#LetsLookLongTermForOurRegion

Puka whiriwhiri o te Mahere Roa 2024-34

2024-34 Long-term Plan consultation document

horizons
REGIONAL COUNCIL

To tātou rohe
Our region

The Horizons Region extends over 22,000 km^2 – 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 from that of city and district councils - we are responsible for ensuring the sustainability of 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.

Tārai rohe mō āpōpō
Shape your region's future

Horizons Regional Council's Long-term Plan (LTP) 2024-34 is our plan for council's activities, including how we will ensure sustainable use of our region's natural resources for the next ten years – and how we propose to rate for it. This consultation document is your opportunity to understand what we are proposing to do so you can have your say on the future of the region.

He kupu nā te Heamana
Chair's message

Tēnā koutou and welcome to our consultation document for Horizons Regional Council's 2024-34 Long-term Plan (LTP). The focus of this LTP has been about balancing increased demand on us by central government, holding the line on progress we've made, meeting community expectations and high-priority needs, and affordability. Inside this document, we have outlined how we are aiming to achieve this tricky balance and several areas that we would like your feedback on. This information is supported by additional information that you can find on our website **haveyoursay.horizons.govt.nz**, as well as ways you can share your thoughts with us.

Planning for this LTP has consumed the better part of the last year for your local councillors and has been an experience unlike any other as we've workshopped Horizons' activities and levels of service. Not only are we facing cost of living increases, we are at – in some ways – a tipping point across the country in terms of ageing infrastructure (such as flood protection assets), increased climate-related events and ageing populations. All councils are looking at large increases simply to provide the same level of service because inflation impacts us the same way it does a household. Added to that a new government and a lack of clarity around exactly what might change for us, to say the planning process has been challenging is an understatement.

However, in times of challenge and uncertainty, we are reminded of the importance of working together and having a clear idea of what we're here to do. Our strategic priorities and community outcomes provide this focus. In August last year, we asked for your thoughts on the priority areas Council was considering for this LTP. It was the first time we had undertaken early engagement and we were pleased to have over 150 submissions during the four-week period. The feedback we received told us we were on the right track with our priority areas as no other suggestions were put forward. Overall, people wanted us to focus on local solutions for local problems, taking a long-term view rather than short-term decisions, delivering core services at the lowest cost to ratepayers, working with and supporting the community, and providing tangible insights to help the public understand Horizons' work. This feedback has been helpful, alongside our community outcomes, as we've made decisions to get where we are now, staying true to core business and aiming to deliver what we believe our communities expect of us.

For this Long-term Plan, we are proposing a total rate increase of 12.9% for 2024-25, 12.6% for 2025-26, and 9.2% for 2026-27. 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.

It is also important to note that these proposed rates will vary district to district due to factors such as district rating revaluations and targeted rates for specific projects such as urban passenger transport services for certain areas (Issue 3c, page 36). For example, when Council proceeds with the proposed increase in bus services in Palmerston North, Palmy residents will see an increase in their rates invoice which is significantly higher than the proposed total rate increase of 12.9%. 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 translate to your individual property, check out our rates search at **horizons.govt.nz/rates-search** or go to page 55 to see how the proposed rates movements affect a group of sample ratepayers across the region.

In this consultation document, you will find more about what we are planning for, what we have already committed to, our updated strategic priorities and community outcomes, and items for consultation. Some of the proposals we want your feedback on are:

- how much of our highly productive land gets mapped,
- a new approach to managing river catchments,
- river management asset insurance,
- changes to targets in our Freshwater and Partnerships activity,
- increased levels of service for public transport, and
- changes to cost recovery for water metering consents.

I would like to acknowledge there's still a lot of uncertainty around government decisions so we've planned the best we can. We were already considered a lean organisation and government requirements are stretching us even more, but we are hopeful things will get clearer in time as we get closer to deliberations and can adjust as required prior to adopting our LTP. This consultation is the starting point for the conversation with our communities.

This document also includes a summary of our Infrastructure Strategy and Financial Strategy, as well as the outcomes of the recent reviews of our Revenue and Financing Policy and our Significance and Engagement Policy. If you want further information about something not included in here, please get in touch or take a look at our Supporting Information, a list of which can be found on page 59. Alternatively, if you would like one of our councillors to come and talk to your community group, please contact **haveyoursay@horizons.govt.nz** and we will do our best to make this happen.

The work we do across all our districts has a direct impact on making our place a healthy environment, where people are thriving. 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 22 April 2024.

Having your say on how we manage the region's natural resources really can make a difference. Council does its best to keep rates at an affordable level while ensuring there are opportunities to preserve and enhance agreed environmental outcomes, so your feedback can help shape how we spend your rates. Submission forms can be found online at **haveyoursay.horizons.govt.nz**, where you will also find our Supporting Information and other ways you can submit. These are also available at your nearest Horizons' office.

I'm excited for what the next ten years has in store for our region and the work we are aiming to achieve, and I look forward to hearing what you think.

Poipoia te kakano, kia puawai - nurture the seed and it will grow.

Ngā mihi nui

Rachel Keedwell
Chair

Ngā ihirangi
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Te Kī Key

Tuku whakaaro
Have your say

HAVE YOUR SAY

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

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

CHANGE TO ACTIVITY

This could be a change to the level of service, rates or debt.

He kaupapa hou
New activity

NEW ACTIVITY

This is a new proposed work programme that has not existed for Horizons to date.

Tā Horizons whiringa
Preferred option

PREFERRED OPTION

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

Ngā Kaikauni hera
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Te anga rautaki
Strategic framework

Tō mātou wawata
Our vision

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

Ngā rautaki arotau
Our strategic priorities

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

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

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

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

Ngā putanga ā-hapori
Our community outcomes

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

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

He pūnaha hauropi ora
Our region's ecosystems are healthy

He whatunga waka mauritau
Our region has effective transport networks

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

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

Our strategic framework ensures a big-picture focus when it comes to resource allocation, decision making and strategic oversight, particularly when dealing with the challenge of planning during uncertainty. Along with our vision, we have identified four strategic priorities and six community outcomes, which will help us keep our eye on that big picture, especially when planning for the ten years ahead.

HAVE YOUR SAY

In August 2023, Council sought feedback on some indicative strategic priorities as early engagement to the Long-term Plan. The objective was to sense-check the priority areas councillors had identified, see what people considered most important in relation to activities to help achieve them, and ask if there were any other priorities the community wanted them to consider. The feedback from over 150 submissions indicated Council was on the right track regarding the priorities and helped formalise what was included in the following framework. The feedback in relation to activities that could help achieve the priorities was more varied, however still helpful, and a summary can be viewed at **haveyoursay.horizons.govt.nz**.

The purpose of local government is to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. Council describes how it seeks to do this across the region through its six community outcomes. Council keeps these outcomes front and centre when it is making decisions that impact the current and future wellbeing of communities in the rohe. The community outcome regarding mana-enhancing relationships with iwi and hapū is a new addition for this Long-term Plan, and reflects our commitment to being Te Tiriti partners.

The priorities and community outcomes included in this framework has helped inform a lot of the decisions that have been made on the journey to where we have landed for this Long-term Plan. We welcome any feedback you have on the framework as a whole via our submission form included in this document or at **haveyoursay.horizons.govt.nz**.

2024-34 Long-term Plan
Hei tirotiro noa

2024-34 Long-term Plan at a glance

We want your feedback on:

Planned public transport improvements in our urban centres and connecting our region.

find out more on page 36

Managing our region's water meter use.

find out more on page 42

Moving to a whole–of-catchment-approach to improve water quality, pest control and river management.

find out more on page 29

Mapping highly productive land.

find out more on page 26

A reduction in fencing and planting in our freshwater space.

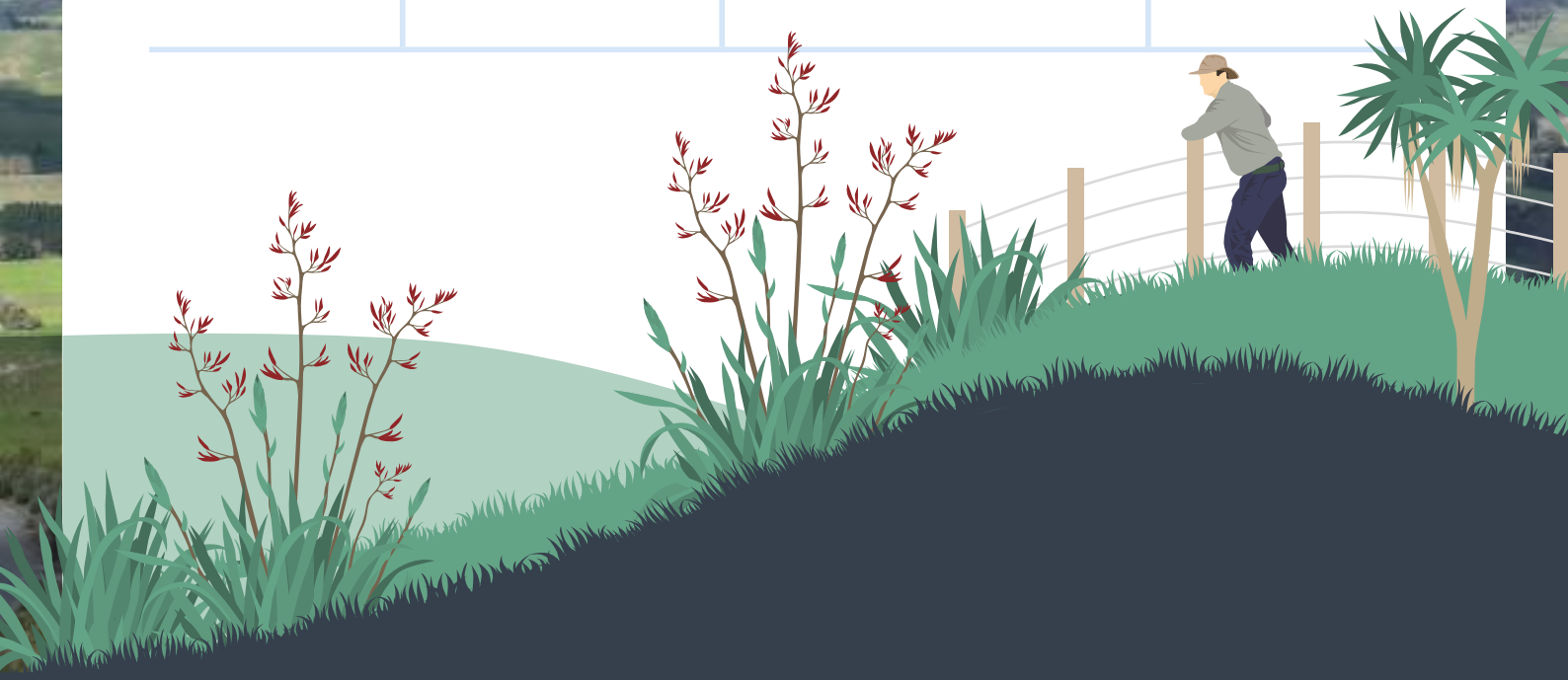
find out more on page 34

Changes to the way Council funds some of its activities and how it uses investment revenue.

find out more on page 47

Protecting our assets with appropriate insurance cover.

find out more on page 32



Some of our mahi over the next 10 years:

Over $219 million

to be spent on flood protection. Over $8m to be invested on climate resilience projects.

