyoursay.horizons.govt.nz, alongside ways in which you can share your thoughts with us.

Currently, Council is delivering our 2020-21 Annual Plan which was significantly revised due to COVID-19, resulting in many of our work programmes and services being deferred or maintained at their current or a decreased level. The operating landscape we now find ourselves in includes not only the past year's 'holding pattern', but funding commitments that have been made to Covid-recovery programmes such as Jobs for Nature and Infrastructure Climate Resilience projects, which have received significant investment from central government.

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

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

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

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

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

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

To understand how the proposed rates translates to your individual property check out our rates search at horizons.govt.nz/rates-search or see a sample of ratepayers on page 22.

Further inside you will find more about what we are planning for, what we have already committed to, our proposed vision and community outcomes, and items for consultation including proposed options for funding the implementation of central government's freshwater policy reforms, options for a proposed new activity for climate change, and proposed changes to the Lower North Island passenger rail services and Palmerston North and Whanganui bus services. We have also included a summary of our 30 year infrastructure strategy and financial strategy for you to consider.

Please note, what we have provided is not an exhaustive list and there may be an issue we haven't identified that particularly concerns you. If this is the case, please get in touch. Alternatively, if you would like one of our councillors to come and talk to your community group please contact help@horizons.govt.nz and we will do our best to make this happen.

The work we do has a direct impact on making our place a healthy environment, where the people thrive. This is why we'd like to hear your views on the options we've provided. Let us know if we have got it right before 5pm 23 April 2021.

Having your say on how we manage the region's natural resources really can make a difference. We encourage you to let us know your thoughts. Submission forms can be found in your letterbox and online at haveyoursay.horizons.govt.nz, where you will also find our supporting documentation and other ways you can submit. These are also available at your nearest Horizons' office.

Ngā mihi nui

Rachel Keedwell
CHAIR

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Key Te Kī

Have your say Tuku whakaaro

While we have introduced a number of changes and proposals to our work programmes, the ones we are particularly seeking your feedback on are highlighted with this icon.



Change to activity or service Me huri hei mahi, hei ratonga rānei

This could be a change to the level of service, rates or debt. Wherever possible we have given Council's preferred option.



New activity He kaupapa hou

This is new proposed work programmes. Note, some we have budgeted for in this LTP, however some haven't been yet as we are either waiting on your feedback, or central government funding. Wherever possible we have given Council's preferred options and an approximate impact on rates should the proposals be adopted.



Preferred option Tā Horizons whiringa

Where Council has a preferred option this will be indicated throughout this document.



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Vision and community outcomes

Te Wawata me ngā Hua ā-Hapori

In every Long-term Plan, as a local authority, Horizons is required to set out the region's community outcomes. These are what we aim to achieve to promote the social, economic, environmental, and cultural wellbeing of our communities in the present and for the future, while taking a sustainable development approach (Local Government Act 2002).

Our current community outcomes can be found in Horizons' 2018-28 LTP on our website. As part of the LTP process we reviewed these outcomes and decided they needed a refresh to ensure they are more relevant, measurable, and aspirational. These outcomes form a key part of our strategic approach and align with Council's new vision for the region:

Tō tātou rohe – taiao ora, tangata ora, mauri ora.
Our place – a healthy environment where people are thriving.

Our vision and community outcomes can only be fulfilled through Horizons working together with its communities. They are also a long-term commitment; they may take longer than the 10-year period of this Long-term Plan to fully realise. We are proposing the following five new community outcomes, and would like to know whether you think they help Council address future challenges, while meeting the current and future needs of our communities.

Proposed community outcomes:



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

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

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.



Our region has effective transport networks

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



Our region's economy is thriving

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



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.



What we are planning for

Te tiro whakamua



1

Central government reform

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



2

Population growth/land use change

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



3

COVID-19

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



4

Climate change

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



Working with iwi and hapū

Treaty settlements and Government reform are strengthening the place of iwi in our decision making, particularly for freshwater. This requires significant resource to build the capacity of both iwi and Horizons, and intentional effort to grow meaningful and mutually beneficial relationships.



Changing technology

Rapid advances to technology is 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.



Competitive talent market

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



What we have committed to deliver

Hei whakarato
mā mātou



Before proposing changes to our work programmes over the next 10 years, our 2021-31 LTP already had a committed increase of \$1.34 million in Year 1, equating to a 2.8 per cent average rate rise. This is due to Council approving Jobs for Nature and Infrastructure Climate Resilience projects that received central government funding in 2020 towards COVID-19 recovery initiatives to accelerate work programmes Council already had planned or underway. Council also made small changes to Feilding and Palmerston North bus services.

Jobs for Nature

Horizons three Jobs for Nature projects include further riparian planting and stream fencing across the region to improve freshwater, remediation to fish passages to enhance indigenous fish populations, and Lake Horowhenua water quality interventions. These projects will create approximately 185 jobs, help progress the objectives of national freshwater policy reforms, and provide an opportunity to strengthen our partnerships with iwi and hapū, landowners, and community groups.

