



# Pre-Election **REPORT 2019**



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# ABOUT THIS REPORT

This report provides information about key issues facing Horizons Regional Council for voters and those standing for the local government elections in October. Its purpose is to provide information to promote public discussion about issues facing the Council, and thus enable a better informed election debate. For more information about the upcoming elections, please visit [www.horizons.govt.nz](http://www.horizons.govt.nz).

The report has a particular focus on the financial performance of the Council and provides historic information for the past three years, an overview of the current election year and the Council's planned financial position for the next three years.

Information in the preparation of this report is drawn from the 2018-28 Long-term Plan, annual plans and annual reports, which are independently audited. The most recent editions of these documents can also be found on our website.

The preparation and timing of this report is a mandatory requirement for all councils in New Zealand. As required by the Local Government Act 2002, the report is prepared by the Chief Executive independently of councillors.





# INTRODUCTION FROM THE CHIEF EXECUTIVE

Kia ora and welcome to the Horizons Regional Council pre-election report for 2019. While the creation of this report is a requirement, it's also a good opportunity to demonstrate Council's strong financial position and provide some context on how we aim to make this region a great place to live, work and play.

The Horizons Region extends from Tararua in the east to Whanganui in the west, down to Horowhenua in the south and up to Ruapehu in the north. Our landscape is as vast and varied as the over 240,000 people who call it home and we are always thinking of those we serve. As the regional council we are responsible for managing the region's natural resources, not only for the benefit of the environment but also for our communities.

Our work programmes are guided by council decisions and planning undertaken through the Annual Plan and Long-term Plan process. This report identifies the community outcomes that underpin these decisions, an overview of our business operations, some major financial projects and key areas of work in the near future, as well as the required financial statements. It also provides a moment in time, showing where we've come from and where we're intending to go.

Fresh water is critical for the future and its management remains a priority for Horizons. We are seeing improvements in water quality results in our region, which is a collective effort of many parties and is both voluntary and through regulation. However, there is still much more to be done.

In 2019-20 the implementation of the recently updated National Policy Statement for Freshwater Management (NPS-FM) is a focus. We are also undertaking proposed One Plan changes, which are discussed in more detail further in the report, and catchment reviews across the region – both of which are part of a wider programme called Our Freshwater Future, looking at fresh water management with a 20-30 year lens. These catchment reviews recognise that every catchment has its own priorities and challenges. Council will be asking our communities to identify what the priorities are for their catchments and are looking to co-govern the approach for addressing these with iwi. Engaging with our communities is becoming increasingly important, rules and policies alone are no longer enough.

Finally, further central government changes regarding fresh water are likely to come into play at some stage and we will need to check that our programmes meet these requirements.

Our region is doing well economically and Horizons continues to facilitate Accelerate25, a regional

economic programme which aligns people, policy and funding to drive growth and create a stronger, vibrant and more prosperous region. ASB's regional economic scoreboard, which takes quarterly regional statistics and ranks economic performance, has our region placed second at the time of print. We also continue to aim to balance growth with environmental, social and cultural values.

Our recently released State of Environment report, which provides a snapshot of the state and trends of our region's natural resources, included a climate chapter for the first time. This chapter identifies some challenges the region faces in terms of changing weather patterns and increased river sedimentation. Not only is it likely that there will be more frequent flood events, it is also possible the current levels of service for flood protection may decrease as sediment builds up in our channels – placing significant demands on flood protection infrastructure, but also requiring Council to think about how our region will need to adapt in all areas of our business.

One way Horizons is working to mitigate the impacts of climate change is through its planting programmes, which have been in place for well over a decade now and resulted in over 18 million plants put in the ground. In addition to absorbing carbon, these trees help keep soil on land and out of rivers, which contributes to maintaining flood protection levels of service downstream. I highly recommend a read of our 2019 State of Environment report at [www.horizons.govt.nz](http://www.horizons.govt.nz) to find out more.

I hope you find this pre-election useful for gaining context for our region and what you may face as a Horizons councillor. If you have any follow up questions our electoral team will do their best to assist you.

