

Draft Community Plan 2009-2019

What is being proposed?

Climate Change	One Plan	Providing Information
Port Investments	Pest Animal and Plant Control	Resource Consent/ Compliance Charges
Long-term Funding Strategy	Whanganui River Bylaw Assessment	Sustainable Land Use Initiative (SLUI)
Iwi	Strategic Management	Engineering Scheme Upgrades
Water Quality and Quantity	Air Quality Monitoring	Living Heritage (biodiversity)
Transport		

1. Climate Change

Climate change makes it more difficult to predict the timing and severity of events (eg. flooding) and to estimate their impact.

Normal emergency reserves are presumed sufficient to meet any costs associated with these future events, along with recoveries from established insurance arrangements. We have not budgeted extra funding capacity in our Asset Management Plans.

We have incorporated policies and methods to assist the Region to adapt to the effects of climate change, and promote resilient land management and responsiveness to water quality and quantity changes.

We propose:

- Increasing expenditure on our Sustainable Land Use Initiative (SLUI), water quality and quantity research, and scheme works to a level appropriate to encourage the Region to adapt to climate change in a timely manner.

2. Port Investments

CCO for Port Investment

Our ratepayers have over time enjoyed the benefits of significant dividends from our port equity-related investment portfolio, which provides additional income to cover operational expenses and thus helps reduce the amounts we need to raise each year through rates.

During the last year we have been reviewing the way we hold our investments to ensure we have the most efficient structure in place.

Port of Napier shares

Hawkes Bay Regional Council is interested in buying our 8.33% shareholding in Ports of Napier. Although the shares are considered a strategic asset by the Local Government Act 2002 we do not consider them as strategic to the Region's economic and social well-beings. Selling the shares and reinvesting the money may bring in more investment which can be used to further your community outcomes.

We propose:

- Establishing a Council Controlled Organisation (CCO) for the purpose of holding our shares in CentrePort Ltd. (Further details can be found in the draft Community Plan document).
- Investigating the option of selling the shares and investing those funds elsewhere. The Port of Napier (PoN) is defined as a strategic asset in our significance policy, as required by section 5(1) of the Local Government Act 2002.
- Proposing to sell our PoN holding and invest the proceeds into other investments if our investigation shows this to be in the best interests of the Region.

3. Long-term Funding Strategy

We believe that we need to have enough cash reserves to be able to meet any significant emergency faced by the Region. We are therefore proposing to increase cash investments over the life of this Community Plan to equal approximately three months of the rating revenue.

By the end of this Plan we will have accumulated \$9,570,000 in cash reserves. In order to be able to achieve this level of cash reserves we have needed to adjust our Liability Management Policy, to allow a higher level of internal investments, and our Investment Policy to allow the build up of these cash reserves.

4. One Plan

We are working on a new regional plan to guide the management of natural resources in our Region. It's called the One Plan because it weaves together the six separate plans and Regional Policy Statement we currently have into one easy-to-use document. When the final One Plan is adopted it will provide us with an environmental roadmap, directing how we manage the Region's resources for the next ten years.

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

From the 2011-12 financial year ratepayers will be rated an additional \$275,000 per year, to repay reserves over the ten -year life of the Plan. This amount is proposed to be funded 100 per cent from the General Rate.

We propose:

- Repaying reserves \$4.16 million over ten years to cover costs of the One Plan. This will see an increase in the General Rate of \$275,000 in 2011-12 and an average annual increase in rates of \$37,000 until 2020-21.

See more details on the One Plan FAQ on our website (www.horizons.govt.nz)

5. Resource Consent

How much does a Resource Consent cost?

There are costs incurred in the Consents process. Depending on the type of charge, revenue will go towards updating databases, carrying out research into the effects of consented activities, monitoring resource consents and processing applications.

To ensure fairness, the majority of costs incurred in the consents process are charged to the consent applicant. However, a healthy, protected environment benefits everyone in the region, so a small amount of funding is collected through the general rate and goes towards research and monitoring of resource consents.

How are consent charges set?

Consent charges are set in Horizons Community Plan and Annual Plan. Everyone has the opportunity to make submissions on the policies in these Plans.