Over $265 million

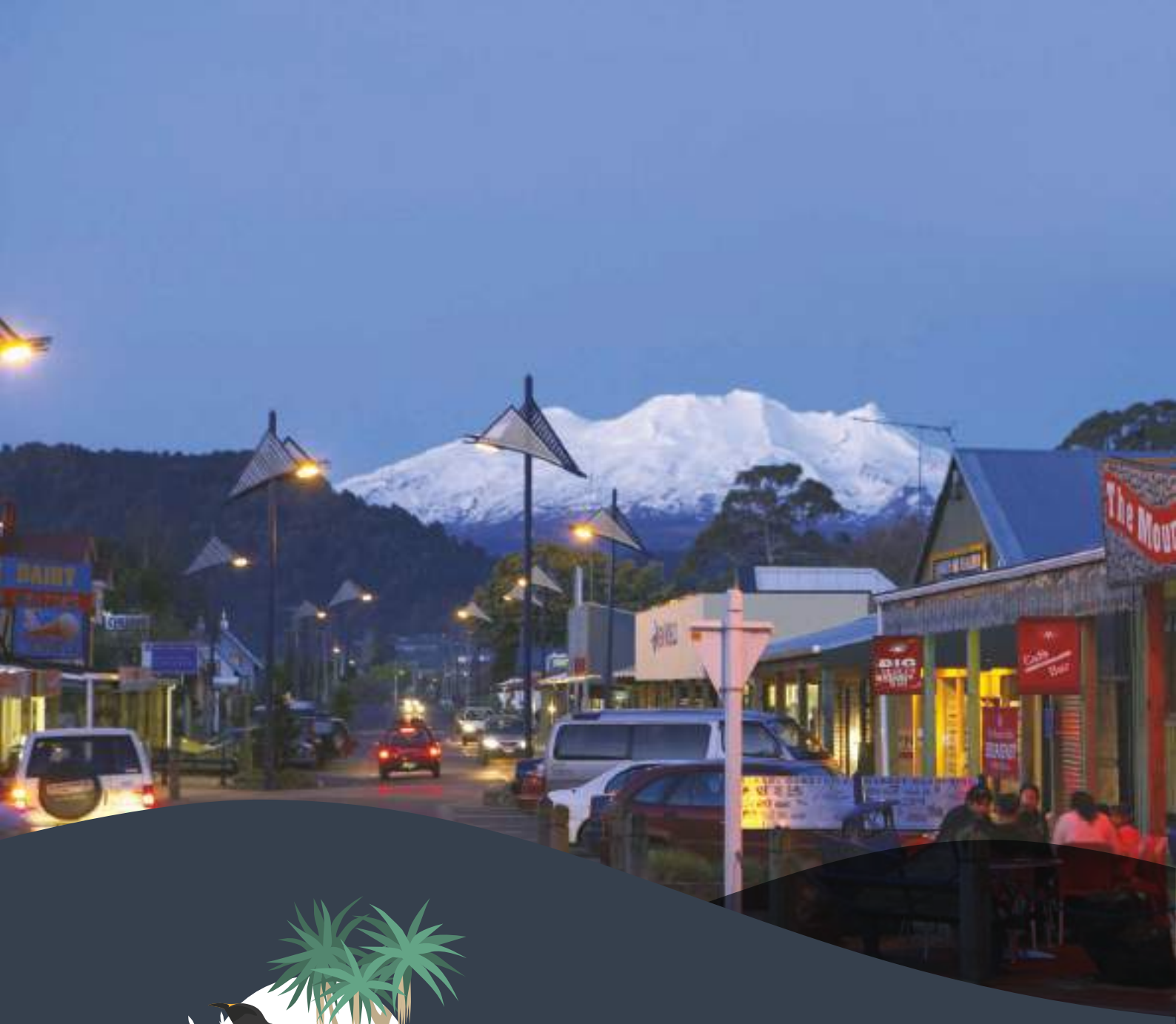
to be spent on planned passenger transport services. Over 57% of the total spend is budgeted to come from NZTA subsidies, passenger fares and third party revenue (advertising).

A commitment to science, with nearly **$65 million to be invested.**

Over $17 million

dedicated to iconic biodiversity projects around our region.

Committed to becoming better Te Tiriti/Treaty of Waitangi partners by building mana-enhancing relationships with iwi and hapū.



Te tiro whakamua
What we are planning for

When planning for the ten years ahead Council takes into consideration challenges that are having an impact now and will continue to do so in the coming years. Here we have a summary of those challenges, several of which are interconnected and influence some of the items for consultation. To meet these challenges Horizons must focus on being open, responsive, and solutions-focussed, while being guided by our strategic priorities and community outcomes.

Further details on these challenges can be found in the Council's Key Challenges in the coming years section of the Supporting Information.

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

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

Every council in Aotearoa New Zealand is faced with the same challenge. It is likely that our plans and budgets will be affected by central government decisions that are made while we are consulting with our communities on our draft plan. For now, we have planned for what we need to the best of our ability but we must be as agile as we can during this period and be willing to respond to changes as they are presented.

Increasing regulatory complexity

An increasing amount of environmental regulation has contributed to a complex, contentious and litigious regulatory environment. The Government's Essential Freshwater package is an example that is shaping a great deal of our work. This is especially important around stock exclusion requirements and fish passage around flood protection assets that Horizons owns. The increasing regulatory expectations require additional staff (as discussed in consultation Issue 1) and improved information systems and is driving cost increases across Council.

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

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

The impacts of climate change

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

Consultation issues 2, 3a and 3b show some of Council's thinking around some activity updates that will help build community resilience to climate change, and there are many other wider projects throughout Horizons that are contributing to this priority – including using central government funding to upgrade flood forecasting and modelling. See the section on Climate change in the Supporting Information, page 11 for more information on the impacts of climate change and Horizons' plan of action.

Competitive talent market

We are facing a competitive market in terms of securing experienced or specialist staff, external experts, and contractors. We have increased our budget to be able to respond to the need for additional staff numbers based on what we know right now, however, it may be a challenge finding and recruiting people with the required skills and experience. The increasing workload resulting from central government reform and increasing regulatory complexity is compounding this challenge. For further information, please refer to Issue 1: Responding to legislative requirements (page 23).

Changing technology

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

Meeting new demands and increasing workload, while still being responsive to our communities' expectations, places strain on our internal systems and processes. While new technology opens up possibilities in terms of analysis, data presentation, and operational efficiency, it requires "back office" investment that is not always easy to explain in terms of direct benefit to ratepayers. As part of this Long-term Plan, we are proposing upgrading Horizons' website to help meet community expectations on access to information; more information on that can be found in the Partnerships, Governance and Leadership section of the Supporting Information.

Increasing costs/affordability

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

Hei whakarato mā mātou
What we are committed to deliver

Before proposing changes to our work programmes over the next 10 years, our 2024-34 LTP already had a committed increase of $2.8 million in 2024-25, equating to a 4.7% of the total rate rise. This is due to a number of projects Council had already approved including river management works that are supported by central government co-funding, and public transport improvements in Palmerston North and Whanganui. A new four-year contract with central government for the Sustainable Land Use Initiative (SLUI) also has an influence from 2025-26.

River management works

Also known as the Capital Upgrade Programme, our river management works provide a level of flood protection to build resilience to, and lessen the impacts of, climate change – one of the key areas of focus in both our strategic priorities and community outcomes (see page 6). In this Long-term Plan, we are fortunate to have a number of projects receiving continued co-funding from central government, which in some cases have been there for a number of years. Some examples of these works are as follows.

- Co-funding from the Provincial Growth Funding for the Te Pūwaha Port Revitalisation Project at the mouth of the Whanganui River will enable the Tanae Groyne construction in 2024-25 and South Spit construction in 2025-26*. Council has chosen to not programme the South Mole upgrade as part of the Long-term Plan due to increasing costs to complete the work. This work forms part of the economic development work to enhance port operation.
- Climate resilience funding for the Lower Manawatū, Palmerston North, Rangitīkei and Foxton projects continues on from the 2021-31 Long-term Plan. Planned works include upgrades to the Moutoa floodgates at both ends of the spillway; Rangiotu floodgates and Tokomaru stopbanks; upgrades to Palmerston North stopbanks along the Mangaone Stream near Tremaine Avenue; implementing a "room-for-the-river" movement approach downstream of Bulls Bridge; and flood resilience upgrades in Foxton.
- The Local Government Flood Resilience Fund, which was established to help regions recover from Cyclone Gabrielle, has provided for flood forecasting, flood modelling, and communication resilience upgrades, as well as a flood vulnerability study for our region in 2024-25. The Pohangina catchment project to reduce the risk to people and infrastructure, including a work programme to establish improved flood protection at Tōtara Reserve, is planned for 2024-25. Through central government's Nature-based Solutions Programme, a project to investigate a "room-for-the-river" approach will also continue in 2024-25, aiming to identify a more resilient and sustainable river management programme, particularly in the Ōroua/Pohangina area.

Other capital programmes previously committed to by Council but not co-funded by government, include further work to design, consent and complete upgrades to flood protection for Feilding township; plans to determine and implement a solution to the flood risk at Te Arakura Road downstream of Feilding township on the Ōroua River; and further work to build resilience in the Mangaone Stream in Palmerston North.

The table over the page shows the funding for the Capital Upgrade Programme for the first three years of the Long-term Plan. Council is taking a consolidation approach to its capital works programme, as explained on page 21 of this document. This will result in a reduction in spending on upgrades as government co-funding reduces to $5.5 million in 2026-27 and then further again from 2027-28. The focus once the co-funding reduces will

*Subject to approval from Kānoa, the Regional Economic Development and Investment Unit.

be on projects in Feilding and Palmerston North. However, rising insurance costs, the appropriate level of insurance (see page 32), and the funding split of drainage schemes (see page 48), are key decisions Council are facing around river management and will also influence overall budget.

To read more about the projects listed in this section, as well as longer-term projects, see the 'Catchment operations' section in 'Our areas of work' in the Supporting Information and draft Infrastructure Strategy.

Capital Upgrade Programme				Indicative
	2024-25	2025-26	2026-27	2027-34
Full budget	$15.3 million	$8.02 million	$5.5 million	$1.7 million p/a
Central government funding	$10.9 million	$0.9 million	$0	$0
Horizons contribution	$4.4 million	$7.1 million	$5.5 million	$1.7 million
Impact on debt levels	Increase in debt - Year 1 $4.2M, Year 2 $7.1M, Year 3 $5.2M.			
Impact on levels of service	Change in focus from new projects to a consolidation and maintenance focus.			

Public transport

Our public transport provides a vital transport option for many people in our community. We have urban bus services in the cities of Palmerston North, Whanganui and Feilding; a number of regional commuter services across the region serving the Horowhenua, Manawatū, Rangitīkei, and Ruapehu districts; and we support community vehicles and health shuttles in many districts, including Tararua. We also contribute to the Capital Connection rail service between Palmerston North and Wellington. Our Regional Public Transport Plan sets ambitious targets for growing public transport within the region, and the entire transport activity aims to meet Horizons' strategic priorities and community outcomes related to effective transport networks and climate change.

For this Long-term Plan, Council has committed to an improved network in Palmerston North and changing the funding arrangement for Te Ngaru – The Tide in Whanganui. **In early 2023 Council resolved to be the first in the country to implement a fully electric bus network, with this service scheduled to begin in Palmerston North and Ashhurst in March 2024.** The new service will provide more than double the level of service compared to previous levels, provide more direct routes, and have more coverage in the evenings and weekends. The funding for this service is outlined as below with the rating impact falling 2024-25. There are also provisions for a mid-term service review in 2027-28.

Palmerston North improved bus network				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required	$2.27 million	No additional rates increase on previous year.		Possible review
Per $100,000 of capital value – Palmerston North*	$8.44			
Total rates impact**	3.9%			
Impact on debt levels	None			
Impact on levels of service	Increase			

*This means that for every $100,000 of your property's capital value (if based in Palmerston North), the value stated will be charged on your rates each year.

**This activity is rated 100% targeted to properties in the Palmerston North district, which are predominantly urban in character, based on equalised capital value.

For the Te Ngaru – The Tide service in Whanganui, Council has committed to changing the funding arrangement for 2024-25 onwards. Previously, the service was part funded by Whanganui District Council and will now be fully funded by Horizons as outlined below.