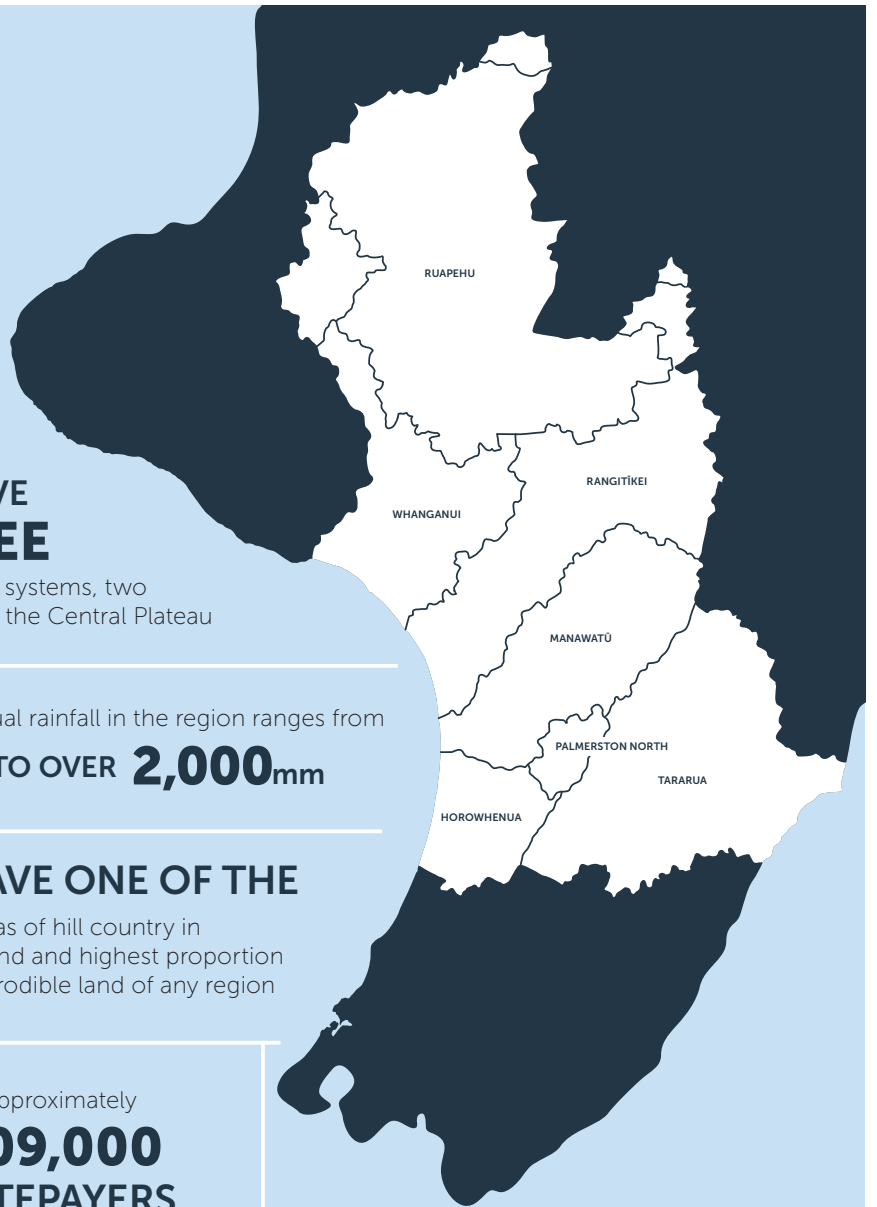
Noho ora mai,

Michael McCartney  
Chief Executive



# Making the HORIZONS REGION

a great place to live,  
work and play



Around  
**240,000**  
PEOPLE  
call it home

**WE HAVE  
THREE**

major river systems, two  
coasts and the Central Plateau

**WE HAVE  
SEVEN  
DISTRICTS**  
and approximately  
**89%**

of our ratepayers  
live in urban centres

Mean annual rainfall in the region ranges from  
**900 TO OVER 2,000mm**

**WE HAVE ONE OF THE**

largest areas of hill country in  
New Zealand and highest proportion  
of highly erodible land of any region

**LAND USE IS:**



45% Sheep and beef  
33% Native cover  
8% Dairy  
5% Forestry  
9% Other

Approximately  
**109,000**  
RATEPAYERS

contribute to our  
work programmes

The Horizons Region is made up of  
**2.2 MILLION HECTARES**  
of land (8% of New Zealand's total  
land area), plus 31,000 hectares of  
marine area

**WE HAVE OVER**

**226**  
LAKES

including Lake Horowhenua,  
New Zealand's largest  
dune lake

**THERE ARE  
40 ESTUARIES**

in our region, including Manawātū  
Estuary, the internationally recognised  
RAMSAR site

We also have two coasts  
with jurisdiction extending

**12**  
NAUTICAL  
MILES

out to sea

**206,000**  
HECTARES

or 18% of the nation's versatile  
soils are in the region

**THERE ARE OVER  
35,000kms**

of waterways in the  
Horizons Region





# THE HORIZONS REGION

The region's six constituencies provide a total of 12 elected representatives who form the governance body of Horizons Regional Council, which is the trading name of the Manawatū-Whanganui Regional Council.

Local government elections are run every three years, and the chair of the Council is elected by the members of the Council. The next election will be held on 12 October 2019 and will be run on the first-past-the-post voting system.

The chief executive is employed directly by the Council. The chief executive, in turn, employs the

staff of Horizons Regional Council. The staff of the Council number approximately 230 full-time equivalents.

These staff are split into five groups – strategy and regulation, regional services and information, river management, corporate and governance, and natural resources and partnerships.

Around 60 per cent of the staff are based at the head office in Palmerston North. The remainder are located at offices and depots throughout the region.

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## The Horizons Region is divided into six constituencies:

Ruapehu Constituency

Whanganui Constituency

Manawatū/Rangitikei Constituency

Horowhenua Constituency

Palmerston North Constituency

Tararua Constituency

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## The Council carries out much of its work through a number of standing committees:

Audit, Risk and Investment Committee

Catchment Operations Committee

Environment Committee

Linklater Bursary Sub-Committee

Manawatū River Users' Advisory Group

Passenger Transport Committee

Regional Transport Committee

Strategy and Policy Committee



# COMMUNITY OUTCOMES

Our community outcomes are what we aim to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions (Local Government Act 2002).

As part of our Long-term Plan, Horizons, as a local authority, is required to set out the region's community outcomes. In Year 1 of the Long-term Plan we took the opportunity to review our community outcomes, originally developed in 2005, to ensure that they are relevant and measurable, but also aspirational. The review was also an opportunity to reflect changes in the legislation. In line with

amendments to the Local Government Act in 2012, we incorporated the 'four wellbeings' (social, economic, environmental and cultural goals) into the overall outcomes, rather than presenting them as distinct goals as they were previously. We believe this better reflects the interconnected nature of both these outcomes and the work we do.

