



ANNUAL REPORT SUMMARY 2019-20



Message from the **CHAIR AND CHIEF EXECUTIVE**



While 2019-20 began like any other busy financial year, it certainly ended as a year to note in Council records. Beginning with a significant change, six new councillors were elected in October, who also selected a new Chair. Council was making good progress with work programmes, until March brought the arrival of COVID-19 and a subsequent nationwide lockdown.

While the global pandemic resulted in some of our field-based work programmes being paused, and the majority of our staff working from home, a small number were housed in the newly opened Te Ao Nui building as part of the Manawatū-Whanganui Civil Defence Emergency Management Group's response. This tested our emergency responders to the limit with our Emergency Coordination Centre operating for 82 days, the longest emergency event in the organisation's history. However, it also showed our region worked incredibly well together as a team to meet our community's needs during what was a tough time for most.

Although the COVID-19 pandemic was unprecedented, overall our work programmes and financial performance have ended the year relatively on target. Some performance measures have not been met; however, most have not been too far off. From a financial perspective, our overall expenditure has not changed significantly despite unbudgeted costs, which related to additional staff time and external costs for the COVID-19 response, such as personal protective equipment.

For the last two years, our corporate and governance group has been working to complete a new building owned by Manawatū-Whanganui Regional Council Holdings Ltd. Te Ao Nui houses MWCDEM's emergency coordination centre, alongside Palmerston North City Council's emergency operations centre, and is tenanted to Inland Revenue Department and computer company, Objective. In January 2020, this building was officially opened. This was fortunate timing as less than three months later the emergency centres were in full swing responding to New Zealand's COVID-19 event.

During Alert Level 4 unfortunately one of the most invasive pest plants, Alligator Weed, was found in Palmerston North. This plant has not previously been found in the Horizons region. Targeted communication was shared with the surrounding catchment communities urging for any sighting of the plant to be reported to our pest plant team for removal and tracking. Sustained communication asks the public to check boats, trailers, vehicles and equipment for fragments before travelling between waterbodies to ensure fragments of the pest plant are not transported to new sites.

Throughout the reporting year, Council has been working as part of a Regional Integrated Ticketing System consortium, that looked to collectively introduce a new payment card 'Bee Card' for bus users across nine regions. In December 2019, we were among the first regions to roll this out, with Whanganui passengers beginning to use the tag on and tag off system. The Bee Card has a range of benefits, including online management of the card enabling passengers to create auto-top ups, manage multiple cards, and transfer balances if a card is lost or stolen.

This year our environmental teams have achieved a lot in the non-regulatory space, including over 107km of stream fencing, over 122,500 riparian plants planted, 23,017 ha of properties with Whole Farm Plans mapped, and over 7,300ha worth of erosion control works completed. Progress on Proposed Plan Change 2 has been made which seeks to bring farms in priority catchments into a regulatory framework to manage their nutrient leaching.

Throughout the year multiple work programmes to upgrade sections of stopbanks as part of the Rural Upgrade flood protection project were completed. This project began following the February 2004 floods, and is of significant size, affecting properties in the Manawatū floodplains outside of Palmerston North. Completed works were along the Ōroua, Manawatū, and Tokomaru Rivers, and signal we are now approaching the total completion.

This is just a snapshot of what Horizons has achieved in 2019-20. We encourage you to take a good look at the Activity summaries inside this document to find out what else has been completed this year. As a Council, it is now important to look ahead to the opportunities that Year 3 of our Long-term Plan will bring, particularly as we focus on COVID-19 recovery, while delivering on significant programmes such as Jobs for Nature, and policy reform in the freshwater space. We intend to continue our stringent financial approach and maintain our quality of service, while undertaking work that will see our region thrive environmentally, socially, and economically.

RACHEL KEEDWELL
CHAIR

MICHAEL MCCARTNEY
CHIEF EXECUTIVE

This summary is a snapshot of some results of our work programme in the year from July 2019 to June 2020, taken from the audited full financial statements included in the Annual Report 2019-20, which was completed and adopted by Horizons Regional Council on 16 December 2020.

The information presented in these summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements contained within the Annual Report 2019-20. This report is obtainable from Horizons Regional Council offices, or can be downloaded from our website www.horizons.govt.nz.

