



Horizons Regional Council
PRE-ELECTION REPORT 2022



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Mō tēnei pūrongo **About this report**

This report provides information on key issues facing Horizons Regional Council for the local government elections in October for candidates and voters. Its purpose is to promote public discussion about issues facing the Council, and enable a better informed election debate. For more information about the upcoming elections, please visit <https://elections.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 2021-31 Long-term Plan, annual plans and previous annual reports. 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.

He kupu nā te Tumuaki

Introduction from the Chief Executive

Kia ora and welcome to the Horizons Regional Council pre-election report. While the creation of this report is required by legislation, it provides a great opportunity to display Council's operating environment, financial standing and key projects – both from the previous three years and looking forward to the next few.

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 250,000 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 processes. This report identifies the community outcomes that underpin these decisions, an overview of our business operations and pressures we face, some major financial projects and key areas of work in the near future, as well as the required financial statements. It provides a moment in time, showing where we've come from and where we're intending to go.

Our recent 2021-31 Long-term Plan introduced a new vision – To tātou rohe – taiao ora, tangata ora, mauri ora; our place – a healthy environment where people are thriving. Council's five new community outcomes support this vision by placing an emphasis on the social, environmental, economic, and cultural wellbeing of the communities we serve.

Just like our local government peers, Horizons is currently reviewing a raft of national reform through a regional lens. We are currently progressing the implementation of the 2020 National Policy Statement for Freshwater Management, which will require our new Council to notify a revised One Plan (the guiding document for resource management in the Horizons Region) by 2024. We are also implementing the revised National Environmental Standards for Freshwater and the Urban Development National Policy Statement. We are anticipating a new National Policy Statement for Indigenous Biodiversity to come into effect this year, and the outcomes of the Resource Management Act and Local Government reforms which will land over the next few years.

Much of this work will be strengthened by partnering with iwi. In 2021, Council undertook a representation review, resulting in two new Māori constituencies being added to our governance structure. Representatives for Raki Māori (the northern part of our region) and Tonga Māori (the southern) will provide representation specifically for tangata whenua alongside the 12 representatives elected for our general constituencies. Tangata whenua representatives also have voting rights in the recently formed Climate Action Joint Committee,

with consideration being given to future co-governance arrangements for other areas of our business.

In addition to the reforms mentioned above, our priority areas have and will continue to be freshwater, climate change, biodiversity, and making our data and information accessible. We also have four large Infrastructure Climate Resilience projects in place to upgrade flood protection in Rangitikei, Palmerston North, Lower Manawatū and Foxton, we have partnered with iwi, Whanganui District Council, industry and the community to revitalise the Whanganui Port. There are three Jobs for Nature programmes underway to help improve freshwater with additional riparian planting and stream fencing, enhancing native fish populations by fixing fish passages, and implementing water quality interventions to improve the health of Lake Horowhenua. More information on each of these priority areas and projects can be found further inside this document.

As an organisation, we are going through a significant step change and have a 'Future Fit' programme in place to ensure we can meet these new demands and increasing workload, while still being responsive to our communities' expectations. This work builds on our existing experience and expertise, placing a stronger focus on catchment-scale delivery, cultural competency, capability and capacity, and better systems and processes.

It's a busy but exciting time to be involved in the regional sector. I hope you find this pre-election report 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 help you.

Ngā mihi nui,
Michael



Te Rohe

The Horizons Region

The region's eight constituencies provide a total of 14 elected representatives who form the governance body of Manawatū-Whanganui Regional Council, which trades as Horizons 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 Saturday 8 October 2022 and uses the first-past-the-post voting system. Meaning the candidate with the highest number of votes is elected.

