



**Pre-Election Report 2016 from the Chief Executive**



28 July 2016

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## Introduction from the Chief Executive

As the Chief Executive, I'm required under Sec. 99A of the Local Government Act 2002 (LGA), to produce a Pre-Election Report (the Report) for Council for any year in which local body elections are to be held. However, before I cover off the formal 'need to know' information, I'd first like to touch on a few key pieces of information.

### Our Region

The Horizons Region extends from Taranua in the east to Whanganui in the west, down to Horowhenua and up to Ruapehu. It's a landscape as vast and varied as the over 220,000 people who call it home. At Horizons Regional Council we work to make our Region a great place to live, work and play.

While your city or district council is responsible for community services in your area, 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;
- To empower people and communities to make our Region a great place.



## Overview of Report

The Report contains information for the community and prospective candidates in the election process, and brings together information previously published in Council's Long Term Plans (LTPs), Annual Plans (APs), Annual Reports and associated summaries. This information is intended to promote public discussion about the issues facing Council, and thus enable a better informed election debate.

The financial summaries provide retrospective information from the 2013-14 and 2014-15 audited Annual Reports; an Estimated full year result for 2015-16 based on Council's latest internal management reports, and prospective information for the years 2016-17, 2017-18, 2018-19 and 2019-20 from the relevant audited AP/LTP.

Under the LGA, the Report must also contain a summary of the costs proposed for "major" projects planned for the three years following the date of the elections. Horizons has decided to include the election year information as well, so this section of the Report covers the budgeted information from the relevant AP or LTP for 2016-17, 2017-18, 2018-19 and 2019-20. In order to present a clearer picture of Council's *significant* commitments, for the purposes of this Report 'major' projects are regarded as those with a cost to Council that exceeds \$1,000,000 in any one or more of the reported years.

The actual retrospective results show achievements of the current Council against the 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 current Council.

Michael McCartney  
**CHIEF EXECUTIVE**  
28 July 2016





# Group Funding Impact Statements



## Land, Water and Air Management Group of Activities (\$000)

As your regional council, we endeavour to strike the right balance between making our natural resources available today while providing for the needs of our environment and the future. This group of activities includes our Land Management, Water Quality and Quantity, and Resource Consent and Pollution Management activities.

Our Land Management Activity aims to guard and manage our Region's land and soil for current and future generations. The Water Quality and Quantity Activity seeks to preserve the quality and quantity of our water supplies while at the same time allowing our water resource to be used for the economic and social goals of our community. Our Resource Consent and Pollution Activity seeks to manage wisely and protect the Region's land and water resources.

We undertake this group of activities as it strongly contributes to the following community outcomes:

- Land Management
- Water Quality
- Water Quantity
- Flood Protection
- Coastal Environmental Management

In addition the group also contributes to the following community outcome:

- Managing Indigenous Biodiversity

These activities are grouped together as they all affect our rivers and water sources and have a high degree of interconnectivity. Work in one activity will contribute to the community outcomes of the other activities. For example, erosion protection work under our Land Management Activity will not only contribute to the land management community outcome (through sustainable management of our soil), it will also benefit the water quality outcome (through less sediment resulting in higher water quality). Our Resource Consent and Pollution Activity protects all aspects of our Region's natural resources.



## Funding Impact Statement for the Land and Water Management Group of Activities to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties	8,288	8,681	9,484	10,321	10,411	10,920	11,271
Targeted rates	400	406	486	585	546	639	671
Subsidies and grants for operating purposes	1,825	2,708	2,296	1,190	1,150	1,150	1,150
Fees, charges, and targeted rates for water supply	3,646	4,042	3,454	4,040	3,750	3,869	3,986
Internal charges and overheads recovered			57	54	22		
Local authorities fuel tax, fines, infringement fees and other receipts							
<b>Total sources of operating funding</b>	<b>14,159</b>	<b>15,836</b>	<b>15,777</b>	<b>16,190</b>	<b>15,880</b>	<b>16,577</b>	<b>17,078</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	10,369	5,889	5,540	6,727	6,175	6,611	6,879
Finance costs							
Internal charges and overheads applied	2,822	8,394	8,555	9,106	9,335	9,564	9,791
Other operating funding applications							
<b>Total applications of operating funding</b>	<b>13,191</b>	<b>14,284</b>	<b>14,095</b>	<b>15,833</b>	<b>15,510</b>	<b>16,175</b>	<b>16,670</b>
<b>Surplus (deficit) of Operating Funding</b>	<b>968</b>	<b>1,552</b>	<b>1,682</b>	<b>357</b>	<b>370</b>	<b>402</b>	<b>408</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure							
Development and financial contributions							
Increase (decrease) in debt							
Gross proceeds from sale of assets							
Lump sum contributions							
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>							
Capital expenditure:							
• to meet additional demand							
• to improve the level of service							
• to replace existing assets	70	522	676	406	444	484	491
Increase (decrease) in reserves	898	1,030	1,006	(49)	(73)	(83)	(83)
Increase (decrease) of investments							
<b>Total applications of capital funding</b>	<b>968</b>	<b>1,552</b>	<b>1,682</b>	<b>357</b>	<b>371</b>	<b>401</b>	<b>408</b>
<b>Surplus (deficit) of Capital Funding</b>	<b>(968)</b>	<b>(1,552)</b>	<b>(1,682)</b>	<b>(357)</b>	<b>(371)</b>	<b>(401)</b>	<b>(408)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>1-</b>	<b>-</b>



## Flood Protection and Control Works Group of Activities (\$000)

Our Region is susceptible to a range of hazards - some present a higher risk than others. However, the most frequent emergency event we experience is flooding. As a result a significant amount of work goes into reducing the risk and impact of flooding. Flood protection and land drainage are paramount to our role in keeping communities safe in our Region and form a major part of our business. Managing rivers through engineering works allows us to help prevent floods and provide adequate land drainage where necessary.