The Annual Report 2019-20 has been audited, and received an unmodified audit opinion dated 16 December 2020. The unmodified opinion included an emphasis of matter to draw attention to the disclosures about the impact of COVID-19 on the Regional Council. The following information summarises the Horizons Regional Council's (HRC) financial statements.

DISCLOSURES

HRC's full financial statements were prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP).

These summary financial statements have been prepared to comply with Public Benefit Entity Standard (PBE Standard) FRS43. This standard also requires HRC to make the

following disclosures:

- This Annual Report Summary 2019-20 is prepared for HRC, which is the trading name of the Manawātū-Whanganui Regional Council, a local authority governed by the Local Government Act 2002. These summary financial statements are for the year ended 30 June 2020, and are presented for the HRC group, which consists of:
 - Horizons Regional Council (the "Parent Entity")
 - A subsidiary MWRC Holdings Limited (a Council Controlled Trading Organisation (CTO))
- HRC has designated itself as a Public Benefit Entity (PBE) and applies New Zealand Tier 1 Public Benefit Entity Accounting Standards (PBE Accounting Standards). These standards are similar to International Public Sector Accounting Standards, with amendments for the New Zealand regulatory environment. As HRC meets the definition of a PBE, it applies specific recognition and measurement requirements that apply to PBE's. The information and specific disclosures included in this summary have been extracted from the full financial statements, included in the Annual Report 2019-20.
- HRC has made an explicit and unreserved statement of compliance with PBE standards in its "Notes to the Financial Statements" on page 113 of the full financial statements.

GENERAL

Financial Overview

These summary financial statements are presented in New Zealand dollars, which is our functional currency, and all values are rounded to the nearest thousand dollars (\$000s).

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2020 (\$000)

| | Annual Plan 2019-2020 | Council Actual 2019-20 | Group Actual 2019-20 | Council Actual 2018-19 | Group Actual 2018-19 |
|--|--------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Revenue | | | | | |
| Rates | 46,796 | 46,701 | 46,701 | 44,338 | 44,338 |
| Subsidies and grants | 7,406 | 7,844 | 7,844 | 8,252 | 8,252 |
| Development and financial contributions | 0 | 0 | 0 | 0 | 0 |
| Finance revenue | 2,823 | 2,155 | 1,524 | 494 | 1,528 |
| Other revenue | 10,919 | 9,746 | 10,107 | 10,975 | 10,734 |
| Total Revenue | 67,944 | 66,446 | 66,177 | 64,059 | 64,852 |
| Expenditure | | | | | |
| Personnel costs | 20,865 | 20,241 | 20,241 | 18,605 | 18,605 |
| Depreciation and amortisation expense | 4,284 | 4,199 | 4,199 | 3,908 | 3,908 |
| Finance costs | 1,605 | 1,565 | 1,565 | 1,384 | 1,384 |
| Other expenses | 35,818 | 37,107 | 37,114 | 36,987 | 37,185 |
| Total Expenses | 62,572 | 63,112 | 63,119 | 60,884 | 61,083 |
| Surplus/(Deficit) Before Tax | 5,371 | 3,334 | 3,058 | 3,175 | 3,769 |
| Income tax expense/benefit | - | - | 68 | - | -87 |
| Surplus/(Deficit) After Tax | 5,371 | 3,334 | 2,990 | 3,175 | 3,856 |
| Other comprehensive revenue and expense | | | | | |
| Financial assets at fair value through other comprehensive revenue and expense | 2,774 | 65 | 31,065 | 384 | 12,084 |
| Property, plant, and equipment revaluations | 2,038 | 112,282 | 112,282 | 82,284 | 82,284 |
| Total Other Comprehensive Revenue and Expense | 4,812 | 112,347 | 143,347 | 82,668 | 94,368 |
| Total Comprehensive Revenue and Expense | 10,184 | 115,681 | 146,337 | 85,843 | 98,224 |