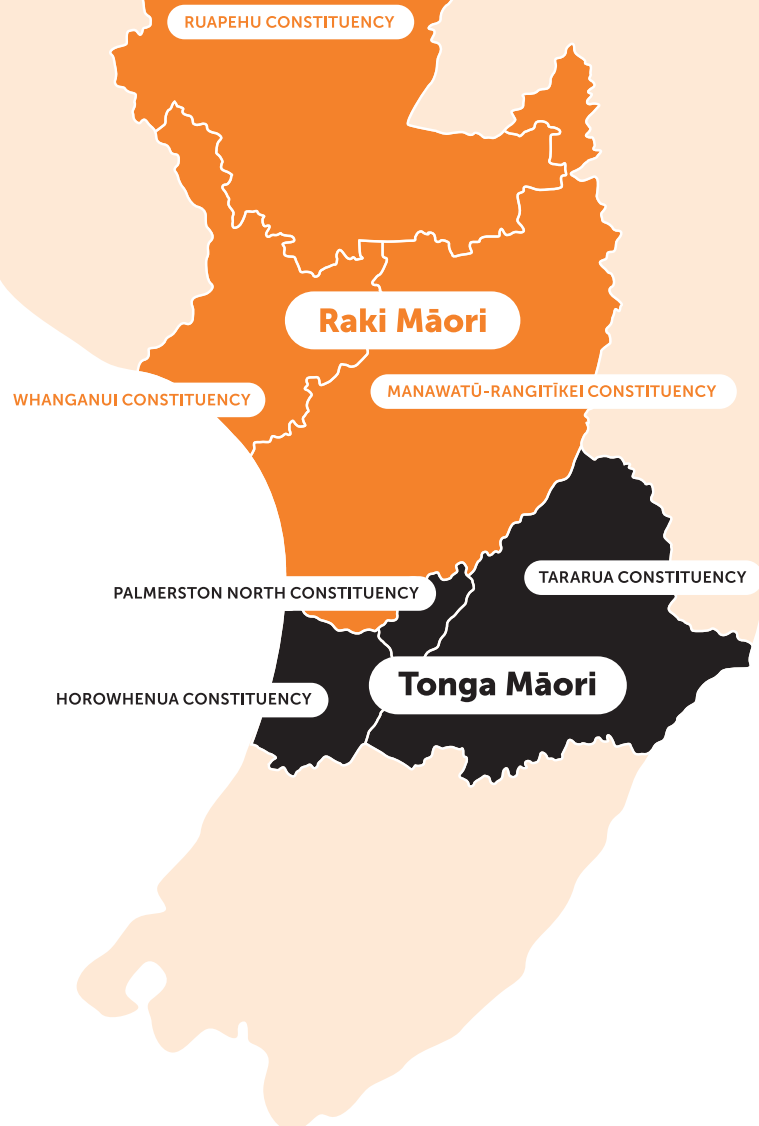
The Chief Executive is employed directly by the Council. The Chief Executive, in turn, employs the staff of Horizons Regional Council. The staff of the Council number approximately 280 full-time equivalents and 315 in total including casual staff members.

These staff are split into four groups: strategy, science and regulation; catchment operations; corporate and governance; and regional services and information. Around 60 per cent of staff are based at the head office in Palmerston North. The remainder are located at offices and depots throughout the region.

Our region has six general constituencies and two Māori constituencies:

Raki Māori Which includes: **Manawatū/Rangitikei** | **Ruapehu** | **Whanganui**

Tonga Māori Which includes: **Palmerston North** | **Horowhenua** | **Tararua**



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

Audit, Risk and Investment Committee
Environment Committee
Linklater Bursary Sub-Committee
Climate Action Joint Committee

Manawatū River Users' Advisory Group
Passenger Transport Committee
Regional Transport Committee
Strategy and Policy Committee

Ō tatou Hua ā-Hapori

Our community outcomes

Our region's communities are resilient to the impacts of natural hazards and climate change

Communities understand natural hazards and our changing climate and are supported to respond and adapt.



How Horizons works towards these goals

We build and maintain a large network of flood protection, drainage and catchment monitoring infrastructure to protect our communities. Horizons also coordinates the region's Manawatū-Whanganui Civil Defence and Emergency Management group, working with others such as territorial authorities, Fire and Emergency New Zealand, defence forces and district health boards. Together we work to prepare, recover, reduce and respond to hazards our communities face.

