



# Whakarāpopototanga Pūrongo ā-tau Annual Report Summary 2024-25





# Message from the Chair and Chief Executive

Tēnā koutou katoa, and welcome to the 2024-2025 Summary Annual Report. We have successfully completed year one of our Long-Term Plan (LTP). While there have been changes to what we do governed by central government's decisions, our teams have adapted and continued to deliver outcomes ensuring we have a healthy environment where people are thriving.

It has been a busy time for our science team as they contributed to and prepared our Te Oranga o te Taiao – State of the Environment | Horizons Region 2025 Report (SOE). This was published on 24 June 2025 and provides an overview of the state and trends of the region's environment, as required every five years under Section 35 of the Resource Management Act 1991. This report supports decision-making, policy development, accountability and public education. As part of the development of this report, we ran a competition asking our communities to share how nature contributes to their lives via artwork. The winners then had their artwork included in our SOE report. The creative works included in the report showcase the deep personal and cultural connections our communities have with nature and serve as a powerful reminder of the impact of the environment on our wellbeing.

This year saw the completion of some of the Jobs for Nature projects. Both the Regional Stream Fencing, and Riparian Planting and Enhancing Fish Populations through Fish Passage Remediation projects were co-funded through central government, landowners and rates. A highlight of these projects was 30.2 kilometres of stream fencing completed, 107,219 riparian plants planted, remediation of 18 barriers to fish passage, and the completion of seven community projects in the Manawatū catchment. This is a great effort for the team as these projects came to an end.

This year was also the final year for four Climate Resilience Infrastructure Projects. These projects included Moutoa Gates upgrades, sheet piling at Foxton and the Mangaone Stream Gabion replacement work in Palmerston North all of which provide more flood resilience to our communities.

Work continued for our Biodiversity and Biosecurity teams. Biodiversity worked with a variety of community groups and landowners to protect the region's most rare and threatened ecosystem types, while the biosecurity team continued to control pest animals and pest plants across the region. The pest animal team provided advice to ratepayers, enabling landowners to undertake their own control. The pest plant team have continued freshwater advocacy (Check, Clean, Dry) and surveillance for gold clams.

New regulations on dam safety commenced in 2024, keeping our District Advice team busy. These regulations aim to improve resilience and safety of New Zealand's dams, protect people, property and the environment from potential impacts of dam failures. Dam owners were required to submit Dam Classification Certificates (DCCs) to Regional Authorities for approval. All known 67 classifiable dams in the region are compliant with the regulations.

While there weren't many emergency events over the last year (thankfully!), our Emergency Management team have been busy strengthening the capability of the Manawatū-Whanganui Civil Defence Emergency Management (MWCDEM) Group. The team has grown with the establishment of a Senior Emergency Management

Advisor role. The team have also successfully implemented the D4H Incident Management System to support both the Group Emergency Coordination Centre and the Regional Duty Officer framework. This tool enhances our situational awareness across the region on a day-to-day basis. In the case of an event, it will help us effectively monitor and manage response activities.

Over the past 12 months, Council ratified a Kawenata (Memoranda of Partnership), with Ngāti Haua. This partnership aims to further strengthen our collaboration with tangata whenua and reflect shared commitment to mutual goals.

In August 2024, Horizons Councillors voted to retain Māori constituencies for the 2025 local government elections. Council wanted to continue strengthening its relationships with iwi and hapū across the region. Māori have often been under-represented in local government, and this enables successful Māori participation in decision-making at Horizons.

Horizons is committed to continuing our relationships with tangata whenua, and these are just examples of how we are focusing on our community outcome: Whanaungatanga whai mana | Our region's relationships with iwi and hapū are respectful and mana enhancing.

We marked a year of having a fully electric bus fleet in Palmerston North. We are proud we were the first to introduce a fully electric fleet in Australasia, and look forward to seeing others follow in our lead. The new network has seen growth in patronage throughout this first year which is a positive outcome, and we continue to monitor public transport across the region to see how we can best serve our communities. This displays our commitment to He whatunga waka mauritau | Our region has effective transport networks.

