



2023-24  
**Pūrongo ā-tau Annual Report**

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**Te horopaki**  
Setting the scene

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## Message from the Chair and Chief Executive

Tēnā koutou katoa, and welcome to the 2023-2024 Annual Report. This year was a Long-term Plan (LTP) year for Horizons, making it a busy time for staff and Councillors alike. The LTP sets out how Horizons Regional Council plans to manage the region's natural resources for the next 10 years, to ensure a healthy environment where the people are thriving.

Adopting a new LTP is no small process. This LTP was more than a year in the making, featuring budgeting, pre-engagement, numerous Council workshops, information gathering, public submissions and hearings processes, and two full days of deliberations. The mixture of high inflation, ever-increasing demands from central government, the need to maintain and improve ageing infrastructure, and ageing populations made it one of the most significant Long-term Plans, and certainly one of the hardest to develop, in Horizons' history.

We would like to thank all those who submitted to the LTP. Your feedback was invaluable to the Council striking the fine balance between affordability and ensuring core business is able to continue. We received 540 submissions, an increase on the 439 submissions received on the 2021-31 LTP, and heard from 63 submitters in person at hearings. Following extensive and robust deliberations around the table, Council were able to adopt the LTP on Tuesday 25 June, 2024. While the average rates increase was 11.7% for 2024-25 – down from the 12.9% we consulted on – the impact will differ between each property for a range of reasons.

Horizons' river management staff spent much of the year taking advantage of favourable conditions to undertake construction and repair work on assets throughout the region. Significant progress was made on repairing damage caused by Cyclone Gabrielle, while progress was made on Infrastructure Climate Resilience Projects along the Rangitīkei and Manawatū rivers. Additional operational costs over and above that budgeted were incurred this year as a result of the flood damage repair

work and the financial impact of assets being written off as either damaged or lost due to weather events.

Whanganui continued to see investment in projects in the city. As part of the Te Pūwaha project to upgrade the city's marine precinct, Horizons completed work to provide flood protection for Tregenna Street residents, along with a revitalised recreational space featuring a cycle/walkway, fishing platforms and street furniture.

Much like the year prior, transport projects made large strides in 2023-24. The most significant project was the successful launch of Aotearoa, New Zealand's first fully electric bus network in Palmerston North and Ashhurst in March. After a delayed launch from the original February date due to shipping issues, the 43-strong fleet rolled out at the same time the city's network changed from meandering circular routes to fast, frequent and easy-to-understand lines running from 6.30 am until 9 pm every day of the week. Early signs, including year-on-year patronage increases of more than 50% in April, show people are embracing the new service.

Transport staff also completed their collaboration with Whanganui District Council to provide the city with 19 new or improved bus shelters. Featuring real-time bus information displays, tactile ground surface indicators, and improved bicycle and scooter parking, the project responded to the 2021 Whanganui Public Transport Survey which found comfortable passenger facilities were a big barrier to people trying public transport in the city. The project was completed thanks to \$1.1 million of funding from NZ Transport Agency Waka Kotahi via the Transport Choices programme, covering about 90% of the total cost.

Changes in policy direction from central government after the 2023 general election meant Horizons had to adapt its freshwater reform work. The current National Policy Statement for Freshwater Management (NPS-FM) had Horizons on course to notify a change to the One Plan by December 2024. With that in mind, staff held a roadshow to

ensure communities were able to give informed feedback on provisional freshwater quality targets for the region. After central government moved the notification deadline from December 2024 to December 2027, Council voted to postpone notification to late 2026/early 2027, or earlier if practicable. The timing extension means Council should be able to incorporate any new national policy statement requirements into the notified revision of the One Plan.

There was plenty of excitement in the biodiversity and biosecurity spaces in the 2023-24 year. The inaugural Tōtara Reserve Open Day was a success, with stellar weather and plenty of activities, such as a scavenger hunt and building pest animal traps, keeping the approximately 300 attendees plenty busy. New biosecurity threats to our region were presented with the report of a wallaby in the Taumarunui area and the spotting of a previously-eradicated aquatic pest fringed water lily. Pest animal and plant officers were able to control these situations and keep our region safe from unwanted invaders.

Horizons' Jobs for Nature funding, allocated in 2020 and initially due to expire mid-2024, was extended for another year, at no additional cost to ratepayers, due to underspending. The extension is a positive outcome for the environment and will allow staff to build on the more than 290km of stream fencing, 318,000 riparian plants, and 101 remediated barriers to fish passage achieved throughout the region with the funding so far.

Horizons' partnership with Lake Horowhenua Trust and Muaūpoko Tribal Authority continued to reap results for water quality in Horowhenua. The weed harvesting at Punahau Lake Horowhenua, which has been taking place each summer since trials were completed in 2021, saw 425 tonnes of lake weed removed – a record since harvesting began.

Staff also continued working to improve water quality across the region. The long-running Sustainable Land Use Initiative (SLUI) secured its fifth

four-year contract to provide landowners with funding for stream fencing, pole planting, installing sediment traps, fencing bush remnants and reverting pasture to native cover on hill country. Despite a very dry summer and mild autumn, strong demand for on-farm pole planting, Whole Farm Plans, and erosion reduction works meant all five Annual Plan targets for land management were exceeded.

In spite of a changing policy environment, inflationary cost pressures, increasingly complex and significant work passed on from central government, and a challenging employment market, Horizons has continued to deliver for our communities across the region in 2023-24. There were a number of non-operational financial adjustments this year that had a negative impact on our financial results. These included assets being written off, reclassification of software projects, timing of revenue being recognised for capital work and impacts of revaluation losses. While these are material, they did not directly impact Horizons' ability to deliver our programs or place a financial burden on our ratepayers. More detailed information about Horizons' achievements, as well as financial breakdowns of activities, are continued throughout this report. Horizons will spend the next year implementing Year 1 of the 2024-34 Long-term Plan with our vision in mind: *tō tātou rohe – taiao ora, tangata ora, mauri ora*; our place – a healthy environment where the people are thriving.

Nā mātou, nā,



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# Welcome to the Annual Report and Financial Overview

This Annual Report describes the work Horizons Regional Council (Horizons) has carried out over the 2023-24 financial year and compares our performance against the Annual Plan 2023-24.

## Budget Variance

	\$000
Surplus as per Statement of Comprehensive Revenue and Expense	(5,326)
-Less: Budgeted net surplus	8,672
Budget variance	(13,998)

There are several contributors to this budget variance, as detailed below:

	\$000
Land and Water Management	(2,733)
Flood Protection & Control Works	(7,480)
Biosecurity & Biodiversity Protection	(597)
Regional Leadership & Governance	(753)
Transport	60
Investments	(2,494)
	(13,998)

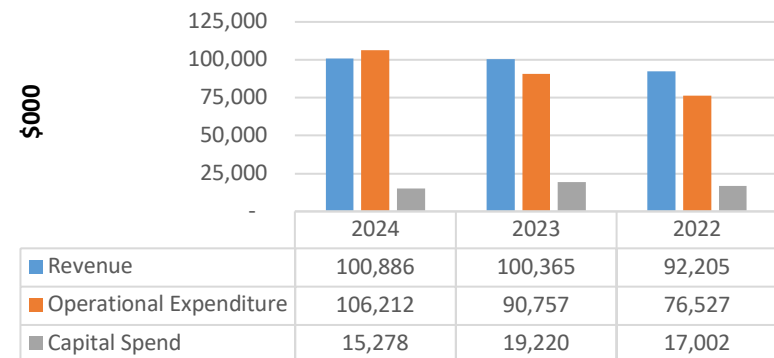
The actual result was \$(13.998) million down on budgeted surplus. The largest contributors to this are as follows:

- A loss on the revaluation of the forestry assets against a budgeted increase (\$1.6 million),
- Additional flood protection costs associated with Cyclone Gabrielle repair works offset by landowner contributions (\$1.5 million),
- Assets written off due to being damaged, lost or no longer in use (\$1.9 million),

- Under recovery of regulatory revenue (\$1.1 million) combined with additional costs associated with consent appeals, ongoing investigations, and court matters (\$0.9 million),
- Reduction in grant revenue recognised for capital projects based on the reduced capital programme completed (\$2.1 million),
- Reclassification of software projects from capital costs to operational costs in line with accounting standards (\$1.9 million).

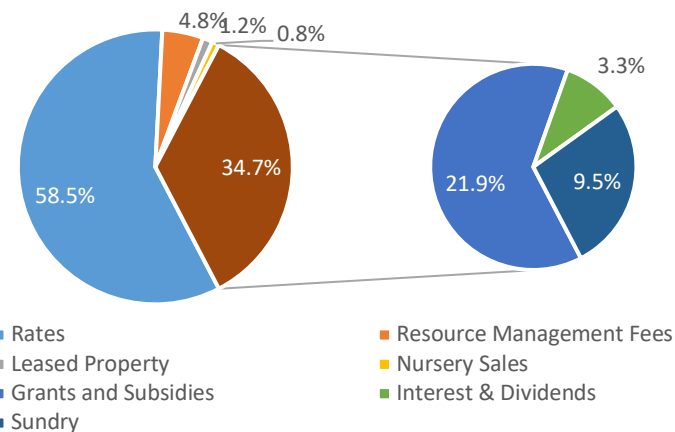
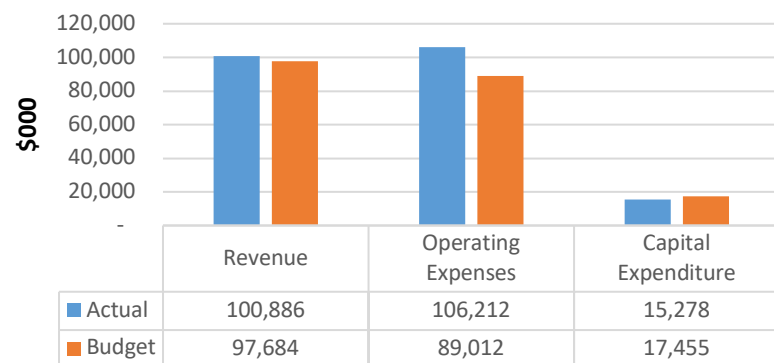
Refer to Explanation of Major Variances Against Budget in note 32 for more detail.

## Revenue and Expenditure - 3 Year Trend

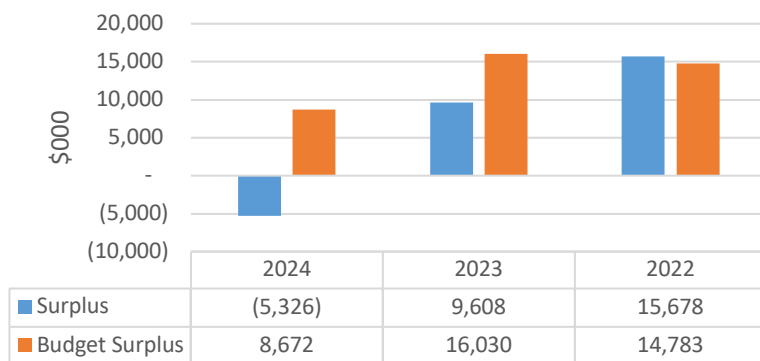




### Financial Result Against Budget



### Actual Net Surplus vs Budget

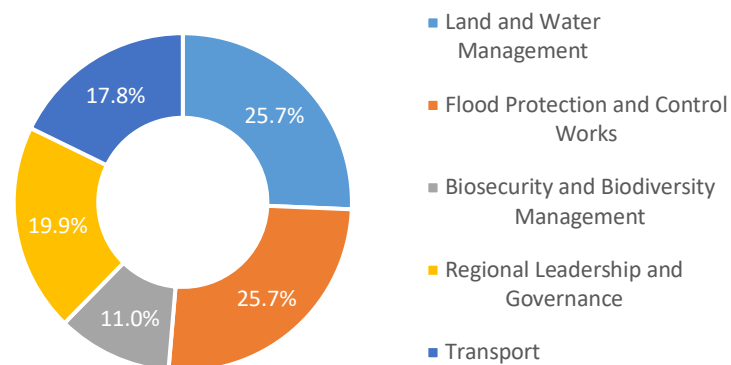


## Revenue

Revenue was \$100.886 million for the year, an increase of 3.28% on budget. This revenue is derived from multiple sources, with Rates being the main contributor.

## Expenditure

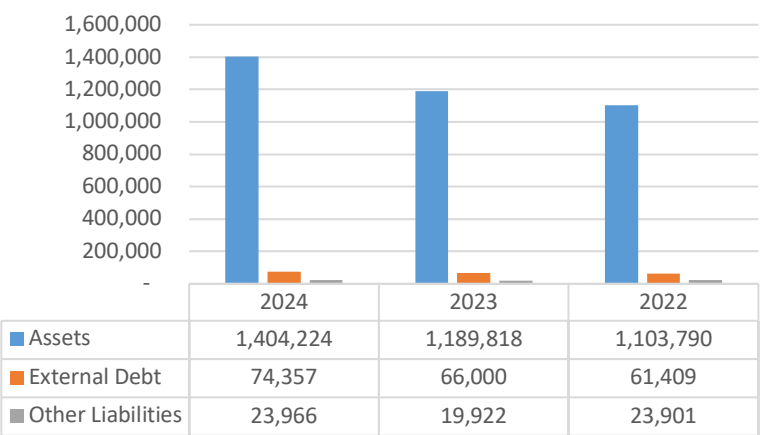
Total expenditure incurred by Horizons during the year was \$121.490 million. This includes operating expenditure of \$106.212 million and capital expenditure of \$15.278 million.



Note the above does not include the Investment Activity.

# Horizons’ Assets and Liabilities

During the financial year, Horizons’ net worth increased from \$1,103.896 million to \$1,305.901 million. The major contributor to this increase in net worth was the revaluation of infrastructural assets and other non-current assets.



# Statement of Service Performance 2024

## Overview

The Statement of Service Performance illustrates progress made during 2024 towards achieving our vision.

Council's vision is 'Tō tātou rohe – taiao ora, tangata ora, mauri ora. Our Place – a healthy environment where people are thriving'. Healthy environments provide clean air, water, land, and well-functioning ecosystems, ensuring people are able to adapt to the inevitable impacts of climate change. Individuals need thriving natural places to feel healthy today—and communities rely on natural systems to support health now and for future generations. To achieve this, our residents require Council to provide appropriate levels of services.

The Long-term Plan and Annual Budgets (Plans) provide more details on these services and how our performance can be measured. The Council develops the vision and associated goals in consultation with the community. These goals are called community outcomes. Our community outcomes are what we aim to achieve to promote the social, economic, environmental, and cultural wellbeing of our communities in the present and for the future, whilst taking a sustainable development approach. Many of the community outcomes also require collaboration and involvement from other organisations in the community to achieve them.

Council's goals as set in the Long-term Plan 2021-31 were:

*E kaha manahau nei ngā hāpori o tō tātou rohe ki ngā mōrearea ā-taiao me te āhuarangi hurihuri*  
*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.

*E ora ana ngā pūnaha hauropi o tō tātou rohe*  
*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.

*E tōtika ana ngā ara waka o tō tātou rohe*  
*Our region has effective transport networks*

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

*E tipu pai ana te ōhanga o tō tātou rohe*  
*Our region's economy is thriving*

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

*E ngangahau ana ō tātou nei rohe hāpori e noho whakamana ana hoki*  
*Our region's communities are vibrant and empowered*

Communities are enabled to participate meaningfully in decision making and take action to benefit our collective wellbeing.

Achievement of the community outcomes requires some level of prioritisation and trade-offs. To that end, Council has four strategic priorities to inform the 2021-24 period:

- Freshwater
- Climate Change
- Unlocking Information, and
- Biodiversity

# Te Wawata me ngā Hua ā-Hapori

## Vision and community outcomes

Our community outcomes are what we aim to achieve to promote the social, economic, environmental, and cultural wellbeing of our communities in the present and for the future, whilst taking a sustainable development approach (Local Government Act 2002).

As a local authority, Horizons is required set out the region's community outcomes in its Long-term Plan. Council adopted its previous set of community outcomes in the 2021-31 Long-term Plan. They are:



**Our region's ecosystems are healthy**



**Our region has effective transport networks**



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



**Our region's economy is thriving**



**Our region's communities are vibrant and empowered**

These outcomes form a key part of our strategic approach and align with Council's vision for the region:

### **Tō tātou rohe – taiao ora, tangata ora, mauri ora.**

Our place – a healthy environment where people are thriving.



These community outcomes and our vision can only be fulfilled through Horizons working together with its communities. These outcomes are a long-term commitment, and each year is another step forward in our ongoing effort to achieve them. Achievement of the community outcomes requires some level of prioritisation and trade-offs. To that end, Horizons has four strategic priorities to inform the 2023-24 period.

They are (in no particular order):

- Freshwater
- Climate Change
- Unlocking Information, and
- Biodiversity

Whilst these four work streams are strategic priorities, they are not all that Horizons seeks to achieve. The previous section describes each outcome and how our work programmes advance the region towards achieving them.

Note, Horizons' 2024-34 Long-term Plan was adopted at the end of the financial year, and so is not reflected in 2023-24 work stream activities.



## Activity Information

Our work programmes are organised into Groups of Activities that support the achievement of these community outcomes and our vision. These are:

- Land and Water Management
- Flood Protection and Control Works
- Biosecurity and Biodiversity Protection
- Regional Leadership and Governance
- Transport

- Investments

The results achieved against the non-financial service performance targets, otherwise more commonly known as outputs, for 2024 are summarised in the table below. Performance has been compared to the 2021-31 Long-term Plan targets.

Activity and service performance information is contained on pages 13 to 76.

Group of Activities	Number of targets	Achieved	Measure Not Applicable	Partially or Not Achieved	% Achieved 2023-24	% Achieved 2022-23
Land and Water Management	24	15	5	4	78.9	70.8
Flood Protection and Control Works	28	1	6	21	4.5	0.0
Biosecurity and Biodiversity Management	16	13	1	2	86.7	83.3
Regional Leadership and Governance	32	28	0	4	87.5	88.2
Transport	9	7	2	0	100.0	100.0
Investment	3	0	0	3	0.0	33.3
<b>Total 2023-24</b>	<b>112</b>	<b>64</b>	<b>14</b>	<b>34</b>	<b>65.3</b>	
<b>Total 2022-23</b>	<b>114</b>	<b>66</b>	<b>7</b>	<b>41</b>		<b>61.7</b>

Note: The percentage achieved is based on measures that were able to be achieved during the year because they applied to this year rather than the total number of targets.

## Statement of compliance

The service performance information in this report is compliant with New Zealand generally accepted accounting practice (NZ GAAP).

## Performance Framework and Selection of Measures

The overall purpose of Council's performance framework is to:

- allow residents to make a judgement on whether or not the Council action being measured is worth funding through rates or fees
- allow Council to take corrective actions if the expected results are not being achieved.

The Long-term Plan pulls together Council's Strategies and Plans, which enable us to bring our vision and community outcomes to life. Activities and non-financial performance measures (outputs) within the Long-term Plan align with these strategies and plans. These service performance measures are directly linked to actual work we undertake or contract others to do, meaning they are quantitative and can be more easily measured. Council publicly reports the Long-term Plan measures as part of the Activity Statements in the Annual Report.

The Department of Internal Affairs sets some mandatory measures that all Councils need to include in their Long-term Plans. For our Council, these relate to our Flood Protection and Control works and are detailed on pages 28 to 34.

Other measures were set through Council's Long-term Plan process in consultation with our communities. No new measures have been included for 2024.

Council has one target that measures its performance in setting how well it processes resource consents within statutory frameworks. In setting targets for this measure, Council acknowledges that a small number of applications will not be processed in the statutory timeframes. This is because some complex consent issues cannot be resolved with these timeframes.

Note that the service performance information contained on pages 13 to 76 of the Annual Report relates to Council only. The CCO service performance information is contained in note 11 of the Financial Statements.

## Māori Participation in Council Decision-making

The Local Government Act 2002 (the Act) requires councils to provide opportunities for Māori to contribute to our decision-making processes. To meet this, we have included in our Significance and Engagement Policy that we:

- Recognise the enduring presence, aspirations, and cultural practices of Māori as kaitiaki in the region
- Actively consider the recognition and protection of Māori rights and interests within the region and how we contribute to the needs and aspirations of Māori
- Where a decision relates to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga
- Recognise the entities and governance frameworks established by treaty settlement legislation and the intent of that legislation
- Establish and maintain processes to provide opportunities for Māori to contribute to our decision-making processes, including collaborative and partnership approaches where appropriate
- Support Māori to fully engage with us, for example, through capability and capacity building
- Build ongoing relationships with Māori through a range of approaches that enable:
  - Early engagement with Māori in the development of appropriate plans and policies
  - Māori to guide how they want to engage with the council.

For the purposes of this policy, 'Māori' will usually refer to mana whenua and other iwi with a recognised interest in an area.

Horizons' achievements towards these policy objectives are included in the narrative and performance indicators section of the Iwi activity, which forms part of the Regional Leadership and Governance Group of Activities.

**Te whakahaere whenua me te wai**  
Land and water management





# Land and water management

## Te Whakahaere Whenua me te Wai

### What we do

Through our land and water activities, we protect and enhance the region's environmental wellbeing for both current and future generations. This has co-benefits for our economic, social and cultural wellbeing. Through both regulatory and non-regulatory programmes, we work with iwi/hapū, landowners, businesses, councils and the community to make decisions on the management of the health of our freshwater and coastal marine ecosystems and enforce environmental regulation. We are also significantly involved in 'on the ground' action to restore ecosystems through activities such as hill country erosion control and riparian fencing and planting, often in partnership with central government, farmers, iwi/hapū and community groups. We also have a substantial science and monitoring programme, which helps us report on the state of environment and informs our decisions, including refining our approach, to ensure that we target the right issues with the right actions. The activities that make up this group are **Land Management, Water Quality and Quantity, and Resource Consent and Pollution Management**.

### Why we do it (community outcomes contribution)

Our land and water activities primarily contribute to **healthy ecosystems** by protecting and enhancing the health of our waterways through:

- Regulating and monitoring the use of our environment to ensure its sustainable management and that community and environmental values are upheld
- Working with and supporting landowners and community on initiatives to protect and restore ecosystems

There are co-benefits from this to supporting a **thriving economy** through:

- Supporting farmers and growers to reduce soil erosion, ensuring our region will maintain its productive soil resource
- Ensuring a fair and sustainable allocation of water for economic use

These activities also support **vibrant and empowered communities** through their support of farmers and community groups by providing funding and making our expertise available to empower them to make their own difference to their local environment.

### What we did this year

#### Land Management

All six of the Annual Plan targets for the Land Management activity were met in the 2023-24 year.

The Sustainable Land Use Initiative (SLUI) continued in 2023-24. This programme is a partnership with Central government and funded through the Hill Country Erosion Fund, and this year completed the first year of a new four year contract. In the 2023-24 year, the farm mapping target of 10,000 ha was met with 11,016 ha mapped, and the erosion reduction works target of 2,900 ha was met with 3,793 ha of works being completed.

This year 405 SLUI jobs were recorded, with 3,793 ha of work, 1.674 million trees planted and over 55.9km of fencing erected. Since SLUI was implemented in 2006, 59,399 ha of work has been completed and 31.1 million trees have been planted.

All six 2023-24 Annual Plan targets were met. Of special note, last year was the distribution of 38,302 poplar and willow poles from our own nurseries and other suppliers for erosion control works throughout the region. This is the largest number of poles distributed for a number of years and exceeded the target by 27%. The environmental grant and Whanganui Catchment programme work target was met, and support from the Whanganui River Enhancement Trust enabled more work to be completed in the Whanganui Catchment than planned.

Horizons Regional Council has ten forestry right forests as part of the SLUI programme, and each year these must be revalued. This year, part of one forest was sold, and the remaining forest areas were revalued. There was a continued decrease in the value of these forests of \$1.41M from the previous year. The decrease in value was due to a number of factors including; a continued decline in current forest harvest values, increasing harvest and transportation costs, less number of forests to value (due to sale), and some trees being valued at \$0 due to issues with them being able to be harvested within the forestry right term.

As part of the forestry right forests, Horizons Regional Council is able to account for the carbon stored within the forest. As the forests grow, you earn carbon units through the Emissions Trading Scheme (ETS). For this financial year, a total of 46,682 carbon units were allocated, at a total book value of \$2.16M. Offsetting this was the transfer out of 72,912 units at a book value of \$3.38M. Note this revenue is reflected in the Investments Group of Activities.

Horizons continued to support industry partnerships through its lead role in the region's Ballance Farm Environmental Awards. The Poplar and Willow Research Trust was the other major programme supported through membership of the Trust, support for Technical Advisory Groups and support for trials within our region.

## **Water Quality and Quantity**

This year saw the continuation of the three Jobs for Nature (Regional Stream Fencing and Riparian Planting, Enhancing Fish Populations through Fish Passage Remediation, and Horowhenua Freshwater Management Unit (FMU) Water Quality Interventions). These

programmes are co-funded through central government (administered through the Ministry for the Environment), landowners and rates. These programmes saw the completion of:

- 161.7 kilometres of stream fencing;
- 193,890 riparian plants planted;
- Remediation of 62 barriers to fish passage; and
- Monitoring of fish and kakahi populations at 53 sites.

Overall, 7 out of 12 of the Annual Plan targets (including research) for Freshwater Enhancement were met. 5 were not applicable.

The year saw the completion of the second full weed harvesting operation on Punahau/Lake Horowhenua. This was a partnership project delivered with the Lake Horowhenua Trust and Muaūpoko Tribal Authority (MTA). In total, 425 tonnes of macrophytes were harvested and removed from Lake Horowhenua.

Monitoring programmes for contact recreation (swim spots), surface water allocation, water quality, groundwater and bio-monitoring were completed. Additional sampling and investigations were completed to support specific research projects, including regulatory and non-regulatory programme implementation.

Additional work to support the implementation of the NPS FM 2020 included:

- Lake water quality modelling and data analysis to develop lake target attribute states;
- A review of One Plan water quality targets for estuaries and recommendations for the development of revised target attribute states;
- Modelling and data analysis to assist in the development of revised groundwater allocation limits;
- Modelling to assess predicted nutrient (nitrogen and phosphorous) load reductions to achieve target attribute state for periphyton;
- Advice on the development of groundwater quality target attribute states and methods to report on target state.

## Resource Consent and Pollution Management

Over this reporting year, staff focussed their monitoring activity on the resource consents that have the potential to have the greatest environmental risk. A total of 2178 consents were assessed during the year, of which 77 per cent were fully compliant with their conditions. Ten per cent of assessed consents received Low non-compliance grading, seven percent received Medium and five per cent received Significantly Non-Compliant grading. Consent holders are generally more aware of potential consequences of non-compliance and are proactive in notifying problems to Horizons, along with their actions to remedy or mitigate potential effects on the environment. Information continues to be provided to consent holders, and staff are available to undertake additional inspections when requested. Additionally, staff continue to take appropriate enforcement action in the event non-compliance is identified. This has resulted in 99 Formal Warnings, 67 Infringement Notices and 60 Abatement Notices being issued and 4 prosecutions being initiated.

The year has also seen Horizons continue to either process or receive a significant number of complex and high-profile consent applications, including those associated with wastewater treatment plant renewals and wind farm proposals. In addition to this, Council has also had input into those applications which have either sought to be considered and have been accepted to be processed via the COVID-19 Recovery (Fast Track Consenting) Act 2020 Fast Track legislation. Approximately 325 resource consent applications were lodged, with 228 applications being

granted. Seventy nine (79%) per cent of the applications granted were processed within statutory timeframes.

The reporting year saw 875 incidents received and responded to. This is a decrease from 2022-2023 year that saw 1,148 incidents received.

Two hundred and seventy eight (278) HAIL requests were received and responded to. Most requests relate to purchasers undertaking due diligence as part of a sale and purchase process.

In addition to the above, staff have continued to be involved in the continued implementation of the IRIS Regulatory project, the implementation of national regulations such as the National Environmental Standard - Freshwater, and proposals for Resource Management Act reform.

A number of performance measures were not met this year for a number of reasons including:

- On-going staff vacancies, particularly senior positions;
- Increased staff time being spent in other areas of the business (such as incident response and provision of advice) that has resulted in less programmed compliance work being undertaken;
- Staff time being re-directed to support the on-going implementation of the IRIS system and the implementation of national regulations.



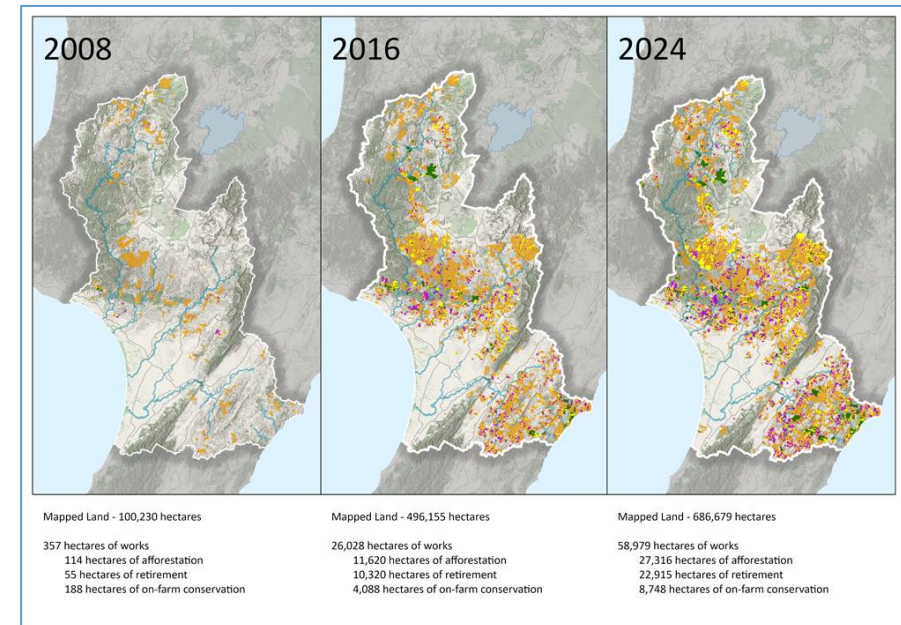
*Description: The Land and Water Management Group includes land management, water quantity and quality management, and resource consent and pollution management activities. All of these activities affect our rivers and water sources and have a high degree of interconnectivity. Work in one area will contribute to the community outcomes of the other activities.*

Horizons Regional Council's land management activity achieved all six of its Annual Plan targets, including both for the Sustainable Land Use Initiative (SLUI). With the highest proportion of erodible land anywhere in the country, the Horizons Region's vast hill country is particularly vulnerable to erosion. SLUI aims to address these issues by keeping soil on hills and out of waterways by providing landowners with funding to carry out pole planting, stream fencing, retirement of pasture to native cover, installing sediment traps, and fencing bush remnants.

The 2023-24 financial year marked the beginning of SLUI's fifth four-year contract with central government through their Hill Country Erosion

Fund (HCEF); with the programme exceeding the target of 3,170ha of works completed by 20% for a total 3,793ha.

SLUI was conceived after the 2004 storm, and officially began in the 2006/7 financial year. Eighteen years on, more than 31 million trees have been planted, over 680,000 hectares of farm land (which equates to approximately 31% of the region's total land area), and more than 954 farm plans have been completed through the programme.



Each of the above regional map figures represents a snapshot of all-time SLUI works completed at the end of their respective financial year. Farm plan mapping is the first step in the SLUI process, which allows farmers and landowners to ascertain their land resources and identify erosion-prone areas with which to target types of works.



Works are split into three different types: afforestation, which is retirement of land from grazing for commercial reasons via planting; retirement of non-commercial land from grazing (most often bush, wetlands or riparian margins, usually via fencing); and on-farm conservation, which is planting trees that allow grazing underneath (such as spaced planting of poplar and willow poles).

The first map (left) shows work completed to-date during the first few years of SLUI, by the end of the 2007/8 financial year. Farm plan-mapped land is shown in orange (100,230 hectares), afforestation works are shown in green, retirement shown in yellow and on-farm conservation is shown in purple. The green, yellow and purple areas (works completed) add up to 357 total hectares.

The second (middle) map shows the increase in mapped land and control works completed by 2016, with 496,155 hectares of land mapped.

The third map shows SLUI work completed to date by the end of the 2023/24 financial year, with 686,679 hectares of mapping completed, showing a slowing down of new land being mapped but a sharp increase in erosion control works being completed. As the programme has progressed and more mapping has been completed, the priority focus for Horizons has gradually shifted from mapping new land to completing erosion control works.