Commissioned research shows that climate change poses a significant risk to our region. Increased rainfall, flooding, drought and sea level rise are identified risks. To respond to this risk a climate action plan will be introduced by the Climate Action Joint Committee to identify key areas of work.

Our region's ecosystems are healthy

A full range of healthy ecosystems from the mountains to the sea, are valued for their intrinsic worth and provide sustainably for communities.



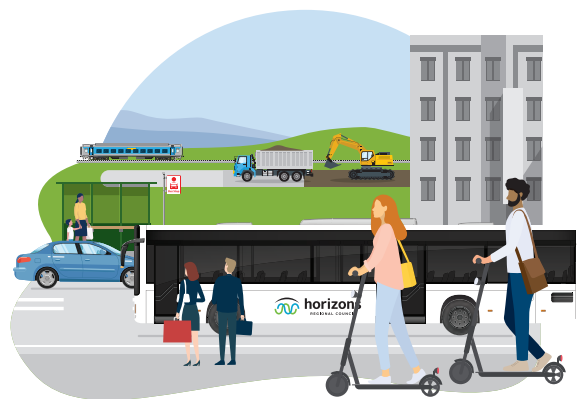
How Horizons works towards these goals

This work primarily protects and enhances the environmental wellbeing of our region and communities.

We work to protect land, water, air and coasts from inappropriate development and pollution through monitoring and enforcement of the One Plan - the document that lays out the management of natural resources in the Horizons Region. This includes aligning with national policy, such as freshwater reforms, as required.

Our region has effective transport networks

Safe, sustainable public transport and infrastructure planning that support connected communities and reduce the region's carbon emissions.



How Horizons works towards these goals

We use strategic documents such as the Regional Land Transport Plan and the Regional Public Transport Plan to set the direction for the future of the region's passenger transport.

Work programmes also aim to create a more connected, multi-modal region while supporting a transition to reduce fossil fuel usage and encouraging the use of public transport.

Our region's economy is thriving

A sustainable economy that supports communities to thrive socially, culturally and environmentally.



How Horizons works towards these goals

We support economic development through Accelerate25, a collaboration between all of the region's councils, iwi, business and central government to identify and act on strategic opportunities and enablers to enhance the region's economic performance and prosperity.

We also ensure flood protection and land works to help support the agriculture, horticulture, biodiversity and native plantings across the region. This includes our Sustainable Land Use Initiative (SLUI) as our region has one of the highest proportions of highly erodible land in New Zealand.

Our region's communities are vibrant and empowered

Communities are enabled to participate and take action to benefit our collective wellbeing and environment.



How Horizons works towards these goals

We aim to provide communities key information to remain informed on councils activities and how they can be involved in council decisions.

This includes building relationships and partnerships with tangata whenua, iwi and hapū to ensure their input into a range of council activities.

This work also includes providing a range of grants for biodiversity work to support communities in enhancing their local ecosystems, and making information accessible and discoverable to allow key stakeholders to make informed decisions.



Tā Horizons pakihi Horizons' business

Operationally, Horizons is moving toward a time of significant change. As we respond to the continued impacts of Covid-19 on our work programmes and an increased workload, we aim to future proof our work streams by organising our internal structure based on catchments and Freshwater Management Units (FMUs). This will include seeing an increase in staff to keep up with work programmes, as well as central government's expectations of monitoring and regulation.

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 2022 election (2022-23, 2023-24 and 2024-25) Council has planned a capital spend of approximately \$58.3 million. The following touches on some of the major projects that make up that capital spend – a major project is regarded as anything that exceeds \$1 million in one or more of the reported years.

Our freshwater work will expand within the next three years. By the end of 2024 a draft freshwater revision for our One Plan will be released, and key stakeholders and the general public will have the opportunity to provide feedback on the draft plan. The draft plan will outline values, visions, outcomes and attributes to help enhance and prevent further damage to freshwater within the region. Alongside

this work we will continue to implement the National Environmental Standards for Freshwater (NES-F), which involve nitrogen cap reporting, stock exclusion, intensive winter grazing, stock holding, water takes, culverts and fish passages regulations.