The community outcomes can only be fulfilled through Horizons working together with the community. They are also a long-term commitment; they may take longer than the 10-year period of the 2018-28 Long-term Plan to fully realise.



NATURAL  
HAZARD  
RESILIENCE



HEALTHY  
ECOSYSTEMS



HUMAN  
WELLBEING



CONNECTED  
COMMUNITIES








A ROBUST  
ECONOMY



CONFIDENCE  
IN DECISION-  
MAKING



COMMUNITY OUTCOME	DESCRIPTION	HOW HORIZONS WORKS TOWARDS THESE GOALS
 <p data-bbox="177 353 368 405">NATURAL HAZARD RESILIENCE</p>	<p data-bbox="464 253 738 360">A community that is aware of hazards and is prepared and empowered to respond to and recover from a natural hazard or emergency.</p>	<p data-bbox="799 192 1401 237">Reducing the risks from natural hazards to acceptable levels through suitable policies, planning and infrastructure.</p> <p data-bbox="799 253 1442 315">Ensuring that infrastructure and response systems are in place to support communities in their response to and recovery from natural hazards and emergencies.</p> <p data-bbox="799 331 1442 416">Supporting communities to develop the knowledge and capability to adapt and respond to the likelihood of an increased frequency and scale of extreme weather events, coastal erosion and sea-level rise associated with climate change.</p>
 <p data-bbox="209 660 347 712">HEALTHY ECOSYSTEMS</p>	<p data-bbox="464 573 730 658">Healthy, diverse and fully functioning ecosystems that provide for community needs now and in the future.</p>	<p data-bbox="799 472 1453 517">Protecting and restoring the region's biodiversity through pest control, the support of community restoration projects and other measures.</p> <p data-bbox="799 533 1369 595">Supporting the sustainable use of land that preserves indigenous ecosystems to the greatest extent possible, while maintaining an environment that contributes to the economy.</p> <p data-bbox="799 611 1422 656">Undertaking biosecurity measures that protect indigenous ecosystems and the regional economy from pests and disease.</p> <p data-bbox="799 672 1422 714">Protecting healthy and resilient freshwater and coastal ecosystems that support mahinga kai.</p> <p data-bbox="799 730 1417 772">Maintaining resource management processes that take full account of impacts on ecosystems, and monitor these effects.</p>
 <p data-bbox="209 1052 336 1104">HUMAN WELLBEING</p>	<p data-bbox="464 976 715 1061">Natural, farmed and built environments that support healthy people and communities.</p>	<p data-bbox="799 819 1251 842">Maintaining good air quality throughout the region.</p> <p data-bbox="799 857 1449 943">Managing the impacts on fresh water to ensure the Region's waterways remain healthy or, where degraded, their health is restored to the greatest extent possible while maintaining the wellbeing of the local community and economy.</p> <p data-bbox="799 958 1422 1001">Protecting healthy and resilient freshwater and coastal ecosystems that support mahinga kai.</p> <p data-bbox="799 1016 1433 1079">Protecting the region's historic heritage, natural character, and outstanding natural features and landscapes – particularly in the coastal marine environment.</p> <p data-bbox="799 1095 1453 1158">Ensuring that land is used in a way that optimises rather than diminishes its qualities, minimises impacts on other parts of the environment (e.g. fresh water) and is sustainable into the future.</p> <p data-bbox="799 1173 1442 1216">Ensuring there are a range of recreational opportunities accessible to the whole community, both in urban and rural areas.</p>
 <p data-bbox="193 1456 352 1507">CONNECTED COMMUNITIES</p>	<p data-bbox="464 1364 738 1426">Connected communities supported by safe, reliable and efficient transport systems.</p>	<p data-bbox="799 1267 1437 1330">Supporting the development of a strategic, multi-modal, resilient and efficient transport system across the Region, better integrated with land-use planning.</p> <p data-bbox="799 1346 1449 1388">Supporting the Region's transition to transportation solutions that are less dependent on fossil fuels.</p> <p data-bbox="799 1404 1449 1447">Supporting connectedness between and within communities through the provision of public transport services, walkways and cycleways.</p> <p data-bbox="799 1462 1449 1525">Working towards safer roads through improved roading infrastructure and road safety education and initiatives (in partnership with New Zealand Transport Agency).</p>
 <p data-bbox="220 1747 336 1798">A ROBUST ECONOMY</p>	<p data-bbox="464 1671 703 1713">A regional economy that is diversified and resilient.</p>	<p data-bbox="799 1581 1417 1666">Supporting the development of a regional economy that is diversified, environmentally sustainable, and anticipates the challenges of climate change, new technologies, and shifts in the national and global economies.</p> <p data-bbox="799 1682 1433 1744">Encouraging and supporting innovation and creativity in the Region's business and industry sectors, for instance, by minimising the burden of regulatory processes on businesses and individuals.</p> <p data-bbox="799 1760 1406 1803">Undertaking biosecurity measures that protect primary industry from pests and disease.</p>
 <p data-bbox="172 2004 368 2056">CONFIDENCE IN DECISION-MAKING</p>	<p data-bbox="464 1912 667 1975">A community that has confidence in regional decision making.</p>	<p data-bbox="799 1852 1401 1895">Ensuring that the issues the Region faces are well understood by the community.</p> <p data-bbox="799 1910 1437 1973">Ensuring that decision-making processes are transparent and there are sufficient opportunities for the community to participate meaningfully in these processes.</p> <p data-bbox="799 1989 1433 2031">Optimising opportunities to partner with, or otherwise support, community groups and other stakeholders to achieve shared outcomes.</p>



## HORIZONS' BUSINESS

While city or district councils are responsible for community services such as road maintenance, libraries, determining land use and subdivisions, Horizons responsibilities, as determined by the Local Government Act 2002, include managing the region's natural resources, leading regional land transport planning, contracting passenger transport services and coordinating our region's response to natural disasters. Some of our activities span several city and district council boundary lines and our jurisdiction extends 12 nautical miles out to sea. As a result, we work closely with these councils and other agencies on some issues to ensure they are managed to benefit the entire region.