*Group of Activities performance against the 2023-24 Annual Plan: Of the overall 24 performance targets set for the Group, 15 were achieved, 4 were not achieved, and 5 were not applicable.*

## What we have delivered – Land Management

Achieved	Not Achieved			Not Applicable
●●●●●● 6	0			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>SUSTAINABLE LAND USE INITIATIVE (SLUI)</b>				
Erosion reduction works programmes in targeted SLUI catchments (hectares).	2,900	4,038	3,793 ●	
Hectares of Whole Farm Plan properties mapped per year.	10,000	27,247	11,016 ●	
<b>REGIONAL LAND INITIATIVES AND WHANGANUI CATCHMENT STRATEGY</b>				
Manage environmental grant programme to deliver erosion reduction works (hectares).	175	158	196 ●	
Support industry initiatives that promote sustainable land use via industry partnerships (incl. Whanganui River Enhancement Trust).	5	8	8 ●	
Operate Council nursery and source additional commercial material to deliver poles (poplar and willow) to erosion control programmes (number of poles).	30,000	31,366	38,302 ●	
<b>RESEARCH AND MONITORING</b>				
Annual report on the previous year's land and fluvial monitoring and research activity.	Achieved	Achieved	Achieved ●	Report to council written and delivered 13th Feb 2024 <a href="https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Strategy-and-Policy-Committee-Folder/Strategy-Policy-Committee-2024-13-02/Full%20Agenda.pdf">https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Strategy-and-Policy-Committee-Folder/Strategy-Policy-Committee-2024-13-02/Full%20Agenda.pdf</a>

## What we have delivered – Water Quality and Quantity

Achieved ●●●●●●●	Not Achieved			Not Applicable ●●●●●
7	0			5
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>FRESHWATER ENHANCEMENT TO ENABLE AND ENCOURAGE THE PROTECTION AND ENHANCEMENT OF WATER QUALITY, RIPARIAN MARGINS AND AQUATIC HABITAT</b>				
Deliver freshwater enhancement work within the Manawatū Catchment in alignment with the Manawatū River Leaders' Accord and through delivery of the Manawatū Freshwater Improvement Fund project, including:				
Stream fencing (km;	N/A	40.2 km	N/A ●	
Riparian plants (number);	N/A	77,817	N/A ●	
Remediate fish barriers (number);	N/A	3	N/A ●	
Community projects (funded).	N/A	9	N/A ●	
Delivery of the Jobs for Nature - Public Waterways and Ecosystem Restoration Fund Project Enhancing fish populations through fish passage remediation project, including:				
Investigation of selected areas for fish barriers;	1	2	4 ●	
Fish/kakahi monitoring at a number of sites; and	12	67	53 ●	
Remediation of barriers to fish passage (number).	7	28	62 ●	
Deliver freshwater enhancement work in the Waipu Catchment through the Freshwater Improvement Fund project, including:				
Annual report to Council on the Waipu Catchment Freshwater Improvement Fund project.	N/A	Achieved	N/A ●	
Delivery of the Jobs for Nature - Public Waterways and Ecosystem Restoration Fund Project Regional Stream Fencing and Riparian Planting, including:				
Stream fencing (km);	160 km	100.7 km	161.7 km ●	
Riparian Plants (number).	140,000	110,764	193,890 ●	

Deliver freshwater enhancement work within the Lake Horowhenua Catchment in alignment with the Lake Horowhenua Accord and through deliver of the Jobs for Nature - Public Waterways and Ecosystem Restoration Fund Project Lake Horowhenua Water Quality Interventions including:				
Annual report to Council on lake restoration activity, including the Jobs for Nature Fund project for Lake Horowhenua	Achieved	Achieved	Achieved ●	Report to Council on the 28 May 2024 <a href="https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2024-28-05/Full%20Agenda.pdf">https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2024-28-05/Full%20Agenda.pdf</a>
<b>IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S WATER RESOURCE</b>				
Annual report to Council on the previous year's water quantity and quality monitoring and research activity and its findings	Achieved	Achieved	Achieved ●	Report to council written and delivered 13th Feb 2024 <a href="https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Strategy-and-Policy-Committee-Folder/Strategy-Policy-Committee-2024-13-02/Full%20Agenda.pdf">https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Strategy-and-Policy-Committee-Folder/Strategy-Policy-Committee-2024-13-02/Full%20Agenda.pdf</a>

## What we have delivered – Resource Consent and Pollution Management

Achieved ●●	Not Achieved ●●●●			Not Applicable
2	4			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>CONSENTS PROCESSING</b>				
Process consents within Resource Management Act (RMA) timeframes.*	85%	88%	79% ●	Continued vacancies in senior positions, plus re-direction of senior staff to support system upgrades such as IRIS Next Gen, as well as dealing with a number of large applications, have impacted on our ability to perform tasks such as peer reviewing work in a timely manner as part of our decision-making process.

<b>COMPLIANCE MONITORING</b>				
Monitor compliance of all resource consents identified in the rural annual compliance monitoring programme.	90%	77%	81% ●	Out of the 350 Farm Dairy Effluent sites 288 were assessed, out of the 16 forestry consents six were assessed. Staff vacancies, recruiting and training new staff and re-directing staff to the investigations team has affected the programme being fully completed.
Monitor compliance on Category 1 and Category 2 (high priority) sites identified in the TA and industry annual monitoring programme.	100%	60%	76% ●	Out of the 59 C1 and C2 sites 45 were fully assessed, 11 had one assessment and three were not assessed. In addition, 22 C3/C4 sites were fully assessed, six had one assessment and five were not assessed. Staff vacancies and redirection of staff time to the on-going implementation of IRIS Classic contributed to the targets not being fully achieved.
Take action in relation to significant or serious non-compliance	100%	100%	100% ●	All significant non-compliances have had action taken ranging from Significantly Non-Complying Reports, Formal Warnings, Infringement Notices, Abatement Notices and Formal Investigations
<b>INCIDENT RESPONSE AND HAIL</b>				
All notifications of non-compliance from the public are responded to.**	100%	100%	100% ●	All incidents reported through the pollution hotline and the internet portal have been responded to.
All HAIL (Hazardous Activities and Industries List) enquiries are responded to within 10 working days.	100%	85%	88% ●	Out of the 278 HAIL enquiries made, 247 were responded to within 10 working days. For the 31 not responded to within the time frame the longest delay was a 29 day response.

\* Consideration of national averages as reported by the Ministry for the Environment will be taken into account when measuring success against this measure

\*\* Options for response include:

Desktop response;  
Immediate site inspection;  
Planned site inspection;  
Phone call only;  
Referred to external contractor;  
Subject to investigation; and  
Referred to other agency (i.e. relevant territorial authority, Civil Aviation Authority etc.).

# Funding Impact Statement for the Land and Water Management Group of Activities to 30 June 2024 (\$000)

	LTP 2021-31 2023-24	Actual 2023-24	LTP 2021-31 2022-23	Actual 2022-23
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	15,028	15,293	14,104	14,548
Targeted rates	748	1,071	747	972
Subsidies and grants for operating purposes	4,678	4,078	6,192	5,074
Fees and charges	6,779	7,192	6,436	6,258
Internal charges and overheads recovered	-	73	-	26
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>27,233</b>	<b>27,707</b>	<b>27,479</b>	<b>26,878</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	11,801	11,071	12,724	11,852
Finance costs	-	-	-	-
Internal charges and overheads applied	15,424	16,999	14,709	15,586
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>27,225</b>	<b>28,070</b>	<b>27,433</b>	<b>27,438</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>8</b>	<b>(363)</b>	<b>46</b>	<b>(560)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(125)	(69)	(123)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(125)</b>	<b>(69)</b>	<b>(123)</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	156	-	161	-
-to replace existing assets	-	88	-	358
Increase (decrease) in reserves	(273)	(520)	(238)	(918)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(117)</b>	<b>(432)</b>	<b>(77)</b>	<b>(560)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(8)</b>	<b>363</b>	<b>(46)</b>	<b>560</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Ārai waipuke me te mahi whakahaere**  
**Flood protection and control works**





# Flood protection and control works

## Ārai Waipuke me te Mahi Whakahaere

### What we do

The Flood Protection and Control Works Group of Activities includes:

- **River and Drainage General**, and
- **River and Drainage Scheme**

Through these activities, we design, build, manage, and maintain river management and erosion protection schemes that provide protection from flooding, riverbank erosion and channel movement to 11 urban areas and 75,000 hectares of rural land.

This work enables the productive potential of a significant part of the region to be fully realised, protecting people, property, and infrastructure from flooding.

### Why we do it (community outcomes contribution)

Our Flood Protection and River Control Activities primarily contribute to **resilient communities** by:

- Providing flood and erosion protection
- Providing information and advice about flood risk to enable informed decisions to be made
- Embedding climate change considerations within the activities

These activities also support **a thriving economy** through the direct and substantive benefits to the region's economic activity derived from flood protection, river control, land drainage infrastructure and activities.

### What we did this year

#### River and Drainage General

The River and Drainage General activity includes investigations and design activity as well as implementation work via the Environmental Grant programme. Overall, the programme achieved 1 out of 4 of the Annual Plan targets.

The target of three scheme reviews was achieved by reviewing all schemes via the infrastructure strategy and maintenance-based programmes.

The application of the code of practice developed by the River Managers Forum to five schemes have not been achieved. Instead, a regional flood vulnerability assessment is being commissioned with co-funding from central government. Two Operations and Maintenance Manuals were not completed as this was replaced with activity to define maintenance programmes for all 34 schemes as part of the maintenance-based programme.

The non-completion of the Operations and Maintenance Manuals and the assessment on the five schemes, applying the code of practice developed by the River Managers, are not considered to have any impact on the levels of service by the River Management Activity of Horizons.

The environmental grant programme completed 5 projects for a target of 10 not completing this target.

## River and Drainage Scheme

The River and Drainage Scheme Activity includes the operational activity for the river management schemes. The targets for these relate to asset inspections, ensuring schemes meet levels of service, completing maintenance programmes, asset renewals, flood repairs, and capital programmes. The targets for these activities are measured across the four main regional areas: Northern, Central, Southern and Eastern.

Overall, 0 out of 24 of the River and Drainage scheme targets were met.

The delivery of the operational targets has been impacted by the ongoing response to Cyclone Hale and Cyclone Gabrielle, which have stretched the team's resources and resulted in the reprioritising of resources and funding.

A further factor that has impacted the area's inability to achieve the targets set out in the Annual Plan has been the way that they have been written. The majority of the current targets require the inspection of all of the schemes assets and the capturing of this information within the Asset Management System. This information is then used to confirm that the operational programmes and other targets have been completed.

Weather-related impacts have meant that focus has been placed on the inspection of critical assets (100%) and some of the non-critical assets (21%) resulting in only 46% of all assets inspections being captured within the Asset Management system.

Overall, the majority of the areas have been able to complete their maintenance programmes which is reflected by the expenditure within the schemes and therefore the levels of service with the majority of the schemes have not been impacted, with the exception of those schemes that have been impacted by the focus on recovery from Cyclone Gabrielle and other storm events.

The reduced spend was primarily due to less damage and, therefore, lower financial impacts than indicated by preliminary estimates of ex-tropical cyclones Hale and Gabriele on Lower Manawatū Scheme works and delayed construction on the Te Pūwaha project.

The Te Pūwaha project experienced delays in progressing permissions to advance construction of the Tanae Groyne and the South Mole, which, in turn, resulted in less construction work being undertaken with a corresponding reduction in project spend. A variation that reflects these delays has been completed with central government.

The four climate resilience projects continued (Rangitikei, Te Awahou Foxton, Lower Manawatū and Palmerston North Stopbanks) taking advantage of favourable weather over the construction season. This enabled 86% of the forecast Annual Plan spend being achieved for the climate resilience suite of projects. A new variation from central government was sought and obtained to reflect delays to the programme whilst recovery from ex-tropical cyclones Hale and Gabriele repairs were prioritised.

The Lower Manawatū and Palmerston North City stopbanks projects underwent a review of sub-projects based on risk and consequence, and changes were made to some sub-projects' scope and budgets. Te Awahou Foxton project was also rescope as a result of cost increases and delays. This has resulted in the project being refocussed towards achieving resilience improvements for the Foxton East Drainage scheme and upgrades to Horowhenua District Council's stormwater drainage network. The Rangitikei project has delivered some further ex-tropical cyclone Hale and Gabriele repairs and room for the river upgrades. The ex-tropical cyclone repairs have now been completed.



*Description: The Flood Protection and Control Works Group is split into two activities: river and drainage (general activity) and river and drainage (scheme activity). The general activity provides a mechanism to investigate and report on river management issues that lie outside established schemes, while the scheme activity includes the management, investigation, design and maintenance of activities associated with the operation of the various river schemes.*

Cyclone Gabrielle had a significant impact on communities across the Horizons Region, causing large amounts of disruption and damage, especially in Tararua, Rangitikei, and Manawatū districts. Landscapes and assets of various kinds were damaged, with recovery efforts ongoing more than 18 months since the cyclone made landfall in February 2023.

Horizons' catchment operations group supported recovery efforts by dedicating capacity in 2023-24 to ongoing Cyclone Gabrielle repair works. The Cyclone Gabrielle Recovery Programme delivered 138 jobs at a total value of approximately \$4.5 million. The northern scheme area

includes the Pohangina-Ōroua Catchment and Rangitikei River, which focussed on cyclone repairs. Seventy jobs were completed in this area, totalling approximately \$3.26 million. This reprioritisation of staff efforts to cyclone recovery contributed to the result of five of the 28 Annual Plan targets being met, or 18%.

Landowners have contributed significantly to the costs of river management activity for cyclone recovery efforts, particularly in the Pohangina-Ōroua and Rangitikei catchments. As cyclone recovery work transitions to be part of business-as-usual, Horizons acknowledges the scars of the cyclone are still present, and impacts will continue to be felt by these communities for years to come.

As part of work to lessen the impact of future flood events on people living in the region, and to lower the rating impact of recovery work, Horizons successfully bid for more than \$4.2 million from the Local Government Flood Resilience Co-Investment Fund. The fund aims to help build resilience to the impacts of climate change and speed up Cyclone Gabrielle recovery efforts. Two packages of works were put forward in the bid. The first was an initiative to upgrade flood forecasting and communications resilience across the region, and the second was a programme dedicated to reducing risk to people and properties through nature-based solutions in the Pohangina-Ōroua Catchment following significant damage caused during Cyclone Gabrielle. Investigations into nature-based solutions have begun with the establishment of a governance group, with this work still in very early planning stages.

The second work programme comes under the Environmental Data department. Resilience monitoring and the forecasting upgrade programme has been undertaken across the Tararua and some Manawatū districts, with five new warning/monitoring stations, four new radio repeaters, 29 station upgrades completed so far, and 72 station upgrades remaining to complete over the nine months.

*Group of Activities performance against the 2023-24 Annual Plan: Of the overall 28 performance targets set for the Group, 1 was achieved, 21 were not achieved and 6 were not applicable.*

**Table 1 – Programme of application of the Code of Practice**

<b>Scheme</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Ashhurst										
Hōkio Drainage										
Koputaroa Drainage										
Lower Kiwitea										
Lower Manawatū										
Lower Whanganui										
Makerua Drainage										
Manawatū Drainage										
Mangatainoka										
Matarawa										
Moutoa Drainage										
Ōhau-Manakau										
Pohangina Ōroua										
Rangitikei										
Te Kawau Drainage										
Tūtaenui										
Upper Manawatū-Lower Mangahao										
Upper Whanganui										
Whirokino Drainage										

**Table 2 – Programme of Operations and Maintenance Manual Development**

<b>Scheme</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Ashhurst										
Forest Road Drainage										
Foxton East Drainage										
Himitangi Drainage										
Hōkio Drainage										
Koputaroa Drainage										
Lower Kiwitea										
Lower Whanganui										
Makerua Drainage										
Manawatū Drainage										
Mangatainoka										
Moutoa Drainage										
Ōhau-Manakau										
Pohangina Ōroua										
South East Ruahine										
Tawataia-Mangaone Drainage										
Te Kawau Drainage										
Tūtaenui										
Upper Manawatū-Lower Mangahao										
Upper Whanganui										
Whirokino Drainage										

## What we have delivered – River and Drainage General

Achieved	Not Achieved			Not Applicable
1 ●	3 ●●●			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>INVESTIGATIONS AND ADVICE</b>				
In accordance with the programme identified in the Infrastructure Strategy, carry out and report to Council on reviews of schemes, assessing whether the current management approach is sustainable, how best to meet the needs of the community now and in future and whether the associated funding model is both efficient and equitable (reports to Council).	3	0	3 ●	Reviews of all schemes have been undertaken via the Infrastructure Strategy and maintenance based programme
In accordance with the programme identified in Table 1, assess the performance of flood protection assets in line with the Code of Practice developed by River Managers Forum (schemes assessed).	5	0	0 ●	Instead, a regional vulnerability assessment is being commissioned with co-funding from Central government.
In accordance with the programme identified in Table 2, produce operations, maintenance and surveillance manuals that capture scheme history, operating context and the inspection and maintenance activities required to deliver the levels of service to the relevant communities (Operations and Maintenance manuals produced).	2	0	0 ●	Instead, Maintenance programmes are being developed.
<b>IMPLEMENTATION</b>				
Apply environmental grant funding assistance to applicants where criteria is satisfied (grants).	10	4	5 ●	5 environmental grants have been completed. Some of the works that would fit this criteria being completed via Cyclone Gabrielle repairs.

## What we have delivered – River and Drainage Schemes

Achieved	Not Achieved			Not Applicable
0	●●●●●●●●●●●●●●●●			●●●●●●
	18			6
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>NORTHERN SCHEMES</b>				
<b>Flood and erosion protection assets and systems are maintained.</b>				
Completion of maintenance programme. Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Work was unable to be completed due to impacts from Cyclone Gabrielle.
System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Not Achieved	Not Achieved ●	Work was reprioritised during the year, and we were unable to collect all the relevant asset condition reports to support an achieved outcome.
Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	We were unable to inspect all assets as required due to a shift in focus during the year.
<b>Flood and erosion protection assets and systems are repaired.</b>				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Not Achieved	N/A ●	There were no significant flood events this year
<b>Assets are renewed at end of useful life or to address a service level change.</b>				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	N/A	N/A ●	No renewal programme in this area for the year
<b>New assets are constructed.</b>				
Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Not Achieved	Not Achieved ●	Work was unable to be completed due to impacts from Cyclone Gabrielle.



<b>CENTRAL SCHEMES</b>				
<b>Flood and erosion protection assets and systems are maintained.</b>				
Completion of maintenance programme. Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Work was unable to be completed due to impacts from Cyclone Gabrielle.
System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Not Achieved	Not Achieved ●	Work was reprioritised during the year, and we were unable to collect all the relevant asset condition reports to support an achieved outcome.
Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	We were unable to inspect all assets as required due to a shift in focus during the year.
<b>Flood and erosion protection assets and systems are repaired.</b>				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Not Achieved	N/A ●	There were no significant flood events this year
<b>Assets are renewed at end of useful life or to address a service level change.</b>				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	Not Achieved	Not Achieved ●	Some of the renewal works have not been completed due to staff disruptions throughout the year.
<b>New assets are constructed.</b>				
Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Not Achieved	Not Achieved ●	Work was unable to be completed due to impacts from Cyclone Gabrielle.
<b>SOUTHERN SCHEMES</b>				
<b>Flood and erosion protection assets and systems are maintained.</b>				
Completion of maintenance programme. Schemes to be maintained to full service potential, in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Work was unable to be completed due to resourcing disruptions throughout the year.

System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Not Achieved	Not Achieved ●	Work was reprioritised during the year and we were unable to collect all the relevant asset condition reports to support an achieved outcome.
Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	We were unable to inspect all assets as required due to a shift in focus during the year.
<b>Flood and erosion protection assets and systems are repaired.</b>				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Not Achieved	N/A ●	There were no significant flood events this year
<b>Assets are renewed at end of useful life or to address a service level change.</b>				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	Not Achieved	Not Achieved ●	Some of the renewal works have not been completed due to staff disruptions throughout the year.
<b>New assets are constructed.</b>				
Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Not Achieved	Not Achieved ●	Due to staff disruptions and reprioritisation of work, some of the programmed capital works have been delayed.
<b>EASTERN SCHEMES</b>				
<b>Flood and erosion protection assets and systems are maintained.</b>				
Completion of maintenance programme. Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Work was unable to be completed due to impacts from Cyclone Gabrielle.
System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Not Achieved	Not Achieved ●	Work was reprioritised during the year and we were unable to collect all the relevant asset condition reports to support an achieved outcome.

Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	We were unable to inspect all assets as required due to a shift in focus during the year.
<b>Flood and erosion protection assets and systems are repaired.</b>				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Not Achieved	N/A ●	There were no significant flood events this year
<b>Assets are renewed at end of useful life or to address a service level change.</b>				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	N/A	N/A ●	No renewal programme in this area for the year
<b>New assets are constructed.</b>				
Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Not Achieved	Not Achieved ●	Programmed capital works were unable to be completed due to impacts from Cyclone Gabrielle.

Explanatory Note: The following flood protection levels are provided by our key schemes (refer Figure 2 in Section 3 of our Infrastructure Strategy):

Lower Manawatū Scheme: 1% AEP\*, with 0.2% AEP within the Palmerston North urban area

Rangitikei Scheme: 1-2% AEP depending on location

Manawatū Drainage Scheme: 20% AEP

Mangatainoka Scheme: 5-20% AEP depending on location

South Eastern Ruahine Scheme: 20% AEP

Other Schemes that provide flood protection do so to levels between 5-1% AEP depending on location

\*Annual Exceedance Probability (AEP) refers to the probability of a flood event at or above a given size occurring in any year. For example, a large flood which may be calculated to have a 1% change to occur in any one year is described as 1% AEP. 20% AEP equate to a 1 in 5 year flood, while a 0.2% AEP equates to a 1 in 500 year flood.

# Funding Impact Statement for the Flood Protection and Control Works Group of Activities to 30 June 2024 (\$000)

	LTP 2021-31 2023-24	Actual 2023-24	LTP 2021-31 2022-23	Actual 2022-23
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	4,603	4,434	4,394	4,202
Targeted rates	12,938	11,676	12,399	12,080
Subsidies and grants for operating purposes	-	164	-	-
Fees and charges	1,991	2,390	1,910	1,646
Internal charges and overheads recovered	861	861	1,380	1,214
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>20,392</b>	<b>19,525</b>	<b>20,083</b>	<b>19,142</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,768	9,331	6,348	8,291
Finance costs	-	-	-	-
Internal charges and overheads applied	7,425	8,430	7,439	7,279
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>14,193</b>	<b>17,761</b>	<b>13,787</b>	<b>15,570</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>6,199</b>	<b>1,764</b>	<b>6,296</b>	<b>3,572</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,396	5,376	13,352	6,142
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(725)	1,086	5,129	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	575	-	2,735	766
<b>Total sources of capital funding (C)</b>	<b>4,246</b>	<b>6,462</b>	<b>21,216</b>	<b>6,908</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	10,799	10,137	27,677	14,098
-to replace existing assets	212	304	279	-
Increase (decrease) in reserves	(567)	(2,215)	(444)	(3,618)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,445</b>	<b>8,226</b>	<b>27,512</b>	<b>10,480</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(6,199)</b>	<b>(1,764)</b>	<b>(6,296)</b>	<b>(3,572)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Tiaki koiora**  
Biosecurity and  
biodiversity protection





# Biosecurity and biodiversity protection

## Tiaki Koiora

### What we do

The indigenous species of Aotearoa are special as they are found nowhere else in the world. New Zealand's flora and fauna has been particularly vulnerable to the impacts of habitat loss and introduced pests. This has resulted in significant declines in biodiversity. Reversing these will take the concerted efforts of multiple agencies and communities. Through our **biosecurity** and **biodiversity** activities, we protect and enhance the region's environmental wellbeing for both current and future generations. Our biosecurity activity also plays an important role in safeguarding the economic wellbeing of our rural sector.

The biosecurity programme includes delivery of the Regional Pest Management Plan to control, exclude or eradicate plant and animal pests that have established breeding populations in New Zealand and pose a threat to our region's economy and ecosystems. Much of our work is in partnership with landowners, community groups and other stakeholders who share our passion for our native taonga.

### Why we do it (community outcomes contribution)

Our biosecurity and biodiversity activity contributes to **healthy ecosystems** by protecting and enhancing the health of our indigenous ecosystems through:

- Implementation of the Regional Pest Management Plan programmes of work against pest plants
- Delivery of the regional possum control programme, rook control and an amenity pest programme
- Active management of high priority remnants of threatened ecosystems, including a regional park, and
- Supporting community groups and other stakeholder groups to protect and enhance biodiversity on public and private land.

The biosecurity activity also supports a **thriving economy** through the control of plant and animal pests that may have an adverse effect on agriculture and other primary industries and impact the regional economy as a whole.

The activity also supports **vibrant and empowered communities** through the support of landowners and community groups by providing funding and making our expertise available. We also maintain Tōtara Reserve, a regional park and campground.

### What we did this year

#### Biosecurity

9 out of 12 Biosecurity Annual Plan targets were met, with 2 not achieved and 1 not applicable.

In the 2023/24, year Horizons completed possum control work in 89 Possum Control Operations (PCOs) with another three PCO underway. All work undertaken was existing maintenance operations. The total area actively managed by the PCO programme this year was 981,070 hectares; the full regional operation has 153 individual operational areas and totals 1,670,624 hectares.

Thirty-six of the 153 PCOs were monitored during the year, returning an average result of 2.4% +/- 1% Residual Trap Catch Index (RTCI), well below the target of 10% RTCI.

Rook control was carried out in spring and again in late summer. Sixteen new sites were located, in part, due to increased advertising. The total number of active rookeries and nests continues to diminish. We treated 72 active nests at 55 rookeries, compared to 116 active nests at 65 rookeries last year.

Overall, 98% of the Annual target was achieved with 54 out of 55 rookeries treated; permission was not gained in time to treat a new rookery in the Ruapehu District.

The pest plant site management activity using both in-house and external contractor support for control and searching for new sites grew the overall number of sites by 167 to 4,479 sites:

- Species targeted for Eradication slightly reduced in the measure of zero levels from 86% to 83% of all sites at zero levels. This was due to the discovery of new sites across a number of species due to increased surveillance;
- The Progressive Containment-mapped suite of species is below our target zero-level percentage (71% compared with 82%); natural dispersal from entrenched areas and surveillance is a constant source of new locations;
- Biological control agents were released against a number of species, with a highlight being a re-introduction of the old man's beard sawfly. Thought to have failed to establish from 2004 introductions across the country; but discovered near Nelson and re-introduced from Serbia to Canterbury for mass production. A successful application to the Environmental Protection Authority for the release of up to four insects to minimise the impact of purple loosestrife in the country's largest infestation in the Horowhenua;
- Coordinating and regulating the many regional partnerships aimed at reducing the impacts of pest plants (e.g. working collaboratively with all territorial authorities, forestry companies and the Crown). This year saw the beginning of a combined programme with the Department of Conservation to work as one across land tenure against old man's beard along the Ruahine range;

- Horizons also managed the Central North Island Regional Coordination Group for the National Wilding Conifer Control Programme contract, facilitating the transfer of over \$1M of central government funding to a range of agencies, including Horizons, to undertake control work.
- Horizons supported national pest management programmes by working alongside the Ministry for Primary Industries in assisting farmers with velvetleaf surveillance and along our western coast with surveillance and site management of and surveillance for sea spurge incursions.

A total of 526 animal and 177 pest plant ratepayer requests were received for advice or assistance. All animal pest and pest plant requests received an initial response within 48 and 72 hours respectively.

#### Significant Events/Issues

- Possum monitoring returned an average of 2.4% +/- 1% RTCI from 36 PCOs monitored across the region, target is 10% RTCI;
- Rook pest programme continues to reduce active nests in the region;
- 703 requests for assistance from the biosecurity staff were addressed;
- Central government funding received for wilding pine control and programme was successfully managed; and
- A suite of biological control insects approved for release in our region against purple loosestrife.

### Biodiversity

All four of the biodiversity team's Annual Plan targets were met.

The Priority Habitats activity target of eleven new sites being brought into the programme was met following review of over 50 potential sites across the region. This resulted in a total of 94 sites being in the active management programme by year-end, representing 29 of the most rare and endangered ecosystem types in the Horizons region.

The biodiversity partnerships programme continued work in the five icon sites, with trapping continuing at Kia Wharite, Horizons supporting pest animal exclusion and monitoring at Bushy Park Tarapurui, and enhanced predator control and old man's beard control at Pūkaha Mount Bruce. Manawatū Estuary works focussed on enhanced predator control in the salt marsh, weed control in the dunes, and supporting community groups to develop activity plans that will form the basis for a new Manawatū Estuary Management Plan. In Te Āpiti Manawatū Gorge, weed control continued targeting old man's beard, banana passionfruit, Japanese honeysuckle and wilding pines. A new three-year weed control contract was tendered and awarded to the incumbent. Animal pest control work saw the expansion of the trapping network and bait types changed, resulting in reduced possum numbers. Projects from the Whakatakotoranga Matua Ki Te Apiti (the Te Āpiti Masterplan) are the focus for a new group made up of project leads, iwi groups and connected organisations.

Rangitikei Environment Group continued their old man's beard control on public and community reserves, excluding Public Conservation Land in the Rangitikei District through the targeted rate. The Waitarere Beach targeted rate enabled weed control in the sand dunes to be completed, and the biodiversity team monitored the dune planting trial to track the establishment of various species planted last year in various locations.

Thirty-one projects were funded and supported this year by Kanorau Koiora Taketake – the Indigenous Biodiversity Community Grant from the \$270,000 available, including five multi-year projects in their second year. Over sixty new applications were assessed in May, and twenty-seven of these projects, along with eight multi-year projects, were able to be awarded for the 2024-25 year due to a significant increase of funds through the Long-term Planning process to \$357,000.

Tōtara Reserve Regional Park activity saw Cyclone Gabrielle flood damage repairs to campground infrastructure completed in time for a successful summer camping season. Investigations began into potential options for protecting camping facilities from future flooding events. Walking tracks in the reserve park were upgraded with track rafts over muddy sections, and although the Gilcrest Track had to be

permanently closed due to irreparable flood damage, work began to create links between other tracks to improve options for walkers. Biosecurity activity continued with contractors carrying out large-scale control of the main pest plant species in the area and Horizons staff maintaining the network of bait stations and traps across the reserve that control possum and predator numbers. A forest health report determined that deer numbers are significantly impacting the understorey and recommended that control be considered to assist forest regeneration. Community engagement with the regional park was increased by hosting a well-attended inaugural Open Day in October and a Night Walk in summer. A review of the 2014 Tōtara Reserve Management Plan was initiated, and will seek further public engagement next year to help inform the future management of the regional park.

#### Significant Events/Issues

Highlights in the Biodiversity Activity include:

- The Kanorau Koiora Taketake - Indigenous Biodiversity Community Grant supported 31 biodiversity projects throughout the region, engaging with new landowners, community groups and Iwi-led projects.
- Tōtara Reserve facilities were reinstated post-flooding but further investigation and feedback from the public is required before significant development or investment is made in the flood-prone campgrounds.
- Eleven new sites of critically endangered ecosystems are receiving management to protect and enhance their biodiversity values, taking the tally to 94 sites across the region.



*Description: The Biosecurity and Biodiversity Management Group includes the management of pest plants and pest animals, the protection of priority ecological habitats, and the support of community biodiversity projects.*

With a possible wallaby sighting, the threat of golden clams to our region's waterways, numerous planting days, and evidence of successful introduction of a bud-galling wasp for controlling Sydney golden wattle - the 2023-24 financial year proved a busy one for our Biosecurity and Biodiversity teams.

The year began by responding to a reported sighting of a dead wallaby near Taumarunui. Following the report, Horizons and local contractors conducted extensive searches of the area, ultimately finding no evidence of further wallaby activity or any local population. Listed under the Regional Pest Management Plan 2017-2037 (RPMP) as an exclusion species, wallabies browse pasture and eat young native plants and seedlings. They are able to remove all palatable species, reducing biodiversity and forever changing the species mix of future forests.

Wallabies can be found elsewhere in the North Island but have not been previously sighted in the Horizons Region, so the idea of wallaby populations possibly moving toward the region was concerning. While initially alarming, the reported sighting was a good test of Horizons' response to a biosecurity threat. There have been no further sightings since the initial report was made in June 2023.

In April 2024, another concerning report of a new pest to the region was made to Horizons. Fringed water lily, a plant previously thought to have been eradicated from New Zealand in the 1990s, was spotted by Mangaone River Catchment Group on a private property in the Mangaone Valley, who immediately reported it to Horizons. Following the report, Horizons officers quickly located the source of the pest. With consultation from an aquatic weeds expert, officers were able to successfully control the pest at the source.

In addition to some unique reports, staff continued with business-as-usual, conducting regular surveying and control works. Several aerial surveys for old man's beard (OMB) and Chilean rhubarb (gunnera) were carried out in key locations, and aerial treatment of 54 active rookeries (72 rook nests) continued to make good progress towards the 2027 Regional Pest Management Plan target of 50 active rookeries, making for a successful year in controlling the pest bird's population. Annual possum control operations continued as usual, with 105,000 bait stations serviced across 981,000 hectares of the region's rural landscape. This work was found to be particularly effective at a Taihape farm, where the return of native mistletoe plants and recovery of previously-damaged tōtara trees has been welcomed by the landowner.

After months of planning, the inaugural Tōtara Reserve Open Day was held at our only regional park, Tōtara Reserve. The day was well attended and overall successful, with stalls for the public to learn about plants and animals found in the reserve through rōngoa (Māori medicine), building pest traps and weta 'motels', and participating in a scavenger hunt through nearby forest walks. Free transport was provided by Tranzit operating buses from nearby towns to the reserve, and the free sausage sizzle was a hit with attendees. The event offered a new perspective into the biodiversity and biosecurity efforts of Horizons and surrounding landowners, which contribute to the unique environment thousands of visitors gather to enjoy year after year.