Central government's investment of \$18.4 million goes a long way towards accelerating work programmes that were already planned or underway but would have taken longer to complete. Council has committed \$4.3 million towards the \$27 million cost to deliver the three Jobs for Nature projects from 2020-21 until 2023-24. This will come from the general rate and Lake Horowhenua targeted rate. The balance of \$4.3 million will be made up by landowner contributions. Council will need to carefully consider how it responds to further COVID recovery initiatives from government, given the demand on council and ratepayer resources. Please refer to www.horizons.govt.nz under Managing Natural Resources/Jobs for Nature for the latest project updates.

Infrastructure Climate Resilience

In 2020 central government also announced \$26.9 million of climate resilience funding for Horizons river management infrastructure projects. This will go towards four projects that primarily aim to build community resilience to protect against and mitigate the effects of climate change. These projects are for Foxton, Lower Manawatū, Palmerston North, and Rangitikei.

We estimate the total amount to be \$35.9 million, meaning central government is meeting 75 per cent of the cost. The focus is in part on the creation of jobs in a time of need – we've conservatively estimated the number of jobs will be 36 across Horizons and external consultants and contractors.

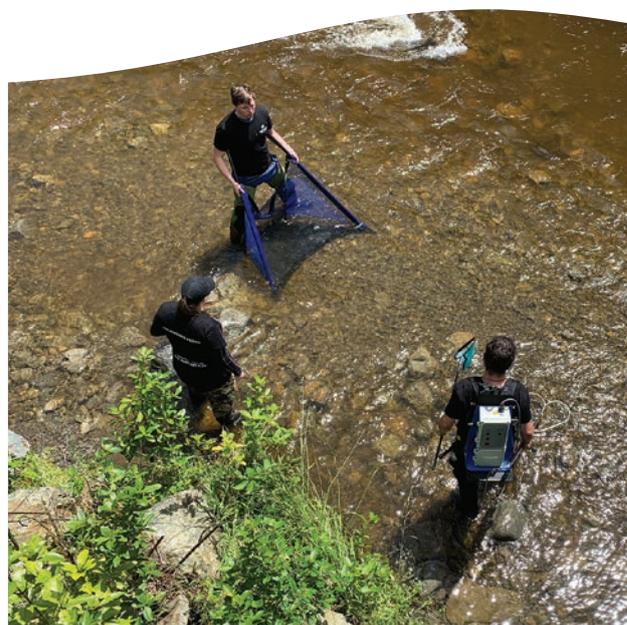
To bring forward work already signalled in our 2018-48 Infrastructure Strategy and to secure the funding on offer from central government, Council formally approved these projects. In 2020, Council confirmed

a 25 per cent of 'local share' funding of \$9 million over three years, which will be funded through borrowings. The projects form part of Horizons' key strategic direction for managing flood hazards and is consistent with our proposed 2021-51 Infrastructure Strategy. Please refer to www.horizons.govt.nz under Flood and Emergency Management for the latest project updates.

Passenger Transport

In 2020, Horizons did a mid-term review of the Feilding passenger transport service via community consultation. As a result, a new service for Feilding residents will be provided separately to the existing commuter service that operates between Palmerston North and Feilding. This new service will be operational prior to the commencement of the 2021-31 LTP and consists of a targeted rate to Manawatū ratepayers of around \$35,000 per year plus inflation.

In 2020 we also changed the Massey University and Palmerston North urban bus timetables to meet the new requirements of the Employment Relations Amendment Act 2018. A number of employment law changes were made which changed the way we schedule our driver rest and meal breaks. This change resulted in an additional targeted rate of around \$46,000 per year, plus inflation, for our Palmerston North ratepayers.



Fish passage remediation in Horowhenua



What we are required to deliver

Me whakarato e mātou



Our Freshwater Future

Oranga Wai

Horizons works in partnership with the community to protect, restore and enhance our region's waterways. These waterways are a vital resource and are crucial to our environmental, economic, social and cultural wellbeing.

From 3 September 2020, central government's revised National Policy Statement for Freshwater Management (NPS-FM), new National Environmental Standards for Freshwater (NES-FW), and Resource Management Act s360 regulations for stock exclusion and measurement and reporting of water takes came into effect. This package, known as Essential Freshwater, requires regional councils such as Horizons to implement the new rules and regulations within stringent timeframes, some of which are effective immediately.

Council officers have analysed the new requirements against Horizons' One Plan, which sets out an integrated framework for

management of the environment. While the One Plan covers many of the same areas as the new requirements, changes will be required to give effect to the new national direction.

This work includes a revised One Plan that will be notified by 2024 and operative by 2026 as well as significant changes or new consenting pathways for regulations such as intensive winter grazing, stock exclusion, feedlots and stockholding. As consents are granted, an increase in compliance monitoring will also be required.