Our Information Management team have had their hands full transitioning staff to IRIS NextGen – a modern, cloud-based regulatory platform. IRIS NextGen is being developed in partnership between ten councils to replace the current system used for consenting and compliance monitoring, contact management and other environmental and regulatory functions. While it is yet to be implemented there has been a lot of work contributing to the process design and planning. Behind the scenes there is a lot of preparation the team has to do for our organisation to be ready for implementation alongside supporting the development of this tool. Once implemented we should see improved operational efficiencies and a more streamlined system.

All of these activities are just a glimpse of the wider work our organisation has been doing. Our focus is always centred around our vision: Tō tātou rohe – taiao ora, tangata ora, mauri ora; Our place – a healthy environment where the people are thriving.

The above is a brief overview of the work Council has completed over 2024-25. More detailed information can be found within our 2024-25 Annual Report on our website [www.horizons.govt.nz](http://www.horizons.govt.nz).

Nā mātou, nā,



*Rachel Keedwell*  
Rachel Keedwell  
Chair



*Michael McCartney*  
Michael McCartney  
Chief Executive

This summary is a snapshot of some results of our work programme in the year from July 2024 to June 2025, taken from the audited full financial statements included in the Annual Report 2024-25, which was completed and adopted by Horizons Regional Council on 29 October 2025.

The information presented in these summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements contained within the Annual Report 2024-25. This report is obtainable from Horizons Regional Council offices or can be downloaded from our website [www.horizons.govt.nz](http://www.horizons.govt.nz).

The Annual Report 2024-25 has been audited, and received an unmodified audit opinion dated 29 October 2025. The audit opinion was unmodified with an emphasis of matter in relation to the valuation of the shares in CentrePort and the uncertainties involved in estimating the fair value as outlined on page 12 of the Annual report summary.

## Disclosures

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

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

- This Annual Report Summary 2024-25 is prepared for HRC, which is the trading name of the Manawātū-Whanganui Regional Council, a local authority governed by the Local Government Act 2002. These summary financial statements are for the year ended 30 June 2025, and are presented for the HRC group, which consists of:
  - Horizons Regional Council (the "Parent Entity")
  - A subsidiary MWRC Holdings Limited (MWRCH) (a Council Controlled Trading Organisation (CCTO))
- HRC has designated itself as a Public Benefit Entity (PBE) and applies New Zealand Tier 1 Public Benefit Entity Accounting Standards (PBE Accounting Standards). These standards are similar to International Public Sector Accounting Standards, with amendments for the New Zealand regulatory environment. As HRC meets the definition of a PBE, it applies specific recognition and measurement requirements that apply to PBE's. The information and specific disclosures included in this summary have been extracted from the full financial statements, included in the Annual Report 2024-25.
- HRC has made an explicit and unreserved statement of compliance with PBE standards in its "Notes to the Financial Statements" on page 93 of the full financial statements.
- This Annual Report Summary 2024-25 was approved for issue by the Chief Executive on 28 November 2025.

## General

### Financial Overview

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

### Statement of Comprehensive Revenue and Expense for the year ended 30 June 2025 (\$000)

	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
<b>Revenue</b>					
Rates	65,994	66,018	66,018	58,993	58,993
Subsidies and grants	25,028	27,754	27,754	22,069	22,069
Finance revenue	3,850	3,291	3,605	3,376	2,721
Other revenue	17,036	15,979	18,053	16,448	17,579
<b>Total revenue</b>	<b>111,908</b>	<b>113,042</b>	<b>115,430</b>	<b>100,886</b>	<b>101,362</b>
<b>Expenditure</b>					
Personnel costs	30,963	30,489	30,489	29,366	29,366
Depreciation and amortisation expense	5,917	6,995	6,995	6,628	6,628
Finance costs	3,050	4,045	4,045	3,158	3,160
Other expenses	62,975	68,112	68,827	67,060	69,670
<b>Total expenditure</b>	<b>102,905</b>	<b>109,641</b>	<b>110,356</b>	<b>106,212</b>	<b>108,824</b>
<b>Surplus/(deficit) before tax</b>	<b>9,003</b>	<b>3,401</b>	<b>5,074</b>	<b>(5,326)</b>	<b>(7,462)</b>
Income tax expense/benefit	-	-	(226)	-	(133)
<b>Surplus/(deficit) after tax</b>	<b>9,003</b>	<b>3,401</b>	<b>5,300</b>	<b>(5,326)</b>	<b>(7,329)</b>
<b>Other comprehensive revenue and expense</b>					
Financial assets at fair value through other comprehensive revenue and expense	100	177	3,877	267	267
Property, plant, and equipment revaluations	42,009	23,454	23,454	207,064	207,064
<b>Total other comprehensive revenue and expense</b>	<b>42,109</b>	<b>23,631</b>	<b>27,331</b>	<b>207,331</b>	<b>207,331</b>
<b>Total comprehensive revenue and expense</b>	<b>51,112</b>	<b>27,032</b>	<b>32,631</b>	<b>202,005</b>	<b>200,002</b>