Te Ngaru – The Tide				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required	$290,000	No additional rates on previous year.		
Per $100,000 of capital value – Whanganui*	$2.78			
Total rates impact**	0.5%			
Impact on debt levels	None			
Impact on levels of service	Increase			

*This means that for every $100,000 of your property's capital value (if based in Whanganui), the value stated will be charged on your rates each year.

** This activity is rated 100% targeted to properties in the Whanganui district which are predominantly urban in character, based on equalised capital value.

Finally, Horizons is currently in the procurement stage alongside Greater Wellington Regional Council to deliver improvements to passenger rail services, currently known as the Capital Connection, on the Manawatū line between Palmerston North and Wellington. The improvements, not scheduled to commence until 2028-29, will see four return weekday services between Palmerston North and Wellington and include two return weekend services each day. The final budget implications from those improvements will not be known until the contract and financial commitment is presented to Council in late 2024. These implications are expected to be part of the 2025-26 Annual Plan. The table below shows indicative costs of the increased services based on current capital values in the Palmerston North, Manawatū and Horowhenua districts.

Passenger rail improvements				
	2024-28	2028-29	2029-30	2030-34
Additional rates required	N/A	$675,000	$400k	No additional rates on previous year.
Per $100,000 of capital value Palmerston North*	N/A	$1.25	$0.75	
Per $100,000 of capital value Manawatū*	N/A	$2.80	$1.68	
Per $100,000 of capital value Horowhenua*	N/A	$2.83	$1.70	
Total rates impact**	N/A	0.8%	0.5%	
Impact on debt levels	None			
Impact on levels of service	Increase			

*This means that for every $100,000 of your property's capital value, the value stated will be charged on your rates each year.

** This activity is rated 50% targeted to properties in the Palmerston North district, 30% targeted to properties in the Horowhenua district and 20% targeted to properties in the Manawatū district, all of which are predominantly urban in character, based on equalised capital value.

capital connection

Sustainable Land Use Initiative (SLUI)

The voluntary SLUI programme, which encourages landowners to do work to minimise land erosion on their farms, is an important part of the region's activity to build resilience to climate change and achieve water quality outcomes. Over the life of SLUI, more than 670,000 hectares of land have been mapped through SLUI's Whole Farm Plans service and over 55,000 hectares of erosion control works identified in those plans have been completed.

As freshwater farms plans are becoming a central government requirement for properties over 20 hectares, the SLUI programme will no longer include work to produce Whole Farm Plans over the life of the Long-term Plan. Instead, the major focus of the programme will be on supporting erosion control works. Some farm mapping will be completed to support the identification of priorities and recording the type of land that has received erosion control works. The first three years of the Long-term Plan have government co-funding secured via the Hill Country Erosion Fund that is administered by Te Uru Rākau to deliver on the contract targets that Council has committed to when signing the contract in 2022-23, the Long-term Plan includes a budget increase as outlined below.

MORE INFO

For more detail on the projects discussed here, see the catchment operations section in the Supporting Information.

Sustainable Land Use Initiative				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required	N/A	$248,000	$100,000	No additional rates increase on previous year.
Per property	N/A	$2.18	$0.88	
Total rates impact*	N/A	0.4%	0.1%	
Impact on debt levels	None			
Impact on levels of service	No change			

*This activity is rates on a uniform basis to every Separately Used or Inhabited Part of a property in the region. A "SUIP" is any part of a property (rating unit) that is separately used or occupied, or is intended to be.

Changes to river management

Horizons River Management and Flood Protection activity provides a range of services to protect people and property from weather events and to support the regional economy. A core function of this is the maintenance and asset management programme for our 23 river schemes and 11 drainage schemes. In the past, we have sought to undertake a number of large capital projects to increase the level of flood protection across the region, as well as complete our maintenance and asset management work.

In the current high-cost-of-living environment, the previous level of capital expenditure is unrealistic. For this Long-term Plan, we are putting our focus into maintaining existing assets within the programme to increase resilience to storm events. The programme maintains some budget provision for damage repairs and a limited budget for new assets in schemes where damage occurs and there is not currently flood protection assets.

This approach will change the way activity is delivered in some schemes. The aims of the maintenance-based approach are to reduce the amount of damage to assets during storm events through preventative maintenance; increase transparency around the levels of service; and increase the efficiency of our operational delivery through a more structured programme. These goals align to community expectations expressed to us through direct landowner engagement, as well as Council's desire to take a longer-term approach with river management planning via integrated catchment management explained on page 29.

Resourcing this change will take a combination of reassigning existing budgets and introducing two new roles to increase our asset management capability in 2024-25. The budget required for this is set out below and is funded by a combination of targeted scheme rates and general rates.

This change to a focus on the maintenance of existing assets has been included in this consultation document to inform our community. This table outlines the additional rates required for this activity.

Maintenance and asset management changes to river management				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required*	$600,000	No additional rates on previous year.	$250,000	No additional rates on previous year.
Impact on debt levels	None			
Impact on levels of service	Change in focus from new projects to a consolidation and maintenance focus.			

* This activity is rated via a combination of the River and Drainage targeted scheme rates and the general rate.

Your rates explained

Every property will pay different rates depending on where you live and the services you receive. Most rates are either general or targeted.

- General rates are applied to all properties and are calculated according to capital value. They are used where there is a 'public good' and/or community-wide benefit.
- Targeted rates are used to fund a discrete activity and can only be used for the purpose for which they were collected.

For more detail, see Council's draft Revenue and Financing Policy on page 253 of the Supporting Information.

Me whakarato e mātou
What we are required to deliver

Issue 1: Responding to legislative requirements

As the regional council, there are certain things we are required to do under various legislation. In this Long-term Plan there are a number of activities Horizons needs to undertake to respond to legislative requirements. The impact of these activities range from an adjustment to existing budgets, through to requiring additional people in order to deliver what's required of us. Because we are legislatively required to do this work, we can only provide options around some levels of service for you to consider.

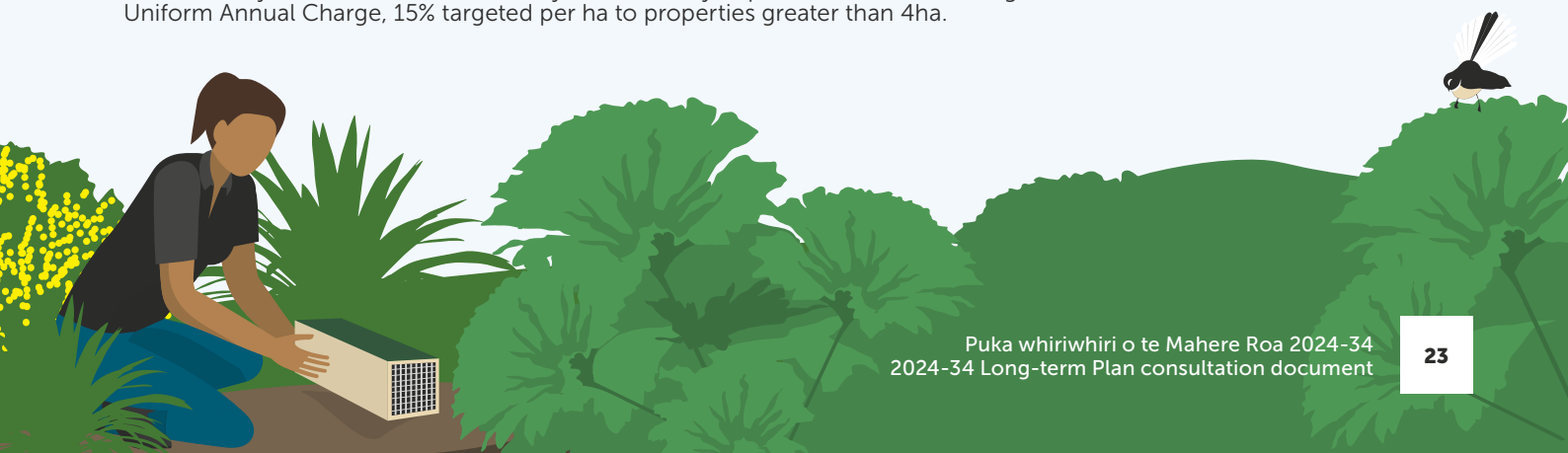
For this section it must be noted that with a new coalition government in October 2023, there is significant uncertainty about the legislative landscape in the next three years. Changes made by the government of 2024 may affect expected staffing levels and we hope to have further clarity around what that looks like in time to deliberate on and adopt this Long-term Plan. However, much of the work for 2024-25 is not expected to be impacted by the recent changes indicated from central government and will still need to be progressed. Work programmes potentially affected by government's proposed changes fall in 2025-27 and may need to be adjusted as we learn more.

Regional Pest Management Plan

Horizons has a pest management plan which sets out how we plan to control and manage animal and plant pests in our region. This plan contributes to our community outcomes regarding a thriving economy and healthy ecosystems (see page 6). The Biosecurity Act 1993 requires us to draft a revised Regional Pest Management Plan by September 2027. This work will occur throughout 2024-27 of the Long-term Plan at a forecasted total cost of $650,000 plus staff time. This is planned to be reserve funded in 2024-25 and additional biodiversity and biosecurity funding will be rated from 2025-26 as outlined below.

Regional Pest Management Plan				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required*	No impact (funding using reserves)	$200,000	$150,000	Reduces
Per property	N/A	$2.19	$0.88	No change
Impact on debt levels	None			
Impact on levels of service	Service levels unchanged.			

* This activity is rated via the Biodiversity & Biosecurity implementation rate, 55% general rate, 30% Uniform Annual Charge, 15% targeted per ha to properties greater than 4ha.



Pressures on our policy, science and regulation activities

Our science, regulation and policy activities are experiencing significant pressure to deliver on legislative requirements within set timeframes. This is due to:

- increasing environmental monitoring and reporting requirements,
- One Plan changes, intensifying regulatory complexity,
- more activities requiring resource consent and monitoring under both the One Plan and existing national environmental regulations, and
- government reforms.

In order to meet these requirements, we need to create a number of roles in each area.

The Policy, Strategy and Climate Resilience Team fulfils a number of compulsory requirements relating to corporate and resource management planning, including responding to national policy statements, national environmental standards and government legislation. For this activity there will be three new roles in 2024-25 to provide for ongoing monitoring, reporting and reviews of the One Plan, and staff resourcing to support iwi and hapū engagement in the policy process. In 2025-26 three new roles will respond to the reform of the Resource Management Act 1991, increase our capacity to engage with tangata whenua, continue to support the development of Freshwater Farm Plans, and further reviews of the One Plan. In 2026-27 two new roles will enable us to meet the increasing requirements related to climate change and additional support for proposed Resource Management Act reform. The budget for these new roles is funded by rates. For further information, please refer to 'What we are Planning For', on page 12.

Policy, Strategy and Climate Resilience activity				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required*	$644,000	$1.2 million	$915,000	No additional rates increase on previous year.
Impact on debt levels	None			
Impact on levels of service	Increase			

* This activity is rated 100% general rate based on equalised capital value.

The Science and Environmental Reporting Team provides expert evidence and opinion within the field of science to support policy development, planning processes and regulation within Horizons. For this activity, there will be three new roles in 2024-25 to support work programmes around wetlands, lakes, estuaries and community science. In 2025-26 there will be three new roles to ensure we meet legislatively required timeframes around wetland mapping for the National Policy Statement for Freshwater Management (NPS-FM) and additional support to the biodiversity and biosecurity work programmes. These will support required policy changes and support the regulatory and non-regulatory teams. In 2026-27 there will be additional roles to support the development and implementation of mātauranga Māori (Māori knowledge) and monitoring. Additional support to community catchment care groups where requested is also planned. The budget for these new roles is funded by a combination of user fees and general rates.

Science and Environmental Reporting activity				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required*	$176,000	$400,000	$460,000	No additional rates increase on previous year.
Impact on debt levels	None			
Impact on levels of service	Increase			

* This activity is rated 100% general rate based on equalised capital value.

[1] Currently partially funded through Ministry for the Environment.