Additional science and monitoring resourcing, and external costs will also be needed, as well as investing in capacity of iwi and hapū so that they can be appropriately involved in the design and content of Horizons' new freshwater plan.

Our Freshwater Future is the way Horizons has chosen to represent the Essential Freshwater package and to allow for cohesion across the freshwater work we undertake – which you can read about in more detail on our website under Our Freshwater Future.

For our Council, this work is across a number of activities and



Levels of service:

Increase the level of service in our policy, science, and regulatory areas in order to deliver a revised One Plan by 2024 and improve water quality over the next 25 years.

Debt:

For Option 1 debt will increase by \$4 million in Year 1, to a total of \$14.5 million by Year 4, paid off over 25 years. Council has further provided initial provision for future One Plan revision of \$14.2 million from Year 5 through to Year 10, to be revised in the next LTP.

There is no debt impact for Option 2.

Rates:

For the impact on rates increase please see the tables below.

rate types, with some of it recoverable directly from user fees and charges. The balance equates to a general rate increase in Year 1 of \$752,000 or \$1.16 per \$100,000 capital value per ratepayer. These costs have been included in our current proposed increase for Year 1.

Council prefers to borrow towards the cost of revising the One Plan. This is appropriate as improved environmental outcomes would occur over at least 25 years with borrowing reducing from \$4 million in Year 1 to \$1.7 million in Year 10 (Option 1), benefitting today's and future ratepayers beyond this LTP's 10 years. Alternatively, Council could rate for the full cost upfront (Option 2).

Options:

OPTION

01

Rate for implementation of the NES-FW and borrow the costs towards preparation of a revised One Plan. See budgeted impact on rates increase below.

Rates increase \$ per \$100,000 of Capital Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Borrow for revised One Plan	\$0.37	\$1.05	\$0.51	\$0.79	\$0.70	\$0.73	\$0.81	\$0.82	\$0.84	\$0.84
Rate for NES Implementation	\$0.79	\$0.19	\$0.11							
Total	\$1.16	\$1.24	\$0.62	\$0.79	\$0.70	\$0.73	\$0.81	\$0.82	\$0.84	\$0.84

PREFERRED OPTION

OPTION

02

Rate for both the implementation of the NES-FW and the preparation of a revised One Plan. See table below for the impact on rates increase.

Rates increase \$ per \$100,000 of Capital Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rate for revised One Plan	\$6.52	\$0.18	(\$0.09)	\$0.16	\$0.08	\$0.10	\$0.18	\$0.18	\$0.19	\$0.19
Rate for NES Implementation	\$0.79	\$0.19	\$0.11							
Total	\$7.31	\$0.37	\$0.02	\$0.16	\$0.08	\$0.10	\$0.18	\$0.18	\$0.19	\$0.19



What are we proposing? He kaupapa atua anō?



Birds eye view of Whanganui looking towards the Tasman Sea

Climate change Panoni āhuarangi

Responding to climate change touches most of Horizons' activities. Horizons' work in this area to date includes managing the use of natural resources and effects of development on freshwater, land, air and our coasts, pest management, land and passenger transport initiatives, and avoiding further risks from natural hazards such as flooding.

Horizons currently does not have a dedicated activity for climate change. Instead our work in this very important area has been done across multiple activities. We have begun to tackle greenhouse gas emissions from our own activities. While these programmes build resilience for our communities, climate change has not been the primary driver.

Horizons and the region's city and district councils signed a Memorandum of Understanding in September 2019, undertaking to work together in response to climate change. This includes undertaking a regional risk assessment to identify climate-related impacts and agreeing how to prioritise them. Horizons has funded the risk assessment work through our 2020-21 Annual Plan at a cost of \$175,000 from investment dividends.

Since then, Council has also adopted its Climate Action Strategy, and a Joint Climate Action Committee is being established to ensure an effective local-government response for our region. The Committee's objectives include development of a regional Climate Action Plan for adoption by the member councils.

Further information on our region's climate and Horizons' activities to date can be found on our website under Managing Our Natural Resources/Climate.

Similar to the Climate Change Commission's recommendations to central government, we are proposing to rate for a new activity to respond explicitly to climate change risks and coordinate work across our organisation, the city and district councils in our region, and other partner organisations.

This proposed new activity has three objectives over the next ten years:

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

This is a new coordinated and focussed activity where we are looking to lead and facilitate regional work, deliver new



Levels of service:

Council's preferred option is to provide a new, dedicated, service to coordinate and accelerate Council's climate change response.

Debt:

There is no debt impact for either option.

Rates:

For the impact on rates increase please see the table below.

projects and fund our response to risks. It will be informed by risks identified through the Regional Climate Change Risk Assessment, our organisation's Greenhouse Gas footprint, progress of the Climate Action Committee, evolving government policy, consultation with our communities, and further discussion with iwi partners. This is on top of climate change work already considered in our infrastructure strategy and asset management approach. Please refer to pages 7 and 16 of this document.