### Statement of Changes in Equity for the year ended 30 June 2025 (\$000)

	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
<b>Balance at 1 July</b>	<b>1,142,807</b>	<b>1,305,900</b>	<b>1,347,821</b>	<b>1,103,895</b>	<b>1,147,819</b>
Total comprehensive revenue and expense for the year	51,113	27,032	32,631	202,005	200,002
<b>Balance at 30 June</b>	<b>1,193,920</b>	<b>1,332,932</b>	<b>1,380,452</b>	<b>1,305,900</b>	<b>1,347,821</b>

### Statement of Financial Position for the year ended 30 June 2025 (\$000)

	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
<b>Total current assets</b>	<b>22,301</b>	<b>21,626</b>	<b>20,890</b>	<b>26,632</b>	<b>25,361</b>
<b>Total non-current assets</b>	<b>1,275,274</b>	<b>1,414,886</b>	<b>1,463,665</b>	<b>1,377,592</b>	<b>1,421,254</b>
<b>Total assets</b>	<b>1,297,575</b>	<b>1,436,512</b>	<b>1,484,555</b>	<b>1,404,224</b>	<b>1,446,615</b>
<b>Total current liabilities</b>	<b>30,431</b>	<b>48,867</b>	<b>49,246</b>	<b>49,082</b>	<b>49,181</b>
<b>Total non-current liabilities</b>	<b>73,225</b>	<b>54,713</b>	<b>54,858</b>	<b>49,241</b>	<b>49,613</b>
<b>Total liabilities</b>	<b>103,656</b>	<b>103,580</b>	<b>104,104</b>	<b>98,323</b>	<b>98,794</b>
<b>Net assets (assets minus liabilities)</b>	<b>1,193,919</b>	<b>1,332,932</b>	<b>1,380,451</b>	<b>1,305,901</b>	<b>1,347,821</b>
Asset revaluation reserves	763,596	913,220	914,035	889,766	890,582
Fair value through other comprehensive revenue and expense reserve	1,706	1,817	43,135	1,640	39,258
Restricted reserves	14,470	15,056	15,056	14,417	14,417
Infrastructure insurance reserves	5,160	5,160	5,160	5,040	5,040
Accumulated funds	408,987	397,679	403,065	395,038	398,524
<b>Total equity</b>	<b>1,193,919</b>	<b>1,332,932</b>	<b>1,380,451</b>	<b>1,305,901</b>	<b>1,347,821</b>

### Statement of Cash flows for the year ended 30 June 2025 (\$000)

	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
<b>Net cash flow from operating activities</b>	<b>11,989</b>	<b>18,084</b>	<b>16,587</b>	<b>2,334</b>	<b>4,228</b>
<b>Net cash flow from investing activities</b>	<b>(21,811)</b>	<b>(23,513)</b>	<b>(23,513)</b>	<b>(11,642)</b>	<b>(13,219)</b>
<b>Net cash flow from financing activities</b>	<b>7,288</b>	<b>4,555</b>	<b>4,555</b>	<b>8,357</b>	<b>8,357</b>
<b>Net (decrease)/increase in cash, cash equivalents, and bank overdrafts</b>	<b>(2,534)</b>	<b>(874)</b>	<b>(2,371)</b>	<b>(951)</b>	<b>(634)</b>
Cash, cash equivalents, and bank overdrafts	5,612	4,224	6,567	5,175	7,201
<b>Closing cash balances</b>	<b>3,078</b>	<b>3,350</b>	<b>4,196</b>	<b>4,224</b>	<b>6,567</b>