All ratepayers in the Region contribute to flood protection. However, those who live within a Scheme area pay an additional direct rate for the protection they receive. A Scheme is a designated area of land that receives protection from flooding, riverbank erosion and channel movement, and can also include land drainage services. Currently, 71,000 hectares of land and 10 urban areas are included within Scheme areas.

We undertake this group of activities as it strongly contributes to the following community outcome:

- Flood Protection

In addition the group also contributes to the following community outcome:

- Natural Hazards

These activities are grouped together as required by the Local Government Act 2002 Schedule 10 (2).



## Funding Impact Statement for the Flood Protection and Control Group of Activities to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties	3,008	3,320	3,184	3,316	3,411	3,315	3,412
Targeted rates	8,978	9,899	9,356	9,493	9,788	9,947	10,094
Subsidies and grants for operating purposes	-		447	413	613	645	745
Fees, charges, and targeted rates for water supply	1,688	1,392	1,958	1,315	1,363	1,386	1,420
Internal charges and overheads recovered	320	411					
Local authorities fuel tax, fines, infringement fees and other receipts							
<b>Total sources of operating funding</b>	<b>13,994</b>	<b>15,022</b>	<b>14,945</b>	<b>14,537</b>	<b>15,175</b>	<b>15,293</b>	<b>15,671</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	5,918	4,249	7,005	3,974	3,972	4,023	4,114
Finance costs							
Internal charges and overheads applied	3,142	5,507	5,914	6,139	6,611	6,683	6,733
Other operating funding applications							
<b>Total applications of operating funding</b>	<b>9,060</b>	<b>9,756</b>	<b>12,919</b>	<b>10,112</b>	<b>10,583</b>	<b>10,706</b>	<b>10,847</b>
<b>Surplus (deficit) of Operating Funding</b>	<b>4,934</b>	<b>5,266</b>	<b>2,026</b>	<b>4,424</b>	<b>4,592</b>	<b>4,587</b>	<b>4,824</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure							
Development and financial contributions							
Increase (decrease) in debt	4,185	3,691	2,409	2,060	1,834	(2,037)	(2,370)
Gross proceeds from sale of assets							
Lump sum contributions							
<b>Total sources of capital funding</b>	<b>4,185</b>	<b>3,691</b>	<b>2,409</b>	<b>2,060</b>	<b>1,834</b>	<b>(2,037)</b>	<b>(2,370)</b>
<b>Applications of Capital Funding</b>							
Capital expenditure:							
• to meet additional demand							
• to improve the level of service	8,856	7,892	7,089	5,714	5,678	1,162	1,017
• to replace existing assets				278	264	283	431
Increase (decrease) in reserves	263	1,066	(2,653)	492	483	1,105	1,005
Increase (decrease) of investments							
<b>Total applications of capital funding</b>	<b>9,119</b>	<b>8,958</b>	<b>4,436</b>	<b>6,484</b>	<b>6,425</b>	<b>2,550</b>	<b>2,453</b>
<b>Surplus (deficit) of Capital Funding</b>	<b>(4,934)</b>	<b>(5,266)</b>	<b>(2,027)</b>	<b>(4,424)</b>	<b>(4,591)</b>	<b>(4,587)</b>	<b>(4,823)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>

## Biosecurity and Biodiversity Management Group of Activities (\$000)

Biosecurity and biodiversity management is a key role of regional councils that adds significantly to the environmental, economic, social and cultural goals of the Region. We work in partnership with our communities to protect and enhance our patch of native New Zealand. Stopping the spread of pest plants and animals goes hand-in-hand with maintaining or enhancing native habitats and agricultural productivity. In tandem with biosecurity, we also use our powers under the Resource Management Act to control pest plants and animals that threaten the health of high-value wetlands and areas of native forest.

This group of activities covers Horizons' (1) Biosecurity (or species-led pest plant and pest animal control) and (2) Living Heritage (or biodiversity protection of bush and wetlands on a site by site basis), as well as the support of community biodiversity projects/programmes.

We undertake this group of activities as it strongly contributes to the following community outcomes:

- Managing Indigenous Biodiversity
- Control of Plant and Animal Pests

In addition the group also contributes to the following community outcomes:

- Water Quality
- Coastal Environmental Management

The two activities in this group contribute directly to Council's fauna and flora outcomes of managing indigenous biodiversity and control of pest plants and animals. There are significant synergies between these activities. For example, a possum killed to protect farm production often helps indigenous biodiversity in the neighbouring reserve. Similarly a weed eliminated in an important bush remnant prevents the spread of that weed into surrounding farm land.