The proposed activity includes funding to build community resilience to impacts identified through the Regional Climate Change Risk Assessment. It also includes a \$50,000 per annum contestable fund for community-initiated projects in response to climate change.

We are proposing to fund this activity through a general rate equating to \$556,000 for this activity from Year 1. This rate increases over the life of the LTP to assist with building up a reserve dedicated to our climate change response.

Options:

OPTION 01 Rate for a new dedicated climate change activity at \$556,000 from Year 1. See budgeted impact on rates increase below.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rates increase \$ per \$100,000 of Capital Value	\$0.86	\$0.24	\$0.16	\$0.40	\$0.29	\$0.21	\$0.22	\$0.22	\$0.24	\$0.24



OPTION 02 Maintain existing level of service and approach to climate change, which

consists of work across a number of activities. This will mean Council will be unable to deliver anything meaningful from the regional Climate Action Plan.

Improvements to bus services (Palmerston North and Whanganui)

Ngā ratonga pāhihi o Papaioea me Whanganui



Levels of service:

In Council's preferred option service levels will increase with increased service frequencies for both Whanganui and Palmerston North.

Debt:

There is no impact on debt levels for either option.

Rates:

For the impact on rates increase please see the table below.

Palmerston North is a growing city, and as such we are proposing to improve and increase our levels of passenger transport service to provide for this.

The aim is to create a bus network that is frequent, reliable, consistent, and an attractive alternative to the private car. Our transport team will be engaging with the Palmerston North community and key stakeholders in mid-2021 to understand where changes may be needed. Upon this feedback, improvements will be implemented in conjunction with a new bus operating contract from Year 3 of this LTP.

We have made a provision of \$1 million in Year 3 and annual provision of \$1.4 million (plus inflation) from Year 4 of this LTP as a targeted rate for Palmerston North for this increase in level of service. We also anticipate there will be additional passenger fare revenue as a result of increased patronage.

Since bus service changes and a new bus operating contract were introduced in Whanganui in 2019, there has been a growing desire from the community to have more frequent bus services in the city, particularly between Araomho and Castlecliff.

By introducing enhancements, such as increased frequency, the bus network will become a more attractive alternative to private vehicles. We have made an annual provision of \$170,000 (plus inflation) for this increase in level of service from Year 2 and onwards in this LTP as a targeted rate for Whanganui. We also anticipate there will be additional passenger fare revenue as a result of increased patronage.

Assumptions

We have assumed Waka Kotahi NZ Transport Agency will fund 51 per cent of the total costs of these improvements to bus services in Palmerston North and Whanganui, with the remaining 49 per cent of costs making up the targeted rate.

This is subject to our Regional Land Transport Plan due for adoption in June 2021.

Options:

OPTION 01 Increased level of service for Palmerston North from Year 3 and for Whanganui from Year 2. See budgeted impact on rates increase below.

		Year 2	Year 3	Year 4
Rates increase \$ per \$100,000 of Capital Value	Palmerston North	-	\$6.38	\$8.93
Rates increase \$ per \$100,000 of Capital Value	Whanganui	\$2.59	-	-



OPTION 02

Do nothing – no change to the current level of services, rates or debt levels.

Lower North Island passenger rail

Ngā ratonga pāhihi o te Ika ki te tonga

In conjunction with Greater Wellington Regional Council, we are looking to improve the quality and frequency of Lower North Island rail services. This is part of a wider Lower North Island passenger rail project to replace and improve rolling stock and infrastructure on Wairarapa and Manawatū rail lines.

Funding has been included in our proposed 2021-31 LTP to replace the current trains between Palmerston North and Wellington (known as the Capital Connection) with modern long distance, lower emissions commuter trains, and for station improvements. The new train fleet would enable increased frequency of services on the Manawatū rail line.

The total capital cost of the Lower North Island passenger rail project is currently estimated to be around \$300 million. We expect Waka Kotahi NZ Transport Agency to fund 90 per cent of this capital

cost with the remaining cost split between Horizons and Greater Wellington regional councils, based on kilometres travelled within each region. This means Horizons' share of the cost will be approximately \$4 million over 35 years. This will go towards the design and build of new trains, and infrastructure improvements (including stations) in our region. Asset ownership is not expected to lie with Horizons.

Over the first three years of this LTP the rates impact is currently estimated to be \$72,000 combined for Years 2 and 3, incrementally rising over Years 4 and 5 until it reaches \$256,000 per year from Year 6.

We have also made provision of approximately \$0.4 million per annum towards the ongoing operational expenditure for the running of this service, which is expected to begin by the end of 2027.

A detailed Business Case and procurement strategy is currently under development by Greater Wellington Regional Council. These two documents will evaluate the different options



Levels of service:

Level of service will increase with service improvements made in Council's preferred option.

Debt:

There is no direct debt impact to Horizons for either option.