*Group of Activities performance against the 2023-24 Annual Plan: Of the overall 16 performance targets set for the Group, 13 were achieved, 2 were not achieved, and 1 was not applicable.*

## What we have delivered – Biosecurity

Achieved	Not Achieved			Not Applicable
●●●●●●●●● 9	●● 2			● 1
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>PEST ANIMAL MANAGEMENT</b>				
Possum densities are maintained at/below 10% residual trap-catch (RTC) in existing/new possum control operation (PCO) areas. This is to enhance production, biodiversity, disease protection and amenity values.	<10% RTC	Achieved	Achieved ●	2.4% RTC (+/-1.0%). This is the mean RTC from the 36 PCOs monitored in 23/24 as per the programme requirement.
All additional hectares released from OSPRI control are included in the PCO programme.	100%	N/A	N/A ●	Not applicable this year as no historic OSPRI areas were transferred this year
All known rookeries are treated annually to reduce crop losses and damage.	100%	100%	Not Achieved ●	At least 1 rookery was not able to be treated due to land owner access issues, due in part to stock disturbances
Provide an animal pest management advisory service. All enquiries will be responded to within two working days.	100%	100%	100% ●	
<b>PEST PLANT MANAGEMENT</b>				
Any exclusion category pest plants that are found in the region are promptly managed:				
Response plans are produced when required;	Achieved	N/A	Achieved ●	Response plan initiated for fringed waterlily and sagittaria at Eketahuna
Required response plans are produced within two weeks;	100%	N/A	Achieved ●	
Response plans are enacted within their specified timeframes.	100%	N/A	Achieved ●	
Number of managed sites at zero-levels increases for pest plants identified for eradication in the Regional Pest Management Plan.	Overall % of eradication pest plant managed sites at zero-levels is greater than 83%	Achieved	Achieved ●	Target met, zero-level% of all eradication dedicated sites managed by HRC is 83%

Number of managed sites at zero-levels increases for pest plants identified as progressive containment mapped in the Regional Pest Management Plan.	Overall % of progressive containment mapped pest plant managed sites at zero-levels is greater than 82%	Not Achieved	Not Achieved ●	Zero-level% of managed sites is at 71%
Financially support the national bio-control agent development programme and report annually to Council on this programme.	Achieved	Achieved	Achieved ●	
Monitoring of some released biological agents will be completed to assess establishment and host damage (using the national protocol):				
20 assessment plots will be monitored.	100%	100%	100% ●	
Pest plant enquiries are responded to within 3 working days.	95%	100%	100% ●	

## What we have delivered – Biodiversity

Achieved	Not Achieved			Not Applicable
●●●● 4	0			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>PROTECT/ENHANCE PRIORITY HABITAT REMNANTS</b>				
Additional priority habitats managed to level 3* or higher (number of sites)	11	10	11 ●	Over 50 sites considered for the programme, with 11 new sites taken on for active management. 29 of the 30 most endangered ecosystem types represented in the programme by year-end

<b>SUPPORT COMMUNITY INVOLVEMENT IN BIODIVERSITY PROTECTION</b>				
Support existing community-based biodiversity improvement projects (number of projects). These may include icon projects, targeted rate projects and contestable fund projects.	12	23	38 ●	31 Kanorau Koiora Taketake projects, 2 targeted rate projects and 5 icon sites plus general support of community groups, including catchment care groups
<b>IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S BIODIVERSITY</b>				
Annual Report to Council on the previous year's biodiversity monitoring and research activities.	Achieved	Achieved	Achieved ●	This was presented to the Strategy and Policy Committee at the February 2024 meeting
<b>TŌTARA RESERVE REGIONAL PARK</b>				
Annual Report to Council on the management of Tōtara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility.	Achieved	Achieved	Achieved ●	

\*Explanatory note: Horizons categorises levels of biodiversity management from 0 to 6. Sites at level 3 or higher receive regular and ongoing maintenance.



## Funding Impact Statement for Biosecurity and Biodiversity Group of Activities for the year ended 30 June 2024 (\$000)

	LTP 2021-31 2023-24	Actual 2023-24	LTP 2021-31 2022-23	Actual 2022-23
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	5,407	5,413	5,102	5,096
Targeted rates	4,556	4,553	4,302	4,297
Subsidies and grants for operating purposes	100	1,055	100	831
Fees and charges	154	399	149	124
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>10,217</b>	<b>11,420</b>	<b>9,653</b>	<b>10,348</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,476	6,180	5,120	5,590
Finance costs	-	-	-	-
Internal charges and overheads applied	4,671	5,708	4,479	4,872
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,147</b>	<b>11,888</b>	<b>9,599</b>	<b>10,462</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>70</b>	<b>(468)</b>	<b>54</b>	<b>(114)</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	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	282	-	103	-
-to replace existing assets	-	157	-	161
Increase (decrease) in reserves	(212)	(625)	(49)	(275)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>70</b>	<b>(468)</b>	<b>54</b>	<b>(114)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(70)</b>	<b>468</b>	<b>(54)</b>	<b>114</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Mana whakahaere ā-rohe**  
Regional leadership and governance



# Regional leadership and governance

## Mana Whakahaere ā-rohe

### What we do

The Regional Leadership and Governance Group of Activities combines a wide range of activities that allow Horizons to take a strategic outlook, coordinate our actions with other partners in the region and engage and build meaningful relationships with our communities and iwi/hapū as we shape all of our activities to enhance the environmental, cultural, social and economic wellbeing of our region. The activities that make up this group are **Emergency Management, Climate Change, Strategic Management, Iwi and Hapū relationships, Community Relationships, Information, Environmental reporting and air quality monitoring**, and **Governance**.

### Why we do it (community outcomes contribution)

Our Regional Leadership and Governance Activities primarily contribute to **vibrant and empowered communities** by:

- Providing effective democracy and community engagement services
- Providing advice and information to enable communities to make their own decisions and take action
- Building mutually beneficial relationships with iwi and hapū
- Ensuring the region's interests are represented in central government's policy development

These activities also support **healthy ecosystems** by:

- Informing good decision-making through the monitoring of the state and trends of our ecosystems

- Developing strategy and regulation to protect and enhance our ecosystems
- Supporting the resilience of our ecosystems to climate change

These activities also support **natural hazard and climate change resilience** by:

- Providing regional support to civil defence and emergency management planning
- Providing a range of services to prepare for and respond to natural hazards, including flood warning and navigation safety
- Supporting the resilience of our communities to natural hazards exacerbated by climate change

There are co-benefits from this supporting a **thriving economy** through:

- Supporting regional economic development initiatives
- Reducing the impact natural disasters have on the region's economy
- Enabling good business decisions by making our data accessible

### What we did this year

#### Emergency Management

Over the reporting period, the Horizons Regional Council Emergency Management team has gone through a period of change due to staff retirement, resignation and the recent implementation of a new Senior Emergency Management Advisor (Recovery) role. This change has created opportunities for new ideas and innovations to take place. There has been a significant amount of work completed over the reporting period to cultivate Council staff response capability within Horizons

Regional Council, and across the region. Concentrating on ITF Function courses as well as response leadership training. In addition to this development work, the Emergency Management team has been working hard in the readiness phase to prepare for response and recovery to a significant emergency event. This includes the ongoing development of Information Management processes and procedures to support response and recovery, which included functional leadership and intelligence training for staff as well as procurement of D4H incident management system to support any future emergency response.

Throughout the reporting period the Emergency Management team has been working closely with Horizons Regional Councils Information Management team to update the MWCDEM Group Hazard viewer. The viewer was also used to support the Vulnerability study re-write project. This project is near completion and will progress to the Joint Standing Committee for approval in September 2024.

One of the key events for the Group ECC was to participate in NEMAs National Exercise (Ex Rū Whenua). Horizons Regional Council participated in the exercise by fielding a Group ECC (-) to assist NEMA with their training. This also enabled Council staff and the Emergency Management team to exercise and test procedures throughout the day. A number of lessons were identified, which are being addressed by the Emergency Management team.

The Emergency Management team also delivered the first Recovery forum for our region, the forum was a huge success. The Recovery Forum was the launch pad to cultivate regional recovery capability over the next twelve months.

The new look Emergency Management team will continue to grow, develop and adapt over the next few months, and is really looking forward to advancing Civil Defence and Emergency Management across our region.

## **Climate Change**

Responding to climate change is a growing work area for Horizons. This reporting period saw a number of benchmarks reached that define and

guide Horizons short-term response to climate change and map a pathway for future action.

In the second quarter of 2023, Council adopted Horizons' inaugural Climate Action Plan. Horizons Climate Action Plan includes projects and activities that are our short-term (next two to five years) response to climate change and sets a pathway for future action. Horizons Action Plan also embedded recommended actions from the Manawatū-Whanganui Climate Change Action Plan. All five projects noted in the plan and due for completion in 2023 were successfully completed in that timeframe. Work is progressing on projects due for completion at the end of 2024.

The Pūtea Hapori Urupare Āhuarangi, Community Climate Response Fund's second-year projects were completed, and 2024-25 projects were selected. Overall, project objectives were achieved. Projects reduced emissions, and built community and environmental resilience to the impacts of climate change.

Horizons continued to raise community awareness through ongoing implementation of our climate change communication strategy to raise awareness of climate change and actions people and communities can take to build resilience and reduce emissions. Horizons also funded five climate change wānanga across the region to support Iwi/ Māori climate change mahi.

The Living with Uncertainty project, part funded by Horizons and run by Massey University, worked with Tangimoana and Pūtiki to develop community-led climate adaptation plans. Horizons along with the Whanganui District Council for Pūtiki and Manawatū District Council for Tangimoana, entered into agreements with both communities. Those agreements commit Horizons to work with the communities, to provide advice, support and advocacy where practicable. They set out the working relationship between councils and the communities and provide a foundation for ongoing climate adaptive planning and action.

Horizons also funded a project focussed on community adaptation and recovery for Ākitio following the impact of cyclone Gabrielle. That project looked to identify learnings that can be applied in the future

when communities are recovering from the impact of extreme weather events.

Learnings from Tangimoana, Pūtiki and Ākitio will inform future community-led adaptation planning.

## **Strategic Management**

The National Policy Statement for Freshwater Management 2020 and the Government's Essential Freshwater package seek to bring our waterways and ecosystems to a healthy state within a generation. This year, Council has continued to work towards implementing the NPS-FM, which has included actively involving tangata whenua to the extent they wish to be involved, working through the requirements of the National Objectives Framework in the NPS-FM, and engaging with stakeholders and communities on water quality targets and issues with water allocation. The Council voted to extend the notification date for the freshwater plan change to late 2026/early 2027 as a result of the government's extension of the deadline.

The National Policy Statement on Urban Development 2020 (NPS-UD) sets out objectives and policies for the provision of sufficient development capacity to meet the expected demand for housing and business land, and for the planning of well-functioning urban environments. It is intended to improve the responsiveness and competitiveness of land and development markets. Council notified Proposed Plan Change 3 to give effect to the NPS-UD on 17 October 2022. Submissions were received, and a hearing was held in February 2024. The hearing panel delivered their recommendations in April 2024 and these were presented to the Strategy and Policy Committee on 11 June 2024. The Committee recommended that Council adopt the recommendations and notify its decision. On 25 June 2024, Council received the recommendations of the Strategy and Policy Committee and resolved to adopt the hearing panel's recommendations and to notify their decision. The decision was notified on 12 July 2024 and the appeal period closed on 23 August 2024.

Falling out of the NPS-UD is the requirement for Tier 2 Local Authorities to develop a Future Development Strategy. Palmerston North City

Council and Horizons are identified as Tier 2 Local Authorities. A joint Future Development Strategy for Palmerston North was prepared and consulted on from 26 March – 5 May 2024. Hearings and deliberations were held on 13 and 29 May respectively. The Future Development Strategy was approved by Council on 25 June 2024.

The National Policy Statement for Highly Productive Land 2022 aims to direct new housing and development away from highly productive land, where possible. Preventing inappropriate subdivision use and development will ensure the availability of highly productive land for food and fibre production. We have been working with the region's city and district councils to agree on the methodology for mapping highly productive land and to agree on the criteria to identify what areas should be subject to more detailed investigation as part of the mapping process. The mapping methodology options were consulted on as part of the Long-term Plan 2024-34 and Council decided to provide funding for the targeted mapping option.

In response to the National Planning Standards (a form of national direction that aims to make RMA plans (e.g. policy statements, regional plans, district plans) more consistent with each other, easier and faster to make, Plan Amendment 3 was adopted by Council on 27 February 2024. This changed the structure and format of the One Plan and also changed some definitions.

With the change in central government, there have been legislative changes and changes signalled to national policy direction. We have been responding to these changes and adapting the work programme accordingly. We continue to engage with ministries over the proposed changes.

Part 9A of the Resource Management Act 1991 established freshwater farm plans (FWFPs) as a regulatory tool that supports farmers and growers to identify, manage, and reduce on-farm risks to freshwater. The FWFP system does this in a way that is tailored to their individual landscape conditions, operating system, and catchment needs. The regulations became operative in the Horizons region on 1 April 2024 (beginning with the Rangitikei/Turakina area, and progressively rolling out to other sub-regions). Central government is currently reviewing the

FWFP legislation, with the intention of making FWFPs more cost-effective and practical for farmers while maintaining a robust national system. Horizons is engaging over the proposed changes via reference groups, and will respond to changes as they are enacted. In the interim, we are making the information and systems available to any farmers who wish to submit their FWFP.

Appeals on Plan Change 2, which seeks to improve the workability of the One Plan provisions that manage existing intensive farming land uses (dairy farming, commercial vegetable growing, cropping and intensive sheep and beef) in target water management sub-zones progressed to a hearing of the Environment Court February-June 2024. The decision of the Court is awaited.

## **Iwi and Hapū Relationships**

The Iwi and Hapū Relationships Activity is focussed on developing and maintaining positive working relationships with tangata whenua, represented by our region's many iwi, hapū and Post-Settlement Governance Entities.

Over the last 12 months, Council has ratified one Memorandum of Partnership with Ngāti Kahungunu ki Tāmaki nui-a-Rua. A further three partnership arrangements are in various stages of development.

Progressing Treaty Settlements is a key priority for particular iwi within the region which requires significant iwi time and resource to see this through. This demand influences the capacity these iwi has to be engaged in regional natural resource matters. Council is working with the Post Settlement Governance Entities to fulfil expectations resulting from Settlements.

The demands placed on tangata whenua from central and local government have been high and required iwi and hapū to prioritise where they put their engagement effort. Horizons continues to work with iwi and hapū to prioritise involvement and to support capacity and capability needs.

The Oranga Wai Freshwater Future Programme for the implementation of the National Policy Statement for Freshwater Management has been a

priority for many iwi and hapū. This engagement programme has continued in the spirit of partnership.

## **Community Relationships**

The 2023-24 year was a busy one for events, with Horizons attending Rural Games in Palmerston North (which Horizons also sponsored), Central Districts Field Days in Manawatū, Rural Day in Feilding, and A&P shows in Ruapehu and Tararua. The communications team also organised the inaugural Tōtara Reserve Open Day, drawing more than 200 people. The team also assisted the development of a rural roadshow to discuss provisional water quality targets as part of the National Policy Statement for Freshwater Management (NPS-FM) engagement with rural communities.

Work in the Transport space kept communications especially busy. The Regional Services Review coincided with the launch of Connect – Horizons Regional Transport social media channels. With a social-focussed video-first campaign, the communications team helped to gather more than 900 submissions for the Regional Services Review – the most ever for a Horizons transport engagement – and significantly boosted follower numbers for those new social media accounts.

Furthermore, support was given to help to ensure the launch of the new Palmerston North and Ashhurst network in March – the country's first fully electric bus network – was a success. This included a wide-reaching information campaign, organising a launch event, and subsequent post-launch promotion to boost patronage.

Promotion of significant engagements for Oranga Wai | Our Freshwater Future, Regional Land Transport Plan and the 2024-34 Long-term Plan (which featured pre-engagement for the first time).

While a lack of civil defence events meant public information management (PIM) work was quieter than usual, the time was spent working with other councils in the Horizons region on information sharing strategies. The communications team also took advantage of opportunities to upskill their PIM knowledge with training and participation in civil defence exercises. Targeted work was done for people living along Anzac Parade in Whanganui, a place at heightened

risk of flooding compared to other parts of the city, to ensure residents are prepared in the event of a flood.

Our Environmental Education non-financial performance measurements have again met and exceeded Annual Plan targets. We also celebrated signing up the 110<sup>th</sup> Enviroschool for the region, and three Enviroschools achieving Green Gold status, which reflects the breadth and depth of their sustainability actions.

In addition to the communications team, Horizons operates a 24-hour call centre and Pollution Hotline.

The Rural Advice team has been reaching out to our rural communities via Whanganui, Rangitikei, Manawatū and Puketoi Catchment Collectives, offering information, support and advice, as well as hosting public road shows and farmer workshops to present information and advice around freshwater policy changes and environmental standards. The team has also been working on the implementation of Freshwater Farm Plans and has had further engagement with catchment groups, industry bodies, and farmers to facilitate this.

The District Advice team is responsible for responding to requests for information from the Territorial Authorities and general public for properties in our region. It provides comments and advice to the region's Territorial Authorities to assist them with their assessment of subdivision, building consent and land use consent applications. It also provides information to the public to inform sale or purchase of a property, insurance or valuation matters and hazard risk for proposed land developments / activities. Responses include any relevant information that Horizons may hold on the property, particularly natural hazards and One Plan policies / rules, including other relevant regional and national matters that may need to be considered when proposing land development or making property-related decisions.

The District Advice team contributes to draft and proposed plan changes that are notified by Territorial Authorities and coordinates and provides relevant information on potential growth areas or proposed District Plan rezoning. District Advice coordinates Horizons submissions on notices of requirement for proposed designations.

The District Advice team responded to 1049 requests for information, which is a five per cent reduction in volume on the previous year (1103 requests in the 2022-23 year). The promotion and the success of the [Regional Natural Hazard Online Viewer](#) has meant fewer direct enquiries as people are better able to gather information for themselves. There continues to be a higher percentage of subdivision enquiries compared to previous years, and generally, these are more time consuming because of their increased complexity and the information requiring assessment. 766 of these requests are from the general public and 283 from Territorial Authorities. The main request types were for flooding (339), subdivisions (334), property purchases (184) and building consents / land use consents (99). The remaining request types (93) were for insurance and general or other.

The number of requests by Territorial Authority for the property enquiry location:

• Manawatū	331
• Palmerston North	178
• Tararua	172
• Rangitikei	126
• Horowhenua	104
• Whanganui	82
• Ruapehu	56

The District Advice team has coordinated and prepared numerous comments on proposed growth areas and plan changes for various Territorial Authorities.

Regional authorities are responsible for performing functions under the Building Act relating to dams. Regional council requirements under the Building Act 2004 in relation to large dams were complied with, and District Advice continued to manage Horizons' obligations and responsibilities. District Advice received 24 dam enquiries and issued two large dam Project Information Memoranda. One large dam Building Consent was approved by Waikato Regional Council within the statutory timeframes. District Advice has provided ongoing support to Tararua District Council for the remediation of the Dannevirke Impound Supply Reservoir (dam).



As expected, the new regulations on dam safety (Dam Safety Regulations 2022) commenced on 13 May 2024. Two months prior to the commencement, the government announced changes to the height and volume thresholds of dams that will be impacted by the regulations. Dams that are four or more metres high and store 20,000 or more cubic metres volume of water, or other fluid, are now subject to the regulations.

The District Advice team is responsible for administering and monitoring the implementation of the regulations. The dam safety framework protects people, property, and the environment from the potential impacts of dam failures. The framework places the responsibility on dam owners to ensure dams are maintained to acceptable safety levels and promotes regular monitoring and surveillance practices for the safe operation of dams. Three Dam Classification Certificates (DCC) have been received and approved by District Advice. All dam safety enquiries and DCCs have been responded to within statutory timeframes.

In May 2024, Horizons adopted an updated [Policy on Dangerous Dams, Earthquake-Prone Dams and Flood-Prone Dams](#) for the region. The Policy is required under Section 161 of the Building Act 2004 and was revised to align with the new dam safety regulations. The purpose of the Policy is to help manage the risk of catastrophic failure of potentially dangerous dams, and to ensure deficiencies in earthquake-prone dams or flood-prone dams are addressed.

## Information

The Information Activity provides a core group of experts dedicated to meeting the Council's complex needs for high-quality information collection, storage and access, and provision of public information.

## Environmental Data

The year can be best summarised as one of recovery and increasing resilience. The primary focus for this year was rebuilding of the damaged monitoring network and learning from the experiences of cyclone Gabrielle, improving resilience of the core monitoring network.

Despite damaged stations, wider flood impacts and vandalism, the team were able to achieve all their performance targets.

Significant capital works have continued on-track, primarily the upgrade of the water metering hardware, installation of dissolved oxygen sensors in all Freshwater Management Units (FMUs) and improving Health & Safety of our infrastructure.

Post-cyclone Gabrielle, the team have successfully been awarded government funding via the North Island Weather Event (NIWE) co-investment fund. The NIWE funding aims to accelerate planned infrastructure improvements to our radio network, standby power and flood forecasting systems. This work and funding will carry on into the next financial year.

As part of NIWE funding this year three new stations were installed within the Ōroua Catchment: Ōroua at Apiti Gorge Bridge – providing early flood insight; Ōroua at Te Arakura – providing flood warning for the Te Arakura area and Sluggish Creek at Greenway Rd - providing rainfall and water level information for the wider Rongotea area and drainage network.

Two additional stations have been installed within the Pohangina catchment to provide timely flood warning services: Pohangina at Tōtara Reserve and Pohangina at Saddle Road Bridge as part of the NIWE funding programme of works.

New monitoring sites have been installed for the retention dams in Hunterville and Marton to support Dam monitoring for Catchment Operations and Emergency Management.

Further monitoring has been installed to support Climate Resilience projects, which include:

- Foxton Wetland
- Te Matai Rd upgrade
- Mangaone upgrade

The Lake State of Environment (SOE) monitoring programme has increased from quarterly to monthly sampling. Sampling was not undertaken during duck-shooting season on request of land owners.

Collection of PM10 (NES Air Quality) and supporting meteorological parameters at Taihape and Taumarunui have been compromised over the year due to instrumentation failures and delayed international supply of replacement parts. Both stations have been repaired and are operational for this winter period.

All collected environmental data and flood forecasting information is available on the Horizons website, IVR flood warning system and LAWA.

### **Information Management**

IRIS Next Gen – Regional Software Holdings Limited (RSHL) has been running a project to provide a replacement for IRIS, which is currently used by seven regional councils, including Horizons Regional Council, to support their core regulatory processes. Most councils in the sector acknowledge there is scope for improvement in regulatory and customer processes, and there is an opportunity to align the sector around consistent good-practice processes, supported by fit-for-purpose software.

Nine regional councils and unitary authorities have signed a partnership agreement with RSHL to collaborate with Datacom on the delivery of a regional sector software platform, and a consistent good-practice operating model.

The IRIS NextGen programme from RSHL will coordinate the implementation of the processes and software in councils, ensuring effective organisational change management as well as long-term support and enhancement of the regional sector software platform and processes. For this council it will not be new software, as the base-platform already exists as part of the finance and rates solution implemented in 2022/23.

Horizons' participation in this programme over the last 12 months has included expert feedback and advice from across all areas of business to the RSHL team, with a dedicated HRC Project Manager and project

team. This will continue into the next financial year with the goal of ensuring that consistent sector-wide good practice and a fit-for-purpose solution is delivered.

External information requests: Information Management staff have responded to 215 external requests for data and information during 2023/24. Requests range from information provision over the phone, to geospatial analysis and supply of elevation and hazard information.

### **Environmental Reporting and Air Quality Monitoring**

Environmental reporting was completed by a range of mechanisms, including web delivery of water use and air quality information updated daily to WaterMatters and AirMatters websites. Environmental data continues to be supplied to the Land Air Water Aotearoa (LAWA) website for air quality, water quality and water quantity. LAWA presents information from the Horizons region alongside information from the rest of New Zealand.

The "Environmental Data" science education campaign ran during June 2024. The purpose of the campaign was to highlight the work of our Environmental Data team, explain how data informs Horizons' decision-making, and promote ways the community can access the organisation's environmental data. Staff from across the organisation featured in a series of videos released via social media, which explained how river flow gauging is carried out, how the data is used within the organisation, and how to access data via the Enviro Data platform.

A public education campaign, "Good Wood", around the collection of firewood ran from late February / early March 2024 with further guidance information on 'good' burning practices released over the winter period. The summer campaign encourages communities to source good quality firewood early and explains how to store it correctly. The messaging describes how these practices improve the efficiency of domestic fires and reduce negative impacts on air quality, leading to better health outcomes over the winter period. The winter campaign informs communities about efficient ways to run wood burners and recommendations for cleaner heating alternatives. The campaign also encourages people to dispose of waste through transfer stations,

composting and recycling instead of burning it in the backyard, where it contributes to poor air quality and adverse health outcomes.

Air Quality monitoring collection of PM10, PM2.5 and supporting parameters has been successfully undertaken at both locations (Taihape and Taumarunui). The Taumarunui PM2.5 sensor had been plagued by electronic failures. These have now been resolved, and the site is now monitoring PM2.5 again.

## Governance

Significance Events/ Issues - Council undertook its Long-term Plan process this year. Interest was shown by the general public in the consultation document which was released for public consultation on 22 March 2024. Approximately 540 submissions were received, including 5 late submissions. 63 submitters spoke to Council on their submissions. Long-term Plan hearings were held in Whanganui and Palmerston North, with the option for submitters to video conference. The Long-term Plan for 2024-34 was adopted on 25 June 2024.

Councillor Attendance – Overall attendance by councillors at meetings relevant to their responsibilities was 94.10% (similar to the previous year of 94%). The attendance figures below refer to Council meetings and the committees that the individual councillors were nominated onto. In addition to these, Councillors attended a number of other committee meetings as a matter of interest.

Individual attendance for the 12 months to 30 June 2024 was as follows: (Calculation based on at least 75% attendance of the duration of a meeting).

Benbow, AL	23 out of 24
Clarke, EML	22 out of 25
Cotton, D	18 out of 21
Edmonds, J	22 out of 24
Ferguson, S	32 out of 32
Gordon, B	24 out of 24
Gordon, F	21 out of 24
Keedwell, R	38 out of 38
McKellar, G	21 out of 21
Naylor, J	24 out of 28
Riley, N	24 out of 24
Taylor, A	24 out of 25
Te Awe Awe, W	18 out of 21
Teira, T	24 out of 25



*Description: The Regional Leadership and Governance Group is split into several activities: community relationships, environmental reporting, emergency management, governance, information, iwi and strategic management.*

In March, Horizons Regional Council and Ngāti Kahungunu ki Tāmaki nui-a-Rua collectively signed a Memorandum of Partnership to formalise their goal of developing a relationship of mutual respect and meaningful partnership. Although not legally binding, the partnership recognises the shared goal and interests of both parties in fostering positive relationships in a post-settlement environment. Coming together to share aspirations and develop strong community connections was a key theme for the base of the partnership signing. Ngāti Kahungunu ki Tāmaki nui-a-Rua and Horizons continue to work together to be kaitiaki (guardians) of the land.

The Enviroschools programme achieved an exciting milestone in the 2023-24 financial year, with three Enviroschools reaching Green Gold

status. Green Gold is the highest level in the programme and represents the breadth and depth of a school's sustainability practices. Palmerston North Girls' High School became the first secondary school in the region to achieve the coveted Green Gold level in July, followed by the first early childhood centre (ECE) to reach the milestone a few months later in September. Ruahine Linton Kindergarten was awarded the title, recognising their contribution to enabling sustainable thinking in the next generation of tamariki. Most recently, in April, Ruahine Parkland Kindergarten joined the ranks of Green Gold, becoming the second ECE in the region to be recognised for its commitment to sustainability. Although they have reached the ceiling in the Enviroschools programme, these school communities continue to champion sustainable practices through their day-to-day operations, and are an inspiration to other Enviroschools throughout the region.

November saw a collaboration between the Manawatū-Whanganui Civil Defence Emergency Management Group (MWCDEM) and Te Awa Community Foundation to support and manage a regional disaster relief fund. A first-of-its-kind approach in the country, the fund offers a community-led, locally-operated and accountable way for people to donate to communities affected by natural disasters in the Horizons region. Able to be activated when an emergency happens, the fund operates in a similar way to mayoral relief funds and is accessible to organisations throughout the region. Relief fund trustees, comprised of the chair of the regional council and the region's seven mayors, are able to allocate funds to verified organisations region-wide.

Communications activities during the 2023-24 financial year proceeded as usual, with the addition of a new social media channel, Connect – Horizons Regional Transport. The Connect social media channels were introduced as part of the new brand launch and serve as a public-facing source of information for transport-specific messages. This is meant to cause less confusion for transport users so they are able to easily access transport-specific content and updates. Since their inception in July 2023, Connect channels have continued to gain a following across Facebook and Instagram.

*Group of Activities performance against the 2023-24 Annual Plan: Of the overall 32 performance targets set for the Group, 28 were achieved and 4 were not achieved.*

## What we have delivered – Emergency Management

Achieved ●●●●●●● 7	Not Achieved ● 1			Not Applicable 0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>ACHIEVE CDEM BUSINESS PLAN TARGETS</b>				
Critical outputs pertaining to operational capability, community resilience and riskscape are monitored and reviewed.	Achieved	Achieved	Achieved ●	Group focus areas have been aligned with this work.
CDEM targets are reported to both the Joint Committee and Coordinating Executive Group (number of reports).	6	8	8 ●	Four CEG and four JSC meetings were held during 2023-24.
An operative Group Plan under the CDEM Act 2002 is in place at all times and reviewed within statutory timeframes by the Joint Committee.	Achieved	Achieved	Achieved ●	The MWCDEM group plan is currently extant, however, it requires to be updated. The Joint Standing Committee has approved the re-write of the Group Plan. This project will be initiated early July 2024.
<b>HORIZONS' RESPONSE CAPABILITY</b>				
Emergency Operations Centre staff are trained and ready to respond; emergency management duty officer available 24/7/365; response manuals, flood action plans and procedures available and reviewed at least annually.	Achieved	Achieved	Achieved ●	Over the past twelve months we have significantly increased the number of trained staff to work in the Group ECC. This is at all levels of the ITF framework, as well as response leadership training. The emergency management team will continue to grow our response capability over the next twelve months. The Emergency Management duty officer is covered 24/7 by the Emergency Management team. Flood action plans were reviewed in May/June 2023, and the next review of the Emergency Response Manual is due to commence end of July 2024.
Hazard Information is acquired and disseminated aligned with approved project plans.	Achieved	Not Achieved	Achieved ●	The Vulnerability study and hazard review project is complete. The Completed Vulnerability Study document is due NLT end of July 2024, ready in time for the subsequent endorsement and approval by the CEG/JSC.
Emergency Management Office business continuity planning arrangements are in place and reviewed at least annually.	Achieved	Achieved	Achieved ●	We currently use the generic HRC BCP.

Manage and promote navigation safety outputs via Manawatū River Users Advisory Group, Whanganui Coastguard, and other river user groups (number of meetings).	4	6	3 ●	Signs have been purchased and installed to support navigation safety. Water safety patrols both on land and in the water were conducted during the summer months. A significant radio water safety campaign was delivered during the summer months, promoting water safety. A new Harbour Master has been recruited after the departure of Jeanie Ferry. Whanganui Coastguard are supported annually by HRC EM to provide safety messaging in their area of responsibility. MRUAG and Coastguard meetings are attended by Emergency Management staff. One MRUAG meeting was pushed into July for staff safety reasons. (This meeting is held in the evening, and was not able to proceed due to rifle shots being fired at Regional House)
<b>CONTRACTED SERVICES</b>				
Maritime New Zealand (MNZ) oil spill response capability maintained to MNZ audit standards.	Achieved	Achieved	Achieved ●	All inspections and exercises were achieved in 2024.



## What we have delivered – Strategic Management

Achieved	Not Achieved			Not Applicable
●● 2	0			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>STRATEGIC MANAGEMENT</b>				
Resource management policy and plan reviews meet statutory deadlines	Work plans for freshwater planning are in place and reviewed semi-annually	Achieved	Achieved ●	Notification date for the Freshwater Plan Change reviewed by Council on 30 April 2024. Notification date now end of 2026-early 2027. This is within the statutory deadline of end of 2027.
The organisation's strategic direction is reviewed and refreshed every three years	Council agrees strategic direction in the first quarter of the 2023-24 financial year to inform the development of the LTP for 2024-34	Achieved	Achieved ●	Council's LTP strategic workshop held on 20-21 June 2023 and ongoing work through development of LTP 2024-34.

