30 April 2025

The Chair,
Horizons Regional Council,
15 Victoria Avenue,
Palmerston North 4410.

Submitted via: haveyoursay@horizons.govt.nz

Tēnā koe,

Submission from the Manawatū District Council on the Horizons Long Term Plan Amendment and Annual Plan

The Manawatū District Council (MDC) thanks Horizons Regional Council for the opportunity to submit on the proposed amendments to Horizons Regional Council's Long-Term Plan and Annual Plan. MDC recognizes the critical role that Horizons plays in advancing integrated transport systems, supporting regional economic development, and ensuring long-term financial sustainability. Improved transport services are vital for reducing emissions, enhancing connectivity, and fostering resilience across our communities, and MDC supports initiatives that align with these objectives.

As a territorial authority within Horizons' jurisdiction, MDC is committed to collaborating on strategic decisions that impact our region. While we acknowledge the importance of the issues raised in this consultation, MDC has specific concerns regarding the proposed sale of CentrePort shareholding and funding arrangements for the Capital Connection passenger rail service. These matters have significant implications for regional economic development, equity in cost distribution, and ratepayer impacts.

CentrePort Shareholding and Reinvestment

MDC acknowledges Horizons' position that a potential sale aligns with its investment strategy, however, MDC questions whether the loss of this strategic asset- tied to logistics and infrastructure aligns with broader economic development goals for the Manawatu. MDC questions how Horizons plans to mitigate risks associated with managed funds, for example, market downturns affecting returns. MDC recommends that Horizons publish a detailed cost-benefit analysis comparing retaining CentrePort shares versus managed fund performance under various economic scenarios.

The consultation document notes that Centreport shareholding has a history of providing regular annual dividends with the capital value of the port growing over time and dividends increasing in the future. MDC seeks clarification on whether Horizons has considered potential future increases to capital value and dividends arising from the full development of the Te Utanganui project. As Te Utanganui project is strategically important to the Manawatu Whanganui region as a key distribution hub for the central North Island, MDC sees a loss of strategic influence in the port's operations and direction if a sale occurs.

Given these considerations, MDC supports further investigations into the sale of CentrePort shareholding under Option 1. Future communications from Horizons should include:

- Detailed projections of the expected returns compared to historical dividends from CentrePort.
- A side-by-side comparison of risks associated with retaining versus selling CentrePort shares, including financial, strategic, and regional development risks.
- Justification for why increased liquidity is necessary at this time and how it aligns with Horizons' long-term financial strategy.

Capital Connection

MDC acknowledges the importance of maintaining and improving passenger rail services such as the Capital Connection to enhance regional connectivity and reduce emissions. However, MDC remains concerned about the disproportionate ratepayer impact on Manawatū District residents arising from Horizons' funding methodology.

The consultation document notes that contributions toward running the Capital Connection will impact rates in Manawatū but does not specify what these amounts will be raised to. Last year, MDC submitted concerns regarding inequities in indicative costs per $100K of capital value for properties in Manawatū ($2.80) compared to Palmerston North ($1.25) and Horowhenua ($2.83). This disparity is particularly concerning given that Manawatū District residents do not have direct access to train services (i.e., no train stops within the district). MDC reiterates its position that ratepayer contributions should align with actual benefits received, such as proximity to train stations and usage patterns. This position is reinforced given the intention of Waka Kotahi to reduce its funding towards the running of the Capital Connection, creating a shortfall that may fall on councils to pick up.

While changes to Capital Connection funding are not a primary focus of this consultation, MDC requests Horizons provide clarity ahead of the 2027/37 Long Term Plan Consultation on:

- How ratepayer contributions for Capital Connection improvements will be calculated.
- Any adjustments made since the 2024-34 Long Term Plan consultation.
- Plans to reconsider funding methodologies to ensure costs are distributed equitably among districts based on actual benefits received.

Additionally, MDC urges Horizons to explore alternative funding mechanisms to reduce reliance on targeted rates for Manawatū residents. This includes advocating for reinstatement of central government funding or pursuing private sector partnerships.

MDC supports initiatives that enable prudent investment decisions, enhance regional transport systems, and improve connectivity across communities but seeks assurances that strategic decisions are made transparently and equitably. We look forward to continued engagement with Horizons Regional Council on these matters to achieve equitable and transparent outcomes for our communities.

Yours sincerely,

Helen Worboys, JP
Mayor