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Long Term Plan 2021-2041

Consultation Document

Inside you'll find:

- Key topics and options for you to have your say.
- What's proposed for your rates and how we plan to fund the activities and services we provide.
- Information on the transformation our district is going through.



Gr@wing

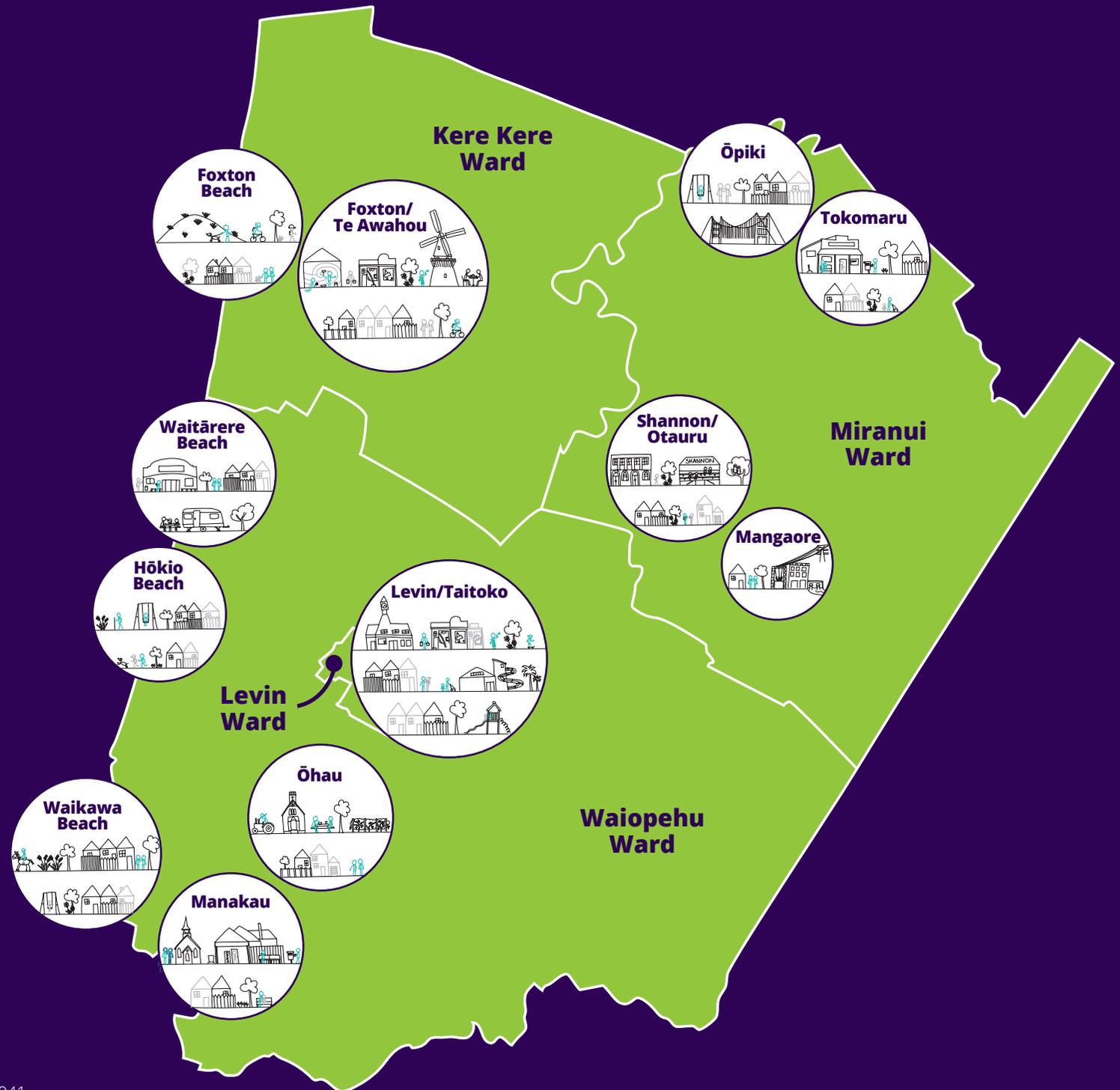
our future

Together

Welcome to our Consultation Document for the Long Term Plan 2021 – 2041.

Nau mai ki Te Pukapuka Whakawhiti Kōrero mō Te Mahere Auroa 2021-2041

The Long Term Plan (LTP) sets out the services and projects Council is going to deliver for the Horowhenua community over the next 20 years. The purpose of this consultation document is to provide you with information so you can have your say as we grow our future together.



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Key Dates

We want to hear from you.

This document outlines the topics and options we want your feedback on including:

- The future of Foxton Pool
- Infrastructure Funding - Development Contributions
- Changes to the Land Transport Targeted Rate
- Changes to the General Rate

See page 57 for further details on how you can have your say.

 **Open for feedback**
18 March 2021 – **19 April 2021**

 **Have Your Say events**

 **Hearings**
11, 12, 13 May 2021

 **Adoption**
June 2021

Events

Monday 29 March 2021 – Te Takeretanga o Kura-hau-pō

3:00pm - Development Contribution Discussion

4:30pm - Changes to the Land Transport and General Rates Differentials

5:30pm - Development Contribution Discussion

6:30pm - Changes to the Land Transport and General Rates Differentials

To ensure Covid-19 guidelines are adhered to, please register your interest by emailing: LTP@horowhenua.govt.nz

Tuesday 30 March 2021 – Te Awahou Nieuwe Stroom

3:00pm - Development Contribution Discussion

4:30pm - Changes to the Land Transport and General Rates Differentials

5:30pm - Development Contribution Discussion

6:30pm - Changes to the Land Transport and General Rates Differentials

To ensure Covid-19 guidelines are adhered to, please register your interest by emailing: LTP@horowhenua.govt.nz

Friday 26 March 2021 – Foxton Pool

3:30pm to 6:30pm

Friday 9 April 2021 – Foxton Pool

3:30pm to 6:30pm

Drop in Sessions

Friday 26 March - 12pm to 2pm - Levin Mall

Tuesday 6 April - 4pm to 7pm - Te Takeretanga o Kura-hau-pō Main Space

Wednesday 7 April - 3pm to 6pm - Te Awahou Nieuwe Stroom Main Space

Monday 12 April - 4pm to 6pm - Te Whare Oranga, Shannon

Note: All engagement events could be subject to change due to changes in Covid-19 alert levels. All changes will be publicly notified.

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Concurrent Consultation

Draft Wellington Regional Growth Framework

The draft Wellington Regional Growth Framework is a spatial plan that has been developed by Local Government, Central Government and Iwi partners in the Wellington-Wairarapa-Horowhenua region to provide an agreed regional direction for growth and investment.

The region is facing several housing and urban development, transport and resilience challenges. These challenges are best dealt with together and not individually. Many of these challenges cross local council boundaries and the maximum benefits can be had from tackling these together.

The draft Framework identifies how the wider Wellington region could accommodate a future population of 760,000 and an additional 100,000 jobs in the next 30 years. This represents an additional 200,000 people.

The draft Framework informs our growth planning and district plan changes, infrastructure planning and advocacy around improvements to public transport networks, particularly the rail network.

Consultation on the draft Wellington Regional Growth Framework is being undertaken in a similar timeframe to the Long Term Plan but not as part of our Council consultation.

To participate in the consultation on the draft Framework, please go to:
<https://wrgf.co.nz/>

Draft Development Contributions Policy

Topic 2 in this Consultation Document asks the community if Council should reintroduce development contributions as a way of funding infrastructure required for growth. The draft Development Contributions Policy sets out the detail of how a policy would be implemented if development contributions are reintroduced. The draft Policy outlines which Council activities are covered, how much would need to be paid and when payment would need to be made.

To view the Draft Development Contributions Policy please go to www.horowhenua.govt.nz/GrowingOurFutureTogether

Draft Rates Remission Policy

Remission of rates involves reducing the amount owing or waiving collection of rates altogether. Each remission category has a specific criteria that must be met. There are several reasons why ratepayers and organisations are granted rate remissions, for example; community groups, voluntarily protected land, remnant land, and religious organisations.

Council has reviewed the Rates Remission Policy and haven't proposed any changes.

To view the Draft Rates Remission Policy, please go to: horowhenua.govt.nz/GrowingOurFutureTogether

What do you think?

See page 57 for information on how you can have your say.



Mayor's Message

Nā te Kahika

He whenua haumako te rohe o Horowhenua, ko te pae maunga o Tararua ki te rāwhiti, ko te takutai ātanga ki te rātō. E tino tipu ana tō tātou rohe, inā e kitea ana tōna ātaahua e te tokomaha, hei wāhi noho, hei wāhi mahi, hei wāhi hōpara hoki. Whakamīharo ana tō tātou rohe, me poho kererū tātou, ka tika!



I ia toru tau ka whakawhiti kōrero te Kaunihera ki te hapori mō ngā whiringa matua kei mua i te aroaro. Arā, ko ngā kaupapa me ngā ratonga e hiahiatia ana hei whaitanga mā te Kaunihera i roto i ngā tau 20 kei te heke mai, me pēhea hoki e utua ai aua kaupapa, aua ratonga rā. Koia tētahi wāhanga o te tukanga Mahere Auroa.

Tērā te matapae, hei te tau 2041 ka eke ki tua atu i te 62,000 te taupori o Horowhenua, nō reira ka whakaumutia tō tātou rohe i te 20 tau e haere ake nei. I roto anō i ngā panonitanga ka ara ake ngā āheitanga me ngā take hei kōkiri, hei whakamahere mā tātou, e pai ai tō tātou anamata. Kia rite! Mānuka takoto, kawea ake!

Nā koutou te tohutohu kia mātua aro te Kaunihera ki te kounga o ngā pūnahahanga. Arā, kia tōmau, kia eke anō te kounga o ngā ratonga wai inu; kia āta tirohia ētahi huarahi rerekē, huarahi tōkeke hoki, e utua ai ngā pūnahahanga kia hāngai tonu ki te tipu o te taupori; kia ora tonu ngā awa me te moana mō ngā reanga o

muri mai; kia pai, kia hou tonu, kia arotau hoki te whatunga o ngā ara nukunuku, e māmā ai te hāereere i te rohe, ahakoa mā te taraiwa waka, mā te pahikara, mā raro, mā te waka whakanekeneke rānei; kia tino whaihua, kia tino tōtika tā te Kaunihera whakapau i ana pūtea. He nui te mahi e tutuki ai ēnei tohutohu a koutou, waihoki, kāore e rawaka ana te pūtea kia mahia ēnei kaupapa i te wā kotahi.

Kua oti te whakamahere te whakapaunga pūtea ki ngā pūnahahanga matua o tō tātou rohe i roto i ngā tau tata e haere ake nei, arā, he pūnahahanga hou, me te whakahou, te whakapai ake hoki i ngā pūnahahanga o ināianei. Nō reira e aro ana mātou ki ngā tino mahi i roto i tēnei Mahere Auroa, 2021-2041, koia hei tūāpapa e angitu ai, e taurikura ai tō tātou rohe hei ngā tau e heke mai nei.

E marohitia ana he pikinga rēti toharite 6.7% mō te rohe i te tau tuatahi o te mahere auroa

20 tau. E aroā ana mātou ki te āhei o ngā tāngata i tō tātou rohe ki te amo i ngā utu, ā, kua pukunanaio re mātou kia herea te pikinga rēti ki te mōkito e taea ana, me te ū tonu ki te mahere pūtea e tutuki ai ngā mahi e matea nuitia ana e te rohe.

E hiki ana te manawa i te tāraitanga o tēnei Mahere Auroa. Mā tātou katoa e kawea te haepapa ki te whakamahere i te anamata o tō tātou rohe, nō reira kia kaha te whakawhiti kōrero mai, kia puta ai ngā hiahia o te hapori i roto i te Mahere Auroa.