## What we have delivered – Climate Change

Achieved	Not Achieved			Not Applicable
0	1			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>CLIMATE CHANGE</b>				
Implementation of Horizons' Climate Action Strategy is progressing.	Progress towards organisational GHG targets in accordance with emissions reduction plan.	Achieved	Not achieved	<p>●</p> <p>In November 2020, Horizons adopted a Climate Action Strategy to identify objectives and define our approach to climate change action. This strategy set an interim reduction target for Horizons Regional Council (including Council's operational activities and MWRC Holdings Ltd in part being Te Ao Nui only and excluding all other group activities) of 30% of all scope 1 (direct emissions[1]), all scope 2 (indirect emissions from imported energy[2]) and only category 3 (indirect emissions from transportation[3]) and category 4 (indirect emissions from products used by Council[4]) scope 3 gross greenhouse gas (GHG) emissions from the 2019-20 levels (gross being a real reduction in GHG emissions compared to net which allows for offsetting through sequestration and carbon credits). Progress towards this organizational target was reported for the 2022-23 financial year, with a number of initiatives undertaken in that year, including the development of a Climate Action Plan. What areas of our business that are included in our target are shown on page 13 of the latest GHG emission report:  <a href="https://www.horizons.govt.nz/HRC/media/Media/Climate%20Resilience%20Projects/IMR_2223_Horizons-Regional-Council_VR_Org.pdf?ext=.pdf">https://www.horizons.govt.nz/HRC/media/Media/Climate%20Resilience%20Projects/IMR_2223_Horizons-Regional-Council_VR_Org.pdf?ext=.pdf</a>            In June 2023, Horizons adopted an updated Climate Action Strategy and a Climate Action Plan, which defines our short-term climate change response and sets a pathway for future action. A new target of a 43% reduction in GHG emissions (same exclusions and scopes as per interim target) by 2030, was set. While this target is ambitious, it is in line with national and global targets. Progress towards this target has been reported for the 2023-24 financial year. Copies of both the Climate Action Strategy and Climate Action Plan can be found on the Horizons website:</p>



			<p><a href="https://www.horizons.govt.nz/managing-natural-resources/climate/what-horizons-is-doing">https://www.horizons.govt.nz/managing-natural-resources/climate/what-horizons-is-doing</a></p> <p>Horizons measures progress towards our organizational GHG target based on the delivery of our Climate Action Plan. This plan has been developed to support our Climate Action Strategy and sets out those actions required to enable us to meet our long-term targeted gross emissions reduction by 2030. For the 2023-24 financial year no further organizational actions were undertaken or delivered that enabled progress towards our GHG target, therefore the measure has been not achieved.</p> <p>Each year, an external assessment of our GHG emissions inventory is undertaken, and a management report provided. This includes details regarding what emissions are both included and excluded. The next emissions inventory was not due to be completed and verified until the end of October 2024. The latest report for the year ending 30 June 2023 can be found here: <a href="https://www.horizons.govt.nz/HRC/media/Media/Climate%20Resilience%20Projects/IMR_2223_Horizons-Regional-Council_VR_Org.pdf?ext=.pdf">https://www.horizons.govt.nz/HRC/media/Media/Climate%20Resilience%20Projects/IMR_2223_Horizons-Regional-Council_VR_Org.pdf?ext=.pdf</a></p> <p>It is noted that Horizons gross GHG emissions have increased over the last few years from the 2019-20 baseline year. A number of factors has influenced this including a substantial growth in staff numbers since 2019-20 and that the baseline year was a COVID-19 impacted year. Horizons believes that with the continued implementation and refinement of the Climate Action Plan and Climate Action Strategy, we can still deliver on our GHG reduction target by 2030.</p>
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[1] Diesel, Fertiliser use Dolomite, Fertiliser use Lime, Fertiliser use Nitrogen, Natural Gas distributed commercial, Petrol premium, Petrol regular

[2] Electricity

[3] Air travel (pre-verified tCO<sub>2</sub>e), Air travel domestic (average), Air travel long haul (econ+), Car Average (unknown fuel type), Rail travel (national), Rental Car average (fuel type unknown), Taxi (regular)

[4] Electricity distributed T&D losses, Natural Gas distributed T&D losses, Waste landfilled LFGR Office waste, Waste landfilled No LFGR Office waste

## What we have delivered – Community Relationships


Achieved	Not Achieved			Not Applicable
●●●●●●●● 8	●● 2			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>COMMUNICATIONS</b>				
Connect our communities with Horizons' work through a number of channels in a proactive and transparent way.	>115 media releases	105	61 ●	Not achieved as the variety of communications work undertaken this financial year did not lend itself to media releases, with our stories told via other means. A lack of civil defence events also contributed to lower numbers. This target is not being proceeded with going forward, instead, being replaced by a target of percentage of media released picked up and published by media outlets.
	>1,870 media mentions	5,010	961 ●	Media mentions are down partly due to the number of media releases also being below target, as well as the lack of civil defence events. The current media climate also means there are fewer journalists in our region spread across more areas of interest, making it increasingly difficult to achieve plentiful mentions. The focus heading forward is on quality of coverage, which we have achieved well in the past financial year with slots on the likes of TVNZ Breakfast, RNZ Morning Report and other nationally focussed broadcasts. We continue to foster relations with local journalists to ensure our communities are aware of what Horizons is achieving.
Likes/followers on social media (all accounts that Horizons manages).	>22,000	25,400	44,321 ●	
Videos produced	22	38	47 ●	The number videos produced for this year only includes those produced for Horizons channels. If we included videos produced for the likes of Connect - Horizons Regional Transport, Te Āpiti and Tōtara Reserve, this number would be far higher.
Website Sessions.	>630,000	958,160	962,402 ●	

<b>DISTRICT ADVICE</b>				
All information requests are met within RMA statutory timeframes (each year responding to approximately 400 from the Territorial Authorities and 700 from the general public).	100%	100%	100% ●	Responded to a total of 1049 land development requests, which were all met within statutory timeframes. 766 from the general public and 283 from Territorial Authorities.
All large dam applicants are advised of their responsibilities in order to meet the Building Act 2004, and all other process are completed.	100%	100%	100% ●	Issued two large dam Project Information Memoranda. One large dam Building Consent application processed and approved within statutory timeframes by Waikato Regional Council. Three Dam Classification Certificates (DCC) have been received and approved by District Advice. All dam safety enquiries and DCCs have been responded to within statutory timeframes.
<b>ENVIRONMENTAL EDUCATION</b>				
Increase participation levels in the EnviroSchools and Waioara programmes at a manageable rate. Engage the community through environmental education opportunities.	79 EnviroSchools	104	110 ●	
	37 freshwater engagements	36	49 ●	
	36 community engagements	63	57 ●	

## What we have delivered – Iwi and Hapū Relationship

Achieved	Not Achieved			Not Applicable
●● 2	0			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>Iwi and hapū relationships</b>				
Iwi and hapū satisfaction with their collaborative relationships with Horizons.	N/A	Not Achieved	Achieved ●	Council has worked collaboratively to advance relationships through Partnership Agreements, and provided support and resourcing to enable iwi and hapū to realise their aspirations.
Hui-a-iwi are held at least annually to advance agreed work programmes.	Achieved	Achieved	Achieved ●	Hui-a iwi are held at least twice a year between tangata whenua and Council's Governance and Executive levels. Work programmes are shared. Officers then engage with iwi on areas of interest.

## What we have delivered – Information

Achieved	Not Achieved			Not Applicable
 5	0			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>ENVIRONMENTAL DATA</b>				
Hydro-Climate - Collection of 98.5% water level, rainfall. Soil moisture, wind, air temperature and air quality (approx. 15 million data-points p.a.).	98.5%	98.7%	98.9% ●	Exceeded target, largest losses of data relate to Air Quality instrumentation and waiting for international suppliers for replacements. Team will review options for holding further spare equipment to reduce downtime.
Continuous Water Quality - Collection of 92.0% of continuous data relating to water quality parameters (approx. 2.5 million data points p.a.).	92.0%	92.2%	95.8% ●	Exceeded target. Improvements in delivery relate to the investment into updated instrumentation over the LTP period.
Continuous Lake Monitoring - Collection of 85% of continuous lake level and lake water quality data (approx. 2.0 million data points p.a.).	90.0%	98.1%	99.5% ●	Exceeded target. Improvements in delivery relate to the investment into updated instrumentation over the LTP period.
NES Water Metering - Collection of 90% of continuous consented water abstraction data during standard water use periods, to support NES obligations (approx. 4.0 million data points p.a.).	90.0%	90.0%	90.0% ●	Difficult measure to quantify however we feel that we have recorded all required data to meet the NES regulations during the short irrigation season. This measure has been corrected in the new LTP.
<b>INFORMATION MANAGEMENT</b>				
Map and data requests received from the public and external agencies are processed and delivered according to timeframes agreed at the time of request.	95.0%	95.1%	95.0% ●	The team continues to prioritise the delivery of map and data information to external requestors, providing the information in a timely manner.

## What we have delivered – Environmental Reporting

Achieved	Not Achieved			Not Applicable
●●●● 4	0			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>ENVIRONMENTAL MONITORING AND REPORTING</b>				
Provide an annual summary report on the state of the environment.	Achieved	Not Achieved	Achieved ●	The focus on implementation of National Freshwater Policy meant this year's focus was around the provision of environmental data as it relates to freshwater. The FMU summaries were revised and updated based on those originally developed in the 2021-22 reporting year and can be found here; <a href="https://storymaps.arcgis.com/collections/8bccd619683949b88b84e17e966a1fc8">https://storymaps.arcgis.com/collections/8bccd619683949b88b84e17e966a1fc8</a>
Implement a science communication strategy and report progress to Council annually.	Achieved	Achieved	Achieved ●	Report to council written and delivered 13th Feb 2024 <a href="https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Strategy-and-Policy-Committee-Folder/Strategy-Policy-Committee-2024-13-02/Full%20Agenda.pdf">https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Strategy-and-Policy-Committee-Folder/Strategy-Policy-Committee-2024-13-02/Full%20Agenda.pdf</a>
Air, land and water environmental monitoring data is made available to the public via LAWA and/or Horizons' website.	Achieved	Achieved	Achieved ●	Data to the end of June 2022 for surface water quality, lakes, contact recreation and macroinvertebrates was prepared and supplied to LAWA for the 2023 update. <a href="https://www.lawa.org.nz/explore-data/manawatu-whanganui-region">https://www.lawa.org.nz/explore-data/manawatu-whanganui-region</a>

Undertake environmental public education campaigns.	2	Achieved	Achieved ●	<p>A public education campaign around the collection of firewood ran from late February / early March 2024 with further guidance information on 'good' burning practices released over the winter period. (<a href="https://www.facebook.com/share/p/iwAq7L3ja2zyk3UM/">https://www.facebook.com/share/p/iwAq7L3ja2zyk3UM/</a>)</p> <p>Over the week ending 18th June 2024, Horizons ran a social media campaign explaining how data moves throughout the organisation, from collection to end-use by staff and the public. The purpose of the campaign was to:</p> <ul style="list-style-type: none"> <li>• Highlight the work of our Environmental Data team</li> <li>• Explain how data informs Horizons' decision-making</li> <li>• Promote ways the community can access the organisation's environmental data (<a href="https://www.facebook.com/reel/1622694408520027">https://www.facebook.com/reel/1622694408520027</a>)</li> </ul>
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# Funding Impact Statement for the Regional Leadership and Governance Group of Activities for the year ended 30 June 2024

	LTP 2021-31 2023-24	Actual 2023-24	LTP 2021-31 2022-23	Actual 2022-23
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	14,061	13,893	13,423	13,042
Targeted rates	334	316	323	315
Subsidies and grants for operating purposes	-	110	-	-
Fees and charges	1,880	753	1,838	1,759
Internal charges and overheads recovered	3,375	3,630	3,264	3,163
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>19,650</b>	<b>18,702</b>	<b>18,848</b>	<b>18,279</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	9,595	8,079	9,742	7,020
Finance costs	-	-	-	-
Internal charges and overheads applied	12,613	12,500	12,105	11,551
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>22,208</b>	<b>20,579</b>	<b>21,847</b>	<b>18,571</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(2,557)</b>	<b>(1,877)</b>	<b>(2,998)</b>	<b>(292)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	242	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	3,032	2,709	3,418	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,032</b>	<b>2,951</b>	<b>3,418</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	1,411	-	1,059	-
-to replace existing assets	-	1,253	-	1,565
Increase (decrease) in reserves	(936)	(179)	(639)	(1,857)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>475</b>	<b>1,074</b>	<b>420</b>	<b>(292)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>2,557</b>	<b>1,877</b>	<b>2,998</b>	<b>292</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





**Ngā waka**  
**Transport**



# Transport Ngā Waka

## What we do

The regional land transport network is a key enabler of economic and social wellbeing, moving people and goods to, from and within the region efficiently, sustainably and reliably.

We facilitate regional land transport planning in partnership with Waka Kotahi New Zealand Transport Agency and our region's territorial authorities. We provide public bus services, Total Mobility, which provide door to door transport services for people with disabilities, and support community shuttles. We also support national and local road safety education programmes. The activities that make up this group are **Transport Planning, Passenger Services, and Road Safety Education.**

## Why we do it (community outcomes contribution)

Our Transport Activities contribute to achieving **effective transport networks** and a **thriving economy** by:

- Contributing to an efficient and reliable transport network through the provision of public transport services, giving people an alternative to private vehicle travel, supporting urban growth objectives, reducing congestion and carbon emissions by reducing vehicle movements, and providing rural communities with better access to essential services
- Enabling members of the community who have limited access to transport options to access work, education, recreation, health and social services, and maintain a connection with the rest of the community, and in turn, contributing to a productive regional economy

- Facilitating regional integrated transport planning across the region to support and enable regional growth initiatives such as Accelerate25 and Accessing Central NZ
- Providing road safety education, raising driver awareness of key road safety issues, and working with other key stakeholders to reduce the incidence and severity of road traffic crashes. The key focus is to change road user behaviour, making roads safer for people to use

## What we did this year

### Transport Planning

The Horizons Regional Land Transport Plan (RLTP) 2021-2031(2024 Review) was adopted by Council in June 2024. A requirement under the Land Transport Management Act 2003, current plans must be updated every six years and reviewed every three, making 2024 a mid-term review year for the current plan. Mid-term reviews enable the plan to respond to changes in government priorities and ever-changing regional needs for land transport. This review resulted in a refresh of the strategic direction, a new overarching investment priority, and further focus placed on improving and maintaining the transport system in a way which supports a connected, accessible and resilient network that reduces carbon emissions.

Implementation of the Regional Public Transport Plan 2022-32 commenced. This included the Regional Services Review which sought views on future investment in regional and rural public transport connections within and beyond the Horizons region. Other minor policies were also implemented including the Pets of bus policy and Connect Events policy.

## Passenger Services

Palmerston North became the first city in the country to have a fully-electric bus fleet with the introduction of 42 brand-new EV buses from March 4, alongside the launch of the city's reimagined urban bus network. Instead of routes meandering through back streets and suburbs, the new network sees routes travel along key transport corridors throughout the city.

Passenger numbers from just the first three months of the new service have significantly increased compared with the old service. Patronage grew by 56 per cent in April, 32 per cent in May and 30 per cent in June, compared with passenger numbers from April, May and June 2023. Weekend services have by far seen the most growth, increasing 102 per cent across the whole network. Ashhurst has seen 325 per cent growth in passenger numbers on its weekend services, and a 62 per cent growth in overall passenger numbers since March 4.

Whanganui's Te Ngaru The Tide celebrated its one-year anniversary in February, solidifying its place as the city's most popular bus route since its introduction. The new route, dubbed 'The Tide' as it travels along the Whanganui River between Castlecliff and Aramoho, has quickly become the favourite route for public transport users in the city. In its first year of service, The Tide contributed to public transport use in the city, increasing 93 per cent compared to the year prior.

Bus services saw strong passenger growth across the network compared to the previous year. Overall, patronage grew by 30% year on year. More than one million passenger trips were made throughout the year across the bus network for the first time since Covid.

The total mobility scheme continued to see strong growth in the number of trips made across the service. It was also supported by the government increasing the subsidy received by those eligible for the scheme.

## Road Safety Education

In collaboration with stakeholders, Horizons delivered 43 road safety initiatives across the region throughout the year. Highlights include our

external partnerships, where we supported more than 3,000 drivers through a driver licencing programme. There were also a number of events, advertising, education and promotional activities supporting the delivery of the national Road to Zero strategy in our region.



*Description: Transport plays a vital role in our communities and contributes to the social and economic wellbeing of our region through the movement of people, as well as the distribution of goods and services to other regions and regional ports. The Transport Group is split into three activities: road safety education, transport planning, and passenger services.*

Regional passenger transport saw positive growth and uptake of services over the 2023-24 financial year, following the successful launch of Palmerston North's new bus network and continuously increasing patronage numbers of Whanganui's Te Ngaru – The Tide.

Horizons Regional Council recently celebrated the significant milestone of surpassing one million passenger trips on its bus services in a single year, equating to an increase of 254,955 trips compared to the 2022-23 financial year. The milestone is a welcome sign patronage is returning to pre-Covid levels, as Covid had a significant impact on passenger trips.

Palmerston North's new urban network, which at the end of the 2023-24 financial year had only been in operation for four months, accounted for more than half a million of these trips alone. The next most popular network among passengers was Te Ngaru – The Tide, totalling more than 190,000 passenger trips in the last financial year. This is a significant number of trips for a city with a population of around half that of Palmerston North.

Public feedback from these services has been positive, with passengers enjoying the new routes and more frequent services allowing for greater flexibility on their travels throughout their cities and towns and beyond. Following some of this feedback, the 108 Clyde Cres – Rugby Street trial line in Palmerston North was created to meet the needs of some users who used a similar route on the old network. Initially a six-month trial, the recent approval of the 2023-24 Long-term Plan locked in funding for the trial to continue for another year.

The fully electric network has also seen a positive outcome for carbon emissions, creating a more sustainable transport option for users. Eliminating the use of diesel buses has saved 291,494 litres of diesel, preventing 781 tonnes of CO<sub>2</sub> emissions from entering the atmosphere as at end of June.

Horizons worked in collaboration with Whanganui District Council and Palmerston North City Council to deliver upgrades to bus shelters across both urban areas, with funding from central government through the NZ Transport Agency Waka Kotahi 'Transport Choices' programme.

Nineteen bus shelters in Whanganui were upgraded to increase accessibility and user experience. The work involved installing lighting, digital information boards, bike racks and tactile ground surface coverings to various existing stops. In Palmerston North, new shelters and real-time bus timetable displays were installed to support the rollout of the new network.

*Group of Activities performance against the 2023-24 Annual Plan: Of the overall 9 performance targets set for the Group, 7 were achieved, 0 were not achieved and 2 were not applicable.*

## What we have delivered – Transport Planning

Achieved ●●	Not Achieved			Not Applicable ●
2	0			1
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>TRANSPORT PLANNING ACTIVITIES</b>				
The Regional Land Transport Plan (RLTP) 2021-2031 is monitored to allow the Regional Transport Committee (RTC) to assess the implementation of the plan.	Quarterly reporting to RTC to track progress on the implementation of the RLTP 2021-31	Achieved	Achieved ●	
The mid-term review of the Regional Land Transport Plan 2021-2031 is prepared and submitted in line with the Land Transport Management Act, and any guidance issued by Waka Kotahi NZ Transport Agency.	RLTP mid-term review is submitted to Waka Kotahi NZ Transport Agency by 30 June 2024	No measure	Achieved ●	RLTP was adopted by Council 25 June 2024 and submitted to NZTA Waka Kotahi
The Regional Public Transport Plan 2022-2032 is prepared and adopted in line with the Land Transport Management Act and any guidance issued by Waka Kotahi NZ Transport Agency.	No measure	Achieved August 2022	N/A ●	

## What we have delivered – Passenger Services

Achieved	Not Achieved			Not Applicable
●●●● 4	0			● 1
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>PASSENGER SERVICES ACTIVITIES</b>				
Percentage of customers surveyed who are 'satisfied' or better with their trip overall. [1]	No measure	91%	N/A ●	
Percentage of monitored scheduled services that depart the terminus on time [2] compared to public timetable.	≥95%	96.0%	95.2% ●	Slight decrease on last FY as new Palmerston North service has had a greater number of scheduled services depart later.
Annual patronage on bus services in the region. [4]	Maintain or increase from the prior year	Increasing	Achieved ●	30% increase on previous year. This year we had 1,092,862 patrons.
Percentage of households in Whanganui, Palmerston North & Feilding within 800m of a public transport stop.	≥85%	Achieved	Achieved ●	Most properties in residential areas in Whanganui, Palmerston North, and Feilding are within 800m of a bus stop for a Horizons bus service.
Percentage of registered customers who are 'satisfied' or better with the overall service of the Total Mobility scheme. [3]	≥90%	100%	97% ●	Quality survey results from Horowhenua and Whanganui showed 97% of customers surveyed indicated satisfied or better with the service.

[1] Satisfied = score pf 6-10 on a scale of 0-10, triennial survey

[2] Scheduled service departs between 59 seconds before and 4 minutes and 59 seconds after the scheduled departure time

[3] Satisfied = score of 6-10 on a scale of 0-10, as measured by survey of one district in which Total Mobility operates per year

[4] A patron is a passenger on our bus services. Patrons are recorded upon entry onto any of our buses, counted either by the Bee Card, the issuing of a cash ticket, or manually by the driver.

## What we have delivered – Road Safety Education

Achieved	Not Achieved			Not Applicable
1 ●	0			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>ROAD SAFETY EDUCATION ACTIVITIES</b>				
Deliver road safety behavioural change education initiatives [5] across the region in partnership with key agencies. [6]	≥30 initiatives	42	43 ●	

[5] Aimed at speed, alcohol and drug impairment, and seat belt use

[6] Key agencies, such as, NZ Police, KiwiRail, Waka Kotahi NZ Transport Agency, ACC, and local authorities



# Funding Impact Statement for the Transport Group of Activities for the year ended 30 June 2024

	LTP 2021-31 2023-24	Actual 2023-24	LTP 2021-31 2022-23	Actual 2022-23
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	458	525	422	436
Targeted rates	4,492	5,087	3,492	3,785
Subsidies and grants for operating purposes	6,861	10,436	5,771	7,413
Fees and charges	1,921	2,617	1,854	2,151
Internal charges and overheads recovered	640	-	633	623
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>14,371</b>	<b>18,665</b>	<b>12,172</b>	<b>14,408</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,283	17,276	10,136	12,352
Finance costs	-	-	-	-
Internal charges and overheads applied	2,005	1,649	1,953	2,000
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>14,288</b>	<b>18,925</b>	<b>12,089</b>	<b>14,352</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>83</b>	<b>(260)</b>	<b>83</b>	<b>56</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	472	-	87
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>472</b>	<b>-</b>	<b>87</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	-	-
-to replace existing assets	-	579	-	158
Increase (decrease) in reserves	83	(368)	83	(15)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>83</b>	<b>211</b>	<b>83</b>	<b>143</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(83)</b>	<b>261</b>	<b>(83)</b>	<b>(56)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>



**Haumi**  
**Investment**



## Investment Haumi

### What we do

Horizons has a range of investments, which provides a source of income that reduces the rating burden Council would otherwise need to place on ratepayers to maintain the same levels of service. This group contains one activity: **Investment**.

### Why we do it (community outcomes contribution)

The revenue this activity generates contributes to the rest of Council's activities and the contribution they make towards our Community Outcomes.

### What we did this year

#### Investments

As part of the forestry right forests, Horizons Regional Council is able to account for the carbon stored within the forest. As the forests grow, you earn carbon units through the Emissions Trading Scheme (ETS). For this financial year, a total of 46,682 carbon units were allocated, at a total book value of \$2.16M. Offsetting this was the transfer out of 72,912 units at a book value of \$3.38M.

## What we have delivered – Investment

Achieved	Not Achieved			Not Applicable
0	<div> <div></div> <div></div> <div></div> </div> 3			0
Performance Measures for Levels of Service	Annual Plan 2023-24	Actual 2022-23	Actual 2023-24	Comment
<b>INVESTMENT ACTIVITIES</b>				
Achieve the targets that are set in MWRC Holdings Ltd's Statement of Intent.	Achieved	Not Achieved	Not achieved ●	No dividends were paid by Holdings during the year as an additional investment property was purchased.
Monthly weighted average interest rate exceeds 90-day Bank Bill Rate (BKBM) by 50 basis points (0.50%). Note, targets are based on current predicted interest rate, which will change over time.	Achieved	Not Achieved	Not achieved ●	Variable interest, along with cashflow timing issues, meant investment was not undertaken at the usual levels.
Make a return on investment for the Horizons share portfolio to provide financial income.	>4%	Achieved	Not achieved ●	We achieved a return of approximately 3.8% while also withdrawing some prior year revenue from the portfolio.

# Funding Impact Statement for the Investment Group of Activities for the year ended 30 June 2024

	LTP 2021-31 2023-24	Actual 2023-24	LTP 2021-31 2022-23	Actual 2022-23
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	(3,544)	(3,268)	(3,244)	(3,254)
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	3,770	3,721	3,760	4,037
Internal charges and overheads recovered	1,853	1,887	1,506	1,447
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>2,079</b>	<b>2,340</b>	<b>2,022</b>	<b>2,230</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	37	282	36	1,061
Finance costs	1,520	3,080	1,479	2,344
Internal charges and overheads applied	492	480	477	619
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,049</b>	<b>3,842</b>	<b>1,992</b>	<b>4,024</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>30</b>	<b>(1,502)</b>	<b>30</b>	<b>(1,794)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	3,615	8,357	13,161	4,591
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,615</b>	<b>8,357</b>	<b>13,161</b>	<b>4,591</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	-	-
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	3,645	6,580	13,191	2,666
Increase (decrease) of investments	-	275	-	131
<b>Total applications of capital funding (D)</b>	<b>3,645</b>	<b>6,855</b>	<b>13,191</b>	<b>2,797</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(30)</b>	<b>1,502</b>	<b>(30)</b>	<b>1,794</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Mōhiohio pūtea**  
**Financial information**



## Financial Statements

The accompanying notes form part of these financial statements. The financial statements from page 78 to 82 are to be read in conjunction with the notes to the financial statements from page 83 to 140.

## Statement of Compliance

The Council of Manawātū-Whanganui Regional Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.



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Chair

30 October 2024



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Chief Executive

30 October 2024

## Statement of Comprehensive Revenue and Expense for the year ended 30 June 2024 (\$000)

	Notes	Annual Plan 2023-24 2023-24	Council Actual 2023-24	Group Actual 2023-24	Council Actual 2022-23	Group Actual 2022-23
<b>Revenue</b>						
Rates	1	59,068	58,993	58,993	55,521	55,521
Subsidies and grants	2	20,876	22,069	22,069	19,547	19,547
Finance revenue	3	3,470	3,376	2,721	3,691	2,516
Other revenue	4	14,270	16,448	17,579	21,606	22,805
<b>Total revenue</b>		<b>97,684</b>	<b>100,886</b>	<b>101,362</b>	<b>100,365</b>	<b>100,389</b>
<b>Expenditure</b>						
Personnel costs	8	28,272	29,366	29,366	25,703	25,703
Depreciation and amortisation expense	20	5,878	6,628	6,628	6,008	6,008
Finance costs	3	1,500	3,158	3,160	2,179	2,179
Other expenses	6	53,362	67,060	69,670	56,867	58,089
<b>Total expenditure</b>		<b>89,012</b>	<b>106,212</b>	<b>108,824</b>	<b>90,757</b>	<b>91,979</b>
<b>Surplus/(deficit) before tax</b>		<b>8,672</b>	<b>(5,326)</b>	<b>(7,462)</b>	<b>9,608</b>	<b>8,410</b>
Income tax expense/benefit	25	-	-	(133)	-	(95)
<b>Surplus/(deficit) after tax</b>		<b>8,672</b>	<b>(5,326)</b>	<b>(7,329)</b>	<b>9,608</b>	<b>8,505</b>
<b>Other comprehensive revenue and expense</b>						
Financial assets at fair value through other comprehensive revenue and expense		-	267	267	47	(6,953)
Property, plant, and equipment revaluations		18,567	207,064	207,064	75,761	76,007
<b>Total other comprehensive revenue and expense</b>		<b>18,567</b>	<b>207,331</b>	<b>207,331</b>	<b>75,808</b>	<b>69,054</b>
<b>Total comprehensive revenue and expense</b>		<b>27,239</b>	<b>202,005</b>	<b>200,002</b>	<b>85,416</b>	<b>77,559</b>

Explanations of major variances against budget can be found in 32. The accompanying notes from part of these financial statements.

## Statement of Changes in Equity for the year ended 30 June 2024 (\$000)

	Notes	Annual Plan 2023-24	Council Actual	Group Actual	Council Actual	Group Actual
		2023-24	2023-24	2023-24	2022-23	2022-23
<b>Balance at 1 July</b>		<b>1,058,066</b>	<b>1,103,896</b>	<b>1,147,819</b>	<b>1,018,481</b>	<b>1,070,260</b>
Total comprehensive revenue and expense for the year		27,239	202,005	200,002	85,416	77,559
<b>Balance at 30 June</b>		<b>1,085,305</b>	<b>1,305,901</b>	<b>1,347,821</b>	<b>1,103,896</b>	<b>1,147,819</b>

## Statement of Financial Position for the year ended 30 June 2024 (\$'000)

	Notes	Annual Plan 2023-24	Council Actual 2023-24	Group Actual 2023-24	Council Actual 2022-23	Group Actual 2022-23
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	12	3,499	4,224	6,567	5,176	7,201
Trade and other receivables	13	10,663	10,088	9,880	6,982	7,194
Revenue Receivable		7,945	9,052	5,537	5,880	3,679
Prepayments and leases - current portion		664	1,023	1,095	654	709
Inventory	14	1,361	2,020	2,020	1,903	1,903
Tax refund due		-	-	37	-	22
Other current assets	15,30	-	225	225	-	-
<b>Total current assets</b>		<b>24,132</b>	<b>26,632</b>	<b>25,361</b>	<b>20,595</b>	<b>20,708</b>
<b>Non-current assets</b>						
Other financial assets						
Investments in CCOs and other similar entities		33,346	33,403	1,903	33,306	1,806
Loan to CCO		18,500	18,500	-	18,500	-
<b>Subtotal</b>		<b>51,846</b>	<b>51,903</b>	<b>1,903</b>	<b>51,806</b>	<b>1,806</b>
Investments in other entities		3,615	3,999	66,999	3,770	66,770
Derivative Financial Instruments	30	637	711	711	850	850
<b>Total other financial assets</b>	15	<b>56,098</b>	<b>56,613</b>	<b>69,613</b>	<b>56,426</b>	<b>69,426</b>
Deferred taxation asset		-	-	-	-	-
Investment property	16	3,225	3,680	25,105	3,300	27,010
Forestry Assets	17	4,759	1,892	1,892	3,377	3,377
Land leases (prepaid) non-current		2,288	1,915	1,915	2,413	2,413
Restoration asset	18	3,438	703	703	2,325	2,325
Carbon credits	19	-	15,054	15,054	16,274	16,274
Intangible assets	20	17,150	4,222	4,222	4,754	4,754
Operational assets	20	104,066	97,144	106,381	96,444	104,284
Infrastructural assets	20	964,901	1,196,369	1,196,369	983,910	983,910
<b>Total non-current assets</b>		<b>1,155,925</b>	<b>1,377,592</b>	<b>1,421,254</b>	<b>1,169,223</b>	<b>1,213,773</b>
<b>Total assets</b>		<b>1,180,057</b>	<b>1,404,224</b>	<b>1,446,615</b>	<b>1,189,818</b>	<b>1,234,481</b>

Explanations of major variances against budget can be found in 32. The accompanying notes from part of these financial statements.

	Notes	Annual Plan 2023-24	Council Actual 2023-24	Group Actual 2023-24	Council Actual 2022-23	Group Actual 2022-23
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	22	16,502	19,339	19,438	14,233	14,469
Provisions - general	23	-	125	125	69	69
Provisions - employee entitlements	24	2,827	3,261	3,261	2,882	2,882
Debt - current portion	26	9,000	26,357	26,357	23,500	23,500
Derivative financial instruments (current)	30	-	-	-	-	-
<b>Total current liabilities</b>		<b>28,329</b>	<b>49,082</b>	<b>49,181</b>	<b>40,684</b>	<b>40,920</b>
<b>Non-current liabilities</b>						
Derivative financial instruments	30	398	-	-	-	-
Debt - non-current portion	26	62,221	48,000	48,000	42,500	42,500
Deferred taxation liability	25	-	-	372	-	505
Provision - replanting	27	3,803	1,241	1,241	2,737	2,737
<b>Total non-current liabilities</b>		<b>66,422</b>	<b>49,241</b>	<b>49,613</b>	<b>45,237</b>	<b>45,742</b>
<b>Total liabilities</b>		<b>94,752</b>	<b>98,323</b>	<b>98,794</b>	<b>85,922</b>	<b>86,662</b>
<b>Net assets (assets minus liabilities)</b>		<b>1,085,305</b>	<b>1,305,901</b>	<b>1,347,821</b>	<b>1,103,896</b>	<b>1,147,819</b>
<b>Equity</b>						
Asset revaluation reserves		635,094	889,766	890,582	682,702	683,518
Fair value through other comprehensive revenue and expense		1,327	1,640	39,258	1,374	38,992
Restricted reserves		15,535	14,417	14,417	12,776	12,776
Infrastructure insurance reserves		5,040	5,040	5,040	4,920	4,920
Accumulated funds		428,309	395,038	398,524	402,124	407,613
<b>Total equity</b>	31	<b>1,085,305</b>	<b>1,305,901</b>	<b>1,347,821</b>	<b>1,103,896</b>	<b>1,147,819</b>

Explanations of major variances against budget can be found in 32. The accompanying notes from part of these financial statements.

## Statement of Cash Flows for the year ended 30 June 2024 (\$'000)

	Notes	Annual Plan 2023-24	Council Actual	Group Actual	Council Actual	Group Actual
		2023-24	2023-24	2023-24	2022-23	2022-23
<b>Cash flows from operating activities</b>						
Receipts from rates revenue		56,907	58,546	58,546	55,174	55,174
Subsidies and grants received		24,940	22,762	22,762	14,346	14,346
Interest received		985	1,582	1,610	1,274	729
Dividends received		2,104	137	1,752	1,989	1,385
Receipts from rate penalties		-	1,081	1,081	1,083	1,083
Receipts from other revenue		11,672	10,734	11,424	22,789	24,250
Payments to suppliers and employees		(76,368)	(89,880)	(90,363)	(88,812)	(89,207)
Interest paid		(1,357)	(3,011)	(3,011)	(2,071)	(1,994)
Income tax paid/refunded		-	-	(15)	-	(23)
GST (net)		-	382	441	(148)	(138)
<b>Net cash flow from operating activities</b>	<b>33</b>	<b>18,885</b>	<b>2,334</b>	<b>4,228</b>	<b>5,624</b>	<b>5,605</b>
<b>Cash flows from investing activities</b>						
Receipts from sale of operational assets		180	679	679	12	12
Receipts from sale/maturity of investments		25,000	5,038	5,038	36,884	36,884
Repayment of loan principal from CCO		-	-	-	-	-
Purchase of forestry assets		(300)	(50)	(50)	-	-
Purchase of property, plant, and equipment		(28,359)	(11,694)	(13,091)	(16,055)	(16,055)
Purchase of intangible assets		(1,803)	(87)	(87)	(833)	(833)
Purchase of investment property		-	-	(179)	-	-
Payment of loan to CCO		-	-	-	-	-
Acquisition of investments		(25,000)	(5,529)	(5,529)	(37,250)	(37,250)
<b>Net cash flow from investing activities</b>		<b>(30,282)</b>	<b>(11,642)</b>	<b>(13,219)</b>	<b>(17,242)</b>	<b>(17,242)</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowings		16,053	84,357	84,357	48,603	48,603
Repayment of borrowings		(9,000)	(76,000)	(76,000)	(44,012)	(44,012)
<b>Net cash flow from financing activities</b>		<b>7,053</b>	<b>8,357</b>	<b>8,357</b>	<b>4,591</b>	<b>4,591</b>
<b>Net (decrease)/increase in cash, cash equivalents, and bank overdrafts</b>		<b>(4,345)</b>	<b>(951)</b>	<b>(634)</b>	<b>(7,027)</b>	<b>(7,046)</b>
Cash, cash equivalents, and bank overdrafts		7,844	5,175	7,201	12,202	14,247
<b>Closing cash balances</b>		<b>3,499</b>	<b>4,224</b>	<b>6,567</b>	<b>5,175</b>	<b>7,201</b>

# Notes to the Financial Statements

## Statement of Accounting Policies as at 30 June 2024

### Reporting Entity

Horizons Regional Council (HRC) is the trading name of the Manawātū-Whanganui Regional Council, a Local Authority governed by the Local Government Act 2002 (LGA), and is domiciled in New Zealand.

