horizons
REGIONAL COUNCIL

Pūrongo-a-tau 2025-26
Annual Report 2025-26

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Message from the Chair and Chief Executive

Tēnā koutou katoa, and welcome to the 2025-2026 Annual Report. We have successfully completed year two of our Long-term Plan (LTP). Our teams have adapted to changes as a result of central government decisions while continuing to deliver outcomes to ensure our region is a place where people and the land are nourished.

You may have noticed that we have launched a few websites recently. Our communications team worked hard with our information service team and external partners to refresh existing sites which had reached end of service, and launch new sites to give communities better access to information. Firstly, they worked with emergency management to roll out a brand-new website: mwcdem.govt.nz. This website has been designed to provide helpful information to keep people prepared in case of an emergency but also act as a source of information during emergency events. We also updated our horizons.govt.nz website to make information easier to access. This involved staff from almost all teams helping refresh and update content to ensure you can find what you're looking for and that the information we've provided is helpful. Lastly, alongside our transport team we launched goconnect.org.nz which is our public transport website. You'll find all the information to get you onboard with us on this website. We hope you find these websites provide you with the information you need in an easily accessible way.

Our science and policy teams have been busy this year with central government's reforms, requiring the team to support Council's response to these proposals as well as planning for a transition to the new planning system. The Regional Pest Management Plan review is underway and went out for consultation early in 2026. The project will shortly move into Phase 3, where the feedback on the discussion document will be considered and development of the Regional Pest Management Plan proposal and formal engagement will occur. Finally, it's worth noting that our team has also been involved in preparing for Plan Change 2, after the Environment Court released their final decision in June 2026.

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. An exciting development in the biodiversity space was the discovery of evidence of native pekapeka (bats) living in Tōtara Reserve, signalling that long-term pest control efforts in the reserve are paying off.

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 while the pest plant team have continued freshwater advocacy through the Check, Clean, Dry programme and surveillance for invasive freshwater clams. The pest plant team discovered the establishment of their biocontrol agent for field horsetail, and released some biocontrol agents for purple loosestrife around Punahau Lake Horowhenua with support from Muaūpoko iwi representatives and the Lake Horowhenua Trust

For Punahau Lake Horowhenua, the 2025-26 financial year saw the start of construction of the wetland. Phase one of the project will involve converting at least 15 hectares of the 142-hectare site into wetland and begin planting the area, and is due to be completed by December 2026. The wetland project is part of a wider range of interventions aimed at improving water quality within Punahau.

We completed a regional flood vulnerability assessment in February. This assessment was our first ever high-level regional overview of relative risk from flooding. It looked at the modelled risk to the region with specific

modelled risk rankings for 52 different population centres across the region. Thanks to the team who worked on this Council now has a helpful tool to utilise when making future decisions on where investment could be made into flood resilience works in the future.

The emergency management office provided support to territorial authorities, partner agencies, and communities through a range of weather events, fires, earthquakes, and other incidents this year. It's clear it's been a busy year but the establishment of specialist portfolios for the team has increased the team's capacity and improved its ability to balance operational delivery with long-term improvement. It's great to see our staff being able to respond to these events and support our communities across the region.

Our transport services have continued to see an increase in patronage, and we have been pleased to further improve the Whanganui bus service this year. Since the launch of Te Ngaru The Tide in 2023 - a fast and frequent service connecting Aramoho and Castlecliff, public transport use has increased. After consulting our community in Whanganui, we have streamlined services to include two Tide-style high-frequency routes. These routes run past most high schools and intermediates in the city, while three hourly routes ensure connections for other parts of the city.

All of these activities here are just a glimpse of the wider work our organisation has been doing. Our focus remains centred around our vision: Our region where people and land are nourished.

If you're curious about the work we've been doing, we encourage you to delve further into this Annual Report. You'll find more detailed information about our achievements, as well as financial breakdowns of activities.

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 2025-26 financial year and compares our performance against the Annual Plan 2025-26.

Budget Variance

	$000
Surplus as per Statement of Comprehensive Revenue and Expense	(4,822)
-Less: Budgeted net surplus	1,439
Budget variance	(6,261)

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

Partnerships, governance and leadership	(976)
Strategy, science and regulation	1,611
Catchment operations	5,872
Transport and regional services	(979)
Investments	(11,788)
Budget variance	(6,261)

When comparing actual results to the Annual Plan, it is important to note that several budget adjustments were approved by Council during the financial year to accommodate changes in project timing, funding availability, and operational requirements. As a result, variances reported against the adopted Annual Plan may not fully reflect the most recent approved budgets.

The variances outlined here compare actual expenditure and revenue to the Annual Plan. Where significant differences exist, commentary has been provided to explain the underlying drivers, including the impact of additional budgets approved during the year.

Council adopted the 2025/26 Annual Plan with a budgeted net surplus of $1.439 million. During the financial year, Council approved a number of budget amendments to reflect new information, additional work programmes, and other decisions with financial implications. Collectively, these changes reduced the planned surplus by $5.840 million, resulting in a revised budgeted net deficit of ($4.401) million.

The key budget changes approved during the year:

- $950k for the initial design phase of the proposed new building at the Victoria Avenue site.
- A $420k carry-forward of unspent 2024/25 budget to complete implementation of the Enterprise Content Management (ECM) system.
- Recognition of a $6.24 million expense associated with carbon credits transferring to the purchaser as part of the Forestry Right sales.
- A $230k carry-forward of unspent 2024/25 budget to complete the Flood Vulnerability Assessment.
- Additional funding of $490k for River Management flood protection works due to weather-related events and operational cost pressures.
- Additional net revenue of $2.47 million associated with Forestry Right sales.

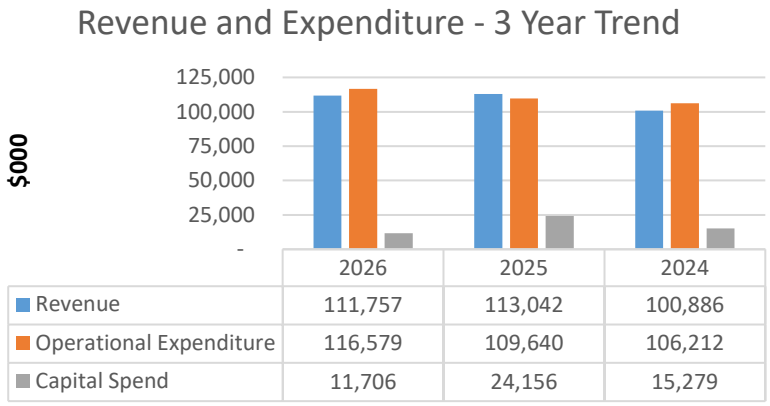
The actual result for the year was a net deficit of $ (4,822)k, which was $(6.261) million down unfavourable to the adopted Annual Plan surplus budget. However, after allowing for the budget changes approved by Council during the year, the actual result was ($422k) unfavourable to the revised budget.

The main drivers of the variance to the adopted Annual Plan were as follows:

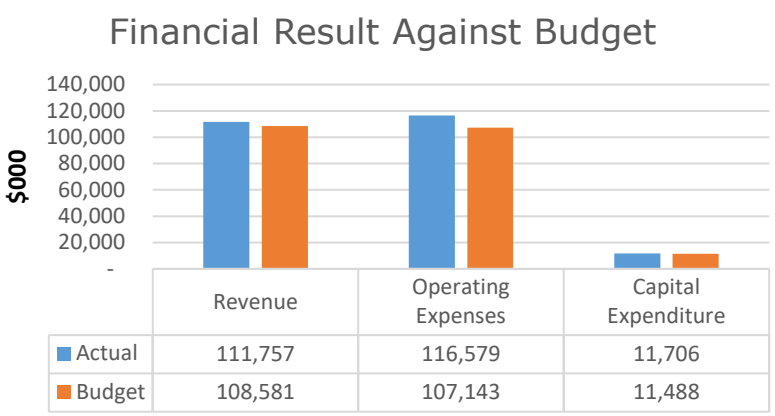
- ***Investments*** were unfavourable to the Annual Plan primarily due to the sale of four Forestry Rights. As part of these transactions, the associated carbon credits transferred to the purchaser and could no longer be recognised as Council assets. Consequently, Council recognised a $6.4 million expense to derecognise the carbon credits. The Annual Plan had assumed $1.9 million of revenue from additional carbon credits, resulting in an overall variance of approximately $8.3 million. This impact was reflected in the revised budget approved during the year.
- ***Corporate activities***, ***reported within Investments***, included expenditure that was not provided for in the Annual Plan but was subsequently approved by Council. This included $642k spent on the Enterprise Content Management (ECM) project following the carry-forward of prior-year funding, and $847k spent on the initial design phase of the Victoria Avenue building project. Both projects were delivered within their approved budgets and therefore represent approved budget variations rather than unplanned overspending.
- ***Partnerships, Governance and Leadership*** was unfavourable to the Annual Plan due to higher election costs, work brought forward to support development of the next Long-term Plan, and additional spending on website development, advertising and environmental education initiatives.
- ***Transport and Regional Services*** was unfavourable to the Annual Plan due to the significant number of emergency management events during the year and ongoing development costs associated with the IRIS software project. In accordance with accounting standards, part of these costs was required to be expensed rather than capitalised. The impact was partially offset by staff savings across other activities.
- ***Catchment Operations*** was favourable to the Annual Plan due to the combined effect of the Forestry Rights sale and higher-than-expected revenue from river management, flood protection, freshwater management, and partnership-related capital and project works.
- ***Science, Strategy and Regulation*** was favourable to Annual Plan as changes in central government priorities resulted in some planned work programmes being deferred or paused, generating staff and contractor savings. Delivery of other programmes was also affected by consultant availability and staff vacancies, reducing expenditure. Within Regulatory Management, resources were redirected to Council-wide projects and central government reform initiatives. There were also additional external costs associated with appeals, ongoing investigations and court matters. These combined factors contributed to a $2.3 million shortfall in regulatory revenue, which was partly offset by approximately $0.5 million of staff savings.

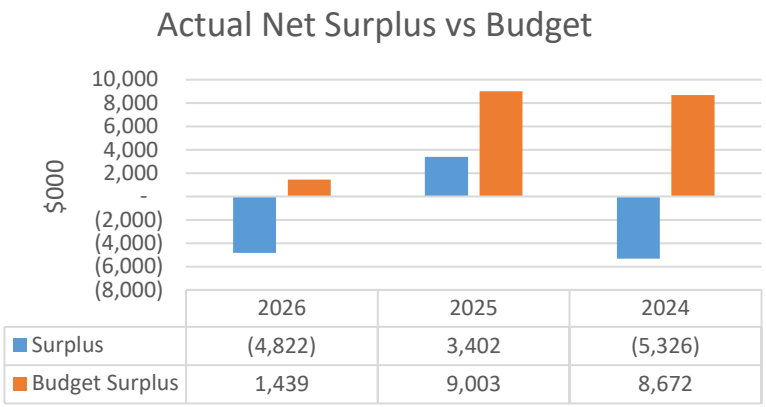
Overall, Council's financial result was broadly in line with the revised budget approved during the year, with the majority of the variance from the adopted Annual Plan attributable to Council-approved budget amendments and accounting adjustments associated with the Forestry Right sales.

Refer to Explanation of Major Variances Against Budget in note 34 for more detail.



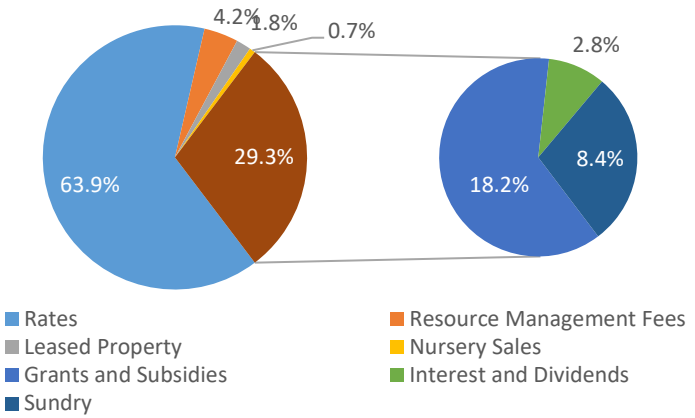
	2026	2025	2024
Revenue	111,757	113,042	100,886
Operational Expenditure	116,579	109,640	106,212
Capital Spend	11,706	24,156	15,279





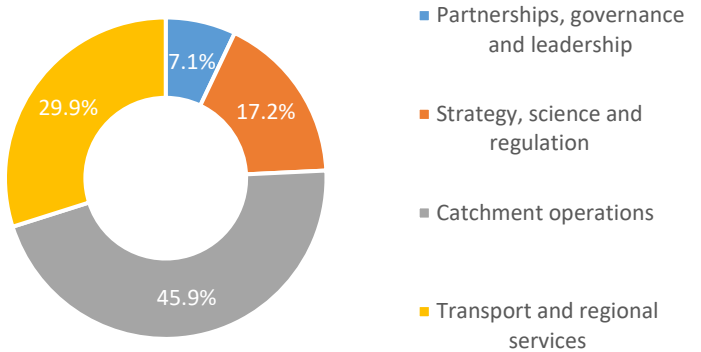
Revenue

Revenue was $111.757 million for the year, an increase of 2.92% on budget. This revenue is derived from multiple sources, with Rates being the main contributor.



Expenditure

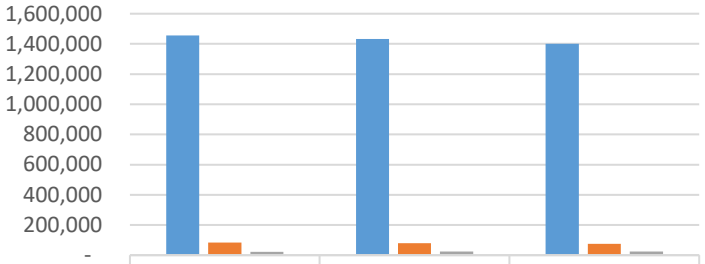
Total expenditure incurred by Horizons during the year was $128.285 million. This includes operating expenditure of $116.579 million and capital expenditure of $11.706 million.



Note the above does not include the Investment Activity.

Horizons' Assets and Liabilities

During the financial year, Horizons' net worth increased from $1,329.005 million to $1,349.390 million.



	2026	2025	2024
Assets	1,455,653	1,432,582	1,400,294
External Debt	83,000	78,912	74,357
Other Liabilities	23,263	24,665	23,968

Statement of Service Performance 2026

Overview

The Statement of Service Performance illustrates progress made during 2026 towards achieving our vision.

Council's vision is 'Tō tātou whenua ora – mauri wai, mauri whenua, mauri ora. Our region – a healthy environment where people are thriving'. Our primary focus is on a healthy environment and thriving people across the rohe, both now and in the future. 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 2024-34 were:

He whakamana hapori, he hapori kori
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.

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

Mutually beneficial partnerships with tangata whenua reflect the intent of te Tiriti o Waitangi/the Treaty of Waitangi.

He pūnaha hauropi ora
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.