## Funding Impact Statement for the Biosecurity and Biodiversity Management Group of Activities to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties	4,670	4,854	5,083	5,152	5,241	5,379	5,519
Targeted rates	2,181	2,312	2,045	1,888	2,016	2,062	2,115
Subsidies and grants for operating purposes	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply	418	499	328	52	7	7	7
Internal charges and overheads recovered	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-
<b>Total sources of operating funding</b>	<b>7,269</b>	<b>7,665</b>	<b>7,456</b>	<b>7,092</b>	<b>7,264</b>	<b>7,448</b>	<b>7,641</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	6,472	4,031	3,711	3,446	3,432	3,495	3,596
Finance costs	-	-	-	-	-	-	-
Internal charges and overheads applied	727	3,402	3,710	3,725	3,761	3,905	3,998
Other operating funding applications	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>7,199</b>	<b>7,433</b>	<b>7,421</b>	<b>7,171</b>	<b>7,193</b>	<b>7,400</b>	<b>7,594</b>
<b>Surplus (deficit) of Operating Funding</b>	<b>71</b>	<b>232</b>	<b>35</b>	<b>(79)</b>	<b>71</b>	<b>48</b>	<b>47</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>							
Capital expenditure:							
• to meet additional demand							
• to improve the level of service							
• to replace existing assets		-	100	30	30	30	30
Increase (decrease) in reserves	71	232	(65)	(109)	41	18	18
Increase (decrease) of investments	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>71</b>	<b>232</b>	<b>35</b>	<b>(79)</b>	<b>71</b>	<b>48</b>	<b>48</b>
<b>Surplus (deficit) of Capital Funding</b>	<b>(71)</b>	<b>(232)</b>	<b>(35)</b>	<b>79</b>	<b>(71)</b>	<b>(48)</b>	<b>(48)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>

## Regional Leadership and Governance Group of Activities (\$000)

This group of activities brings together a range of activities that, while not directly involved in our environmental operations, encompass important aspects of what we are as a Council. These activities are: Community Relationships, Environmental Reporting, Emergency Management, Governance, Information, Hapū and Iwi, and Strategic Management.

Our Emergency Management activities, which are part of this group, focus on keeping people and property in our Region safe, and meeting our statutory obligations as the administering authority of the Manawatu-Wanganui Civil Defence Emergency Management (CDEM) Group as required by the CDEM Act 2002. This requires maintaining a CDEM Group Plan and developing and maintaining a high state of preparedness and being ready to respond promptly and efficiently when an emergency arises.

Our Information activities ensure that we are equipped with reliable and useful information about natural processes that are happening in our Region, and make that information readily available both within Horizons and to our wider public and stakeholders.

The Governance Activity is a cornerstone of our mandate to ensure democratic local decision-making, by meeting the needs of our elected representatives and working with them to ensure the smooth functioning of key planning and public consultation processes, including preparation of community and annual plans. Community relationships contribute to this and help build and maintain public awareness of and support for our activities.

The Hapū and Iwi Activity is focused on developing and nurturing positive working relationships with Māori represented by our Region's 16 iwi.

Strategic Management ensures we look to the future as an organisation. It oversees the One Plan process, deals with policy development and relationships with Central Government, and drives strategy reviews.



## Funding Impact Statement for the Regional Leadership and Governance Group of Activities to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties Targeted rates	8,436	8,629	9,165	9,222	9,426	9,874	10,102
Subsidies and grants for operating purposes	2		324				
Fees, charges, and targeted rates for water supply	1,449	1,945	2,369	709	75	746	766
Internal charges and overheads recovered	2,210	2,260	2,605	2,470	2,579	2,639	2,691
Local authorities fuel tax, fines, infringement fees and other receipts							
<b>Total sources of operating funding</b>	<b>12,097</b>	<b>12,834</b>	<b>14,463</b>	<b>12,401</b>	<b>12,730</b>	<b>13,259</b>	<b>13,559</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	8,789	3,277	4,082	3,581	3,651	3,400	3,705
Finance costs							
Internal charges and overheads applied	1,916	8,323	8,365	7,837	8,096	8,311	8,471
Other operating funding applications							
<b>Total applications of operating funding</b>	<b>10,705</b>	<b>11,600</b>	<b>12,447</b>	<b>11,417</b>	<b>11,747</b>	<b>11,711</b>	<b>12,176</b>
<b>Surplus (deficit) of Operating Funding</b>	<b>1,392</b>	<b>1,234</b>	<b>2,016</b>	<b>984</b>	<b>983</b>	<b>1,548</b>	<b>1,383</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure							
Development and financial contributions							
Increase (decrease) in debt							
Gross proceeds from sale of assets							
Lump sum contributions							
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>							
Capital expenditure:							
• to meet additional demand							
• to improve the level of service							
• to replace existing assets	984	642	1,154	1,125	926	857	786
Increase (decrease) in reserves	(408)	592	861	(142)	57	690	596
Increase (decrease) of investments							
<b>Total applications of capital funding</b>	<b>1,392</b>	<b>1,234</b>	<b>2,015</b>	<b>984</b>	<b>983</b>	<b>1,547</b>	<b>1,382</b>
<b>Surplus (deficit) of Capital Funding</b>	<b>(1,392)</b>	<b>(1,234)</b>	<b>(2,015)</b>	<b>(984)</b>	<b>(983)</b>	<b>(1,547)</b>	<b>(1,382)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

## Transport Group of Activities (\$000)

Our role is to coordinate land transport planning within the Region, plan and implement public passenger transport services, and coordinate and implement a programme of community road safety education. These transport activities receive varying amounts of funding from Central Government via the National Land Transport Fund.