## Explanation of Major Variances against budget

Explanation	LTP 2024-34 \$000	Actual 2024-25 \$000	Variance Favourable/ (Unfavourable)	Explanation
<b>Subsidies and grants</b>	<b>25,028</b>	<b>27,754</b>	<b>2,726</b>	Subsidies and grants received are higher than budgeted due to additional central government grants received during the year for projects such as CRU, Wilding Conifer and Fish Passage. The Transport Subsidy received was also higher than anticipated due to the new Palmerston North service.
<b>Finance revenue</b>	<b>3,850</b>	<b>3,291</b>	<b>(559)</b>	Finance revenue is lower than budgeted due to a reduced dividend being declared by MWRC Holdings Limited, as a result of a property purchase in the prior year leaving reduced cash available to fund a higher dividend. This is partially offset by higher than budgeted interest revenue with interest rate increases.
<b>Other revenue</b>	<b>17,036</b>	<b>15,979</b>	<b>(1,057)</b>	Lower than budgeted due to an under recovery of regulatory revenue partially offset by gain on sale of forestry assets recognised
<b>Personnel costs</b>	<b>30,963</b>	<b>30,489</b>	<b>474</b>	Staff vacancies throughout the year contributed to lower than budgeted personal costs, senior positions having to be filled with more junior staff, and staff working on capital or organisational projects have also contributed to this variance.
<b>Depreciation and amortisation expense</b>	<b>5,917</b>	<b>6,995</b>	<b>(1,078)</b>	Higher than anticipated year end revaluations and capitalisation of assets has resulted in depreciation costs being higher than budgeted. Vehicle depreciation was also changed to align to the vehicle replacement policy.
<b>Finance costs</b>	<b>3,050</b>	<b>4,045</b>	<b>(995)</b>	The year end valuation of the interest rate swaps held resulted in a loss on these cash flow hedges. Interest rate changes also contributed to higher interest costs than budgeted.
<b>Other expenses</b>	<b>62,975</b>	<b>68,112</b>	<b>(5,137)</b>	Primarily due to additional transport subsidies paid related to the new Palmerston North services (\$1.104k), the loss on the revaluation of the Forestry Right assets (\$1,008k), loss on buildings revaluation/impairment of Regional House Building (\$1,644k), and the disposal of assets (\$700k)
<b>Property, plant, and equipment revaluations</b>	<b>42,009</b>	<b>23,454</b>	<b>(18,555)</b>	Revaluation changes this financial year were significantly lower than budgeted with the infrastructure revaluation methodology updated last year seeing no overall change this year to values. The devaluation of land and building assets and impairment of assets also contributed to a lower than expected valuation impact.
<b>Trade and other receivables</b>	<b>8,210</b>	<b>10,453</b>	<b>2,243</b>	Delays with our debt being passed over to the collection agency meant the overall process has been delayed, thus resulting in more outstanding at year end than anticipated.
<b>Revenue Receivable</b>	<b>6,060</b>	<b>3,216</b>	<b>(2,844)</b>	A number of long term projects came to an end during this financial year, with revenue for those projects being recognised earlier than anticipated thus reducing the expected year end receivable position.
<b>Loan to CCO</b>	<b>17,000</b>	<b>17,500</b>	<b>500</b>	The LTP assumed debt repayment would start from 2025 however this was amended via the MWRC Holdings Ltd SOI to occur from 2026.
<b>Forestry Assets</b>	<b>3,905</b>	<b>842</b>	<b>(3,063)</b>	Out forestry assets were initially expected to increase in value however, due to falling log prices and increasing maintenance and harvest costs our forestry assets have decreased in value. We also sold a forest during the year.
<b>Land leases (prepaid) non-current</b>	<b>1,979</b>	<b>1,526</b>	<b>(453)</b>	The sale of forest assets has reduced our lease obligations.
<b>Restoration asset</b>	<b>1,384</b>	<b>271</b>	<b>(1,113)</b>	Changes in inflation and interest rates, along with the sale of a forest asset, has driven a decrease in the value of this asset.
<b>Carbon credits</b>	<b>18,159</b>	<b>15,938</b>	<b>(2,221)</b>	While the total carbon credit value has increased this year, the sale of forestry assets over the last two years has meant less are held than originally anticipated when the LTP was set.
<b>Operational assets</b>	<b>112,401</b>	<b>94,269</b>	<b>(18,132)</b>	The Land and building revaluation was completed this year which resulted in a reduction in the carrying value for these assets, while the LTP budget assumed there would be a revaluation gain this financial year. Additionally the impairment of Regional House has reduced the carrying value of operational assets.
<b>Infrastructural assets</b>	<b>1,076,356</b>	<b>1,238,852</b>	<b>162,496</b>	While the total infrastructural asset value has not increased significantly this financial year, a significant revaluation increase in the prior year was not reflected in the LTP budgeted value for this year due to timing of when the LTP is completed.
<b>Debt - current portion</b>	<b>7,000</b>	<b>25,412</b>	<b>(18,412)</b>	Utilised more short-term commercial paper and debt instruments than anticipated to comply with Council policy. This offsets with Debt – non current portion.
<b>Debt - non-current portion</b>	<b>71,131</b>	<b>53,500</b>	<b>17,631</b>	Utilised more short-term commercial paper and debt instruments than anticipated to comply with Council policy. This offsets with Debt – current portion.
<b>Provision - replanting</b>	<b>2,094</b>	<b>936</b>	<b>1,158</b>	With the sale of a number of forestry assets the requirement to replant has been decreased, plus changes to the rate of inflation has also impacted the discount rate used.