He whatunga waka mauritau
Our region has effective transport networks

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

He rohe piki te ōhanga, pika te taiao
Our region's economy is thriving and environmentally sustainable

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

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

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

Achievement of the community outcomes requires some level of prioritisation and trade-offs. To that end, Council has four strategic priorities to inform the 2025-27 period:

- Te piki manawaroa ki te āhuarangi hurihuri – Building resilience to the impacts of climate change
- Te whakakaha whanaungatanga ki te tangata whenua – Strengthening partnerships with tangata whenua

- He ara torowhārahi – mai i ngā maunga ki te moana (whakahere riu) – a holistic approach, from the mountains to the sea (integrated catchment management)
- He tūhono wāhi he honohono tangata – Connecting people and place through effective public transport connections

Te anga rautaki
Strategic framework



Tō mātou wawata
Our vision

Tō tātou whenua ora – mauri wai, mauri whenua, mauri ora
Our region – a healthy environment where people are thriving

Ngā rautaki arotau
Our strategic priorities

Te piki manawaroa ki te āhuarangi hurihuri
Building resilience to the impacts of climate change

Te whakakaha whanaungatanga ki te tangata whenua
Strengthening partnerships with tangata whenua

He ara torowhārahi – mai i ngā maunga ki te moana (whakahaere riu)
A holistic approach, from the mountains to the sea (integrated catchment management)

He tūhono wāhi he honohono tangata
Connecting people and place through effective public transport connections

Ngā putanga ā-hapori
Our community outcomes

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He pūnaha hauropi ora
Our region's ecosystems are healthy

He whatunga waka mauritau
Our region has effective transport networks

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

Activity Information

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

- Partnerships, governance and leadership
- Strategy, science and regulation
- Catchment operations
- Transport and regional services

The results achieved against the non-financial service performance targets, or otherwise more commonly known as outputs, for 2026 are summarised in the table below. Performance has been compared to the 2024-34 Long-term Plan targets.

Activity and service performance information is contained on pages 17 to 94.

Group of activities	Number of targets	Achieved	Measure Not Applicable	Partially or Not Achieved	% Achieved 2025-26	% Achieved 2024-25
Partnerships, governance and leadership	12	7	2	3	70.0	72.7
Strategy, science and regulation	19	12	2	5	70.6	76.5
Catchment operations	49	47	1	1	97.9	93.5
Transport and regional services	26	21	1	4	84.0	92.3
Total 2025-26	**106**	**87**	**6**	**13**	**87.0**	**88.0**

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. We have also not included any qualitative measures in the above table as these are not measured on an achieved or not achieved basis.

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. We do have some qualitative measures this year which are harder to measure. Currently these are only found in the governance activity on page 23. 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 Catchment operations works and are detailed on pages 54 to 73.

Other measures were set through Council's Long-term Plan process in consultation with our communities.

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.

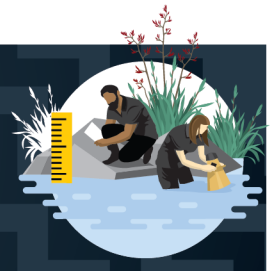
Note that the service performance information contained on pages 17 to 94 of the Annual Report relate to Council only. The CCO service performance information is contained in note 11 to the Financial Statements.

Māori contribution to council's decision-making processes

The LGA requires all councils to consider ways in which it can foster the development of Māori capacity to contribute to its decision-making processes. The ways in which Council currently does this are through:

- the provision of funding to enable engagement with iwi/hapū in decision and policy making processes (via the Iwi/Hapū Relationships activity, funded by 100% General Rate).
- establishing and maintaining processes for Māori to contribute via Memorandums of Partnership and other relationship agreements, project governance and operational input,
- building our internal capacity through the provision of advisory roles and our staff cultural competency programme so that we are equipped to support tangata whenua when they engage (see our performance measures for the Iwi and Hapū Relationships activity).

Te rangapū, te whakahaere, te tātaki
Partnerships, governance and leadership



This group of activities is made up of the following activities:

- Governance
- Iwi and Hapū Relationships
- Community Wellbeing and Relationships

What we do

The Partnerships, Governance and Leadership Group provides the leadership and oversight for Council's strategic decision-making and relationships, and community wellbeing in the region. The governance function, made up of the elected members sitting as Council, the six committees of Council and the Joint Committees, represent their constituent communities around the Council table.

This group is also focussed on developing and maintaining strong iwi and hapū partnerships, as well as informing, educating, and empowering the diverse range of communities across the rohe.

Contribution to Council's community outcomes

The Partnerships, Governance and Leadership Group contributes to all six of our community outcomes by having a holistic focus in the decision-making process and engagement with the community.

Our region's communities are vibrant and empowered

- We provide effective leadership and make future-focussed decisions that benefit the community.
- We develop and maintain formal and informal partnerships that benefit the region or distinct communities.
- We inform and educate the community about Council mahi that impacts them.

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

- We work with local and regional authorities, tangata whenua, and community groups to provide leadership and direction to promote community resilience.
- Our communications function has a direct impact on the resilience of our communities, through the provision of timely and accurate messaging to ensure they are prepared for natural-hazard events.

Our region's ecosystems are healthy

- We seek to make wise, evidence-based decisions that promote the health and longevity of our region's varied and unique ecosystems.
- We help tamariki and rangatahi learn about and engage with te taiao/the natural environment, so that they are empowered to make decisions about their future.

Our region's economy is thriving and environmentally sustainable

- We consider the challenges and opportunities of balancing economic and environmental wellbeing as we make decisions.

Our region has effective transport networks

- Our Regional Land Transport Plan and Regional Public Transport Plan set out an integrated approach to the transport networks in the rohe/region that provide for our current and future communities.
- We seek feedback from our communities about their transport needs and regularly communicate with them about matters that impact them.

Our region's relationships with iwi and hapū are respectful and mana-enhancing

- We seek to become better Te Tiriti/Treaty partners by seeking meaningful partnerships with tangata whenua, by seeking their participation in planning and decision-making, by supporting capacity and capability building.

What we did this year

Governance

Annual Plan - The activities proposed in the 2026-27 Annual Plan has not changed significantly from those previously presented for Year 3 of the 2024-34 Long -term Plan and as such Council elected not to consult with the public on the Annual Plan for 2026-27

Councillor Attendance – Overall attendance by Councillors at meetings relevant to their responsibilities was 96% (a 1% increase from the previous year of 95%). The attendance figures below refer to Council meetings and 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 (1 July 2025 to 30 June 2026) was as follows (calculation based on at least 75% attendance of the duration of a meeting).

Benbow, AL (to 11 Oct 25)	9 out of 9
Clark, EML (to 11 Oct 25)	6 out of 6
Cotton, D (to 11 Oct 25)	5 out of 6
Dryland, S (from 11 Oct 25)	13 out of 13
Easton, H (from 11 Oct 25)	20 out of 20
Edmonds, J (to 11 Oct 25)	7 out of 7
Ferguson, S (to 11 Oct 25)	6 out of 7
Fraser, B (from 11 Oct 25)	17 out of 17
Gordon, B	25 out of 25
Gordon, F	24 out of 25
Jansen, L (from 11 Oct 25)	17 out of 21
Keedwell, R (to 11 Oct 25)	9 out of 9
McKellar G	19 out of 21
Naylor, J	26 out of 27
Pue, E (from 11 Oct 25)	18 out of 20
Riley, N	29 out of 29
Taylor, A	20 out of 23
Te Awe Awe, W	20 out of 21
Teira, T	26 out of 26
Wells, P (from 11 Oct 25)	18 out of 18

Elections - In October 2025 we held the inaugural meeting of the elected council members, who will represent their communities through the 2025-28 triennium.

Of the 14 Councillors elected in for this triennium, 8 are returning and 6 are new Councillors. The 14 Councillors represent the following constituent areas:

- Horowhenua
- Manawatū
- Palmerston North
- Rangitīkei
- Raki Māori
- Ruapehu
- Tararua
- Tonga Māori
- Whanganui

Iwi and Hapū Relationships

The Iwi and Hapū Relationships activity focuses on developing and maintaining positive and productive working relationships with tangata whenua, represented by the region's diverse iwi, hapū, and Post-Settlement Governance Entities (PSGEs). It also provides internal support to the organisation through building cultural competency and supporting policy and plan development.

Over the second half of the year, a key focus of the team has been Mana Whakahono ā Rohe agreements. These agreements are provided for through the Resource Management Act and are a binding agreement between iwi (and sometimes hapū) and Council setting out how iwi will be involved in plan making processes, along with other matters negotiated through the agreement process. The are a widely-regarded relationship tool, which must meet minimum criteria and be completed within 18 months. Council has seen a marked increase in the number of Mana Whakahono ā Rohe initiated by iwi authorities. This has led to the team focusing on developing a process for working through these agreements, which Council approved in June. The large number of Mana Whakahono ā Rohe initiated and the statutory process required mean that a large portion of the team's resources are focused on this Kaupapa.

Over the past 12 months, the Council has ratified one relationship agreement (Te Nehenehenui), and formally received one Iwi Environmental Management Plan. These partnerships aim to further strengthen our collaboration with tangata whenua and reflect a shared commitment to mutual goals.

Council appointed a member to Ngā Wai Tōta o te Waiū, the group responsible for Te Waiū-o-Te-Ika framework for the Whangaehu Awa and confirmed funding to support the development of Te Tāhoratanga, the strategic document required to be prepared by Ngā Wai Tōtā. The team continue to support Ngā Wai Tōtā through preparation of documents and meetings as part of its secretariat function under the Ngāti Rangi Claims Settlement Act.

Along with Mana Whakahono ā Rohe, a key priority for many iwi and hapū has been the Oranga Wai Freshwater Future Programme, designed to implement the National Policy Statement for Freshwater Management. While this programme has slowed, the team have continued their engagement with iwi and hapū in the spirit of partnership. A series of hui were held throughout 2025/26 to ensure ongoing collaboration and feedback and information sharing on the upcoming resource management reforms.

In the previous year feedback was sought from iwi and hapū across the region through an independent Te Tiriti partnership health check. While the intended implementation plan hasn't eventuated, the insights from this report, combined with the evaluation of the Te Ao Māori chapter of the One Plan will be key to developing an engagement strategy for the

new planning instruments as part of the government resource management reform.

An internal review was conducted in 2024/25 to assess staff confidence and cultural competency. This review identified the need for further cultural training. As a result, a cultural training programme has been developed and will be rolled out in the second half of 2025/26, following completion of a pilot, to strengthen the Council's ability to engage meaningfully with tangata whenua.

It is acknowledged that the demands placed on tangata whenua by central and local government agencies have been significant. This has required iwi and hapū to prioritise their engagement efforts. Additionally, ongoing resource management reforms by the government have created uncertainty, further adding to the workload of iwi and hapū. In response, the Council remains committed to supporting iwi and hapū by helping to prioritise involvement and addressing capacity and capability needs.

Community Wellbeing and Relationships

The 2025-26 financial year saw multiple high-profile engagements take place, none more significant than local government elections. Consultation on the Whanganui bus network flowed into the launch of the city's new network, along with promotion of the incoming Feilding service improvements and Ashhurst school bus services. We also celebrated the end of the central government co-funded Climate Infrastructure Resilience Projects by hosting an open day at the upgraded Moutoa Floodgates.

Our Environmental Education work continues to exceed non-financial performance measurements, having a total of 120 Enviroschools in the Horizons Region (target of >100). Attaining a 100% satisfaction rating from surveys conducted after Environmental Education sessions shows this mahi is highly valued by our communities. There have been a number of large student and teacher events throughout the year. Forgotten Fauna in Taumarunui was the second large student hui to be held in the Ruapehu District. This event saw approximately 130 students from schools across Ruapehu come together to learn about mokomoko (lizards), pekapeka (bats) and unusual invertebrates. The hui was delivered by a host of community organisations, including Department of Conservation, Ruapehu District Council, and NZ Landcare Trust. In March 2026, 46 teachers from 21 Enviroschools across the region gathered in Horowhenua District for the biannual regional Enviroschools teacher hui. The theme 'was mountains to the sea', with participants exploring a series of local environments that showcased the region's rich ecological diversity. Attendees at both events left feeling inspired, energised, and connected, with many taking away fresh ideas, new relationships, and renewed enthusiasm. It was a powerful reminder of the impact shared experiences in nature can have on both teaching practice and community building.

While 2024-25 was quiet in the Emergency Management space, 2025-26 was anything but. The Communications team was especially busy fulfilling the Public Information Management (PIM) function during emergencies. The team supported multiple flood responses, the Tongariro National Park wildfires, the Waiouru water supply issues in June 2026, and other emergencies. The team was involved in sending five Emergency Mobile Alerts in the past financial year; Horizons had only ever sent one previously.

The Horizons website presence redevelopment project was effectively completed this financial year. The project streamlined several satellite websites into the Horizons website, established dedicated Manawatū-Whanganui Emergency Management Group and Connect – Horizons Regional Transport websites, fully remapped and rewrote content on the

main Horizons website, and moved all websites onto a singular content management system. The emergency management website launched in January, while the Connect and Horizons websites will launch in July 2026. This project gives our websites more resilience, improved functionality and less duplication.

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

Local Government Elections

The election of a new council is always a big undertaking, starting well before nominations open and extending beyond election day. Months of mahi goes into ensuring legislative compliance with election processes, promotion to attract candidates, and induction of the new Council.

We received 32 nominations for the 2025 elections, well up on the 22 candidates we had in 2022. Candidates covered a wide age range and came from a variety of backgrounds, helping to provide people with a diverse choice when it came time to vote. Only two of Horizons' councillors – Nikki Riley in Ruapehu, and Te Kenehi Teira in the Tonga Māori constituency – were elected unopposed. All other seats had electoral races. To give candidates a chance to talk about their policy platforms, and to give voters a better understanding of who they were voting for, we gave all candidates in seats with electoral races the chance to record short videos which were promoted via our website and social media accounts. These videos proved popular, attracting thousands of views.

This election also included a referendum on Horizons' Māori constituencies, as required under central government legislation. As per our politically neutral position, we made sure to provide information about Māori constituencies without taking a stance on if they should or should not be retained. The constituencies were retained, with 36,864 voting to keep and 36,088 voting to have them removed.

The election resulted in six new councillors: Ben Fraser (Whanganui), Peter Wells (Palmerston North), Elijah Pue (Raki Māori), Sally Dryland (Tararua), Luka Jansen and Hamish Easton (both Horowhenua). They joined Alan Taylor (Whanganui), Te Kenehi Teira (Tonga Māori), Nikki Riley (Ruapehu), Bruce Gordon, Gordon McKellar (both Manawatū-Rangitīkei), Jono Naylor, Fiona Gordon and Wiremu Te Awe Awe (all three Palmerston North), who successfully sought re-election.

The successful candidates were sworn in as councillors in Palmerston North on 29 October 2025. While each was elected in a specific constituency, they all swore to serve the entire Horizons Region. One of their first jobs was to select a new chair, with Cr Riley elected by her peers to serve as chair for the term. She told the meeting she would be a chair of a council that listens, learns and leads with purpose at a time of profound change nationally and regionally.

All councillors took part in an extensive induction programme, ensuring they were up to speed with Horizons' activities, their legislative requirements, and how they could work together to be successful for the coming term.

PERFORMANCE TARGETS

GOVERNANCE	
Council's purpose is a) to enable democratic local decision-making and action by, and on behalf of, communities; and, b) to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.[1] Our performance goals are expressed through our strategic priorities and community outcomes. Measuring successful delivery of these things on an annual basis is difficult because governance the impacts of our decisions are mostly experienced in the longer term rather than within a single year. Thinking about impact on an annual basis, if the Governance Team (the elected members) does its job well, the rest of Council will perform well. Our success is measured by the performance of the whole Council team. Rather than using numbers or percentages to measure how well we are doing as a Governance Team, we will undertake an honest assessment of how we did each year to be included in the Annual Report. We will use our strategic priorities and community outcomes as a framework for that assessment. For each of our strategic priorities, we will ask ourselves and report on the following questions: 1. What actions did we take to demonstrate our commitment to this strategic priority? 2. What happened as a result of our actions? 3. What difference has been made as a result of our actions? 4. What lessons have we learned? What can we improve on in the future?	Achieved: Council took the opportunity to reflect on their performance target via an online survey.