This group of activities includes three activities:

- Transport Planning
- Road Safety
- Public Transport

These activities contribute towards well-planned and integrated transport networks that encourage walking, cycling and public transport (including specialised services for people with disabilities), as well as catering for commercial and private vehicle needs. This ensures that all those in our Region can access services and do business safely and easily.

Essentially, we help our residents get from A to B through the provision of public passenger transport services and a coordinated approach to regional transport planning. Considering our geographical size and low population density, our Region is relatively well served by public transport and our buses carry a higher ratio of passengers per head of population than some other similar regions. Our long-term vision is to provide a land transport system that is environmentally sound, safe, efficient, sustainable and accessible. Accessibility of public transport includes being financially affordable, so we subsidise public transport for the elderly, students and beneficiaries.



## Funding Impact Statement for the Transport Group of Activities to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties		232	231	221	204	240	250
Targeted rates	1,666	1,408	1,422	1,704	2,634	2,672	2,746
Subsidies and grants for operating purposes	3,103	3,306	3,414	3,750	4,487	4,599	4,717
Fees, charges, and targeted rates for water supply	641	611	600	566	620	637	654
Internal charges and overheads recovered			189	413	437	447	459
Local authorities fuel tax, fines, infringement fees and other receipts							
<b>Total sources of operating funding</b>	<b>5,410</b>	<b>5,558</b>	<b>5,856</b>	<b>6,655</b>	<b>8,382</b>	<b>8,595</b>	<b>8,826</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	4,764	4,594	4,883	5,705	7,140	7,148	7,344
Finance costs							
Internal charges and overheads applied	530	1,029	1,187	1,399	1,436	1,474	1,509
Other operating funding applications							
<b>Total applications of operating funding</b>	<b>5,294</b>	<b>5,623</b>	<b>6,070</b>	<b>7,104</b>	<b>8,576</b>	<b>8,622</b>	<b>8,853</b>
<b>Surplus (deficit) of Operating Funding</b>	<b>116</b>	<b>(66)</b>	<b>(214)</b>	<b>(449)</b>	<b>(194)</b>	<b>(27)</b>	<b>(27)</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure							
Development and financial contributions							
Increase (decrease) in debt							
Gross proceeds from sale of assets							
Lump sum contributions							
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>							
Capital expenditure:							
• to meet additional demand							
• to improve the level of service							
• to replace existing assets							
Increase (decrease) in reserves	116	(66)	(213)	(449)	(194)	(27)	(27)
Increase (decrease) of investments							
<b>Total applications of capital funding</b>	<b>116</b>	<b>(66)</b>	<b>(213)</b>	<b>(449)</b>	<b>(194)</b>	<b>(27)</b>	<b>(27)</b>
<b>Surplus (deficit) of Capital Funding</b>	<b>(116)</b>	<b>66</b>	<b>213</b>	<b>449</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Investment Group of Activities (\$000)

Horizons Investment Activity generates income and reduces borrowing costs to offset rates rather than producing activities that contribute to the Region's outcomes. This means it stands aside from our other activities.

Our long-term investment portfolio is owned and managed by Horizons' 100 per cent owned holding company, Manawatu Wanganui Regional Council (MWRC) Holdings Limited. The external commercial directors of this company provide expertise to improve the overall balance of risk and return of these investments. Through this we own and manage, via MWRC Holdings, Council's long-term investments such as CentrePort Limited shares. This activity also manages the Council's cash flow to ensure Council operations are funded while short-term investment returns are maximised. In addition Council's long-term debt and the risk associated with that debt (eg. interest rate risk) are managed prudently.

We also run an internal treasury function that manages cash flow and long-term debt. This function seeks to balance the cash requirements of Council operations, with interest income, cost and interest rate risks.