Mā koutou e tohu mai ngā kōwhiringa e hiahiatia ana e pā ana ki ngā take matua, arā, ko ngā kaupapa e tika ana hei whakapau mā te Kaunihera i ana pūtea i roto i te 20 tau kei te tū mai. Tukuna mai ō koutou whakaaro, tāpaetia mai ā koutou kōrero, kia whai wāhi mai ai ki te whakamahere i te anamata o tō tātou rohe.

Horowhenua sits on fertile soil and is nestled between a stunning coastline and te pae maunga o Tararua (Tararua mountain ranges). Our district is growing rapidly as more and more people discover it's a wonderful place to live, work and explore. Our district is amazing, and we have so much to be proud of!

Every three years as part of the Long Term Plan (LTP) process, Council has the opportunity to ask you, our community, about the key decisions we are facing, what projects, ideas and plans you would like Council to embark on over the next 20 years, and how you would like to fund these initiatives and services.

With our population forecast to reach over 62,000 by 2041, the next 20 years will transform Horowhenua. Change brings both opportunities and challenges. How we plan for change, and respond to it, will shape our future. It is vital that we prepare for growth and make the most of the opportunities it offers.

You've told us that delivering high quality infrastructure is most important for us to focus on. You've said that a reliable, high-quality drinking water supply is important to you. You've asked us to look at different ways we can fund infrastructure for our growing population that

are fair to everyone. You want rivers and moana that are healthy for future generations. You've also said you need a modern, versatile transport network that makes it easy to get around whether you prefer driving, cycling, walking, or a mobility device. You want our money to be spent on the things that matter and for that to be done wisely. There's a lot of work to be done to address those and we don't have enough pūtea (money) to do it all at once.

Our plan is to spend the next few years investing in the core infrastructure of our district – whether that is building it new, upgrading, or improving the maintenance of what we already have. That means we're focusing on the essentials in this Long Term Plan for 2021-2041, but we'll have what we need as a starting point for our community to be successful and thrive.

The average rates increase for the district for the first year of the 20 year plan is proposed to be

6.7%. We are aware that affordability is an issue for many in our district, and we've worked hard to keep the rates increase as low as possible, while also making sure we are budgeting for everything that needs to be done in the district.

It's an exciting time to be part of creating our LTP. Planning for our district's future is a responsibility we all share, and the more of you we hear from, the stronger and more representative of our community our LTP will be.

We need you to tell us which option you support for the key challenges identified, what is most important to you for Council to invest in over the next 20 years and if we've got the proposed funding approach right. Make your submission, tell us what you think and be part of growing our future together.



Community Outcomes

Ngā Putanga Hapori

The wellbeing of our community is a key driver in what we deliver for our district. Wellbeing includes the four strands social, cultural, economic and environmental.

Our vision for the district is:

**He rau ringa e pakari ai nga taura whiri
I o tatou hapori – maii te pae maunga o
Tararua ki te moana**

With many hands the threads which weave our neighbourhood and communities together will be strengthened from the Tararua ranges to the sea. Growing neighbourhoods and building stronger communities together.

Our community outcomes describe what we aim to achieve for our community, they reflect all four strands of wellbeing. We have reviewed our community outcomes for the Long Term Plan 2021-2041 and are asking for community feedback on whether we've got them right.



- We are business friendly.
- We will work with others to enable our economy to grow.
- We support diversity and resilience in our local economy.
- We aspire for economic security for all of our people.
- We seize growth opportunities for our district.



- We contribute to improving our natural environment for current and future generations to enjoy.
- We protect the important natural features in our district.
- We ensure our built environment supports the wellbeing of our people.
- We manage competing pressures on resources sustainably.

The Outcomes and associated bullet points listed here are in no particular order.



- We develop and maintain facilities and infrastructure to meet the needs of current and future generations.
- We provide efficient, reliable and affordable infrastructure.
- We work with partners to develop infrastructure that enables growth.
- Our community facilities and infrastructure are resilient, helping us to respond to climate change and natural hazards.



- We will uphold Te Tiriti o Waitangi and its principles.
- We build mutually respectful partnerships with tangata whenua.
- We support Mana Whenua to maintain and enhance tikanga with their ancestral lands and waterways, wāhi tapu and other taonga.
- We support whanau, marae, hapū and iwi in achieving their aspirations.
- We recognise the role of Mana Whenua as kaitiaki of their rohe.



- We value the diversity of our people.
- We recognise the value of our district's heritage and its contribution to our communities sense of identity and pride.
- We take an inclusive approach and encourage our people to participate in local decision making.
- We provide infrastructure and services as a foundation for resilient and connected communities.
- We build collaborative relationships with service providers to help enable all of our people to live positive and healthy lifestyles.

What do you think?

Do you think the proposed Community Outcomes reflect the aspirations of the Horowhenua community?

See page 57 for information on how you can have your say.



Planning for the next 20 years

Te whakamahere i te 20 tau e haere ake nei

2020 was a big year for everyone, with COVID-19 requiring us all to adapt and respond to quickly changing circumstances.

While COVID-19 caused a lot of hardship in our community, it also enabled us to explore new ways of working and helped to bring the things that really matter into focus – things such as supporting friends and family and building community resilience and wellbeing. The COVID-19 response and recovery will impact communities, both here in Horowhenua and worldwide, for many years to come so it is important we factor this into our planning.

Our district has a range of local issues and opportunities that need to be planned for over the next 20 years.

These include:

- Embracing growth and ensuring our district's transformation enhances the place we call home.
- Ensuring new infrastructure is provided at the right time and can meet the needs of our growing community and replacing existing infrastructure.
- Ensuring the funding of infrastructure is fair.
- The Three Waters Review, which might see the delivery of our three waters services (water supply, wastewater, stormwater) taken over by multi-regional entities.
- Tokomaru Ōpiki boundary change (proposed realignment of the boundary between Horowhenua District and Palmerston North City to include Tokomaru and Ōpiki in Palmerston North City).
- The transformation of our district that will occur as a result of the construction of the improved roading networks out of Wellington, including the Ōtaki to North Levin (Ō2NL) highway.

The Long Term Plan is the key planning tool for Council. It sets out the community outcomes that we are seeking to achieve and the actions to be taken to achieve them. It outlines the projects and services we will deliver (for example, roading maintenance and rubbish collection) and how we will pay for them.

Importantly, the 20 year plan provides an opportunity for you, our community, to participate in Council's decision making processes and let us know what matters to you – the services, facilities, and assets you value and how much you are prepared to pay for them.





Levin East

District Transformation

Te Whakaumutanga o te Rohe

Where we are now - 2021



Population*
36,100

*(June 2020)

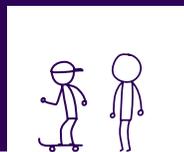


Households
16,606

Age



0 - 14 years
7,014



15 - 39 years
9,329



40 - 64 years
11,269



65+ years
8,981

Where are we going - 2041

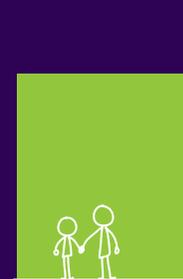


Population
62,716



Households
27,815

Age



0 - 14 years
12,830



15 - 39 years
17,791



40 - 64 years
18,171



65+ years
14,022

Our district is going through a period of rapid transformation. For a long period of time the district population remained largely unchanged. However, over the last six years we have seen more and more people moving here.

Our population is currently estimated to be 36,100 (June 2020) and is projected to grow to over 60,000 residents by June 2041. This is almost double the size we are now. There are many reasons why our population has grown so quickly in recent years and is expected to continue. These reasons include property prices remaining lower than that of the surrounding areas of Wellington, Palmerston North and Kāpiti; the construction of the Wellington Northern Corridor expressways that will result in more than 760,000 people living within an hour's drive of Horowhenua; and our wonderful lifestyle and climate with multiple beaches, forests, parks, mountain ranges and rivers.

While population growth of this scale has challenges, it also brings opportunities to transform the future of our district. We are taking the opportunity to leverage the growth we are experiencing to make our district even better than it already is.

If we proactively plan for the future we want, growth gives a platform to achieve equal opportunities to live, work, and explore. Growth allows us to build economic and environmental resilience and to secure inter-generational wellbeing. It gives us an opportunity to build off our diverse culture and heritage, develop an even stronger sense of place and belonging, and to demonstrate how proud we are to call Horowhenua home.

Taking a proactive approach allows us to consider what is needed to support growth – from parks and reserves, to aquatic and community facilities. The alternative is ad-hoc growth that would make it difficult to create positive outcomes for our community, and could result in congested roads and lack of space in community facilities.

We will need to manage, monitor, and plan for not only the number of people, but the age groups, family types, and cultures that are coming here.

Alongside all of this, we will need to work hard to improve environmental outcomes, through waste reduction, energy efficiency, water conservation, and sustainable infrastructure.

Working together, Horowhenua will continue to thrive.



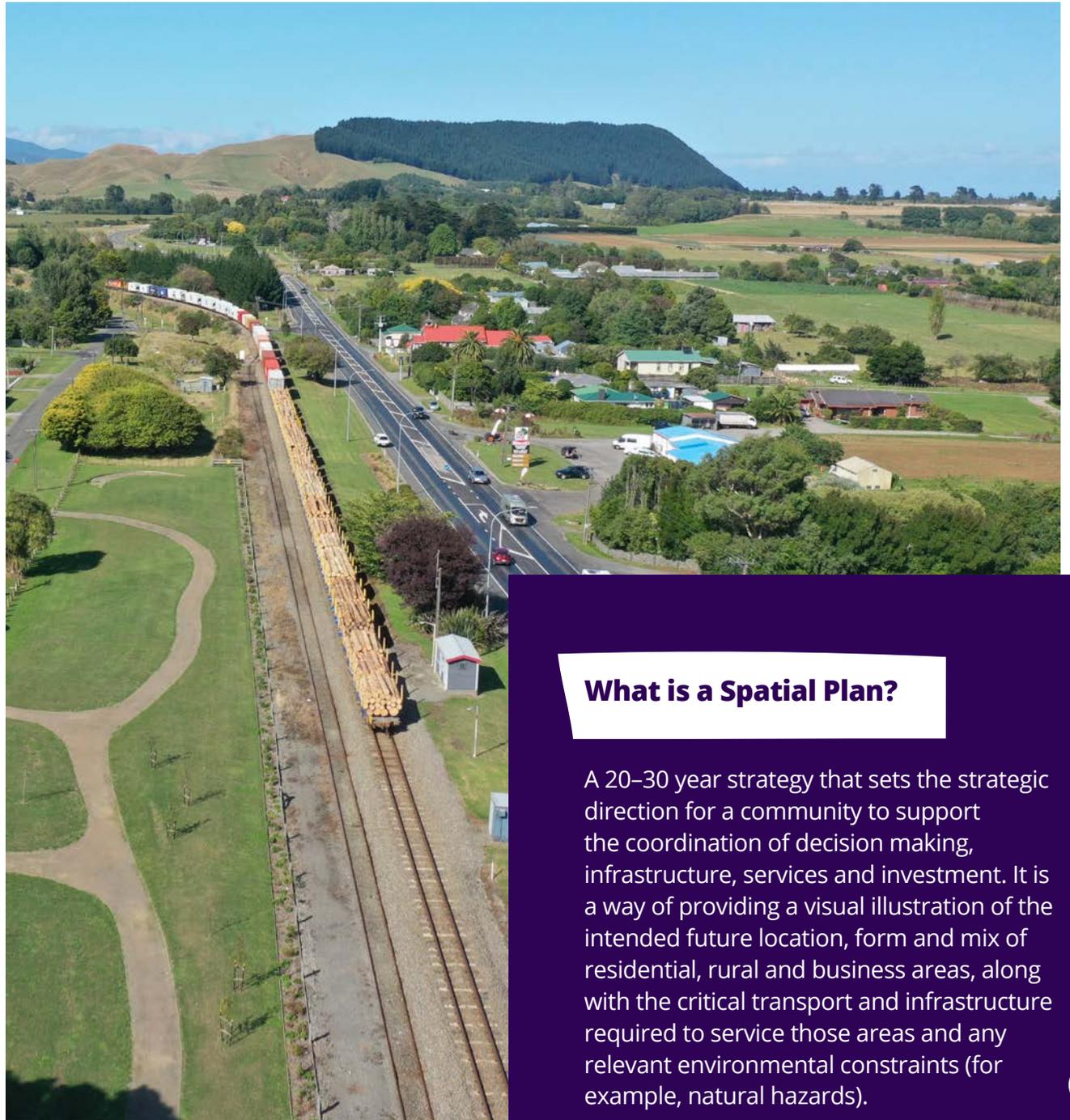
Where to from here?