### OUR VISION

To be an organisation recognised for our expertise, innovation, science and leadership in making the region a great place to live, work and play.

### OUR PURPOSE

To create opportunities for the region to grow economically and socially in a way that preserves or enhances agreed environmental and cultural values.

### OUR GOALS

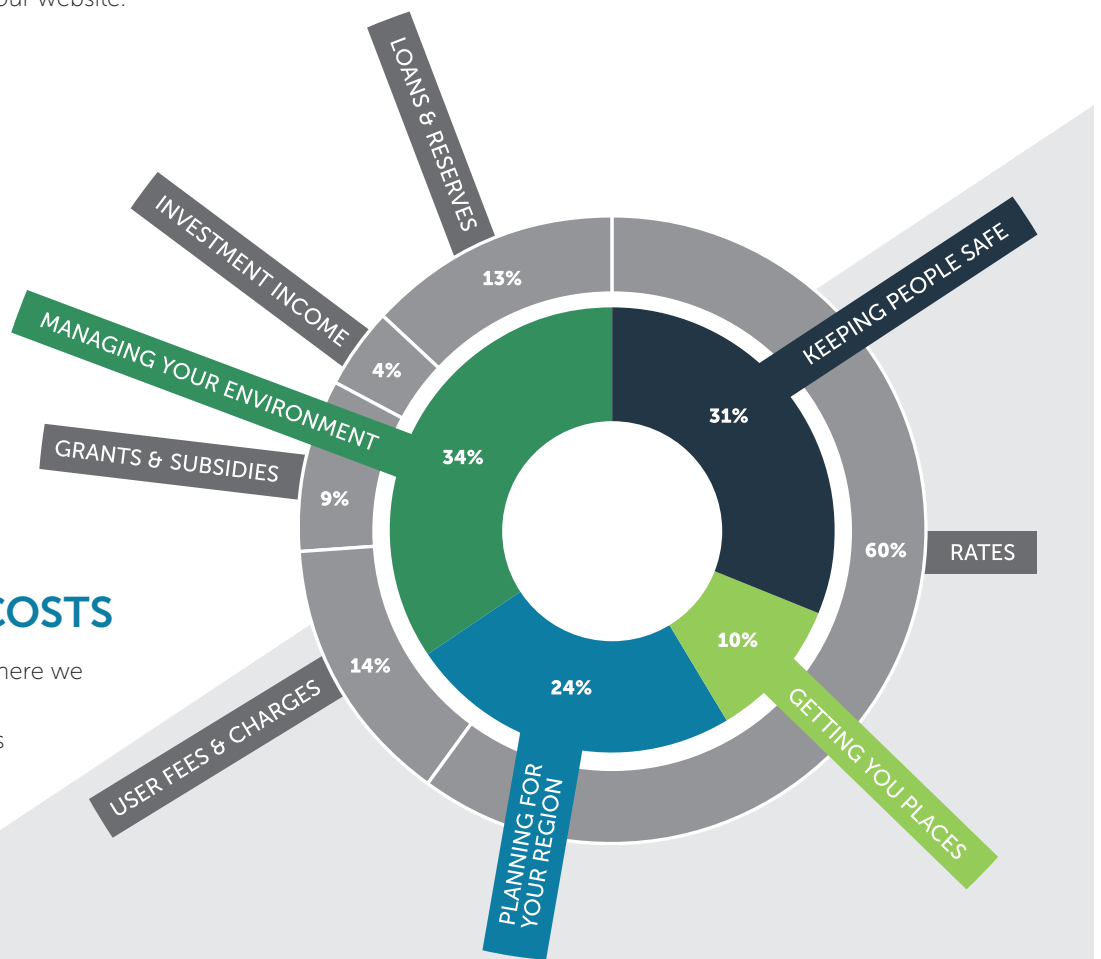
- To facilitate regional economic growth;
- To maintain and enhance the region's environmental values;
- To increase community resilience to natural hazards;
- To improve our region's accessibility and transport links; and
- To empower people and communities to make our region a great place.

# OUR FINANCIAL STRATEGY AT A GLANCE

One of the biggest challenges a council faces is balancing its community's ability to pay with the need to maintain infrastructure and deliver services. The desired outcome of the Financial Strategy (see our Long-term Plan 2018-28) is that Council's asset base and operational expenditure are managed in a cost-effective way and continue to be funded in a manner that is sustainable for the Council and our communities.

Council's financial strategy will continue to operate a balanced operating budget while building emergency reserves and actively reducing debt. While Council is retaining a conservative approach to its capital expenditure programme, there remains a balancing act between this and meeting the public's needs for increased levels of service. There is also growing awareness of climate change and the impact of sedimentation in a number of the catchments in the region. Both issues are addressed within the 30-year Infrastructure Strategy, which can be found on our website.

In terms of our yearly financial operations, the following diagram demonstrates the range of income sources we have and where the income is to be spent for 2019-20 or Year 2 of the 2018-28 Long-term Plan.