Finally, the Regulatory Management Team fulfils a number of legislative requirements relating to resource management planning including consent processing, compliance monitoring, and enforcement under the Resource Management Act 1991 in accordance with the One Plan, plus providing education and advice to resource users to minimise or prevent activities having an adverse effect on the environment. For this activity, there will be five new roles in 2024-25, seven new roles in 2025-26, and six new roles in 2026-27. This will enable us to be a reliable and effective regulator for our regional community. The budget for this is outlined below and is funded by a combination of user fees and general rates. These additional roles will address the current under-staffing in the regulatory programme, and provide the additional capacity to deliver the increased regulatory workload that results from things such as national environmental standards planned major projects within the region (Ōtaki to North Levin highway and windfarms) and Freshwater Farm Plan implementation.

Regulatory Management activity				Indicative
	2024-25	2025-26	2026-27	2027-34
Additional rates required*	$490,000	$480,000	$565,000	No additional rates on previous year.
Impact on debt levels	None			
Impact on levels of service	No change – but will help achieve level of service targets.			

* This activity is rated 100% general rate based on equalised capital value.

Regional and district councils are often the "implementation body" of central government legislation – so as central government changes or increases its policy standards and compliance requirements, the burden of costs, implications and implementation falls on local government. It is important to emphasise the increase in required staffing noted above is simply to allow us to achieve "bare minimum" compliance. This level of staffing has been determined by Council to balance what is required with what is affordable for our communities.

Finally, while we are required to do all of the work outlined above, these activities all contribute to our strategic priorities and community outcomes (on page 6) – especially in regards to strengthening relationships with tangata whenua and ensuring our ecosystems are healthy.

Level of service for highly productive land

NEW ACTIVITY

HAVE YOUR SAY

Within our Policy, Strategy and Climate Resilience Activity, we are required to make changes to the One Plan in order to implement national policy statements. For the National Policy Statement for Highly Productive Land 2022 (NPS-HPL), we are able to present some options around what level of service we could offer.

The NPS-HPL requires all regional councils to map land as highly productive if it is a general rural or rural production zone and is predominately classified as Land Use Capability (LUC) 1, 2 or 3 land, and forms a large and geographically cohesive area. The purpose of this mapping is to help inform decision-making around managing subdivision and development of this non-renewable resource. While regional councils are responsible for completing the mapping, the process must be done in collaboration with relevant territorial authorities and in consultation with tangata whenua. We are required to notify a change to the One Plan no later than September 2025, to include those maps.

To meet the bare minimum legislative requirements for the NPS-HPL, the New Zealand Land Resource Inventory maps provide the base information. However, following discussions with city and district councils in the region, the desire for more targeted mapping has been identified to help inform decision-making at a property scale for resource consents and plan changes. Three targeted mapping options have been identified below. **Option 1** looks at targeted mapping focussing on acute urban growth pressure areas only – this comes at a lesser cost but will only cover a limited part of the region such as Palmerston North and Levin.

Option 2, which is Council's preferred option, includes targeted mapping focussing on areas in every district where there is urban growth pressure and/or demand for rural lifestyle subdivision. This option puts time and resource into areas where there is defined growth and subdivision pressure. It is most useful to councils across the whole region while not investing more than we need to. It is proposed that the funding for **Option 2** is split across the 2024-25 and 2025-26 financial years.

Option 3 involves targeted mapping focussing on land surrounding all existing urban areas (cities, towns and villages) regardless of growth pressure, and is more of a future-proofing approach as it means that information will be available should growth occur in future, though it comes with extra cost.

OPTION 1 Targeted mapping focussing on acute urban growth pressure areas only

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$195,000	$100,000	No additional rates on previous year.	
Per $100,000 of capital value*	$0.20	$0.10		
Total rates impact**	0.3%	0.1%		
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Less area to cover so it will have lower cost and time to complete mapping exercise. • Focusses time and resource to respond to the National Policy Statement for Urban Development.			
Disadvantages	• Will only cover a limited part of the region and therefore does not address the needs of all the districts where there is known growth pressure or demand for rural subdivision. • More likely for the change to the Regional Policy Statement to be challenged in the future, resulting in additional cost and time delay.			

OPTION 2 Targeted mapping focussing on areas where there is urban growth pressure and/or demand for rural lifestyle subdivision

PREFERRED OPTION

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$300,000	$260,000	No additional rates increase on previous year.	
Per $100,000 of capital value*	$0.31	$0.27		
Total rates impact**	0.5%	0.4%		
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Puts time and resource in areas where there is defined growth and subdivision pressure as well as responding to the National Policy Statement for Urban Development requirements. • Less time and cost to complete the mapping than **Option 3**. • Useful to councils across the whole region. • Less likely than **Option 1** to be challenged when the change to the Regional Policy Statement is implemented, potentially saving time and cost further in the process.			
Disadvantages	• More area to cover and therefore a greater financial cost than **Option 1**. • There may still be gaps where there is potential for growth in areas that are identified as highly productive but don't meet the mapping criteria.			

OPTION 3 Targeted mapping focussing on land surrounding all existing urban areas (cities, towns and villages)

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$850,000	No additional rates increase on previous year.		
Per $100,000 of capital value*	$0.89			
Total rates impact**	1.4%			
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• More extensive mapping which covers areas where growth could occur in the future and don't currently fall within the mapping criteria for **Option 2**. • Less potential for challenge when the change to the Regional Policy Statement is implemented.			
Disadvantages	• More time and cost involved than the other two options. • Less focussed on where demand is and therefore potentially inefficient.			

*This means that for every $100,000 of your property's capital value, the value stated will be charged on your rates each year.

** This activity is rated 100% general rate based on equalised capital value.

He kaupapa atua anō?
What are we proposing?

Issue 2: Planning for the future

NEW ACTIVITY

HAVE YOUR SAY

One of Council's strategic priorities for this Long-term Plan is to take a more holistic approach to delivering outcomes such as improved water quality, pest control, and river management through our operational programmes across the region. Part of this is wanting to see a system that is administratively simpler and allows for both local solutions and community-led action so we can support communities, tangata whenua and stakeholder groups in their efforts to look after the environment. Also relevant is the need to manage at least some of our operational programmes at a regional scale because issues are not confined to catchments, or simply for efficiency.

Council can take a more holistic approach by looking at how we currently manage our river management and drainage schemes and their wider ecosystems; water, land, plant and animal life, and affected communities. We can think about how we work with them as an interconnected system from the mountains to the sea. This would require a more joined-up approach than our current model, and would include transitioning to an 'integrated catchment management' way of working. This way of working would also align with what we believe our communities expect of us. Feedback from our early engagement affirmed our role to care for the environment, that we should be taking a long-term view, efficiency and that we need to deliver better outcomes.

To achieve integrated catchment management, a lot of work would need to be done behind the scenes to look at how we can improve our systems and processes, what levels of service will be delivered, what rating arrangements would be required, and the best way to report back on catchment work and progress. We'd also need to get extensive community input on what integrated catchment management could look like.

Finally, a component of this would be looking at existing river management schemes to see how they would fit within the new system.

In their current form, river management schemes are facing cost pressures due to inflation, loan servicing and insurance costs, and increased costs for damage repairs. As well as this, levels of service are being compromised through climate change impacts. Overall, Council acknowledges that our existing river management schemes are not fit for the future and are at times restricting – particularly as communities increasingly want us to do work outside of scheme areas. A priority goal of integrated catchment management would be to address these issues.

Council is proposing to fund a new work programme to enable the significant and complex planning required for moving to an integrated catchment management approach. It is expected this work programme will take around three years to set Horizons up to be ready to transition to the new integrated catchment management model by July 2027 at the beginning of the next Long-term Plan. The funding for this work programme is outlined over the page as **Option 1** and would include three new roles beginning in 2024-25. These roles, amongst other things, will plan for comprehensive engagement with the community and existing river management schemes. It should be noted that the proposed level of resourcing is what Council considers the bare minimum to do what's required to plan for integrated catchment management, with Council deliberately not investing more in order to balance affordability. Resourcing this work out of existing roles is not an option because it would divert staff from their everyday work and impact their ability to deliver existing services.

Option 2 is to not proceed with taking the holistic approach from mountains to sea via developing an integrated catchment management model. The implications of this range from losing an opportunity to adjust our current operational arrangements to be better suited to current and future needs related to

the impacts of climate change, to not living up to community expectations around what and how we deliver on areas of work that have clear connections. In particular, not proceeding with integrated catchment management means that we carry on with river management schemes in their current form.

PREFERRED OPTION

OPTION 1 Fund work programme for integrated catchment management

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$585,000	$190,000	$103,000	($877,000) ($0.92) (1.0%) The program ceases in 2028/29 resulting in a reduction in rates.
Per $100,000 of capital value*	$0.61	$0.20	$0.11	
Total rates impact**	1.0%	0.3%	0.1%	
Impact on debt levels	None			
Impact on levels of service	No change to level of service for first three years during planning phase. Improved level of service from year 4 onwards.			
Advantages	• Planning for a new, holistic approach to catchment management could be achieved without drawing staff from other areas of the business.			
Disadvantages	• Increase on rates within the first three years.			

OPTION 2 Do not fund work programme for integrated catchment management

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	None			
Per $100,000 of capital value*	None			
Total rates impact**	None			
Impact on debt levels	None			
Impact on levels of service	No change to status quo.			
Advantages	• No short term increase on rates.			
Disadvantages	• Losing an opportunity to adjust our current operational arrangements to be better suited to current and future needs related to the impacts of climate change. • A risk of not living up to community expectations around what and how we deliver on areas of work that have clear connections. • Carrying on with river management schemes in their current form.			

*This means that for every $100,000 of your property's capital value, the value stated will be charged on your rates each year.
** This activity is rated 100% general rate based on equalised capital value.

Issue 3: Updates to our operational areas

Horizons Catchment Operations Group promotes the health and resilience of the region's land and water ecosystems and economy, as well as aligning work in land and river management, including biosecurity management for animal and plant pests. The activities that fall within this group include biodiversity and biosecurity, freshwater and partnerships, land management, and river management and flood protection. These activities help achieve a number of our strategic priorities and community outcomes. For this Long-term Plan most of these activity areas will continue at their current level of service, but there are some parts of river management and freshwater and partnerships that we wish to seek your feedback on.

Issue 3a: Updates to our operational areas – increase to river management insurances

CHANGE TO ACTIVITY

HAVE YOUR SAY

Horizons owns and manages a variety of flood protection assets, ranging from approximately 500 kilometres of stopbanks, to over 1,100 kilometres of drains and 509 floodgates. We have insurance cover for these assets. We are proposing to increase our insurance cover to account for various pressures, including inflation and increased risk of damage to these assets from natural hazards.

Flood protection assets contribute to a number of our community outcomes (see page 6) including helping to keep our region's transport networks efficient, ensuring our region's communities are resilient to the impact of climate change, and enabling our region's economy to thrive. However, we are now more aware of the risk to these assets posed by earthquakes. Recent modelling showed a 1-in-500-year earthquake event may damage about $247 million of infrastructure assets. Climate change has also increased the likelihood of severe weather events, which may place our communities and flood protection assets at risk in a large-scale event like Cyclone Gabrielle.

Since 2018, the value of these assets has increased from $406 million to $990 million. Inflationary pressures have also increased the cost of insuring our assets. When considering the increase of our infrastructure valuations and our increased knowledge of the damage a significant earthquake could have on our infrastructure assets, a conservative view would indicate Horizons risks being under-insured in the case of a catastrophic event like an earthquake.

Council agreed in November 2023 to increase its insurance cover between November 2023 and November 2024 to enable Horizons to raise the amount it could claim after an event from $100 million to $200 million. We are now proposing to increase our insurance cover from the end of 2024 onwards to adjust for inflationary pressures and allow us to continue to claim up to $200 million per event, and up to $500 million (instead of the current $300 million) in conjunction with other councils through Manawatū-Whanganui Local Authority Shared Services (MW LASS) – a company owned by multiple councils within the region with the goal of finding ways to provide services at a cheaper cost.