The Horizons Regional Council Group (the Group) consists of Horizons Regional Council (the 'parent entity') and its subsidiary, MWRC Holdings Limited (MWRCH), domiciled in New Zealand.

Horizons has the following as investments in the balance sheet:

- 15.5% equity share of Regional Software Holdings Ltd (RSHL), and
- 14.29% (1/7) of the shares in MW LASS Limited

MW LASS Limited has been set up as a shared service across six territorial authorities (TAs) and HRC, of which HRC has the above shareholding.

HRC comprises the following Groups of Activities: Land and Water Management; Flood Protection and Control Works; Biosecurity and Biodiversity Protection; Regional Leadership and Governance; Transport; and Investment. The Council does not operate to make a financial return.

The reporting date of Council and controlled entities is 30 June.

The Council has designated itself and the Group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and Group are for the year ended 30 June 2024. The financial statements were authorised for issue by Council on 30 October 2024.

### Basis of Preparation

The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the year.

### Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000), other than capital commitments, Councillors' remuneration, severance payments, internal borrowings, and river and drainage scheme summary, which are rounded to the nearest dollar.

### Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when

the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding agreements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

## **Other changes in accounting policies**

There have been no other changes in accounting policies.

## **Revenue**

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

### *Rates Revenue*

The following policies for rates have been applied:

- General rates, targeted rates, and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due.

- Rates arising from late payment penalties are recognised when rates become overdue.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### *Revenue from Government*

Government grants and subsidies are recognised upon entitlement, which is when the conditions pertaining to eligible expenditure have been fulfilled. Non-expenditure-related grants are recognised within the relevant financial year when received or apportioned.

### *Other Grants Received*

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

### *Vested Physical Assets*

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue unless there is a use or return condition attached to the asset.

The fair value of this asset is usually determined by reference to the cost of constructing the asset.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

### *Other Revenue*

Other forms of revenue (excluding investment revenue), including fees, charges, and other revenues, are recognised on an accrual basis in



proportion to the stage of completion or when the services are rendered or goods produced.

Dividends received are recognised when the right to the payment is established.

Interest revenue is recognised using the effective interest method.

## **Expenditure**

Expenditure is recognised on an accrual basis when the service was provided or the goods received.

### *Salaries and wages*

Salaries and wages are recognised as an expense, as employees provide services.

### *Defined contribution schemes*

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

### *Grant Expenditure*

Non-discretionary grants are those that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the criteria has been received.

Discretionary grants are those where HRC has no award obligation on receipt of the grant application and are only recognised as expenditure when a successful applicant is notified of the HRC's decision.

### *Borrowing Costs*

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

### *Operating leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Where HRC is the lessee, lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. SLUI land leases paid in advance will be amortised over the life of the contracts. Where HRC is the lessor, lease receipts under an operating lease are recognised as revenue on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

## **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, on-demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Although cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

## **Trade and Other Receivables**

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

Rates are “written-off”:

- When remitted in accordance with the Council’s rates remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written off when there is no reasonable expectation of recovery.

## Inventories

Inventories of HRC are deemed to be held for distribution, being material or supplies to be consumed in the rendering of service, and are not supplied on a commercial basis. They are measured at cost, adjusted when applicable, for any loss of service potential. Inventory acquired through non-exchange transactions is measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

## Financial Derivatives

Derivative financial instruments are used to manage exposure to interest rate risks arising from HRC’s financing activities. In accordance with its treasury policy, HRC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value on each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated

as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted for are recognised in surplus or deficit.

The full fair value of a hedge-accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months and as current if the remaining maturity of the hedged item is less than 12 months.

## Financial Assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified and subsequently measured under the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOVRE); or
- Fair value through surplus and deficit (FVTSD)

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and Group’s management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost of FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

*Subsequent measurement of financial assets at amortised cost*

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits and loans to subsidiaries and associates.

*Subsequent measurement of financial assets at FVTOCRE*

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council and Group do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated at FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments, including our investment fund portfolio, and if they are intended to be held for the medium to long term.

*Subsequent measurement of financial assets at FVTSD*

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council and Group's LGFA borrower notes and Interest Rate Swaps.

*Expected credit loss allowance (ECL)*

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment, and, including forward-looking information.

The Council and Group considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council and Group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

## Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

## Property, Plant and Equipment

This consists of our operational assets, including operational land and buildings, communications equipment, computer equipment, equipment and electronics, fittings, furniture and equipment, plant and machinery, scientific/hydrological equipment, and vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other assets are measured at cost, less accumulated depreciation and impairment losses.

Included within the land assets managed by Horizons, are significant land-holdings that are legally held in the name of the Crown. This technical legal ownership by the Crown results from the fact that, prior to 1987, various government departments, e.g. the Ministry of Works, were responsible for acquiring land required for the various river control schemes. Since 1987, however, all land acquisitions were undertaken by HRC, and so legal ownership was vested in HRC. While the Crown is the legal owner of a portion of HRC's river control scheme land-holdings, it is considered that HRC, or at least HRC's ratepayers, enjoy all of the risk and benefits associated with ownership of these land-holdings, and so "in substance" HRC has ownership. However, it is noted that should HRC ever decide to sell a significant portion of these land-holdings, then part of the proceeds may have to be returned to the Crown.

### *Revaluation*

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

### *Additions*

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group, and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, items are recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group, and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

### *Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

## Infrastructural Assets

Infrastructural assets are assets that deliver benefits directly to the community rather than being used directly by HRC. The major infrastructural assets owned by HRC are associated with the region's

major flood protection and land drainage schemes. It is generally considered that the majority of infrastructural assets owned by HRC would not be readily saleable. Additions and disposals are recognised in the same way they are for property, plant, and equipment.

#### *Revaluation*

Infrastructural assets are revalued annually at depreciated replacement cost by HRC engineering staff that are directly associated with the administration of these schemes. The valuation methodology is reviewed by suitably qualified, independent consultants to confirm that the methodology is consistent with PBE IPSAS 17.

### **Depreciation**

Operational assets, as listed below, are depreciated on the straight-line basis at rates that will write off the cost (or valuation) less their estimated residual values over their useful lives, as follows:

Buildings	50 years
Buildings - Sheds	30 years
Heavy plant and machinery	5-15 years
Other plant and machinery	5-16 years
Sediment trap culverts	70 years
Motor Vehicles	3-15 years
Furniture and fittings	5-15 years
Furniture and fittings – Building fitout	50 years
Office equipment	5-6 years
Scientific equipment	3-20 years
Computer equipment	3-6 years
Communications equipment	3-15 years
Equipment and electronics	3-12 years

Infrastructural assets are depreciated on the straight-line basis at rates that will write off the carrying amount of the assets, less their estimated residual values over their estimated useful lives, as follows:

Concrete block walls	100-200 years
Major floodgate structures	70-100 years
Floodgate culverts (over 1.2m)	70 years
Flow diversion structures	70-200 years

Pump station structure	70 - 100 years
Spillways	70 years
Drop structures	50-120 years
Amenity enhancements	50 - 100 years
Concrete/timber flood walls	50-200 years
Control electrical/mechanical	50 years
Grade controls	70 years
Permeable mesh units	20 years - indefinite
Portable flood barriers	50 years
Pump station floodgates/pumps	50 - 70 years
Timber retaining walls	50 years
Weirs	70 years
Pump station electrical/mechanical	25 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Several types of infrastructural assets are deemed to have an indefinite life as follows: tied tree works, protection planting, bed armouring, rock work, concrete rip rap, stop gates, drainage channels, culverts, dams, groynes, gabions, forestry, and stopbanks. These assets are not depreciated.

### **Accounting for Revaluations**

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

## Intangible Assets

### *Computer Software*

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

### *Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit. The useful lives of major classes of intangible assets have been estimated as follows:

Digital Terrain Flood Modelling	10-12 years
Other computer software	3-20 years

### *Carbon Credits*

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

As an obligation to surrender carbon credits only arises on deforestation, the Council has elected not to recognise a liability for the surrender of its carbon units. The Council has also elected not to recognise a liability for the landowner's residual carbon credits as these values are not able to be accurately calculated until our forests are harvested and the carbon credits required to extinguish the emissions liability are known.

## Impairment of Property, Plant, and Equipment and Intangibles

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

As impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value-in-use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired, and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

### *Value in Use for Non-cash-generating Assets*

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value-in-use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### *Value in Use for Cash-generating Assets*

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

## **Forestry Assets**

Standing forestry assets are independently revalued annually at fair value less costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows, discounted at a current market-determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber process, felling costs and silviculture costs, and takes into account consideration of environmental, operational and market restrictions.

Where standing forestry assets have not been developed to the stage at which a revaluation is appropriate, these assets shall be carried at cost in the statement of financial position.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell, and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

The costs to maintain forestry assets are recognised in the surplus or deficit when incurred.

## **Creditors and Other Payables**

Creditors and other payables are initially measured at the amount payable.

## **Employee Entitlements**

### *Short-term Employee Entitlements*

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These

include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

### *Long-term Employee Entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information, and
- The present value of the estimate future cash flows.

## **Other Provisions**

HRC recognises a provision for future expenditure of uncertain amount or timing; when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditures will be required to settle this obligation, and a reliable estimate of the amount can be determined. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

## **Borrowings**

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.



Borrowings are classified as current liabilities, unless HRC has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if expected to be settled within 12 months.

#### *Borrowing Costs*

All borrowing costs are recognised as an expense in the period in which they are incurred.

### **Equity**

Equity is the community's interest in HRC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. The components of equity are:

- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve
- Restricted reserves
- Insurance infrastructure reserve, and
- Retained earnings

#### *Asset Revaluation Reserves*

These reserves relate to the revaluation of property, plant and equipment to fair value. This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense.

#### *Fair value through other comprehensive revenue and expense*

These reserves relate to the revaluation of financial assets to fair value. This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense.

#### *Restricted reserves*

These reserves are a component of equity generally representing a particular use to which various parts of equity were assigned. Use of

these reserves may be legally restricted or created by legislation or HRC.

Restricted reserves are those subject to specific conditions as binding by HRC, and which may not be revised by HRC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purpose or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

#### *Infrastructure insurance reserve*

Following the earthquake events in Christchurch and Kaikoura, our ability to insure our infrastructure assets has reduced considerably, as we have been unable to reinsure with one of our commercial providers.

Accordingly, we have a level of rating to build reserves to provide for a level of self-insurance against our assets that now have limited or no insurance cover.

### **Goods and Services Tax (GST)**

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.



## Budget Figures

The budget figures are those approved by HRC at the beginning of the year in the LTP/Annual Plan. The budget figures were prepared in accordance with NZ GAAP, using accounting policies that are consistent with those that are adopted by HRC for preparation of the financial statements. For presentational purposes, some additional budget figures have been included to provide better information.

## Cost Allocation

The cost of service for each project group has been derived using the cost allocation system outlined below:

- Direct costs are those costs identified as being directly attributable to a project group and are charged directly to that project group.
- Indirect costs are those costs that cannot be identified, in an economically feasible manner, as contributing directly to a project group. Instead, these are charged to project groups using appropriate cost drivers, including actual usage, staff numbers, floor area, and telephone and computer units.

## Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is

probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

## Critical Accounting Estimates and Assumptions

In preparing these financial statements, HRC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### *Infrastructural Assets*

There are a number of assumptions and estimates used when performing Depreciated Replacement Costs (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, e.g. HRC could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by HRC adhering to maintenance requirements included in asset management plans currently in force to ensure design standards are adequately maintained;

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted by local conditions, for example, weather patterns and population and/or traffic growth. To minimise this risk, HRC's infrastructural assets' useful lives were determined in conjunction with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering (NAMS) Group.

Senior engineering staff working in the river and drainage area initially revise infrastructural asset valuations, and their methodology is then subject to peer review and also reviewed by experienced independent valuers.

#### *Fair value of the CentrePort Investment*

This has been valued using advice from a third party with expertise in valuing this kind of asset. Further information on the estimates can be found in note 15.

#### *Fair value of the Investment Property*

This has been valued using advice from a third party with expertise in valuing this kind of asset. Further information on the estimates can be found in note 16.

### **Critical Judgement in Applying Accounting Policies**

Management has exercised the following critical judgements in applying accounting policies:

#### *Classification of Property*

HRC owns properties that are currently rented as residential accommodation. The receipt of market-based rental from these is incidental to holding them, as the properties are held for service delivery and activity programmes. The properties are accounted for as property, plant and equipment.

#### *Fair value of the Investment Property*

This has been valued using advice from a third party with expertise in valuing this kind of asset. The fair value model has been used for valuing the property. The valuers utilise an income capitalisation approach referred to the lease of the property.

### **Capital Management**

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has, in place, asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

# Statement of Contingencies and Commitments as at 30 June 2024

## Contingent Liabilities

### Forestry

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

As the obligation to surrender carbon credits only arises on deforestation, the Council has elected to not recognise a liability for the surrender of its carbon units while the forests continue to grow. If the forests were harvested today, an estimated liability to surrender carbon credits of \$4.05 million exists (2023: \$2.28 million).

The Council has an agreement with landowners that on harvest, a share of the net harvest proceeds after the trees have been harvested and sold is payable to the landowners. The Council has not recognised a liability for the landowners' share of net proceeds until the harvest event occurs and, therefore, net proceeds have eventuated.

The Council has an agreement with some landowners that any excess residual carbon credits will be shared between Horizons and the landowner. The Council has not recognised a liability for the landowner's residual carbon credits until our forests are harvested.

### 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 rate from Standard and Poor's of AAA and a foreign currency rating of AA+.

As at 30 June 2024, the Council is one of 77 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 \$23 billion (2023: \$17.7 billion), of which the Group and the Council have borrowed \$0.072 billion (2023: \$0.066 billion). As a result, the Group and the Council's cross-guarantee on LGFA's loans to other local authorities is \$23 billion (2023: \$17.7 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).

## Associate/Subsidiary Contingent Liabilities

There are no contingent liabilities to disclose this year.

## Liabilities of Associates/Subsidiaries 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 2024 relating to leasing of printers and photocopiers (same as last year).

HRC also has an operating lease commitment as Lessee for land leased for the Whanganui Service Centre and building leases at 17-23 Victoria Avenue, Palmerston North, 47 Queen Street, Palmerston North and from 1 May 2023, 61 Pascal Street, Arena 1, Palmerston North. Total commitment for this as at 30 June 2024 is \$0.495 million (last year, \$0.923 million) as summarised in the following table:

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
		181 Guyton Street, Whanganui (Whanganui		
27	27	Less than and up to one year	27	27
109	109	Two to five years	109	109
57	57	Greater than five years	29	29
<b>193</b>	<b>193</b>	<b>Total</b>	<b>165</b>	<b>165</b>
		17-23 Victoria Avenue, Palmerston North (Te Ao Nui)		
202	-	Less than and up to one year	90	-
88	-	Two to five years	-	-
-	-	Greater than five years	-	-
<b>290</b>	<b>-</b>	<b>Total</b>	<b>90</b>	<b>-</b>
		47 Queen Street, Palmerston North		
91	91	Less than and up to one year	36	36
35	35	Two to five years	-	-
-	-	Greater than five years	-	-
<b>126</b>	<b>126</b>	<b>Total</b>	<b>36</b>	<b>36</b>
		61 Pascal Street, Arena 1, Palmerston North		
111	111	Less than and up to one year	111	111
204	204	Two to five years	93	93
-	-	Greater than five years	-	-
<b>315</b>	<b>315</b>	<b>Total</b>	<b>204</b>	<b>204</b>
<b>923</b>	<b>633</b>	<b>Total Leases</b>	<b>495</b>	<b>405</b>

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 as at 30 June 2024 are \$4.878 million (last year, \$4.224 million) as summarised in the following table.

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 2024 is \$6.544 million (last year, \$3.870 million) as summarised in the following table.

There are operating lease commitments for MWRC Holdings Ltd as Lessors in respect of properties at 28 North Street, Palmerston North, 17-23 Victoria Ave, Palmerston North, 7 Victoria Ave, Palmerston North, 184 Grey Street, Palmerston North, and 40 Bowen Street, Feilding. Total commitments for these as at 30 June 2024 are \$9.690 million (last year, \$10.467 million) as summarised in the following table.

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
797	797	General Operating Land	874	874
2,416	2,416	Less than and up to one year	2,586	2,586
1,011	1,011	Two to five years	1,419	1,419
<b>4,224</b>	<b>4,224</b>	Greater than five years		
		<b>Total</b>	<b>4,878</b>	<b>4,878</b>
132	1,556	17-23 Victoria Ave, Palmerston North (Te Ao Nui)	231	1,643
528	5,797	Less than and up to one year	924	5,283
3,210	896	Two to five years	5,388	99
<b>3,870</b>	<b>8,249</b>	Greater than five years		
		<b>Total</b>	<b>6,544</b>	<b>7,026</b>
-	232	28 North Street, Palmerston	-	284
-	-	Less than and up to one year	-	546
-	-	Two to five years	-	-
-	-	Greater than five years	-	-
<b>-</b>	<b>232</b>	<b>Total</b>	<b>-</b>	<b>830</b>
-	1	7 Victoria Avenue, Palmerston	-	-
-	-	Less than and up to one year	-	-
-	-	Two to five years	-	-
-	-	Greater than five years	-	-
<b>-</b>	<b>1</b>	<b>Total</b>	<b>-</b>	<b>-</b>
-	150	40 Bowen Street, Feilding	-	150
-	600	Less than and up to one year	-	600
-	1,235	Two to five years	-	1,084
<b>-</b>	<b>1,985</b>	Greater than five years		
		<b>Total</b>	<b>-</b>	<b>1,834</b>
<b>8,094</b>	<b>14,691</b>	<b>Total Leases</b>	<b>11,422</b>	<b>14,568</b>

No restrictions are placed on the Council and Group by any of the operating leasing arrangements.

No contingent rents have been recognised.

Land property is leased under operating leases. The average lease period is 10 years, and some have the option to renew these leases.

## Capital Commitments

Capital commitments for which a contract has been signed, but the work has not yet been completed.

Council Actual 2022-23	Group Actual 2022-23		Council Actual 2023-24	Group Actual 2023-24
6,870	6,870	Protect Individual Property - McNeils	-	-
652,004	652,004	North Mole and Revetment Upgrade - Te Pūwaha	173,667	173,667
-	-	Te Pūwaha - South Mole and Tanea Groyne	18,150	18,150
-	-	Te Pūwaha - South Spit	66,696	66,696
-	-	Te Pūwaha - Other	29,910	29,910
108,590	108,590	Tokomaru Stopbank Widening	-	-
19,461	19,461	PN Flood Protection Resilience	-	-
-	-	- Kakatangiata stopbank realignment	-	-
24,086	24,086	Refurbishment of Riverbank Road Timberwall	-	-
3,853	3,853	Koputaroa Drainage Scheme	-	-
-	-	Koputaroa Stream Stopbank Refurbishment - Stage 2	774,170	774,170
12,296	12,296	Rangitikei River Enhancement	-	-
-	-	Scott's Ferry Rock Lining	-	-
-	-	Repair Placement	-	-
-	-	Rangitikei Shovel Ready	47,247	47,247
1,769,428	1,769,428	Te Matai Road Rock Armouring	1,223,067	1,223,067
682,725	682,725	Albert Street Rock Protection	22,977	22,977
-	-	Foxton Flood Mitigation	69,429	69,429
-	-	Moutoa Floodway Gates	390,759	390,759
-	-	Upgrade	-	-
-	-	Belvedere Crescent Upgrade	14,138	14,138
-	-	Tremaine Avenue Gabion	223,532	223,532
-	-	Basket Replacement	-	-
<b>3,279,313</b>	<b>3,279,313</b>	<b>Total Capital Commitments</b>	<b>3,053,742</b>	<b>3,053,742</b>

## Other Notes on Commitments

There are other minor operating expenditure commitments for orders and hire contracts at balance date but these are immaterial.

Council is committed to several projects partially funded from central government. The life of these projects is multiple years and for varying dollar amounts. The projects are Climate Resilience projects on the Lower Manawatū River, Rangitīkei River and Foxton East Drainage Schemes. Council is also involved in the Lower Whanganui Port Revitalisation project as well as the Jobs 4 Nature project. Central government is funding these projects via either the Provincial Growth Fund or the COVID-19 Response and Recovery Fund.

# Notes to the Financial Statements (continued)

## 1. Rates Revenue

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
		<b>General Rates</b>		
23,925	23,925	General Rates	25,403	25,403
5,199	5,199	Uniform Annual General Charge	5,496	5,496
		<b>Targeted Rates</b>		
9,615	9,615	Environmental Activities	10,417	10,417
12,080	12,080	River and Drainage Scheme Activities	11,676	11,676
3,785	3,785	Transport Scheme Activities	5,087	5,087
(165)	(165)	Remissions	(168)	(168)
1,083	1,083	Penalties	1,081	1,081
(1)	(1)	Discounts	-	-
<b>55,521</b>	<b>55,521</b>	<b>Total Rate Revenue (net of remissions)</b>	<b>58,993</b>	<b>58,993</b>

Rating Units	Actual 2022-23	Actual 2023-24
Number of rating units (SUIP)*	111,762	113,848
Total capital value of rating units (\$million)	80,401	95,763
Total land value of rating units (\$million)	45,591	55,972

\*Separately Used or Inhabited Part

The above rating base information is disclosed based on the rating base information at the end of the **preceding** financial year.

## 2. Subsidies, Grants and Donations

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
7,500	7,500	Transport Subsidy	10,908	10,908
1,701	1,701	SLUI - Hill Country Erosion	910	910
536	536	Freshwater Improvement	1	1
8,981	8,981	COVID Recovery Projects	7,242	7,242
831	831	Wilding Conifer	1,055	1,055
-	-	Provincial Growth Fund	1,300	1,300
-	-	Other	653	653
<b>19,547</b>	<b>19,547</b>	<b>Total Subsidies, Grants, and Donations</b>	<b>22,069</b>	<b>22,069</b>

There are no unfulfilled conditions or other contingencies attached to subsidies recognised.

## 3. Finance Revenue and Costs

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
		<b>Finance Revenue</b>		
1,463	918	Interest Revenue	1,739	969
2,015	1,386	Dividend Revenue	1,637	1,752
213	213	Interest Derivatives	-	-
<b>3,691</b>	<b>2,516</b>	<b>Total Finance Revenue</b>	<b>3,376</b>	<b>2,721</b>
		<b>Finance Costs</b>		
-	-	Interest Derivatives	131	131
2,344	2,344	Interest Expense	3,081	3,083
(165)	(165)	Provision Unwinding	(54)	(54)
<b>2,179</b>	<b>2,179</b>	<b>Total Finance Costs</b>	<b>3,158</b>	<b>3,160</b>
<b>1,512</b>	<b>337</b>	<b>Net Finance Costs</b>	<b>218</b>	<b>(439)</b>

#### 4. Other Revenue

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
4,609	4,609	Consents, compliance and research charges	4,871	4,871
-	-	Insurance recoveries	142	142
1,476	2,975	Rental revenue	1,188	2,896
666	666	Nursery sales	847	847
300	-	Gain/(loss) on revaluations	380	-
746	746	Gain on disposal of assets	329	329
7,139	7,139	Recognition of carbon credits	2,156	2,156
6,670	6,670	Other	6,535	6,338
<b>21,606</b>	<b>22,805</b>	<b>Total other revenue</b>	<b>16,448</b>	<b>17,579</b>

#### 5. Exchange versus Non-Exchange Revenue

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
5,166	5,491	Exchange Revenue	4,597	5,650
95,199	94,899	Non-exchange revenue	96,289	95,712
<b>100,365</b>	<b>100,390</b>	<b>Total Revenue</b>	<b>100,886</b>	<b>101,362</b>

Exchange revenue includes interest, dividends, leases and other revenue not subsidised by rates. Non-exchange revenue includes rates, grants, fees and charges that are part subsidised by rates.

#### 6. Other Expenses

The Chief Executive approved the write-off of rates receivable during the year under the Local Government Rates Act 2022 as follows:

- Section 90A: \$70,088 (2023: \$233,980)
- Section 90B: \$90,296 (2023: \$75,552)

Where Section 90A is a write-off of rates that cannot be recovered.

Where Section 90B is a write-off of rates of deceased owners of Māori freehold land.

These have been included as separate line items in the schedule of other expenses.

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
1,386	1,386	Asset Impairment	371	371
213	257	<u>Audit fees to principal auditor:</u>	229	277
-	-	- Annual Report	106	106
5	5	- Long-term Plan	6	6
-	-	- Debenture Trust Deed	2,403	2,403
(32)	(32)	Carbon credits surrendered	-	-
2,007	2,196	Change in impairment of receivables (decrease)	1,450	1,538
15,419	15,420	Consulting services	19,616	19,624
724	724	Contractor services	397	397
1,070	1,070	Donations/grants/sponsorship	964	964
5,258	5,258	Environmental consumables	4,366	4,366
1,661	1,662	Environmental grants	2,150	2,354
499	499	Insurance	304	304
715	715	Inventories used	691	691
1,119	1,134	Laboratory charges (external)	1,331	1,341
437	485	Legal expenses	346	416
11	11	Light heat and power	1,569	1,569
544	1,464	Loss on disposal of assets	1,141	3,225
942	942	Loss on revaluation (including forestry)	833	833
156	156	Members fees and expenses	446	446
525	154	Nursery purchases	656	213
410	507	Operational lease expenditure	398	524
234	234	Rates paid	70	70
76	76	Rates Receivables actually written off	90	90
-	-	Rates written off on Māori land	-	-
1,406	1,406	Rates penalties written off on Māori land	1,376	1,376
3,089	3,089	Software purchases	4,439	4,439
10,260	10,260	Technical services	14,553	14,553
227	227	Transport Subsidies	129	129
575	575	Valuation and land data management	484	484
330	330	Vehicle fuel	320	320
7,601	7,879	Vehicle repairs & maintenance	5,826	6,241
<b>56,867</b>	<b>58,089</b>	<b>Total Other Expenses</b>	<b>67,060</b>	<b>69,670</b>



## 7. Councillors' Remuneration

Council Actual 2022-23 Expenses						Council Actual 2023-24 Expenses					
Remuneration	Communications	Mileage	Travel Time	Meals/Misc		Remuneration	Communications	Mileage	Travel Time	Meals/Misc	
63,114	1,550	744	160	-	Benbow A	59,162	1,550	1,223	320	-	
55,658	1,550	-	-	-	Clarke E	54,279	-	-	-	-	
58,622	1,550	1,162	296	45	Cotton DB	49,302	1,550	1,173	404	59	
34,132	1,097	6,354	3,092	-	Edmonds JT	49,302	1,550	8,994	5,160	-	
62,270	1,550	4,742	1,628	230	Ferguson S	59,162	1,550	6,945	1,943	298	
51,022	1,550	2,038	478	-	Gordon EB	49,302	1,550	3,435	740	-	
51,022	1,550	-	-	-	Gordon F	49,302	1,550	409	80	4,408*	
140,243	850	-	-	-	Keedwell R-J (Chair)	147,879	-	-	-	-	
15,816	451	1,926	915	59	Kirton W	-	-	-	-	-	
34,312	1,097	-	-	-	McKellar GM	49,302	1,550	2,709	96	-	
64,660	1,550	-	-	-	Naylor JM	61,627	1,550	-	-	-	
34,312	1,097	5,939	2,999	-	Riley NM	49,302	1,550	14,085	5,629	-	
40,314	1,097	6,180	2,040	27	Taylor AR	59,162	1,550	5,592	2,120	31	
55,626	1,550	1,397	40	44	Te Awe Awe WK	49,302	1,550	2,605	283	-	
34,132	1,097	3,084	537	-	Teira T	49,302	1,550	6,238	732	305	
16,889	451	589	120	-	Turkington J	-	-	-	-	-	
<b>812,144</b>	<b>19,637</b>	<b>34,155</b>	<b>12,305</b>	<b>404</b>	<b>Total Councillors' Remuneration</b>	<b>835,687</b>	<b>18,600</b>	<b>53,407</b>	<b>17,507</b>	<b>693</b>	

Expenses incurred by Councillors for 2023-24			
Accommodation for HRC Meetings		Conference Costs	
Edmonds JT	3,098	Taylor AR	1,395
Taylor AR	482	Keedwell RJ	2,052
		Ferguson S	2,147
		Te Awe Awe WK	477

\*Plan Change Hearing Commissioner time and mileage costs

## 8. Personnel Costs

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
380	380	Chief Executive total remuneration	376	376
<b>25,746</b> (691)	<b>25,746</b> (691)	<b>Total employee benefits</b>	<b>28,738</b> (506)	<b>28,738</b> (506)
690	690	Less Capitalised Labour	801	801
(43)	(43)	Defined contribution plan employer contributions	334	334
<b>25,703</b>	<b>25,703</b>	<b>Total Personnel Costs</b>	<b>29,366</b>	<b>29,366</b>

### Additional Personnel Disclosures

Council Actual 2022-23		Council Actual 2023-24
259	<b>At 30 June HRC employed:</b>	268
31.9	Fulltime staff	31.6
	FTE (Full time equivalent) part-time and casual staff	
<b>290.9</b>	<b>Total FTEs</b>	<b>299.6</b>
	<b>Number of employees by remuneration (contracted) band as at 30 June:</b>	
65	<\$60,000	48
98	\$60,000 - \$79,999	90
88	\$80,000 - \$99,999	103
43	\$100,000 - \$119,999	55
14	\$120,000 - \$139,999	13
9	\$140,000 - \$159,999	11
6	\$160,000 - \$279,999	6
1	\$280,000 - \$399,999	2
<b>324</b>	<b>Total Employees</b>	<b>328</b>

There were no severance payments made this year, equating to \$nil (last year, nil payments equating to \$nil). The value of each of the severance payments was \$nil.

Total remuneration includes any non-financial benefits provided to employees.

At balance date, the Council employed 268 (last year: 259), with the balance of staff representing 31.6 (last year: 31.9) full-time equivalent employees. A full-time employee is based on a 40-hour working week.

## 9. Related Party Transactions

- Related party disclosures have not been made for transactions with related parties that are:
  - Within a normal supplier or client/recipient relationship; and
  - On terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.
- Further, no disclosure has been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities are on normal terms and conditions for such group transactions.

## 10. Key Management Personnel Compensation

Council Actual 2022-23		Council Actual 2023-24
813	<i>Councillors</i>	836
14	Remuneration (\$000)	14
	Full-time equivalent members	
1,403	<i>Senior Management Team including Chief Executive</i>	1,423
5	Remuneration (\$000)	5
	Full-time equivalent members	
<b>2,216</b>	<b>Total Remuneration (\$000)</b>	<b>2,259</b>
<b>19</b>	<b>Total Full-time equivalent members</b>	<b>19</b>

Key management personnel include the chair, councillors, chief executive and group managers. Remuneration includes employer KiwiSaver contributions and vehicle allowances.

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

## 11. Council Controlled Organisations (CCOs)

### Report on HRC's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisation (CCTO)

#### (i) **MW LASS Limited (MW LASS) – Exempt CCO**

During the 2023-24 financial year, HRC made full use of a number of initiatives undertaken by MW LASS. Continued savings were made by collaborating in the procurement of insurance services. Shared procurement continued for vehicle GPS tracking and booking system, the sharing of valuation data and shared service debt collection business unit for the collection of Council's and TA's debt. The debt collection unit continued to grow, adding 4 new non-member councils, taking the total Council membership to 28.

As MW LASS remains an exempt CCO, no reporting against a Statement of Intent (SOI) is required.

#### (ii) **MWRC Holdings Limited (MWRCH)**

MWRCH was established to hold equity investments formerly held by HRC. MWRCH has maintained a regular schedule of meetings, including both management and financial reporting.

The targets included in the SOI for the year were:

*Provide a minimum cash return on investment to the Council of 65% of net profit after tax*

This measure was not achieved. (Achieved 2022-23).

*Operate within agreed budgets*

Revenue is below budget and expense is over budget due to unbudgeted loss on investment property revaluation.

*Maintain the following financial performance targets*

Target	Actual 2022-23	Target 2023-24	Actual 2023-24
Net Profit Before Tax	1,065	2,430	(364)
Income Return on net Assets*	1.41%	3.05%	-0.49%
Income Return on net Assets (excluding	8.57%	6.56%	-3.40%
Dividend (excluding subvention payments)	2,015	2,049	1,500
Debt Repayment	-	-	-

\*Income return on net assets is calculated as the net profit before tax divided by net assets.

#### (iii) **Regional Software Holdings Limited (RSHL)**

RSHL was incorporated on 17 October 2012 and is owned by a number of regional councils. HRC's holding is 15.5% of the total shares. RSHL has achieved 8 of the 11 KPIs as set out in the SOI for 2023-24 and 2022-23, with 2 partially achieved and 1 not achieved.

HRC's investment has been managed by participation in regular meetings and consultations with other shareholders regarding funding and programme development.