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 (\$000)

| | Annual Plan 2019-2020 | Council Actual 2019-20 | Group Actual 2019-20 | Council Actual 2018-19 | Group Actual 2018-19 |
|--|--------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Total Current Assets | 9,561 | 16,175 | 16,005 | 13,449 | 18,827 |
| Total Non-current Assets | 608,736 | 792,946 | 841,400 | 672,620 | 686,738 |
| Total Assets | 618,297 | 809,121 | 857,405 | 686,069 | 705,565 |
| Total Current Liabilities | 12,762 | 22,333 | 22,532 | 13,972 | 16,039 |
| Total Non-Current Liabilities | 42,729 | 39,816 | 39,816 | 40,806 | 40,806 |
| Total Liabilities | 55,491 | 62,149 | 62,348 | 54,778 | 56,845 |
| Net Assets (Assets Minus Liabilities) | 562,806 | 746,972 | 795,057 | 631,291 | 648,720 |
| Asset revaluation reserves | 173,310 | 364,368 | 364,368 | 252,086 | 252,086 |
| Fair value through other comprehensive revenue and expense reserve | 3,630 | 1,127 | 45,745 | 1,062 | 14,680 |
| Restricted reserves | 12,183 | 11,537 | 11,537 | 9,545 | 9,545 |
| Infrastructure insurance reserves | 2,820 | 4,060 | 4,060 | 3,440 | 3,440 |
| Accumulated funds | 370,864 | 365,880 | 369,347 | 365,158 | 368,969 |
| Total Equity | 562,806 | 746,972 | 795,057 | 631,291 | 648,720 |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020 (\$000)

| | Annual Plan 2019-2020 | Council Actual 2019-20 | Group Actual 2019-20 | Council Actual 2018-19 | Group Actual 2018-19 |
|--|--------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Balance at 1 July | 552,622 | 631,291 | 648,720 | 545,448 | 550,496 |
| Total comprehensive revenue and expense for the year | 10,184 | 115,681 | 146,337 | 85,843 | 98,224 |
| Balance at 30 June | 562,806 | 746,972 | 795,057 | 631,291 | 648,720 |

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020 (\$000)

| | Annual Plan 2019-2020 | Council Actual 2019-20 | Group Actual 2019-20 | Council Actual 2018-19 | Group Actual 2018-19 |
|--|--------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Net Cash Flow from Operating Activities | 14,155 | 3,560 | 3,594 | 8,389 | 8,195 |
| Net Cash Flow from Investing Activities | (16,045) | (12,165) | (15,767) | (27,033) | (26,248) |
| Net Cash Flow from Financing Activities | 2,000 | 9,000 | 9,000 | 15,116 | 14,961 |
| Net (decrease)/increase in cash, cash equivalents and bank overdrafts | 110 | 395 | (3,173) | (3,528) | (3,092) |
| Cash, cash equivalents, and bank overdrafts | 2,038 | 3,154 | 8,130 | 6,682 | 11,222 |
| Closing Cash Balances | 2,148 | 3,549 | 4,957 | 3,154 | 8,130 |

