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Ministry of Cities, Environment, Regions and Transport
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HORIZONS REGIONAL COUNCIL SUBMISSION – EXPOSURE DRAFT OF GUIDANCE FOR GROUPS OF ACTIVITIES FOR THE 2027-37 LONG-TERM PLAN

Horizons Regional Council (Horizons) is the regional authority for the Manawatū-Whanganui Region, extending from south of Levin to north of Taumarunui and from Whanganui across to the east coast, covering an approximate 22,000km² in total. Horizons' responsibilities include coordinating our region's response to natural disasters and emergencies, flood protection and control, managing the region's natural resources, monitoring air and water quality, pest management, and biodiversity protection, leading regional land transport planning, and facilitating regional economic development.

Horizons appreciates the opportunity to comment on the draft guidance. We understand the objective of improving consistency and comparability across local government reporting. We support this objective and offer the following suggestions to help ensure the framework can be implemented consistently, proportionately and in a way that continues to support meaningful reporting for communities.

Our ability to comment is also constrained because consultation is occurring on non-statutory guidance before the regulations establishing the mandatory groups have been released. While this submission focuses on improving the guidance, many of the issues identified ultimately relate to the proposed regulatory framework rather than the guidance itself. Given the significance of these changes, Horizons would welcome a further opportunity for local government to provide feedback on the regulations once they are available.

Horizons has deliberately structured its LTP activities to provide clear line of sight between service delivery, organisational accountability, budgets and performance. Our managers are accountable for integrated work programmes that often include planning, implementation, monitoring and reporting. These functions are not necessarily delivered by separate teams or recorded through separate financial structures.

A key consideration for Horizons is implementation timing. Implementing a new reporting framework at this stage will be challenging, As the Local Government (Systems Improvement) Bill has not yet been enacted, meaning the regulations and final implementation requirements are unlikely to be settled until late 2026. Councils are already well advanced in developing the financial, funding, performance, audit and consultation components of the 2027–37 Long-term Plan while also preparing for significant reform across local government, resource management and emergency management and delivering on statutory responsibilities.

The Government has also signalled future structural change through the Head Start and backstop pathways. This provides an opportunity to consider whether implementation of the mandatory groups could align with that transition, rather than requiring councils to redesign reporting structures that may need to be redesigned again in only a few years.

This submission therefore adopts the following position:

1. Our preferred approach is to implement the mandatory groups alongside future local government transition through the Head Start and backstop pathways.
2. If implementation proceeds earlier, councils should have flexibility to retain integrated activities where this better supports regulatory stewardship, operational delivery and meaningful reporting.
3. If implementation proceeds for the 2027–37 Long-term Plan without either of these approaches, the guidance will need to provide significantly greater clarity and consistency to support practical, proportionate and auditable implementation.

The remainder of this submission provides practical suggestions to improve the guidance on that basis.

Horizons importantly notes that the guidance is non-statutory. Although the draft guidance states: *'This guidance sets out how councils must report on the eight groups of activities set in regulations'* it may be helpful to distinguish more clearly between legislative requirements contained in the regulations and recommended implementation approaches contained in the guidance. Councils are required to comply with the Local Government Act 2002 and any regulations made under that Act, not the guidance itself. Providing this distinction more explicitly would help avoid confusion, particularly while the regulations remain unavailable for consultation. Officials may also wish to consider the approach taken in guidance previously issued by the former Ministry for the Environment.

1(A) ARE THERE ANY ACTIVITIES MISSING FROM THE LIST THAT SHOULD BE ADDED?

Regional council functions should be better recognised throughout the guidance. While many individual services are referenced, the guidance does not always reflect how significant regional council functions are delivered in practice. Several examples either do not appear at all or are described in a way that separates interconnected components of a single function.
This is important because regional council functions often combine planning, science and monitoring, statutory responsibilities, regulation, infrastructure and non-regulatory delivery. Without clear regional council examples, different parts of the same function may be classified differently depending on the task or output being considered, rather than the overall purpose of the activity.

Key examples for Horizons include:

- **Environmental science, monitoring, hydrology and environmental reporting.**
  The guidance does not currently identify these regional council functions. At Horizons, the same monitoring networks, specialist staff, systems and data support state of the environment reporting, resource management planning, regulatory delivery, flood forecasting, natural hazard management, climate adaptation and public access to environmental information. Without clearer recognition in the guidance, there is a risk that councils will allocate different components of the same activity across multiple mandatory groups depending on how individual outputs are interpreted.
  Depending on the purpose for which the information is used, components could appear to fit within Governance, Planning and Reporting; Public Regulatory Services; or Adaptation and Emergency Management. However, the staff collecting and managing the data, the monitoring networks and the supporting systems are not organised separately according to each eventual use of the information.
- **Non-regulatory environmental delivery.** The guidance identifies regulatory functions relating to land, biodiversity and biosecurity but does not currently recognise the substantial non-regulatory work delivered alongside them. Horizons' programmes include landowner advice, farm planning, erosion control, pest management, biodiversity enhancement, incentives, direct delivery and community partnerships. These approaches are deliberately

used together and are often delivered by the same teams and managers. For example, biosecurity and biodiversity programmes combine statutory responsibilities, direct Council delivery, landowner engagement and community partnerships, education and grants. At Horizons, we intentionally include biodiversity and biosecurity within a single activity to reflect the interconnections between these programmes. While Public Regulatory Services captures an important part of this work, it does not fully reflect the broader nature of the activity and the way these services are delivered in practice.