Increasing our insurance cover will ensure we have more security in the case of a large event, while keeping in mind affordability of insurance for our communities. However, it is important to note this does not fully cover the cost of all river management protection assets in the case of a catastrophic event. Costs in these situations may be covered from various sources, including scheme reserves, central government funding and/or loan funding.

The rating impact of this proposal is detailed as an average in **Option 1** but will vary across the Horizons Region, depending on the value of flood protection assets near where you live. The bulk of the impact (about 71%) will fall on ratepayers who live in the Lower Manawatū Scheme area between Feilding/Ashhurst, Palmerston North and Foxton. However, all ratepayers will contribute to the increased costs via a general rate contribution as the assets help to protect the health of the environment, people and economy across the region.

There are also other options with varying degrees of cover – **Option 2** allows us to claim up to $200 million worth of damage plus inflation but maintains the $300 million collective claim. **Option 3** allows us to claim up to $500 million alongside MW LASS councils (plus inflation) but maintains the individual $100 million claim. **Option 4** allows for inflation only with no increase in claim amount. The implications of options 2-4, in a nutshell, are more risk. If we were to have a large event, it's highly likely we would only be able to repair a portion of damage compared to the preferred alternative of **Option 1**. For more information around the details of these insurance increases please see the draft Infrastructure Strategy in the Supporting Information.

PREFERRED OPTION

OPTION 1 Include baseline inflation, revaluations, claim up to $200 million per event by Horizons and up to $500 million alongside other councils

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$1,037,231	$461,400	$553,680	$5.515 million
Per $100,000 of capital value*	$1.08	$0.48	$0.58	$5.76
Total rates impact**	1.8%	0.7%	0.7%	0.8% average
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• An increase in the amount of insurance cover in a large event.			
Disadvantages	• Of the four options presented by Council, this is the most expensive.			

OPTION 2 Claim up to $200 million per event by Horizons

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$815,231	$417,000	$500,400	$4.984 million
Per $100,000 of capital value*	$0.85	$0.44	$0.52	$5.20
Total rates impact**	1.4%	0.6%	0.7%	0.80% average
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Lower cost than **Option 1.**			
Disadvantages	• Greater risk than **Option 1.**			

OPTION 3 Claim up to $500 million alongside other councils

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$687,231	$391,400	$469,680	$4.678 million
Per $100,000 of capital value*	$0.72	$0.41	$0.49	$4.88
Total rates impact**	1.2%	0.6%	0.6%	0.7% average
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Second lowest cost option.			
Disadvantages	• Greater risk than **Options 1** and **2.**			

OPTION 4 No change in insurance level cover, covers inflation and revaluations only

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$430,231	$340,000	$408,000	$4.064 million
Per $100,000 of capital value*	$0.45	$0.35	$0.43	$4.24
Total rates impact**	0.7%	0.5%	0.5%	0.6% average
Impact on debt levels	None			
Impact on levels of service	No change to level of service.			
Advantages	• Lowest cost option			
Disadvantages	• Greatest risk option			

*This means that for every $100,000 of your property's capital value, the value stated will be charged on your rates each year.
** This activity is rated via a combination of the River and Drainage targeted scheme rates and the general rate.

Issue 3b: Updates to our operational areas – reduced levels of service for freshwater activity

CHANGE TO ACTIVITY

HAVE YOUR SAY

The Freshwater and Partnerships Activity works with external partners to improve aquatic habitats through fish passage and riparian management, and water quality through stream fencing, riparian planting, advice on constructed wetlands, and other interventions. The programme also enables community projects through funding and advice and provides advice, support and awareness of freshwater-related rules and regulations – all to help support the community outcomes of healthy ecosystems and empowered communities (see page 6).

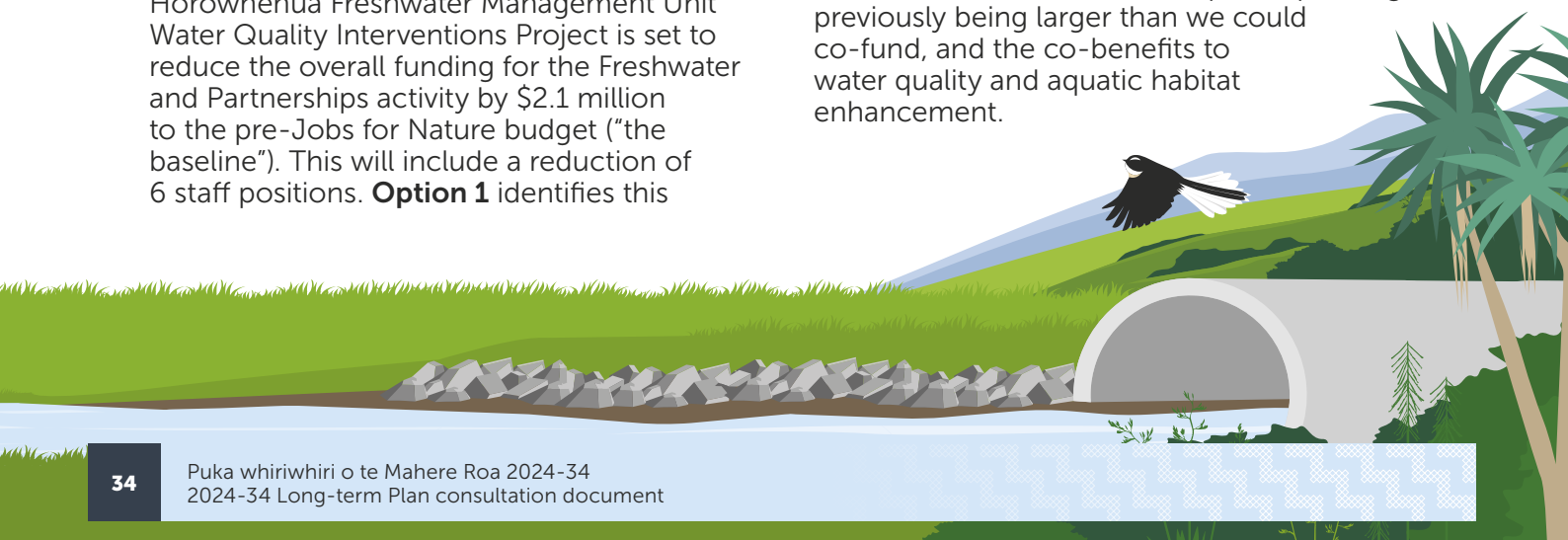
Horizons has been successful in obtaining a range of government co-funding over the last decade, with this activity undertaking the work programmes that have resulted from it. Two of the programmes, the Regional Riparian Fencing and Planting Project and the Enhancing Fish Populations Through Fish Passage Remediation Project are funded via the Jobs for Nature programme that is administered by the Ministry for the Environment. These projects were originally scheduled to end in June 2023, but are now continuing into year 1 of the Long-term Plan (2024-25) via extensions to the five-year contract timeframes.

The continuation in year 1 of the Long-term Plan will be funded by a carry forward of government co-funding and rates that have already been rated for. There will be no additional rates impact. However, from 2025-26, the end of the Jobs for Nature funding for these projects plus the Horowhenua Freshwater Management Unit Water Quality Interventions Project is set to reduce the overall funding for the Freshwater and Partnerships activity by $2.1 million to the pre-Jobs for Nature budget ("the baseline"). This will include a reduction of 6 staff positions. **Option 1** identifies this scenario as Council's preferred option in the face of increases in many other areas of Council where there is less choice available. This option will return to pre Jobs for Nature budget levels, which due to inflation, means a resulting decrease in the number of plants and the amount of fencing we can deliver. That is; 30 kilometres of stream fencing and 70,000 riparian plants (across the Manawatū and Regional programmes). This is compared to the 160 kilometres of stream fencing and 140,000 riparian plants that has been enabled by the funding from Jobs for Nature in 2023-24 alone.

However, we are offering communities an opportunity to consider some other options for maintaining an increased level of service for the Long-term Plan if they wish. Both options would require an increase to the pre Jobs for Nature budget.

- **Option 2** a target of 80 kilometres of stream fencing and 160,000 riparian plants, supported by one new role.
- **Option 3** a target of 110 kilometres of stream fencing and 240,000 riparian plants, supported by two new roles.

These options both propose additional stream fencing and riparian planting activity to enhance water quality, and improve aquatic habitat. For both of these options a higher proportion of funding has been directed at riparian planting over stream fencing due to national regulations requiring fencing in some areas, the demand for riparian planting previously being larger than we could co-fund, and the co-benefits to water quality and aquatic habitat enhancement.



PREFERRED OPTION

OPTION 1 Return to pre-Jobs for Nature funding levels of service and budget: 30 kilometres of fencing and 70,000 plants

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	None. Maintain pre-Jobs for Nature funding rates provision.			
Per $100,000 of capital value*	N/A			
Total rates impact **	None			
Impact on debt levels	None			
Impact on levels of service	Reduce			
Advantages	• Lowest cost option – no additional rates required.			
Disadvantages	• Reduction in the ability to co-fund stream fencing and riparian planting with landowners compared to 2023-24. • A potential slowdown in the rate of uptake of water quality interventions due to loss of co-funding being available to landowners. • A slowdown in implementation of water quality interventions will result in water quality improvements taking longer to occur.			

OPTION 2 A target of 80 kilometres of fencing and 160,000 plants plus one staff member

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$800,000	No additional rates increase on previous year.		
Per $100,000 of capital value*	$0.84			
Total rates impact **	1.35%			
Impact on debt levels	None			
Impact on levels of service	Increase for riparian planting Decrease for stream fencing			
Advantages	• Increased rate of implementation and the associated water quality outcomes compared to **Option 1**. • Increased rate of riparian planting compared to the 2023-24 targets resulting in improvements to aquatic habitat.			
Disadvantages	• Greater cost than **Option 1**. • A potential slowdown in the rate of uptake of water quality interventions due to loss of co-funding available to landowners, in comparison to current levels. • A slowdown in the implementation of water quality interventions will also result in water quality improvements taking longer to occur, in comparison to current levels.			

OPTION 3 A target of 110 kilometres of fencing and 240,000 plants plus two staff members

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$1,032,000	No additional rates increase on previous year.		
Per $100,000 of capital value*	$1.08			
Total rates impact**	1.75%			
Impact on debt levels	None			
Impact on levels of service	Increase for riparian planting Decrease for stream fencing			
Advantages	• Increased rate of riparian planting compared to the 2023-24 targets resulting in improvements to aquatic habitat. • Increased rate of implementation and the associated water quality improvements compared to **Option 1**.			
Disadvantages	• Greater cost than **Options 1** and **2**. • A potential slowdown in the rate of uptake of water quality interventions due to loss of co-funding available to landowners, in comparison to current levels. • A slowdown in the implementation of water quality interventions will also result in water quality improvements taking longer to occur, in comparison to current levels.			

*This means that for every $100,000 of your property's capital value, the value stated will be charged on your rates each year. ** This activity is rated 100% general rate based on equalised capital value.

Issue 3c: Updates to our operational areas – increased levels of service for public transport

On page 17 we've talked about our public transport activity that provides a vital transport option for many parts of our community. We've talked about services that we have already committed to, prior to this Long-term Plan, such as an improved network in Palmerston North and changing the funding arrangement for 2024-25 onwards for Te Ngaru – The Tide in Whanganui.

Council is proposing to increase the levels of service, or introduce a new service if there isn't currently one, for public transport in the Horowhenua, Whanganui, Rangitīkei, Tararua, and broader regional connections. For all of the following service improvements we will be seeking a similar amount of funding from NZ Transport Agency Waka Kotahi (NZTA). Further consultation and engagement would occur for each of the proposed service improvements to ensure that any future public transport service best meets the needs of the community it serves. Horowhenua service improvements would be first-cab-off-the-rank, with consultation to occur in the second half of 2024. Whanganui would be next, with consultation in late 2024 through to the first half of 2025. Consultation on the regional service improvements would occur in the second and third quarters of 2025. Additional resourcing to support the implementation of the proposals below will be sought in 2024-25.