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

| Explanation of major variances from HRC's estimated figures in the Annual Plan 2019-2020 are as follows: | Annual Plan 2019-20 \$000 | Actual \$000 | Variance \$000 |
|--|------------------------------|-----------------|-------------------|
| Subsidies and Grants | 7,406 | 7,844 | 438 |
| Due to the COVID-19 pandemic, we received additional funding from the NZTA for lost transport revenue above our usual subsidy. | | | |
| Finance Revenue | 2,823 | 2,155 | (668) |
| Interest received was significantly less than budgeted due to declining rates. Our budgeted revenue was based on an assumption of 5.2% where average rates received were less than 2%. | | | |
| Other Revenue | 10,919 | 9,746 | (1,173) |
| The key variances for other revenue is made up of a number of revenue streams including Resource Management (\$600k) due to long-term vacancies resulting in less revenue. Also during the COVID-19 responses many staff from this team helped with our emergency management operations. Other revenue streams have also been affected by the COVID-19 response due to staff being diverted to help with the response and the inability to perform some tasks due to Level 3 and 4 restrictions. | | | |
| Personnel Costs | 20,865 | 20,241 | 624 |
| Delays in recruitment in some areas due to the COVID-19 pandemic. This was a combination of the recruitment process being more difficult under Level 3 and 4 restrictions as well as a delay in some work programs that were unable to be progressed until the alert levels were reduced. | | | |
| Depreciation and Amortisation Costs | 4,284 | 4,199 | 85 |
| Reduced capital expenditure from previous years has resulted in reduced depreciation expense. Capital Expenditure was further put behind this year due to the COVID-19 pandemic which restricted the work we were able to complete. | | | |
| Other Expenses | 35,818 | 37,107 | (1,289) |
| Additional grants above what were initially budgeted were granted for SLUI initiatives and other freshwater clean-up projects such as stream fencing and riparian planting (\$1.8M). Council approved the use of reserves to fund this overspend. This was offset by savings in areas such as contractors due to work programs being unable to be completed due to COVID-19 restrictions. | | | |
| Gain (Loss) on Asset Revaluations | 2,038 | 112,282 | 110,244 |
| Infrastructure assets are now revalued on an annual basis which was not budgeted for | | | |
| Cash and Cash Equivalents | 2,148 | 3,549 | 1,401 |
| Refer to Statement of Cashflows for full details. The main driver for the increase is the increase in borrowings above budget (\$7M) offset by the decrease in cash from operating activities due to overspends in expenditure (see above) and less revenue received (see above). | | | |
| Receivables | 3,707 | 7,533 | (3,826) |
| Receivables higher than budget due to a large volume of invoicing performed in June. | | | |
| Accruals | 2,708 | 3,277 | 569 |
| Higher year end accrual for the Transport Revenue Subsidy as NZTA was funding at higher levels due to the COVID-19 pandemic. | | | |
| Inventory on Hand | 692 | 1,205 | 513 |
| Higher stock levels than budgeted, inventory on hand is similar to previous years. | | | |
| Investments in other entities | 5,717 | 3,243 | (2,474) |
| Expected a higher increase and further investment but this was unable to be achieved due to aggressive Capital spending and the COVID-19 pandemic hitting shares in Hobson Wealth. | | | |
| Investment Property | - | 2,700 | 2,700 |
| Land re-classified as investment property for 17-23 Victoria Avenue after the budget was completed. | | | |
| Intangible Assets | 5,156 | 4,137 | (1,019) |
| Delays in planned projects such as the Electronic Records Management System. | | | |
| Operational Assets | 67,413 | 67,998 | 585 |
| Remaining effect of Revaluation in the previous year where the budgeted balance sheet was completed before the revaluation occurred resulting in a higher opening balance for the actual figures | | | |
| Infrastructural Assets | 471,554 | 656,120 | 184,566 |
| Revaluation of Infrastructure assets at year-end (river systems and drainage systems). | | | |
| Debt - Current portion | (0) | 10,000 | (10,000) |
| Split not budgeted for, net debt movement is \$7M unfavourable to budget due additional external debt taken to fund capital works rather than using internal loans. | | | |
| Debt - Non-current portion | 42,000 | 39,000 | 3,000 |
| Split not budgeted for, net debt movement is \$7M unfavourable to budget due additional external debt taken to fund capital works rather than using internal loans. | | | |

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 NON FINANCIAL TARGETS

| Group of Activities | No. of targets 2019-20 | Achieved 2019-20 | Measure not available or applicable 2019-20 | Partially or not achieved 2019-20 | % Achieved 2019-20 | % Achieved 2018-19 |
|---|------------------------|------------------|---|-----------------------------------|--------------------|--------------------|
| Land and Water Management | 34 | 25 | 1 | 8 | 75.76% | 75.76% |
| Flood Protection and Control Works | 33 | 14 | 7 | 12 | 53.85% | 63.33% |
| Biosecurity and Biodiversity Management | 17 | 14 | 0 | 3 | 82.35% | 92.86% |
| Regional Leadership and Governance | 33 | 26 | 1 | 6 | 81.25% | 87.50% |
| Transport | 9 | 4 | 1 | 4 | 50.00% | 100.00% |
| Investment | 5 | 3 | 0 | 2 | 60.00% | 80.00% |
| TOTALS 2019-20 | 131 | 86 | 10 | 35 | 71.07% | |
| TOTALS 2018-19 | 131 | 96 | 10 | 25 | | 79.34% |

During the year, Horizons achieved 71.07% per cent of all targets (last year's achievement was 79.34% per cent).

The COVID-19 pandemic contributed to none of the six Groups of Activities reported on in the Annual Report 2019-20 reporting an improvement in targets achieved over 2019. The pandemic hit during a period of the year where we historically perform a lot of our work. Compounding this was redeployment of staff to assist with the COVID-19 Emergency Management response which put some of the Council's day-to-day work further behind.