- **Statutory responsibilities embedded within operational functions.** Some regional council operational activities also contain statutory or regulatory responsibilities. For example, Horizons' river management and flood protection functions include acting as a regulator under the Land Drainage Act 1908. Horizons currently manage 34 river and drainage schemes across our region, maintaining over 506 km of stopbanks, 755 floodgates, over 800 km of river channel, and more than 1,100 km of drains. These are managed and maintained through infrastructure and assets management plans and strategies, alongside our regulatory powers, and are supported by our work to increase resilience and projects with our drainage scheme committees, catchment collectives and wider community. Treating these responsibilities in isolation as Public Regulatory Services could separate them from the operational function through which they are delivered.

These examples demonstrate that the framework would benefit from better reflecting how regional council functions are organised and delivered in practice. Without this, regional councils will be left to interpret how integrated regional council activities fit within the framework, which could lead to inconsistent implementation and reduce the comparability these regulations are intended to achieve.

Horizons recommends that MCERT:

1. Review the mandatory groups and supporting guidance against regional council operating models to ensure the framework appropriately reflects the full range of regional council functions and can be applied consistently across all council types.
2. Develop additional practical regional council examples, in partnership with the regional sector, demonstrating how integrated regional council functions should be classified consistently.

1(B) ARE THERE ACTIVITIES THAT YOU THINK HAVE BEEN MIS-GROUPED/BELONG IN ANOTHER GROUP FROM WHERE THEY'VE BEEN ALLOCATED?

Horizons' main observation is not that individual activities have necessarily been allocated to the wrong mandatory group. Rather, we found the guidance appears to apply different classification approaches to similar activities, which can make it difficult to apply consistently across regional council functions. We are also mindful that the framework could become more of a reporting exercise than an organisational framework.

Applying the classification at the level of individual tasks could split existing activities across several mandatory groups without changing how the work is delivered. The same people, budgets and work programmes would remain integrated operationally but require artificial separation for Long-term Plan, financial and performance reporting.

Integrated planning, policy and operational delivery

The guidance appears to separate some, but not all, planning, policy, implementation and monitoring functions that regional councils currently manage as integrated activities. For example, climate adaptation planning and strategies remain within Adaptation and Emergency Management, recognising that planning is integral to delivering adaptation outcomes. Similarly, transport planning sits within Roading and Transport because planning is recognised as part of stewarding the wider transport system.

We recognise there may be value in separately identifying some information for national comparison. However, Horizons' existing structures have developed around the stewardship of complete regulatory and operational functions. This enables the same specialist teams to plan, implement, monitor, regulate and continuously improve the services they deliver, providing clear governance, operational accountability and continuous improvement.

There are, however, some areas where this principle appears to be applied differently. In other parts of the guidance, planning, policy, regulatory instruments and operational delivery are treated as separate reporting activities despite collectively supporting the stewardship of a single function. This inconsistency creates some uncertainty about how integrate regional council functions are intended to be reflected within the framework.

Examples include:

- **Regional maritime functions.** Maritime planning, navigation and safety bylaws, operational navigation safety, harbour management and marine oil spill preparedness and response form a connected regional function. At Horizons, these responsibilities rely on the same specialist expertise and management accountability, with only 0.5 FTE dedicated to the maritime activity. Separating planning, regulatory instruments, operational delivery and response responsibilities according to different reporting categories would create a structure significantly more complex than the service is delivered in practice.
- **River management and flood protection.** River management strategies, infrastructure and asset management planning, investment decisions, physical works and ongoing scheme management form part of a continuous infrastructure management function. The activity also includes statutory responsibilities under the Land Drainage Act 1908 and Soil Conservation and Rivers Control Act 1941. The guidance appears to separate planning, statutory responsibilities and operational delivery across Governance, Planning and Reporting, Public Regulatory Services and Adaptation and Emergency Management. It is also unclear where infrastructure and asset management planning ends and operational flood protection begins. The drafting of the strategy is already included in the development and cost of the LTP, and the implementation of the strategy and management plans are what our river management and flood protection team does, the planning and implementing and monitoring are all interwoven within the teams' remit and would not reflect how the activity operates in practise.
- **Regional resource management.** Regional policy, planning, environmental science, monitoring, regulatory delivery, and plan effectiveness monitoring together support the stewardship of the resource management system. Splitting these activities across multiple groups weakens the line of sight between policy development, implementation, monitoring, and continuous improvement. An approach that keeps these functions together would better reflect how they collectively support the resource management system, rather than treating individual tasks or statutory documents as separate reporting activities.
- **Regional transport planning.** The guidance correctly identifies transport planning within Roading and Transport, but the broader treatment of planning and policy creates uncertainty about where the boundary is intended to sit. Regional land transport planning (i.e. inclusive of roading, rail, ferries) should be clearly and consistently retained with the wider Roading and Transport function. At Horizons, regional transport planning, passenger transport planning and service delivery are undertaken within the same specialist team and management structure.