The following performance measures were incorporated into the Statement of Intent for the 2023-24 financial year:

Non-Financial	Undertake an annual survey of IRIS NextGen users in Participating Councils in relation to product performance, Datacom support and RSHL Programme Management. Provide a summary of the survey results in the Annual Report, including performance against the baseline. Survey results to be the same or better than the previous year.	<p>Achieved</p> <p>The baseline survey for IRIS NextGen was completed in June 2024, with results presented to the Steering Group in July.</p> <p>For each survey topic, the council was asked to rate the performance of RSHL on this scale:</p> <ul style="list-style-type: none"> <li>• Outstanding</li> <li>• Good</li> <li>• Neutral</li> <li>• Poor</li> <li>• Very Poor</li> <li>• N/A</li> </ul> <p>Responses were received from 8 out of 9 councils, and results were generally good or better. Comments were also collected on each survey point.</p>
	Budgets for IRIS support and development are approved by the IRIS Advisory Group and Board by 30 June each year. Delivery within these budgets is effectively managed by the Advisory Group and the Chief Executive.	<p>Achieved.</p> <p>The DRAFT IRIS budget was approved as planned in February 2024, and the final budget was approved as part of the SOI Process in June 2024.</p> <p>IRIS – The IRIS Programme Budget included a loss of \$468k for the year because the programme intended to expend funds carried over from previous years. In fact, the programme made a loss of \$174k, including depreciation. The favourable result was because operating expenditure was \$358k less than budgeted.</p>

	Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System. Revenue and Expenditure for SFMS Programmes are within budget, with any variations approved by the RCEOs. Annual Survey of Programme Leads in relation to SFMS Management presented to RCEOs in June. Survey results to be the same or better than the previous year.	<p>Achieved.</p> <p>SFMS Funds collected were as agreed with the RCEOs, and reporting on financial position was provided to RCEOs on a quarterly basis.</p> <p>Total funding collected in the period was \$6.9M, of which \$2.5M was from central government. Total expenses for the year were \$7.8M. The net loss of \$1.9M is due to expenses for the Cyclone Gabrielle response LIDAR Surveys. The funding for this work was collected in the previous financial year but spent in FY24.</p> <p>Ten Te Uru Kahika Programme Leads were surveyed on the performance of RSHL with respect to delivery of the SFMS. 5 responses were provided.</p> <p>All responses rated RSHL Good or Outstanding on the following survey questions:</p> <p>Please rate the performance of RSHL with respect to:</p> <ul style="list-style-type: none"> <li>• Sourcing and Procurement</li> <li>• Contract Management.</li> <li>• Financial/Operations Management.</li> <li>• Employment of Staff/Contractors</li> </ul> <p>This is a pleasing result, which we will seek to build on in the following years.</p>
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	Effectively support the activities of the Te Uru Kahika through the Regional Sector Office. Annual survey of RCEOs in relation to performance of the sector office presented to RCEOs in June. Survey results to be the same or better than the previous year.	<p>Not Achieved.</p> <p>Over the course of FY2024, RSHL went through a process to better define the role of RSHL in support of Te Uru Kahika.</p> <p>As a result of that work, a new Memorandum of Agreement (MoA) has been created, which clearly defines the roles of RSHL and Te Uru Kahika. That MoA includes service definitions and measures. This is the most effective way of measuring the performance of RSHL in support of Te Uru Kahika.</p> <p>The Te Uru Kahika Virtual Team, led by the Te Uru Kahika Executive Director, is accountable to the RCEOs Forum for the performance of the Regional Sector Office.</p>
	Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager	<p>Partially Achieved.</p> <p>The EMAR budget and workplan for FY24 was approved by the EMAR Steering Group on 25 August 2024. Approval was delayed pending confirmation of central government funding.</p> <p>The work programme for LAWA, including additional topics and upgrades was completed on time and to budget.</p>

	Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group.	<p>Partially Achieved.</p> <p>RSHL has effectively managed the SFMS. Revenue and expenditure are consistent with the amounts documented in the SFMS Briefing Paper.</p> <p>RSHL has more than 50 contracts in place with service providers for support of Te Uru Kahika work programmes.</p> <p>RSHL has effectively managed the Integrated National Farm Data Platform (INFDP) Programme under the guidance of the Steering Group. The programme has remained within budget and timetable and been well managed despite significant changes in policy direction.</p> <p>Environmental Data Management Platform (EDMS) is a long-running and complex programme. RSHL has been working with the Te Uru Kahika Environmental Data and Digital Solutions Groups to complete the procurement process for this programme. This has taken longer than planned.</p> <p>In FY2024, we started development with a consortium of councils on a Data Emissions Platform Programme. We expect to progress to a formal partnership agreement before the end of the year.</p> <p>RSHL is also working with the Regional Integrated Ticketing Systems Programme to transition that team from Otago Regional Council to RSHL.</p>
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Financial	<p>RSHL will operate within approved budget, with any material variations approved by the relevant governance group.</p> <ul style="list-style-type: none"> <li>• RSHL Overheads – RSHL Board.</li> <li>• IRIS NextGen Programme –</li> </ul>	<p>Achieved – RSHL operated within approved budgets for all programmes with some variations approved by the board.</p> <p>The board receives quarterly financial reports with revenue and expenditure for each activity:</p> <ul style="list-style-type: none"> <li>• RSHL Overheads – RSHL Board</li> <li>• IRIS NextGen Programme – IRIS NextGen Steering Group</li> </ul>
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	<p>IRIS NextGen Steering Group</p> <ul style="list-style-type: none"> <li>IRIS Programme – IRIS Advisory Group</li> <li>Sector Financial Management System – RCEOs Group</li> </ul>	<ul style="list-style-type: none"> <li>IRIS Programme – IRIS Advisory Group</li> <li>Sector Financial Management System – RCEOs Group</li> </ul> <p>The board received and accepted the financial reports at each meeting, with variances discussed and agreed.</p> <p>Overheads – Overhead costs are allocated to each programme based on revenue. The SOI budget showed total overheads to be recovered from programmes as \$342K. Actual overheads recovered were \$370K. IRIS NextGen Programme – The SOI budget for IRIS NextGen indicated a loss of \$286K, because the programme intended to expend funds carried over from previous years. In fact, the programme made a loss of \$68K.</p> <p>IRIS – The IRIS Programme Budget included a loss of \$468K for the year because the programme intended to expend funds carried over from previous years.</p> <p>In fact, the programme made a loss of \$174K including depreciation. The favourable result was because operating expenditure was \$358K less than budgeted.</p> <p>Sector Financial Management System – Te Uru Kahika confirmed its budget for FY2024 in August after RSHL had published its SOI budget. As such, a comparison between the SOI budget and the FY24 actual expenditure for the SFMS is not meaningful. The RCEOs Group received quarterly updates on income and expenditure against their budget. The Te Uru Kahika Executive Advisor received regular updates.</p> <p>Further variability was created because Te Uru Kahika successfully negotiated a new funding agreement with MFE in June 2024. This has had a favourable impact on the year-end result.</p>
	Annual charges for shareholders and customers to be at	Achieved

	<p>the level approved by the relevant governance group. Based upon the approved operating budget and budgets.</p> <ul style="list-style-type: none"> <li>RSHL Overheads – RSHL Board.</li> <li>IRIS NextGen Programme – IRIS NextGen Steering Group</li> <li>IRIS Programme – IRIS Advisory Group</li> <li>Sector Financial Management System – RCEOs Group</li> </ul>	<p>Overheads are not charged directly to shareholders or customers.</p> <p>IRIS NextGen Programme – Budgeted contributions to the programme from councils in FY2024 were set at \$5M, and actual contributions were \$5M. The budget also included contingency of \$0.4M, which was not collected or expended. \$44K of funding was collected and expended for small, council-specific pieces of work related to the programme.</p> <p>IRIS – Collected contributions matched budget exactly, at \$937K.</p> <p>SFMS - Te Uru Kahika confirmed its budget for FY2024 in August after RSHL had published its SOI budget. As such, a comparison between the SOI budget and the FY24 actual contributions for the SFMS is not meaningful. Funding collected from councils was in line with the budget set by the RCEOs in August. The agreed contribution from councils was \$3.4M. The total collected was \$3.5M.</p> <p>This figure included additional funding collected at the request of the BioManagers Group (\$50K) and additional (unbudgeted) contributions from Auckland Council.</p>
Growth	<p>Monitor the regional sector and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.</p>	<p>Achieved.</p> <p>All 16 regional government organisations are customers of RSHL, while 10 councils are shareholders.</p> <p>In FY2024 year, RSHL worked with consortiums of councils on the following new significant initiatives. Data Emissions Platform - 19 Councils, including 10 Territorial Authorities, are working together to roll out a shared solution for the recording, modelling and reporting of emissions at a local scale. The solution is expected to go live in 2024.</p>

		Regional Integrated Ticketing System – RSHL is working with a consortium of 10 councils on the transition of the RITS Programme Team from Otago Regional Council to RSHL.
	Work with the Te Uru Kahika Network to develop shared service opportunities.	<p>Achieved.</p> <p>In FY2024 year, RSHL worked with consortiums of councils on the following new significant initiatives. Data Emissions Platform - 19 Councils, including 10 Territorial Authorities, are working together, to roll out a shared solution for the recording, modelling and reporting of emissions at a local scale. The solution is expected to go live in 2025.</p> <p>Regional Integrated Ticketing System – RSHL is working with a consortium of 10 councils on the transition of the RITS Programme Team from Otago Regional Council to RSHL.</p>
	Engage with councils in the regional sector to increase the scope of the usage of shared solutions.	<p>Achieved.</p> <p>RSHL is no longer promoting the IRIS product to new councils. RSHL promotes the IRIS NextGen Programme to the 7 councils not currently participating. We expect West Coast Regional Council to join the programme in FY25. We continue to be in regular contact with two other large councils.</p> <p>The WellsNZ Programme provides a platform for the management and display of well and bore data. The programme was founded by Waikato, Canterbury, Auckland and Otago regional councils. We expect up to 4 more councils to join the programme in FY25.</p>

For further detail please refer to the RSHL Annual Report for the year ended 30 June 2024.

## 12. Cash and Cash Equivalents

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
5,176	7,201	Cash at bank and on hand	4,224	6,567
-	-	Term deposits with original maturities less than 3 months	-	-
<b>5,176</b>	<b>7,201</b>	<b>Total Cash and Cash Equivalents</b>	<b>4,224</b>	<b>6,567</b>

## 13. Trade and Other Receivables

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
3,459	3,459	Rates Receivables	4,499	4,499
2,462	2,783	Trade and Other Receivables	4,398	4,560
351	220	Due from related parties	469	129
711	732	GST receivable	723	693
(1)	(1)	Allowance for credit losses	(1)	(1)
<b>6,982</b>	<b>7,193</b>	<b>Total Trade and Other Receivables</b>	<b>10,088</b>	<b>9,880</b>

Trade and other receivables are non-interest bearing, and receipt is normally on 30 day terms; therefore, the carrying amount of trade and other receivables approximates their fair value.

Council	2022-23 \$000			2023-24 \$000		
	Gross	Impair	Net	Gross	Impair	Net
Not past due	3,021	-	3,021	3,804	-	3,804
Past due 1-30	(71)	-	(71)	147	-	147
Past due 31-90	15	-	15	642	-	642
Past due >90 days	4,017	(1)	4,017	5,496	(1)	5,495
	<b>6,982</b>	<b>(1)</b>	<b>6,982</b>	<b>10,089</b>	<b>(1)</b>	<b>10,088</b>
Exchange	46	-	46	117	-	117
Non-exchange	6,936	(1)	6,936	9,972	(1)	9,971
	<b>6,982</b>	<b>(1)</b>	<b>6,982</b>	<b>10,089</b>	<b>(1)</b>	<b>10,088</b>
Group	<b>7,194</b>	<b>(1)</b>	<b>7,193</b>	<b>9,881</b>	<b>(1)</b>	<b>9,880</b>

Exchange receivables include lease revenue and services not subsidised by rates. Non-exchange receivables include outstanding amounts of rates and grants that are partly subsidised by rates.

In addition to these receivables, outstanding fines due to HRC of \$0.064 million (last year, \$0.081 million) are detailed on page 147. Due to HRC's inability to enforce recovery of these amounts, they are not included as receivables in the financial statements.

The Council does not provide for ECLs on rates receivables. Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to their present value of future payments, and the effect of discounting is material.

The ECL rates for other receivables are based on the profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2023 in the estimation techniques or significant assumptions in measuring the loss allowance. The allowance for credit losses based on Council and the group's credit loss matrix is as follows:

	Current	1 to 30 days	31 to 90 days	More than 90 days	Total
Council - 30 June 2024					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.27%	
Gross Receivable amount (\$'000)	3,804	147	642	274	4,867
Lifetime ECL	-	-	-	1	1
Group - 30 June 2024					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.27%	
Gross Receivable amount (\$'000)	3,623	160	631	275	4,689
Lifetime ECL	-	-	-	1	1
Council - 30 June 2023					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.28%	
Gross Receivable amount (\$'000)	3,021	(71)	15	207	3,172
Lifetime ECL	-	-	-	1	1
Group - 30 June 2023					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.28%	
Gross Receivable amount (\$'000)	3,008	(71)	15	207	3,159
Lifetime ECL	-	-	-	1	1



Movements in the allowance for credit losses as follows:

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
(2)	(2)	Balance at 1 July under PBE IPSAS 29	-	-
1	1	ECL adjustment on adoption of PBE IPSAS 41	-	-
(1)	(1)	Opening balance for credit losses at 1 July	(1)	(1)
-	-	Additional provisions made during the year	-	-
-	-	Provisions reversed during the year	-	-
-	-	Receivables written off during the year	-	-
<b>(1)</b>	<b>(1)</b>	<b>Total ECL</b>	<b>(1)</b>	<b>(1)</b>

#### 14. Inventory

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
1,503	1,503	Opening inventory	1,903	1,903
790	790	Purchases and associated costs	421	421
<b>2,293</b>	<b>2,293</b>		<b>2,324</b>	<b>2,324</b>
(390)	(390)	Inventories used in activities	(304)	(304)
<b>1,903</b>	<b>1,903</b>	<b>Closing inventory</b>	<b>2,020</b>	<b>2,020</b>

No inventories are pledged as security for liabilities (last year nil). There have been no write-downs of inventory during the year, nor reversals of previous write-downs.

#### 15. Other Financial Assets

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
<b>Current Portion</b>				
-	-	Term deposits with original maturities of 4-12 months	-	-
-	-	Loans to subsidiaries and associates	-	-
-	-	Derivatives (current)	9	9
-	-	LGFA deposit	216	216
<b>-</b>	<b>-</b>	<b>Total current portion</b>	<b>225</b>	<b>225</b>
<b>Non-current Portion</b>				
<b>Investments in CCOs and other similar entities</b>				
2	2	NZ Local Government Insurance Corporation Ltd	2	2
16	16	MW LASS Ltd	16	16
798	798	Regional Software Holding Ltd	798	798
31,500	-	MWRC Holdings Ltd	31,500	-
18,500	-	Loan to CCO	18,500	-
990	990	LGFA Deposit	1,087	1,087
<b>51,806</b>	<b>1,806</b>	<b>Total Investments in CCOs and other similar entities</b>	<b>51,903</b>	<b>1,903</b>
<b>Investments in other</b>				
-	63,000	Unlisted shares in CentrePort Ltd (23.08%)	-	63,000
3,770	3,770	Listed share portfolio - Hobson Wealth	3,999	3,999
<b>3,770</b>	<b>66,770</b>	<b>Total Investments in other entities</b>	<b>3,999</b>	<b>66,999</b>
<b>Other</b>				
850	850	Derivative financial instruments	711	711
<b>850</b>	<b>850</b>	<b>Total Other</b>	<b>711</b>	<b>711</b>
<b>56,426</b>	<b>69,426</b>	<b>Total non-current portion</b>	<b>56,613</b>	<b>69,613</b>
<b>56,426</b>	<b>69,426</b>	<b>Total Other Financial Assets</b>	<b>56,838</b>	<b>69,838</b>

The carrying amount of term deposits approximates their fair value. There were no impairment expenses of provisions for other financial assets. None of the financial assets are either past due or impaired.

The listed share portfolio with Hobson Wealth is a portfolio of investments made up of New Zealand and international shares. These are listed equities and have been valued using their quoted market price at balance date.

## Fair value of the CentrePort Ltd

### Overview

Horizons Regional Council owns 23.08% of the issued shares of CentrePort Limited through its wholly-owned subsidiary, MWRCH Holdings Limited (MWRCH). The balance of the shares is owned by Greater Wellington Regional Council (GWRC). Each year, MWRCH engages an independent third party to assess the fair value of this shareholding and provide an indicative valuation range of the carrying value of the investment.

KPMG was engaged to assess the fair value of this shareholding and provide an indicative valuation range for the investment's carrying value for FY 2024.

KPMG has adopted a discounted cash flow (DCF) method as the primary valuation methodology for valuing 100% of CentrePort, supported by sensitivity analysis and cross-referencing with market multiples for capitalisation of earnings. KPMG also applies a minority discount for the lack of control, reflecting the nature of Horizons' minority shareholding.

The valuation relies on the following information provided by CentrePort management:

- CentrePort's 10-year financial forecasts from 1 July 2024 to 30 June 2034;
- CentrePort's unaudited interim financial statements for FY2024;
- CentrePort's statement of corporate intent (SCI) for FY2025-27;
- CentrePort's audited Annual Reports for FY2021 to FY2023;
- Constitution of CentrePort
- CentrePort's quarterly reports (FY2022 Q4, FY2023 Q4, and FY2024 Q3 and Q4)

- CentrePort's investment property valuation from Colliers International as at 30 June 2024;
- CentrePort's public website; and
- Conversations with CentrePort and Horizons management.

The indicative valuation range for Horizons' 23.08% shareholding in CentrePort is \$55.3 million to \$67.5 million as at 30 June 2024 (compared to \$52.0 Million to \$64.0 Million as at 30 June 2023), with a midpoint of \$61.1 million. This valuation reflects an implied multiple of 7.9x FY24 EBITDA and 8.7x FY25 EBITDA, positioning CentrePort between the lower quartile and median of comparable companies.

The Directors agreed the carrying value of the Council's shareholding in CentrePort would remain at \$63 million as of 30 June 2024, after reviewing independent valuation advice from KPMG and considering current economic conditions, including the impact of inflation and interest rates. This value is slightly above the midpoint of the valuation range provided by KPMG.

Based on KPMG's assessment, applying a higher minority discount rate of 32.5% results in a value of \$55.3 million for CentrePort, while applying a lower minority discount rate of 27.5% results in a value of \$67.5 million. As the carrying value of \$63 million falls within this range, no allowance for Expected Credit Loss has been made.

KPMG applied a minority discount of 27.5% to 32.5% due to the lack of control over the operations of CentrePort by Horizons, given that the majority shareholder (GWRC) has a controlling interest. This discount reflects the reduced influence Horizons has over key strategic decisions, dividend policies, and operational management.

### Impact of the 2016 Kaikoura Earthquake on investment

As reported in previous Annual Reports, the November 2016 Kaikoura earthquake resulted in significant damage to CentrePort's assets and business. The rebuild still involves some uncertainty about future business operations and the capital expenditure required to restore or develop the port. However, the Company's plans have advanced.

CentrePort is actively working on a comprehensive "Regeneration Plan" and has initiated discussions with its shareholders and public consultations regarding these plans. A key focus of the Regeneration Plan is enhancing the port's operational resilience. This includes upgrading infrastructure to better withstand future seismic events, integrating more robust supply chain systems, and improving overall operational efficiency. The plan also features investments in electrification and renewable energy to ensure long-term sustainability and resilience.

The green credit facility from New Zealand Green Investment Finance (NZGIF) supports these resilience efforts by funding low-carbon projects such as the introduction of electric vehicles and on-site renewable energy generation. These initiatives not only reduce the port's carbon footprint but also contribute to a more resilient and efficient operational framework.

Despite the ongoing development of the Regeneration Plan, capital expenditure forecasts remain somewhat uncertain until the process is fully completed.

### Uncertainties in the valuation advice

The Directors note that there remains a high degree of uncertainty in CentrePort's future capital expenditure and financial performance, which may impact returns to shareholders.

Key uncertainties highlighted by KPMG include:

- CentrePort's operations continue to be affected by volatility in the financial markets, inflationary pressures, and broader macroeconomic trends.
- The significant capital expenditure required for rebuilding and redevelopment adds substantial uncertainty to the valuation.
- While CentrePort has made progress in planning for the SUT (Single Use Ferry Terminal), uncertainty remains around the timing, scale, and ROI of these capital investments.
- Some of the capital expenditure is likely to be non-revenue generating, particularly related to ground resilience and wharf

renewal work, but is necessary to enhance the long-term operational resilience of the port.

- Many aspects of the capital expenditure plan, including the SUT project, remain subject to detailed business casing and shareholder approval.
- The valuation is primarily based on financial forecasts provided by CentrePort's management for the period 1 July 2024 to 30 June 2034, which are dependent on assumptions about future business performance and external factors that may not materialise as expected.

### Assumptions

KPMG's valuation advice is based on the following key assumptions:

- The valuation is as of 30 June 2024 and assumes no material change in the financial performance or position.
- CentrePort's investment property, valued at \$96.7 million as of 30 June 2024.
- A corporate tax rate of 28%, with tax being paid in the year incurred.
- The midpoint DCF valuation 7.9 x FY24 EBITDA and 8.7 x forecast FY25 EBITDA.
- Deferred tax liability adjustment reflects the present value of expected payments, with a nominal value of \$22.3m as of 30 June 2024.
- Deferred tax liability is assumed to unwind over 20 years and is treated as an operating liability with an adjustment made to Enterprise Value (EV).
- Debt to Enterprise Value Range assumed to be 20% to 30%, based on observed gearing levels in comparable companies and CentrePort's long-term borrowing intentions for growth.
- Capital expenditure related to resilience work is not expected to generate a return above WACC.

A minority discount of 27.5% to 32.5% has been applied to reflect Horizons' minority shareholding. This discount acknowledges Horizons' limited control over CentrePort's strategic direction and dividend policy, as well as GWRC's majority shareholding.

## Sensitivity Analysis

KPMG conducted a sensitivity analysis to assess the impact of changes in key valuation drivers. The analysis explored the effects of changes to the following inputs:

- Weighted Average Cost of Capital (WACC): A 1% decrease in the WACC results in a valuation increase of \$4.1 million, while a 1% increase in the WACC results in a valuation decrease of \$3.7 million.
- WACC range of 7.3% to 8.3%, with a mid-point of 7.8%, reflecting an increase due to the higher risk-free rate in the current interest rate environment.
- Exit Multiple: A 1.0x decrease in the exit multiple applied in the terminal period results in a valuation decrease of \$3.8 million, while a 1.0x increase in the exit multiple results in a valuation increase of \$3.8 million.
- Minority Discount: A 5% decrease in the minority discount applied results in a valuation increase of \$4.3 million, while a 5% increase in the minority discount results in a valuation decrease of \$4.3 million.
- Capital Expenditure (Capex): A 15% decrease in capital expenditure over the forecast period, assuming no change in EBITDA, results in a valuation increase of \$6.2 million, while a 15% increase in capital expenditure results in a valuation decrease of \$6.2 million.
- Revenue: A 10% decrease in revenue over the forecast period, assuming the EBITDA margin remains unchanged, results in a valuation decrease of \$8.4 million, while a 10% increase in revenue results in a valuation increase of \$8.4 million.

The valuation advice, including calculating the discount rate, has been carried out by an independent third party (KPMG) with experience in valuing investments of this type.

## 16. Investment Property

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
		<b>28 North Street, Palmerston North</b>		
-	3,670	Balance at 1 July	-	3,450
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
-	(220)	Revaluation as at 30 June	-	(175)
-	<b>3,450</b>	<b>Total North Street</b>	-	<b>3,275</b>
		<b>17-23 Victoria Avenue, Palmerston North</b>		
3,000	22,250	Balance at 1 July	3,300	21,360
-	-	Property purchased	-	-
-	10	Additions/Renovations	-	-
-	-	Reclassification on consolidation	-	-
300	(900)	Revaluation as at 30 June	380	(1,780)
<b>3,300</b>	<b>21,360</b>	<b>Total 17-23 Victoria Avenue</b>	<b>3,680</b>	<b>19,580</b>
		<b>3 Victoria Avenue, 7 Victoria Avenue &amp; 184 Grey Street, Palmerston North</b>		
-	1,900	Balance at 1 July	-	-
-	-	Property purchased	-	1,397
-	-	Additions/Renovations	-	-
-	(1,900)	Reclassification on consolidation	-	(1,397)
-	-	Revaluation as at 30 June	-	-
-	-	<b>Total 3 Victoria Avenue, 7 Victoria Avenue &amp; 184 Grey Street</b>	-	-
		<b>40 Bowen Street, Feilding</b>		
-	2,000	Balance at 1 July	-	2,200
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	179
-	-	Reclassification on consolidation	-	-
-	200	Revaluation as at 30 June	-	(129)
-	<b>2,200</b>	<b>Total 40 Bowen Street</b>	-	<b>2,250</b>
<b>3,300</b>	<b>27,010</b>	<b>Total Investment Properties</b>	<b>3,680</b>	<b>25,105</b>

The valuer applies the fair value model for valuing the properties. In determining the fair value, the valuers have utilised an income capitalisation approach with reference to the lease of the property. Yields are derived from analysis of comparable sales in the market. The properties were valued by an independent registered valuer, CBRE, which has the relevant professional qualifications and recent experience. There are no known restrictions to the reliability of the investment property valuations.

## 17. Forestry

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
		<b>SLUI Forestry Development</b>		
3,424	3,424	Balance at 1 July	2,991	2,991
259	259	Increases due to purchases	49	49
(148)	(148)	Decrease due to sale	(325)	(325)
(544)	(544)	Revaluation movement	(1,141)	(1,141)
<b>2,991</b>	<b>2,991</b>	<b>Balance at 30 June</b>	<b>1,574</b>	<b>1,574</b>
		<b>Other Forestry Development</b>		
592	592	Balance at 1 July	386	386
1	1	Increases due to purchases	(1)	(1)
-	-	Decrease due to sale	-	-
(207)	(207)	Revaluation movement	(67)	(67)
<b>386</b>	<b>386</b>	<b>Balance at 30 June</b>	<b>318</b>	<b>318</b>
<b>3,377</b>	<b>3,377</b>	<b>Total Forestry Value at 30 June</b>	<b>1,892</b>	<b>1,892</b>

SLUI forestry development is an integral part of delivering the Sustainable Land Use Initiative (SLUI). This activity is a targeted response to accelerated soil erosion in hill country and the downstream effects on our water quality and flood protection schemes. HRC works with landowners within target catchments to implement programmes to reduce hill country erosion.

The Council owns SLUI Forestry of 1,085 hectares (1,255 in 2023) of net stocked area, which are at varying stages of maturity ranging from 10-17 years. They are on leased land with leases ranging from 30-35 years.

Other forestry development is planted on riverside land to minimise the land degradation in that location. Previously, this asset type was incorporated within the Infrastructural assets; however, as at 30 June 2019, a valuation was performed, and the asset was reclassified and separately identified.

## Valuation Assumptions

Independent registered valuer, Stuart Orme of Orme & Associates valued the SLUI Forests, and Alan C Bell has valued the other forestry assets as at 30 June 2024. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 8% has been used for the other forestry assets and 7.5% for the SLUI forestry in discounting the present value of expected future cash flows;
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- No allowance for inflation has been provided;
- Costs are current average costs; no allowance has been made for cost improvements in future operations; and
- Log prices are based on a three-year historical rolling average.

Forestry is held for the dual purpose of protection against soil erosion and for commercial purposes to make a gain.

## Financial Risk Management Strategies

HRC and the Group are exposed to financial risks arising from changes in timber prices. They, as part of the SLUI programme, are long-term forestry investors and do not expect timber prices to decline significantly in the foreseeable future. For this reason, and due to the short life-to-date of the asset, no measures were taken to manage the risk of declining timber prices. When appropriate in the future, HRC and the Group will review its outlook for timber prices regularly in considering the need for active financial risk management.

## 18. Restoration Asset

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
3,438	3,438	Opening Balance as at 1 July	2,325	2,325
(212)	(212)	Amortisation	(180)	(180)
(289)	(289)	Disposal of Asset	(237)	(237)
(612)	(612)	Change in Value	(1,205)	(1,205)
<b>2,325</b>	<b>2,325</b>	<b>Closing Balance as at 30 June</b>	<b>703</b>	<b>703</b>

This asset is for capitalising our lessee interest in the land leases we have relating to our SLUI forests. Its initial value as at 30 June 2019 is based on the current costs to replant, which Council are obligated to do at harvest, inflated based on the years to harvest at inflation as at 30 June for various periods of 17-23 years, discounted back to present value based on the risk-free spot rate at 30 June. This is then amortised on a straight-line basis over the years to harvest, ranging from 17-23 years, depending on the individual lease agreements per forest.

## 19. Carbon

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
10,809	10,809	Opening Balance as at 1 July	16,274	16,274
7,139	7,139	Additional carbon credits recognised	2,156	2,156
(1,674)	(1,674)	Carbon credits surrendered	(3,376)	(3,376)
<b>16,274</b>	<b>16,274</b>	<b>Closing Balance as at 30 June</b>	<b>15,054</b>	<b>15,054</b>



## 20. Property, Plant, Equipment and Intangibles - Parent

2024	Cost/ Valuation 1	Accumulated	Carrying amount 1 July	Transfers and other adjustments		Additions
	July 2023	Depreciation and impairment	2023	Cost	Accumulated Depreciation	
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Intangible Assets</b>						
Computer software	14,405	(10,728)	3,677	-	-	-
Capital work in progress	1,077	-	1,077	-	-	505
<b>Total intangible assets</b>	<b>15,482</b>	<b>(10,728)</b>	<b>4,754</b>	<b>-</b>	<b>-</b>	<b>505</b>
<b>Operational Assets</b>						
Buildings	12,160	(330)	11,830	(20)	4	-
Communications equipment	1,589	(1,387)	203	-	-	-
Computer equipment	5,793	(4,654)	1,139	-	-	-
Equipment and electronics	2,919	(1,869)	1,051	-	(3)	-
Fittings, furniture & equipment	4,459	(2,316)	2,143	4	(6)	-
Land - owned	60,156	-	60,156	-	-	-
Land - vested	10,003	-	10,003	-	-	-
Plant & machinery	1,293	(947)	347	-	5	-
Scientific/hydrological equipment	10,630	(7,831)	2,799	-	1	-
Vehicles	9,048	(3,982)	5,066	-	(11)	-
Capital work in progress	1,709	-	1,709	-	-	4,813
<b>Total operational assets</b>	<b>119,760</b>	<b>(23,316)</b>	<b>96,444</b>	<b>(16)</b>	<b>(10)</b>	<b>4,813</b>
<b>Total intangible and operational assets</b>	<b>135,242</b>	<b>(34,044)</b>	<b>101,198</b>	<b>(16)</b>	<b>(10)</b>	<b>5,318</b>
<b>Infrastructural Assets</b>						
River systems	852,092	-	852,092	-	-	-
Drainage systems	105,078	-	105,078	-	-	-
Capital work in progress	26,740	-	26,740	-	-	9,958
<b>Total infrastructural assets</b>	<b>983,910</b>	<b>-</b>	<b>983,910</b>	<b>-</b>	<b>-</b>	<b>9,958</b>
<b>Totals for parent entity</b>	<b>1,119,152</b>	<b>(34,044)</b>	<b>1,085,108</b>	<b>(16)</b>	<b>(10)</b>	<b>15,276</b>

Disposals in this reconciliation are reported net of accumulated depreciation.