We are working collaboratively with Iwi, other councils and agencies to provide an integrated response to the district's transformation over the next 20 years.

Key projects include regional spatial planning, the development of the Horowhenua Blueprint 2040, land use planning, infrastructure planning, Ō2NL and economic development.

Regional Spatial Planning

At a regional level we have been working closely on the Manawatū-Whanganui Spatial Plan (Horizons Region) and the draft Wellington Regional Growth Framework (Wellington Region). It is important we are involved in both of these processes as growth challenges spread across Council boundaries. While we are a part of the Horizons Region (Manawatū-Whanganui) we also have strong ties to the south and have been identified as playing a key role for the Greater Wellington region. Spatial planning will help us to understand the role we play in the wider regional context both now and looking ahead to the future.



What is a Spatial Plan?

A 20–30 year strategy that sets the strategic direction for a community to support the coordination of decision making, infrastructure, services and investment. It is a way of providing a visual illustration of the intended future location, form and mix of residential, rural and business areas, along with the critical transport and infrastructure required to service those areas and any relevant environmental constraints (for example, natural hazards).



Horowhenua Blueprint

The Horowhenua Blueprint 2040 is a long term vision and action plan for our district. The 'blueprint' brings together the regional spatial planning and all of Council's existing strategies to set out our most important priorities for the future and when they will happen. The blueprint is essential in taking a proactive approach to the district's transformation, setting out the sequence of actions that will move the district from its current state towards the future we want in 30 years' time. The projects will span a wide range of matters relating to land use, transport, investment in new community facilities and infrastructure upgrades, through to tourism and destination management, iwi economic development aspirations, heritage, and natural environment plans and initiatives.

Land Use Planning

Council is already planning to ensure there is enough land available for future development and that is in the right place. Our Growth Strategy 2040 identifies the future growth areas across the district. Council has been developing master plans and will make changes to the district plan to guide future development for East Levin (Tara-Ika), Waitārere Beach and Foxton Beach. Combined, these areas will provide the opportunity for over 3,500 new dwellings to be constructed and the development of parks and reserves and commercial opportunities. The Tara-Ika growth area will also provide zoning for a future school.

Further planning is underway to unlock additional areas for residential, lifestyle, commercial and industrial growth, and to ensure the district plan that guides land use decisions is set up to enable development that will enhance our communities, while protecting the things we value such as our fertile soils and natural environment. These plans will align with the work already completed through the regional spatial planning projects we have been involved with.

Infrastructure Planning

We are planning to ensure all of our infrastructure activities, such as water supply, wastewater disposal, parks and reserves, community facilities and roading networks are fit for purpose and able to meet the needs of our growing community. For more information on plans for our infrastructure see page 20.

How we fund future infrastructure is also an important consideration. We are consulting separately on our proposal as to how this could occur.



Ōtaki to North of Levin Highway (Ō2NL)

The Ōtaki to North Levin highway is the northern extent of the Wellington Northern Corridor, a wider project focused on improving travel north of Wellington. The Kāpiti Expressway section is complete, with Transmission Gully and the Peka Peka to Ōtaki sections under construction. Ō2NL will provide a four lane highway that bypasses Levin.

Once constructed, Foxton and Shannon will each become the first towns on the State Highway after the expressway when travelling north from Wellington.

This project is led by Waka Kotahi (NZTA). We are working closely with Waka Kotahi to advocate for the best outcomes possible for our community.



We are also undertaking early planning to ensure opportunities from Ō2NL are maximised throughout the district. This includes making plans for the Levin Town Centre to advocate for the type of space and town centre environment we want Waka Kotahi to leave when the State Highway no longer goes along Oxford Street. Similarly with Manakau and Ōhau it is important Waka Kotahi both understand and deliver appropriate environments prior to Council taking over responsibility for management of the old state highway. It also includes destination planning to enhance and leverage the visitor potential, planning for future commercial big box development and the changes and upgrades we will need to make to our roading network.



Economic Development

We are developing an Economic Development Implementation Plan beneath the ten year blueprint of Council's Economic Development Strategy.

Council has an important role to play in supporting economic development and economic wellbeing. The plan will provide prioritised actions to support Horowhenua aspirations.

Economic Development has a key role in supporting positive social outcomes and requires focus on:

- Existing people and business (and assisting them to overcome challenges and create greater value through doing things differently and better over time).
- Creating new platforms for growth (either by growing new activity in the district or by encouraging new activity to an area) and weaving these things together.
- The investments and efforts needed to support a thriving natural resource base, community and business environment, for example infrastructure, rules and regulations, and investment in community wellbeing and amenities.



Horowhenua Taste Trail opening dinner at Te Takeretanga o Kura-hau-pō



Our Infrastructure Ā Tātou Pūnahahanga

Council's Infrastructure Strategy sets out the significant infrastructure challenges anticipated for the next 30 years and how we will manage them for the following activities:

- Water Supply
- Wastewater
- Stormwater
- Land Transport
- Community Facilities
- Community Infrastructure
- Property

Our infrastructure assets account for the majority of our spending, with the delivery of infrastructure a core role of Council.

The Infrastructure Strategy has been developed in the context of providing for the economic, social, cultural and environmental wellbeing of the community, and Council's Community Outcomes of:

- Fit for purpose Infrastructure
- Outstanding Environment
- Partnership with Tangata Whenua
- Strong Communities
- Vibrant Economy



Goals

To continue to support the wellbeing and future growth of the district, the management of our infrastructure assets aspire to achieve the following goals:



Goal 1

Provide affordable levels of service through prudent infrastructure management.



Goal 3

Ensure infrastructure is fit for purpose for our current community and facilitates growth.



Goal 2

Engage with our community to ensure customer expectations match infrastructure investment.



Goal 4

Provide infrastructure which supports wellbeing and enables a sustainable community.

Read the full Infrastructure Strategy on: horowhenua.govt.nz/GrowingOurFutureTogether



Three Waters Review

Over the past three years, Central and Local Government have been considering solutions to challenges facing delivery of three waters services to communities.

This has seen the development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

Central Government has indicated that it intends to support the creation of public multi-regional entities for water service delivery, to realise the benefits of scale for communities and reflect neighbouring catchments and communities of interest. There is a preference that entities will be in shared ownership of local authorities. Design of the proposed new arrangements will be informed by discussion with the local government sector.

We have agreed to work with Central Government and neighbouring councils to consider the creation of the large scale entities. If Council decides to opt-into the new entity this is anticipated to occur during the 2023/24 financial year.

You can find out more about the potential implication of the Three Waters Review in the Significant Forecasting Assumptions on:

 [horowhenua.govt.nz/
GrowingOurFutureTogether](https://horowhenua.govt.nz/GrowingOurFutureTogether)

For more information on the Government's reform strategy visit:

 [dia.govt.nz/Three-Waters-Reform-
Programme](https://dia.govt.nz/Three-Waters-Reform-Programme)

Legislative Change

Our infrastructure planning is occurring in a time of significant legislative change. The Three Waters Review proposes the creation of multi-regional entities to take over the delivery of the three waters functions from local government.

However, until a change occurs, we acknowledge that the community will need three waters services whether we deliver them or not. Until there is further certainty the planning included in this 20 year plan is based on the long term provision of these services by Council.

Additionally, increased emphasis is being placed on climate change in response to the Zero Carbon Act, and planning is being undertaken in response to upcoming changes resulting from the implementation of the National Policy Statement for Freshwater as part of the Government's freshwater priorities.

The three waters network includes Water Supply, Stormwater and Wastewater Activities.



Planning for growth

The rapid growth of our district is increasing the use of and demand for all of our infrastructure activities. To ensure Horowhenua remains a great place to live we need to provide infrastructure to meet demand.

To address this challenge we are proactively planning to ensure our assets will continue to be fit for purpose. This planning has already started, and continues early in the 20 year plan to ensure that required projects can be completed just-in-time to meet growth demands. Just-in-time delivery is a key focus to ensure infrastructure is not delivered too early, but right when it is needed by the community.

Our capital expenditure programme is approximately \$48 million per year over the 20 year plan as a direct response to the extraordinary growth across our district. Historically our capital expenditure programme has been mainly focused on replacing or making small improvements to existing assets. To meet the growth challenge we are planning to replace a lot more of our assets as well as enlarging some of our important infrastructure.

However, our level of borrowings is directly linked to our capital works programme and our proposed investment in infrastructure

and facilities is the key driver for the proposed increases in borrowings and rates. The increases in both areas would be lower if delivery of the expanded capital programme was delayed. If we found we couldn't deliver the full proposed capital programme proposed, we would prioritise renewals to ensure we could maintain levels of service to the community. Low priority new work would be deferred and anticipated improvements in levels of service would be delayed.

To deliver this capital programme Council has two teams dedicated to infrastructure development and operations, including one team specifically dedicated to delivering major capital projects such as the lead infrastructure for Tara-Ika.

We are streamlining our procurement models to make the most out of our upcoming capital programme. This includes maximising the efficiencies from long term contract arrangements with our key contractors and suppliers, such as our three waters partner, Downer, and our roading partner Higgins.

We are also working alongside our neighbouring Councils, to look to combine our three waters and roading capital works under a joint long term procurement plan. This will allow better clustering of projects and efficiencies of delivery. Greater clustering will also drive higher value, longer duration contracts which in turn incentivise contractors and consultants to gear up in our region.

Notwithstanding that, if the capital programme is not able to keep pace with growth due to factors outside of Council's control such as COVID-19 alert levels, government reforms, or resource availability, there could be a risk of increased pressure on existing assets and/or future growth areas unable to be opened up for development as soon as planned.



Climate Change

The global climate is changing, with more and more emphasis being placed on climate change response. This response is occurring at all levels of government – national, regional and local.

At a local level, the Horowhenua District is anticipated to experience increased annual average temperature, changes in rainfall patterns, with decreased rainfall in summer, increased rainfall in winter and an increase in rainfall intensity events. Council is planning a number of projects in the three waters activities to increase our resilience to natural hazards and a changing climate including:

- Improving resilience in the water network \$0.5-\$1 million per annum.
- Taking into account potential impacts from climate change when planning for future water storage options for Levin wider project is \$18.3 million over the 30 year period (note: this cost is largely to increase capacity to supply a growing population).

- Improving resilience in the wastewater networks and wastewater treatment plants approximately \$200,000 per annum.
- Implementing a programme of stormwater improvements in accordance with catchment management plans approximately \$200,000 per annum.
- Increased investment in active transport \$1 million per year for cycling and \$350,000 for walking, but only a \$40,000 per year increase to Council share due to co-funding by Waka Kotahi (note: this cost is largely driven by a low level of community use and satisfaction with the active transport infrastructure, rather than as a direct result of climate change).

You can find out more about how Council is responding to climate change and natural hazards in our Infrastructure Strategy at horowhenua.govt.nz/GrowingOurFutureTogether.

The need to replace our ageing infrastructure

A considerable amount of development occurred in the district 60-70 years ago, meaning the district has old and ageing infrastructure, particularly for the three waters network. Across all of the infrastructure activities, particularly for the three waters network, there has been historic underfunding of renewals. A key challenge for the district is making smart decisions around when to replace these ageing assets.

Continual assessment of asset condition and monitoring of reactive maintenance costs are undertaken to inform decision making. This ensures that we replace our older assets at the best time. We plan to replace our assets just-in-time to ensure we get the greatest use possible out of them. When replacing assets we consider whether any upgrades are needed to meet increasing demands. This approach ensures our infrastructure is future proofed for increases to demand where appropriate.