Proportionality of mandatory groups
Horizons also identified some examples where the guidance could result in reporting outcomes that appear disproportionate to the scale of the activity being reported. The purpose of Groups of Activities under the Local Government Act is to provide communities with a meaningful understanding of how councils organise and deliver their services. Applying the guidance and framework at the level of individual tasks, statutory instruments or assets risks creating reporting groups that are disproportionate to the scale of the activity they represent.

For Horizons, the clearest example is Parks and Reserves. Horizons manages one regional reserve, Tōtara Reserve, as part of the wider Biodiversity and Biosecurity activity. The reserve is one of six Icon Sites in the region which receive ongoing funding from Horizons for biodiversity works but is the only one of these sites that is a reserve. The reserve does not operate as a standalone organisational activity or team. It represents less than $1 million of expenditure and approximately 2.5 FTE equivalent distributed across multiple staff who also deliver other biodiversity and biosecurity programmes.

Applying the guidance in this way could require this relatively small component of an integrated activity to become its own mandatory reporting group, with separate financial, strategic and performance reporting. At the same time, larger and more integrated regional council functions would continue to sit within broader mandatory groups.

A similar issue may arise with centrally managed enabling functions. For example, the guidance appears inconsistent in its treatment of communications and marketing. At Horizons, communications is an enabling function supporting activities across Council rather than a standalone community service. If it is required to sit within Other, this could create another standalone reporting group for part of an activity.

These examples highlight the importance of ensuring the mandatory groups remain proportionate to the activities they represent. We suggest the framework works best where mandatory groups reflect coherent council services, rather than small components of broader integrated activities.

Horizons recommends that MCERT:

3. Review the guidance to ensure a single, consistent classification principle is applied across all mandatory groups, including the treatment of planning, policy, regulatory instruments, monitoring, and implementation, rather than applying different approaches to different activities.
4. Where planning, policy or statutory responsibilities exist primarily to steward an operational function, amend the guidance so these components are classified with that function, unless there is a clear and consistent policy reason for separation.
5. Review the guidance to ensure mandatory groups represent coherent council services rather than isolated assets, statutory instruments or individual tasks where separate reporting adds complexity without improving community understanding or comparability.

1(C) IS THERE FURTHER INFORMATION THAT DIA COULD PROVIDE THAT WOULD BE HELPFUL?

The LTP is primarily a planning and accountability document for a council and its community. Its structure should help ratepayers understand what their council does, why it does it, what services will be provided and what they will cost. Horizons understands the broad objective of the mandatory groups is to improve consistency and comparability. To support this objective, we think the draft guidance would benefit from a clearer implementation framework alongside examples of individual activities.

A clearer explanation of the intended use of the framework would also support proportionate implementation. If the framework is intended to support central government analysis, benchmarking or MCERT's system stewardship role, councils need to understand the level of information required and how it will be used. This would help ensure the LTP remains useful to communities while avoiding unnecessary work to reorganise planning, financial and performance information where more targeted reporting could achieve the same analytical purpose more efficiently.

Consistent and repeatable decision-making
One of the most valuable additions to the guidance would be a clear and repeatable methodology for allocating existing activities to the mandatory groups. The draft guidance identifies activities, services and tasks but provides limited direction on how councils should consistently apply the underlying classification principles to their existing Groups of Activities. Without a consistent decision-making framework, similar activities are likely to be classified differently across councils, reducing the comparability the reforms seek to achieve.

Practical implementation
There are also a number of practical implementation matters would also benefit from clarification, including:

- **Distributed functions.** At Horizons, functions such as LGOIMA responses are delivered across the organisation by staff with the relevant technical expertise, with costs generally absorbed within existing activities and project codes. Where these functions are intended to be reported together for benchmarking purposes, the guidance should establish what costs should be included and the level of allocation expected.
- **Contestable funds vs grants.** Horizons administers several contestable community funds within the activities whose outcomes they support. Confirmation is sought that these should be classified according to the purpose of the fund rather than the funding mechanism.
- **Mandatory groups with no substantive activity.** The guidance should clarify whether all eight mandatory groups must be presented where a council has no substantive function or expenditure within a group, and what reporting is expected in those circumstances.