The National Policy Statement for Indigenous Biodiversity (NPSIB) is set to be released within the next three years, this policy aims to help native plants, birds and animals as well as the ecosystems they live in. Another area of consideration for us in relation to central government policy activity includes changes to the management of the three waters – drinking water, wastewater and stormwater. These changes will have a roll-on effect to our areas of business and we will have to adapt as things evolve in this space. Regional Councils across the country have also put a bid to central government to consider a fourth water – floodwater – which we are heavily involved in through our river management and emergency management activity.

Public transport in Palmerston North will see significant route and timetable improvements based on previous community engagement. These improvements will be strengthened by information received from recently fitted GPS trackers on our bus services will provide users with real-time information. Whanganui will receive a new spine route in early 2023

that travels through the city with 20-minute frequency effectively doubling the current level of service. Improving bus services, with a spend of around \$40 million, works toward decreasing our carbon emissions. One of the key objectives in the Regional Public Transport Plan 2022-32 is to decarbonise our public transport fleet in line with central government's emissions reduction plan by 2035.

The strategic subsidiary of the Passenger Transport Committee, Accessing Central New Zealand, will continue to meet quarterly to discuss significant strategic transport projects and planning. A review of the Regional Land Transport Plan, that sets the strategic direction for transport in the region, will happen throughout 2022/23 and be completed by April 2024. Horizons will also continue to lobby and secure funding for the continuation of the Capital Connection services as part of the Lower North Island Integrated Rail project. Horizons, Greater Wellington Regional Council and Waka Kotahi have partnered to introduce a new higher frequency passenger rail service by 2027. We are in the final stages of securing government funding for this in the 2023 central government budget.

Climate change is another significant body of work for Horizons that will begin to take shape over the next three years. This includes implementing the Climate Action Plan written by the Joint Action Climate Committee, which is made up of Horizons, our territorial authorities and tangata whenua, to help address the impacts of climate change. This financial year the Community Climate Response fund will be awarded for the first time, with up to \$15,000 per grant available. These projects work to build resilience of communities and the environment to the effects of a changing climate, support sustainability efforts and incorporate mātauranga Māori (Māori knowledge).

For our river management activity, there is a lot of work underway thanks to funding received in 2020 from Kānoa, central government's Regional Economic Development and Investment Unit. Four key projects share \$26.9 million, plus an additional \$9 million from Horizons, to help increase community resilience to climate change. In Palmerston North funding will be used to upgrade flood defences, replace aging assets, and enhance pathways, signage and public access to the

Manawatū River and Mangaone Stream. In Rangitikei the project focuses on the Lower Rangitikei River from Bulls to the sea. The aim is to restore the river to its natural path allowing for increased capacity, improved biodiversity, enhanced public access and more recreational opportunities.

In Foxton the funding will assist in working with iwi and the community to find long-term effective solutions for an inadequate drainage system to help prevent serious flooding. For the wider lower Manawatū area work will further strengthen the stopbank network and build resilience at key locations. While all these projects were already underway, the funding from Kānoa has accelerated the work and helped create local employment opportunities. The completion date for these projects is March 2024.

Another project of note is Te Pūwaha, which is the revitalisation of the Whanganui Port. Working alongside Whanganui iwi, Whanganui District Council, Q-West Boat Builders, the Whanganui District Employment Training Trust, and community members, the project will secure the port as a long-term community economic and recreational asset. Horizons' involvement includes upgrades to the North Mole and repairs to the South Mole. These works will help enable an operational port and provide flood protection.