[1]Local Government Act 2002, Section 10

IWI AND HAPŪ RELATIONSHIPS						
Achieved ● 1		Not Achieved ●● 2				Not Applicable ●● 2
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. We work towards respectful and mana-enhancing relationships with tangata whenua						
1.1	An independent Te Titiri o Waitangi partnership health check of the organisation is completed in year 1 of the LTP.	Achieved	N/A	N/A	●	
1.2	Develop an implementation plan based on recommendations from the independent health check.	Not Achieved	N/A	N/A	●	An implementation plan was commenced, however did not progress to completion due to other competing priorities such as iwi engagement as part of the oranga wai (freshwater futures) plan change and the high number of Mana Whakahono ā Rohe initiations recieved.
1.3	Improving our relationship with tangata whenua is one of Council's four strategic priorities and one of our six community outcomes. We don't think numbers alone are a good way to measure how well we are doing as Te Tiriti/Treaty partners. Through a three-yearly, independent Te Titiri o Waitangi Partnership health check (see 1.1) we will gain insight into areas for improvement, and over time, we will be able to see our progress. In years 2 and 3 of each Long-term Plan we will undertake our implementation plan. At the end of each year, we will ask ourselves, and report on, the following questions: 1. What were our areas for focussed improvement? 2. What steps did we take towards improvement? 3. Examples of what happened as a result of our actions. 4. What difference has been made as a result of our actions? 5. What lessons have we learned? What can we improve on in the future?					
1.3 (cont.)	Implement steps and reflection process for areas for improvement raised in the health check in year 1.	Not Applicable	Implementation and reflection undertaken as above	Not Achieved	●	As above, in the absence of an implementation plan, this reflection did not occur.
2. Council staff and elected members are strongly encouraged to participate in an internal cultural competence programme						

2.1	Total average score in the Horizons Cultural Competence self-assessment survey (1=strongly disagree, 4=strongly agree)	Increase on previous year (Achieved)	Increase on previous year	Not Achieved	●	The most recent staff survey was Te Ara Whakamua, completed in May 2025. The results from this survey have been used to identify the organisational needs for training and to build the new cultural competency training programme, which is rolling out in 2026-27. It was therefore not imperative to undertake a self-assessment survey in 2025-26 and with other workload pressures taking precendence due to staff shortages, this was assessed as being of lower priority for completion.
2.2	All elected members and executive leadership team participate in the cultural competence programme or undertake other related professional development every year.	Achieved	Achieve	Achieved	●	Cultural competency content was delivered to elected members through the Council induction programme in December 2025. This covered areas including Te Tiriti o Waitangi, tikanga and kawa, introductory te reo Māori, local iwi and hapū relationships, and the role of cultural competency in governance. For ELT, training was completed at the start of the financial year.

COMMUNITY WELLBEING & RELATIONSHIPS						
Achieved ●●●●● 5		Not Achieved ● 1				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. We provide relevant and valued information to communities enabling education, engagement and informed decision-making						
1.1	Percentage of media releases picked up and published by media outlets.	88% (Not Achieved)	>90%	94%	●	
1.2	Number of likes/followers on all social media accounts that Horizons manages.	Achieved 45,897	>45,000	60,897	●	We manage a range of social media accounts, including the Facebook account for Manawatū-Whanganui Emergency Management Group. As we had a higher number of emergency events in the past financial year than the year prior, we have had significantly more engagement on this account. Furthermore, we have put a concentrated effort into creating content young people engage with. This has seen a larger youth audience attracted to our content, further boosting numbers. Finally, we launched our TikTok account this past financial year. This too has seen an increase in engagement with our content with minimal additional workload.
1.3	Percentage of engaged website sessions.[1]	55% (Not Achieved)	>65%	54%	●	We expect this metric to improve now we have effectively completed the Horizons web presence refresh project. This project aims to make our websites easier to use and better serve the public, which should result in more engaged sessions.

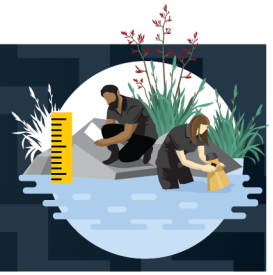
2. We provide the opportunity for participation in the Enviroschools programme to all primary and secondary schools and early childhood centres in the region.						
2.1	Maintain or increase school numbers in relation to territorial authority funding available.[2]	Achieved 119	>100	Achieved 119	●	Change in district makeup with five schools removed from programe, and five schools added. The increases were in Horowhenua (one), Palmerston North (two), Tararua (one) and Ruapehu (one).
3. We provide a quality experience to schools and centres who engage with our Environmental Education team						
3.1	Satisfaction rating via post-session surveys.[3]	1 or 100%	>90%	Achieved 100%	●	In 2025-2026, we received 75 responses where 100% of them gave a satisfaction score of 4-5 out of a maximum of 5. Note that not every session had a completed survey as teachers are sent a link to an e-survey where the onus is on them to complete it. Therefore, the numbers of survey responses are not representative of the actual number of sessions completed in each financial year.
4. We provide varied opportunities for our communities to engage with staff on Council business at events throughout the region						
4.1	Horizons attendance at, and/or creation of, community events in the seven districts in the region.	Achieved 11	>7	Achieved 13	●	Attended 13 community engagement events, across all of the region, Tararua (1), Horowhenua (2) Ruapehu (3) Palmerston North (3) Manawatu Rangitikei (3) and Whanganui (1).

[1] “Engaged sessions” last longer than 10 seconds, or client clicks through to a document/form, or results in 2 or more screen or page views.
[2] The number of schools Horizons is about to register is dependent on co-funding contributions by the Territorial Authorities in the region.
[3] Satisfied means 4-5 out of a scale of 1-5.

FUNDING IMPACT STATEMENT FOR THE PARTNERSHIP, GOVERNANCE AND LEADERSHIP GROUP OF ACTIVITIES TO 30 JUNE 2026 ($000)

	LTP 2024-34 2025-26	Actual 2025-26	LTP 2024-34 2024-25	Actual 2024-25
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	5,894	5,977	5,745	5,745
Targeted rates	362	364	353	353
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	312	174	305	195
Internal charges and overheads recovered	-	40	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**6,568**	**6,555**	**6,403**	**6,293**
Applications of operating funding				
Payments to staff and suppliers	2,420	2,726	2,150	2,024
Finance costs	-	-	-	-
Internal charges and overheads applied	4,238	4,909	4,082	4,314
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**6,658**	**7,635**	**6,232**	**6,338**
Surplus (deficit) of operating funding (A-B)	**(90)**	**(1,080)**	**171**	**(45)**
Sources of capital funding				
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	-	-	-	-
Total sources of capital funding (C)	**-**	**-**	**-**	**-**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	332	468	175	35
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(422)	(1,548)	(4)	(80)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**(90)**	**(1,080)**	**171**	**(45)**
Surplus (deficit) of capital funding (C-D)	**90**	**1,080**	**(171)**	**45**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**

Te rautaki, pūtaiao me ngā waeture
Strategy, science and regulation



This group of activities is made up of the following activities:

- Policy, Strategy & Climate Resilience
- Science & Environmental Reporting
- Regulatory Management

What we do

The Strategy, Science and Regulation Group delivers our statutory resource management planning, compliance, monitoring and reporting functions. We also provide corporate plans (e.g. Long-term Plan, Climate Action Strategy).

In addition, this group provides sound science, policy and regulatory advice, support and information to our communities and the wider organisation. We monitor changes in the region's resources and environment, develop and inform regulatory and non-regulatory responses to environmental issues, and measure the effectiveness of these responses.

Contribution to Council's community outcomes

The Strategy, Science and Regulation Group contributes to all six of Council's community outcomes:

Our region's communities are vibrant and empowered

- We invite formal and informal community involvement to help shape our planning documents and provide advice, support and information to the community.
- We ensure the region's interests are represented in Central Government's policy development.

Our region's ecosystems are healthy

- We regulate and monitor actions that affect the environment to ensure sustainable management and to ensure community and environmental values are upheld.
- We inform good decision-making by monitoring the state and trends of our ecosystems and making the information available to the public.
- We develop strategies and regulations to protect and enhance our ecosystems.

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

- Our statutory resource management planning, compliance, monitoring and reporting functions support community resilience, and we prepare and implement plans relating to resource management and climate change.

Our region has effective transport networks

- We prepare Council's Long-term Plan and are involved in consenting and regional planning processes. We are also involved in ensuring well-functioning urban environments by implementing the National Policy Statement on Urban Development 2020.

- We support efforts within the Transport activity to develop and maintain a resilient, low-emission regional transport system.

Our region's economy is thriving and environmentally stable

- Our resource management planning enables economic activity where appropriate while ensuring that our environment will be left healthy for future generations.

Our region's relationship with iwi and hapū are respectful and mana-enhancing

- We encourage iwi and hapū involvement in strategic planning and policy development, supporting the incorporation of mātauranga Māori and involvement in resource management processes.

What we did this year

Policy, Strategy & Climate Resilience

Policy and Strategy

Resource management reform has dominated the policy landscape over the past year. The Government has signalled a new national direction for the resource management system, including amendments to existing national direction, the development of new national policy statements, and the development of new legislation — specifically, a Natural Environment Act and a Planning Act. These changes are intended to replace the Resource Management Act and reforms introduced by the previous Government which has created significant uncertainty for the Council's policy work programme.

These resource management reforms, together with announcements and consultations relating to local government reform, the Emergency Management Bill, and the proposal to introduce rates capping, have dominated the Policy and Strategy team's workload this year. Supporting the Council's responses to these proposals has consumed the majority of the team's capacity during the second half of the year. At the same time, the team has reviewed its work programme to prepare for the transition to the new planning system.

The National Policy Statement for Freshwater Management 2020 (NPS-FM) which aims to restore the health of waterways and ecosystems within a generation is to be replaced by an updated version following release of the new Acts which will replace the Resource Management Act. Following the Resource Management Amendment Act 2025, which included 'plan stop' clauses, Council resolved to defer public notification of its freshwater planning instrument until after 31 December 2027. This has slowed, and in some cases paused progress on certain parts of the plan change. Despite this, engagement with tangata whenua has continued through a series of regional hui focused on Māori freshwater values.

The National Policy Statement for Highly Productive Land 2022 (NPS-HPL) is intended to protect New Zealand's most productive land from inappropriate subdivision, use, and development, thereby ensuring its ongoing availability for food and fibre production. Amendments made in late 2025 and came into effect in January 2026, meant that progress on preparing the Highly Productive Land plan change and mapping HPL has slowed. Nevertheless, a framework to derive LUC class from existing information sources is being developed in the meantime.

The Environment Court's final decision on appeals to Plan Change 2 was received on 2 June 2026, which followed the interim decision received in December 2025. This plan change seeks to improve the workability of One Plan provisions that manage existing intensive land uses—such as dairy farming, commercial vegetable growing, cropping, and intensive sheep

and beef farming in targeted water management sub-zones. With the release of the Court's decision, work is now focused on making the required changes to the One Plan operative and preparing the necessary guidance material to support plan users to understand and meet the new regulatory requirements.

The Regional Pest Management Plan review is underway, in accordance with the Biosecurity Act 1993 requirements. The Policy team are project managing this review and providing additional support to prepare the required documentation. A discussion document was released in early 2026 as part of the review with a number of submissions received. The project will shortly move into Phase 3, where the feedback on the discussion document will be considered and development of the Regional Pest Management Plan proposal and formal engagement will occur.

Climate action

Horizons has worked to enable community climate change awareness and response. Seven projects were funded through the Community Climate Response Fund along with two climate change wānanga. The team supported adaptation planning at Tangimoana, assisting development of *Resilient Tangimoana: Preliminary Adaptation Plan:2026-35.*

A community-led adaptation plan seed funding pilot was run that led to funding Rangitāne o Manawatū Settlement Trust to develop an adaptation plan.

Toitū te Pou Taiao, is a resource to engage, inform and enable climate action, developed by Māori, for Māori that is due to go live in August-September 2026. Development of this resource has been funded by Horizons through the climate action budget.

The state of the future world that Tamariki and Rangatahi inherit will depend greatly on today's actions to reduce greenhouse gas emissions and plan and adapt for climate impacts. This is acknowledged by Horizons by providing support to encourage and enable Rangatahi Leadership to respond to climate change through:

- Project Hope- a secondary school programme empowering sustainable and hopeful futures.
- Te Pātaka Rangatahi Camp- a camp for Rangatahi leaders across the Manawatū–Whanganui region that equips them with the skills, knowledge and confidence to act on climate change through a focus on hope, connection and leadership.

Science & Environmental Reporting

The science team have undertaken a range of ongoing monitoring and research projects over the financial year. The team have continued both directly undertaking, and working with other teams to undertake, ongoing State of the Environment (SoE) monitoring programmes. In the freshwater space, monitoring programmes for contact recreation (swim spot monitoring), surface water quantity, water quality, groundwater and bio-monitoring were completed, with greater than 95% of contact recreation samples being collected as planned, and all data required successfully reported on Land Air Water Aotearoa (LAWA). Fish monitoring was undertaken for both SoE programmes, and as a standalone validation of eDNA results for threatened species.

In the lakes space, on-going SoE monitoring continued, as did contracted lakes Sediment Trophic Biotic Index that built on previous year's reports and modelling work around lake water quality.

In the groundwater monitoring space, a review of monitoring for per and polyfluoroalkyl substances (PFAS) in and around the Makowhai Stream adjacent to Ohakea Airbase, was undertaken.

Additional freshwater work to support future plan change development under the upcoming Spatial Plan and Natural Environment Plan was undertaken. Broadly this looked at understanding the effect of land use or resource use on natural resources, to better inform likely policy interventions. It includes:

- Estuary contaminant load reductions necessary to ensure estuary health;
- Manawatu and Rangitikei estuary synoptic monitoring;
- Support to PhD's assessing the presence of naturally derived phosphorus in waterways;
- Development of a macroinvertebrate community model for predicting how multi-stressor reduction scenarios would impact macroinvertebrate communities;
  Weighted Regression on Time, Discharge and Season (WRTDS) analysis to help remove the effect of long-term climatic variation from environmental measures, to better understand anthropogenic drivers (for the purposes of assessing the effectiveness of policy interventions).

Environmental Reporting

The Science team have undertaken an annual summary report in line with its levels of service, focusing on an online interactive report. The intent is to enable the reader to more quickly navigate to areas they are interested in, and dive deeper to learn about specific environments or areas of interest and Horizons role in managing them.

There were several public education campaigns undertaken, the first is focused on air quality across multiple media platforms encouraging the public to avoid burning of waste by appropriate disposal, and using good wood in fireplaces to encourage clean burning practices.

A second campaign was run focusing on natural phenomena, the seemingly strange, but entirely natural phenomena that members of the public encounter and regularly contact Horizons about.

Finally, a campaign engaging a range of key stakeholders was undertaken leading up to the contact recreation season. This is to ensure messaging is consistent, roles and responsibilities are well understood, and access to data is available.

Biodiversity

Biodiversity research focussed on several areas including estuary habitat mapping of the Manawatu and Rangitikei Estuary. This is particularly relevant in the context of sea level rise, which is likely to destroy unique habitats such as saltmarsh.

Wetland and Forest monitoring tools were invested in, to better understand the state of our wetlands and forests, and regional wetland mapping continued to progress in line with the Wetland Mapping programme developed in year one of the Long-Term Plan. The mapping required by this Level of Service was delivered, primarily in the Horowhenua district.

A number of other programmes were also delivered including mapping the amount of indigenous vegetation cover in the Palmerston North Urban area as a pilot study; assessing impacts of ungulates in Totara Reserve; and compilation of highly mobile fauna records, specifically bats and birds, in the Horizons Region.