## Funding Impact Statement for the Investment Group of Activities to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties	(930)	(1,013)	(1,589)	(1,815)	(1,648)	(1,758)	(1,697)
Targeted rates							
Subsidies and grants for operating purposes							
Fees, charges and targeted rates for water supply			856	806	850	867	891
Interest and dividends from investments	1,807	2,035	1,673	1,872	2,989	2,956	2,882
Internal charges and overheads recovered	1,994	2,370	2,428	2,549	2,224	2,255	2,619
Local authorities fuel tax, fines, infringement fees and other receipts	840	1,032	-	-	-	-	-
<b>Total sources of operating funding</b>	<b>3,711</b>	<b>4,424</b>	<b>3,368</b>	<b>3,411</b>	<b>4,415</b>	<b>4,320</b>	<b>4,695</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	1,134	1,229	1,216	1,255	1,351	1,378	1,417
Finance costs	1,223	1,254	960	1,200	1,764	1,654	1,891
Internal charges and overheads applied	602	439	532	436	727	761	863
Other operating funding applications							
<b>Total applications of operating funding</b>	<b>2,959</b>	<b>2,922</b>	<b>2,708</b>	<b>2,891</b>	<b>3,842</b>	<b>3,793</b>	<b>4,171</b>
<b>Surplus (deficit) of Operating Funding</b>	<b>752</b>	<b>1,502</b>	<b>660</b>	<b>520</b>	<b>573</b>	<b>527</b>	<b>524</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure							
Development and financial contributions							
Increase (decrease) in debt							
Gross proceeds from sale of assets							
Lump sum contributions							
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>							
Capital expenditure:							
• to meet additional demand							
• to improve the level of service							
• to replace existing assets							
Increase (decrease) in reserves	752	1,502	659	520	574	526	524
Increase (decrease) of investments							
<b>Total applications of capital funding</b>	<b>752</b>	<b>1,502</b>	<b>659</b>	<b>520</b>	<b>574</b>	<b>526</b>	<b>524</b>
<b>Surplus (deficit) of Capital Funding</b>	<b>(752)</b>	<b>(1,502)</b>	<b>(659)</b>	<b>(520)</b>	<b>(574)</b>	<b>(526)</b>	<b>(524)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>1</b>	<b>-</b>

## Funding Impact Statement for all Groups of Activities to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties	23,472	24,703	25,558	26,417	27,047	27,969	28,857
Targeted rates	13,225	14,025	13,310	13,671	14,983	15,320	15,626
Subsidies and grants for operating purposes	4,930	6,014	6,035	4,940	5,637	5,749	5,867
Fees, charges, and targeted rates for water supply	9,068	10,987	11,145	8,861	8,580	8,821	9,041
Interest and dividends from investments	1,807	2,034	1,673	1,872	2,224	2,255	2,619
Local authorities fuel tax, fines, infringement fees and other receipts	668	-	-	-	-	-	-
<b>Total sources of operating funding</b>	<b>53,170</b>	<b>57,763</b>	<b>57,721</b>	<b>55,761</b>	<b>58,471</b>	<b>60,114</b>	<b>62,010</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	42,488	45,559	49,326	47,508	49,083	50,195	51,804
Finance costs	1,223	1,256	964	1,200	1,764	1,654	1,891
Other operating funding applications	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>43,711</b>	<b>46,815</b>	<b>50,290</b>	<b>48,708</b>	<b>50,847</b>	<b>51,849</b>	<b>53,695</b>
<b>Surplus (deficit) of Operating Funding</b>	<b>9,459</b>	<b>10,948</b>	<b>7,431</b>	<b>7,053</b>	<b>7,624</b>	<b>8,265</b>	<b>8,315</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-
Increase (decrease) in debt	4,185	-	-	-	7,000	(10,000)	(2,000)
Gross proceeds from sale of assets	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>4,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000</b>	<b>(10,000)</b>	<b>(2,000)</b>
<b>Applications of Capital Funding</b>							
Capital expenditure:							
• to meet additional demand	-	-	-	-	-	-	-
• to improve the level of service	8,856	7,892	7,089	5,714	5,678	1,162	1,017
• to replace existing assets	1,671	2,075	3,844	2,608	2,477	2,394	2,479
Increase (decrease) in reserves	3,117	981	(3,503)	(1,270)	6,469	(5,290)	2,819
Increase (decrease) of investments	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>13,644</b>	<b>10,948</b>	<b>7,430</b>	<b>7,052</b>	<b>14,624</b>	<b>(1,734)</b>	<b>6,315</b>
<b>Surplus (deficit) of Capital Funding</b>	<b>(9,459)</b>	<b>(10,948)</b>	<b>(7,430)</b>	<b>(7,052)</b>	<b>(7,624)</b>	<b>(8,266)</b>	<b>(8,315)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>