The Jobs for Nature projects are also a large work programme. In 2020 Horizons received \$14 million of funding from central government for environmental improvements, including stream fencing, riparian planting and enhancing native fish populations. Once again these were activities we already had underway, however are now accelerated thanks to the funding and the additional \$4.3 million invested from Horizons. For the stream fencing and planting project, the funding received will enable the existing programme to deliver over and above targets for a four year period. For the enhancing fish populations project, we are working to identify barriers to passage and remediation. This includes removing at least 25 barriers to fish passage and opening 1,250kms of stream habitat for migratory fish to help restore populations.

The final Jobs for Nature project involves water quality interventions for the Horowhenua Freshwater Management Unit, including

Lake Horowhenua. The lake is a taonga for local iwi/hapū and has a degraded state below many national bottom lines for water quality. The Lake Horowhenua Accord, made up of the Lake Horowhenua Trust, Horowhenua District Council, Horowhenua Lake Domain Board, Department of Conservation and Horizons, is a collaborative effort that has invested in the restoration of Lake Horowhenua through a range of projects. This project proposes a wetland complex as a major water quality intervention, as well as a linked programme of catchment works that include sediment traps, wetlands and drainage system upgrades to improve water quality. The main target for the wetland complex is reduced nitrogen concentrations, and the wider project will target a range of water quality measures including sediment, phosphorus and bacteria. The project will also further develop the wetland idea into a tangible set of water quality interventions across the Lake Horowhenua sub-catchment to improve water quality and aquatic health in Lake Horowhenua.

Biodiversity remains a challenge in our region, with native habitats reduced to a fraction of their former extent. Continued degradation from pest plant and animal incursions puts remaining ecosystems under pressure. We will continue to focus our efforts on icon projects based on their vulnerability and rarity in the region (Te Āpiti – Manawatu Gorge,

Kia Wharite, Pūkaha Mount Bruce, Bushy Park, and Manawatū Estuary) which have received dedicated funding, as well as funding community biodiversity projects, and working alongside landowners to care for biodiversity.

The investment function of our business, MWRC Holdings Ltd, will continue to manage investments according to Councils investing policy, which includes investing in fair and equitable investments and continuing to provide returns to Council to reduce the burden on ratepayers.

To decrease costs and enhance Regional and Inter-Regional collaboration, we also have a shared partnership known as Manawatū-Whanganui Local Authority Shared Services (MW LASS), a Council Controlled organisation providing Archiving and Debt Collection services as permanent Business Units. MW LASS also supports some administrative functions, shared services and procurement activities (e.g. Insurance and Mail Services) to councils across the region. Many councils share similar tasks and requirements from the government - MW LASS allows some of those services to be carried out together, reducing overall costs for each council. MW LASS also helps enable Chief Executives to retain visibility over strategic level issues and to explore further opportunities for collaboration.

For more information on all of these projects, please see dedicated pages on our website

www.horizons.govt.nz

or visit the 'Publications' section for annual plans and reports.