Air, Land and Fluvial

Works continued in the Air, Land and Fluvial research spaces. For Air this includes monitoring of the two gazetted airsheds, Taumaranui and Taihape; as well as an intensive monitoring study of Woodville's air quality over the 2025 winter period, to understand potential air quality health risks as part of a longer-term programme of assessing air quality in all major towns and cities in the region.

Land research focused on a large-scale review of the Sustainable Land Use Initiative, desktop assessment of number and location of onsite wastewater systems across the region, and assessment of a methodology to use satellite data (remote sensing) to map vegetable cropping.

Fluvial research focused on gravel cross section surveys; assessing a new methodology for extracting river run gravel while minimising in-river geomorphological impact; and standing up of a pilot study assessing several gravel survey methodologies.

Regulatory Management

Staff continued to focus monitoring activity on the resource consents that have the potential to have the greatest environmental risk. A total of 1209 consents were assessed during the year, of which 60 percent were fully compliant with their conditions. Fourteen (14) percent of assessed consents received Low Risk Non-Compliance grading, 16 percent received Medium Risk and, 10 percent received Significant Risk Non-Compliance grading. Consent holders are generally 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 23 Formal Warnings; 103 Infringement Notices; and 112 Abatement Notices being issued and 6 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 new Fast Track Consenting legislation. Approximately 312 resource consent applications were lodged, with 273 applications being granted and 508 activities been authorised. Seventy-five (75%) percent of the applications granted were processed within statutory timeframes.

The reporting year saw 997 incidents received and responded to. This is a slight increase from the 2023/2024 year that say 904 incidents received. three hundred and sixteen (316) HAIL requests were received and responded to. Most requests related 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, of Resource Management Act reform and Plan Change 2, and ensuring statutory timeframes and obligations were met under the consent duration amendment to the RMA.

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

- On-going staff vacancies and recruitment to processes to fill vacancies;

- Staff resource been diverted to support Council response to significant weather events in early 2026;
- 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 both the IRIS Classic and IRIS Next Gen, Implementation of the Council wide Kaka project; implementation of national regulations, Plan Change 2 and advice into Resource Management reform.

Plan Change 2

Plan Change 2 (PC2) was a plan change which sought 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 targeted water management sub-areas. We identified that the policies and rule framework for managing existing intensive farming land uses were not working in the manner intended at the time the One Plan was made operative. The One Plan intended for most farms using good management practice to be able to meet Table 14.2 (now known as Table 12) cumulative nitrogen leaching maximums and be considered as controlled activities. However, ongoing changes to Overseer and changes in case law resulted in very few existing intensive farming land uses being able to meet cumulative nitrogen leaching maximums. It was almost impossible to grant resource consents for these activities, even if the land use has not substantially changed since the One Plan became operative. There are about 250 farms affected across the region which fall into this category. Those activities were effectively not regulated, delaying environmental improvements.

The plan change process started in 2019 and went through various levels of consultation and conferencing before reaching the Environment Court. The court released its interim decision in December 2025, then its final decision in June 2026. The decisions confirmed a consenting pathway for existing intensive farming land uses within those targeted catchments. This removed the uncertainty faced by farmers and growers, us, and our communities for some time.

Since the interim decision was issued in December 2025, staff from across Horizons have been hard at work preparing to implement PC2. This has included creating advice for farmers and growers, developing new consent application forms and guidance, and meeting with industry groups to ensure farmers and growers in target catchments are as informed as possible. Recognising the workload involved, Council committed funding in the 2026/27 Annual Plan towards implementation of PC2.

Work on implementing PC2 will continue throughout 2026/27, ensuring affected farmers and growers are in the best possible position to comply with consenting requirements. This is expected to include meetings with industry groups, farmers and growers, interested parties, and others in the community. In the meantime, key information about PC2 consenting requirements is available on the Horizons website to make it as easy as possible for affected farmers and growers to apply for consents.

PERFORMANCE TARGETS

POLICY, STRATEGY AND CLIMATE RESILIENCE						
Achieved ●●● 3		Not Achieved ● 1				Not Applicable ● 1
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. We will implement resource management policy and plan reviews in a timely manner						
1.1	Resource management policy and plan reviews meet legislative, nationally directed or Council imposed deadlines. Including, but not limited to: • Freshwater (NPS-FM) • Highly Productive Land (NPS-HPL) • Pest Management (Regional Pest Management Plan) • Climate Adaptation	Not Achieved	Meets legislative deadline or by Council decision	Achieved	●	The RPMP review is on track to meet legislative timeframes. The freshwater and highly productive land plan reviews are not due to be notified until after 31 December 2027 as per Council decision, which was made in response to the Resource Management Amendment Act, 2025 (plan stop). The government has not released legislaton requiring a plan change for climate adaptation.
2. Opportunities for involvement in decision-making processes will be provided in accordance with legislative and policy expectations						
2.1	Community input into policy reviews is sought in a way that aligns with Council's Significance and Engagement Policy.	Achieved	Meets policy guidance	Not Applicable	●	No policy reviews have been completed during the 2025-26 year that triggered the need for community engagement.
3. We support communities to adapt to a changing climate						
3.1	Responses to Community-led Adaptation Plans are timely and consistent.	Not Applicable	Formal response to the proposals in the plan within 12 months.	Achieved	●	Council received the Resilient Tangimoana: Preliminary Adaptation Plan:2026-35 in April 2026. The one action noted that included Horizons reponse was contributing to anstigation to better understand localised flood risk has been completed. No other requested action requires consideration by Horizons from the prelimary plan.

3.2	Community, iwi, hapū-led adaptation planning is supported with seed funding.	Not Achieved	Adaptation planning agreements completed and funding allocated by 30 June 2026	Achieved	●	A community-led adaptation pilot was run with one of five invited applicants being allocated funding to develop an adaptation plan.
3.3	Community climate action projects are supported through the Pūtea Hapori Urupare Āhaurangi- Community Climate Response Fund.	Achieved	>80% of available funds are allocated	Not Achieved	●	Of the $51,100 grant 77% was allocated to projects. Funding for one project was funded over 2 years rather than the one year requested. If that was funded for one year the measure would have been achieved.

SCIENCE AND ENVIRONMENTAL REPORTING						
Achieved ●●●●●● 6		Not Achieved 0				Not Applicable ● 1
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. Our community has easy access to State of Environment monitoring data collected by HRC						
1.1	Up-to-date SoE monitoring data is available for download on the LAWA site.	Achieved	Achieve	Achieved	●	Updated data was published to the LAWA website on World Rivers Day, 28 Septemeber, 2025. This data included our SoE data for Rivers, Lakes, Invertebrates, Surface and Groundwater Quantity and Groundwater Quality. Data is available to download at https://www.lawa.org.nz/download-data#river-water-quality

1.2	Provide an annual summary report on the State of Environment.	Achieved	Achieve	Achieved	●	In late June 2026, the Science team published an interactive, digital report on the State of the Environment for the year 2025-2026 on Horizons website, and alerted communities via the council's social media channels. This year's report covers the region's air, erodible hill country, and river water quality. More topics will be added to the report over time, and the public will be updated annually.
2. Identified summer swim spot sites are monitored for recreation water quality weekly, and data is made available to the public via LAWA						
2.1	Percentage of swim-spot samples that are monitored and displayed on LAWA.	Achieved	95%	Achieved	●	In the 2025-2026 summer swim spot season this target was achieved. Over the entire region, less than 2% of cyanobacteria samples were missed, 0.75% of E. coli samples, and no enterococci samples. All of these samples were submitted to and displayed on LAWA as soon as practicable.
3. Natural inland wetlands in the region are mapped						
3.1	A program is developed to map inland wetlands across the region.	Achieved	N/A	N/A	●	This was delivered during the 2024/25 year.
3.2	Completion of key activities identified in the program plan developed to map inland wetlands across the region.	N/A	Achieve	Achieved	●	In year 2 of the Wetland Mapping project plan the target was to have 200km2 of the region mapped. This was exceeded as 483 km2 was able to be mapped in the last financial year.
4. Undertake environmental public education campaigns						

4.1	Number of campaigns completed per year.	3 (Achieved)	2	3 (Achieved)	●	Throughout 2025/26, the Science team, with support from Communications staff, completed three comprehensive public education campaigns on various environmental topics. These campaigns educate communities about: air quality (raise awareness of the impact of poor air quality on human health and encourage behaviours that improve air quality); natural phenomena (empower communities to distinguish between natural phenomena and pollution events), and contact recreation (promoting the LAWA website's Can I Swim Here topic and the monitoring data Horizons contributes to it).
5. Our community has access to the Science and Research work we do						

5.1	Report to Council on the previous year's science work programme.	Achieved	Achieve	Achieved	●	Within the 2025/2026 financial year, this was delivered to the council via the Strategy and Policy Committee on 9 September 2025. The full report is available on the Horizons Regional Council website. It is a 19 page report summarising works including: • Coordinating the monitoring and reporting of water quantity for surface water and groundwater, and the quality of rivers, lakes, estuaries, coasts and groundwater. • Swim spot monitoring at more than 80 sites during the bathing season (November to April inclusive). • Freshwater science and research to support evidence-based policy development for the Oranga Wai process. • Land, Fluvial, Biodiversity and Air monitoring and research. • Annual State of the Environment reporting, public education campaigns and sharing our monitoring data via Land Air Water Aotearoa (LAWA).

REGULATORY MANAGEMENT						
Achieved ●●● 3		Not Achieved ●●●● 4				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. We are a reliable and effective regulator						
1.1	Percentage of consents processed within Resource Management Act (RMA) timeframes.[1]	Not Achieved 66%	85%	Not Achieved 75%	●	Vacancies in the team, as well staff having to respond to Resource Management Amendments (e.g. consent duration amendments) have impacted our ability to meet this measure.
1.2	Percentage of Rural and Primary resource consents and permitted activities monitored using a risk-based approach. [5]	Achieved 95%	90%	Not Achieved 74%	●	Vacancies in the team and having staff members seconded to the IRIS Classic project for extended periods of time, and staff assisting with ECC responses to significant weather events in early 2026 have impacted our ability to meet this measure.
1.3	Percentage of resource consents and permitted activities related to Category 1 and Category 2 (high priority) sites[2].	Not Achieved 84%	100%	Not Achieved 84%	●	Staff capacity issues during the year have impacted our ability to meet this measure. There was a delay in sending out reports for two category 1 sites, resulting in these sites been reported on by 10 July.
1.4	Appropriate enforcement action is taken in relation to all instances of significant or serious non-compliance.	100%	100%	100%	●	
1.5	All notifications of non-compliance from the public are responded to.[3]	100%	100%	100%	●	
1.6	The webpage providing guidance for consent applicants around engaging with iwi/hapū is maintained.	Achieved	Achieve	Achieve	●	Webpage has been set-up. No updates were required during year.
1.7	Percentage of HAIL2[4] enquiries that are responded to within 10 working days of receipt.	Achieved 100%	100%	Not Achieved 99%	●	315 of the 316 enquiries were responded to within 10 working days.

[1] Consideration of national averages as reported by the Ministry for the Environment will be taken into account when measuring success against this measure.

[2] Identified in each territorial authority's Infrastructure and Industry Annual Monitoring Programme.

[3] 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.)

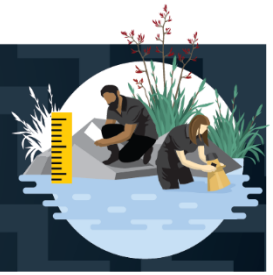
[4] Hazardous Activities and Industries List

[5] N-Cap reporting is performed by self-disclosure by relevant consent holders, this is submitted through a user portal hosted by Environment Canterbury. Council considers monitoring in the case of N-Cap reporting to be the submission of N-Cap reporting by the consent holder within the timeframe above, otherwise for those that had failed to supply this within the timeframes further follow up by letter is counted as monitoring by the Council.

FUNDING IMPACT STATEMENT FOR THE STRATEGY, SCIENCE AND REGULATION GROUP OF ACTIVITIES TO 30 JUNE 2026 ($000)

	LTP 2024-34 2025-26	Actual 2025-26	LTP 2024-34 2024-25	Actual 2024-25
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	15,431	15,091	13,243	13,243
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	136	-	111
Fees and charges	7,741	4,904	7,232	5,055
Internal charges and overheads recovered	724	65	703	197
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**23,896**	**20,196**	**21,178**	**18,606**
Applications of operating funding				
Payments to staff and suppliers	8,523	5,591	7,373	6,184
Finance costs	-	-	-	-
Internal charges and overheads applied	16,354	14,074	14,942	13,916
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**24,877**	**19,665**	**22,315**	**20,100**
Surplus (deficit) of operating funding (A-B)	**(981)**	**531**	**(1,137)**	**(1,494)**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(42)	(63)	(39)	(55)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**(42)**	**(63)**	**(39)**	**(55)**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	72	44	70	12
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(1,095)	424	(1,246)	(1,561)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**(1,023)**	**468**	**(1,176)**	**(1,549)**
Surplus (deficit) of capital funding (C-D)	**981**	**(531)**	**1,137**	**1,494**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**

Ngā mahi ā-riu
Catchment operations



This group of activities is made up of the following activities:

- Biodiversity and Biosecurity
- Freshwater and Partnerships
- River Management and Flood Protection
- Land Management

What we do

The Catchment Operations Group promotes the health and resilience of the region's land and water ecosystems. It works to ensure an integrated approach to land and river management. This includes biosecurity management for animal and plant pests.

Contribution to Council's community outcomes

The Catchment Operations Group primarily contributes to the following community outcomes:

Our region's communities are vibrant and empowered

- Our team provides a range of support and advice to empower landowners and community groups across all parts of the Catchment Operations Group.

Our region's ecosystems are healthy

- We work with and support landowners and the community on initiatives to protect and restore ecosystems. This includes freshwater initiatives such as stream fencing, riparian planting, and fish passage improvements, protection of priority habitats, contestable funds for community-led works, and contributions to managing Icon Biodiversity Sites and priority habitats. The programme also manages pest animals and plants and provides grants and advice to enable erosion protection on hill country and river berms.

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

- We provide flood and erosion protection and flood response and recovery activity.
- We provide information and advice about flood risk to support informed decisions.
- We undertake biodiversity projects to encourage resilience to rising sea levels, help reduce erosion, sequester carbon and improve air quality.
- We work to reduce sediment in our rivers which will improve the flood-carrying capacity of our rivers and enhance the life of our scheme assets.
- We help to protect critical infrastructure.

Our region has effective transport networks

- Our flood protection and drainage activities have a direct impact on other critical infrastructure, including transport links.

Our region's economy is thriving and environmentally sustainable

- We support farmers and growers to reduce soil erosion, ensuring our region will maintain its productive soil resource.
- Our work benefits the region's economic activity derived from flood protection, river control and land drainage activities.
- Our pest control programmes help protect the region from the economic drain of agricultural disease, improve agricultural production, and assist with management of weed invasion.
- The work we do at Icon Sites and Totara Reserve Regional Park enhance these natural environments and support recreational activity and ecotourism.

What we did this year

Biodiversity and Biosecurity

Biodiversity

All five of the Long-term Plan targets for Biodiversity were met.

Staff work to empower communities to reconnect with and improve biodiversity and work with landowners to protect the region's most rare and threatened ecosystem types.

Forty-one private individuals, organisations and community groups were supported and enabled to improve and protect biodiversity through the Horizons Kanorau Koiora Taketake indigenous biodiversity contestable fund.

We supported two targeted rate funded projects; Rangitīkei Environment Group, tackling old man's beard across the Rangitīkei's Forest and Bird reserves, and in urban areas; along with the Waitārere Beach dune restoration project where weed control and community planting took place.