Rates:

For the impact on rates increase please see the table below.

and their associated costs and benefits, and requires approval from all parties to proceed. Part of this process will include confirming the level and timing of available central government funding. Should the project not receive the 90 per cent capital contribution from Waka Kotahi, the project is unlikely to proceed. At this stage the Business Case is due for completion and lodging with Government by mid-2021. A tender process is expected to commence in 2022 with first trains in service by the end of 2027.

We are proposing to continue to rate Horowhenua (30 per cent), Palmerston North (50 per cent) and Manawatū (20 per cent) ratepayers for this activity, as these districts are deemed to be direct beneficiaries of this service. As the Business Case progresses and central government funding is secured, the rating for this activity may be reconsidered through our 2022-23 Annual Plan process.

Options:

OPTION 01 Rate for Horizons' contribution to the Lower North Island passenger rail project and the resulting service improvements. See budgeted impact on rates increase below.

		Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rates increase \$ per \$100,000 of Capital Value	Palmerston North	\$0.10	\$0.03	\$0.11	\$0.52	\$1.09	-	-	-	-
Rates increase \$ per \$100,000 of Capital Value	Horowhenua	\$0.21	\$0.06	\$0.24	\$1.09	\$2.29	-	-	-	-
Rates increase \$ per \$100,000 of Capital Value	Manawatū	\$0.19	\$0.05	\$0.21	\$0.99	\$2.08	-	-	-	-



OPTION 02

Do nothing – no change to the current level of services, rates or debt levels. Likely that as the current rolling stock reaches end of life service levels will decline, and will no longer be provided once end of life is reached.

Key initiatives over the next 10 years





Summary of our infrastructure strategy

He kupu poto mō te Rautaki Hanganga

Horizons Regional Council manages flood protection and land drainage assets across the region with a replacement value of approximately \$680 million. These assets, and a wide array of other activities, provide services that are essential in managing risks associated with natural hazards, enabling economic productivity and providing for community wellbeing.

It is important that these assets are managed in a way that ensures that they are resilient to nature's unpredictability, and deliver on their levels of service in the most cost-effective manner for current and future generations. A substantial portion of your rates goes towards the construction and ongoing maintenance of stopbanks, dams, floodgates, and other infrastructure.

As part of the Long-term Plan process, Horizons must prepare and adopt an infrastructure strategy every three years. This strategy identifies the challenges the region is likely to face over the next 30 years in terms of river management and flood protection, and the options for addressing these challenges.

Council's full Infrastructure Strategy can be found in our 2021-31 LTP supporting information that is available on Horizons' website - haveyoursay.horizons.govt.nz. Outlined below is a brief summary of each of the key issues identified in Horizons' 30 Year Infrastructure Strategy for 2021-31, as well as Council's preferred approach to managing these issues.

Accelerating Land Use Change

Land use change, particularly urban growth, can change the level of service expected from our assets. The fixed and long-term nature of assets Council uses for flood protection and drainage means that it is difficult for us to be agile in the face of rapid change. To manage this risk, Council will continue to work closely with the region's city and district councils to influence the location and resilience of land use change.

Unsustainable land use

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

Council will continue to address this issue through regulatory and voluntary methods, including encouraging farmers to adopt good farming practices that reduce erosion losses.

Climate Change

Climate change is likely to change rainfall patterns across the region and put pressure on most schemes. Rising sea levels are also expected, which will place further pressure on our coastal communities. This all has implications for levels of service, scheme operations and maintenance activities. Council's preferred approach to this issue has two components: identifying risks that climate change presents to our communities and the areas and communities that are the most vulnerable, and secondly, considering projected climate change impacts for all river management activities, particularly during scheme reviews and to make provision for adaptation to these impacts. The outcomes of these scheme reviews may lead to revisions of the long-term financial forecasts for the appropriate River Management Schemes.

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

Asset reliability is impacted by deteriorating asset condition as our assets age. While we regularly inspect and collect important data about the condition of our assets, which helps to inform our operations and maintenance

programmes, some aspects of an asset’s reliability cannot be fully assessed through this process. As our preferred response, Council will apply a national Code of Practice to assess our critical schemes, the results of which will be used to inform the needs to capture more detailed, or specific, data relating to our assets. This information will be used to further develop operations and maintenance manuals for our schemes, as well as feeding into our capital renewal and replacement programmes. As such, it is noted that this may lead to revisions of future LTP’s for the appropriate river management schemes. The majority of our assets are graded as in very good or good condition, based on reliable data. The application of this Code of Practice has been prioritised by the relative criticality of assets within the schemes. Please refer to the full Infrastructure Strategy in our supporting information document for more detail about the existing condition of our infrastructure assets.