Land and Water Management

The Land Management Activity achieved all 6 of the performance indicators set. This included mapping 7,375 hectares of erosion control works in targeted SLUI catchments, and 23,017 hectares of Whole Farm Plans mapped. The Water Quality and Quantity Activity achieved 15 of the 19 key performance indicators set. Across the 2019-20 year, a total of 107km of stream fencing has been completed, 122,564 plants have been established in stream margins and 3 barriers to fish passages have been repaired. The Resource Consent and Pollution Management Activity achieved 4 of the 9 indicators set, with another 1 not applicable. Those not met were due to a combination of a lack of resources to complete the work and the COVID-19 lockdown period where staff time was redirected to support the EOC and ECC functions.

Flood Protection and Control Works

The River and Drainage General Activity achieved 4 of its 9 key performance indicators. Only 3 environmental grants were funded instead of 10 due to a lack of applications through the COVID-19 period. The River and Drainage Scheme Activity achieved 10 of its 24 performance measures. Six of these were not applicable, while 2 of the not achieved included the Rangitikei River Scheme vegetation assets being affected by the dry weather and delays in design approvals from NZ Gas to build a concrete wall over the gas main. Where other measures relating to capital works programmes and ongoing maintenance were not achieved there has been no impact on the level of service. The majority of this work was scheduled to be completed during the February to May period which due to COVID-19 lockdown we were unable to complete. This work is expected to be completed next financial year.

Biosecurity and Biodiversity

The Biosecurity Activity achieved 11 of the 12 performance indicators set. This included maintaining possum densities at below 10% of residual trap-catch, treating

all known rookeries to reduce crop losses and damage, and monitoring of released biological agents to assess establishment and host damage. The Biodiversity Activity achieved 3 of the 5 of the key performance indicators. The 2 that were not achieved are due to the COVID-19 lockdown where work was unable to be completed.

Regional Leadership and Governance

Of the overall 33 key performance indicators for this Group, 26 were achieved, 6 were not achieved and 1 was not applicable. The Community Relationships Activity achieved 7 out of 10 key performance measures. A network outage meant that the 24-7 call centre availability performance measure for the Customer Service Project Group was not achieved. The Environmental Reporting Activity achieved all 6 of its key performance measures.

Emergency Management achieved 7 out of 8 performance measures. Due to appropriate external resources being unavailable due to the COVID-19 lockdown not all outputs were completed for hazard information update being carried out to update information as per the approved project plan. These are being carried over for completion in 2020-21. The Governance Activity achieved 2 of the 4 performance targets, with one being not applicable. The Information Activity achieved 2 out of 3 performance indicators set. The Iwi Activity achieved its key performance measure, surveying of iwi and hapū in the region on their satisfaction with their collaborative relationships with Horizons. Strategic Management achieved its only key performance measure set out the year.

Transport

The Road Safety Education Activity did not achieve its key performance indicator, delivering a total of 28 road safety programmes across the region against a target of 30 due to COVID-19. Transport Planning Activity achieved 3 of 4 performance measures, with the other being not applicable; and the Passenger Transport Activity achieved 1 of 4 of the key performance indicators set for the year with COVID-19 restrictions hindering completing the other 3.

Investments

The Investment Activity achieved 3 out of 5 of its performance measures for the financial year. The 2 that were not achieved related to Investment revenue which was lower than expected due to declining interest rates on Term Deposits and COVID-19 lockdown causing delays with tenants moving into Te Ao Nui, reducing the amount of dividend the Holdings company was able to declare

OTHER DISCLOSURES

Contingent Liabilities

HRC has an investment in pre-1990 forestry, and although HRC may have a potential liability for deforestation penalties should these be harvested and not replanted, HRC does not consider these to be significant.

Local Government Funding Agency (LGFA)

The Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2020, the Council is one of 54 local authority guarantors of the LGFA. Also, together with the other shareholders and guarantors, the Council is a guarantor of all the LGFA's borrowings. The LGFA's loans to local authorities are \$10.9 billion (2019: \$9.5 billion), of which the Group and the Council have borrowed \$0.049 billion (2019: \$0.035 billion). As a result, the Group and the Council's cross-guarantee on LGFA's loans to other local authorities is \$10.9 billion (2019 \$9.5 billion).