The biodiversity team supported other biodiversity initiatives across the region, including:

- Distributing issues of the 'Connecting Conservation' newsletter to over 100 community groups and individuals. The newsletters share biodiversity stories, volunteer events and funding opportunities to help inspire, inform and connect people and groups across the region who are passionate about biodiversity improvement.
- Supporting development of the Pureora Project, with information and technical support to stocktake valued fauna and flora, Horizons facilitated protection across the broad project area which supports the goals of protecting the taonga within Pureora. This included mapping, and community engagement presenting at hui.

Horizons supports other community and large area multi-agency biodiversity initiatives through its ICON projects programme. All work programmes this year were 100% complete. Highlights include:

- Manawatū Estuary management team implementing Papangaio Te Wharangi Manawatū Estuary Management Plan 2025-2035; which included adding community pest trapping to complement the existing network, broad areas of pest plant control and developing community educational resources.
- The Te Āpiti project and its connection to Te Ahu a Turanga was completed with the opening of the Western Gateway Park. A new entrance to the Te Apiti tracks and a refurbished Tawa Loop track were all completed. Pest control has maintained predator

numbers to a level where introduction of native birds such as toutouwai is feasible.

- Kia Whārite biodiversity project added a dual contractor model to the predator trapping programme across the two kiwi and one whio protection areas. Surveys showed improvement in the number of pairs of whio across the project area from 59 to 63. The Department of Conservations long term commitment to goat, aerial possum control and whio protection drives this project.
- The Pūkaha Mt Bruce buffer area receiving monthly trap checks along with old man's beard control to enable multi-level protection of the reserve.
- Tarapuruhi Bushy Park increased their halo/buffer area catch rates of pests by 25%, undertook major fence repairs and mobilised volunteers to plant 2,450 plants in open areas around the bush edge due to increased support from Horizons.
- Ruahine Kiwi established a governance group, a new fieldwork coordinator and have leveraged funds due to the core support they receive from Horizons.

Priority Habitats

There are now 99 sites in the priority habitats programme being actively managed. These sites contain representative remnants of 29 of the 30 most threatened and rare ecosystem types that the regional council are focusing their programme on. Work this year included:

- 476 management activities were completed at 90% of the sites. Tasks included pest plant and animal control at most of these sites plus monitoring, planting and fencing.
- The biodiversity team completed a range of environmental monitoring to enable improvement scoring which will highlight change over time. Nineteen sites were monitored as part of five yearly return period.
- Three new sites were added to long term management.

Tōtara Reserve

Management of Horizons' Regional Park at Tōtara Reserve involves looking after forest health, campground management, walking track maintenance and community engagement with the park and its unique qualities. Major achievements this year include:

- Construction of a large whare suitable as a hub for outdoor education and camper information constructed at the start of the nature Trail, Kereru campground.
- Re-instatement of kahikatea camping areas after a significant weather event, February 15th, 2026.
- Confirming the presence of bats in and around Totara Reserve.
- Ongoing weed control to make inroads into entrenched populations of smothering transformer weed species.
- The TRIBE volunteer day initiative continued to provide schools and a community of volunteers with opportunities to enhance the Reserve.

Biosecurity Animals

All five of the Long-term Plan targets for Pest Animal Management were met.

The possum control operations (PCO) programme showed average residual trap catch index (RTC) of 1.2%, achieving the goal of being below 10%. Work was undertaken over 965,341 ha with 118,348 bait station

services completed. Thirty-five of the programmes 157 PCOs were monitored as per the target with PCO results ranging from 0.1 to 4% RTC.

The rook control programme to eradicate all rooks from the region treated all known rookeries this financial year with two aerial operations followed by a small number of ground baiting. Active rookeries are showing a declining trend, down to 33, from 43 last year.

Horizons provides a pest animal advisory service for ratepayers. Staff provide advice and in some cases loan traps and supply bait to enable landowners to undertake their own control. Highlights include:

- Responding to 553 enquires.
- The highest number of calls received were about possums (189), followed by rabbits (110) and mustelids (66).
- All landowners making enquiries were contacted within the target time frames.

The animal pest team support three of the Biodiversity programmes ICON sites and undertake trapping to support fauna protection at some of our priority habitat sites as well. This year, they:

- Carried out 6,268 trap checks at selected priority habitat and icon sites; and
- Secured a total of 880 pest animal kills as recorded across 10 sites.

Biosecurity Pest Plants

All four of the Long-term Plan targets for Pest Plant Management were met.

A key measure is the percentage of Horizons managed sites at zero-levels—where pests are eliminated but may reappear due to seed sources. The Long-term Plan target is to achieve an increase in the proportion of managed sites at zero-levels across both the Eradication and Progressive Containment programmes. Last year's baseline to improve from was 73.8%, and this year's result exceeded this, 74.1%.

- Total active sites managed: 2,780;
- Total area of infestation: 36 hectares; and
- Total extent of infestation: 68,000 hectares.

Old man's beard remains the largest pest plant programme:

- 741 active sites across the active management zone.
- Control runs from January–May using both contractors and staff.
- Working at a landscape scale with multiple agencies allows for efficient and broad control outcomes. Significant work continues through a jointly managed project with the Department of Conservation protecting the Ruahine Forest Park.

Wilding conifer management aligned with and supported by the National Wilding Conifer Control Programme occurred in the Horizons pest conifer control area and included:

- Horizons managed operations of $347,500; $247,500 from the national programme and $100,000 from Horizons rates. Target areas this year included Raketepauma Wetland, areas adjacent to the upper Rangitīkei, around the Tongariro National Park and land near Lake Otamangakau.
- Horizons also Chairs a coordination group of Waikato Regional Council, Hawkes Bay Regional Council and the Department of Conservation to collectively manage the worst of the infestations across 700,000 ha's of the Central North Island.

Other Pest Plant Management Activities included:

- Managing the regulatory requirements of the Regional Pest Management Plan. Fifteen boundary/good neighbour complaints were received and all but one were resolved without notices of direction.
- Surveillance and engagement. This included:
    - Velvetleaf monitoring and farmer engagement in infected zones.
    - Ongoing sea spurge monitoring and surveillance.
- Freshwater advocacy (Check Clean Dry) and surveillance for gold clam. This work includes actions from the Whanganui River Invasive Clam Response Plan working with iwi/hapū, territorial authorities, the Department of Conversation and Genesis Energy Ltd.

Biological Control

Biocontrol continues to support sustainable pest suppression. Activity included:

- New release to the region of the Chilean flame creeper beetle into the Rangitikei area.
- Two releases of two insects to control purple loosestrife were made around Lake Horowhenua.
- Survey for field horsetail weevils highlighted three established populations, the first confirmation of population intergenerational establishment since first releases in 2017.
- Ongoing monitoring and releases of *Acacia longifolia* (Sydney Golden Wattle) gall wasps as part of a national initiative.

Freshwater and Partnerships

All ten of the Long-term Plan targets for the Freshwater and Partnerships Management Activity were met.

The year saw the completion of the fourth 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, 279 tonnes of macrophytes (lake weed) were harvested and removed from Lake Horowhenua.

Some key highlights include:

- 17.4 kilometres of stream fencing, 57,445 riparian plants planted, remediation of 2 barriers to fish passage, and the completion of 6 community projects in the Manawatū catchment;
- 19.4 kilometres of stream fencing, 42,591 riparian plants planted, remediation of 5 barriers to fish passage and the completion of 10 community projects within the Regional Freshwater programme;
- Two Manawatū Accord meetings were held;
- Commencement of the construction of the Arawhata wetland complex.

River Management and Flood Protection

All twenty of the applicable Long-term Plan targets for the River Management and Flood Protection were met.

The 2025-26 year was the second year the new maintenance-based programme has been in use and was undertaken as part of implementing the Infrastructure Strategy.

The programme defined and allocated budgets for maintenance and repairs with 102% of the revised maintenance budget and 71% of the revised repairs budget spent on works identified through the year.

Some key works identified and complete include:

- 1,586 kilometres of drain maintenance;
- 1,217 floodgates checks and/or maintenance;
- 1,056 kilometres of stopbank maintenance;
- 94 kilometres of edge protection maintenance; and
- 397 kilometres of channel maintenance.

In addition, this year:

- The Regional Flood Vulnerability Assessment was completed.
- Five weather events were responded to.
- Dam Safety Assurance Programmes were submitted for 10 dams, and Intermediate Dam Safety reviews were completed for all ten of the high and medium PIC dams.
- Two assets were upgraded to be fish friendly and met National Policy Statement for Freshwater Management (NPS-FM) requirements, opening up a combined 1.85km of habitat.
- Two gravel management reports were completed.
- An annual report on “Room for the River” projects was provided.
- Seven environmental grants were completed.

Asset inspection targets requiring 76% of high criticality assets and at least 20% of low criticality assets to be inspected were achieved. Ninety five percent of high critical assets and 27% of the low criticality assets were inspected.

This year the capital programme was significantly smaller than the previous year. Overall, the capital spent was approximately $7.6M in 2025-26, being approximately 109% of the Annual Plan budget, noting Council provided further budget approvals during the year, including carry forwards and new budget approvals.

The capital programme achieved the Annual Plan target of 65% completion with 67% of the tasks completed. During the year:

- The Te Pūwaha Provincial Growth Fund project was completed.
- A new Te Pūwaha Project was approved; this has been broken into two phases with both phases being procured and constructed on one phase commencing.
- Council made several approvals related to the Feilding Flood Resilience project.
- The Reid Line Spillway consent level design and geotechnical report were completed in June 2026.
- The final project reporting for the four climate resilience projects and the local government flood resilience co-investment fund projects were completed this year. Council approved a work programme to complete some residual aspects of this work.
- Council submitted four projects to central government for future government co-funding.
- Other projects included completing and presenting options for Pūtiki Flood Resilience (Lower Whanganui Scheme) and Council making decisions regarding management of a dam and associated drainage infrastructure at Turoa Road (Whanganui).

Of the nine sub-projects identified in the Capital Works program, six have been achieved.

Some key highlights of the works included:

- Construction of phase 2 works Tanae Groyne, Interface Wall and part South Mole.

- Design, consenting, and procurement documents for the South Spit river training works.
- The further application for central government co-funding for the third phase of the Te Pūwaha Project including the extension of the South Mole and the restoration of the South Spit was approved.
- The Reid Line Spillway design was commissioned with completion of the consent level design for a 1 in 500-year level of service.
- Completion and submission of the consent application to vary the Reid Line Spillway operation consent; and
- The completion of the Mangaone Stream investigation and recommendations report.

Land Management

Three of the four Long-term Plan targets for Land Management were met. There was an additional contract target with the Hill Country Erosion Fund to complete 15,000 ha of new land mapping, this target was met.

The Sustainable Land Use Initiative continued in 2025-26 completing the third year of a four-year contract. This programme is in partnership with Central Government and is co-funded by the Hill Country Erosion Fund. The mapping contract target was met with 15,040 hectares of new land mapping completed against a target of 15,000, but only 2,309 hectares of erosion work was completed against a target of 3,540 hectares. Work completed by landowners has been down across all work types as landowners rebound from some difficult financial years. Uncertainty around rules and regulations, especially around afforestation of hill country has led to less work being completed than was planned.

Horizons Regional Council received continued support from the Whanganui River Enhancement Trust with funding from the trust targeted toward environmental works within the Whanganui catchment. This year, the Trust supported Horizons in upgrading pole nurseries in the Ruapehu District and it continued to support Catchment Care Groups purchasing poplar and willow poles for planting. Horizons provided advice to landowners about how and where to plant.

Horizons Regional Council has forestry right forests as part of the SLUI programme. These forests are planted to decrease erosion on areas of highly erodible land. A number of forests have been sold back to the landowner. The remaining four forests had a slight increase in value this year, with an increase in log prices just overcoming the increase in harvest and fuel costs in the later part of the financial year.

Horizons continued to support industry partnerships including through its lead role with the Ballance Farm Environment Awards and its partnership with the Poplar and Willow Research Trust.

Some key highlights include:

- 15,040 ha of new land mapping under the SLUI programme (Long-Term Plan Target 10,000 ha). There is a continuing interest from landowners to have their properties mapped and to join the SLUI programme
- Despite only 2,309 ha of work being completed (target 3,540 ha), the number of individual jobs completed was up on last year (356 jobs vs 333). There is still interest in completing works but less large scale work.
- 51.9 km of fencing only slightly down on the 54 km completed last year.
- Over 680,800 trees planted under SLUI, well down on 1.5 million trees planted last year.

- Of the trees planted there were 24,486 space planted poplar and willow poles through SLUI.
- Another 2,800 poles planted through other grant projects.
- Successful delivery of the SLUI contract.
- Successful delivery of the Whanganui River Enhancement Trust approved funding.
- Continued partnerships with NZ Farm Environment Trust and Poplar and Willow Research Trust.
- Over 33,700 poplar and willow poles distributed through our work programmes.
- Woodville pole nursery irrigation scheme completed.
- Management of Forestry Right forests, including sales.
- Inspections and advice provided to landowners on a wide variety of erosion and land use matters.

End of jobs for nature funding, beginning of construction of the Arawhata Constructed Wetland Complex

In 2021, Horizons received funding from Mahi mō te Taiao – Jobs for Nature for a range of environmental improvement projects, including the Horowhenua (Waiopehu) Freshwater Management Unit Water Quality Interventions project. This project involved a range of key interventions aimed at improving water quality within the Waiopehu Freshwater Management Unit (FMU), which includes sources of water which sustain Punahau Lake Horowhenua. The lake, located just outside of Taitoko Levin in the Horowhenua District, is a taonga for local iwi Muaūpoko, and has a long history of poor water quality.

A major part of this project, and a key intervention to improve water quality within Punahau, is the construction of the Arawhata Constructed Wetland Complex. Once constructed, the wetland will help to reduce concentrations of nitrogen, sediment and phosphorus within runoff before it reaches the lake. Combined with other interventions, such as sediment traps and harvesting of lake weed within the lake itself, the water quality in Punahau will improve over time. To enable the wetland project, a 142-hectare dairy farm located between lakes Punahau and Waiwiri was purchased. The land was originally a wetland before being drained to become a farm, so the site was naturally well suited and in a prime location between water bodies to function as a wetland.

Concept design for the project includes a master plan with three construction phases. Construction of the wetland began in the 2025-26 financial year, with phase one work to convert at least 15 hectares of the 142-hectare site into wetland due to be completed by December 2026. Phases two and three of the project, which are subject to consideration upon further funding becoming available, aim to extend the constructed wetland complex with additional drains, bunds, planting areas and a walking trail through the wetland.

A Governance Group for the intervention work has been established, which includes Horizons, Horowhenua District Council, Muaūpoko Tribal Authority, Te Rūnanga o Raukawa, Lake Horowhenua Trust, and Ministry for the Environment representation.