Ensuring yesterday’s assets meet today’s community expectations

Tangata whenua and communities value the contributions our rivers make to their environmental, cultural and social wellbeing. Flood protection and drainage infrastructure can negatively affect these values, and some of our legacy infrastructure was not designed with these values in mind. Our response to this issue is to engage with our communities to better understand their expectations, and ensure they are informed about the factors and tensions that shape the important decisions made. We will also build

partnerships with iwi/Māori, recognising the unique relationships that they have with the region’s awa. The increased understanding of our communities’ expectations will help to inform our scheme reviews and shape their management into the future. Any changes to the schemes that result from scheme reviews may have an impact on the budgeted costs associated with those schemes.

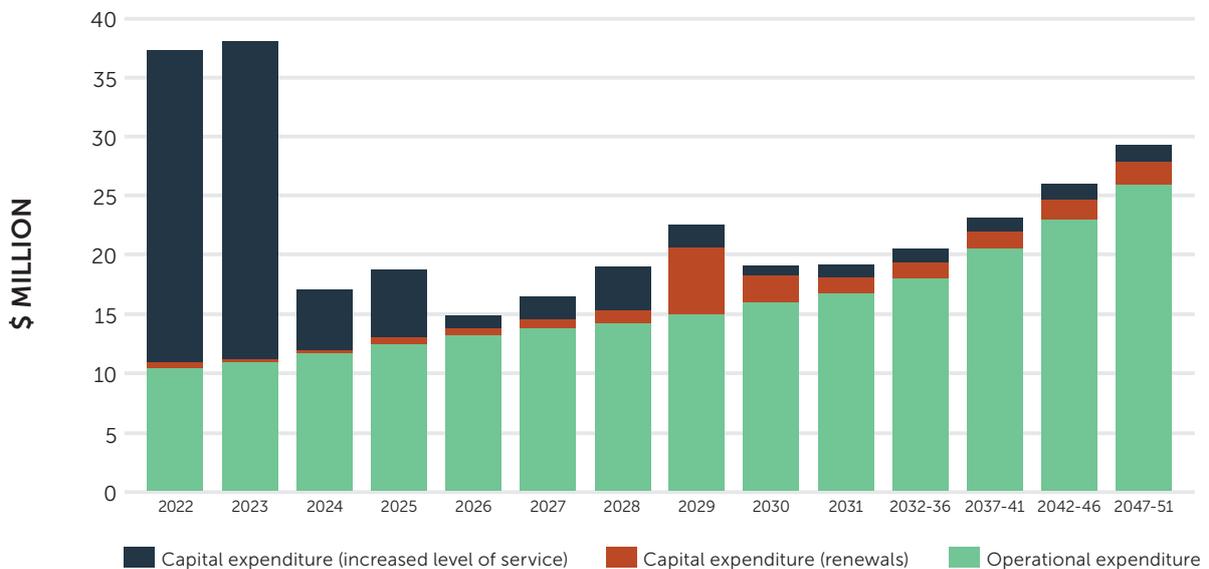
Key capital projects and considerations

Key capital projects that Council has already committed to as part of this LTP include Infrastructure Climate Resilience Projects for Foxton, Lower Manawatū, Palmerston North, and Rangitikei. These projects total \$35.9 million, with central government agreeing to fund \$26.9 million towards the costs.

In 2020, Council also received \$7.5 million Provincial Growth Fund towards the \$15 million needed to undertake repairs to the north and south moles at the Whanganui River mouth, and other river training structures along the lower reach of the river.

Other significant capital projects include reconstructing the stopbanks along the lower reaches of the Koputaroa Stream; flood protection provided to Whanganui East from the Matarawa Stream; higher standard of flood protection for Foxton Beach; and comprehensively addressing flood risk for the Stoney Creek area east of Palmerston North. We have also made nominal provision for further investment in the resilience of the Lower Manawatū Flood Protection Scheme. Some of these projects will be informed by further technical work and community engagement.

AVERAGE ANNUAL INFRASTRUCTURE SPEND





Summary of our financial strategy

He kupu poto mō te rautaki pūtea



Community planting day

Welcome to our Financial Strategy Summary, which provides an outline of our intended levels of service along with associated cost and funding implications, in particular our current and projected debt levels.

The focus of the LTP 2021-2031 is ensuring that we maintain appropriate investment in infrastructure while responding to a number of new challenges. These challenges include the economic impact of COVID-19 on our region's businesses and households, and the balance between rates affordability and the provision of services for the community.

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

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

Climate change is projected to have significant impacts on our region, requiring substantial and rapid mitigation and adaptation efforts. Horizons is no exception to this, and climate change is a further challenge with a range of impacts on our activities. Horizons will be addressing this through a range of projects over the next ten years, including the creation and funding of a new climate change activity, and capital investment in the resilience of our flood protection and control infrastructure with Climate Resilience projects.