The renewal of assets is budgeted for based on the age of the assets. However, before renewals are undertaken condition assessments are undertaken. If the condition of assets differs from what is expected from the age of the asset, renewals may be required earlier or later than planned.

For our roading infrastructure we have reliable information about the condition of the assets. However we have less certain information about the condition of all of our three waters infrastructure. We mitigate the impact of this uncertainty through our maintenance contracts which ensures that any asset failures can be resolved in a timely manner. We continue to improve our asset data as assets are replaced, but given the long life nature of many of our assets, it will take some time for confidence levels to increase as data collection depends on the requirement to undertake work on these assets.

If renewals are required earlier than planned unbudgeted expenditure may be required, maintenance costs may increase, and there could be increased risk of disruption in services and anticipated improvements in levels of service could be delayed.



Significant projects

Water Supply for Levin

A key challenge for the water supply for Levin is demand exceeding supply. The current water source is from the Ōhau River. The volume of water we can take from the river depends on how much water is flowing, which is imposed to ensure the hauora (health) of the river is maintained. This means that in summer when the water flows are low, the amount of water we can take from the river to supply Levin residents is limited. This challenge means Levin residents are often placed under water restrictions throughout the summer period when flows are low.

Significant work has already gone into finding and fixing leaks in the water reticulation network to reduce the amount of water needed. However, as the district grows, more water will be needed. We are investigating options for large scale water storage and options for a new water source. Additional storage would mean that water can be collected during wet periods, stored, and then used during the dryer months. If a new water source can be found, it could either support the existing source from the Ōhau River or replace it.

Aquatic Facilities

Aquatic Facilities are significantly impacted by the projected population growth. There is a need for increased water capacity within the aquatic network to meet current and future needs. We are asking for specific feedback through this 20 year Plan about the future of the Foxton Pool (see page 28) and have plans to construct a splashpad at Jubilee Park in Levin. A major decision that will need to be made in 2027 is the future redevelopment of the Levin Aquatic Centre. The facility is well used and is too small to meet the needs of a growing population.

A business case will be developed to provide the case for investment, and opportunities for external funding will be explored. A key decision we will need to make is the extent of the redevelopment. Provision in the budget has been made for the business case no funding has currently been allocated for the redevelopment.

Wastewater disposal for Levin

Population growth will place increased pressure on all wastewater networks across the district. The ongoing need to improve environmental standards, and the introduction of the National Policy Statement for Freshwater means the level of treatment required is likely to increase.



Development of our parks and reserves

Our parks and reserves are important for the wellbeing of our community and will have additional pressure placed on them as a result of growth and increasing community expectation. Existing areas with demand for improvements include Waitārere Beach Domain, Holben Reserve Foxton Beach, Donnelly and Playford Park Levin and Manakau Domain. There will also be the need for us to acquire new reserves in our growth areas, such as Tara-Ika (Levin), Foxton Beach and Waitārere Beach.

In response, we are creating development plans for Waitārere Beach Domain and Holben Reserve, and have projects planned to be completed at Donnelly Park, Playford Park and Manakau sportsfields, and have included budget for the maintenance of the new parks and reserves.



Active Transport Improvements

The majority of the district's road network have no dedicated infrastructure for cyclists and the footpath network coverage is limited. There are low levels of satisfaction with the level of service provided for walking and cycling across the district. Large sections of the community have been advocating for improvements to our active transport infrastructure. Therefore, we are intending on investing in improvements to our walking and cycling infrastructure networks over the next 20 years. This will mean that by 2041, the walking and cycling network throughout the district will be much larger than it currently is and the community will have greater accessibility around the district and to key community facilities such as our parks and reserves.



Providing reticulated services for our settlements

As part of the development of the Long Term Plan 2018-38, we consulted on whether to implement reticulated water supply and wastewater schemes for settlements that do not currently have this service. Based on feedback from the community, we agreed to complete feasibility studies for water and wastewater for Ōhau and water for Waitārere Beach. As a result of recent and projected growth, we will first focus on securing a long term water source and wastewater system for Levin before reconsidering the options for implementing reticulated services to the district's smaller settlements. Community consultation on any proposal would occur prior to any decision being made.



Foxton Pool

The Foxton Pool is an important facility for the growing communities of Foxton and Foxton Beach and is a significant contributor to community wellbeing.

While the Foxton Pool is only 13 years old, it was originally constructed to cover an unheated pool. In 2012 the pool was heated and as a result the facility suffers from significant condensation issues which have major implications including:

- A high level of moisture in the building structure, which has compromised the structural integrity of the building.
- Excessive rusting of plant and equipment, increasing maintenance and replacement costs.
- An unpleasant internal environment for customers and staff, extremely hot in summer and with internal dripping from the structure.

Foxton Pool requires redevelopment as the building is not fit for purpose. Challenges include, the building structure which requires replacement and increasing the use and appeal of the pool which is mostly used for structured activities such as learn to swim, aquacise and lane-swimming.

We recently completed an Aquatic Facilities Strategy to provide a blueprint for the future of Aquatic Facilities. To provide additional information, feasibility studies are in progress for Foxton Pool, Levin Aquatic Centre and Jubilee Park splashpad. While the feasibility studies are site specific, there is a strong relationship between the three facilities and what happens at Foxton will have implications for the other facilities, particularly Levin Aquatic Centre.

As part of the Foxton Pool feasibility study, in November 2020 we asked aquatic stakeholders and the wider community for feedback on three options for the redevelopment of the facility. Over 650 community members provided feedback, with strong support for a redevelopment that included both indoor and outdoor aquatic provision. Based on community feedback received, we have refined the options.

The options range from a major redevelopment of the Foxton Pool through to its closure. All build costs including pool closure costs will be initially funded by debt.

'Do nothing' is not an option as the structure of the Foxton Pool building needs to be addressed for health and safety reasons.



Options and costs

Option 1

Indoor and Outdoor Leisure Pool

Building Changes

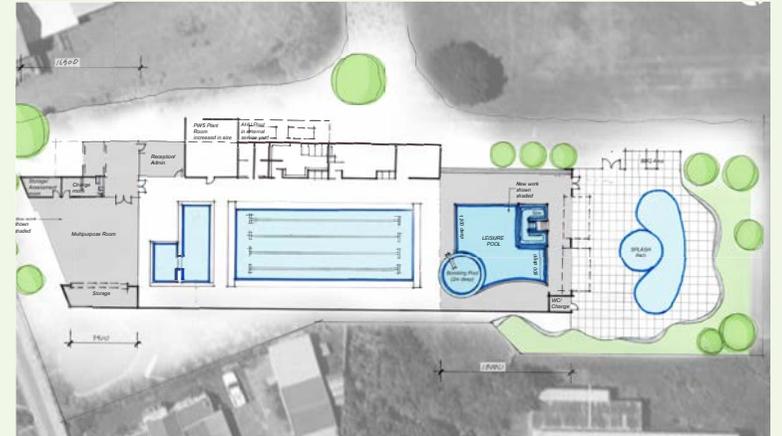
- Demolish and rebuild building.
- Extend building at front for multi-purpose room.
- Extend building at rear to include new leisure pool.
- No change to existing pools.
- Add indoor leisure pool.
- Add splashpad and landscaping at rear.
- Upgrade change rooms.

Operational Changes

- 12 month operation.
- Increase in operating hours: 6am-7pm weekdays and 8am-6pm weekends.
- Expected to increase use of the pool by residents and visitors to Foxton.

\$ Build cost: \$9.4 million across the first three years of the LTP (2021 – 2024).

\$ Rates Impact: \$44.53 per year from 2024/25



Option 2

Basic All-year Pool

Building Changes

- Demolish and rebuild building.
- No change to pools.
- Upgrade change rooms.
- Restore abandoned outdoor area to grass

Operational Changes

- 12 month operation.

- Increase operating hours: 6am-7pm weekdays and 8am-6pm weekends.
- Not expected to change level of use.

\$ Build cost: \$2.6 million across the first two years of the LTP (2021 – 2023).

\$ Rates Impact: \$26.61 per year from 2024/25



Option 3

Seasonal Outdoor Leisure Pool

Building Changes

- Demolish existing building.
- Rebuild change room and admin building.
- Upgrade change rooms.
- Existing pools become outdoor heated pools.
- Add outdoor leisure pool.
- Add outdoor splashpad.
- Cover over the teaching/toddler pool.
- Abandoned outdoor area becomes landscaped space.

Operational Changes

- 5 months operation (mid October - March)
- 10am-7pm opening hours (slightly longer).
- Forecast to increase the number of visits.
- 1 term learn to swim.
- 1 holiday learn to swim.
- Reduce aquacise.

\$ Build cost: \$4.4 million
across the first three years of the LTP (2021 – 2024).

\$ Rates Impact: \$22.00
per year from 2024/25



Option 4

Seasonal Outdoor Basic Pool

Building Changes

- Demolish existing building.
- Rebuild change room and admin building.
- Upgrade change rooms.
- Existing pools become outdoor heated pools.
- Cover over the teaching/toddler pool.
- Restore abandoned outdoor area to grass.

Operational Changes

- 5 months operation (mid October - March).
- 10am-7pm opening hours (slightly longer).
- Forecast to decrease the number of visits.
- 1 term learn to swim.
- 1 holiday learn to swim.
- Reduce aquacise.

\$ Build cost: \$1.9 million
across the first three years of the LTP (2021 – 2024).

\$ Rates Impact: \$16.02
per year from 2024/25



Option 5

Permanently Close Facility

Building Changes

- Remove indoor pool building and pools.
- Remove outdoor pool.
- Restore to grass.

Operational Changes

- Cease current operations.
- Likely to increase use of Levin Aquatic Centre.

\$ Closure cost: \$350,000 in 2021.

\$ Rates Impact: saving of \$12.49 per year from 2021/22

Our proposed option

We are proposing option 2 Basic All-Year pool.

This option makes no changes to the existing pools, but replaces the building covering the pools, upgrades the change rooms and restores the outdoor area to grass. The operating period would be extended to 12 months.

This option ensures an indoor Aquatic



	Option 1 All-Year Leisure	Option 2 All-Year Basic	Option 3 Seasonal Leisure	Option 4 Seasonal Basic	Option 5 Close the pool
Indoor provision – All-year	✓	✓			
Outdoor provision – Seasonal			✓	✓	
25m Pool	✓	✓	✓	✓	
Leisure Pool	✓		✓		
Teacher/Toddler Pools	✓	✓	✓	✓	
Splashpad	✓		✓		
Upgrade change rooms	✓	✓	✓	✓	
Cover over Teaching/Toddler Pools	✓		✓	✓	
Outdoor landscaping/BBQ area	✓		✓		
Multi-purpose room	✓				
Rates impact	\$44.53	\$26.61	\$22.00	\$16.02	-\$12.49

Got any questions?

Contact Brent Harvey,
Community Facilities and Events Manager

 06 366 0999.

Facility continues to be provided in Foxton for the local community. The new building will provide a safer and more pleasant environment for anyone using the facility as it will feature systems to reduce condensation, and control humidity and temperature. The outdoor area will be an open grass area for the community to use.

Do you agree?

Have your say on page 57.

Find out more by reading the supporting information at

 [horowhenua.govt.nz/
GrowingOurFutureTogether](http://horowhenua.govt.nz/GrowingOurFutureTogether)





Our Finances

Ko tā Mātou Tahua

Our district is going through a period of rapid transformation, so it is critical that we carefully balance the investment demands of preparing for growth and the opportunities for future ratepayers against ensuring we maintain a level of affordable rates and debt for our current residents.

This is a challenge for our district and requires us to explore all of the options, including seeking funding from Central Government, partnering with the development community and private investors, reintroducing development contributions, as well as increasing the levels of rates funding for our asset replacements. These will help to make sure that our finances are financially sustainable into the future as our aging infrastructure is increasingly ready for replacement.

The financial strategy aims to achieve a balance of three elements:

- ensuring affordable rates for the community,
- minimising the Council's debt, and
- making the best use of capital spending.