Whakarāpopoto Pūtea o Tō Tātou Rohe

Our financial strategy at a glance

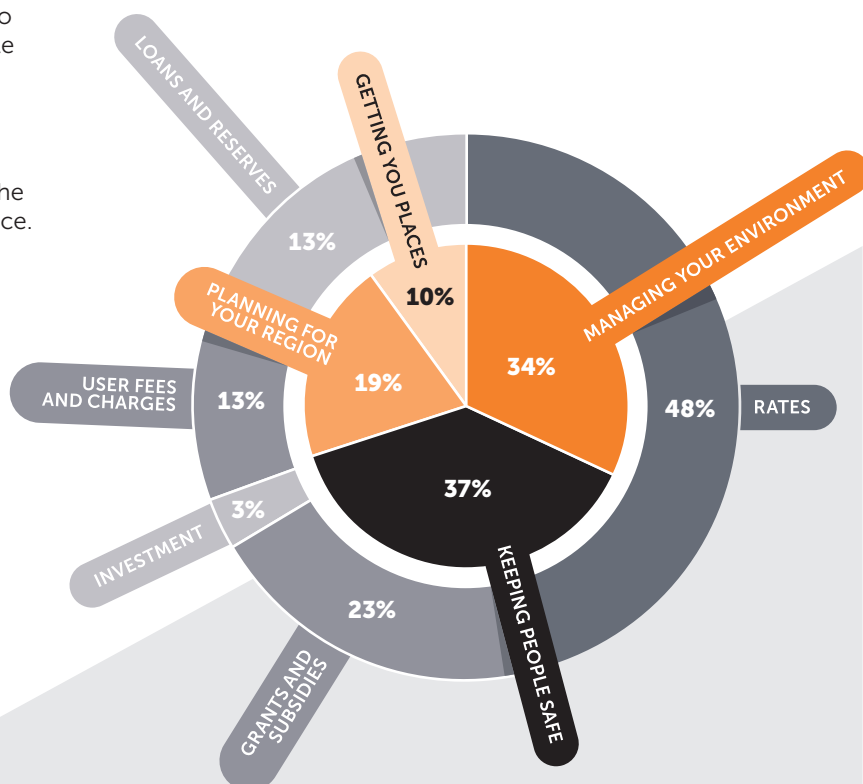
One of the biggest challenges a council faces is balancing its community's ability to pay with the need to maintain infrastructure and deliver services. The desired outcome of the Financial Strategy (see our Long-term Plan 2021-31) is that Council's asset base and operational expenditure are managed 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.

Funding & costs

In terms of our yearly financial operations, the following diagram demonstrates the range of income sources we have and where income is to be spent for 2022-23 or Year 2 of the 2021-31 Long-term Plan.

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 management

Getting you places

- Transport safety and planning
- Transport services

Planning for your region

- Strategic management
- Climate change
- Data and information
- Community relationships

Managing your environment

- Water quality and quantity
- Consent management
- Science and monitoring
- Biosecurity and biodiversity
- Sustainable land use initiative

Mahi a pūtea

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 (\$'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 2019-20	Actual 2020-21	Estimated 2021-22	Prospective Annual Plan 2022-23	Prospective LTP 2021-31 2023-24	Prospective LTP 2021-31 2024-25	Prospective LTP 2021-31 2025-26
REVENUE							
Rates	46,701	47,169	51,151	55,426	59,080	63,950	66,516
Subsidies and grants	7,844	16,941	17,560	27,853	16,035	8,457	8,339
Development and financial contributions	-	-	-	-	-	-	-
Finance revenue	2,155	3,243	4,442	3,450	3,450	3,500	2,552
Other revenue	11,521	12,788	12,796	14,203	14,087	14,015	14,074
Total Revenue	68,221	80,141	85,948	100,933	92,652	89,922	91,480
EXPENDITURE							
Personnel costs	20,241	20,921	23,882	25,813	26,639	26,610	27,444
Depreciation and amortisation expense	4,292	4,820	5,015	5,654	5,972	6,431	6,452
Finance costs	1,567	1,402	1,331	1,479	1,520	1,561	1,427
Other expenses	37,107	43,301	47,105	51,957	53,174	53,230	55,637
Total Expenses	63,207	70,444	77,332	84,903	87,304	87,832	90,960
Surplus/(Deficit) Before Tax	5,014	9,697	8,616	16,030	5,347	2,090	520
Income tax expense/benefit	-	-	-	-	-	-	-
Surplus/(Deficit) After Tax	5,014	9,697	8,616	16,030	5,347	2,090	520
Other comprehensive revenue and expense							
Financial assets at fair value through other comprehensive revenue and expense	65	641	195	-	219	232	246
Property, plant, and equipment revaluations	112,282	160,123	27,153	15,609	25,774	35,270	28,403
Total Other Comprehensive Revenue and Expense	112,347	160,764	27,348	15,609	25,993	35,502	28,649
Total Comprehensive Revenue and Expense	117,361	170,461	35,964	31,639	31,340	37,592	29,168