## Statement of Cash Flows to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Cash Flows from Operating							
<u>Cash was provided from:</u>							
Receipts from Rates	37,000	38,481	38,821	40,000	41,941	43,197	44,390
Receipts from Subsidies and Grants	4,883	6,014	6,512	4,940	5,637	5,749	5,867
Receipts from Other Revenue	7,248	10,724	11,622	8,861	8,580	8,821	9,041
Receipts from Finance Revenues	1,808	2,035	1,914	1,872	2,224	2,255	2,619
Net GST (received less paid)	-	402	-	-	-	-	-
<b>Total Operating Receipts</b>	<b>50,939</b>	<b>57,656</b>	<b>58,868</b>	<b>55,673</b>	<b>58,382</b>	<b>60,022</b>	<b>61,917</b>
<u>Cash was applied to:</u>							
Interest paid	1,321	1,256	964	1,200	1,764	1,654	1,891
Suppliers and Employees	39,675	45,532	52,822	47,358	48,929	50,038	51,645
Taxation Paid (refunded)	-	-	-	-	-	-	-
Net GST (received less paid)	621	-	-	-	-	-	-
<b>Total Operating Payments</b>	<b>41,617</b>	<b>46,788</b>	<b>53,786</b>	<b>48,558</b>	<b>50,693</b>	<b>51,692</b>	<b>53,536</b>
<b>Net Cash from Operating</b>	<b>9,322</b>	<b>10,868</b>	<b>5,081</b>	<b>7,115</b>	<b>7,689</b>	<b>8,330</b>	<b>8,381</b>
Cash Flow from Investing							
<u>Cash was provided from:</u>							
Sale of Operational Assets	87	196	-	-	-	-	-
Receipts from CCO Loan	-	-	1,300	-	-	-	-
Investment Maturities	63,776	9,500	-	-	-	-	-
<b>Total Investment Receipts</b>	<b>63,863</b>	<b>9,696</b>	<b>1,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Cash was applied to:</u>							
Payment for SLUI Leases	-	-	-	-	-	-	-
Purchase of Forestry Assets	696	364	1,442	-	-	-	-
Purchase of Intangible Assets	35	-	50	505	510	515	520
Purchase of Infrastructural Assets	8,856	7,892	5,672	5,992	5,942	1,445	1,448
Purchase of Operational Assets	1,492	2,271	5,478	1,825	1,703	1,595	1,527
Payment of loan to CCO	-	2,300	-	-	-	-	-
Investment Deposits	66,537	-	2001	-	-	-	-
<b>Total Investment Payments</b>	<b>77,616</b>	<b>12,827</b>	<b>14,644</b>	<b>8,322</b>	<b>8,155</b>	<b>3,555</b>	<b>3,495</b>
<b>Net Cash from Investing</b>	<b>(13,753)</b>	<b>(3,131)</b>	<b>(13,344)</b>	<b>(8,322)</b>	<b>(8,155)</b>	<b>(3,555)</b>	<b>(3,495)</b>

## Statement of Cash Flows to 30 June (\$000) (cont'd)

	Actual		Estimated	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	Actual 2015-16	2016-17	2017-18	2018-19	2019-20
Cash Flows from Financing							
<u>Cash was provided from:</u>							
Loans Raised	10,000	-	-	-	12,000	-	10,000
<i>Total Financing Receipts</i>	<b>10,000</b>	-	-	-	<b>12,000</b>	-	<b>10,000</b>
<u>Cash was applied to:</u>							
Loans Repayment of Debt	10,000	-	-	-	5,000	10,000	12,000
<i>Total Financing Payments</i>	<b>10,000</b>	-	-	-	<b>5,000</b>	<b>10,000</b>	<b>12,000</b>
<b>Net Cash from Financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000</b>	<b>(10,000)</b>	<b>(2,000)</b>
Net Cash Flow for the Period	(4,431)	(7,737)	(8,262)	(1,207)	6,534	(5,225)	2,886
Plus Opening Cash and Cash Equivalent	9,362	4,931	12,668	273	(783)	5,750	526
<b>Closing Cash and Cash Equivalent</b>	<b>4,931</b>	<b>12,668</b>	<b>4,406</b>	<b>(934)</b>	<b>5,751</b>	<b>525</b>	<b>3,412</b>
<u>Made up of:</u>							
Cash and Cash Equivalent	4,931	9,668	4,406	(934)	5,750	526	3,411
Other financial assets	-	3,000	-	-	-	-	-
<b>Closing Cash and Cash Equivalent</b>	<b>4,931</b>	<b>12,668</b>	<b>4,406</b>	<b>(934)</b>	<b>5,750</b>	<b>526</b>	<b>3,411</b>