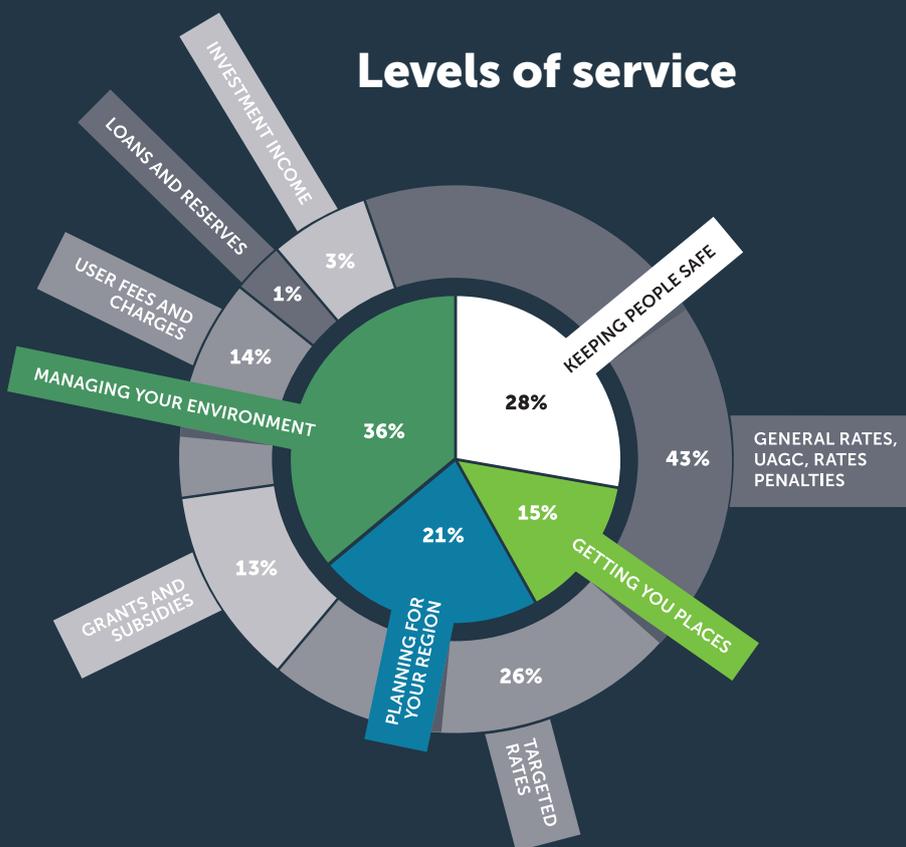
In 2013, Council established the Infrastructure Insurance Reserve to initiate a programme of self-insurance for parts of our river and drainage scheme assets. For this LTP, Council are proposing not to rate the \$500,000 targeted rate towards the Infrastructure Insurance Reserve from Year 1. \$120,000 per year will still be contributed to this reserve via the general rate. This reserve balance is currently \$4.6 million which affords Council cover for a single significant emergency event, resulting in the need to replace assets.

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

The challenges council is presented with has resulted in Council expenditure and capital investment growing quickly to support the new requirements, existing business and plan for the future. Over the life of this budget we have attempted to reduce the burden on the ratepayer by leveraging as much revenue as possible from sources other than rates. We will continue to investigate and seek investment opportunities that will continue to provide a return to ratepayers while balancing the risk and return in line with the goals of our Investment Policy.

A full copy of Council's financial strategy can be found in our 2021-31 LTP supporting information that is available on Horizons' website haveyoursay.horizons.govt.nz.

Levels of service



To respond to the pressures articulated in this LTP, our annual operating expenditure is projected to grow from \$64 million in the 2020-21 Annual Plan to \$108 million in 2030-31. This is being driven in part by Government through a range of new legislation and economic stimulus projects, including Essential Freshwater implementation and Jobs for Nature.

Over the next ten years we are planning \$132 million in capital expenditure. 90 per cent of this spend is related to improving the level of services council provides and the remaining 10 per cent is on renewing our assets. Most of these service improvements will occur in the first two years of this LTP to deliver Council's Climate Resilience project commitments.