Transfers from WIP	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2024	Accumulated Depreciation and impairment	Carrying amount 30 June 2024
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1,045	-	-	(835)	-	15,450	(11,563)	3,887
(1,045)	(202)	-	-	-	335	-	335
<b>0</b>	<b>(202)</b>	<b>-</b>	<b>(835)</b>	<b>-</b>	<b>15,785</b>	<b>(11,563)</b>	<b>4,222</b>
554	-	-	(308)	-	12,694	(634)	12,060
21	(4)	-	(50)	-	1,606	(1,437)	169
924	(63)	-	(597)	-	6,654	(5,251)	1,403
482	-	-	(274)	-	3,401	(2,146)	1,255
134	(1)	-	(246)	-	4,594	(2,566)	2,028
564	-	-	-	-	60,720	-	60,720
-	-	-	-	-	10,003	-	10,003
23	-	-	(55)	-	1,312	(993)	319
1,026	-	-	(490)	-	11,656	(8,320)	3,336
1,628	(254)	-	(1,208)	-	9,115	(3,894)	5,221
(5,356)	(536)	-	-	-	630	-	630
<b>0</b>	<b>(858)</b>	<b>-</b>	<b>(3,228)</b>	<b>-</b>	<b>122,385</b>	<b>(25,241)</b>	<b>97,144</b>
<b>1</b>	<b>(1,061)</b>	<b>-</b>	<b>(4,063)</b>	<b>-</b>	<b>138,170</b>	<b>(36,804)</b>	<b>101,366</b>
19,595	(7,996)	-	(1,656)	194,788	1,056,823	-	1,056,823
921	(131)	-	(729)	18,225	123,364	-	123,364
(20,516)	(0)	-	-	-	16,182	-	16,182
<b>0</b>	<b>(8,127)</b>	<b>-</b>	<b>(2,385)</b>	<b>213,013</b>	<b>1,196,369</b>	<b>-</b>	<b>1,196,369</b>
<b>1</b>	<b>(9,188)</b>	<b>-</b>	<b>(6,448)</b>	<b>213,013</b>	<b>1,334,539</b>	<b>(36,804)</b>	<b>1,297,735</b>

## Property, Plant, Equipment and Intangibles - Group

<b>2024</b>	<b>Cost/ Valuation 1 July 2023</b>	<b>Accumulated Depreciation and impairment</b>	<b>Carrying amount 1 July 2023</b>	<b>Transfers and other adjustments Cost</b>	<b>Accumulated Depreciation</b>	<b>Additions</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Intangible Assets</b>						
Computer software	14,405	(10,728)	3,677	-	-	-
Capital work in progress	1,077	-	1,077	-	-	505
<b>Total intangible assets</b>	<b>15,482</b>	<b>(10,728)</b>	<b>4,754</b>	<b>-</b>	<b>-</b>	<b>505</b>
<b>Operational Assets</b>						
Buildings	15,337	(330)	15,007	(20)	4	-
Communications equipment	1,589	(1,387)	203	-	-	-
Computer equipment	5,793	(4,654)	1,139	-	-	-
Equipment and electronics	2,919	(1,869)	1,051	-	(3)	-
Fittings, furniture & equipment	4,459	(2,316)	2,143	4	(6)	-
Land - owned	64,819	-	64,819	-	-	-
Land - vested	10,003	-	10,003	-	-	-
Plant & machinery	1,293	(947)	347	-	5	-
Scientific/hydrological equipment	10,630	(7,831)	2,799	-	1	-
Vehicles	9,048	(3,982)	5,066	-	(11)	-
Capital work in progress	1,709	-	1,709	-	-	4,813
<b>Total operational assets</b>	<b>127,599</b>	<b>(23,316)</b>	<b>104,286</b>	<b>(16)</b>	<b>(10)</b>	<b>4,813</b>
<b>Total intangible and operational assets</b>	<b>143,081</b>	<b>(34,044)</b>	<b>109,040</b>	<b>(16)</b>	<b>(10)</b>	<b>5,318</b>
<b>Infrastructural Assets</b>						
River systems	852,092	-	852,092	-	-	-
Drainage systems	105,078	-	105,078	-	-	-
Capital work in progress	26,740	-	26,740	-	-	9,958
<b>Total infrastructural assets</b>	<b>983,910</b>	<b>-</b>	<b>983,910</b>	<b>-</b>	<b>-</b>	<b>9,958</b>
<b>Totals for group entity</b>	<b>1,126,992</b>	<b>(34,044)</b>	<b>1,092,948</b>	<b>(16)</b>	<b>(10)</b>	<b>15,276</b>

Transfers from WIP	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2024	Accumulated Depreciation and impairment	Carrying amount 30 June 2024
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1,045	-	-	(835)	-	15,450	(11,563)	3,887
(1,045)	(202)	-	-	-	335	-	335
<b>0</b>	<b>(202)</b>	<b>-</b>	<b>(835)</b>	<b>-</b>	<b>15,785</b>	<b>(11,563)</b>	<b>4,222</b>
-	-	-	-	-	-	-	-
554	-	-	(308)	-	15,871	(634)	15,237
21	(4)	-	(50)	-	1,606	(1,437)	170
924	(63)	-	(597)	-	6,654	(5,251)	1,403
482	-	-	(274)	-	3,401	(2,146)	1,256
134	(1)	-	(246)	-	4,594	(2,566)	2,028
1,958	-	-	-	-	66,777	-	66,777
-	-	-	-	-	10,003	-	10,003
23	-	-	(55)	-	1,312	(993)	320
1,026	-	-	(490)	-	11,656	(8,320)	3,336
1,628	(254)	-	(1,208)	-	9,115	(3,894)	5,221
(5,356)	(536)	-	-	-	630	-	630
<b>1,394</b>	<b>(858)</b>	<b>-</b>	<b>(3,228)</b>	<b>-</b>	<b>131,619</b>	<b>(25,241)</b>	<b>106,381</b>
<b>1,395</b>	<b>(1,061)</b>	<b>-</b>	<b>(4,063)</b>	<b>-</b>	<b>147,404</b>	<b>(36,804)</b>	<b>110,603</b>
-	-	-	-	-	-	-	-
19,595	(7,996)	-	(1,656)	194,788	1,056,823	-	1,056,823
921	(131)	-	(729)	18,225	123,364	-	123,364
(20,516)	(0)	-	-	-	16,182	-	16,182
<b>0</b>	<b>(8,127)</b>	<b>-</b>	<b>(2,385)</b>	<b>213,013</b>	<b>1,196,369</b>	<b>-</b>	<b>1,196,369</b>
<b>1,398</b>	<b>(9,188)</b>	<b>-</b>	<b>(6,448)</b>	<b>213,013</b>	<b>1,334,539</b>	<b>(36,804)</b>	<b>1,306,972</b>

## Property, Plant, Equipment and Intangibles - Parent

<b>2023</b>	<b>Cost/ Valuation 1 July 2022</b>	<b>Accumulated Depreciation and impairment</b>	<b>Carrying amount 1 July 2022</b>	<b>Transfers and other adjustments Cost</b>	<b>Accumulated Depreciation</b>	<b>Additions</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Intangible Assets</b>						
Computer software	14,405	(9,987)	4,418	-	-	-
Capital work in progress	240	-	240	-	-	838
<b>Total intangible assets</b>	<b>14,645</b>	<b>(9,987)</b>	<b>4,658</b>	<b>-</b>	<b>-</b>	<b>838</b>
<b>Operational Assets</b>						
Buildings	11,745	(35)	11,711	-	-	-
Communications equipment	1,556	(1,337)	219	-	-	-
Computer equipment	5,622	(4,150)	1,472	-	-	-
Equipment and electronics	2,858	(1,622)	1,236	-	-	-
Fittings, furniture & equipment	4,198	(2,099)	2,100	-	-	-
Land - owned	60,156	-	60,156	-	-	-
Land - vested	10,003	-	10,003	-	-	-
Plant & machinery	1,262	(894)	369	-	-	-
Scientific/hydrological equipment	10,067	(7,409)	2,658	-	-	-
Vehicles	8,022	(3,408)	4,614	-	-	-
Capital work in progress	478	-	478	-	-	4,347
<b>Total operational assets</b>	<b>115,967</b>	<b>(20,953)</b>	<b>95,104</b>	<b>-</b>	<b>-</b>	<b>4,348</b>
<b>Total intangible and operational assets</b>	<b>130,612</b>	<b>(30,940)</b>	<b>99,672</b>	<b>-</b>	<b>-</b>	<b>5,185</b>
<b>Infrastructural Assets</b>						
River systems	782,965	-	782,965	-	-	-
Drainage systems	98,594	-	98,594	-	-	-
Capital work in progress	15,919	-	15,919	-	-	14,138
<b>Total infrastructural assets</b>	<b>897,478</b>	<b>-</b>	<b>897,478</b>	<b>-</b>	<b>-</b>	<b>14,138</b>
<b>Totals for parent entity</b>	<b>1,028,090</b>	<b>(30,940)</b>	<b>997,150</b>	<b>-</b>	<b>-</b>	<b>19,324</b>

Transfers from WIP	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2023	Accumulated Depreciation and impairment	Carrying amount 30 June 2023
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
-	-	-	(741)	-	14,405	(10,728)	3,677
-	-	-	-	-	1,077	-	1,077
-	-	-	<b>(741)</b>	-	<b>15,482</b>	<b>(10,728)</b>	<b>4,754</b>
415	-	-	(295)	-	12,160	(330)	11,830
33	-	-	(50)	-	1,589	(1,387)	203
171	-	-	(504)	-	5,793	(4,654)	1,139
61	-	-	(246)	-	2,919	(1,869)	1,051
261	-	-	(217)	-	4,459	(2,316)	2,143
-	-	-	-	-	60,156	-	60,156
-	-	-	-	-	10,003	-	10,003
31	-	-	(53)	-	1,293	(947)	347
602	(23)	-	(438)	-	10,630	(7,831)	2,799
1,542	(41)	-	(1,049)	-	9,048	(3,982)	5,066
(3,116)	-	-	-	-	1,709	-	1,709
-	<b>(64)</b>	-	<b>(2,853)</b>	-	<b>119,760</b>	<b>(23,316)</b>	<b>96,444</b>
-	<b>(64)</b>	-	<b>(3,594)</b>	-	<b>135,242</b>	<b>(34,044)</b>	<b>101,198</b>
3,318	-	(1,265)	(1,555)	68,630	852,092	-	852,092
-	-	-	(647)	7,131	105,078	-	105,078
(3,318)	-	-	-	-	26,740	-	26,740
-	-	<b>(1,265)</b>	<b>(2,202)</b>	<b>75,761</b>	<b>983,910</b>	-	<b>983,910</b>
-	<b>(64)</b>	<b>(1,265)</b>	<b>(5,796)</b>	<b>75,761</b>	<b>1,119,152</b>	<b>(34,044)</b>	<b>1,085,108</b>

## Property, Plant, Equipment and Intangibles - Group

<b>2023</b>	<b>Cost/ Valuation 1 July 2022</b>	<b>Accumulated Depreciation and impairment</b>	<b>Carrying amount 1 July 2022</b>	<b>Transfers and other adjustments Cost</b>	<b>Accumulated Depreciation</b>	<b>Additions</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Intangible Assets</b>						
Computer software	14,405	(9,987)	4,418	-	-	-
Capital work in progress	240	-	240	-	-	838
<b>Total intangible assets</b>	<b>14,645</b>	<b>(9,987)</b>	<b>4,658</b>	<b>-</b>	<b>-</b>	<b>838</b>
<b>Operational Assets</b>						
Buildings	15,035	(35)	14,998	-	-	-
Communications equipment	1,556	(1,337)	219	-	-	-
Computer equipment	5,622	(4,150)	1,472	-	-	-
Equipment and electronics	2,858	(1,622)	1,236	-	-	-
Fittings, furniture & equipment	4,198	(2,099)	2,100	-	-	-
Land - owned	64,486	-	64,486	-	-	-
Land - vested	10,003	-	10,003	-	-	-
Plant & machinery	1,262	(894)	369	-	-	-
Scientific/hydrological equipment	10,067	(7,409)	2,658	-	-	-
Vehicles	8,022	(3,408)	4,614	-	-	-
Capital work in progress	511	-	511	-	-	4,347
<b>Total operational assets</b>	<b>123,620</b>	<b>(20,954)</b>	<b>102,664</b>	<b>-</b>	<b>-</b>	<b>4,348</b>
<b>Total intangible and operational assets</b>	<b>138,265</b>	<b>(30,941)</b>	<b>107,321</b>	<b>-</b>	<b>-</b>	<b>5,185</b>
<b>Infrastructural Assets</b>						
River systems	782,965	-	782,965	-	-	-
Drainage systems	98,594	-	98,594	-	-	-
Capital work in progress	15,919	-	15,919	-	-	10,820
<b>Total infrastructural assets</b>	<b>897,478</b>	<b>-</b>	<b>897,478</b>	<b>-</b>	<b>-</b>	<b>14,138</b>
<b>Totals for group entity</b>	<b>1,035,743</b>	<b>(30,941)</b>	<b>1,004,800</b>	<b>-</b>	<b>-</b>	<b>19,324</b>

Transfers from WIP	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2023	Accumulated Depreciation and impairment	Carrying amount 30 June 2023
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
-	-	-	(741)	-	14,405	(10,728)	3,677
-	-	-	-	-	1,077	-	1,077
-	-	-	<b>(741)</b>	-	<b>15,482</b>	<b>(10,728)</b>	<b>4,754</b>
-	-	-	-	-	-	-	-
415	-	-	(295)	(111)	15,337	(330)	15,007
33	-	-	(50)	-	1,589	(1,387)	203
171	-	-	(504)	-	5,793	(4,654)	1,139
61	-	-	(246)	-	2,919	(1,869)	1,051
261	-	-	(217)	-	4,459	(2,316)	2,143
-	-	-	-	334	64,819	-	64,819
-	-	-	-	-	10,003	-	10,003
31	-	-	(53)	-	1,293	(947)	347
602	(23)	-	(438)	-	10,630	(7,831)	2,799
1,542	(41)	-	(1,049)	-	9,048	(3,982)	5,066
(3,116)	-	-	-	-	1,709	-	1,709
-	<b>(64)</b>	-	<b>(2,853)</b>	<b>223</b>	<b>127,599</b>	<b>(23,316)</b>	<b>104,284</b>
-	<b>(64)</b>	-	<b>(3,594)</b>	<b>223</b>	<b>143,081</b>	<b>(34,044)</b>	<b>109,038</b>
-	-	-	-	-	-	-	-
3,318	-	(1,265)	(1,555)	68,630	852,092	-	852,092
-	-	-	(647)	7,131	105,078	-	105,078
(3,318)	-	-	-	-	26,740	-	26,740
-	-	<b>(1,265)</b>	<b>(2,202)</b>	<b>75,761</b>	<b>983,910</b>	-	<b>983,910</b>
-	<b>(64)</b>	<b>(1,265)</b>	<b>(5,796)</b>	<b>75,984</b>	<b>1,126,992</b>	<b>(34,044)</b>	<b>1,092,948</b>

## Valuation

### *Land (operational)*

Land is valued at fair value using market-based evidence on the highest and best use with reference to comparable land values and was most recently revalued as at 30 June 2022. This independent valuation was performed by GM Dowse, Registered Public Valuer, FNZIV, FPINZ; and PJ Loveridge, Registered Public Valuer, FNZIV, FPINZ, both of TelferYoung (Manawatū) Limited of Palmerston North.

### *Buildings (operational)*

Non-specialised buildings are valued at fair value using market-based evidence on the highest and best use with reference to comparable building values and were most recently revalued as at 30 June 2022. This independent valuation was performed by GM Dowse, Registered Public Valuer, FNZIV, FPINZ; and PJ Loveridge, Registered Public Valuer, AFNZIV, FPINZ, both of TelferYoung (Manawatū) Limited of Palmerston North.

### *Infrastructural assets*

Infrastructural assets included within HRC's river and drainage schemes were valued at depreciated replacement cost as at 30 June 2024. The revaluation was completed by HRC engineering staff, who are directly involved with the administration of these schemes. The valuation methodology was reviewed by Miles Wyatt and Graham Munnik of AECOM New Zealand Limited for the 2024 revaluation to certify that the methodology is consistent with PBE IPSAS 17.

Depreciated replacement cost is determined using a number of significant assumptions, including:

- The replacement cost is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity;
- The replacement cost is derived from recent construction contracts of similar assets and other property information

sources;

- The remaining estimated useful life; and
- Straight-line depreciation was applied in determining the depreciated replacement cost value of the asset.

Summary of infrastructure asset replacement costs	Council Actual 2023-24 \$000	Council Actual 2022-23 \$000
River systems	877,628	874,019
Drainage systems	116,815	114,015
<b>Total Replacement Cost</b>	<b>994,443</b>	<b>988,034</b>

## Vested Asset

There have been nil assets vested to Horizons during the year (Last year: nil).

## Restrictions

There are no restrictions over the title of HRC's operational, infrastructural and intangible assets, other than that applicable to vested land as referred to in the property, plant and equipment paragraph included in the statement of accounting policies.

Summary of depreciation and amortisation by Group of Activities	Annual Plan 2023-24 \$000	Council Actual 2023-24 \$000	Council Actual 2022-23 \$000
Land and Water Management	208	196	406
Flood Protection and Control Works	1,829	2,406	2,218
Biosecurity and Biodiversity	225	202	193
Regional Leadership and Governance	1,029	961	949
Transport	225	286	239
Investment and Corporate	2,362	2,397	2,003
<b>Total Depreciation and Amortisation</b>	<b>5,878</b>	<b>6,448</b>	<b>6,008</b>



Summary of Property, Plant and Equipment in the course of construction by class of asset	Council Actual 2023-24 \$000	Council Actual 2022-23 \$000
Buildings	18	82
Communications Equipment	288	4
Computer Equipment	29	288
Computer Software	335	1,077
Drainage Systems	3,932	3,771
Equipment and Electronic	232	431
Furniture and Fittings	-	-
Land	-	191
Plant and Machinery	-	-
River Systems	12,250	22,969
Scientific/hydrological Equipment	49	252
Vehicles	14	461
<b>Total Work in Progress</b>	<b>17,147</b>	<b>29,526</b>

## 21. Insurance of Assets

	2023-24 \$000	2022-23 \$000
The total value of all Council assets covered by insurance contracts	97,144	96,444
The maximum amount to which insured assets are insured	150,000	129,412
Total value of assets that are self-insured	1,196,369	983,910
Value of funds maintained for self-insurance	5,040	4,800

The above information relates to the insurance of Council assets as at 30 June 2024.

In the event of a natural disaster, central government may contribute up to 60% towards the restoration of infrastructure assets.

## 22. Trade and Other Payables

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
<b>Payables from exchange transactions</b>				
-	30	Accounts payable	5,925	5,971
-	-	Due to related parties	80	75
7,151	7,195	Accruals and other payables	3,606	3,499
<b>7,151</b>	<b>7,225</b>	<b>Total exchange payables</b>	<b>9,611</b>	<b>9,545</b>
<b>Payables from non-exchange transactions</b>				
7,082	7,244	Grants and rates revenue in advance	9,728	9,893
-	-	Grants payable	-	-
<b>7,082</b>	<b>7,244</b>	<b>Total non-exchange payables</b>	<b>9,728</b>	<b>9,893</b>
<b>14,233</b>	<b>14,469</b>	<b>Total trade and other payables</b>	<b>19,339</b>	<b>19,438</b>

These are non-interest bearing and are settled on 30-day terms, therefore, the carrying value of these approximates their fair value.

## 23. General Provisions

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
47	47	Opening balance	69	69
110	110	Additional provisions made during the year	154	154
<b>157</b>	<b>157</b>		<b>223</b>	<b>223</b>
(88)	(88)	Payments made during the year	(98)	(98)
<b>69</b>	<b>69</b>	<b>Closing balance</b>	<b>125</b>	<b>125</b>
69	69	Made up of:		
		ACC provision	125	125
<b>69</b>	<b>69</b>	<b>Total general provisions</b>	<b>125</b>	<b>125</b>

## 24. Employee Entitlements

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
582	582	Pay Accruals	627	627
2,212	2,212	Annual leave provision	2,533	2,533
88	88	Long service provision	-	-
-	-	Time in lieu provision	101	101
-	-	Sick leave provision	-	-
<b>2,882</b>	<b>2,882</b>	<b>Total employee entitlements</b>	<b>3,261</b>	<b>3,261</b>

## 25. Taxation

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
-	-	Components of tax expense	-	-
-	-	- Current tax	-	-
-	-	- Tax loss offset	-	-
-	-	- Tax loss not	-	-
-	(95)	Deferred tax	-	(133)
-	(95)	Tax expense	-	(133)
		Relationship between tax		
9,608	8,410	Surplus/(deficit) before tax	(5,613)	(7,749)
2,690	2,355	Tax at 28%	(1,572)	(2,170)
		Plus/(less) tax effect of:		
-	-	- Other items	-	-
(27,803)	(28,196)	Non-taxable revenue	(28,084)	(28,566)
25,138	25,771	Non-deductible expenditure	29,726	30,679
-	-	Prior period adjustments	-	(6)
-	-	Deferred tax recognition	(71)	(71)
(25)	(25)	Tax losses utilised	-	-
-	(95)	Tax expense	-	(133)

HRC is a non-taxable entity, except for the revenue it receives from its investment in MWRC Holdings Limited and revenue from Council Controlled Organisations.

## Deferred tax assets/(liabilities)

	Investmen t Property \$000	Provisions \$000	Tax Losses \$000	Total \$000
<b>Council</b>				
Nil	-	-	-	-
<b>Group</b>				
Balance at 1 July 2022	(814)	-	214	(600)
Charge to surplus/(deficit)	(97)	-	-	(97)
Recognition of tax asset	-	-	192	192
<b>Balance at 30 June 2023</b>	<b>(911)</b>	<b>-</b>	<b>406</b>	<b>(505)</b>
Charge to surplus/(deficit)	(255)	-	388	133
Recognition of tax asset	-	-	-	-
<b>Balance at 30 June 2024</b>	<b>(1,166)</b>	<b>-</b>	<b>794</b>	<b>(372)</b>

Council has not recognised a deferred-tax asset in relation to tax losses of \$2,628,972 (last year \$2,885,603).

MWRCH tax losses of \$2,840,328 are recognised, as they are offset by deferred tax liabilities (last year \$1,450,415).

## 26. Debt

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
61,409	61,409	Opening balance as at 1 July	66,000	66,000
4,591	4,591	Loans taken out	84,357	84,357
-	-	Loans repaid	(76,000)	(76,000)
<b>66,000</b>	<b>66,000</b>	<b>Closing balance as at 30 June</b>	<b>74,357</b>	<b>74,357</b>
		Made up of:		
23,500	23,500	Current	26,357	26,357
42,500	42,500	Non-current	48,000	48,000
<b>66,000</b>	<b>66,000</b>	<b>Total debt</b>	<b>74,357</b>	<b>74,357</b>

These loans are secured at either separate or general rates for the region through the Debenture Trust Deed. Of these, \$44.3 million (last year \$46 million) is on a fixed rate of interest, with \$30 million (last

year, \$20 million) at a floating interest rate. The floating interest rate is reset quarterly based on the 90-day bank-bill rate, plus a margin for credit risk.

The carrying value of borrowings is considered to approximate their fair value as the impact of discounting is not considered significant.

For credit quality purposes, these debentures are un-rated.

### Internal borrowings

Information about internal borrowing is provided in note 34. Internal borrowings are eliminated on consolidation of activities in HRC's financial statements.

### 27. Provision - Replanting

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
3,803	3,803	Opening balance as at 1 July	2,737	2,737
(612)	(612)	Change in present value of	(1,205)	(1,205)
(165)	(165)	Provision unwinding	(54)	(54)
(289)	(289)	Disposal	(237)	(237)
<b>2,737</b>	<b>2,737</b>	<b>Closing Balance</b>	<b>1,241</b>	<b>1,241</b>

This provision is for replanting land we currently lease for our SLUI forests. Its initial value as at 30 June 2019 was based on the costs to replant, which Council is obligated to do at harvest, inflated based on the years to harvest as at 30 June for various periods of 17-23 years, discounted back to present value based on the risk-free spot rate. The present value of this provision is reviewed on an annual basis, and the discount on the provision unwound, so the provision will equal the expected cash outflow at the date of replanting.

The first cash outflows are not expected to occur until 2036. The long-term nature of the liability means that there are inherent uncertainties in estimating the costs that will be incurred. The provision has been estimated taking into account existing technology and using discount rates of 4.87% - 5.03% (last year, 4.77% - 4.84%). The value of

replanting costs, which have been inflated, have been calculated using an inflation rate of 3.3% (last year, 6.0%).

### 28. Events after balance date

2024: On 14 August 2024, a contract was awarded for the work on the Moutoa Floodgates to the value of \$2,515,222 plus GST. On 29 August 2024, a contract was awarded for Magone Stream at Tremaine Ave Secant Pile Retaining Wall to the value of \$4,356,069 plus GST.

### 29. Financial Instruments

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments and whether the payments are solely for payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. Council has elected to subsequently measure its shares at FVTOCRE.

## Financial instruments categories

The accounting policies for financial instruments were applied to the line items below:

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
<b>Financial assets</b>				
<b>Fair value through surplus deficit</b>				
850	850	Derivatives	711	711
<b>Amortised cost</b>				
5,176	7,201	Cash and cash equivalents	4,224	6,567
3,523	3,734	Trade and Other Receivables	5,589	5,381
18,500	-	Loan to CCO	18,500	-
<b>27,199</b>	<b>10,935</b>	<b>Total at amortised cost</b>	<b>28,313</b>	<b>11,948</b>
<b>Fair value through other comprehensive revenue and expense</b>				
33,306	1,806	Investments in CCOs and other similar entities	33,403	1,903
3,770	66,770	Investments in other entities	3,999	66,999
<b>37,076</b>	<b>68,576</b>	<b>Total at FVTOCRE</b>	<b>37,402</b>	<b>68,902</b>

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
<b>Financial liabilities</b>				
<b>Fair value through surplus deficit</b>				
-	-	Derivatives	-	-
<b>Amortised cost</b>				
14,815	15,028	Trade and Other Payables	19,339	19,438
66,000	66,000	Debt	74,357	74,357
<b>80,815</b>	<b>81,028</b>	<b>Total at amortised cost</b>	<b>93,696</b>	<b>93,795</b>

## Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined in accordance with the following hierarchy:

- Level 1 – Quoted market price – Financial instruments with

- quoted price for identical instruments in active markets.
- Level 2 – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000	Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
<b>Financial assets</b>					
Derivatives	1	711	711	850	850
Local Authority Stock	2	1,303	1,303	990	990
Hobson Wealth	2	3,999	3,999	3,770	3,770
CentrePort Shares	3	-	63,000	-	63,000
<b>Financial liabilities</b>					
Derivatives	1	-	-	-	-

There were no transfers between the different fair-value levels of the hierarchy.

## Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair-value measurements:

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000	
-	70,000	Balance at 1 July	-	63,000	
-	-	Gains or losses recognised in surplus or deficit	-	-	
-	(7,000)	Gains or losses recognised in other comprehensive revenue and expense	-	-	
-	-	Purchases	-	-	
-	-	Sales	-	-	
-	-	Transfers into level 3	-	-	
-	-	Transfers out of level 3	-	-	
-	<b>63,000</b>	<b>Balance at 30 June</b>	-	<b>63,000</b>	

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

### Financial instrument risks

HRC has a series of policies to manage the risks associated with financial instruments and is risk-averse, and seeks to minimise exposure from its treasury activities. HRC has established Council-approved liability and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

#### Market Risk

**Price risk** – Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. HRC's Hobson Wealth portfolio includes some listed shares that are subject to this risk. HRC's investments in Local Authority Stock and CentrePort shares are not publicly traded, and therefore, there is no risk associated with changes in market prices for these financial instruments.

**Currency risk** – at balance date. HRC had a balance of nil (last year nil) remaining in foreign exchange contracts. Due to the nil balance, there is no material exposure to fluctuation in foreign exchange rates.

**Fair value interest-rate risk** – Fair value interest-rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments issued at fixed rates of interest

expose the Council and Group to fair value interest-rate risk. HRC holds some interest rate swaps to offset this risk.

**Cash flow interest-rate risk** – cash flow interest-rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. HRC's cash investments are issued at fixed interest rates and, therefore, are not subject to changes in value due to changes in market interest rates. Borrowings at floating interest rates, however, are subject to variations in market floating rates. Potential impacts of these changes are reflected in the Sensitivity Analysis table later in this section.

#### Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council and Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

Receivables arise mainly from the Council's statutory functions. There are no procedures in place to monitor or report the credit quality of receivables. The Council has no significant concentrations of credit risk in relation to receivables as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding rates from ratepayers.

For all financial investments, the Council's investment policy limits the exposure to any one financial institution or organisation and limits investments to institutions or organisations with a Standard & Poor's rating of A-1 for short-term and A+ for long-term investments.

The Council and Group hold no collateral or credit enhancements for financial instruments that give rise to credit risk.

The maximum credit risk exposure of financial instruments is best represented by their carrying value.

The Council is exposed to credit risk as a guarantor of all of the LGFA's

borrowings. Information about this exposure is contained on page 95.

Credit risk exposure by credit risk rating grades by reference to Standard and Poor's credit ratings, excluding receivables, are provided below:

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
<b>Counterparties with credit ratings</b>				
<b>Cash at bank and term deposits</b>				
5,173	7,198	AA-	4,221	6,564
-	-	A	-	-
3	3	Unrated*	3	3
5,176	7,201	Total Cash at bank and term deposits	4,224	6,567
<b>Derivative financial instruments assets</b>				
850	850	AA-	711	711
850	850	Total Derivative financial instruments	711	711

\*Kiwibank Limited is no longer rated by Standard and Poor's as at 12 July 2021 but holds an AA rating from Fitch and an A1 rating from Moody's.

### Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

As part of maintaining its liquidity requirements, Council maintains cash investments to ensure liquidity risk is minimal. To meet unforeseen cash demands, Council has a funding package in place with its bankers and with LGFA, which are available to borrow against.

The table below analyses the Council and Group's financial liabilities (excluding derivatives) into relevant maturity groupings based on the

remaining period at balance date to the contractual maturity date.

Future interest payments on floating-rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
<b>Council 2023-24</b>						
Trade and Other Payables	19,339	19,339	19,339	-	-	-
Debt	74,357	81,993	29,226	17,744	35,023	-
<b>Total</b>	<b>93,696</b>	<b>101,332</b>	<b>48,565</b>	<b>17,744</b>	<b>35,023</b>	<b>-</b>
<b>Group 2023-24</b>						
Trade and Other Payables	19,438	19,438	19,438	-	-	-
Debt	74,357	81,993	29,226	17,744	35,023	-
<b>Total</b>	<b>93,795</b>	<b>101,431</b>	<b>48,664</b>	<b>17,744</b>	<b>35,023</b>	<b>-</b>
<b>Council 2022-23</b>						
Trade and Other Payables	14,815	14,815	14,815	-	-	-
Debt	66,000	66,534	15,793	10,251	28,520	11,971
<b>Total</b>	<b>80,815</b>	<b>81,349</b>	<b>30,608</b>	<b>10,251</b>	<b>28,520</b>	<b>11,971</b>
<b>Group 2022-23</b>						
Trade and Other Payables	15,028	15,028	15,028	-	-	-
Debt	66,000	66,534	15,793	10,251	28,520	11,971
<b>Total</b>	<b>81,028</b>	<b>81,562</b>	<b>30,821</b>	<b>10,251</b>	<b>28,520</b>	<b>11,971</b>

The Council is exposed to liquidity risk as a guarantor of all the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained on page 95.

The table below analyses the Council and Group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council 2023-24</b>						
Cash and cash equivalents	4,224	4,224	4,224	-	-	-
Debtors and other receivables	5,589	5,589	5,589	-	-	-
MWRCH Loan	18,500	18,500	-	1,500	4,500	12,500
Derivatives	711	771	297	229	236	9
<b>Total</b>	<b>29,024</b>	<b>29,084</b>	<b>10,110</b>	<b>1,729</b>	<b>4,736</b>	<b>12,509</b>
<b>Group 2023-24</b>						
Cash and cash equivalents	6,567	6,567	6,567	-	-	-
Debtors and other receivables	5,381	5,381	5,381	-	-	-
MWRCH Loan	-	-	-	-	-	-
Derivatives	711	771	297	229	236	9
<b>Total</b>	<b>12,659</b>	<b>12,719</b>	<b>12,245</b>	<b>229</b>	<b>236</b>	<b>9</b>
<b>Council 2022-23</b>						
Cash and cash equivalents	5,176	5,176	5,176	-	-	-
Debtors and other receivables	6,982	6,982	6,982	-	-	-
MWRCH Loan	18,500	18,500	-	-	2,500	16,000
Derivatives	850	718	44	97	490	87
<b>Total</b>	<b>31,508</b>	<b>31,376</b>	<b>12,202</b>	<b>97</b>	<b>2,990</b>	<b>16,087</b>
<b>Group 2022-23</b>						
Cash and cash equivalents	7,201	7,201	7,201	-	-	-
Debtors and other receivables	7,193	7,193	7,193	-	-	-
MWRCH Loan	-	-	-	-	-	-
Derivatives	850	718	44	97	490	87
<b>Total</b>	<b>15,244</b>	<b>15,112</b>	<b>14,438</b>	<b>97</b>	<b>490</b>	<b>87</b>

### Sensitivity Analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument market exposures at balance date.

	2023-24 \$000		2022-23 \$000	
	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)
<b>Council</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(42)	42	(52)	52
Derivatives	(573)	541	(365)	344
<b>Financial liabilities</b>				
Debt	744	(744)	660	(660)
Derivatives	-	-	-	-
<b>Total sensitivity</b>	<b>128</b>	<b>(160)</b>	<b>243</b>	<b>(264)</b>
<b>Group</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(66)	66	(72)	72
Derivatives	(573)	541	(365)	344
<b>Financial liabilities</b>				
Debt	744	(744)	660	(660)
Derivatives	-	-	-	-
<b>Total sensitivity</b>	<b>105</b>	<b>(137)</b>	<b>223</b>	<b>(244)</b>

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.50%.

### 30. Derivative Financial Instruments

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
-	-	<b>Current assets</b>	-	-
-	-	Interest rate swaps	-	-
-	-	<b>Total current assets</b>	-	-
850	850	<b>Non-current assets</b>	711	711
<b>850</b>	<b>850</b>	Interest rate swaps	711	711
		<b>Total non-current assets</b>	<b>711</b>	<b>711</b>
-	-	<b>Current liability</b>	-	-
-	-	Interest rate swaps	-	-
-	-	<b>Total current liability</b>	-	-
-	-	<b>Non-current liability</b>	-	-
-	-	Interest rate swaps	-	-
-	-	<b>Total non-current liability</b>	-	-



HRC has a number of interest swaps in place:

Council Actual 2022-23	Swap Date	Effective Date	End Date	Rate %	Council Actual 2023-24
2,000,000	3/02/2015	22/03/2016	22/03/2024	4.54%	-
2,000,000	4/09/2015	18/09/2017	18/09/2024	3.87%	2,000,000
4,000,000	30/06/2021	15/04/2024	15/04/2027	2.00%	4,000,000
4,000,000	30/06/2021	15/04/2022	15/04/2028	1.80%	4,000,000
<b>12,000,000</b>					<b>10,000,000</b>

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

### 31. Equity

Council Actual 2022-23 \$000	Group Actual 2022-23 \$000		Council Actual 2023-24 \$000	Group Actual 2023-24 \$000
<b>Asset revaluation reserves</b>				
606,941	607,509	Balance at 1 July	682,702	683,517
75,761	76,008	Increase/(Decrease) in revaluation reserves	207,064	207,065
-	-	Transfer to accumulated	-	-
<b>682,702</b>	<b>683,517</b>	<b>Balance at 30 June</b>	<b>889,766</b>	<b>890,582</b>
3,811	3,700	Consists of:	3,811	3,700
33,425	34,352	Buildings	33,425	34,352
6,873	6,873	Land-Owned	6,873	6,873
573,362	573,362	Land-Vested	770,920	770,920
65,230	65,230	River scheme assets	74,737	74,737
		Drainage scheme assets		
<b>682,701</b>	<b>683,517</b>	<b>Total revaluation reserves</b>	<b>889,766</b>	<b>890,582</b>
<b>Fair value through other comprehensive revenue and expense reserve</b>				
1,327	45,945	Balance at 1 July	1,374	38,992
47	(6,953)	Increase/(Decrease) in fair value reserve	266	266
<b>1,374</b>	<b>38,992</b>	<b>Balance at 30 June</b>	<b>1,640</b>	<b>39,258</b>

<b>Restricted reserves - river and drainage</b>				
13,706	13,706	Balance at 1 July	12,777	12,777
(929)	(929)	Plus/(less) transfer from retained earnings	1,640	1,640
<b>12,777</b>	<b>12,777</b>	<b>Balance at 30 June</b>	<b>14,417</b>	<b>14,417</b>
<b>Infrastructure insurance reserve</b>				
4,800	4,800	Balance at 1 July	4,920	4,920
-	-	Scheme rate contribution	-	-
120	120	General rate contribution	120	120
-	-	Withdrawals	-	-
<b>4,920</b>	<b>4,920</b>	<b>Balance at 30 June</b>	<b>5,040</b>	<b>5,040</b>
<b>Accumulated funds</b>				
391,706	398,299	Balance at 1 July	402,124	407,613
929	929	Less transfers to restricted reserves	(1,640)	(1,640)
(120)	(120)	Less transfer to infrastructure insurance	(120)	(120)
9,608	8,505	Net surplus/(deficit) for the	(5,326)	(7,329)
<b>402,124</b>	<b>407,613</b>	<b>Balance at 30 June</b>	<b>395,038</b>	<b>398,524</b>
<b>1,103,895</b>	<b>1,147,819</b>	<b>Total equity at 30 June</b>	<b>1,305,901</b>	<b>1,347,821</b>

#### Purpose of Restricted Reserves

Under our River and Drainage – Schemes activity, 29 of our schemes set aside funds to be used when damage occurs to scheme assets. The purpose of all of these funds, as set out in our infrastructural asset management plan is to:

- Meet the cost of un-programmed works (repairs);
- Enable a rapid start on damage repairs; and
- Fund the deductible in respect of an insurance claim

More details relating to the river and drainage reserves are included in note 36 of this Annual Report.