PERFORMANCE TARGETS

BIODIVERSITY AND BIOSECURITY						
Achieved ●●●●●●●●●●●●●● 14		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
BIODIVERSITY						
1.	Protection of priority representative sites of the region's biodiversity					
1.1	At least one representative site of each of the 30[1] known and priority ecosystem types in the region are found and protected in the priority habitats active management programme.	96% Achieved	>93%	97% Achieved	●	Twenty nine of the thirty identified priority ecosystem types are currently represented in the programme.
1.2	The number of sites in the priority habitats programme is sustained or increased.	96 Achieved	>80	99 Achieved	●	Three new sites were added to the suite of sites under active management; noting the ICON sites currently represented in the total site number are supported by other programmes.
2.	We support biodiversity protection and improvement projects at identified biodiversity icon sites and specified targeted rate projects					
2.1	Support Icon and target rate biodiversity projects.	8 Achieved	8	8 Achieved	●	Completed support of eight groups; six ICON and two targeted rate projects.
3.	We support communities to manage their own biodiversity improvement projects					
3.1	Private individuals, organisations and community groups are supported and enabled to improve and protect biodiversity across the region.	35 Achieved	>12	66 Achieved	●	Sixty six groups or individuals were supported through either the Kanorau Koiora Taketake Contestable Grant programme (41) or other community focussed initiatives (25) such as information/training workshops, or project support .i.e. Pureora Project and Foxton Futures.
4.	We manage Tōtara Reserve Regional Park, including the campground					

4.1	Annual report to Council on the management of Totara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility.	Achieved	Achieve	Achieved	●	Completed by reporting to Council, and presented to the Totara Reserve Advisory Group, covering campground reporting, infrastructure and specific Totara Reserve Management Plan 2025 action monitoring. This is also reported on Table 16, page 76 of the July 2026 Integrated Catchment Committee report on Horizon's website.
BIOSECURITY						
5.	Horizons will undertake targeted animal pest control and monitoring programmes across the region to reduce					
5.1	Possum densities are maintained at/below 10% residual trap-catch, (on average) across the Possum Control Operations monitored annually.	2% Achieved	<10%	1% Achieved	●	100%. Results from 35 monitors completed this year range from 0.1% to 4% RTC, average 1.2% RTC (+/-0.6%).
5.2	Monitor possum control densities within the Horizons possum control programme based on the possum control operations that make up the overall possum control area.	23% Achieved	>20% of Possum Control Operations monitored	22% Achieved	●	22% (35 of 156) PCO monitored. This is reported on Map 4, page 87 of the July 2026 Integrated Catchment Committee report on Horizon's website.
5.3	All additional hectares released from OSPRI control are included in the PCO programme.	N/A - No new hectares this year.	1	1	●	100% of available ha's in all four PCO have been setup.
5.4	All known rookeries are treated annually to reduce crop losses and damage.	100% Achieved	95%	95% Achieved	●	39 (95.1%) out of 41 rookeries treated. Access could not be gained in time to treat two rookeries.
5.5	Provide an animal pest management advisory service. All enquiries will be responded to within three working days.	100%	100%	100%	●	553 enquiries have been received and all were followed up within the agreed time frames.
BIOSECURITY						
6.	We prevent establishment of high risk pest plant species					
6.1	Response plans are enacted within their specified timeframes.	N/A	Achieve	Achieved	●	One response plan required and completed within timeframes.
7.	We effectively reduce the risk of pest plants spreading from sites Horizons manages within Regional Pest					
7.1	The overall zero-level status of Horizons managed sites increases on a yearly basis.	Not Achieved - 74%	Increase on previous year	Achieved - 74%	●	Last year's zero levels percentage was 73.83%. This financial year is 74.1%.
8.	We contribute to the management of widespread pest plant species using natural methods					

8.1	Financially support the national bio-control agent development programme and report annually to Council on this programme and Horizons' other biocontrol activity.	Achieved	Achieve	Achieved	●	Financial support provided and annual report included in May 2026 ICC reporting. Linked here https://www.horizons.govt.nz/media/mt1jhchs/public-agenda-13-may-2026.pdf
9.	We monitor our RPMP programmes according to the Biosecurity Act requirements					
9.1	Submit an annual monitoring report.	Achieved	Achieve	Achieved	●	Reported as achieved since November ICC reporting and linked in the May 2026 ICC report.

[1] Explanatory note: There are 72 ecosystem types currently identified in the Horizons region (Singers and Rogers classification). Thirty four of these are under-represented, threatened and not already found on private conservation land in the region. Four of these are ecosystem types that are impractical to manage (i.e. cliff faces and braided riverbeds) leaving 30 priority ecosystem types that should be found and protected by Horizons.

FRESHWATER AND PARTNERSHIPS						
Achieved 10		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1.	Deliver freshwater enhancement work in the region					
1.1	Kilometres (km) of stream fencing completed.	18km	15km	19.4 km	●	The stream fencing target was exceeded, with 19.4 km completed despite a slow start to the year.
1.2	Number of riparian plants planted.	99548	35,000	42,591	●	Riparian planting exceeded target, with 42,591 plants established.
1.3	Fish barriers remediated.	90	2	5	●	Fish passage remediation exceeded target, with five sites completed against a target of two, improving habitat connectivity through culvert replacement and upgrades.
1.4	Number of regional community projects funded.	6	5	10	●	Community projects were completed despite requiring significant staff support, with some underspending due to delays, changing conditions, and revised project plans.
2.	Deliver freshwater enhancement work within the Manawatū Catchment					
2.1	Manawatū Accord Leaders forums are held twice per year.	2	2	2	●	Meetings held on 24 September 2025 and 29 April 2026.
2.2	Kilometres (km) of stream fencing completed.	30km	15km	17.4 km	●	The stream fencing programme has been successful in achieving the target with 17.4kms of fencing completed.
2.3	Number of riparian plants planted.	107,219	35,000	57,445	●	The riparian planting programme also exceeded targets, with 57,445 riparian plants planted within the catchment with funding assistance from Horizons.

2.4	Fish barriers remediated.	18	2	2	●	Two fish passage remediations were completed. A culvert replacment and a rubber matting and mussel rope fix to a perched culvert.
2.5	Number of community projects funded.	7	5	6	●	The Manawatu Freshwater Grants fund approved six of seven applications, with most projects progressing as planned despite two being completed with a reduced scope and underspend.
3.	Deliver freshwater enhancement work within the Horowhenua District					
3.1	Annual report to Council on Horowhenua Freshwater restoration activity.	Achieved	Achieve	Achieved	●	Report was delivered to the Intergrated Catchment Committee on 13 May 2026 and can be found here //www.horizons.govt.nz/media/mt1jhchs/public-agenda-13-may-2026.pdf

RIVER MANAGEMENT AND FLOOD PROTECTION						
Achieved ●●●●●●●●●●●●●●●●●●●● 20		Not Achieved 0				Not Applicable ● 1
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1.	We will undertake maintenance within the River and Drainage schemes					
1.1	Maintenance is undertaken on scheme drains (note a drain may receive maintenance more than once per year and each maintenance activity counts toward the target).	2,149km Achieved	520km	1586km Achieved	●	Horizons has 1,144 km of scheme drains. Maintenance of scheme drains was considerably higher than target, this was due to: • The baseline target was established on available asset descriptive information, and limited prior records of maintenance activities; • The previous financial years were adversely effected by cyclone activity and repairs, with increased levels of rainfall leading to reduced maintenance being performed; • Assets having multiple maintenance treatments during the year, with each treatment counting towards the target. The purpose of doing this is to build a record of each asset's maintenance needs and costs; • The switch to the new maintenance based programme meant that more prioritisation was given to asset maintenance with dedicated budget; and • Investment in systems and resource use efficiency.

1.2	Kilometres of scheme river erosion protection maintained e.g. mulching of maintenance of vegetation used for river bank erosion (such as mulching of willows).	139km Achieved	75km	94km Achieved	●	Horizons has 604 km of river edge protection assets. Maintenance of river erosion protection was considerably higher than target, this was due to: • The baseline target was establishedon available asset descriptive information, and limited prior records of maintenance activities; • The previous financial years were adversely effected by cyclone activity and repairs, with increased levels of rainfall leading to reduced maintenance being performed; • Environmental conditions and a maintenance backlog resulting in increased needs for channel maintenance; and • Investment in systems and resource use efficiency.

1.3	Kilometres of river channel maintenance completed e.g. movement of gravel in reach to reduce erosion pressure on stopbanks.	460km Achieved	18km	397km Achieved	●	Horizons has 802 km recorded of Scheme river channels. Maintenance of river channel was considerably higher than target, this was due to: • The baseline target was established on available asset descriptive information of which length of channel within schemes was unverified, and limited prior records available for maintenance activities; • The inclusion of channel aerial spraying maintenance within this target; • Investment in systems and resource use efficiency; and • Environmental conditions and a maintenance backlog resulting in increased needs for channel maintenance.

1.4	Number of scheme flood gates maintained e.g. cleaned, repaired, adjusted etc.	1,268 Achieved	97	1,217 Achieved	●	Horizons maintains 746 floodgates. Maintenance of floodgates was considerably higher than target, this was due to: • The baseline target was established on avaliable asset descriptive information from the asset register, and limited prior records of maintenance activities; • The inclusion of regular asset servicing inspection activities within this target; • Assets having multiple servicing inspection or maintenance treatments during the year, with each treatment counting towards the target. The purpose of doing this is to build a record of each asset's maintenance needs and costs; and • Investment in systems and resource use efficiency.

1.5	Kilometres of scheme stopbanks maintained e.g. mowing of stopbanks, repairs to stopbanks etc.	1,031km Achieved	65km	1,056km Achieved	●	Horizons has 510 km of stopbank. Maintenance of stopbanks was considerably higher than target, this was due to: • The baseline target was establishedon available asset descriptive information, and limited prior records of maintenance activities; • The previous financial years were adversely effected by cyclone activity and repairs, with increased levels of rainfall leading to reduced maintenance being performed; • Assets having multiple maintenance treatments during the year, with each treatment counting towards the target. The purpose of doing this is to build a record of each asset's maintenance needs and costs; • The switch to the new maintenance based programme meant that more prioritisation was given to asset maintenance with dedicated budget; • Investment in systems and resource use efficiency; and • The inclusion of existing partnership agreements, such as agreement with Palmerston North City Council for stopbank mowing of Horizons' assets.

1.6	Number of river scheme amenity works maintained (e.g. tracks on stopbanks).	2 Achieved	1	2 Achieved	●	Horizons has 52 amenity assets. • The target was 1, however after achieving this, an extra amenity was able to be maintained due to favourable weather conditions enabling budget to do additional works this year.
2.	We will complete asset management activity for the River and Drainage Schemes					
2.1	% of critical assets inspection completed.	100% Achieved	76%	95% Achieved	●	We have a total of 3,950 assets that we inspect on an annual or 5 yearly basis. These assets have been classified as critical and non-critical factoring in what protection they provide and what the consequence of failure is. The classifications are: • 1,336 critical assets inspected on an annual basis; and • 2,614 non-critical assets inspected on a 5-yeary basis. The Asset Inspectors conduct these inspections and report all damage (defects) to the engineering teams. We also have inspection guidelines which standardise inspection and improves the quality of our inspection reporting. Defects are risk rated and reported to Council via the Integrated Catchment Committee.

2.2	% of non-critical assets inspections completed.	33% Achieved	20%	27% Achieved	●	We have a total of 3,950 assets that we inspect on an annual or 5 yearly basis. These assets have been classified as critical and non-critical factoring in what protection they provide and what the consequence of failure is. The classifications are: • 1,336 critical assets inspected on an annual basis; and • 2,614 non- critical assets inspected on a 5-yeary basis. The Asset Inspectors conduct these inspections and report all damage to the engineering teams. We also have inspection guidelines which standardise inspection and improves the quality of our inspection reporting. Defects are risk rated and reported to Council via the Integrated Catchment Committee.

2.3	% of Assets Renewal program completed.	76% Achieved	75%	92% Achieved	●	Asset renewal is an important component of asset management. The Infrastructure Strategy 2024-54 identified a gap in Horizons practice around this, where only a limited number of schemes with assets 7 of 28 (25%) have asset renewal programmes, however 18 schemes have a renewal reserve fund. The Annual Plan target refers to completing the identified renewal programmes. The Annual Plan target was achieved, with 92% of the renewal programme budget spent. Three of the seven schemes have had additional expenditure than budgeted funded via renewal reserves. This reflects some of the uncertainty of costs for repairs/renewals, particularly when a job is started in response to damage and the extent is unknown. Other renewals occurred over the year including the approval for the Moutoa wetgates and renewals identified through the repair programme. Renewal programme capital budget and expenditure 2025-26 as of June 2026 is available in Table 50 of the Catchment Operations Progress Report (Report No. 26-120) to the Integrated Catchment Committee on 29 July 2026. https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf

2.4	Asset condition report provided to Council. May report on the previous year's information.	Achieved	Achieve	Achieved	●	Completed by the Integrated Catchment Committee August 2025 (pages 63-64), and update provided in Integrated Catchment Committee Report No. 26-120 on 29 July 2026.
2.5	Asset revaluation process completed and reported to Council. May report on the previous year's information.	Achieved	Achieve	Achieved	●	Completed by the Integrated Catchment Committee August 2025 (pages 65-67), and update provided in Integrated Catchment Committee Report No. 26-120 on 29 July 2026. https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf
2.6	Number of assets upgraded or modified to meet NPS-FM requirements.	15 Achieved	2	2 Achieved	●	2 completed. See Catchment Operations Progress Report (Report No. 26-120) to Integrated Catchment Committee on 29 July 2026, page 166. https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf
3. We will continue to undertake capital works programs to maintain and build resilience to climate change that have been identified through the planning process and approved by Council at the first Integrated Catchment Committee meeting at the start of each financial year						
3.1	Percentage of the approved capital works programme completed.	67% Achieved	65%	67% Achieved	●	6 of 9 complete (67%). See Catchment Operations Progress Report (Report No. 26-120) to the Integrated Catchment Committee on 29 July 2026, page 167-168 https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf
4. We will continue to respond to weather events that impact our River and Drainage Schemes						
4.1	Council is informed of the likely impact of weather events that cause significant damage to river and drainage schemes on work programs and budget within three months of the event occurring.	Achieved	Achieve	Achieved	●	Provided in the Catchment Operations Progress Report (Report No. 26-120) to the Integrated Catchment Committee on 29 July 2026, page 193-194 https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf

5.	We will report on River and Drainage Regulatory Activity					
5.1	Dam Safety Assurance Program reports completed as a part of meeting the Dam Safety regulations 2022.	0 Not Achieved	9	10 Achieved	●	Horizons, as a dam owner, has 54 dams; their PIC has been assessed. In summary: 47 of the 54 dams were classed as classifiable; seven were not considered large dams; 37 are low PIC; two are medium (one each in the Porewa, Tutaenui); and eight are high PIC (four in each of the Porewa and Tutaenui Schemes). The total of medium PIC + high PIC = 10. As part of the PIC assessment post the non-financial performance measures being set, one Dam changed PIC classification from medium to low PIC (in Matarawa scheme), 11-1=10 required. Dam Safety Assurance Programmes submitted for 10 dams (8 high PIC dam safety assurance programmes were submitted in August 2025, and the two medium PIC dam safety assurance programmes were submitted in June 2026.
5.2	Intermediate Dam Safety Review reports completed as a part of meeting the Dam Safety regulations 2022.	Not Applicable	5	10	●	The target was five Intermediate Dam Safety Review reports to be completed. Intermediate Dam Safety reviews were completed and reported on for all ten of the high and medium PIC dams.
5.3	Annual report on regulatory activity, including Environmental Code of Practice and Consents and work to align with new regulations such as national policy statements and Environmental standards.	Achieved	Achieve	Achieved	●	Provided in Catchment Operations Progress Report (Report No. 26-120) to the Integrated Catchment Committee on 29 July 2026, pages 200-203 https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf

6.	We will continue to provide advice and direction around performance and sustainability of our scheme networks					
6.1	Number of Gravel Management reports completed.	2 Achieved	2	2 Achieved	●	2 completed (1. The Pohangina Gravel Resource Study and 2. Oroua Gravel Resource Study). For 1. see Integrated Catchment Committee reportdated 13 May 2026, Catchment Operations Progress report (Report No. 26-71) page 153-154 https://www.horizons.govt.nz/media/mt1jhchs/public-agenda-13-may-2026.pdf . For 2. see See Catchment Operations Progress Report (Report No. 26-120) to the Integrated Catchment Committee on 29 July 2026, pages 212-214 https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf
6.2	Flood vulnerability assessments reports completed (year 1 only) including analysis of the potential impacts of climate change.	0 Not Achieved	0	Not applicable	●	Target was for year 1, however the report was presented to Regional Council on 24 February 2026 in the Flood Vulnerability Assessment Report No: 26-14 https://www.horizons.govt.nz/media/m35oehaf/public-agenda.pdf . The Flood Vulnerability Assessment reports are available on Horizons website here https://www.horizons.govt.nz/environment/natural-hazards-and-flood-management/regional-flood-vulnerability-assessment

6.3	Annual Report on Room for the River projects.	Achieved	Achieve	Achieved	●	See Integrated Catchment Committee report sated 13 May 2026, Catchment Operations Progress report (Report No. 26-71) page 155-156: https://www.horizons.govt.nz/media/mt1jhchs/public-agenda-13-may-2026.pdf . An update was provided in the Catchment Operations Progress Report (Report No. 26-120) to Integrated Catchment Committee on 29 July 2026, page 214 https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf
7. We will continue to support community climate resilience by providing Environmental Grants to assist applicants to undertake works within waterways						
7.1	Number of Environmental Grants completed.	8 Achieved	5	7 Achieved	●	7 grants completed. See the Catchment Operations Progress Report (Report No. 26-120) to the Integrated Catchment Committee on 29 July 2026, page 215 https://www.horizons.govt.nz/media/oxif0nei/public-agenda-29-july-2026.pdf

LAND MANAGEMENT						
Achieved ●●● 3		Not Achieved ● 1				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. Under the Sustainable Land Use Initiative (SLUI) programme, we deliver erosion control works on farms						
1.1	Hectares of erosion control works completed.	3,513 (Achieved)	3,540	2,309 Not Achieved	●	Despite more jobs being completed than last year, overall less work was completed. There was less afforestation and less retirement completed than budgeted.
2. Regional and Coast, and Whanganui Catchment Strategy programmes deliver advice and funding to decrease erosion and/or improve water quality through provision of advice and financial support via grants for works						
2.1	Number of grants for works completed.	102	50	69	●	The 69 completed works related mainly to erosion control and riparian retirement work in areas outside of SLUI properties.
3. Under the Regional and Coast programme we will engage in industry partnerships to promote sustainable land management						
3.1	Support industry initiatives that promote sustainable land use.	7 groups (Achieved)	5 groups	6 groups Achieved	●	Continue to support catchment groups, and other industry groups to support sustainable land use work.
4. Under the Horizons willow and poplar pole nursery programme we will produce and source poles for use in erosion control programmes						
4.1	Number of poles made available for erosion control programmes.	33,074 (Achieved)	30,000	33,741 Achieved	●	The numbers of poles available has been consistent over the past few years.

FUNDING IMPACT STATEMENT FOR THE CATCHMENT OPERATIONS GROUP OF ACTIVITIES TO 30 JUNE 2026 ($000)

	LTP 2024-34 2025-26	Actual 2025-26	LTP 2024-34 2024-25	Actual 2024-25
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	19,503	19,139	18,060	18,053
Targeted rates	20,428	20,113	18,751	18,721
Subsidies and grants for operating purposes	910	2,858	2,830	4,040
Fees and charges	3,249	3,803	3,183	4,105
Internal charges and overheads recovered	1,616	2,352	1,551	1,553
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**45,706**	**48,265**	**44,375**	**46,472**
Applications of operating funding				
Payments to staff and suppliers	21,133	21,872	21,064	20,111
Finance costs	-	-	-	-
Internal charges and overheads applied	21,761	22,417	20,253	21,574
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**42,894**	**44,289**	**41,317**	**41,685**
Surplus (deficit) of operating funding (A-B)	**2,812**	**3,976**	**3,058**	**4,787**
Sources of capital funding				
Subsidies and grants for capital expenditure	906	4,736	10,887	9,050
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	4,887	(2,647)	3,940	5,472
Gross proceeds from sale of assets	-	3,159	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	771	-	300
Total sources of capital funding (C)	**5,793**	**6,019**	**14,827**	**14,822**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	7,845	7,564	17,260	18,803
-to replace existing assets	464	773	297	225
Increase (decrease) in reserves	296	1,658	328	581
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**8,605**	**9,995**	**17,885**	**19,609**
Surplus (deficit) of capital funding (C-D)	**(2,812)**	**(3,976)**	**(3,058)**	**(4,787)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**

Ngā ratonga ā-rohe, ā-waka
Transport and regional services



This group of activities is made up of the following activities:

- Transport Planning
- Passenger Services
- Road Safety
- District Advice
- Emergency Management
- Environmental Data
- Information Management

What we do

Our transport activities ensure a coordinated approach to regional transport planning through the Regional Land Transport Plan. They also ensure our communities are well connected through the provision of public transport services via the Regional Public Transport Plan. We also work to keep our communities safe through road safety and education initiatives.

Our communities, district councils and Horizons operational teams rely on timely, accurate and accessible data and information to inform their decisions. We are responsible for the collection, management and provision of sound, accurate data and information.

We work to support regional community resilience and safety through our emergency management activity, which has two primary areas of focus; Horizons' own internal emergency management capability, and we are the Administering Authority for the regional Civil Defence Emergency Management Group (CDEM).

Contribution to Council's community outcomes

The Transport and Regional Services Group primarily contributes to the following community outcomes:

Our region's communities are vibrant and empowered

- We provide communities with natural hazard information and access to river alert systems so they have the opportunity to avoid risk to people and property.

Our region's ecosystems are healthy

- We implement and support business systems that track regulation and monitoring under resource management legislation, ensuring effectiveness can be assessed.
- We provide communities with information from the Horizons One Plan on how proposed developments could avoid or mitigate adverse effects on the environment. This includes stormwater management and wastewater disposal advice.
- We provide information on rare, threatened, or at-risk habitats in the vicinity of all proposed developments, potential growth areas and zone changes.
- We collect ecosystem, environmental data which is critical to understanding the state and trends of our complex ecosystems.

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

- We provide a public transport service which gives our communities a lower emission transport option.
- We work to minimise the impact of natural hazards on our communities by providing timely information and advice on natural hazards.
- We coordinate the Building Act requirements for dams and implement the Dam Safety Scheme.
- We equip our communities to be prepared for emergencies by promoting the 'Reduction, Readiness, Response and Recovery'.
- We ensure Horizons' River Monitoring network is fit for purpose.
- We provide data for design, decision-making, real time and forecast information for emergency management and public safety.

Our region's economy is thriving and environmentally sustainable

- We contribute to an efficient and reliable transport network through the provision of public transport services, giving people an alternative to private vehicle travel and supporting urban growth objectives.
- We provide road safety education by raising driver awareness of key road safety issues and work with other key stakeholders to help 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.

Our region has effective transport networks

- We facilitate regional integrated transport planning to support and enable regional growth initiatives such as Accelerate25 and Accessing Central NZ.
- We enable 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.
- We inform business decisions by making our data accessible.
- Our emergency management planning, response and recovery arrangements play a key role in ensuring the impacts on the economy from emergency events are minimised.

Our region's relationship with iwi and hapū are respectful and mana-enhancing

- We seek to understand matters of interest to iwi and hapū when we are preparing and reviewing local and regional transport plans.
- We seek to improve our engagement and planning processes with iwi/Māori across all aspects of emergency management to enable them to support their own communities during and after an emergency.

What we did this year

Passenger Services

Passenger transport services continued to experience strong growth across the region during 2025/26, with increasing patronage reflecting ongoing investment in service improvements, network development and customer experience. Patronage increased by 12% across the region, the highest increase across the country for public transport authorities. The Palmerston North urban bus network completed its second full year of operation and continued to attract new users, while work progressed on a range of initiatives to improve public transport access, reliability and coverage across the region.

Significant progress was made in planning and implementing future service improvements. Following community consultation and Council approval, a new electric bus service for Feilding was finalised ahead of its commencement in July 2026. Work also continued on the implementation of a redesigned Whanganui urban bus network, which commenced in April 2026.

Council also expanded transport options for communities with limited access to public transport through the introduction of a dedicated school bus service linking Ashhurst and Palmerston North. The service was introduced following the discontinuation of Ministry of Education school bus services. The service is being delivered with funding from the Ministry of Education and provides students with a safe and reliable transport option.

During the year, Horizons continued preparations for the Motu Move National Ticketing Solution, which will modernise the way customers access and pay for public transport services. Work also continued alongside regional and national partners on future passenger rail improvements through the Lower North Island Rail Integrated Mobility Programme, which aims to increase the frequency and capacity of passenger rail services between Palmerston North and Wellington.

The Total Mobility scheme remained an important service for people with disabilities and mobility impairments, supporting access to employment, education, health services and community participation. Demand for the scheme continued to grow during the year, demonstrating the ongoing importance of accessible transport services across the region.

Road Safety

Despite a significant reduction in funding from NZ Transport Agency Waka Kotahi during the 2025/26 year, Horizons continued to deliver a comprehensive programme of road safety education and community engagement activities across the region. Working closely with NZ Police, ACC, schools, community organisations, local authorities and industry partners, the programme focused on a range of Road to Zero priorities including driver impairment, seatbelt use, child restraints, driver distraction, speed, motorcycle safety, cycling safety and senior driver education.

More than 20 road safety initiatives were delivered throughout the year. Highlights included child restraint checking events undertaken with NZ Police and Little Buds Car Seats, where 681 child restraints were inspected and 70% were found to be incorrectly installed, providing valuable opportunities for education and safety improvements. Motorcycle safety initiatives promoted Ride Forever training courses and rider education, while cycling and pedestrian safety activities focused on increasing visibility and awareness of vulnerable road users. Community events, roadside education activities, driver refresher courses and school-based programmes helped deliver practical road safety messages to thousands of people across the region.

A strong emphasis was placed on collaboration to maximise the impact of the reduced funding available. Partnerships with organisations including NZ Police, Foodstuffs North Island, ACC, Little Buds Car Seats, schools, retirement villages and community groups enabled Horizons to continue delivering road safety outcomes and supporting safer behaviours on the region's roads.

Transport Planning

Transport planning activities continued to play a key role in coordinating investment and strategic direction for the region’s transport network. In December 2025, Horizons commenced a full review of the Regional Land Transport Plan (RLTP), working alongside territorial authorities, NZ

Transport Agency Waka Kotahi and regional stakeholders to identify transport priorities and investment needs for the region over the coming decade. The review continued throughout the first half of 2026 and considered how transport investment can support safety, resilience, economic development, freight movement and community connectivity across the Manawatū-Whanganui Region.

Implementation of the Regional Public Transport Plan (RPTP) continued throughout the year, with significant work undertaken to plan and develop future public transport services across the region. This included progressing the redesigned Whanganui urban bus network and planning for the introduction of enhanced services in Feilding.

Horizons also continued to work with partners on longer-term transport initiatives, including investigations into passenger rail improvements and improved regional connectivity. Through the Regional Transport Committee and its relationships with central government agencies, Council continued to advocate for transport investments across the region.

District Advice

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 natural hazard information 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 activity is responsible for new obligations under the Local Government Official Information and Meetings Act 1987 (LGOIMA) providing natural hazard information to Territorial Authorities for inclusion in Land Information Memoranda (LIMs).

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 1059 requests for information, which is a 1.5 per cent decrease in volume on the previous year (1079 requests in the 2024-25 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. 797 of these requests are from the general public and 262 from Territorial Authorities. The main request types were for subdivisions (331), property purchases (300) building consents / land use consents (254), and flooding (117). The remaining request types were for insurance (29) and general/other (28).

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

- Manawatū 294
- Palmerston North 207

- Tararua 202
- Horowhenua 119
- Rangitīkei 104
- Whanganui 87
- Ruapehu 46

In addition to the property enquiries, the District Advice has received 52 LIM enquiries from Territory Authorities.

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

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 have received approximately 70 dam enquiries and had numerous interactions with dam owners and agents over the year, mainly in regard to the dam safety regulations. No large dam Building Consent applications have been received.

The new regulations on dam safety (Dam Safety Regulations 2022), which commenced on May 2024, aim to improve resilience and safety of New Zealand's dams, protecting 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. The District Advice team is responsible for implementing, administering and monitoring these regulations.

Dam owners were required to submit Dam Classification Certificates (DCCs) to Regional Authorities by 13 August 2024, for approval. This financial year, 64 DCCs have been approved, bringing the total to 67 classifiable dams in the region, with 9 high, 7 medium, and 57 low potential impact (PIC) dams. All known classifiable dams are compliant with the regulations, and all dam safety enquiries and DCCs have been responded to within legal timeframes.

Emergency Management

Over the reporting period, the Emergency Management Office continued to strengthen its capability in support of the Manawatū-Whanganui Civil Defence Emergency Management (MWCDEM) Group.

A key focus this year was building a more integrated and sustainable emergency management system. This included improvements across readiness, response, recovery, welfare, community resilience, lifelines, and risk reduction.

A significant milestone was the completion of a refreshed Emergency Management Office structure. The establishment of specialist portfolios for Readiness, Response, Recovery & Lifelines, Community Resilience & Welfare, and Strategy, Plans & Reduction has increased the team's capacity and improved its ability to balance operational delivery with long-term improvement.

The Emergency Management Office also continued to mature its use of the D4H Incident Management System. D4H is now embedded within Regional Duty Officer operations, the Group Emergency Coordination Centre (GECC), and regional information management processes. These

improvements have strengthened situational awareness, information sharing, and the development of a common operating picture across the region.

Significant progress was made during the year implementing the newly adopted MWCDEM Group Plan. Supporting work programmes have been developed across all four Rs and now provide a clear roadmap for capability development and continuous improvement.

The Group has remained actively involved in national emergency management initiatives. This has included engagement with the National Emergency Management Agency (NEMA), the Emergency Management System Improvement Programme (EMSIP), and development of the new Emergency Management Bill. This helps ensure regional perspectives are represented while preparing the region for future change.

Recovery development remained a key priority. Progress was made in strengthening recovery leadership, workforce development, Recovery Communities of Practice, and engagement with Recovery Managers across the region. Work also continued to improve transition arrangements between response and recovery while supporting the development of community-led recovery approaches.

Strong progress was also made in the lifelines portfolio. Relationships with utility providers and critical infrastructure operators continued to grow, while work progressed on fuel planning, infrastructure intelligence, and utility coordination arrangements. This has improved understanding of infrastructure dependencies and their potential impacts during emergencies.

Community resilience and welfare capability received increased attention during the year. Engagement with councils, communities, iwi, and welfare partners helped progress work on welfare readiness, community resilience initiatives, needs assessment capability, and support arrangements for vulnerable communities.

The Emergency Management Office continued to make effective use of the Integrated Training Framework (ITF) and other development opportunities. Training focused on Controller development, GECC and EOC capability, welfare, recovery, information management, and emergency management leadership. These investments continue to strengthen capability across the region.

Response Operations

The year was characterised by a high level of operational activity.

The Emergency Management Office provided support to Territorial Authorities, partner agencies, and communities through a range of weather events, fires, earthquakes, and other incidents. Regional Duty Officers and Emergency Management staff maintained a sustained operational tempo, providing monitoring, advice, coordination, and response support throughout the year.

The continued development of the Regional Duty Officer framework, alongside the implementation of D4H, has strengthened the region's ability to identify emerging issues early and coordinate an effective response. These arrangements have improved information sharing and provided greater visibility of developing pressures across the region.

Operational activity also provided valuable opportunities to test systems, validate capability, and identify improvements. Lessons from activations have informed ongoing work across readiness, response, recovery, welfare, and community resilience.