## FUNDING & COSTS

The inside ring shows where we spend our rates income. The outside ring explains where all income comes from.

### KEEPING PEOPLE SAFE

- Emergency management
- River and drainage scheme rates
- General rate

### PLANNING FOR YOUR REGION

- Strategic management
- Information
- General rate
- Uniform annual general change

### GETTING YOU PLACES

- Transport safety and planning
- Transport services

### MANAGING YOUR ENVIRONMENT

- Water quality and quantity
- Biosecurity
- Consent management
- Environmental initiative
- Sustainable land use initiative
- Pest plant management
- General rate





## MAJOR PROJECTS AND AREAS OF WORK

The nature of Council's business means that major projects and large areas of work are often planned out years in advance.

For the three years following the 2019 election (2020-21, 2021-22 and 2022-23), Council has planned a capital spend of \$23.4 million. The following lists some of the major projects with their total capital expenditure. For the purpose of this report, 'major' projects are regarded as those with a cost to Council that exceeds \$1 million in one or more of the reported years.

The majority of these projects belong to our flood protection activity. \$3.4 million is allocated to the Reid Line Spillway upgrade project near Feilding and includes land purchases. The Stoney Creek stopbank upgrade project on the outskirts of Palmerston North has a planned spend of \$2.2 million and Foxton 200-year flood protection work has \$1.4 million allocated to it. The lower Whanganui River control structures project, which will improve port access, has a planned spend of \$1.2 million. Finally, there is also \$1.6 million allocated to the regional leadership and governance activity for hydrology site operation and installation.

Beyond these major projects that have large capital expenditure allocated to them, there are other activities, projects and business as usual tasks included in the 2018-28 Long-term Plan and 2019-20 Annual Plan. The Long-term Plan also has information on projects that are scheduled to start after 2022-23. Both of these documents can be found at [www.horizons.govt.nz](http://www.horizons.govt.nz).

It is also worth noting some key areas of work that Horizons has planned for the next three years, even if they do not involve large capital expenditure. They are not the only large areas of work planned, however are ones that are likely to be discussed at the council table early into the next governing trimester.

The first of these are the proposed plan changes to Horizons' combined regional policy statement and regional plan document, the One Plan. Proposed Plan Change 2 seeks to provide a workable framework for

intensive land use – allowing a pathway for existing farmers and growers in target catchments to apply for resource consent, and for the Council to see greater progress towards environmental improvement. Proposed Plan Change 2 is currently open for submissions and closes later this year, with hearings to be held in 2020. Proposed Plan Change 3 is scheduled for notification in late 2019. Both of these proposed plan changes contribute to the wider Our Freshwater Future project that looks at fresh water management. More detail about these proposed plan changes and Our Freshwater Future can be found on our website.

Another area of work that will require a fair amount of resource is related to our consenting activity. There are two large projects coming up, with one being the new Te Ahu a Turanga - Manawatū Tararua highway to replace the old Manawatū Gorge Road. This project involves many different consents including earthworks and structures through waterways, taking into account the biodiversity significance and cultural values to be upheld. The other is for Mercury Energy, who have lodged variations to their consents to build the first 33 of 60 wind turbines at Turitea and will require extra consideration of earthworks management.

For our transport activity, the Regional Integrated Ticketing System (RITS) is expected to go live across nine regions in the 2019-20 financial year. RITS will modernise paying for public transport across the region, providing a tag-on tag-off system and allowing users to credit their bus card online. The tag-off functionality will also support improved reporting, allowing council to make more informed decisions when it comes to passenger transport planning.

Finally, Horizons plans to do a lot more in the climate change adaption space and this will definitely be a topic of discussion in the new trimester. As mentioned in the introduction to this report, we recognise the pressure climate changes places on flood protection infrastructure and the need to consider other areas of impact across our business.

# FINANCIAL REPORTING

This report is being released in the pre-election period as required by section 99A of the Local Government Act 2002. Special care has been taken to ensure that it is politically neutral.

While this report has not been audited, much of the information presented has been sourced from audited reports.

The actual retrospective results show achievements of the current Council against budgets and performance levels set for those years, while the prospective budget information shows the planned future financial position and activity results based on current policies and service level decisions of the existing Council.

## FORECASTS FOR 2018-19

The 2018-19 forecast information is based on the actual results to 30 June 2019 at the time of preparing this report. Amounts shown are estimated and unaudited.

## FINANCIALS

The following financial statements show:

- Actual results extracted from the published annual reports for the 2016-17 and 2017-18 financial years.
- Forecast results for 2018-19.
- Budgets from the recently adopted 2019-20 Annual Plan.
- Projections from 2020-23 from the 2018-28 Long-term Plan (LTP).

# FINANCIAL PERFORMANCE

This report is being released in the pre-election period as required by section 99A of the Local Government Act 2002. Special care has been taken to ensure that it is politically neutral. While this report has not been audited, much of the information presented has been sourced from audited reports.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES TO 30 JUNE 2019 (\$000)

This statement shows the costs to the council on the provision of services and other operating activities. It includes everything that affects the council's net asset position and therefore includes all of the council's operating activities. It also includes any gains or losses on the council's investing and financing activities and movements in the value of long-term assets and liabilities.