Horizons is reliant on NZTA funding for the provision of all its existing and planned transport services. Central government is currently reviewing its funding priorities for transport infrastructure and services. For the period covered by this Long-term Plan, we have assumed that we will continue to receive at least the current level of funding. However, if this funding does not eventuate, we would be unable to continue to deliver our existing levels of service. We require further NZTA funding beyond our current level to deliver what we have planned for the future. Not receiving this funding would result in a significant reduction in levels of service and/or a substantial increase in rates. While we are confident the existing level of funding will remain in place for at least the first three years of this plan, there is a high level of uncertainty in the latter years. If this was to occur before June 2027 this would trigger an amendment to the 2024 Long-term Plan, resulting in further public consultation, as per section 93E of the Local Government Act 2002.

Whanganui improvements

In Whanganui, Council is proposing to deliver improvements to the bus network through two additional high-frequency bus routes like Te Ngaru – The Tide from 2025-26. Horizons' contribution for these improved services to deliver a whole new network in Whanganui that is fast, frequent and direct, is outlined below as **Option 1. Option 2** outlines delivering the service improvements over a longer period of time and being fully operational by 2028-29, and **Option 3** is remaining at the current service status quo.

PREFERRED OPTION

OPTION 1 Whanganui public transport service improvements running by the end of 2025-26

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	No change on rates for the first year.	$414,000	$740,000	$1,010,000
Per $100,000 of capital value - Whanganui*		$3.97	$7.10	$9.68
Total rates impact**		0.6%	1.0%	0.4% average
NZ Transport Waka Kotahi (NZTA) funding 51% of service		$430,000	$770,000	$1,050,000
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Improved services will be delivered earlier. • Improved services may lead to a higher frequency of services, and an expansion of routes, creating greater opportunities for our community to access public transport.			
Disadvantages	• Highest cost option. • This option would result in a loading of the rates in the earlier years of the Long-term Plan, rather than spreading the cost out over a longer period of time.			

OPTION 2 Whanganui public transport service improvements staged, full implementation by 2028-29

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	No change on rates for the first year.	$414,000	$235,000	$726,000
Per $100,000 of capital value - Whanganui*		$3.97	$2.25	$6.96
Total rates impact**		$0.6%	0.3%	0.4% average
NZ Transport Waka Kotahi (NZTA) funding 51% of service		$430,000	$245,000	$755,000
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Lower cost than **Option 1**, with service improvements delivered in a staged roll-out. • Improved services may lead to a higher frequency of services and an expansion of routes, creating greater opportunities for our community to access public transport. • Spreading the cost over a longer period of time will prevent a loading of rates short term.			
Disadvantages	• Implementation will occur three years later than **Option 1**. • This will mean an extended period of time before community has greater access to public transport.			

*This means that for every $100,000 of your property's capital value (if based in Whanganui), the value stated will be charged on your rates each year.

** This activity is rated 100% targeted to properties in the Whanganui district which are predominantly urban in character, based on equalised capital value.

SEE OVER THE PAGE FOR **OPTION 3**

OPTION 3 Remain with current service levels

	2024-25	2025-26	2026-27	Indicative 2027-34
No rates impact				
Impact on debt levels	None			
Impact on levels of service	Remains the same			
Advantages	• Incurs no additional cost.			
Disadvantages	• No improvements to services will be made. • Community access to passenger transport will remain the same, rather than enhanced.			

New services for Horowhenua

Council is currently working with Horowhenua District Council and stakeholders on the future vision for public transport within the Horowhenua District. We are proposing to:

- introduce new public transport services for the wider Horowhenua district, including Levin,
- improve connections to the beach and rural towns, and
- greater frequency bus service to connect south to Waikanae and the passenger rail network south to Wellington in 2025-26. This is outlined as **Option 1** below and would service a large proportion of Horowhenua communities, which is experiencing a lot of growth. **Option 2** would still provide a new public transport service within Levin but at a much smaller scale and would not include connections to the beach and rural towns, or a greater frequency for connections going south.

PREFERRED OPTION

OPTION 1 Horowhenua wide public transport services

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	No change on rates for the first year.	$745,000	$150,000	$150,000
Per $100,000 of capital value - Horowhenua*		$10.32	$2.08	$2.08
Total rates impact **		1.1%	0.2%	0.2%
NZ Transport Waka Kotahi (NZTA) funding 51% of service		$775,000	$155,000	$155,000
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Would service a large proportion of Horowhenua communities which are experiencing a lot of growth. • Improved services may lead to a higher frequency of services and an expansion of routes, creating greater opportunities for our community to access public transport.			
Disadvantages	• Higher cost option. • A loading of the rates in the earlier years of the Long-term Plan for those in the Horowhenua district.			

OPTION 2 Levin only public transport services

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	No change on rates for the first year.	$150,000	No additional rates increase on previous year.	
Per $100,000 of capital value - Horowhenua*		$2.08		
Total rates impact **		0.2%		
NZ Transport Waka Kotahi (NZTA) funding 51% of service		$155,000		
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• Would still provide a new public transport service within Levin at a smaller cost. • Improved services in Levin may lead to a higher frequency of services and an expansion of routes, creating greater opportunities for our community to access public transport.			
Disadvantages	• Improvements would be at a much smaller scale, limiting opportunities for access to public transport.			

*This means that for every $100,000 of your property's capital value (if based in Horowhenua), the value stated will be charged on your rates each year.

** This activity is rated 100% targeted to properties in the Horowhenua district which are predominantly urban in character, based on equalised capital value.

New and improved regional services

Council is proposing to support improved regional transport connections through the provision of a regional public transport network. While final prioritisation is still to occur via the March 2024 Passenger Transport Committee meeting[2], this investment is expected to provide a new connecting service for the Tararua district, plus improved connections across the region including Whanganui, Marton, Levin, with many linking through Palmerston North and south into the Wellington region. Council is also proposing as part of this investment to investigate and implement rural connector services, connecting our rural communities to their nearest town or city – this is all to be operational by the end of 2026-27 and outlined as **Option 1** below. **Option 2** would look to still provide a new or improved service to the same areas, but at a much smaller scale.

[2]Held after this consultation document was prepared.

PREFERRED OPTION

OPTION 1 New and improved regional services

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$100,000	$120,000	$800,000	$1,120,000
Per $100,000 of capital value Horowhenua*	$0.69		$2.22	$3.10
Per $100,000 of capital value Manawatū*	$1.05		$3.36	$4.70
Per $100,000 of capital value Palmerston North*			$0.59	$0.83
Per $100,000 of capital value Whanganui*			$1.53	$2.15
Per $100,000 of capital value Rangitīkei*			$3.21	$4.50
Per $100,000 of capital value Tararua*		$10.63	$4.96	$6.94
Per $100,000 of capital value Ruapehu*			$3.11	$4.35
Total rates impact**	0.2%	0.2%	1.1%	0.5% average
NZ Transport Waka Kotahi (NZTA) funding 51% of service	$105,000	$125,000	$830,000	$1,165,000
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• A new connecting service for the Tararua district. • Improved connections across the region including Whanganui, Marton, and Levin, with many linking through Palmerston North and south into the Wellington region. • Investment to investigate and implement rural connector services.			
Disadvantages	• Higher cost option, particularly in the latter years of the Long-term Plan.			

OPTION 2 New and improved regional services (smaller scale)

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	$100,000	$120,000	$130,000	$320,000
Per $100,000 of capital value Horowhenua*	$0.69		$0.36	$0.89
Per $100,000 of capital value Manawatū*	$1.05		$0.55	$1.34
Per $100,000 of capital value Palmerston North*			$0.10	$0.24
Per $100,000 of capital value Whanganui*			$0.25	$0.61
Per $100,000 of capital value Rangitīkei*			$0.52	$1.28
Per $100,000 of capital value Tararua*		$10.63	$0.81	$1.98
Per $100,000 of capital value Ruapehu*			$0.51	$1.24
Total rates impact**	0.2%	0.2%	0.2%	0.1% average
NZ Transport Waka Kotahi (NZTA) funding 50% of service	$105,000	$125,000	$135,000	$330,000
Impact on debt levels	None			
Impact on levels of service	Increase			
Advantages	• We would look to still provide a new or improved service to the same areas at a lower cost. These could include a new connecting service for the Tararua district, along with improved connections across the region.			
Disadvantages	• A much smaller scale of improvements in comparison to **Option 1**.			

*This means that for every $100,000 of your property's capital value, the value stated will be charged on your rates each year.

** This activity is rated 100% targeted to properties across the region which are predominantly urban in character, based on equalised capital value.

Issue 4: Changing fee structure for water meters

NEW ACTIVITY

HAVE YOUR SAY

Managing our region's water use is one way to ensure we achieve our community outcomes (please see page 6) of healthy ecosystems and a thriving economy. It is a fine balance, managing our community's desire to use water resources for primary production which supports the regional economy, with a responsibility to ensure we can sustain them for healthy habitats and maintain them for recreational use. Horizons records and processes a range of information about water in our region, and this data feeds into research which helps to understand trends and track progress and risk over time. One way we do this is via Horizons' water metering project, which has been monitoring water metering activity at sites across the region since 2003.

The water metering project has now evolved to meet the requirements of the Ministry for the Environment's National Environmental Standard for water abstraction. The regulations apply to holders of water consents, such as those for industrial, agricultural and commercial use, who take five litres of water per second more. Takes of 20 litres per second or more have been required since September 2022 to measure their water use every 15 minutes, store their records, and electronically submit their records to their regional council every day. Takes of 10 litres per second or more will need to meet these requirements by September 2024 and takes of 5 litres per second or more will need to meet the requirements by September 2026. Where it is a condition of consent that is more stringent than the regulations, consent holders must meet those conditions.

Up until this Long-term Plan, the cost of this activity was covered within Horizons' science budget.

Continuing to fund this programme this way will see a reduction through time of the level of service provided in the science research programme. This would mean less science research to help us understand the region's freshwater allocation resource and inform future policy development.

With the evolution of the water metering project, we are looking to adjust the funding model to cover the cost of monitoring approximately 800 locations across 594 consents within our region. Horizons proposes a 100% user-pays funding model of a flat fee per consented meter location/data-set. This brings this service into line with all our other consent monitoring charges. We believe that this is a more cost-effective option than comparable private sector options elsewhere in New Zealand.

The flat fee of $750 per meter location/data-set, shown below as **Option 1**, will cover all activities relating to water-use-metering validation visits, fault repairs, telemetry and data management, asset depreciation, website and live data access for consent holder connections, along with central government annual data supply and reporting. By setting a flat fee, Horizons can budget a total of $445,000 for this activity and recover the cost of this activity from the users of the resource rather than the wider community.

If Horizons does not charge 100% user-pays, the funding of $445,000 will be required to come from the Horizons science budget, which is shown as **Option 2**. However, this funding is only partially provided for within the 2024-25 science budget, and as additional sites are required to be telemetered, alternative funding (such as increasing rates) or a reduction to the level of service provided across the science programme would be required, to adjust for the shortfall.

Proposed change to fee structure for water meters.

Current Model

Funded from Council's Science and Environmental Reporting budget.

- 70% General rate
- 30% User pays (fees and charges)
- All rate payers

1 July 2024

Preferred Model

Consent holders pay the full cost of this service via a $750 annual charge.

- 100% user pays

PREFERRED OPTION

OPTION 1 Changing fee structure for water meters to 100% user pays

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	None			
Per $100,000 of capital value*	None			
Total rates impact	None			
Impact on debt levels	None			
Impact on levels of service	None			
Advantages	• Those who benefit from the service, pay for the service.			
Disadvantages	• None identified			

OPTION 2 Continue to fund water meters from the Science budget

	2024-25	2025-26	2026-27	Indicative 2027-34
Additional rates required	None – the status quo would be maintained			
Per $100,000 of capital value*	N/A			
Total rates impact	None			
Impact on debt levels	None			
Impact on levels of service	Gradual decline across the science programme as it adjusts for the shortfall.			
Advantages	• Advantage to consent holders who pay (via rates) the same as non-consent holders for this service.			
Disadvantages	• Disadvantage to non-consent holders who pay for a service from which they receive no direct benefit.			