What are the specific charges?

Consent processing costs

All consent applicants pay a deposit. Once the consent is processed the balance of the processing costs are invoiced to the applicant. When no hearing is required, Horizons will recover 100% of application processing costs from the applicant. When a hearing is required, 80-100% of hearing costs will be charged to the applicant. The charge covers staff time and notifications costs.

Research and monitoring charges

All holders of water permits, discharge permits and gravel extraction consents pay an annual charge. For water takes and discharges the charge is invoiced annually, while gravel monitoring charges are invoiced quarterly.

The annual charge is calculated on a single day's consented take/discharge.

The charge helps pay for scientific research into the effect of consented activities on water quality/quantity and gravel resources.

Consent monitoring charges

If your consent states monitoring is required you will incur this charge for each inspection. Costs are invoiced after the inspection with the monitoring report. 30% of the cost of monitoring a complying resource consent is covered by all ratepayers through the general rate. Where there is non-compliance 100% of the cost is charged to the consent holder.

Because all ratepayers benefit from a healthy environment and strong economy it is considered fair everyone contribute to monitoring consents.

6. Strategic Management

Under this activity, \$100,000 has been budgeted in the 2011-12 financial year for the next five-year review of the pest plant strategy as required under the Biosecurity Act 1993. This review is proposed to be funded 100 percent from the General Rate.

We have budgeted \$11,000 per year in initial funding for a Local Authority Shared Services (LASS) venture with other local bodies in our Region, though we expect it to fully fund itself through savings once it is fully operational.

To meet the need for better storage and access for our historical information we have budgeted operational expenditure of \$107,000 in 2010-11 and \$84,000 each year in 2011-12 and 2012-13. This will be through the General Rate.

We propose:

- An amount of \$100,000 has been included in the General Rate for the 2011-12 financial year for the next five-year review of the Pest Plant Strategy.
- Providing \$11,000 a year for initial funding of a Local Authority Shared Services (LASS) venture.
- Spending \$107,000 in 2010-11 and \$84,000 in each of the following two years to improve historical information storage and access.

7. Whanganui River Bylaw Assessment

We are proposing to commission an independent expert assessment to establish whether bylaws are needed for the lower reaches of the Whanganui River to reduce the risk to users. Wanganui District Council has requested further investigation of the need for bylaws, in view of Maritime New Zealand's reluctance to exercise its powers under the maritime regulations. We have therefore budgeted a one-off expense of \$20,000 in 2009-10 for the investigation.

We propose:

- Spending \$20,000 from the General Rate in 2009-10 investigating the need for bylaws for the lower Whanganui River.

8. Providing Information

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

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

We propose:

- Investigating establishing a Council Controlled Organisation (CCO) for the purposes of the IRIS project (further details can be found in the draft Community Plan document).

- Over the next three years, we will be increasing the General Rate funding into the total Information Activity by an extra \$469,000 in 2009-10, \$256,000 in 2010-11, and \$169,000 in 2011-12.

9. Sustainable Land Use Initiative (SLUI)

What is SLUI?

Our flood protection schemes have a limited life with sedimentation buildup from fragile hill country decreasing their period of effectiveness at a fast rate.

SLUI aims to slow hill country erosion before further irreversible damage occurs. SLUI is taking a 'mountains to sea' approach relying on the development of farm plans in erosion prone areas.

Why am I contributing to SLUI?

The rivers in our region impact on the vast majority of ratepayers, while many ratepayers also contribute to the sedimentation of our rivers through hill country land practices.

Those exacerbating the issue and those who will benefit from SLUI's work are both being asked to contribute to the solution.

Sustainable land use is the only effective way to ensure against massive scale hill erosion that, in turn, deposits high levels of sediment in our waterways and, ultimately, forces us to upgrade our flood protection. Our focus in this area has come about following the catastrophic storm we faced in 2004 but, in reality, reflects our approach to managing land over a long period of time.

Since we set out details of our Sustainable Land Use Initiative (SLUI) in our 2006-16 Community Plan, we have made good progress in meeting our targets for preparing and implementing Whole Farm Plans for rural properties in Regional catchments that are susceptible to accelerated hill country erosion.