Changes in any one of these three elements will affect either one or both of the others. To achieve this balance, we propose the following key financial limits:

- Annual rates increases are to be kept at between 4.6% and 7.5% per year, for the first ten years with an average of 4.4% for the following ten years;
- Our net debt limit is 250% of our operating income.

The Council's large asset base means we have significant capital expenditure costs. New infrastructure is expensive and needs to be balanced against maintaining the infrastructure we already have. We currently have the infrastructure capacity to support our existing community and by the end of this 20 year plan be able to support 27,815 dwellings.

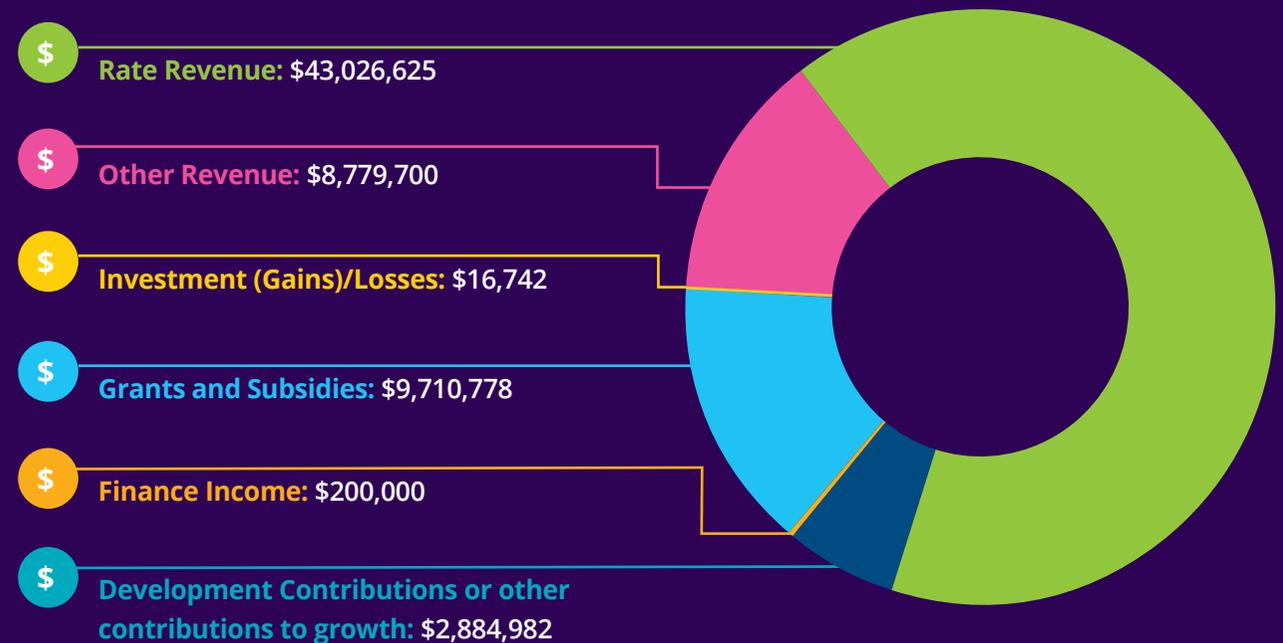
To make sure that new properties pay their share we are proposing to re-introduce development contributions so that the cost of infrastructure for growth is paid for by those new properties. We are also looking at partnerships with Central Government to fund some of the significant development.

From 2025/26, we will be in a position to accelerate our debt repayment. This means we'll be well placed to afford a significant programme of asset renewals as well as have capacity to fund our investment in growth.

See page 57 of this document to find out more and have your say about this consultation.

What are our revenue sources?

Operational revenue for the first year of the LTP



Our 20 year budget

Ko tā mātou tahua o ngā tau e rua tekau

	Capital Spend	Operational Spend	How it is funded
 Water Supply	\$142.5m	\$132.0m	Rates 80% 20% Other
 Stormwater	\$27.3m	\$32.4m	Rates 84% 16% Other
 Wastewater Management	\$231.3m	\$156.9m	Rates 74% 26% Other
 Solid Waste Management	\$5.3m	\$104m	Rates 56% 44% Other
 Land Transport	\$316.3m	\$130.6m	Rates 31% 69% Other
 Community Infrastructure	\$143.7m	\$153.7m	Rates 72% 28% Other
 Community Support	\$0.4m	\$64.3m	Rates 98% 2% Other
 Planning & Regulatory Services	\$1.5m	\$150.5m	Rates 33% 67% Other
 Property	\$46.2m	\$36.3m	Rates 38% 62% Other
 Community Facilities	\$30.8m	\$184.2m	Rates 84% 16% Other
 Representation and Community Leadership	\$3.5m	\$142.6m	Rates 76% 24% Other
Total	\$961.3m	\$1242.6m	

Rates

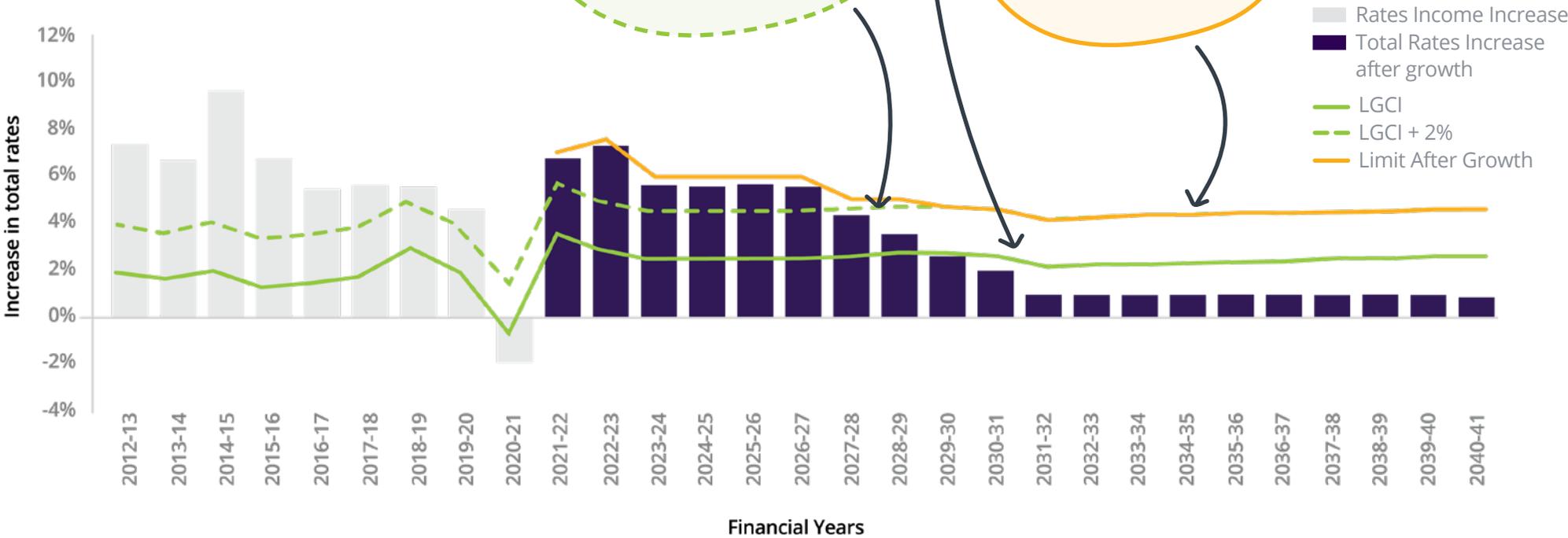
We are conscious of the impacts that rates have on affordability for our community. During this plan we considered the potential for external funding opportunities to reduce rates as well as opportunities for reducing our spending. Particularly for this plan, it was also critical that we can provide sufficient funding through rates for funding our asset renewals as our infrastructure assets reach the end of their lives.

Local Government Cost Index (LGCI):
Used to forecast inflation / price changes for local government goods and services.

Local Government Cost Index (LGCI) + 2%:
The cost of inflation, providing a margin to account for changes in the operating environment.

Rate Limit:
Council's proposed limit of rates increases after growth

Rates Income Increases



Our proposed rates increases over 20 years

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031+
Rates Increase after growth	6.7%	7.3%	5.6%	5.5%	5.7%	5.5%	4.3%	3.6%	2.6%	2.0%	1.0% <i>(Average)</i>
Rates Limit after growth	7.0%	7.5%	6.0%	6.0%	6.0%	6.0%	4.6%	4.7%	4.7%	4.6%	4.4% <i>(Average)</i>

Council's long term aim is to have rate increases (net of growth) close to the level of inflation Local Government Cost Index (LGCI) plus 2%. This is proposed to be achieved in the 2028/29 financial year. Council is committed to getting the most value out of every dollar spent, while achieving the right balance between progress and affordability. However, higher than inflation rates increases are needed in the short term as Council continues moving towards the rate funding of asset renewals.

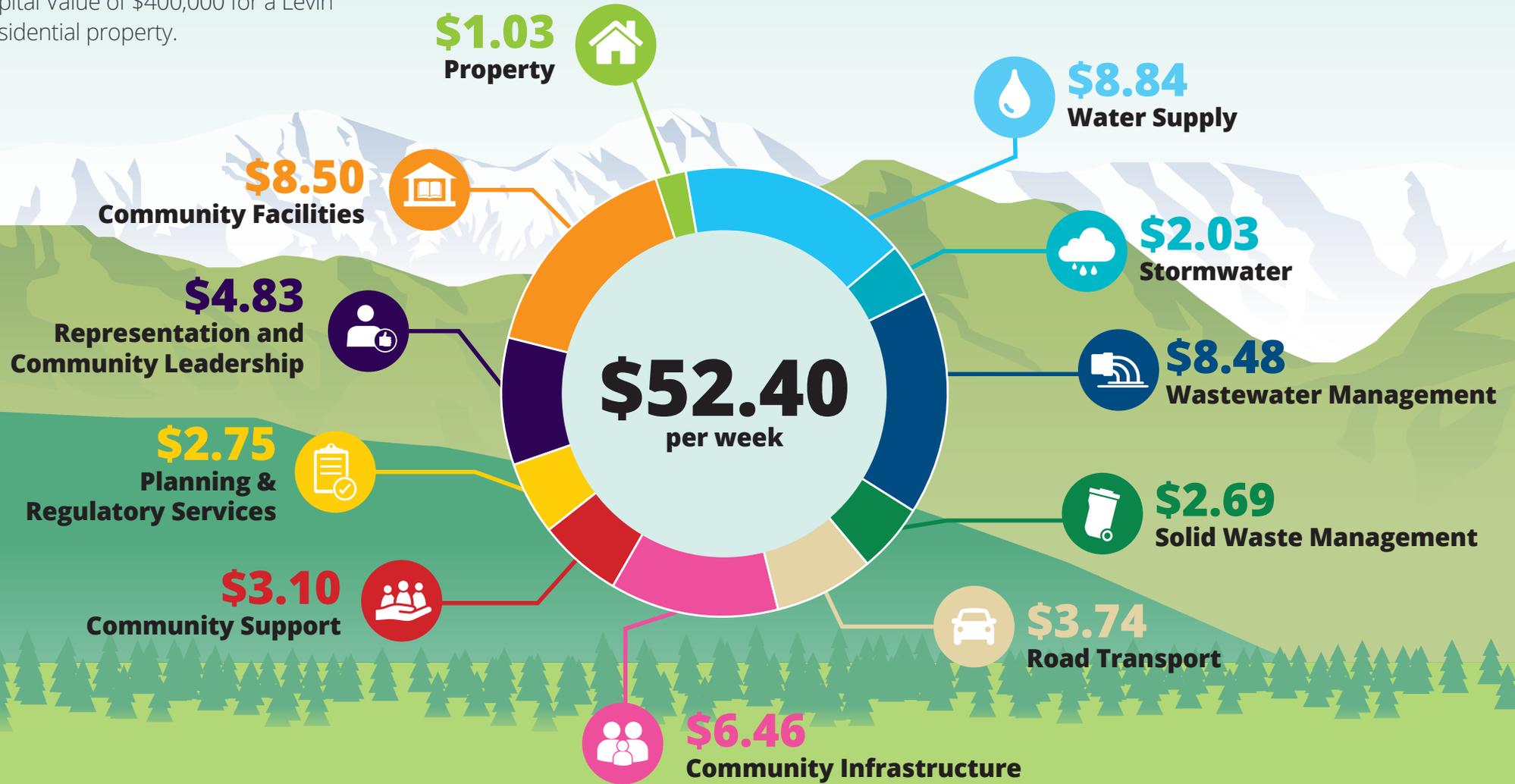
The rates increases and limits are both shown after growth is taken into account. A key benefit of growth is that the rates income increase needed each year is split between a greater number of ratepayers, decreasing the impact on the community.