Future Consultation: CentrePort Shareholding

CentrePort Limited (CPL) is a Port Company under the Port Companies Act 1988. Following the disestablishment of the Wellington Harbour Board as part of the local government reforms in 1989, the ownership of the port was vested with two councils – with CPL 76.9% owned by Wellington Regional Council (through WRC Holdings Limited) and 23.1% owned by Horizons (through MWRC Holdings Limited).

The port provides a range of services including imported goods and exports by container, bulk trade (logs, vehicles and cement), along with fuel imports. It also provides the northern hub for the Cook Strait ferry service and hosts cruise ships. In 2022/23 it generated revenue of $99 million and a profit of $12 million. More information on CentrePort can be found at **www.centreport.co.nz**.

CPL is a commercial organisation and is run by an independent board of directors. CPL provides a commercial return to MWRC Holdings Limited by way of dividends and growth in shareholder equity.

Council is open to investigating options for the future ownership structure of these shares, including engaging with the majority shareholder. Should the opportunity to pursue changes to the ownership structure eventuate, Council would undertake public consultation, in accordance with its statutory obligations under the Local Government Act 2002, to inform decision making regarding potential future ownership structures, including the use of the proceeds.

NB: This topic is not being consulted on as part of the 2024-34 Long-term Plan. Council believe it is important to keep our community updated, and will consult prior to making any decision regarding the change in ownership structure of CentrePort Ltd.

Image credit: CentrePort Limited

He arotakenga kaupapa here
Review of policies

Part of the Long-term Plan review process is making sure some of our key policies are up to date and aligned with Council's strategic direction. Council has spent considerable time reviewing two policies that are critical to the Long-term-Plan.

Revenue and Financing Policy – feedback sought

This policy sets out the various funding sources that Council uses to support operational and capital expenditure, for example, different types of rates, user pays, debt, etc. It shows how each activity of Council is funded. As a result of this analysis, Council is proposing some changes to how it uses revenue from its investments and to the way it funds some of its activities.

Proposed changes to the use of investment revenue

Under the 2021 policy, revenue from our investments is used to offset the general rate. The general rate is set based on capital value. This means that currently, ratepayers whose property has a higher capital value, receive greater benefit from the revenue generated by Council's investments.

Council is proposing to change the way it uses its revenue from investment activities from offsetting the general rate, to offsetting the uniform annual general charge (UAGC). Sources of revenue include dividends received from MWRC Holdings Ltd, interest on short-term deposits, interest and dividends from the share portfolio and rate penalty charges. For 2024/25, the planned revenue to offset the UAGC is $5.15M (incl GST).

The UAGC is a fixed amount applied equally to all ratepayers across the region - in the 2023/24 year, it was $56.00. The UAGC pays for a range of council services that provide region-wide benefit, for example, the governance and leadership functions of Council.

This change would mean that there would be a reduction in the UAGC charge by $43.27 (incl. GST) for every rating unit in the region. The UAGC would go from $56.00 in 2023/24, to $12.73 in 2024/25 (incl. GST). Because everyone pays the same amount for the UAGC, all ratepayers will benefit from the reduction equally, regardless of the value of their property. Because the general rate would no longer be offset by investment revenue, it will mean the general rate will effectively increase by an additional $5.38 (incl GST) per $100,000 of capital value. This means that, depending on your property value, you may pay less than before for your general rate contribution, and some properties will pay more – particularly if your property has a capital value of over $842,000. - *continued over the page...*

	2021 policy	Proposed 2024 policy
Uniform Annual General Charge (UAGC) per Separately Used Inhabited Part of a property (SUIP)	$56.00 incl GST	$12.73 incl GST Reduction of $43.27 (incl. GST)
General Rate	Investment revenue offsets $6.01 per $100,000 of capital value Eg. Reduction of • $36.07 for a $600,000 property. • $60.11 for a $1,000,000 property.	Increase of $5.38 per $100,000 of capital value Eg. Increase of • $32.28 for a $600,000 property. • $53.80 for a $1,000,000 property.
	Break even - $842,000 property.	

The Local Government (Rating) Act sets a limit on how much councils can collect on a uniform basis, including the UAGC. This limit is 30% of the total rates requirement. Previously, Horizons collected 27% of its rates via the UAGC. The proposed change would see 17% of Horizons rates coming from the UAGC.

To see what this means for you, please use the rates search tool at **horizons.govt.nz.**

Revenue and Financing Policy continued

Proposed changes to the way Horizons funds some of its activities

As part of the policy review process, Council is proposing a change to the way it funds some of its activities. One example is the proposal to update how we fund Horizons' eleven drainage schemes. These drainage schemes help low-lying land be more productive and, in some cases, contribute to flood protection outcomes by moving water that would otherwise pond and damage pasture or threaten surrounding homes, back into the main waterways.

Currently, our drainage schemes are funded by applying 80% of the cost to rates targeted to properties within a scheme that benefit the most, and 20% to the general rate based on the understanding there is benefit to the region as a whole to have this productive land protected.

Council is proposing to change this funding model to 90% targeted rates and 10% general rates to better reflect the benefit properties within a drainage scheme receive. At a high level this would mean the portion all ratepayers contribute to a drainage scheme that is not on their property would be halved, whereas those within a drainage scheme would be looking at around a 12.5% increase to their direct rate contribution, depending on inflation impacts.

There is an explanation of this change, and all others, within the reviewed policy draft in the Supporting Information on page 253. Please take a look at these and share your feedback with us.

Significance and Engagement Policy

The Significance and Engagement Policy provides guidance for Council and the community on the degree of significance of an issue or decision, and a framework for determining the appropriate level of stakeholder and community engagement on the issue.

Council reviewed the policy in 2023. As part of this review, Council added a section: 'When Council may choose not to consult'. This section has been added for transparency about when it can be impractical or unnecessary to seek community input to a decision.

Some examples are:

- Decisions made during a state of emergency
- Decisions to act where it is necessary to comply with the law
- Where the matter has already been addressed by Council's policies or plans, which have previously been the subject of consultation.

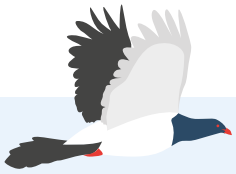
Please see a copy of the Significance and Engagement Policy on page 316 in the Supporting Information for further examples.

He kupu poto mō te Rautaki Hanganga
Summary of our Infrastructure Strategy

The Infrastructure Strategy outlines Council's approach to managing its river and drainage scheme assets and is a part of the overall delivery of the river management and flood control activity.

Horizons' river management and flood control activity includes 34 River and Drainage Schemes which have over 3700 assets with an estimated value of $991 million in June 2023. The Infrastructure Strategy outlines the current condition of these assets and the proposed approach to managing them over the next 30 years. This includes the approach to managing existing assets, completing upgrades or installing new assets and planning for the future.

The Infrastructure Strategy identifies the seven key long-term infrastructure issues and considers options to address these and identifies a preferred approach.



The key issues are identified as:

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

The preferred responses to these key issues have been considered as a part of the broader Long-term Plan, including in the Financial Strategy, changes to the performance management framework, and our approach to asset management and maintenance. The Long-term Plan also proposes the reallocation of some existing budgets (please see Issue 3a, page 32) and allocation of additional budget (please see Issue 2, page 29) in order to deliver on the preferred responses.

To read the draft Infrastructure Strategy in full, please see page 15 of the supporting information.

He kupu poto mō te Rautaki Pūtea
Summary of our Financial Strategy

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

Council is facing several challenges that are having an impact on our region now, and we expect them to continue in the coming years. The challenges, including uncertainty about changes to central government policy and the timing and implications of those changes, increasing regulatory complexity, the impacts of climate change, and others, are discussed on pages 12 of this document and in the draft Financial Strategy. Several of these challenges are interconnected and create a complex funding environment.

To read the draft Financial Strategy in full, please see page 117 of the supporting information.

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

- Continuing our commitment to improving public transport as per the 2021-31 Long-term Plan and the 2022-2032 Regional Public Transport Plan. **(See "What we are committed to deliver: Public transport, page 17).**
- Resourcing the increasing complexity and changing policy and regulatory requirements from central government, **(See "Responding to legislative requirements: Pressure on our strategy, science and regulatory activities", page 24).**
- Transitioning to a more holistic "integrated catchment management" approach, which recognises that land, water, plants, animals, and people form an interconnected system, from the mountains to the sea. This transition is a significant and complex planning project which will take three years. Our intention is that it will be ready for implementation in year 4, the first year for the next Long-term Plan (2027). **(See "Issue 2: Planning for the future", page 29).**

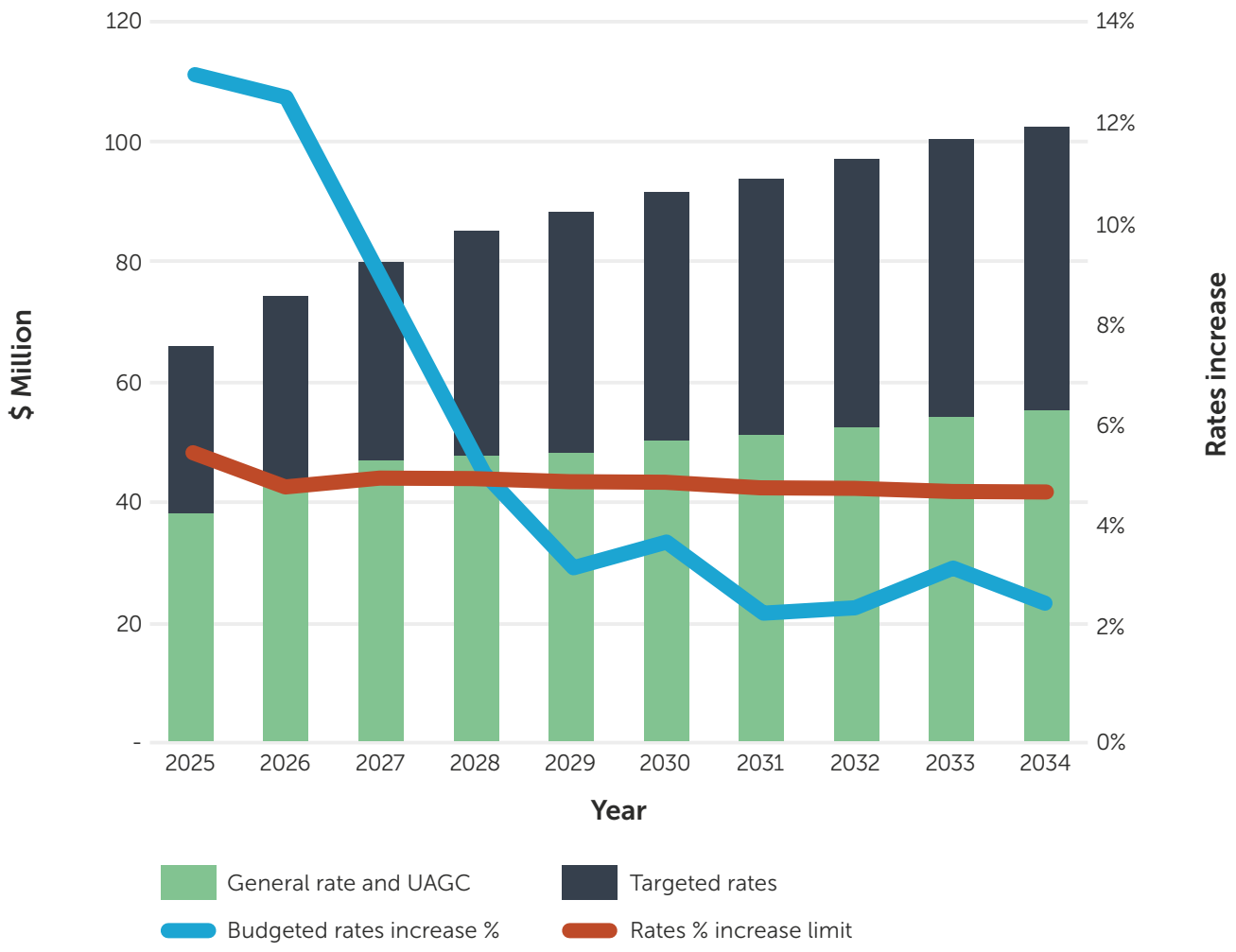
These three focus areas will mean a substantial increase in the rates requirement for the first four years of this Long-term Plan, which will exceed Council's self-imposed percentage increase limit, before returning to increases of between 2.5% and 3.8% from 2028-29 onwards.