More broadly, councils would benefit from a coordinated implementation pathway covering the regulations, final guidance, audit expectations and any associated performance requirements. The scale of implementation will depend heavily on whether councils are expected to map existing information into a common reporting framework or redesign their underlying activity, financial and performance structures.

Horizons recommends MCERT:

6. Provide a repeatable decision-making approach for allocating activities to mandatory groups, including the level at which primary function applies, when separate reporting is required, and how integrated and distributed functions should be treated.
7. Provide a clear implementation timetable and coordinated audit position, including early confirmation of whether any further performance measure requirements are intended for the 2027–37 LTP.

1(D) ANY OTHER COMMENTS?

Horizons considers implementation should also be proportionate to the value of the information produced. Reporting requirements have real costs, including staff time, financial and systems work, audit effort and potentially external support. These costs are ultimately met by ratepayers. Where councils are required to restructure reporting or maintain reporting arrangements that differ from how services are actually managed, the resulting information should provide a demonstrable improvement in transparency, accountability or meaningful comparison.

Timing will also be an important consideration. Councils are developing the 2027–37 LTP while preparing for significant changes to local government, resource management and emergency management. For regional councils, future governance and organisational arrangements remain uncertain, while the functions and services currently delivered will continue to require effective management through any transition. We are concerned with the costs of implementing this change in such a short timeline and haven't seen any impact analysis to suggest what this may require, especially with the impacts on our finance systems and broader LTP reworking.

In this context, the LTP provides an important source of information for future decision-makers about regional functions, service levels, costs and performance. A reporting structure that separates integrated regional functions, disproportionately highlights smaller services, and does not align with organisational accountability may provide an incomplete picture of what regional councils do and how those services are managed. This could make it more difficult for future decision-makers to understand the functions, resources, and accountabilities they inherit during any transitionRather than supporting transition, this could make it harder for future decision-makers to understand the functions, resources, and accountabilities they inherit.

The 2027–37 LTP therefore needs to provide communities and future decision-makers with a clear account of what councils do, why services are provided, what they cost and how they are performing. Implementation of the mandatory groups should support that purpose while allowing council capacity to remain focused on service delivery and effective transition.

REPORTING ON RECOVERY COSTS

Should costs associated with the disposal of debris during emergency recovery be recorded against the 'adaptation and emergency management' category or as part of 'waste management'?

Horizons considers the costs associated with debris disposal during emergency recovery should be reported under Adaptation and Emergency Management. The primary purpose of this expenditure is recovery from an emergency event, rather than delivery of an ongoing waste management service.

This example also illustrates a broader consideration within the proposed framework. Horizons does not provide routine waste management services. If emergency debris disposal were allocated to Waste Management, a single reactive service could become the only expenditure reported within that mandatory group.

Emergency recovery costs are inherently event-driven, with the nature, scale and duration of recovery varying significantly between events and regions. As a result, comparing debris disposal costs in isolation is unlikely to provide meaningful insight into council performance or efficiency. Currently our river management and flood protection activity holds the budget for flooding related debris, and we work with our local territorial authorities to manage debris following events.

This question also provides an opportunity to consider the most effective way of collecting nationally comparable information. If the objective is to understand specific costs such as emergency debris disposal, Horizons wonders whether reorganising LTP reporting through broad mandatory groups, is the most effective way to achieve this. Targeted reporting requirements or nationally consistent measures for specific services or costs may provide the information sought while avoiding unnecessary changes to councils' planning and reporting frameworks.

Horizons recommends that MCERT:

8. Classify debris disposal costs arising from emergency recovery under Adaptation and Emergency Management, reflecting the primary purpose and context of the expenditure.
9. Where Government requires nationally comparable information on specific costs or services, develop targeted reporting requirements or nationally consistent measures for those items.

CONCLUDING REMARKS

We appreciate the opportunity to provide feedback and hope the practical examples in this submission assist in refining both the regulations and the supporting guidance.

Horizons sees merit in moving towards a more consistent reporting framework across local government. We believe this will be most successful if implementation can align with future local government transition, rather than requiring councils to redesign planning and reporting frameworks immediately before a period of significant structural change.

We also encourage continued engagement with the regional sector to ensure the final framework is practical, proportionate, and capable of being implemented consistently across all council types and for all council functions.

Whatever future reforms may bring, regional councils will continue delivering vital services for their communities. The Long-term Plan plays an important role in helping communities understand what councils do, why services are provided, and the outcomes delivered through their investment. We hope the final framework enables councils to continue telling that story clearly while supporting communities and future decision-makers through a period of change.

Ngā mihi nui,

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