What your rates pay for

Ko ngā rēti e utu ai

Based on a Land Value of \$180,000 and Capital Value of \$400,000 for a Levin Residential property.



Indicative Rates

No ratepayer will pay the same.

The rates system is complex. How much you pay depends on where you live, the services you receive and the value of your property. The proposed rate impact for the first three years of the LTP for a selection of properties from different areas is provided to give you an insight into the changes across the district.

Want to see how the rates for your property are proposed to change?

Use our Rates Calculator to find out:

 horowhenua.govt.nz/indicativerates or call  06 3660999.

Example Properties	Land Value (\$)	Capital Value (\$)	Rates 2020/21 (\$)	Indicative Rates 2021/22 (\$)	\$ Dollar Change	% Percent Change
Hōkio Beach	135,000	220,000	1,294	1,409	115	8.9%
Waikawa Beach	280,000	465,000	1,919	2,059	140	7.3%
Ōhau	245,000	560,000	2,319	2,505	186	8.0%
Manakau	300,000	600,000	2,080	2,225	145	7.0%
Waitārere Beach	375,000	550,000	4,112	4,443	330	8.0%
Foxton Beach	230,000	330,000	2,563	2,756	193	7.5%
Tokomaru	140,000	365,000	2,415	2,623	208	8.6%
Rural Commercial/Industrial	650,000	2,000,000	2,737	3,605	868	31.7%
Rural	3,220,000	3,340,000	7,383	7,195	-188	-2.5%
Lifestyle	375,000	680,000	2,559	2,713	154	6.0%
Utility	-	20,550,000	11,455	8,470	-2,985	-26.1%
Levin	180,000	530,000	2,659	2,876	217	8.2%
Levin - business	400,000	930,000	3,726	3,883	158	4.2%
Foxton	195,000	400,000	2,609	2,826	217	8.3%
Shannon	136,000	235,000	2,307	2,512	206	8.9%

Balancing the budget

Balancing the budget means Council's income is equal to or more than operational expenses.

Council has a history of budget deficits, largely resulting from partial loan funding of the asset renewal programme. For this 20 year plan we are planning to balance the budget in all years, apart from a small deficit in 2023/24. However, in order to keep the rate increases affordable in the first 3 years Council is proposing to loan fund some asset renewals. The following 5 year period still has above inflation increases. This is to increase rates funding of asset renewals necessary to keep the loan portfolio sustainable in the long term. This also has the consequence of increasing surpluses in all years from 2024/25 year onwards. Operating in surplus means we will be able to pay off more capital project loans (debt) used previously to fund renewals.

Surplus

When Council's income is more than its operating costs.

Deficit

When Council's income is not enough to cover its operating costs.



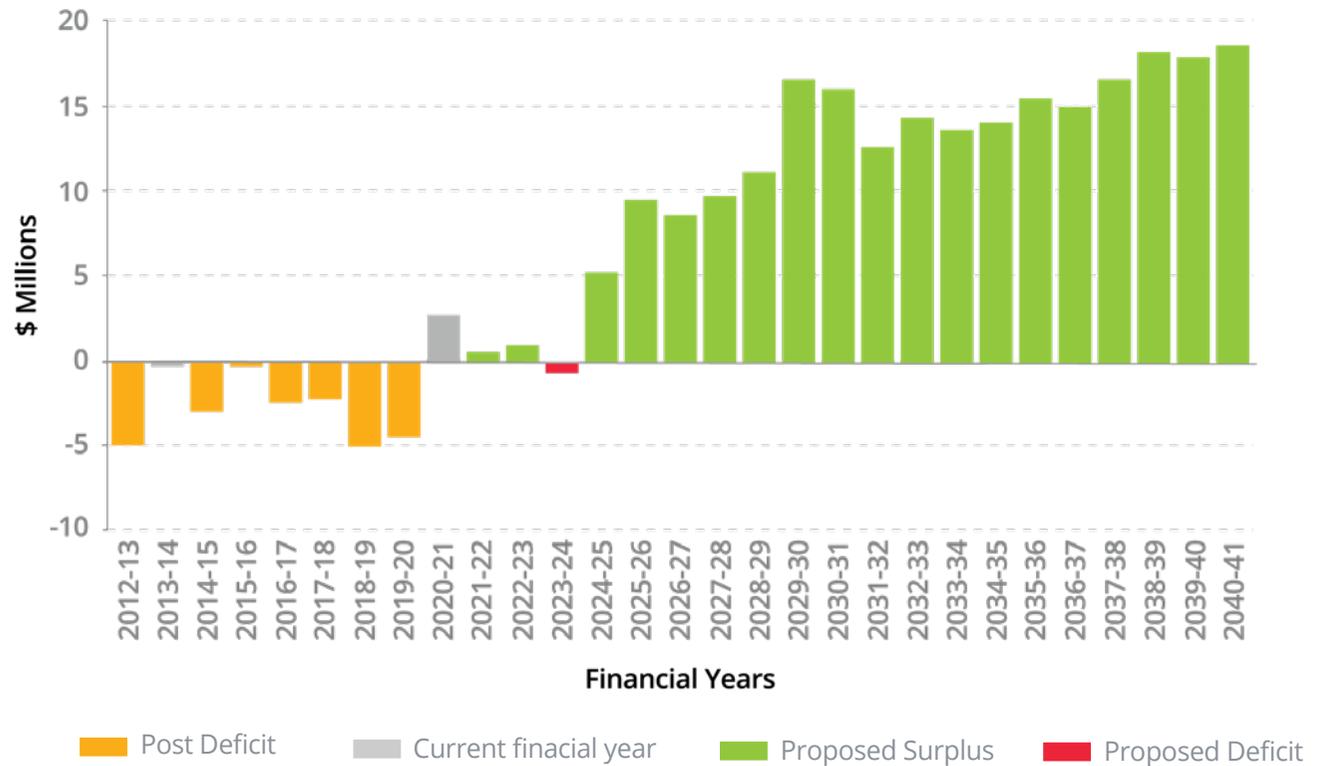
What do you think?

Have we got the balance right between rates increases and debt levels?

See page 57 for information on how you can have your say.



Operating Surplus/Deficit



Debt

We borrow money to pay for capital projects such as new infrastructure. Throughout the 20 year plan we are planning to spend close to \$310m to ensure that our district is ready for the extra 11,000 dwellings we are expecting. Borrowing lets us pay for this investment now just like a mortgage on your house. It is a fair way of spreading the cost of projects that will benefit our community both now and into the future.

Our current debt is a result of key wastewater, stormwater, and water supplies, such as the Levin Wastewater Treatment Plant as well as our community facilities such as Te Awahou Nieuwe Stroom and Te Takeretanga o Kura-hau-pō. We usually aim to pay the debt off over a period of 25 years.

The key projects contributing to the proposed increase in debt are focused on providing for growth such as; Levin Wastewater upgrade, Donnelly Park upgrades, roading projects in response to Ō2NL and Levin Water Supply.

In order to ensure we have the ability to fund the infrastructure needed for growth, we have focused on debt and options for keeping it within a sustainable level over the next 20 years. We are proposing to increase our limit on net debt to 250% of operating revenue. The proposed cap is, however, well within the limit that the LGFA (the agency we borrow from) sets. While this will allow us to increase our levels of debt, we are continuing with the strategy of increasing

the rates funding of renewals and this is the key reason why rates are higher in the first few years of the plan. We are also proposing to recover our growth spending through contributions from new households. This will help to ensure our borrowings will be below the limits we set by contributing \$95m of the 20 year capital programme.

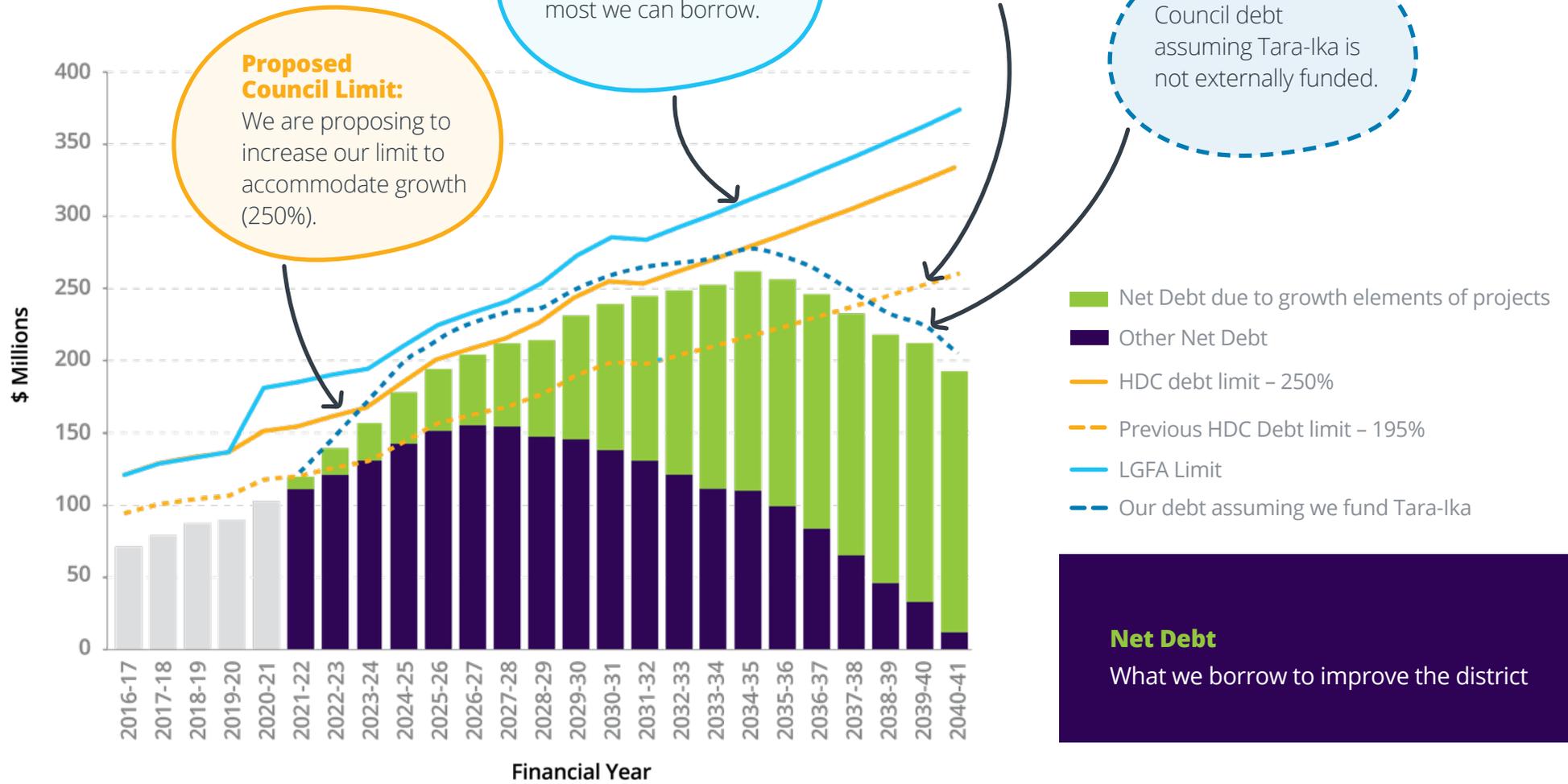
How we plan to fund Tara-Ika Infrastructure

Tara-Ika is a 420ha block of land to the east of Levin. It is privately owned by a number of different parties and has been identified as a key growth area for the Horowhenua District. Council has been working with these landowners and has produced a Master Plan to guide development in this area. This Master Plan will enable the development of approximately 2,500 houses (at a range of different section sizes), a small commercial area, new parks and reserves, and education opportunities. This is now the subject of a District Plan Change (Proposed Plan Change 4) which seeks to change the zoning of the land to allow development to occur.