## Statement of Financial Position to 30 June (\$000)

	Actual		Est Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>ASSETS</b>							
<b><u>Current Assets</u></b>							
Cash and Cash Equivalents	4,931	12,668	8,262	(934)	5,750	526	3,411
Other Financial Assets	9,500	1,300	-	1,000	-	-	-
Trade and Other Receivables	4,403	5,863	2,035	3,299	3,365	3,432	3,501
Accruals and Other Receivables	1,478	1,588	1,347	1,161	1,184	1,208	1,232
Fixed Assets held for resale	-	-	-	-	-	-	-
Prepayments and Leases –current portion	257	230	195	216	221	225	230
Inventories on Hand	710	745	940	548	559	570	582
<b>Total Current Assets</b>	<b>21,279</b>	<b>22,393</b>	<b>12,779</b>	<b>5,290</b>	<b>11,079</b>	<b>5,961</b>	<b>8,956</b>
<b><u>Non-current Assets</u></b>							
Deposits	160	160	160	-	-	-	-
Equity Investments	801	801	801	3	3	3	3
Investments in CCOs	25,400	25,400	25,400	32,100	34,400	34,400	34,400
Forestry Assets	1,679	772	1,642	1,679	1,679	1,679	1,679
SLUI Land Leases	3,660	3,536	3,536	3,610	3,610	3,610	3,610
Operational Assets	51,136	51,615	55,077	48,726	48,267	47,679	46,987
Intangible Assets	2,545	3,029	3,079	2,670	3,010	3,353	3,700
Other financial assets (non-current)	-	1,000	3,001	-	-	-	-
Infrastructural Assets	345,054	378,462	384,134	389,062	405,789	406,401	407,017
<b>Total Non-current Assets</b>	<b>430,435</b>	<b>464,775</b>	<b>476,831</b>	<b>477,850</b>	<b>496,758</b>	<b>497,125</b>	<b>497,396</b>
<b>TOTAL ASSETS</b>	<b>451,714</b>	<b>487,168</b>	<b>489,609</b>	<b>483,140</b>	<b>507,837</b>	<b>803,086</b>	<b>506,352</b>
<b>LIABILITIES</b>							
<b><u>Current Liabilities</u></b>							
Accounts Payable	8,680	10,311	5,812	4,057	5,401	5,509	5,620
Provisions - General	163	7	7	-	-	-	-
Provisions - Employees	1,646	1,673	1,896	3,141	3,204	3,268	3,333
Tax Payable	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-
Derivative Financial Instruments (current)	-	14	14	-	-	-	-
Debt – Current Portion	10,000	-	-	5,000	10,000	12,000	-
<b>Total Current Liabilities</b>	<b>20,489</b>	<b>12,004</b>	<b>7,729</b>	<b>12,198</b>	<b>18,605</b>	<b>20,777</b>	<b>8,953</b>
<b><u>Non-current Liabilities</u></b>							
Derivative Financial Instruments (non-current)	177	588	1,163	-	-	-	-
Debt – Non-current Portion	10,000	20,000	20,000	15,000	17,000	5,000	15,000
<b>Total Non-current Liabilities</b>	<b>10,177</b>	<b>20,588</b>	<b>21,163</b>	<b>15,000</b>	<b>17,000</b>	<b>5,000</b>	<b>15,000</b>
<b>TOTAL LIABILITIES</b>	<b>30,666</b>	<b>32,592</b>	<b>28,892</b>	<b>27,198</b>	<b>35,605</b>	<b>25,777</b>	<b>23,953</b>
<b>NET ASSETS</b>	<b>421,048</b>	<b>454,576</b>	<b>460,717</b>	<b>455,942</b>	<b>472,232</b>	<b>477,309</b>	<b>482,399</b>

## Statement of Financial Position to 30 June (\$000) (cont'd)

REPRESENTED BY:

EQUITY:

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Asset Revaluation Reserves	71,378	99,499	101,424	93,828	105,595	105,595	105,595
Restricted Reserves	6,736	7,122	7,122	9,228	9,846	10,962	12,005
Financial derivative reserves	(177)	(602)	(602)	-	-	-	-
Infrastructure Insurance Reserve	940	1,360	1,360	2,300	2,920	3,540	4,160
Accumulated funds	342,171	347,197	351,413	350,586	353,871	357,213	360,639
<b>Total Equity</b>	<b>421,048</b>	<b>454,576</b>	<b>460,717</b>	<b>455,942</b>	<b>472,232</b>	<b>477,310</b>	<b>482,399</b>

## Statement of Changes in Equity to 30 June (\$000)

	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Balance 1 July	416,624	421,048	454,576	452,099	455,978	472,932	477,310
Total Comprehensive Income	4,424	33,529	6,141	3,844	16,254	5,078	5,089
<b>Balance at 30 June</b>	<b>421,048</b>	<b>454,576</b>	<b>460,717</b>	<b>455,943</b>	<b>472,232</b>	<b>477,310</b>	<b>482,399</b>

Detailed Changes	Actual		Estimated Actual	Annual Plan	Long Term Plan 2015-25		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Asset Revaluation Reserves</b>							
Balance at 1 July	73,492	71,378	99,499	93,828	93,828	105,595	105,595
Increase in Revaluation Reserves	(2,114)	28,121	1,925	-	11,767	-	-
<b>Balance at 30 June</b>	<b>71,378</b>	<b>99,499</b>	<b>101,424</b>	<b>93,828</b>	<b>105,595</b>	<b>105,595</b>	<b>105,595</b>
<b>Restricted Reserves</b>							
Balance at 1 July	6,788	7,676	8,482	10,435	9,353	9,844	10,960
Less reclassified as Retained earnings	-	-	-	-	-	-	-
Plus Transfer from Retained Earnings:	637	386	-	1,152	620	620	620
R&D Emergency Reserves net movement	251	420	--	66	491	1,116	1,044
<b>Balance at 30 June</b>	<b>7,676</b>	<b>8,482</b>	<b>8,482</b>	<b>11,653</b>	<b>10,464</b>	<b>11,580</b>	<b>12,624</b>
<b>Financial Derivatives Reserves</b>							
Balance at 1 July	(237)	(177)	(602)	-	-	-	-
Plus (less) reclassified from Retained Earnings	-	-	-	-	-	-	-
Increase (decrease) in Derivative Financial Instruments	60	(425)	-	-	-	-	-
<b>Balance at 30 June</b>	<b>(177)</b>	<b>(602)</b>	<b>(602)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retained Earnings</b>							
Balance at 1 July	336,581	342,171	347,197	347,836	350,496	353,872	357,214
Reclassified to Financial Derivatives Reserve	-	-	-	-	-	-	-
Net Surplus (Deficit) after Tax for the Year	6,337	5,831	4,216	3,844	4,487	5,078	5,089
Less Transfer to Restricted Reserves	(747)	(806)	-	(1,219)	(1,111)	(1,736)	(1,663)
<b>Balance at 30 June</b>	<b>342,171</b>	<b>347,197</b>	<b>351,413</b>	<b>350,462</b>	<b>353,872</b>	<b>357,214</b>	<b>360,640</b>
<b>Total Equity at 30 June</b>	<b>421,048</b>	<b>454,576</b>	<b>460,717</b>	<b>455,943</b>	<b>472,231</b>	<b>477,309</b>	<b>482,399</b>