Rate increases and debt levels

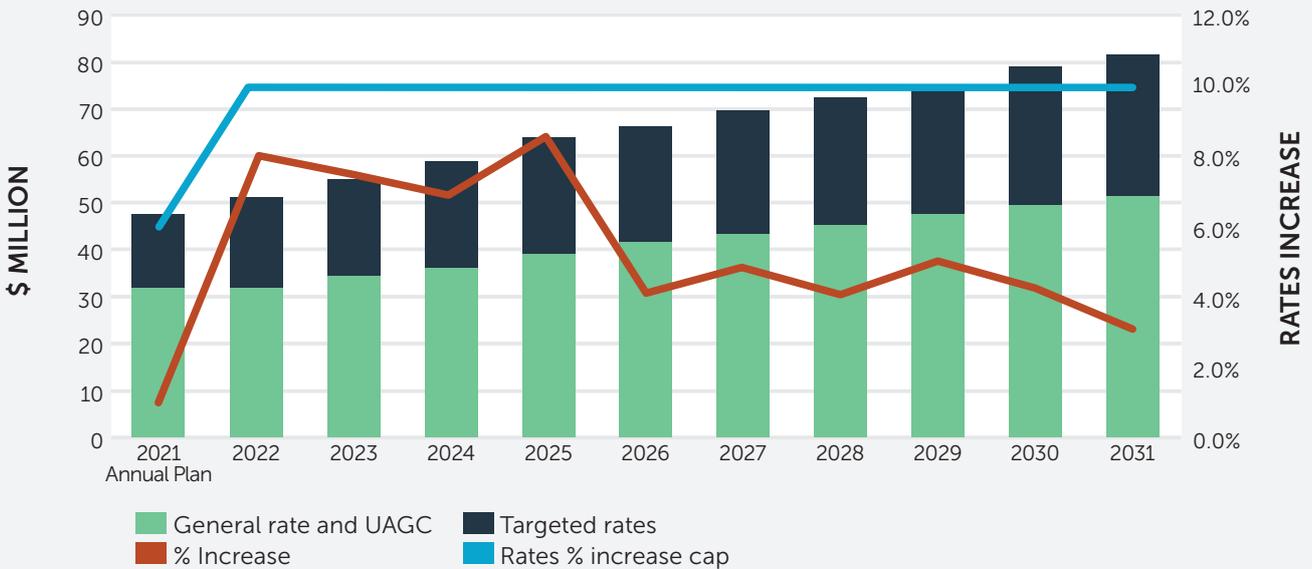
Council is very conscious of rates affordability. Through our budget process we have sought to prioritise what does and does not get funded based on legislative requirements, and the criticality of these activities to Council’s vision and community outcomes.

The average increase for the first four years will be between 6.9% and 8.5%. Beyond Year 4, the average

rates increase will range between 3.0% and 5.0%. The total rates for the region will be spread across more ratepayers if population increase continues for the region.

Council has set a limit on rates increases of no more than 10% per year for the term of this LTP.

PROPOSED RATES VS LIMIT



To fund our capital expenditure programme (\$132 million) and National Policy Statement for Freshwater Management implementation, Council will take on more debt. Councils are in a unique position to take on low interest loans, to ensure each generation pays their fair share for long term assets. We project our total debt to rise from \$54 million (2020-21 Annual Plan) to

\$98 million in Year 4 of this LTP. Council has set its debt ceiling at 175% of total revenue which is consistent with the Local Government Funding Agency. This strategy will still leave considerable headroom underneath this limit, maintaining our flexibility to respond to unforeseen circumstances.

PROPOSED DEBT VS LIMIT



Review of policies

He arotakenga kaupapa here

During the last six months, Council has spent considerable time reviewing its policies. The majority of these policies are important as they set out who will pay for the services we provide to you, the community. These policies also inform how we consult, how we manage debt, and how we invest.

Through a number of workshops, we closely examined who benefits from activities and who contributes towards the need for activities. Benefits and contributions were considered at individual, local, regional and national levels. After taking into account the levels of benefit/contribution and practical issues (such as legal ability to charge, cost effectiveness, transparency and affordability), the following policies have had changes and these are discussed below. Further information on these policies can be found in section 5 of the supporting information, available at www.horizons.govt.nz.

Revenue and Financing Policy

The biodiversity and biosecurity targeted rates have previously been particularly complex; therefore, we have simplified them resulting in consolidated rating lines. All capital value based common rates have been rolled into the general rate, to further reduce the complexity of our rating system.

Significance and Engagement Policy

A section regarding iwi and hapū has been included in the Significance and Engagement Policy.

Rates Collection Policy

Changes to the Rates Collection Policy have included removing the prompt payment discount. This has been removed due to the discount being inconsistent with Council's guiding principles.

Annual Administration Charges

Administration charges have been updated and additional charges added to reflect the NES-FW and Resource Management Act amendments.

To improve the readability of the LTP, the following policies have been removed from the LTP and made available at www.horizons.govt.nz.

- Investment Policy
- Remissions and Postponement Policies
- Liability Management Policy
- Financial Contributions Policy

2021-22 sample ratepayers

He rārangi utu reiti ā-rohe 2021-22

To see how the proposed rates translate to your individual property check out our rates search at horizons.govt.nz/rates-search

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

Auditor's report

Tā te kaitātari kaute pūrongo

To the reader:

Independent auditor's report on Horizons Regional Council's consultation document for its proposed 2021-31 Long-term Plan

I am the Auditor-General's appointed auditor for Horizons Regional Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its Long-term Plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 23 March 2021.

Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-31 Long-term Plan, because it:
 - fairly represents the matters proposed for inclusion in the Long-term Plan; and
 - identifies and explains the main issues and choices facing the Council and region, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and Long-term Plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and Long-term Plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit and our report on the Council's 2019/20 annual report, we have carried out engagements in the areas of a limited assurance engagement related to the Region Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council or any of its subsidiaries.



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General, Palmerston North,
New Zealand







horizons
REGIONAL COUNCIL



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