Provision of key public infrastructure to accelerate development of the Tara-Ika Growth Area is assumed to be delivered and funded externally and will not be funded by Council debt. This means the assets created from the development will be vested with Council on

completion in 2025/26. The total value of the project is \$38million (uninflated). It includes the construction of lead-infrastructure for the Tara-Ika growth area including roading, reserves, wastewater, stormwater and water. Council has received a Government grant of \$12.55million for the project, and if the project is not able to be delivered and funded externally, it would be funded by an interest free Government loan (\$12.55million), and Council co-funding (\$14.5million inflated). However, Council does not currently have room in the debt profile for the government loan and the co-funding portion of the project, while completing the rest of the proposed capital programme. Therefore, if the project is not able to be funded externally, Council will reprioritise the timing of the capital programme to ensure our projected borrowings remain within the limit of 250% of operating income while completing this project as a priority. This would mean an additional \$27m of borrowing required and that \$19m of capital upgrades would need to be moved from the first seven years of the plan to years 2036 to 2041. This cost would be funded over time by development contributions, if Council decides to reintroduce them. This would not impact current levels of service, but could delay the implementation of improvements to levels of service by seven years. It is not proposed that renewals would be impacted. There would be no significant impacts on rates.

Net Debt



Net Debt
What we borrow to improve the district



Infrastructure Funding: Development Contributions

The initial sections of this Consultation Document outlined the transformation Horowhenua is going through.

You'll have seen a lot of development occurring in our district recently. Much of this development relies on supporting infrastructure. The big challenge is to fund the infrastructure necessary for growth and to see planned projects implemented, such as upgrades to our wastewater treatment plants.

Our strategic response is to improve our existing infrastructure and provide new infrastructure to service development. If we don't meet the challenge, there is a risk that we will not keep up with the growth occurring and the district will suffer. New developments may not get the services they need at the right time resulting in more pressure on our existing networks. Developments may be delayed, slowing down how quickly houses can be built for our growing community. If we try to make do with our existing infrastructure, levels of service may start to drop.

But providing infrastructure for growth comes at significant cost and we need to figure out who should pay for what and when.

How do we fund that infrastructure?

Council has various sources of development funding available to it. The two sources most often used by local authorities are:

- development contributions; and
- financial contributions.

We are required to have a policy on these two sources but we could choose to minimise their use and rely on other sources of funding. Targeted rates and SPVs (Special Purpose Vehicles) are potential methods that can be used in conjunction with contributions.

Development agreements are useful too. These are where Council and developers come to a voluntary arrangement to jointly fund key infrastructure. Council will usually reduce the development contributions payable to recognise the costs met by the developer.

We can also use subsidies, grants, user charges and asset sales. Another possibility is to loan fund growth infrastructure and pay this back over time using rates.

As you can see it is not a case of using one or another source, but getting the combination of funding methods right.

Development contributions:

can be required under the Local Government Act 2002. They can require a contribution by a developer or landowner towards the costs of capital expenditure required to service projects required for growth. This could include, water, wastewater, stormwater, parks and reserves and roading. Council does not currently charge development contributions.

Financial contributions:

can be required under the Resource Management Act 1991. They are used to address the direct impacts of a specific development. Council does not currently charge financial contributions and is not planning on introducing them at this stage.



Implications and uncertainties

We are projecting strong long term growth in our District. We want to avoid falling behind and the long term plan has considerable spending in it to cater for the anticipated growth. But there is always uncertainty. Covid-19 makes things even less predictable and there is always the risk that growth could slow. Our revenue from development may not meet expectations. There is uncertainty about other sources of funding such as SPVs or targeted rates until they are authorised.

We will need to review our capital spending if this happens.



New house construction, Levin



Option 1

Using development contributions as the key source of funding for growth infrastructure, in combination with other sources

This option reintroduces development contributions as a key source of funding proposed growth infrastructure.

Development contributions are paid by the developer or landowner when sites are subdivided or new houses built.

Development contributions can be seen as a barrier to development if they are too high. We'll ensure that developers only pay a fair share of costs.

We are also proposing to use other sources of funding like grants, SPVs, asset sales and subsidies where we can.

The chart shows how important contributions are. If our district grows as we expect it to, contributions could bring in over \$3 million per annum, rising to over \$7 million in the second decade. This means that the



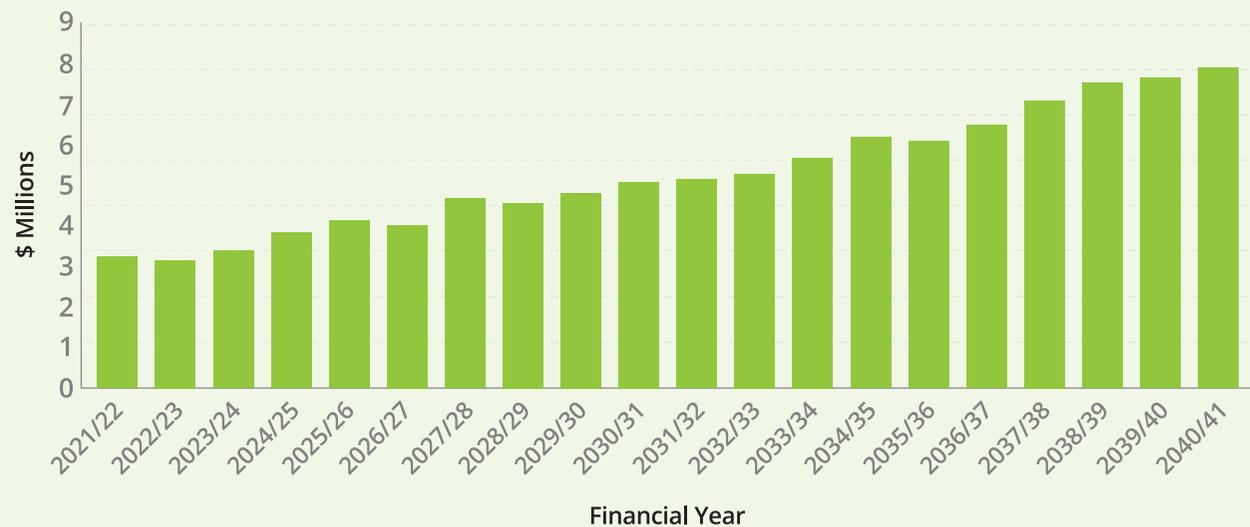
developer or landowner are paying for the cost of growth (not ratepayers).

Other sources that may be used

Subsidies and **grants** are a good source of funding. We have been successful in securing a grant to support development of the lead infrastructure necessary to enable growth for for Tara-Ika in north east Levin.

Special Purpose Vehicles (SPVs) are a way of collecting funding from home owners for a specific development. They may be very useful in big developments and, where they can be used to fund key infrastructure we will pursue them as an option. When we use them, costs will be recovered over time through levies charged in the area concerned (much like a targeted rate).

Projected annual revenue from development contributions



Option 2

Not using development contributions for funding growth infrastructure, and increasing rates instead

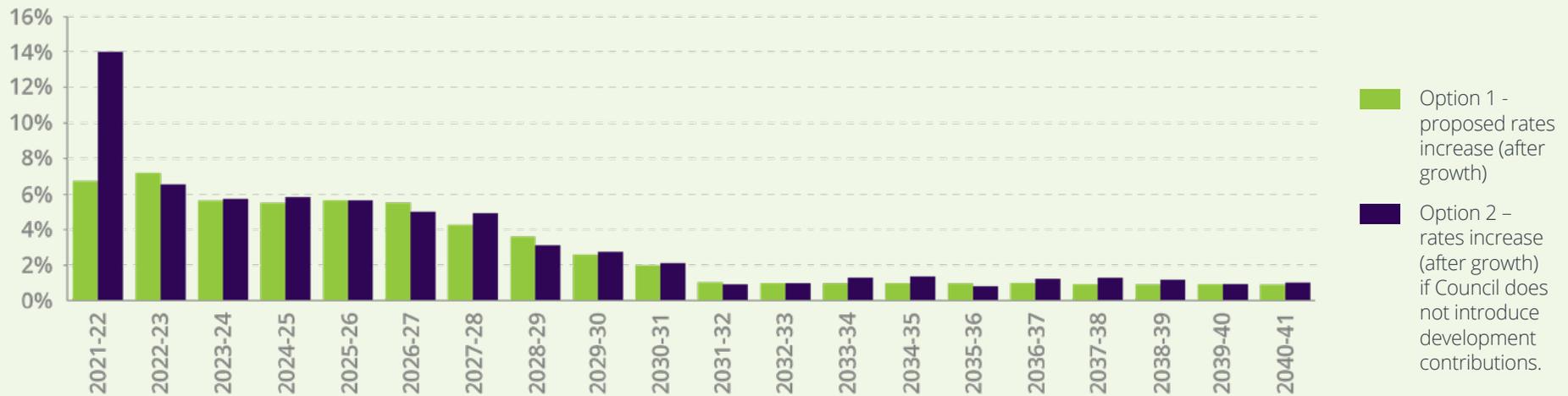
If development contributions are not implemented there are other sources of funding we would seek to use in the first instance to fund our growth infrastructure. This would include Special Purpose Vehicles (SPVs), development agreements and grants. However, none of these sources are guaranteed as SPVs are designed for large

scale projects, development agreements are voluntary and grants are decided on a case by case basis. Because these other methods may not be available, Council has assumed that we would need to increase rates to fund the proposed growth capital programme to ensure our borrowing limits would not be breached. This means that ratepayers would be funding

the infrastructure required for growth.

If Council had to increase rates to fund our growth infrastructure, average rates (after growth) would increase by a further 7.3% in Year 1. This would result in an average rates increase (after growth) in Year 1 of 14%.

Impact on rates increases (after growth) if growth infrastructure is funded by rates



This graph shows if Council did not reintroduce development contributions in 2021/22 the rates increase would be 14% rather than 7.3%. While the % rates increases per year after that are similar to if Council reintroduced development contributions, the overall \$ ratepayers would be paying is higher due to the significant increase in year one.



Our proposed option

We are proposing option 1, using development contributions as a significant way of funding growth alongside other options such as grants and SPVs. This option ensures growth pays for growth regardless of the scale of development. Development contributions have the potential to provide income of over \$3 million per year in the first 10 years.



Do you agree?

Have your say on page 57.

Find out more and have your say on the Draft Development Contributions Policy on our website at

 [horowhenua.govt.nz/
GrowingOurFutureTogether](https://horowhenua.govt.nz/GrowingOurFutureTogether)



Got any questions?

Contact Jacinta Straker, Chief Financial Officer

 06 366 0999.



Infrastructure, Fairfield Road, Levin

Changes to the Land Transport Targeted Rate

Currently the Land Transport Targeted Rate has a differential set up based on capital value where:

- Businesses (e.g. commercial, farms, industrial, utility companies) pay 35% of the rates collected.
- District Wide Other properties pay 65% of the rates collected.

At the time the differential was set up businesses made up 38% of the capital value in the district. The differential of 35% was set up to decrease the share of rates businesses paid to act as an economic incentive for them to establish and remain in the district.

In 2019, properties throughout the district were revalued. Businesses did not experience the same increase in capital values compared with the District Wide Other properties. Businesses now only make up 30% of the capital values, but are still paying 35% of the rates. This means that businesses are now paying more than their fair share and the intention of the differential, which was to provide them with an advantage, is now having the opposite effect.