## Statement of Service Performance for the year ended 30 June 2025

Group of Activities	Number of targets	Achieved	Measure Not Applicable	Partially or Not Achieved	% Achieved 2024-25
Partnerships, governance and leadership	12	8	1	3	72.7
Strategy, science and regulation	19	13	2	4	76.5
Catchment operations	49	43	3	3	93.5
Transport and regional services	26	24	0	2	92.3
<b>Total 2024-25</b>	<b>106</b>	<b>88</b>	<b>6</b>	<b>12</b>	<b>88.0</b>
Group of Activities	Number of targets	Achieved	Measure Not Applicable	Partially or Not Achieved	% Achieved 2023-24
Land and Water Management	24	15	5	4	78.9
Flood Protection and Control Works	28	1	6	21	4.5
Biosecurity and Biodiversity Management	16	13	1	2	86.7
Regional Leadership and Governance	32	28	0	4	87.5
Transport	9	7	2	0	100.0
Investment	3	0	0	3	0.0
<b>Total 2023-24</b>	<b>112</b>	<b>64</b>	<b>14</b>	<b>34</b>	<b>65.3</b>

During the year, Horizons achieved 88.0% of all targets (last year's achievement was 65.3%). 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. We have also not included any qualitative measures in the above table as these are not measured on an achieved or not achieved basis.

### Partnerships, Governance and Leadership

The partnerships, governance and leadership group met eight of the 12 performance targets set, with one that was not applicable.

In the past year we undertook an independent Te Tiriti o Waitangi partnership health check by Buddle Findlay, which was presented to Council on 24 June 2025. Alongside this we sent out a Cultural Competency survey to determine staff confidence in their cultural competency and were pleased to see that there has been a positive increase of 0.9 since the 2022/23 survey was released. This brings the score from 2.2 out of 4 to 3.1 out of 4. On top of this, all elected members and executive leadership team participated in cultural competency training through Kii Tai and our Pou Tikanga | Māori Cultural Development advisor. The implementation plan for the Te Tiriti o Waitangi partnership health check was not achieved as it was not finalised. However, it is in development and likely to see actions in the 2025/26 financial year.