PBE Accounting Standards require the Group and the Council to recognise the guarantee liability at fair value. However, the Group and the Council have been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Group and the Council consider the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- The Council is not aware of any local authority debt default events in New Zealand; and,
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

There are no other contingent liabilities.

Contingent Assets

HRC has no significant contingent assets at balance date (last year nil).

Liabilities of Associates/Subsidiaries for which the Group is Severally Liable

There are no liabilities for which HRC is severally liable (last year nil).

Operating Lease Commitments

HRC has an operating lease commitment as Lessee as at 30 June 2020 relating to leasing of printers and copiers (same as last year).

HRC also has an operating lease commitment as Lessee for land leased for the Whanganui Service Centre and at 717 Tremaine Avenue, Palmerston North, and building lease at 17-23 Victoria Ave, Palmerston North. Total commitment for this at 30 June 2020 is \$1.169 million (last year \$0.316 million).

There are General Operating Land Lease commitments for HRC as Lessors, primarily in respect of river and drainage scheme land leased out for agricultural purposes. Total commitments for Council and Group for these at 30 June 2020 are \$5.730 million (last year \$5.251 million).

HRC has a ground lease to MWRC Holdings Ltd for 17-23 Victoria Ave, Palmerston North. Total commitment as Lessee for this at 30 June 2020 is \$4.263 million (last year \$4.488 million).

There are operating lease commitments for MWRC Holdings Ltd as Lessors in respect of a property at 28 North Street, Palmerston North and 17-23 Victoria Avenue, Palmerston North. Total commitments for these at 30 June 2020 are \$11.979 million (last year \$1.215 million) as summarised in the following table:

Total commitments as Lessors is \$9.993 million for HRC and \$17.709 million for the Group (last year \$9.739 million and \$6.466 million)

Other Commitments (\$'000)

| Council Actual 2018-19 | Group Actual 2018-19 | Council Actual 2019-20 | Group Actual 2019-20 |
|--|-------------------------|---------------------------|-------------------------|
| Infrastructural Assets | | | |
| 1,655 | 1,655 | 482 | 482 |
| Scientific/Hydrological Equipment | | | |
| 65 | 65 | - | - |
| Buildings | | | |
| - | 4,782 | - | - |

Implications of COVID-19

The COVID-19 pandemic and resulting lockdown has caused little impact to HRC's financials. There was some additional expenditure resulting from the Civil Defence response, however this was offset by little expenditure occurring elsewhere during the same time. Once able to, majority of the field teams were able to catch up on lost time in the last quarter of the financial year. For areas where there was a slight impact refer to the table of variances on page 4 and discussion of our activities on page 5.

As June 30 was very close to the lockdown, the impact of the potential economic downturn has yet to be ascertained or able to be calculated as it is still unknown. For those reasons, the implications of COVID-19 have been very little on HRC's Financial Performance or Position.

Events After Balance Date

2020: On 2 July 2020, the Provincial Development Unit announced funding of \$7.5million to develop infrastructure on the Lower Whanganui River as part of the provincial growth fund initiative from Central Government. The following week, on 7 July 2020 an \$18.4million jobs for nature package was announced for the region. Additionally, on 3 August 2020, a \$26.9million climate change resilience package was also announced for the region. There is no initial impact to the ratepayer.

2019: Insurance Settlement for CentrePort reached.

INDEPENDENT AUDITOR'S REPORT**To the readers of Horizons Regional Council and group's summary of the annual report for the year ended 30 June 2020**

The summary of the annual report was derived from the annual report of the Horizons Regional Council and group (the Regional Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 2 to 6:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 16 December 2020. Our auditor's

report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the Regional Council as set out in the full annual report in 17, 18, 20, 30 and 33 to the financial statements and pages 24 to 110 of the performance information.

An extract of this information is included in the summary of the annual report on page 6.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the summary annual report and full annual report, we have performed a limited assurance engagement related to the Regional Council's debenture trust deed. Other than this engagement, we have no relationship with, or interests in the Regional Council or its subsidiaries and controlled entities.



Debbie Perera,
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
15 January 2021



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REGIONAL COUNCIL



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