#### Purpose of the Infrastructure Insurance Reserve

The purpose of the infrastructure insurance reserve is to build reserves to provide for a level of self-insurance against our infrastructural assets managed within the Flood Protection and Control Works Activity that now have limited or no insurance cover.



### 32. Explanations of major variances against budget

	Annual Plan 2023-24	Actual 2023-24	Variance Favourable/ (Unfavourable)	Explanation
	\$000	\$000	\$000	
Subsidies and grants	20,876	22,069	1,193	Due to delays in work on some of our climate resilience work, grant revenue recognised from central government was lower than initially budgeted. This is offset by increased subsidies received for transport services.
Other revenue	14,270	16,448	2,178	\$2.2M of carbon credits were recognised for this financial year, which were not budgeted for.
Personnel costs	28,272	29,366	(1,094)	There are multiple contributors to this including additional annual leave liabilities recognised, filling of staff vacancies at higher than budgeted remuneration, professional progression and less than spent on capital programs than expected.
Depreciation and amortisation expense	5,878	6,628	(750)	Amortisation on the restoration asset is not included in this area of the Annual Plan.
Finance costs	1,500	3,158	(1,658)	Interest rates increased during the year, resulting in an increase of interest costs.
Other expenses	53,362	67,060	(13,698)	This is due to a multitude of factors, including surrendering of carbon credits (\$2.4M), increased transport subsidies paid (\$2.5M), assets written off (\$1.6M), loss on the forestry revaluation (\$1.2M), and increased external contractor and technical costs associated with Cyclone Gabrielle repairs, consents & compliance work and science monitoring costs (\$5.7M).
Property, plant, and equipment revaluations	18,567	207,064	188,497	We standardised the unit rates used in the revaluation of our assets across all schemes, and the valuer recommended revising the formula used to calculate the value of our stopbanks, which comprise a significant portion of our assets. This, along with repricing our assets, has resulted in a large gain.
Cash and cash equivalents	3,499	4,224	725	Many factors affect the year-end cash balance including the timing of spending and when funding is received. See the Statement of Cash flows for a full break-down of the cash movements for the year.
Trade and other receivables	10,663	10,088	(575)	Our budget assumes that invoicing is evenly spread throughout the year with a significant amount invoiced at year end relating to capital programs. With the reduction in the capital works completed, associated funding was not invoiced.
Revenue Receivable	7,945	9,052	1,107	Our budget presumes grants and subsidy funding is earned evenly throughout the year; however, in reality, a large portion is accrued at year-end.
Prepayments and leases - current portion	664	1,023	359	Increasing insurance costs, which run across balance date, drive a higher prepayment at year-end.
Inventory	1,361	2,020	659	The timing of inventory purchased for the nursery has resulted in additional inventory on hand at year-end.

Investment property	3,225	3,680	455	The revaluation came back higher than we had anticipated when budgeting.
Forestry Assets	4,759	1,892	(2,867)	Our forestry assets were initially expected to increase in value; however, due to increasing maintenance costs and falling log prices, our forestry decreased in value. We also sold part of one forest during the year and one in the prior year, where our budget did not allow for sales.
Land leases (prepaid) non-current	2,288	1,915	(373)	We sold 2 forests over the last 2 financial years, which ended our lease obligations. The budget did not account for any sales.
Restoration asset	3,438	703	(2,735)	Changes in inflation and interest rates, along with the sale of forest assets, have driven a sharp decrease in the value of this asset.
Carbon credits	-	15,054	15,054	Previously, these were immaterial to the accounts and so were not budgeted for.
Intangible assets	17,150	4,222	(12,928)	We initially had projects budgeted which were expected to be intangible assets; however, due to their nature the accounting treatment was identified to be spend of an operational nature rather than capital. These projects also did not progress as far as anticipated by 30 June.
Operational assets	104,066	97,144	(6,922)	We had anticipated revaluing our assets; however, market conditions have meant their values have not moved as much as what we had initially anticipated they would.
Infrastructural assets	964,901	1,196,369	231,468	Unit rates for certain asset types increased significantly above our original estimates, resulting in a higher gain than anticipated.
Trade and other payables	16,502	19,339	(2,837)	Our budget assumes expenditure is incurred evenly over the course of the year when, in reality, the second half of the financial year is where a lot of our capital and other works occur. This links in with revenue receivable above, where funding is claimed in line with the spend.
Provisions - employee entitlements	2,827	3,261	(434)	Due to slight differences in how our new system calculates our liability.
Debt - current portion	9,000	26,357	(17,357)	Utilised more short-term commercial papers than anticipated. This offsets with Debt - non-current below.
Derivative financial instruments	398	-	398	Due to increasing interest rates, our interest rate swaps changed from being the liability they were anticipated to be to being a financial asset.
Debt - non-current portion	62,221	48,000	14,221	We utilised more short-term borrowing than anticipated and, due to delays in completing some of our climate resilience work, ended up borrowing fewer funds than anticipated.

### 33. Reconciliation of operating cashflows with reported operating results

	Council Actual 2023-24 \$000	Group Actual 2023-24 \$000	Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
Surplus/(Deficit) after tax	(5,326)	(7,329)	9,608	8,505
Add/(Deduct) non-cash items				
Amortisation - SLUI land lease	499	499	125	125
Asset Impairment	371	371	1,386	1,386
Depreciation and amortisation expense	6,628	6,628	6,008	6,008
Bad debt expense	139	139	328	328
(Gain)/Loss on revaluations	761	3,225	244	1,464
(Gain)/Loss on derivatives	131	131	(213)	(213)
(Gain)/Loss on carbon credits	247	247	(7,139)	(7,139)
Dividend payment	-	-	-	1,988
Loss on disposal of assets	1,569	1,569	11	11
Provision unwinding	(54)	(54)	(165)	(165)
Capitalisation adjustment	(287)	(287)	-	-
	10,004	12,468	585	3,793
Add/(Deduct) items classified as investing				
(Gain) on sale of fixed assets	(329)	(329)	(746)	(746)
	(329)	(329)	(746)	(746)
Add/(Deduct) movements in working capital items				
Decrease/(Increase) in trade and other receivables	(3,245)	(2,825)	233	58
Decrease/(Increase) in accruals and prepayments	(3,541)	(1,149)	41	738
Decrease/(Increase) in stock on hand	(117)	(117)	(400)	(400)
(Decrease)/Increase in operational trade and other payables	4,888	3,509	(3,697)	(6,342)
	(2,015)	(582)	(3,823)	(5,946)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,334</b>	<b>4,228</b>	<b>5,624</b>	<b>5,606</b>

### 34. Internal Borrowings

Closing Balance		Advances	Repayments	Closing Balance	Interest Paid or Accrued
2022-23		2023-24	2023-24	2023-24	2023-24
Debit/(Credit)				Debit/(Credit)	
\$		\$	\$	\$	\$
	<b>Land and water management</b>				
671,362	Lake Horowhenua Boat Ramp	-	(27,871)	643,491	28,130
1,060,930	Lake Horowhenua Land	-	(40,653)	1,020,277	44,453
	<b>Regional leadership and governance</b>				
-	Freshwater Futures	2,000,000	(95,263)	1,904,737	41,900
-	IRIS Next Gen	804,208	-	804,208	-
	<b>Corporate and internal support</b>				
158,318	Ozone Replacement Project	2,533,177	-	2,691,495	-
	<b>Flood protection and control works</b>				
49,658	Ashhurst Stream	-	(24,319)	25,339	2,081
-	Eastern Manawatū	-	-	-	-
222,784	Foxton East Drainage	213,765	(24,959)	411,589	9,335
314,955	Hōkio Drainage	-	(17,795)	297,160	13,197
576,519	Koputaroa	-	(184,341)	392,178	24,156
49,450	Lower Kiwitea	-	(15,812)	33,638	2,072
28,916,431	Lower Manawatū	3,046,150	(1,166,968)	30,795,613	1,211,598
2,282,468	Lower Manawatū (Special Project)	-	(1,117,817)	1,164,651	95,635
5,037,506	Lower Whanganui	635,597	(229,676)	5,443,426	211,072
136,013	Makerua Drainage	-	(17,121)	118,892	5,699
-	Makirikiri	-	-	-	-
705,130	Manawatū Drainage	-	(51,433)	653,697	29,545
100,617	Matarawa Valley	-	(49,276)	51,341	4,216
127,931	Moutoa Drainage	-	(19,196)	108,735	5,360
270,693	Ōhau-Manakau	-	(40,615)	230,078	11,342
-	Pakihi Valley	-	-	-	-
500,000	Pohangina-Ōroua	-	(41,280)	458,720	20,950
-	Porewa Valley	-	-	-	-
3,029,441	Rangitīkei	460,305	(163,469)	3,326,277	126,934
236,044	South-East Ruahines	-	(5,894)	230,150	9,890
-	Tararua	-	-	-	-
-	Te Kawanui Drainage	-	-	-	-
-	Turakina	-	-	-	-
22,068	Tutaenui	-	(1,620)	20,448	925
79,547	Upper Manawatū	-	(25,435)	54,112	3,333
7,121	Upper Whanganui	-	(3,488)	3,633	298
132,020	Whangaehu-Mangawhero	-	(64,655)	67,365	5,532
16,076	Whirokino Drainage	-	(5,140)	10,936	674
<b>44,703,082</b>	<b>Total Internal Borrowings</b>	<b>9,693,200</b>	<b>(3,434,097)</b>	<b>50,962,185</b>	<b>1,908,326</b>

### 35. River and Drainage Scheme Reserves

Closing Balance	Scheme	Interest credited	Transfers in	Transfers out	Closing Balance
2022-23		2023-24	2023-24	2023-24	2023-24
Debit/(Credit)				Debit/(Credit)	
\$		\$	\$	\$	\$
18,595	Akitio	742	-	(19,337)	-
62,789	Ashhurst Stream	2,505	23,606	-	88,900
5,492	Forest Road Drainage	219	700	(4,400)	2,011
775,826	Foxton East Drainage	30,955	16,000	(44,973)	777,808
17,025	Haunui Drainage	679	-	(1,130)	16,574
4,394	Himatangi Drainage	175	974	-	5,543
77,908	Hōkio Drainage	3,109	44,618	-	125,635
7,582	Kahuterawa	303	3,212	-	11,097
229,639	Koputaroa	9,163	-	(6,055)	232,747
389,704	Lower Kiwitea	15,549	26,963	-	432,216
3,476,842	Lower Manawatū	138,726	-	(511,346)	3,104,222
428,637	Lower Manawatū (Special Project)	17,103	70,047	-	515,787
1,059,318	Lower Whanganui	42,267	360,180	-	1,461,765
192,253	Makerua Drainage	7,671	212,979	-	412,903
34,223	Makirikiri	1,365	5,176	-	40,764
44,010	Manawatū Drainage	1,756	52,070	-	97,836
1,514,052	Mangatainoka	60,411	50,000	(32,537)	1,591,926
87,183	Matarawa Valley	3,479	-	(12,758)	77,904
132,864	Moutoa Drainage	5,301	92,723	-	230,888
84,056	Ohakune	3,354	38,281	-	125,691
465,098	Ōhau-Manakau	18,557	135,112	-	618,767
11,149	Pakihi Valley	445	5,519	-	17,113
85,235	Pohangina-Ōroua	3,401	980,829	(1,069,464)	1
19,580	Porewa	781	2,000	(638)	21,723
979,155	Rangitikei	39,068	64,320	-	1,082,543
100,764	Ruapehu District	4,020	-	(16,791)	87,993
408,177	South-East Ruahines	16,286	100,000	(45,216)	479,247
25,819	Tararua District	1,030	4,386	(31,236)	(1)
26,055	Tawataia-Mangaone	1,040	1,500	(2,807)	25,788
96,043	Te Kawanui Drainage	3,832	8,216	-	108,091
74,402	Turakina	2,969	9,624	-	86,995
19,352	Tutaenui	772	1,072	(20,012)	1,184
322,469	Upper Manawatū	12,867	500,474	(139,726)	696,084
312,389	Upper Whanganui	12,464	7,968	-	332,821
74,509	Whangaehu-Mangawhero	2,973	9,581	-	87,063
15,565	Whirokino Drainage	621	24,647	-	40,833
197,765	Miscellaneous - All Scheme	7,891	165,340	-	370,996
<b>11,875,918</b>	<b>Total schemes</b>	<b>473,849</b>	<b>3,018,117</b>	<b>(1,958,426)</b>	<b>13,409,458</b>

# River and Drainage Scheme Renewal Reserves

Closing Balance	Scheme	Interest credited	Transfers in	Transfers out	Closing Balance
2022-23		2023-24	2023-24	2023-24	2023-24
Debit/(Credit)				Debit/(Credit)	
\$		\$	\$	\$	\$
1,942	Ashhurst Stream	77	-	-	2,019
3,692	Forest Road Drainage	147	200	-	4,039
3,917	Foxton East Drainage	156	630	-	4,703
2,674	Himatangi Drainage	107	430	-	3,211
2,883	Hōkio Drainage	115	516	-	3,514
128,333	Koputaroa	5,121	32,301	-	165,755
17,780	Lower Manawatū	709	65,087	(65,087)	18,489
(6,810)	Lower Whanganui	(272)	-	-	(7,082)
140,515	Makerua Drainage	5,607	45,683	(19,603)	172,202
41,560	Makirikiri	1,658	3,500	-	46,718
225,913	Manawatū Drainage	9,014	37,586	(20,557)	251,956
(22,922)	Mangatainoka	(915)	-	-	(23,837)
24,094	Matarawa Valley	961	6,750	-	31,805
(20,156)	Moutoa Drainage	(804)	54,069	(51,271)	(18,162)
169,429	Ōhau-Manakau	6,760	10,098	-	186,287
931	Pakihi Valley	37	345	-	1,313
(28,901)	Pohangina-Ōroua	(1,153)	100,263	(100,263)	(30,054)
22,692	Porewa	905	5,100	-	28,697
46,332	South-East Ruahines	1,849	12,814	(49,075)	11,920
8,513	Tawataia-Mangaone	340	100	-	8,953
125,164	Te Kawau Drainage	4,994	22,363	(23,865)	128,656
6,280	Tutaenui	251	350	-	6,881
(289)	Upper Manawatū	(12)	140,726	(139,726)	699
6,977	Whirokino Drainage	278	1,589	-	8,844
<b>900,543</b>	<b>Total schemes</b>	<b>35,930</b>	<b>538,911</b>	<b>(469,447)</b>	<b>1,007,526</b>

### 36. Capital Purchases

	LTP 2021-31 2023-24 \$000	Actual 2023-24 \$000	Actual 2022-23 \$000
<b>Land and Water Management</b>			
Horowhenua Lake Restoration	-	-	46
JV Afforestation	70	50	258
Nursery	11	(2)	20
Nutrient Monitoring/Telemetry Equipment	75	40	34
<b>Total Land and Water Management</b>	<b>156</b>	<b>88</b>	<b>358</b>
<b>Flood Protection and Control Works</b>			
Lower Kīwitea Scheme	-	-	38
Lower Manawatū Scheme	4,469	4,630	6,873
Mangatainoka River Scheme	126	149	146
Matarawa River Scheme	390	-	-
Pohangina-Ōroua River Control Scheme	160	1,401	691
Porewa Scheme	-	-	-
Rangitīkei River Control Scheme	765	1,634	1,162
South East Ruahines Scheme	403	(430)	363
Tawataia-Manganoe Scheme	4	7	-
Tūtaenui Flood Control Scheme	59	-	-
Upper Manawatū-Lower Mangahao Scheme	71	164	148
Upper Whanganui River Management Scheme	-	-	-
Lower Whanganui River Management Scheme	2,947	2,040	2,910
Foxton East Drainage Scheme	909	721	1,017
Hōkio Drainage Scheme	64	-	41
Koputaroa Drainage Scheme	340	-	439
Makerua Drainage Scheme	55	20	124
Manawatū Drainage Scheme	142	21	65
Moutoa Drainage Scheme	59	60	36
Te Kāwau Drainage Scheme	50	24	47
<b>Total Flood Protection and Control Works</b>	<b>11,013</b>	<b>10,441</b>	<b>14,100</b>
<b>Biosecurity and Biodiversity Protection</b>			
Biodiversity Support	25	24	5
Pest Animal Biosecurity	107	100	100
Tōtara Reserve	150	17	23
Te Apiti Manawatū Gorge	-	16	33
<b>Total Biosecurity and Biodiversity Protection</b>	<b>282</b>	<b>157</b>	<b>161</b>
<b>Regional Leadership and Governance</b>			
Aerial Photography	-	-	126
Catchment Information Development	180	(1)	424
Communications Equipment	5	-	4

Customer Services	53	3	6
Emergency Management Response Capability	-	-	-
GIS Development	-	-	-
Group Emergency Co-ordination Centre Facilities	11	15	11
Hazard Information Updates	-	87	173
Hydrology New and Replacement Specialised Equipment	1,151	1,149	814
Multimedia Equipment/Signage	5	-	-
Promotional Material	5	-	8
<b>Total Regional Leadership and Governance</b>	<b>1,410</b>	<b>1,253</b>	<b>1,566</b>
<b>Transport</b>			
Ticketing System	-	579	158
<b>Total Transport</b>	<b>-</b>	<b>579</b>	<b>158</b>
<b>Corporate Support</b>			
Asset Management System	106	118	231
IT Hardware Replacement	180	331	221
Electronic Document Management System	120	383	4
Financial Systems	348	(99)	49
Regional House	133	173	240
Service Centre/Depots	34	300	478
Vehicle and Plant Purchases/Replacement	1,233	1,554	1,656
<b>Total Corporate Support</b>	<b>2,154</b>	<b>2,760</b>	<b>2,879</b>
<b>Total Capital Purchases</b>	<b>15,015</b>	<b>15,278</b>	<b>19,222</b>



## Horizons Regional Council: Funding Impact Statement for the year ended 30 June 2024 (Whole of Council) (\$000)

	Annual Plan 2023-24 2023-24	Actual 2023-24	Annual Plan 2022-23 2022-23	Actual 2022-23
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	36,351	36,289	33,976	34,071
Targeted rates	22,717	22,704	21,450	21,450
Subsidies and grants for operating purposes	12,644	15,912	12,370	13,318
Fees and charges	13,537	13,912	13,536	13,401
Interest and dividends from investments	3,470	3,376	3,450	3,478
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>88,719</b>	<b>92,193</b>	<b>84,782</b>	<b>85,718</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	82,806	90,443	79,524	80,504
Finance costs	1,500	3,081	1,479	2,344
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>84,306</b>	<b>93,524</b>	<b>81,003</b>	<b>82,848</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,413</b>	<b>(1,331)</b>	<b>3,779</b>	<b>2,870</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	8,232	6,157	14,593	6,229
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	9,032	8,357	10,773	4,591
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	890	766
<b>Total sources of capital funding (C)</b>	<b>17,264</b>	<b>14,514</b>	<b>26,256</b>	<b>11,586</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	17,256	10,137	31,097	14,164
-to replace existing assets	199	5,141	269	5,056
Increase (decrease) in reserves	4,222	(2,370)	(1,332)	(4,895)
Increase (decrease) of investments	-	275	-	131
<b>Total applications of capital funding (D)</b>	<b>21,677</b>	<b>13,183</b>	<b>30,034</b>	<b>14,456</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4,413)</b>	<b>1,331</b>	<b>(3,779)</b>	<b>(2,870)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Reconciliation with Statement of Comprehensive Revenue and Expense**

Surplus/(deficit) of operating funding as above	4,413	(1,331)	3,779	2,869
Subsidies and grants for capital expenditure	8,232	6,157	14,593	6,229
Other dedicated capital funding	-	-	890	766
Amortisation of SLUI land lease	-	(499)	-	(125)
Gain on revaluations through surplus/(deficit)	733	380	668	300
Loss on Revaluations	-	(1,141)	-	(544)
Loss on Disposal of Assets and Impairment	-	(1,940)	-	(1,396)
Recognition of Carbon Credits	-	2,156	-	7,139
Surrendered Carbon Credits	-	(2,403)	-	-
Gain/Loss on derivatives	-	(131)	-	213
Gain/(Loss) on provision	-	54	-	165
Less depreciation (non-cash expense)	(5,878)	(6,628)	(5,654)	(6,008)
Vested Assets	-	-	-	-
Capitalised labour	1,172	-	1,754	-
<b>Surplus/(Deficit) as SOCRE</b>	<b>8,672</b>	<b>(5,326)</b>	<b>16,030</b>	<b>9,608</b>

# Annual Report Disclosure Statement for the year ending 30 June 2024

Note: Where the 2019-20 amounts were adjusted, we have used the adjusted figures per the 2020-21 Annual Report for our calculation.

## What is the Purpose of this Statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

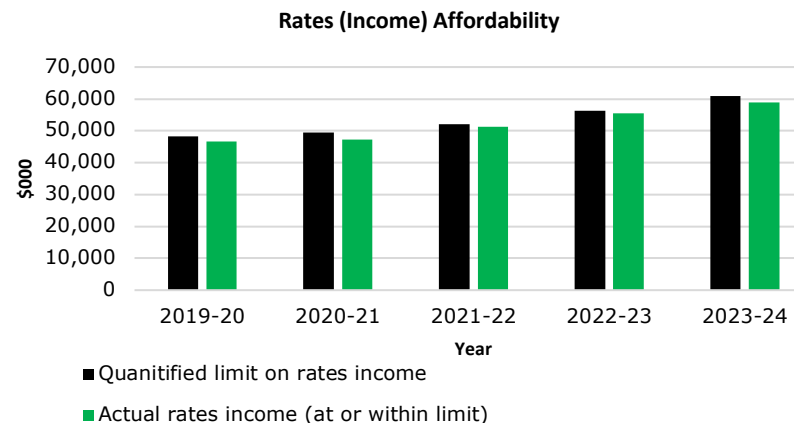
## Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

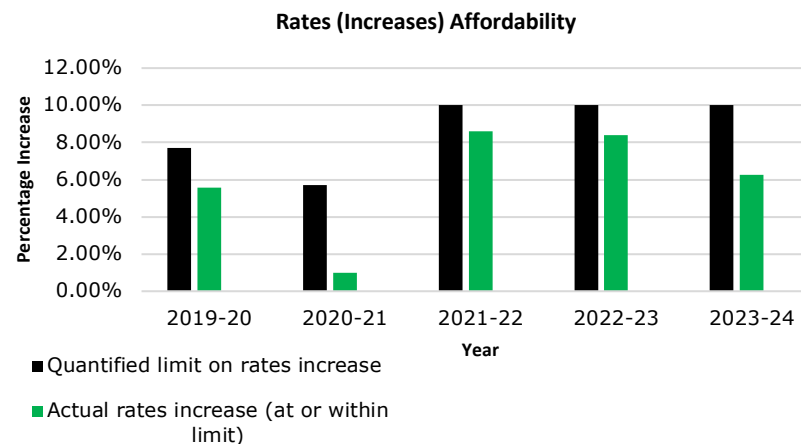
### Rates (Income) Affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long-term Plan. The quantified limit is \$61.0 million.



### Rates (increases) Affordability

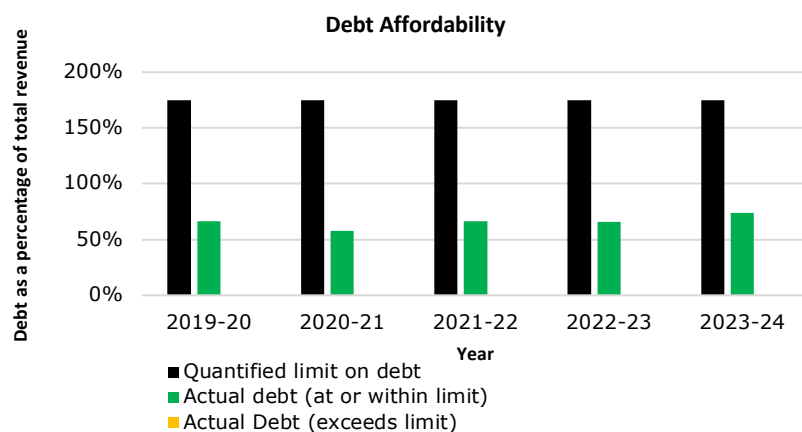
The following graph compares the Council's actual rates increases with a quantified limit on rate increases included in the financial strategy in the Council's Long-term plan. The quantified limit is 10%.



## Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is 175% of total revenue.

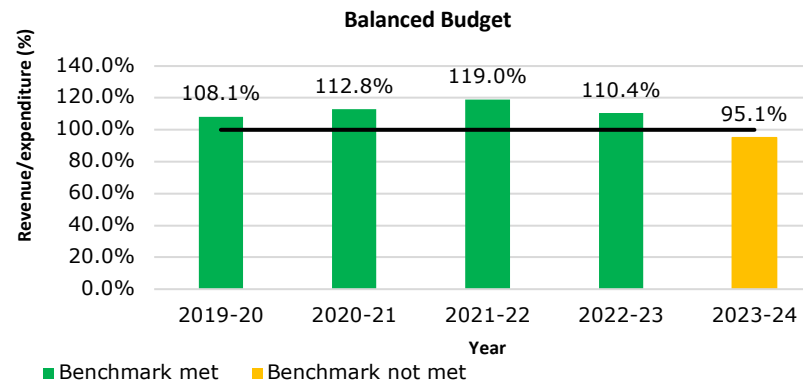


Note: Until 2020-21, this calculation was done by comparing net debt to total revenue. From the 2021-22 financial year, this has changed to total debt in our Long-term Plan 2021-31. This change in calculation methodology does not impact any prior year results.

## Balanced Budget Benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

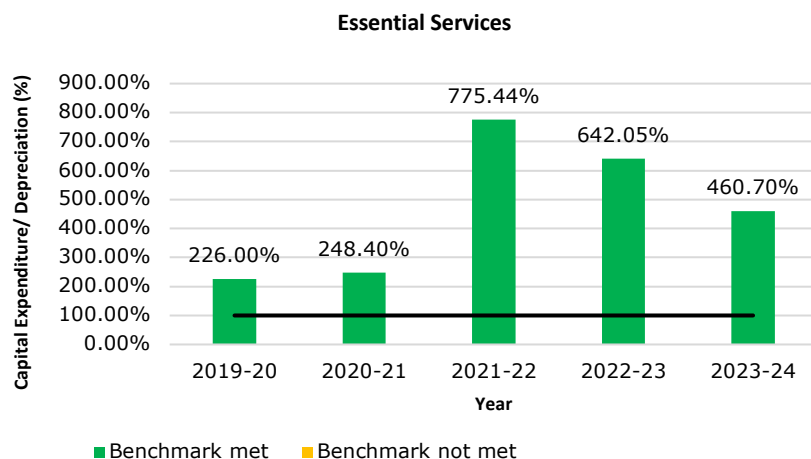
The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



## Essential Services Benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

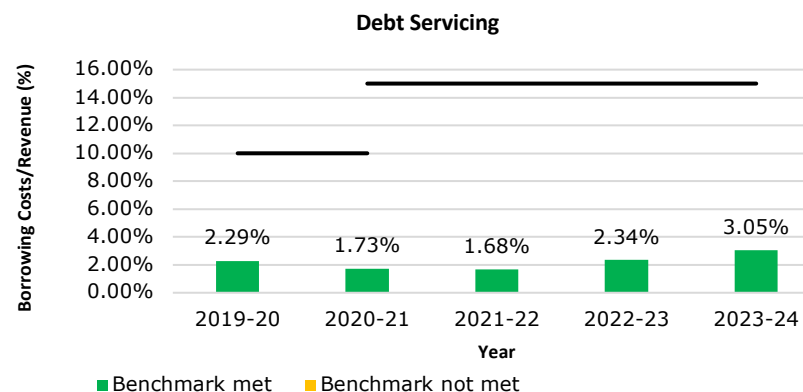
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue. Note, prior to 2021-22, this was 10%.

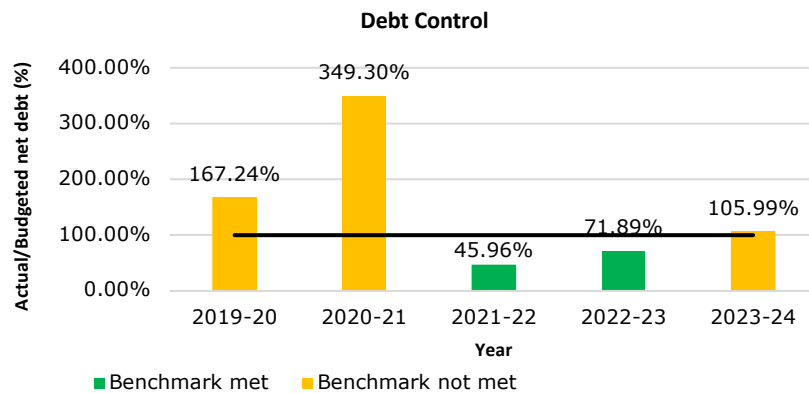


## Debt Control Benchmark

The following displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

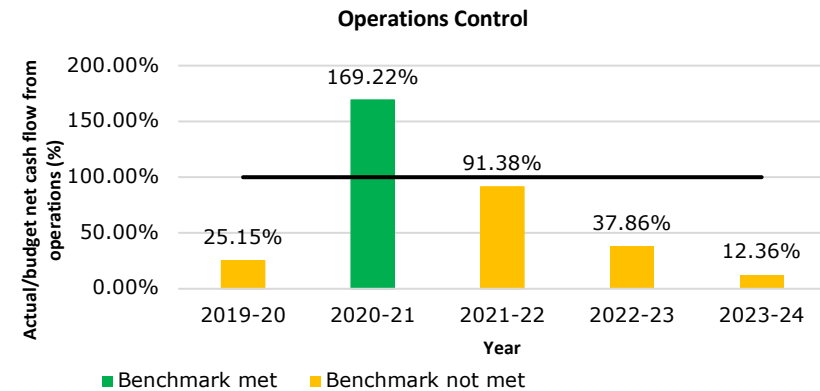
Note: in the 2019-20 and 2020-21 financial years, the Council planned to have net assets rather than net debt. The graph below is mathematically correct, and the colour of the bar shows the Council's performance against that target.



## Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



## Outstanding Fines

As at 30 June 2024, a number of organisations and individuals owed Council \$0.064 million in outstanding fines (last year \$0.081 million). The following is a list of balances owed by organisations and individuals for court fines imposed prior to 30 June 2024.

Debtor	2023-24 \$000	2022-23 \$000
Berendt/Derek/Aaron	-	39
Huka View Dairies Limited	40	-
LA Landscapes Limited	9	15
NZL Forestry Group Limited	13	27
Pacific Farms Development	2	-
<b>Total</b>	<b>64</b>	<b>81</b>

## Independent Auditor's Report

### To the readers of Horizons Regional Council's annual report for the year ended 30 June 2024

The Auditor-General is the auditor of Horizons Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 30 October 2024. This is the date on which we give our report.

## Opinion on the audited information

### In our opinion:

- the financial statements on pages 78 to 135:
  - present fairly, in all material respects:
    - the Regional Council and Group's financial position as at 30 June 2024;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 141, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the statement of service performance on pages 11 and 13 to 75:



- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2024, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 139 and 140, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 22 to 75, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

## Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 143 to 146, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw your attention to the uncertainties in the fair value of CentrePort Limited shares. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

## Emphasis of matter – Uncertainties over the fair value of the shares in CentrePort Limited (CentrePort)

Without modifying our opinion, we draw attention to Note 15 on pages 109 to 112, which outlines how the fair value of the shares in CentrePort as at 30 June 2024 has been determined. There are a number of uncertainties involved in estimating the fair value, as the key assumptions are sensitive to change. These uncertainties could have a material effect on the carrying value of the Regional Council's shares in MWRC Holdings Limited of \$31.5 million and the fair value of the group's shares held in CentrePort of \$63 million.

## **Basis for our opinion on the audited information**

We carried out our audit 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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for

assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

## **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's annual plan and Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 10, 12, 76, 77, 136 to 138, 142 and 147, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed an audit of the Council's Long-term plan 2024-34 and a limited assurance engagement related to the Regional Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



Andrew Clark  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

Kuputohu  
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