	Actual 2016-17	Actual 2017-18	Estimated 2018-19	Prospective Annual Plan 2019-20	Prospective LTP 2018-28 2020-21	Prospective LTP 2018-28 2021-22	Prospective LTP 2018-28 2022-23
<b>REVENUE</b>							
Rates	39,924	41,496	44,577	46,796	48,088	49,443	50,617
Subsidies and grants	5,784	6,091	8,251	7,406	5,626	5,732	5,834
Development and financial contributions	-	-	-	-	-	-	-
Finance revenue	764	851	348	2,823	3,623	3,658	3,693
Other revenue	11,200	13,016	12,361	10,920	9,860	10,052	10,042
<b>Total Revenue</b>	<b>57,672</b>	<b>61,453</b>	<b>65,537</b>	<b>67,945</b>	<b>67,197</b>	<b>68,884</b>	<b>70,186</b>
<b>EXPENDITURE</b>							
Personnel costs	17,530	18,531	19,365	20,865	20,648	21,120	21,452
Depreciation and amortisation expense	3,321	3,676	3,924	4,284	4,416	4,544	4,610
Finance costs	896	858	1,258	1,605	1,712	1,686	1,568
Other expenses	32,940	32,651	37,726	35,818	34,944	35,752	36,586
<b>Total Expenses</b>	<b>54,687</b>	<b>55,715</b>	<b>62,246</b>	<b>62,572</b>	<b>61,721</b>	<b>63,102</b>	<b>64,216</b>
<b>Surplus/(Deficit) Before Tax</b>	<b>2,985</b>	<b>5,738</b>	<b>3,291</b>	<b>5,373</b>	<b>5,477</b>	<b>5,782</b>	<b>5,970</b>
Income tax expense/benefit	-	-	-	-	-	-	-
<b>Surplus/(Deficit) After Tax</b>	<b>2,985</b>	<b>5,738</b>	<b>3,291</b>	<b>5,373</b>	<b>5,477</b>	<b>5,782</b>	<b>5,970</b>
Other comprehensive revenue and expense							
Financial assets at fair value through other comprehensive revenue and expense	186	363	384	2,774	204	219	234
Property, plant, and equipment revaluations	60,190	9,086	1,700	2,038	32,492	1,355	1,449
<b>Total Other Comprehensive Revenue and Expense</b>	<b>60,376</b>	<b>9,449</b>	<b>2,084</b>	<b>4,812</b>	<b>32,696</b>	<b>1,574</b>	<b>1,683</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>63,361</b>	<b>15,187</b>	<b>5,375</b>	<b>10,185</b>	<b>38,173</b>	<b>7,356</b>	<b>7,653</b>



# STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (\$'000)

The statement of financial position shows how much the council owns (assets) and how much we owe (liabilities) at the end of each financial year. The total sum of assets less liabilities is referred to as "net worth" or public equity. The balance sheet is a snapshot of the council's financial position at a particular time.

	Actual 2016-17	Actual 2017-18	Estimated 2018-19	Prospective Annual Plan 2019-20	Prospective LTP 2018-28 2020-21	Prospective LTP 2018-28 2021-22	Prospective LTP 2018-28 2022-23
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and Cash Equivalents	10,013	6,682	3,154	2,148	1,998	1,820	1,791
Trade and Other Receivables	5,001	6,508	4,288	3,707	4,711	4,839	4,937
Accruals	1,452	1,726	1,667	2,708	2,613	2,681	2,733
Prepayments and leases - Current portion	207	288	433	306	225	225	225
Inventory	949	1,041	1,130	692	600	600	600
Tax refund due	-	-	-	-	-	-	-
Other financial assets (current)	1,000	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>18,622</b>	<b>16,245</b>	<b>10,672</b>	<b>9,561</b>	<b>10,147</b>	<b>10,164</b>	<b>10,285</b>
<b>NON-CURRENT ASSETS</b>							
Other financial assets							
Investments in CCO's and other similar entities	26,376	32,636	32,876	33,003	32,298	32,298	32,298
Investments in other entities	2,383	2,765	3,164	5,717	3,301	3,520	3,754
Loan to CCO	-	-	15,000	17,000	17,100	17,100	17,100
<b>Subtotal</b>	<b>28,759</b>	<b>35,401</b>	<b>51,040</b>	<b>55,720</b>	<b>52,699</b>	<b>52,918</b>	<b>53,152</b>
Investment property	-	-	-	-	-	-	-
Forestry assets	1,959	4,522	5,317	5,480	4,137	4,683	5,224
Forestry assets - Other	-	-	-	500	-	-	-
Land leases (prepaid) non-current	3,287	3,162	3,038	2,912	2,787	2,664	2,539
Intangible assets	3,656	3,741	3,916	5,156	4,787	4,158	4,179
Operational assets	53,904	61,262	64,520	67,413	60,290	62,212	62,943
Infrastructural assets	451,767	458,671	464,295	471,554	503,284	505,874	508,221
<b>Total Non-current Assets</b>	<b>543,331</b>	<b>566,760</b>	<b>592,126</b>	<b>608,735</b>	<b>627,984</b>	<b>632,510</b>	<b>636,257</b>
<b>Total Assets</b>	<b>561,952</b>	<b>583,005</b>	<b>602,798</b>	<b>618,296</b>	<b>638,131</b>	<b>642,674</b>	<b>646,543</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Trade and other payables	9,306	9,922	9,591	10,630	10,531	10,779	10,951
Provisions - general	27	34	13	-	1,498	1,436	1,481
Provisions - employee entitlements	1,635	1,873	1,697	2,132	-	-	-
Debt - current portion	5,000	10,000	-	-	3,000	4,000	5,000
Advances and Deferred Revenues	-	-	(87)	-	200	200	200
Derivative financial instruments (current)	41	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>16,009</b>	<b>21,828</b>	<b>11,214</b>	<b>12,762</b>	<b>15,229</b>	<b>16,415</b>	<b>17,632</b>
<b>Non-current liabilities</b>							
Derivative financial instruments	684	729	729	729	-	-	-
Debt - non-current portion	15,000	15,000	40,000	42,000	37,000	33,000	28,000
Deferred Taxation liability	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>15,684</b>	<b>15,729</b>	<b>40,729</b>	<b>42,729</b>	<b>37,000</b>	<b>33,000</b>	<b>28,000</b>
<b>Total Liabilities</b>	<b>31,693</b>	<b>37,557</b>	<b>51,943</b>	<b>55,491</b>	<b>52,229</b>	<b>49,415</b>	<b>45,632</b>
<b>Net Assets (Assets Minus Liabilities)</b>	<b>530,260</b>	<b>545,448</b>	<b>550,855</b>	<b>562,805</b>	<b>585,902</b>	<b>593,258</b>	<b>600,911</b>
<b>EQUITY</b>							
Asset revaluation reserves	161,216	169,802	171,716	173,310	195,994	197,349	198,798
Fair value through other comprehensive revenue and expense reserve	315	678	678	3,630	723	942	1,176
Restricted reserves	7,122	12,183	12,183	12,183	10,690	11,842	12,792
Financial derivative reserves	-	-	384	-	-	-	-
Infrastructure insurance reserves	2,200	2,820	2,820	2,820	4,180	4,800	5,420
Accumulated funds	359,407	359,965	363,074	370,864	374,315	378,325	382,725
<b>Total Equity</b>	<b>530,260</b>	<b>545,448</b>	<b>550,855</b>	<b>562,806</b>	<b>585,902</b>	<b>593,258</b>	<b>600,911</b>

# WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

The funding impact statement shows how the council's activities will be funded. It shows where the funding comes from (including income from rates), the amount each source is expected to produce and how those funds will be applied.

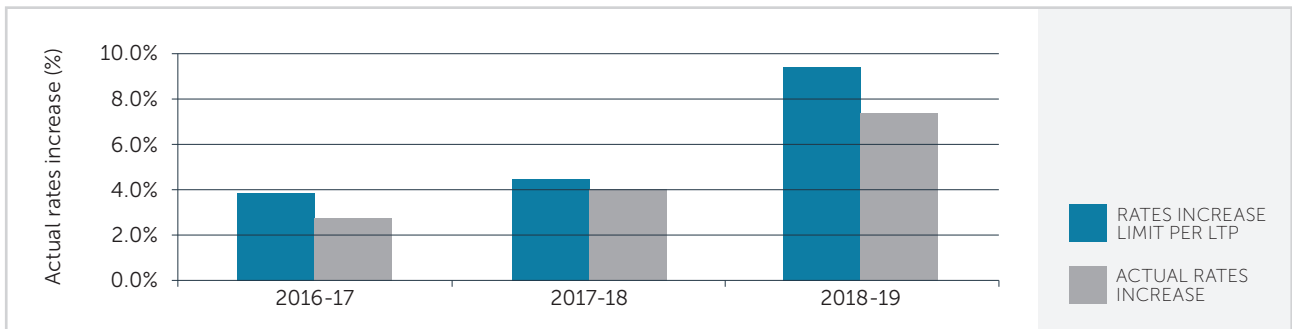
	Actual 2016-17	Actual 2017-18	Estimated 2018-19	Prospective Annual Plan 2019-20	Prospective LTP 2018-28 2020-21	Prospective LTP 2018-28 2021-22	Prospective LTP 2018-28 2022-23
<b>SOURCES OF OPERATING FUNDING</b>							
General rates, uniform annual general charges, rates penalties *	26,253	27,065	29,780	30,893	31,060	31,756	32,217
Targeted rates	13,671	14,429	14,797	15,903	17,028	17,687	18,400
Subsidies and grants for operating purposes	5,796	6,091	8,017	7,406	5,626	5,732	5,834
Fees and charges	10,154	11,105	11,090	10,534	9,611	9,770	9,648
Interest and dividends from investments	705	847	701	2,823	3,623	3,658	3,693
<b>Total sources of operating funding (A)</b>	<b>56,579</b>	<b>59,538</b>	<b>64,385</b>	<b>67,559</b>	<b>66,948</b>	<b>68,602</b>	<b>69,792</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>							
Payments to staff and suppliers	49,967	51,179	56,754	56,683	55,593	56,872	58,038
Finance costs	896	854	1,258	1,605	1,712	1,686	1,568
Other operating funding applications	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>50,863</b>	<b>52,033</b>	<b>58,013</b>	<b>58,288</b>	<b>57,305</b>	<b>58,559</b>	<b>59,606</b>
<b>Surplus/(Deficit) of Operating Funding (A-B)</b>	<b>5,714</b>	<b>7,505</b>	<b>6,372</b>	<b>9,271</b>	<b>9,643</b>	<b>10,044</b>	<b>10,186</b>
<b>SOURCES OF CAPITAL FUNDING</b>							
Subsidies and grants for capital expenditure	(12)	-	234	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	5,000	15,000	2,000	-	(3,000)	(4,000)
Gross proceeds from sale of assets	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(12)</b>	<b>5,000</b>	<b>15,234</b>	<b>2,000</b>	<b>-</b>	<b>(3,000)</b>	<b>(4,000)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>							
Capital expenditure:	-	-	-	-	-	-	-
· to meet additional demand	-	-	-	-	-	-	-
· to improve the level of service	3,994	5,591	6,642	5,032	5,723	3,438	3,269
· to replace existing assets	2,431	3,999	4,844	3,441	4,214	3,773	3,012
Increase/(decrease) in reserves	(723)	2,915	(4,880)	798	(294)	(167)	(94)
Increase/(decrease) of investments	-	-	15,000	2,000	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,702</b>	<b>12,505</b>	<b>21,606</b>	<b>11,271</b>	<b>9,643</b>	<b>7,044</b>	<b>6,187</b>
<b>Surplus/(Deficit) of Capital Funding (C-D)</b>	<b>(5,714)</b>	<b>(7,505)</b>	<b>(6,372)</b>	<b>(9,271)</b>	<b>(9,643)</b>	<b>(10,044)</b>	<b>(10,187)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RECONCILIATION WITH STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (SOCRE):</b>							
Surplus/(deficit) of operating funding as above	5,714	7,505	6,272	9,271	9,643	10,044	10,187
Subsidies and grants for capital expenditure	-	-	234	-	-	-	-
Gain/(loss) on forestry revaluations	142	1,913	694	384	250	282	393
Gain/Loss on derivatives	451	(3)	15	-	-	-	-
Less depreciation (non-cash expense)	(3,321)	(3,676)	(3,924)	(4,284)	(4,416)	(4,544)	(4,610)
<b>Surplus/(Deficit) as SOCRE</b>	<b>2,986</b>	<b>5,739</b>	<b>3,291</b>	<b>5,371</b>	<b>5,477</b>	<b>5,782</b>	<b>5,970</b>