How our rating system works

The rating system is complex and involves funding the services and projects we provide through a range of methods such as rates, fees and charges, grants and subsidies and borrowing (debt). We currently use two different rates:

General rates: where there are benefits to the district as a whole. This includes activities such as parks and reserves, economic development and community development which are considered to provide a general benefit to the community.

Targeted rates: to pay for specific services or projects. Current targeted rates include: Solid Waste, Water Supplies, Wastewater, Land Transport, Libraries and Community Centres, Representation and Community Leadership, Stormwater and Aquatic Centres.

What is a differential?

A way of requiring different types of rating property categories (e.g. residential, commercial, or rural) to pay a different share of the rate. A differential is usually used where it is considered that one part of the community is paying too much or too little.

What is a Rating Value?

A 'Rating Value' is assigned to every property in New Zealand, and is made up of:

Capital Value: The likely price a property would sell for at the time of the revaluation. This includes the land and any buildings or other improvements.

Land Value: The likely price the land would sell for at the time of the revaluation with no buildings or improvements.

Value of Improvements: The difference between the Capital Value and Land Value, reflects the value which buildings and improvements add to the bare land.



Options and impact

Option 1

Remove Differential

The Land Transport Targeted Rate will be paid for by all ratepayers based on capital value.

Businesses will pay 30% of the rates, because they hold 30% of the capital values throughout the district.



Option 2

Status Quo

Retain the differential for Land Transport Targeted Rate based on capital values as follows:

- Businesses (e.g. commercial, farms, industrial, utility companies) pay 35% of the rates collected.
- District Wide Other properties pay 65% of the rates collected.

Impact*

Rates distribution change for Option 1:

- **Businesses** (commercial, farms, industrial, utility companies): Would pay **\$200,663 less** (when using the 2020/21 rate). This would be spread over 1,988 rating units.
- **District Wide Other:** Would pay **\$200,663 more** (when using the 2020/21 rate). This would be spread over 15,817 rating units.

* Neither option will increase costs, but change the distribution of who pays.

Rate in the dollar:

Note: This comparison is based on the rating valuations from 2020/21.

	Option 1: Remove differential	Option 2: Status Quo
Businesses (commercial, farms, industrial, utility companies):	\$0.00045109	\$0.0005238
District Wide (Other):		\$0.00041971

What is 'Rate in the Dollar'?

It is the amount you pay for every dollar of land value. For example if the rate in the dollar is \$0.0005 and your property is worth \$100,000 you would pay \$50 ($\$0.0005 \times \$100,000$).





Main Street, Foxton

Our proposed option

We are proposing option 1, removing the differential. The differential was set up to act as an incentive for businesses to establish in the district. However, as a result of the changes in property rating values that occurred in 2019, it is now having the opposite effect. Removing the differential will provide the fairest method of charging for the Land Transport Targeted Rate for everyone in the district.



Do you agree?

Have your say on page 57.

Find out more about the way we fund the services we provide and have your say on the Draft Revenue and Financing Policy available on our website at

 [horowhenua.govt.nz/
GrowingOurFutureTogether](https://horowhenua.govt.nz/GrowingOurFutureTogether)



Got any questions?

Contact **Jacinta Straker**, Chief Financial Officer

 06 366 0999.



Changes to the General Rate

The general rate pays for Council services where there are benefits to the district as a whole or a public benefit for the wider community.

Currently the General Rate is set based on Land Value where:

- Rural properties (including all businesses in the rural zone) pay 25% of the General Rate rates income.
- District Wide (excluding rural) pay 75% of the General Rate rates income.

This differential was set up because rural properties have a high land value which would mean an unfair amount of rates being paid by rural agricultural properties.

However, the current differential requiring rural properties to pay 25% of the rates income means that rural properties are not evenly benefiting from the increased growth in the district. Current growth is focused in the residential areas which is increasing the

	Year	 Rural	 District Wide
Land Value	2018/19	\$1,703,010,850	\$1,540,591,300
<i>Note: the change in land value is a result of the rating revaluation that occurred in 2019.</i>	2020/21	\$1,940,266,100	\$2,923,326,300
SUIPs	2018/19	2,252	15,390
	2020/21	2,160	15,565
Rate in the dollar	2018/19	\$0.00161274	\$0.00534831
<i>(the amount paid for each dollar of land value)</i>	2020/21	\$0.001535	\$0.00305643
Total	2018/19	\$2,746,519	\$8,239,560
	2020/21	\$2,978,308	\$8,934,947

number of residential properties to share the district wide portion of the rating load (75%) and decreasing the number of rural properties to split up their share (25%).

With urban land values increasing significantly compared with rural land values (through the 2019 rating revaluations), the amount individual district wide ratepayers pay for the general rate is decreasing, while individual rural ratepayers have been paying more.

Additionally, rural differential treated non-farming properties the same as farms even though they do not have the same large footprint and land value, giving them an advantage over urban based businesses.

What is a Separately Used or Inhabited Part (SUIP)?

Each separately used or lived in part of a rating unit. This includes every house, flat or other building that can be lived in. For example if one property has two houses on it, this will count as two SUIPs. For commercial properties this includes each separate space intended to be used as a shop or other retail outlet or office.



Driscoll Gardens, Manakau



Options and impact

Option 1

Creating a Farming differential

For this option there would be a differential that only applies to Farming properties. The Farming differential has been proposed because the higher farming land value would mean an unfair level of rates being attributed to rural agricultural rating units.

The way the differential would be calculated would be on a dollar value, for every \$1 the District Wide ratepayers pay, the Farming properties would pay 50c.

Category General Rate	Differential Factor
Farming Categories	0.5
District Wide (Excluding farming)	1



Option 2

Status Quo

Rural properties (including all businesses in the rural zone) pay 25% of the General Rate rates income.

District Wide (excluding rural) pay 75% of the General Rate rates income.

Category General Rate	Differential Factor
Rural	25%
District Wide (Excluding Rural)	75%

Impact*

Rates distribution change for Option 1:

- **Farming** rating units: Would pay **\$24,365 less** (when using the 2020/21 rate). This would be spread over 1,102 rating units.
- **Rural Commercial** units: Would pay **\$59,653 more** (when using the 2020/21 rate). This would be spread over 897 rating units.
- **District Wide** rating units: Would pay **\$35,288 less** (when using the 2020/21 rate). This would be spread over 15,904 rating units.

* Neither option will increase costs, but change the distribution of who pays.



Rate in the dollar:

Note: This comparison is based on the rating valuations from 2020/21.

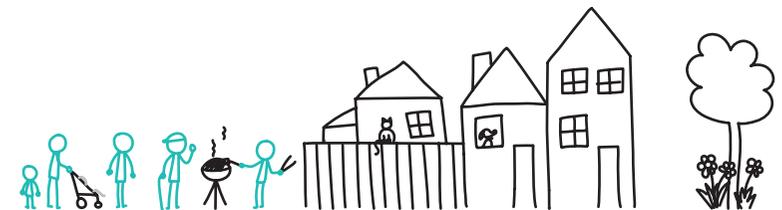
	Option 1: Create Farming differential	Option 2: Status Quo
Farming	\$0.00152218	
Rating units previously in the Rural differential e.g. Rural Commercial.	\$0.00304436	\$0.001535
District Wide		\$0.00305643

Option 1 will have the biggest impact on Rural Commercial properties who will pay more as they would no longer receive the benefit of the Rural differential.

Our proposed option

We are proposing option 1, changing the way the General Rate is funded by creating a Farming differential and modifying how it is calculated. This approach provides a method of calculating the general rate which is fair, applies only where there would otherwise be an unreasonable rating burden (farming properties with a high

land area) and is future proofed for growth. The change in the differential from a percent to a differential factor means that the whole district benefits from the increase in number of ratepayers resulting from growth.



Do you agree?

Have your say on page 57.

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Got any questions?

Contact Jacinta Straker, Chief Financial Officer

 06 366 0999.

Auditor Report

Te Pūrongo a te Kaiarotake

Independent auditor's report on Horowhenua District Council's consultation document for its proposed 2021-2041 Long Term Plan

I am the Auditor General's appointed auditor for the Horowhenua District Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 17 March 2021.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-2041 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 district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis for qualified opinion – Assumption related to funding of Tara-Ika Infrastructure

As outlined on page 40, the Council has identified Tara-Ika (a 420ha block of land to the east of Levin) as a key growth area for the district. Council assumes that key public infrastructure, to accelerate the development of Tara-Ika, will be delivered and funded externally and will not be funded by Council debt. We consider this assumption unreasonable because, to date, external funding has not been secured.

If Council is unsuccessful in securing external funding, the impact on the underlying information would be, an increase in debt of \$27 million and delaying capital upgrades of \$19 million.

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.

Emphasis of Matters

Without further modifying our opinion, we draw attention to the following disclosures.

Uncertainty over three waters reforms

Page 22 outlines the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The consultation document was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the consultation document has been based.

Uncertainty over the delivery of the capital programme

Page 23 outlines that the Council has budgeted

to deliver a capital programme of approximately \$46 million per year over the 20 year plan. While the Council has put in place a number of initiatives to deliver on its capital programme there are risk factors, including resource availability, which could result in increased pressure on existing assets and delayed development of future growth areas.

Infrastructure assets condition information

Pages 24 and 25 outline that the Council's decision on when to replace ageing assets is informed by continual assessment of asset condition and monitoring of reactive maintenance costs. The renewal of assets is however budgeted for based on the age of the assets. There is therefore a risk that unbudgeted expenditure may be required to pay for renewals that are needed earlier than planned and this could result in an increased risk of disruption in services.



Responsibilities of the Council and auditor

The Council is responsible for:

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

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

Independence and quality control

We have complied with the Auditor General's:

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

In addition to this report on the Council's consultation document and all legally required external audits, we provide an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council or its subsidiary.



Stephen Lucy
Audit New Zealand

On behalf of the Auditor General, Wellington,
New Zealand

Have your Say

Kōrero Mai



It's easy to share your thoughts with us

Have your say to grow our future together – Kōrero mai

Online



Visit our website:

[www.horowhenua.govt.nz/
GrowingOurFutureTogether](http://www.horowhenua.govt.nz/GrowingOurFutureTogether)



Social Media:

Post comments or suggestions on Council's Facebook page.

(Comments and suggestions are considered, discussed and form part of the decision making. However receipt of comments and suggestions provided via social media cannot be acknowledged).



Email us: at ltp@horowhenua.govt.nz

In person



Speak to one of our Council officers

on 06 366 0999 or Elected Members

(Elected Member contact details are on page 58 of this document).



Face to Face at one of the following events

Please see page 6

On paper



Submissions can be delivered to:

- **Horowhenua District Council Offices**
126 Oxford Street, Levin
- **Te Takeretanga o Kura-hau-pō**
Bath Street, Levin
- **Te Awahou Nieuwe Stroom**
92 Main Street, Foxton



Posted to:

Horowhenua District Council
Private Bag 4002
Levin 5540

Submissions close **19 April 2021**

Note: All engagement events could be subject to change due to changes in Covid-19 alert levels. All changes will be publicly notified



Elected Members

The Mayor and Councillors



Mayor Bernie Wanden

☎ 027 291 5546
@ mayor@horowhenua.govt.nz



Deputy Mayor Jo Mason

Levin Ward
☎ 027 248 6643
@ cr.jo.mason@horowhenua.govt.nz



Cr David Allan

Kere Kere Ward
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Cr Wayne Bishop

Waiopahu Ward
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@ cr.wayne.bishop@horowhenua.govt.nz



Cr Ross Brannigan

Kere Kere Ward
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Cr Todd Isaacs

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Cr Sam Jennings

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Cr Victoria Kaye-Simmons

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Cr Robert Ketu

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Cr Christine Mitchell

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Cr Piri-Hira Tukapua

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Thanks
for reading!



Horowhenua
DISTRICT COUNCIL