We have enjoyed significant support from both Central Government and our farming community, and our ratepayers have been contributing one third of the cost of the SLUI programme through a Uniform Annual Charge (UAC) that was designed to progressively increase each year as the programme expanded over the decade to 2014-15.

However, we acknowledge that the upper limits of UAC funding would become too burdensome for our ratepayers and we have revised the SLUI programme. As a result, we are proposing to extend the timeframe to reach our targets for farm coverage from 10 years to 15 years, to 2020. Because we will be preparing and implementing fewer Whole Farm Plans each year, there will be a significant reduction in the annual funding requirement during the life of the programme.

We are also proposing to reduce spending on Regional land initiatives with resultant savings in the General Rate. These include grants for land improvement projects, soil health programmes, monitor farm support and extension of our land management activities to new priority catchments.

We propose:

- Spreading the programme over 15 years, instead of the original 10 years.
- Reducing annual increases in the UAC used to fund the rates component of SLUI costs, so it rises (inclusive of GST) by approximately \$8.00 in 2009-10, \$6.00 in

2010-11 and \$3.40 in 2011-12. From 2012-13 onwards the UAC will rise at the level of inflation.

10. Water Quality and Quantity

Water management is a priority to ensure a fair and equitable sharing between the environment, recreational users and other users (abstractors and dischargers) including farmers and Councils.

Central to this balancing act are the concepts of priority of use, water use efficiency, minimum flows, minimum water quality standards and water management zone values. All of this is based on a sound understanding of the water resource and up-to-date monitoring information.

We propose:

- Additional funding of \$286,000 from the General Rate and user charges for improvements to our discharge monitoring programme.
- Boosting our non-regulatory water quality improvement work with increased funding of \$162,000 from the General Rate and user charges.

11. Air Quality Monitoring

There is an acknowledged problem with air quality in the Taumarunui air shed and we are required by Public Health legislation to provide monitoring in such areas.

To fund the setup of monitoring equipment and for ongoing monitoring, we are budgeting \$77,000 in 2009-10 and \$71,000 in each of the two subsequent years.

No monitoring will be undertaken in Palmerston North or Taihape.

The result of this change in focus will be an overall saving in the General Rate.

We propose:

- Budgeting \$77,000 in 2009-10 and \$71,000 in both 2010-11 and 2011-12 for monitoring air quality in the Taumarunui air shed.
- Continuing the research after 2011-12 will depend on the results obtained. This amount will be funded from the General Rate.

12. Pest Animal and Pest Plant Control

We have provided for ongoing funding for possum control from within our operational budget, with a focus on reducing the damage these pests cause to the native habitat and agricultural production - with their destructive browsing of foliage and pasture.

We have identified other areas of potential savings for ratepayers by reduce our rook control and pest animal monitoring programmes.

After debating whether to continue providing funding to the Animal Health Board (AHB) to assist its Tb control work in our Region, we decided to allocate \$400,000 for 2009-10 (a reduction on our \$500,000 contribution for the 2008-09 year), but to make no further annual funding provision for subsequent years covered by this Community Plan.

This decision is in line with the approach taken by other Regional councils who contribute to AHB funding. It also reflects our expectation that major changes in national arrangements for possum control will emerge from a review by Central Government in 2009-10.

The Animal Health Board's vector control programme in our Region may be affected by Horizons' decision to reduce and then withdraw funding.

We propose:

- Increasing our possum control programme (as per the Operational Plan) by \$177,000 via both targeted pest animal rates and General Rate.
- Reducing our rook control programme by stopping ground control operations - saving \$70,000 across both the targeted rook control rate and General Rate.
- Consolidating our pest plant control programme. There is no net increase in our pest plant control programme, as there has been a corresponding decrease in the Living Heritage activity.

13. Living Heritage (Biodiversity)

We are proposing significant savings across several areas of our Living Heritage work, leading to reductions in both the General Rate and Environmental Uniform Annual Charges (UACs).

These include reducing the amount of staff time available to assist with wetland and bush remnant protection and advice, and reducing spending on pest plant and pest animal control in priority habitat sites.