# STATEMENT OF PERFORMANCE AGAINST FINANCIAL STRATEGY LIMITS AND TARGETS

This statement is required by section 99A of the Local Government Act 2002 and compares some key debt, rates and investment return parameters with the limites and targets set out in the councils' financial strategy.

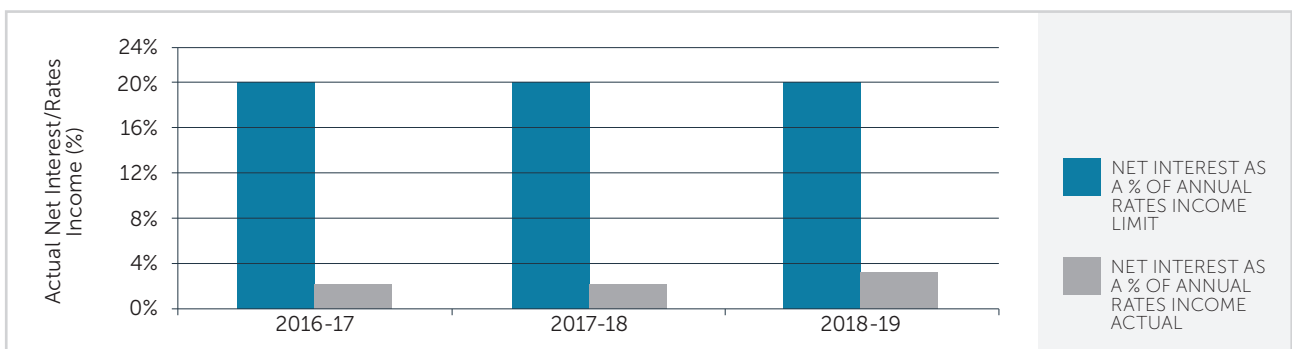
## RATES % INCREASE

The following graph compares the Council's actual rates increases with a quantified limited on rates increases included in the financial strategy in the Council's Long-term Plan. The quantified limit is 3.9% for 2016-17, 4.5% for 2017-18 and 9.5% for 2018-19.



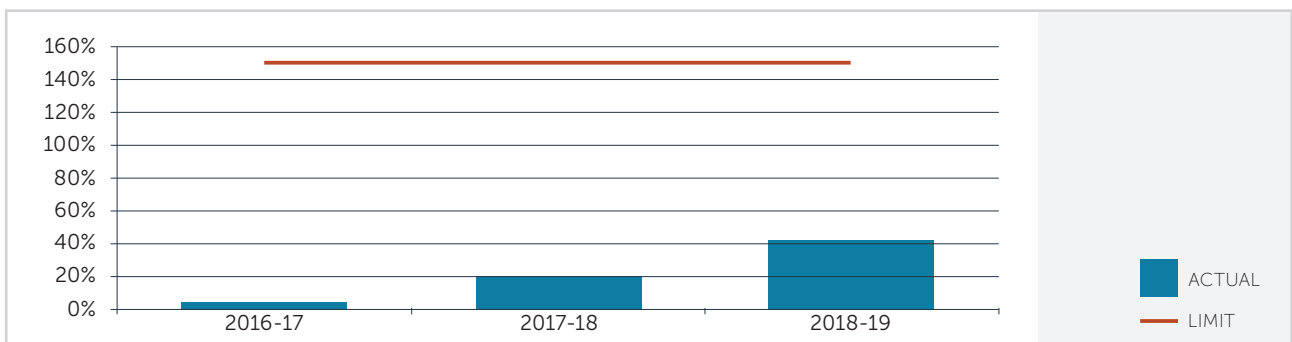
## NET INTEREST AS A % OF ANNUAL RATES INCOME

The Council meets debt affordability benchmarks if its actual borrowing is within quantified limits as set out in the Council's Long-term Financial Summary. The quantified limit for this measure is that net interest as a percentage of annual rates will not exceed 20%



## NET DEBT TO REVENUE

The quantified limit for this measure is that net debt as a percentage of total revenue will not exceed 150 per cent.







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