Statement of financial position (\$'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 2019-20	Actual 2020-21	Estimated 2021-22	Prospective Annual Plan 2022-23	Prospective LTP 2021-31 2023-24	Prospective LTP 2021-31 2024-25	Prospective LTP 2021-31 2025-26
ASSETS							
Current assets							
Cash and Cash Equivalents	3,549	7,654	12,046	1,222	4,964	7,030	3,175
Trade and Other Receivables	7,533	5,535	2,962	11,103	11,421	11,738	12,093
Accruals	3,277	4,868	6,390	7,911	4,997	3,067	2,793
Prepayments and leases - Current portion	501	743	145	717	581	582	608
Inventory	1,205	1,314	460	1,264	1,555	1,611	1,669
Tax refund due	-	-	-	-	-	-	-
Other financial assets (current)	110	-	-	-	-	1,250	1,250
Total Current Assets	16,175	20,114	22,004	22,217	23,518	25,278	21,588
NON-CURRENT ASSETS							
Other financial assets							
Investments in CCO's and other similar entities	32,908	32,935	33,246	33,270	33,055	33,095	33,135
Investments in other entities	3,243	3,958	4,153	3,958	3,863	4,094	4,340
Loan to CCO	17,000	17,000	18,500	18,500	17,000	15,750	14,500
Subtotal	53,151	53,893	55,899	55,728	53,918	52,939	51,975
Investment property	2,700	3,000	3,000	3,225	3,015	3,195	3,285
Forestry assets	5,929	5,683	5,683	6,425	7,885	8,441	8,999
Land leases (prepaid) non-current	2,913	2,663	2,538	2,539	2,414	2,289	2,164
Intangible assets	4,137	4,604	4,701	11,093	6,712	7,458	7,708
Restoration Asset	2,167	2,117	2,117	-	-	-	-
Carbon Credits	3,423	5,135	5,134	-	-	-	-
Operational assets	67,998	92,390	94,796	95,656	88,148	95,848	95,579
Infrastructural assets	656,120	804,138	843,633	883,645	792,379	823,265	850,596
Total Non-current Assets	798,538	973,623	1,017,501	1,058,311	954,471	993,435	1,020,306
Total Assets	814,713	993,737	1,039,505	1,080,528	977,989	1,018,713	1,041,894
LIABILITIES							
Current Liabilities							
Trade and other payables	10,309	14,179	14,018	15,734	15,626	15,973	16,630
Provisions - general	-	-	0	-	-	-	-
Provisions - employee entitlements	1,994	2,021	2,021	2,464	2,582	2,579	2,660
Debt - current portion	10,000	20,967	14,400	-	4,500	13,500	2,000
Advances and deferred revenue	0	(1)	77	7,000	-	-	-
Derivative financial instruments (current)	30	70	70	-	76	-	-
Total Current Liabilities	22,333	37,236	30,586	25,197	22,784	32,052	21,290
Non-current Liabilities							
Derivative financial instruments	816	398	398	398	-	-	-
Debt - non-current portion	39,000	33,000	46,972	65,182	78,750	72,523	77,300
Deferred Taxation Liability	-	-	-	-	-	-	-
Provision Replanting	2,264	2,342	2,342	-	-	-	-
Total Non-Current Liabilities	42,080	35,740	49,712	65,580	78,750	72,523	77,300
Total Liabilities	64,413	72,976	80,298	90,778	101,534	104,575	98,590
Net Assets (Assets minus Liabilities)	750,300	920,761	959,206	989,751	876,455	914,138	943,304
EQUITY							
Asset revaluation reserves	364,368	524,491	551,643	564,224	442,019	477,289	505,692
Fair value through other comprehensive revenue and expense reserve	1,127	1,768	1,964	1,769	1,747	1,979	2,224
Restricted reserves	11,537	12,797	19,555	13,774	14,253	15,155	16,256
Infrastructure insurance reserves	4,060	4,680	4,800	4,800	5,040	5,160	5,280
Accumulated funds	365,880	377,025	381,244	405,184	413,486	414,553	413,852
Total Equity	746,972	920,761	959,206	989,751	876,545	914,136	943,304

Whole of council funding impact statement (\$'000)