We have also reduced our budgeted funding to the He Tini Awa Trust and propose to stop funding the Rangitikei Environment Group (a reduction in the Rangitikei targeted rate). We also propose to stop funding rates remissions to owners of high priority habitat sites.

We propose:

- Reducing the amount spent on pest plant control in priority habitat sites, saving \$73,000.
- Increasing monitoring and research by \$27,000.
- Reducing staff time available to assist with wetland and staff remnant protection work and advice, saving \$52,000.

- Reducing funding to the He Tini Awa Trust by \$42,000.
- Stopping funding of the Rangitikei Environment Group, saving \$85,000.
- Stopping funding of rates remissions to owners of high priority habitat sites, saving \$50,000.

14. Iwi

We want to achieve positive working relationships with the Maori represented by our Region's 16 iwi. We are focusing on creating and nurturing relationships through ensuring Horizons' decision-making processes recognise iwi interests, encouraging participation, overcoming barriers and fostering initiatives to improve iwi capacity.

Although we are reducing the budget by \$31,000 the spending priorities for the upcoming years are similar to previous ones - a focus on the internship, environmental projects of mutual benefit and facilitation of relationship capability. The reduction in budget is in our administration, and external funding will remain the same as in previous years.

We propose:

- Reducing \$31,000 in expenditure leading to a decrease in the Uniform Annual General Charge (UAGC).

15. Engineering Scheme Upgrades

Five years on from the 2004 February storm we have completed the huge programme of repairing the damage it caused to parts of our network of flood and erosion protection assets, and the most urgent work that was needed to provide improved protection across many of our river schemes.

A scheme is a defined area where planned river control or drainage improvement work has been agreed.

The schemes are primarily funded by rates collected from those rural and urban property owners who benefit, either directly or indirectly, from the works, or who contribute to the need for the works.

The level of benefit to each ratepayer is determined by a classification system so that those who receive the highest benefit pay the highest rates. The upgrading of various river scheme works in the Region remains of high importance.

Not only have we had to repair damaged flood and erosion protection but, as a result of large sediment deposits and larger than previously understood design flood flows, we now need to provide enhanced yet affordable levels of protection for our people as well as our valuable farm land.

The upgrade process is a complex one and it is only now, five years after the devastating flood of 2004, that we are making the ultimate decisions around the scope of upgrade projects and protection standards.

The Lower Manawatu Scheme (LMS), our largest and most complex scheme, provides protection for the highly productive, intensively used land on the Manawatu plains.

An extensive review of both proposed future work and the rating classification system has been underway since we adopted the 2006-16 Community Plan.

Some urgent LMS upgrade work has been done using an interim funding arrangement that apportioned the additional upgrade costs only, across all urban and rural ratepayers in the Scheme area at a uniform rate per dollar of Capital Value.

After extensive engineering investigations and funding calculations designed to produce a fairer rating system, proposals were drawn up in 2008 and we consulted widely with affected individuals and groups in Horowhenua, Manawatu, Rangitikei and Tararua Districts, and Palmerston North City.

We took into account the valuable and constructive feedback we received and have made some significant changes to what we initially proposed. The new amended proposal is part of the consultation for this Community Plan.

LMS rating categories have been designed to ensure a fair allocation of costs among both those whose properties contribute to the level of flood risk downstream; those whose properties receive the benefit of protection by the stopbanks and other works, including channel maintenance; and those who receive indirect benefits of living in a Region that is able to maintain a prosperous economy thanks to our investment in flood protection.

We propose:

- Reducing general Rivers and Drainage activity, with resulting savings in the General Rate.
- Advancing work on the Manawatu River at Anzac Park Cliffs in Palmerston North, resulting in increased scheme rates for Palmerston North ratepayers, as well as the General Rate.
- Stage One of the proposed Lower Whanganui flood protection is proceeding in 2009-10 and 2010-11, (subject to resource consent). We propose delaying plans for subsequent stages following feedback we received during consultation with the community in 2008-09.
- Revising the 10-year programme of capital works for the Lower Manawatu Scheme (LMS) to an estimated cost of \$40.1 million (compared to the \$30.4 million programme proposed in 2006).
- Implementing a common standard of protection across the LMS of 1% Annual Exceedance Probability (also known as a 1- in 100-year flood risk).
- Preparing a 30-year LMS funding model using a combination of rates and loans to be repaid over 30 years.
- Increasing total scheme rates for the LMS and Makino Special Project from their 2008-09 level of \$2.6 million to \$2.7 million in 2009-10 and then to \$3.0 million over the following three years. Rates would then be held at that level, except for inflation adjustments, until the loans are repaid.
- Commencing the upgrade of stopbanks at Tangimoana as part of the Rangitikei Scheme Upgrade Project. Accordingly, the capital works rate for Tangimoana will be applied from 2009-10.
- Commencing a 3-year programme of flood protection upgrade work on the lower Ohau River. A new rating system to fund that work will be applied from 2009-10.

There is more information available on our website where you can download different newsletters for certain schemes. The LMS newsletter provides an excellent overview of all the information.

16. Transport

1. What does my transport rate pay for?

There are two rates:

The Regional Transport Planning and Road Safety Rate is rated on all properties in the Region according to Equalised Capital Value. This rate pays for:

The transport planning Horizons Regional Council is required to undertake under the Land Transport Management Act 2003, and includes the costs of servicing the Regional Transport Committee and preparing statutory documents including the Regional Land Transport Strategy and Regional Land Transport Programme.

A contribution to community focused activities, which are largely composed of road safety education activities in all districts in the region. Most of the cost of this activity is paid for by a grant from the New Zealand Transport Agency but Horizons Regional Council also contributes.

The Transport Passenger Services Rate applies only to urban properties and pays for the passenger services (including Total Mobility) that are provided in the property's district, plus a share of the cost of administering those services.

For example, in Palmerston North where Horizons provides urban bus services, a large Total Mobility Scheme, the Ashhurst Bus service and others, a total of \$1,142,000 will be collected. In the Ruapehu District, where there is only a small Total Mobility Service and some community van services, a total of \$23,000 will be collected.

2. What is the Massey Unlimited Access Service? Why are we paying for free student travel in Palmerston North?

Most of the cost of the Massey service is paid for by Massey itself and by New Zealand Transport Agency. Palmerston North ratepayers only contribute to the same level that was always put into transport for students via the payment of a concession fare. (We also pay a concession fare for the elderly, children, disabled people etc.)

3. Horizons Transport

Transport plays a vital role in the Community, helping people get around using public transport when they don't have another way, encouraging road safety, and finally planning the transport in your area.

Travel behaviour has changed significantly in New Zealand over the last 50 years, with a huge reduction in the number of people walking, cycling and taking public transport. If we are to meet national and Regional goals in this area and make a significant contribution to reducing carbon emissions from vehicles, we need to encourage people to use active transport modes as well as public transport. Active transport (eg. walking and cycling) is beneficial to health as well as the environment.

In many cases changing transport choices and improving road safety are closely linked. For example, overseas research shows that the more cyclists and pedestrians using the roads the lower the likelihood that they will be involved in a crash involving a vehicle. This is because driver awareness of pedestrians and cyclists increases as there are more of them on the roads.

To address road safety and sustainability in our Region we've been running community education projects covering the main road safety issues. We've also been contracting community groups to run programmes for us, such as driver licensing programmes and a

number of programmes aimed at increasing safe walking and cycling, particularly in schools.

We propose:

We're proposing to increase the frequency of buses on all urban bus routes in Palmerston North to 20 minutes at peak times, with more timetables and bus shelters. Palmerston North rates will increase by \$332,000. We are increasing frequencies in order to cater for recent increases in passenger numbers. We also hope to encourage still more passengers to use the buses by making the services more frequent. This will help to reduce the number of cars on city streets and contribute to a reduction in carbon emissions.

In other parts of the Region we will continue to support our regular programme of bus services, Total Mobility and community van services. These will cost an extra \$64,000 in rates, which covers the increased costs of running the services.

In the area of road safety and transport sustainability, we're proposing to run activities that address drink driving, intersection crashes, speed and driving to the conditions, driver fatigue, restraint use and driver licensing.