## Summary of Major Project Costs to 30 June (\$000)

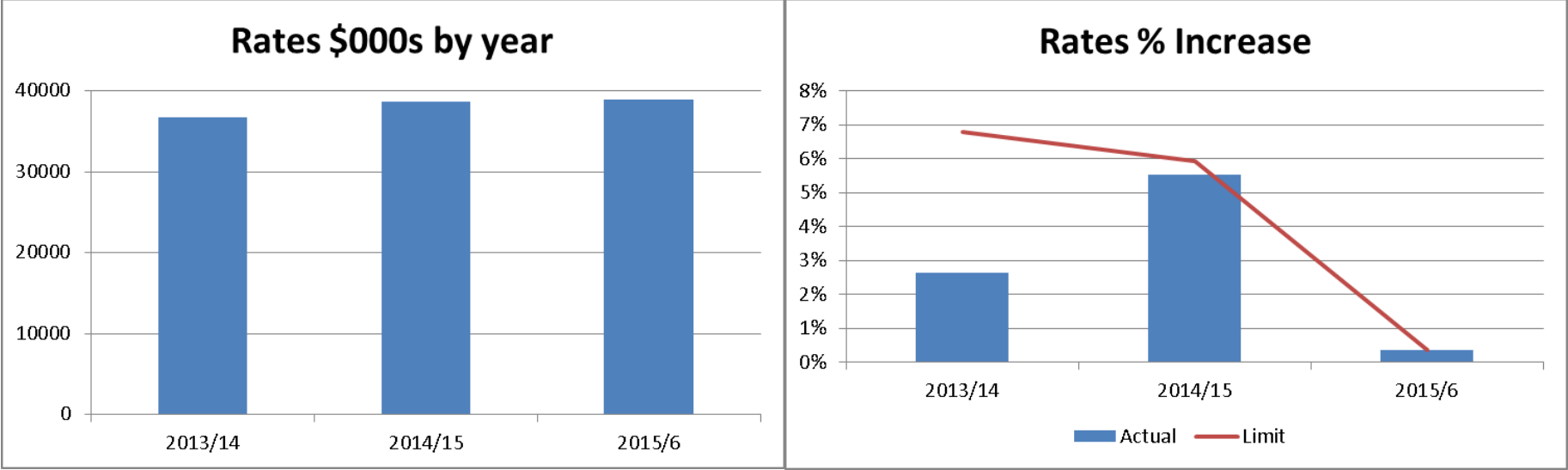
ACTIVITY GROUP	Annual Plan	Long Term Plan 2015-25		
	2016-17	2017-18	2018-19	2019-20
<b><u>Land, Water and Air Management</u></b>				
Sustainable Land Use Initiative (SLUI)	4,755	4,548	4,696	4,811
Water Quality	2,230	2,366	2,453	2,564
Water Quantity	2,224	2,351	2,461	2,537
Aquatic Habitat Improvement	1,686	1,689	1,888	1,958
Compliance Monitoring	988	1,101	1,130	1,157
Consent Processing	1,415	843	874	894
<b><u>Flood Protection and Control Works</u></b>				
River & Drainage Schemes Non-capital works				
Lower Manawatu scheme	3,808	4,163	4,255	4,345
River & Drainage Schemes Capital works				
Lower Manawatu Scheme	4,920	4,979	602	593
<b><u>Biosecurity and Biodiversity Management</u></b>				
Pest Animal Management	3,985	4,005	4,094	4,199
Pest Plant Management	1,453	1,508	1,569	1,610
<b><u>Regional Leadership and Governance</u></b>				
Emergency Management – Horizons Response Capability	1,139	1,190	1,213	1,243
Governance	2,400	2,513	2,442	2,746
Support Council Information Systems	3,759	4,138	4,376	4,531
Strategic Management	1,267	1,092	850	841
<b><u>Transport</u></b>				
Passenger Services	6,324	7,784	7,816	8,035
<b><u>Corporate Support and Investments</u></b>				
Investment activities	2,891	3,842	3,793	4,171

# Statement of Compliance with Financial Strategy

The following graphs provide an update on Horizons performance against its Rates and Debt policies over the past three financial years. Where applicable comparison has been provided against agreed limits as published in the relevant Long-term Plan or Annual plan.

## Rates

Rates increases have been in line with approved increases as published in the relevant Long-term Plan or Annual Plan. The graphs below detail Rates movement for the period.



## Debt

Horizons has operated within agreed limits at all times during the previous three financial years. The liquidity to Debt ratio below is a minimum whereas all other limits are maximums.