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 2019-20	Actual 2020-21	Estimated 2021-22	Prospective Annual Plan 2022-23	Prospective LTP 2021-31 2023-24	Prospective LTP 2021-31 2024-25	Prospective LTP 2021-31 2025-26
SOURCES OF OPERATING FUNDING							
General rates, uniform annual general charges, rates penalties	30,798	31,356	31,557	33,976	36,012	38,615	40,978
Targeted rates	15,903	15,813	19,594	21,450	23,068	25,334	25,538
Subsidies and grants for operating purposes	7,709	9,387	8,140	12,370	11,639	8,107	8,339
Fees and charges	9,749	10,776	10,456	13,536	12,938	13,267	13,500
Interest and dividends from investments	1,614	2,865	809	3,450	3,450	3,500	2,552
Total sources of operating funding (A)	65,773	70,197	70,556	84,782	87,107	88,823	90,907
APPLICATIONS OF OPERATING FUNDING							
Payments to staff and suppliers	57,366	62,399	67,420	79,524	80,858	80,843	83,785
Finance costs	1,565	1,389	1,228	1,479	1,520	1,561	1,427
Other operating funding applications	-	-	-	-	-	-	-
Total applications of operating funding (B)	58,931	63,787	68,649	81,003	82,378	82,404	85,212
Surplus/(Deficit) of Operating Funding (A-B)	6,842	6,410	1,907	3,779	4,730	6,419	5,695
SOURCES OF CAPITAL FUNDING							
Subsidies and grants for capital expenditure	135	7,058	8,972	14,593	4,396	350	-
Development and financial contributions	-	-	-	-	-	-	-
Increase/(decrease) in debt	9,000	4,967	7,405	10,773	3,615	2,773	(6,724)
Gross proceeds from sale of assets	-	-	-	-	-	-	-
Lump sum contributions	-	-	448	-	-	-	-
Other dedicated capital funding	-	495	-	890	575	175	-
Total sources of capital funding (C)	9,135	12,520	16,825	26,256	8,586	3,298	(6,724)
APPLICATIONS OF CAPITAL FUNDING							
Capital expenditure:							
to meet additional demand	-	-	-	-	-	-	-
to replace existing assets	5,568	7,040	100	269	212	392	506
Increase/(decrease) in reserves	3,917	166	3,887	(1,332)	(1,697)	(845)	(6,464)
Increase/(decrease) of investments	2,000	73	-	-	-	-	-
Total applications of capital funding (D)	15,977	18,930	18,732	30,035	13,316	9,717	(1,028)
Surplus/(Deficit) of Capital Funding (C-D)	(6,842)	(6,410)	(1,908)	(3,779)	(4,730)	(6,419)	(5,695)
Funding Balance ((A-B)+(C-D))	(0)	-	(0)	-	-	-	-
RECONCILIATION WITH STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (SOCRE):							
Surplus/(deficit) of operating funding as above	6,842	6,410	1,907	3,779	4,730	6,419	5,695
Subsidies and grants for capital expenditure	135	7,058	8,972	14,593	4,971	525	-
Other dedicated capital funding	-	495	448	890	-	-	-
Amortisation of SLUI Lease	-	(250)	-	-	-	-	-
Amortisation of Restoration Asset	(95)	(115)	(125)	-	-	-	-
Gain on revaluations through surplus/(deficit)	548	300	484	668	573	573	573
Loss on revaluations	-	(746)	-	-	-	-	-
Loss on disposal of assets	-	(827)	-	-	-	-	-
Recognition of Carbon Credits	1775	1712	-	-	-	-	-
Gain/(Loss) on derivatives	8	378	-	-	-	-	-
Gain/(Loss) on provisions	-	-15	-	-	-	-	-
Capitalised labour	-	-	-10,356	1,754	1,045	1,003	703
Less depreciation (non-cash expense)	(4,199)	(4,704)	(1,331)	(1,479)	(1,520)	(1,561)	(1,427)
Surplus/(Deficit) as SOCRE	-	-	-	-	-	-	-



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