Our social media following continues to grow each year and we continue to increase school numbers for the EnviroSchools programme. We also provide opportunities for communities to connect with us through events, with a focus of ensuring events are held in each of the seven districts within the region. General events and environmental education events are often followed with positive feedback.

One target not achieved related to engaged sessions on the website. However, we currently have a new website in development. The development process will include a focus on improving the user experience for, ensuring it is easier to navigate. A second target relating to the percentage of media releases picked up and published by media outlets was also not achieved. This was impacted

by the closure of multiple newspapers in our region this past year, alongside very few civil defence responses, we saw fewer media releases published.

### Strategy, Science and Regulation

Strategy, science and regulation achieved 13 out of 19 performance targets, with two that were not applicable.

Community climate action projects were supported through the Pūtea Hapori Urupare Āhaurangi- Community Climate Response Fund, funding 96% of the \$55,000 budget. Te Oranga o te Taiao State of the Environment – Horizons Region 2025 – our five-yearly synthesis report on the state of the environment in our region – was released this year. As with other years, we have continued to provide monitoring data for download from the LAWA site alongside monitoring of swim spots. Our regulatory team have also been busy ensuring actions were taken for all instances of significant or serious non-compliance, and responding to all public non-compliance notifications.

The current Government has signalled a new national direction for the resource management system, which has created significant uncertainty for Council's policy work programme. This has had an impact on our target relating to resource management and plan reviews. Another unmet target was due to seed funding criteria not being finalised. Within our Regulatory Management activities, the percentage of consents granted within RMA timelines was not achieved and this was the same for the percentage of resource consents and permitted activities related to Category 1 and 2 (high priority sites).

### Catchment Operations

Catchment operations met 43 out of the 49 performance targets this year, while three were not applicable.

Biodiversity was busy meeting all their targets and supporting individuals, organisations and community groups to improve and protect biodiversity. Biosecurity continued to manage both pest plants and pest animals with old man's beard remaining the largest pest plant programme. Our freshwater and partnerships team completed more than 40kms of stream fencing, planted more than 200,000 riparian plants and completing remediation of more than 90 barriers to fish passage.

The river management and flood protection teams completed more than 2000 kilometres of drain maintenance, more than 1200 floodgate checks or items of maintenance, and more than 1000km of stopbank maintenance throughout the year. Land management also helped with more than 50kms of fencing and the planting of more than 1 million trees.

Biosecurity did not achieve the overall zero-level status of Horizons managed sites increases on a yearly basis. The Dam Safety Assurance Program reports have seen five reports completed in draft format only, with the remaining six underway. All reports are expected to be completed and finalised by the end of 2025.

Flood Vulnerability Assessment reports were not completed in full, with further analysis required to finalise the report.

### Transport and Regional Services

Transport and regional services met 24 of their 26 performance targets. The group was kept busy, responding to more than 1000 land development requests, approving 64 dam classification certificates being completed, and responding to more than 300 requests for map, information and data. Emergency management continued their work with maintaining business continuity planning. Environmental data continued to be collected and made available for all interested parties.

The new Palmerston North urban bus network, while seeing patronage grow significantly, had to contend with increased road works in the city. This impacted services, making it difficult to meet the target of monitored scheduled services departing the terminus on time compared to public timetable. Road safety were unable to meet their target of behavioural change education initiatives delivered due in part to reducing their staff from three to two and a significant reduction in funding from NZ Transport Agency Waka Kotahi.

## Other Disclosures

### Contingent Liabilities

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 \$3.74 million exists (2024: \$4.05 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 2025, 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 \$26 billion (2024: \$23 billion), of which the Group and the Council have borrowed \$0.079 billion (2024: \$0.072 billion). As a result, the Group and the Council's cross-guarantee on LGFA's loans to other local authorities is \$26 billion (2024: \$23 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.

### Mutual Liability Riskpool Scheme

Horizons Regional Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weathertight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

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 various claims that HRC are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which HRC have a responsibility to the claimant. The possibility of any new outflows in settlement in these cases is assessed as remote.

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

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

## Operating Lease Commitments

HRC has an operating lease commitment as Lessee as at 30 June 2025 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 2025 is \$1.571 million (last year \$0.495 million).