The Financial Strategy sets out (at a high level) Council's operating expenditure and its capital expenditure, the impact of significant changes to levels of service, and summarises how Council funds its activities. For the detail on how Council funds each activity, see the draft Revenue and Financing Policy in the Supporting Information). The Financial Strategy also paints the overall rates and debt picture for the ten years covered in the Long-term Plan. The rates and debt profiles are summarised below.

Rates

Council's proposed rates increases will exceed its self-imposed limit of *no more than the predicted BERL inflation rate plus 3%* for the first four years of this plan. This is due to a significant increase in budgeted expenditure related to increased resourcing requirements, insurance costs, and increased levels of public transport service in Palmerston North and Whanganui. From 2028-29 onwards, the rates increase will range between 2.5% and 3.8%. This is predominantly in response to inflation, with our level of service planned to be maintained at similar levels.

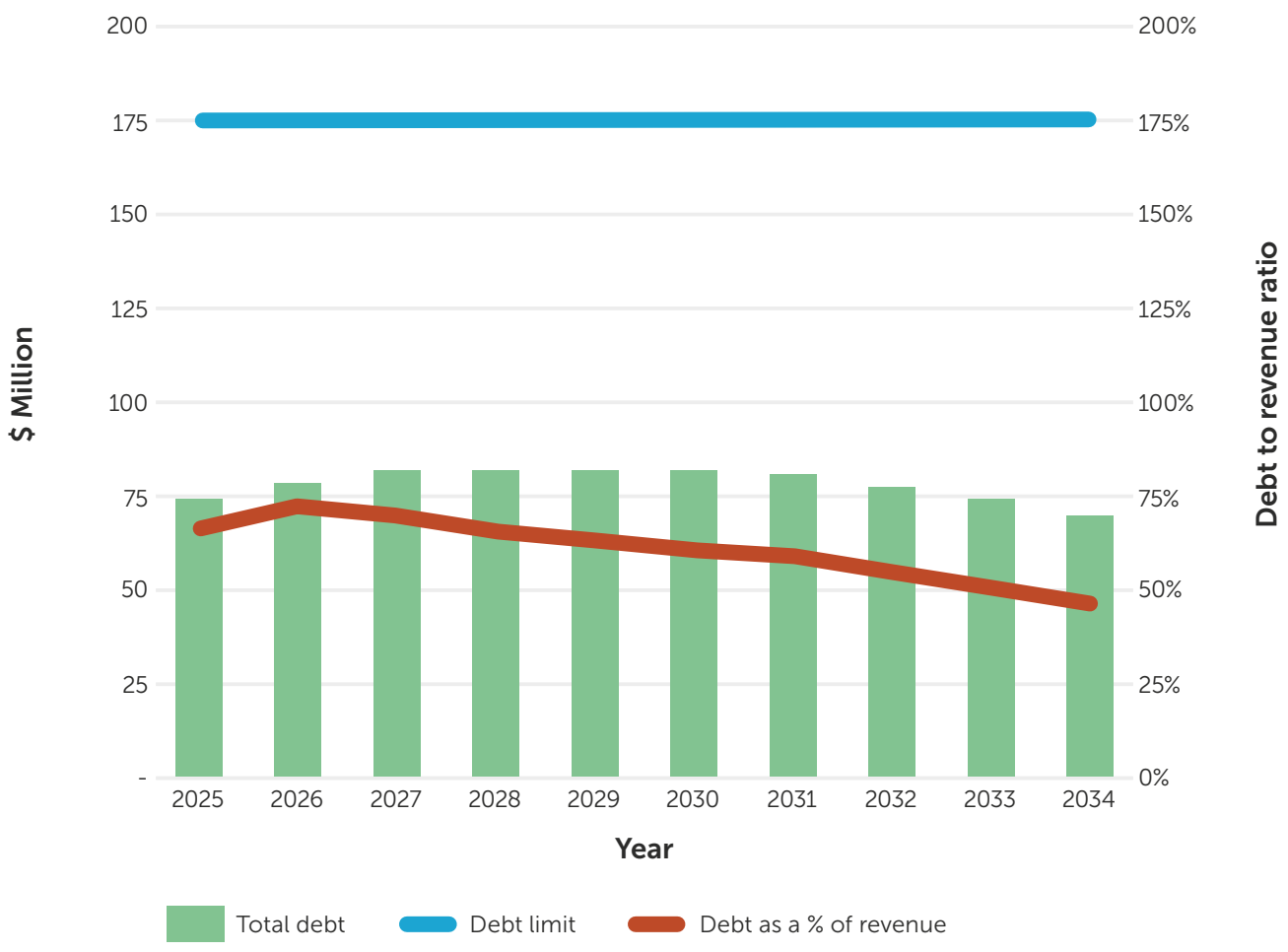
Proposed rates vs limit



Borrowing

Council's debt profile is expected to increase between 2024-25 and 2026-27, peaking at around $83M in 2026-27, before dropping away in the latter years of the plan. As a proportion of our revenue, this equates to 65% in 2023-24, rising to 72% in 2025-26 of this Long-term Plan, before reducing to 45% by 2033-34. Our debt ceiling is set by the Local Government Funding Agency at 175% of total revenue. Council's debt as a percentage of its revenue will stay well under the Local Government Funding Authority limit of 175% of total revenue for the full duration of the plan, maintaining our flexibility to respond to unforeseen circumstances.

Proposed debt vs limit



He rārangi utu reiti ā-rohe 2024-25

2024-25 sample ratepayers

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

Hectares	Current Capital Value CV	2023-24 Rates	2024-25 Estimated	Change $	Change %
Horowhenua District				**Indicative Average for District**	**11.24%**
0.084	365,000	318.75	291.84	(26.91)	(8.44%)
0.082	530,000	350.73	354.28	3.55	1.01%
0.081	590,000	369.00	383.51	14.51	3.93%
4.865	970,000	538.16	593.37	55.21	10.25%
260.511	3,881,000	1,736.39	2,207.29	470.90	27.11%
619.050	1,350,000	2,053.04	2,367.50	314.46	15.31%
Manawatū District				**Indicative Average for District**	**16.29%**
0.045	460,000	373.14	412.58	39.44	10.57%
0.082	590,000	434.93	497.62	62.69	14.41%
0.441	690,000	483.00	563.72	80.71	16.71%
80.707	2,580,000	1,016.67	1,186.45	169.78	16.69%
2.930	1,700,000	862.21	1,012.14	149.93	17.38%
88.528	4,260,000	1,691.12	2,037.66	346.55	20.49%
Palmerston North City				**Indicative Average for District**	**18.66%**
0.085	590,000	468.66	516.35	47.70	10.17%
0.066	760,000	453.70	496.21	42.50	9.36%
0.101	1,030,000	512.64	594.11	81.47	15.89%
49.305	1,280,000	501.98	579.75	77.77	15.49%
0.154	2,580,000	1,532.95	1,968.55	435.60	28.41%
0.428	4,800,000	1,198.80	1,423.99	225.19	18.78%
Rangitīkei District				**Indicative Average for District**	**4.27%**
0.065	175,000	207.85	178.01	(29.83)	(14.35%)
0.110	365,000	297.37	282.66	(14.72)	(4.94%)
0.081	430,000	1,271.21	1,318.80	47.58	3.74%
84.602	2,050,000	895.56	1,019.72	124.16	13.86%
840.065	6,030,000	3,521.74	3,997.13	475.39	13.49%
1844.203	6,310,000	5,191.64	5,708.72	517.07	9.95%
Ruapehu District				**Indicative Average for District**	**2.75%**
0.103	190,000	217.25	189.10	(28.15)	(12.95%)
0.438	280,000	228.70	207.29	(21.42)	(9.36%)
0.260	370,000	295.47	283.77	(11.70)	(3.95%)
1994.310	2,338,000	3,021.70	3,164.73	143.03	4.73%
86.911	2,490,000	1,046.53	1,213.06	166.53	15.91%
263.431	5,940,000	2,406.76	2,870.87	464.11	19.28%
Tararua District				**Indicative Average for District**	**6.93%**
0.075	320,000	288.20	276.68	(11.52)	(3.99%)
0.554	300,000	253.44	234.93	(18.51)	(7.30%)
0.216	375,000	383.96	375.91	(8.06)	(2.09%)
288.038	1,770,000	1,053.13	1,158.33	105.20	9.98%
191.017	3,810,000	2,147.00	2,474.99	327.99	15.27%
814.480	5,770,000	3,674.15	4,246.70	572.55	15.58%
Whanganui District				**Indicative Average for District**	**8.66%**
0.000	280,000	268.86	261.64	(7.23)	(2.68%)
0.030	510,000	379.08	403.31	24.23	6.39%
0.058	670,000	455.75	501.86	46.11	10.11%
419.866	1,560,000	1,218.73	1,307.81	89.08	7.30%
90.505	3,800,000	1,408.32	1,681.90	273.58	19.42%
1039.360	9,690,000	4,501.20	5,264.77	763.57	16.96%

Tā te kaitātari kaute pūrongo
Auditor's report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the reader

Independent auditor's report on Horizons Regional Council's consultation document for its proposed 2024-34 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 the Council requested me to audit the consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed our audit on 20 March 2024.

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 2024-34 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.

Emphasis of matter – uncertainty over funding of planned new transport services

- Without modifying our opinion, we draw attention to page 36, which outlines the high level of uncertainty over Waka Kotahi NZ Transport Agency's (the Agency's) expected funding of planned new transport services. If the Agency does not provide funding or provides less funding than assumed, the Council will reconsider its options depending on the level of funding received, which will either affect the proposed levels of service or increase rates over the 10-year period.

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 management

We have complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In addition to this audit and our report on the Council's 2022-23 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.

Andrew Clark

Andrew Clark

Audit New Zealand

On behalf of the Auditor-General,
Wellington, New Zealand

Āpitihanga

Appendix – Supporting Information to this consultation document

In various places throughout this consultation document, we have suggested that you may wish to find out more detail from the Supporting Information. The documents that make up the Supporting Information are listed below and can be found on the Horizons website **haveyoursay.horizons.govt.nz** or in hard copy (along with copies of the consultation document) at each of the Horizons service centres.

This Supporting Information provides the basis for what is contained in this consultation document.

Te Horopaki – Setting The Scene

- Becoming better Treaty partners
- Strategic framework
- Council's key challenges in the coming years
- Climate change

Ngā Rautaki Matua – Core Strategies

- Infrastructure Strategy
- Financial Strategy

Ko Tā Mātou – What We Do

Our areas of work
- Partnership, governance and leadership
- Strategy, science and regulation
- Catchment operations
- Transport and regional services

Te Taha Ahumoni – Financial Information

- Rating system
- Financial statements
- Reserve Funds
- Benchmark graphs
- Statement of accounting policies
- Revenue and Financing Policy

Ngā Āpitihanga – Appendices

- Forecasting assumptions
- Statement on Council Controlled Organisations
- Administration Fees and Charges
- Council's Significance and Engagement Policy

horizons
REGIONAL COUNCIL

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