There are general operating land lease commitments for HRC as Lessors, primarily in respect of river and drainage scheme land leased out for agricultural purposes. Total commitments for Council and Group for these as at 30 June 2025 are \$5.459 million (last year \$4.878 million).

HRC has a ground lease to MWRC Holdings Ltd for 17-23 Victoria Ave, Palmerston North. Total commitment as Lessee for this at 30 June 2025 is \$6.313 million (last year \$6.544 million).

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, and 40 Bowen Street, Feilding. Total commitments for these as at 30 June 2025 are \$7.706 million (last year \$9.690 million).

Total commitments as lessors is \$11.771 million for HRC and \$13.165 million for the Group (last year \$11.422 million and \$14.568 million).

No restrictions 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.

## Other Commitments (\$000)

Council Actual 2023-24	Group Actual 2023-24		Council Actual 2024-25	Group Actual 2024-25
3,053,742	3,053,742	<b>Total Capital Commitments</b>	5,233,887	5,233,887

## 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, Rangitikei 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 of the COVID-19 Response and Recovery Fund.

# 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.

The indicative valuation range for Horizons' 23.08% shareholding in CentrePort is \$54.0 million to \$66.7 million as at 30 June 2025, with a midpoint of \$60.1 million. This valuation reflects an implied multiple of 8.4x FY25 EBITDA and 7.6x FY26 EBITDA, positioning CentrePort between the lower-quartile and median of comparable companies.

The Directors updated the carrying value of the Council's shareholding in CentrePort to \$66.7 million as of 30 June 2025, after reviewing independent valuation advice from KPMG and considering current economic conditions, including the impact of inflation and interest rates. This value is the top end of the valuation range provided by KPMG.

## 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 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 return on investment of these capital projects.
- Some capital expenditure is expected to be non-revenue generating, particularly in relation to ground resilience and wharf renewal works, but is necessary to ensure the long-term operational sustainability of the port.
- Many elements of the capital programme, including the SUT project, remain subject to detailed business casing and shareholder approval.
- The valuation is based on financial forecasts covering the period 1 July 2025 to 30 June 2034, which rely on assumptions about future business performance and external conditions that may not materialise as expected.

These uncertainties could have a material effect on the carrying value of the Regional Council's shares in MWRCH Holdings Limited of \$31.5 million and the fair value of the group's shares held in CentrePort of \$66.7 million.

For full details on these please see Note 16 on page 124 of the Annual Report 2024-25.

## Events After Balance Date

There have been no significant events after the balance date that require disclosure.

## Independent Auditor's Report

### To the readers of Horizons Regional Council and group's summary of the annual report for the year ended 30 June 2025.

The summary of the annual report was derived from the annual report of the Horizons Regional Council and its subsidiaries and controlled entities (together referred to as the group) for the year ended 30 June 2025.

The summary of the annual report comprises the following information on pages 2 to 7:

- the summary statement of financial position as at 30 June 2025;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2025;
- the notes to the summary financial statements that include other explanatory information; and
- the summary statement of service performance.

### Opinion

In our opinion:

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

### Summary of the annual report

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

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

### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2025 in our auditor's report dated 29 October 2025.

### Emphasis of matter – Uncertainties over the fair value of the shares in CentrePort Limited (CentrePort)

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to Note 16 on pages 120 to 123 of the financial statements in the full annual report, which outlines how the fair value

of the shares in CentrePort as at 30 June 2025 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 \$66.7 million.

Information about this matter is also disclosed on page 7 of the summary of the annual report.

### Council's responsibility for the summary of the annual report

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

### Auditor's responsibility

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

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

In addition to reporting on the summary and full annual reports, we have performed limited assurance engagements related to the Council's debenture trust deed and an audit of the Long-Term Plan amendment Consultation Document which are compatible with these independence requirements. Other than these engagements, we have no relationship with, or interests in, the group.



Debbie Perera  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand  
1 December 2025





# horizons

REGIONAL COUNCIL



For more information visit [www.horizons.govt.nz](http://www.horizons.govt.nz)  
or freephone Horizons on **0508 800 800**