Looking Ahead

Emergency management in New Zealand is entering a period of significant change. The Emergency Management Bill, EMSIP, and growing expectations around assurance, capability, community resilience, and recovery will continue to influence how emergency management is delivered.

As expectations continue to increase, so too does the need for emergency management capability and capacity across the region. The expansion of the Emergency Management Office during the year reflects the growing scope and complexity of modern emergency management. The focus is no longer solely on response. It now includes readiness, welfare, community resilience, recovery, lifelines, risk reduction, planning, assurance, and stakeholder engagement.

While recent investment has strengthened the region's capability, significant growth in workload, increasing national expectations, and the ongoing implementation of the MWCDEM Group Plan will require continued investment in emergency management resources. Ensuring the region can meet future legislative requirements, maintain operational readiness, and deliver consistent emergency management outcomes across all communities will depend on building both organisational capacity and specialist capability over time.

The Emergency Management Office also recognises that capability across the region remains uneven. Strengthening regional consistency will be a key area of focus in the coming years. This will include improving interoperability, supporting shared systems and practices, and developing assurance processes that provide confidence in regional capability.

Building a resilient emergency management system requires a collective effort. Success depends on strong partnerships between councils, iwi, communities, lifeline utilities, emergency services, government agencies, and other stakeholders.

The Emergency Management Office remains committed to continuous improvement and regional collaboration. Through investment in people, systems, and partnerships, the MWCDEM Group will be better prepared to meet future challenges and support the communities it serves.

Every action, every decision, every outcome — for our communities.

Environmental Data

Environmental Monitoring, Hydrology and Telemetry services.

The Environmental Data monitoring service continued to deliver the monitoring, telemetry, forecasting and environmental information services that support flood warning, emergency management, resource management and operational decision-making across the region.

During 2025–26, the team's focus shifted from major infrastructure upgrades to optimising the performance and reliability of Horizons' environmental monitoring and telecommunications networks following significant investment in recent years. This included ongoing improvements to monitoring infrastructure, refinements of the telecommunications systems and operational processes to ensure reliable access to critical environmental information.

The Water Metering Team completed the rollout of upgraded telemetry hardware at consented water-use sites, improving the reliability and timeliness of water-use information available to support compliance and resource management decisions.

Flood warning systems remained a key priority. Several ageing alarm systems were redesigned and upgraded for integration with Horizons' new telecommunications infrastructure. Significant progress was made on the redevelopment of the Ōhura flood warning system, undertaken in partnership with Ruapehu District Council and the local community. The

new design includes revised siren locations and improved warning trigger levels, with implementation planned during 2026–27.

In support of flood resilience and operational response activities, the team maintained a high-resolution monitoring network in the Feilding area and delivered improvements to telecommunications and data accessibility at 27 Lower Manawatū pump stations, including the installation of web cameras to improve operational awareness during flood drainage events.

A major milestone during the year was the successful operational deployment of Horizons' new integrated flood forecasting system. The new platform provides forecasting capability across the region's seven major catchments/FMUs and was utilised during the October and February weather events, enhancing situational awareness and supporting decision-making within the Group Emergency Coordination Centre and Horizons' Emergency Operations Centre. Further calibration and model refinement will continue to strengthen forecasting performance, alongside partner councils operating the same system.

The team also delivered Horizons' State of the Environment monitoring programmes across rivers, lakes and groundwater, including scheduled discharge and water quality monitoring. Targeted monitoring within the Arawhata Wetland continued to support environmental management and restoration initiatives.

Collectively, the Hydrology Team maintains the environmental information systems that underpin many of Horizons' core functions. Through the operation of the region's monitoring, telemetry and forecasting networks, the team provides the real-time information required to support flood preparedness, emergency response, environmental reporting, resource management and community resilience.

Survey Services

The Environmental Data Survey Team delivered a substantial programme of work during 2025–26, completing or supporting **116 projects and work items** across Horizons' river management, drainage, flood protection and infrastructure programmes, and Science's environmental wider monitoring and fluvial geomorphological programmes.

The survey team undertook river cross-section surveys across the Manawatū, Mangatainoka, Pohangina and Mangaone catchments, flood event recovery surveys, gravel extraction and stockpile measurements, drainage scheme investigations, groundwater bore surveys and fish passage assessments. Survey works also supported a wide range of river management, wetland enhancement, stream restoration and infrastructure improvement projects across the region.

A significant achievement during the year was the manual survey of 13**more than 300 kilometres of stopbank infrastructure** within the Mangaone and Lower Manawatū schemes, providing essential information for asset management, condition assessment and future investment planning. The team also commenced bathymetric surveying within the Manawatū Estuary to improve understanding of estuary processes and support future management decisions.

The increasing use of drone-based LiDAR technology continued to improve the efficiency, safety and quality of data collection, supporting coastal monitoring, erosion assessments, detention dam capacity surveys, compliance investigations and major catchment studies.

In addition to field operations, the Survey Team delivered mapping, drafting, GIS and spatial data management services that support engineering design, asset management, environmental monitoring and operational decision-making. Collectively, these services provide critical

spatial information that underpins flood risk management, river and drainage scheme operations, compliance activities and long-term infrastructure planning across the region.

Final note

Environmental Data monitoring and flood forecasting information continues to be made available through the Horizons website, regional flood warning services and Land, Air, Water Aotearoa (LAWA).

Information Services

During 2025/26, Council continued to strengthen its Information Services capability by bringing together Information Management, IT operations, cybersecurity, digital transformation and data and GIS functions into a more unified service model. This improved alignment between the systems, information, data and digital infrastructure that support Council services, while creating a stronger foundation for coordinating, prioritisation and organisational change.

This change has supported a clearer focus on both operational reliability and transformation. Information Services continued to maintain day-to-day systems, data and digital services that staff rely on, while also building capability in enterprise architecture, cybersecurity and risk, digital delivery, IT operations and data and GIS. This provides council with a more coordinated way to manage technology investment, reduce duplication strengthen governance and support better decision-making across the organisation.

A key achievement during the year was the continued development of the Digital Transformation Programme. The programme provides a more structured approach to digital investment and organisational change, helping Council strengthen information management, improve data quality, reduce duplication and build more consistent end-to-end business processes. Work during the year focused on improving how key information is managed across the organisation, strengthening governance and enterprise architecture capability, and establishing the foundations required to support future system modernisation and service improvements.

The programme also delivered several visible service improvements for the community, including the go-live of three public-facing websites: the main Horizons website, the Manawatū-Whanganui Civil Defence Emergency Management website, and the Connect Regional Transport website. These websites provide clearer and more accessible digital channels for Council information, emergency management information and public transport information, while creating a stronger foundation for future online service improvements.

Information Services also continued to support reliable public and organisational access to maps, data and information held by Council. The non-financial performance measures for Information Management were achieved during the year, with initial responses to maps, data requests made within five working days in 98% of cases, exceeding the 95% target. Requests were also resolved within agreed timeframes in approximately 99.5% of the cases, also exceeding the 95% target. These requests largely relate to Environmental Data requests and provide a useful indication of continued strong performance in responding to requests across the organisation.

Preparation also continued for IRIS NextGen, a modern cloud-based regulatory platform being developed by Datacom through Regional Software Holdings Limited (RSHL). The future platform will replace IRIS Classic for consenting, compliance monitoring, and other environmental and regulatory functions. Implementation is planned to start in Q2 2027.

During 2025/26, Information Services continued to support readiness for this change through process, data, architecture and integration planning.

Overall, 2025/26 was an important capability-building year for Information Services. By consolidating related functions, strengthening governance, building specialist capability and maintaining strong operational performance, Information Services is better positioned to support Council's regulatory, environmental, and community-facing services. This work supports more reliable services, better informed decisions and trusted access to Council-held information for staff, partners and the wider community.

Whanganui public transport improvements

After decades of patronage decline, Whanganui has been a focus for public transport growth since the launch of Te Ngaru The Tide in 2023. The Tide – a fast and frequent service connecting Aramoho and Castlecliff via key locations – saw public transport use in the city double almost immediately. At the same time, we collaborated with Whanganui District Council and NZ Transport Agency Waka Kotahi to improve bus stop infrastructure across the city as part of the national Transport Choices programme. However, the rest of the city's public transport network was based on infrequent routes which took long loops through suburbs. The lack of patronage growth on these routes showed they were not working for people.

After extensive consultation, including as part of creating our Long-term Plan and 2025/26 Annual Plan, we launched a new public transport network in Whanganui on 17 April 2026 – a date which doubled as the inaugural World Public Transport Day. The old network had 17 different routes, which were streamlined into five. Two Tide-style high-frequency routes now run past most high schools and intermediates in the city, while three hourly routes ensure connections for other parts of the city. These changes put 72% of Whanganui residents within 400 metres of a route running at least hourly, and 52% within 400m of a route running every 20 minutes. For comparison, the old network had 31% of Whanganui residents with 400m of a route running every hour. The new network also introduced improved weekend services, including Sunday services which had not existed as part of the old network.

The launch of the new network began with a morning ceremony with the people of Pūtiki. The Pūtiki community had been without a public bus service for many years, and were especially vocal during consultations in their desire for better connections. It is clear they and others in the community are enjoying the new network. From 17 April until 30 June, there has been a 70.5% increase in patronage in 2026 when compared to the same period in 2025.

The launch of the new Whanganui network coincides with other public transport improvements, including an enhanced fully electric network for Feilding, Horizons taking over running of the Ashhurst school bus services, and continued promotion of all our services. This hard work has been nationally recognised, with Horizons awarded the Public Transport Boardings Growth Award at the NZ Transport Agency Waka Kotahi New Zealand Public Transport Authority Awards, presented at the Public Transport Association Australia New Zealand (PTAANZ) 2026 New Zealand Conference. This was the second year in a row Horizons took home this award, and the Transport team has given itself the challenge of making it a three-peat in 2027.

PERFORMANCE TARGETS

TRANSPORT PLANNING						
Achieved ●●● 3		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1.	We deliver transport planning activities for the region					
1.1	The Regional Land Transport Plan (RLTP) 2021-2031 is monitored to allow the Regional Transport Committee (RTC) to assess implementation of the plan.	Achieved	Achieve	Achieved	●	Monitoring of the current RLTP took place in December 2026. This was reported to Regional Transport Committee.
1.2	The Regional Land Transport Plan is up to date in line with the Land Transport Management Act, and any guidance issued by Waka Kotahi.	Achieved	Achieve	Achieved	●	The RLTP is up to date in line with the LTMA and is available on the Horizons website.
1.3	The Regional Public Transport Plan is up to date in line with the Land Transport Management Act and any guidance issued by Waka Kotahi.	Achieved	Achieve	Achieved	●	The RLTP is up to date in line with the LTMA and is available on the Horizons website.

PASSENGER SERVICES						
Achieved ●●● 3		Not Achieved ● 1				Not Applicable ● 1
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1.	We deliver bus services that people and communities value and regard as a quality service					
1.1	Percentage of customers surveyed who are 'satisfied' or better with their trip overall.[1] (bi-annual).	Achieved 96%	No Measure	N/A	●	Not measured this Financial Year.
1.2	Percentage of monitored scheduled services that depart the terminus on time compared to public timetable.	Not Achieved 94%	>95%	92.6% Not Achieved	●	Palmerston North urban bus network along with increased road works impacting performance against this measure.
1.3	Annual patronage on bus services in the region.	Achieved	Increase from the prior year	Achieved	●	Patronage increased from 1,402,349 in the 2024/25 FY to 1,577,982 during the 2025/26 FY. As recorded through the ticketing system.
1.4	Percentage of households in Whanganui, Palmerston North & Feilding urban areas within 800m of a public transport stop.	Achieved	>90%	Achieved	●	Most properties in residential areas in Whanganui, Palmerston North and Feilding are within 800m of a bus stop for a Horizons bus service.
2.	We subsidise the total mobility scheme to enable those with long-term disabilities access to transport					
2.1	Percentage of registered customers who are 'satisfied' or better with the overall service of the Total Mobility scheme.[2]	Achieved 98%	>90%	94% Achieved	●	Result based on a survey completed by users on the scheme based in Horowhenua. A slight decrease on previous years satisfaction, though still above the performance target level.

[1] Satisfied means 6-10 out of a scale of 0-10
[2] Satisfied means 4-5 out of a scale of 1-5

ROAD SAFETY							
Achieved 0		Not Achieved ● 1				Not Applicable 0	
Levels of service and performance measures		Performance Measure/Target					
		Actual 2024/25	25/26 Target	25/26 Result		Comment	
1.	We support safe use of the region's transport network						
1.1	Number of road safety behavioural change education initiatives delivered across the region in partnership with key agencies.	Not Achieved 20	>30	22	●	Significant (69%) reduction in funding from NZTA for the 2024-27 period. The programme is not able to deliver on the performance target. It will be reset for the LTP 2027-37.	

DISTRICT ADVICE							
Achieved ●● 2		Not Achieved 0				Not Applicable 0	
Levels of service and performance measures		Performance Measure/Target					
		Actual 2024/25	25/26 Target	25/26 Result		Comment	
1.	We provide timely land development advice to the community and territorial authorities						
1.1	Percentage of enquiries responded to within 20 working days.	100%	100%	100%	●	A total of 1,059 enquiries were responded to within the statutory timeframe. Of these, 797 were from the general public and 262 were from territorial authorities.	
2.	We administer and monitor the implementation of all legislated dam safety requirements						

2.1	Percentage of applications responded to within the required timeframes.	100%	100%	100%	●	Approximately 70 dam enquiries were responded to withing the statutory timeframes. 18 dam safety assurance programmes have been received, processed and approved within statutory timeframes. No large dam Project Information Memoranda have been issued and no large dam Building Consent applications received.

EMERGENCY MANAGEMENT						
Achieved ●●●●●●● 7			Not Achieved ●● 2			Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. We ensure that an operative Civil Defence Emergency Management (CDEM) Group Plan under the CDEM Act 2002 is in place at all times						
1.1	Number of formal meetings at which CDEM targets are reported:					
	CDEM Joint Committee.	4	4	4	●	The Joint Standing Committee has endorsed the new Group Plan and continues to provide governance oversight across business-as-usual and response activities.
	CDEM Coordinating Executive Group aligned to the approved work programme.	4	4	4		The Coordinating Executive Group has endorsed the next financial year Work Plan, which is structured across core activities, Tier 1 (operational priorities), and Tier 2 (maturity initiatives to be progressed as resources allow).

1.2	CDEM Group Plan meets legislative requirements and is reviewed within statutory timeframes by the CDEM Joint Committee.	Achieved	Achieve	Achieved	●	The new Group Plan has been approved by the Minister and the Joint Standing Committee and is now in circulation and being implemented.
1.3	Critical outputs pertaining to operational capability, community resilience and riskscape are monitored, reviewed, and reported to the CDEM Coordinating Executive Group a minimum of four times per year.	4 Achieved	Achieve	Achieved	●	Existing planning documents, including the Work Plan, Group Plan, and recent After Action Review, are being used to prioritise immediate operational improvements, with a focus on building capability maturity over time.
2. We maintain operational readiness to respond to an emergency event at all times						
2.1	Emergency Operations/Coordination Centre staff are trained and ready to respond, Emergency Management Duty Officer available 24/7, response manuals, flood action plans and procedures available and reviewed at least annually.	Achieved	Achieve	Achieved	●	While all response documentation is maintained and regularly reviewed, updates are prioritised based on operational need, risk, and changes in conditions rather than all documents being reviewed annually.
3. We maintain business continuity planning arrangements to ensure the Emergency Management Office can continue to operate during and after an emergency event						
3.1	An up-to-date Business Continuity Plan is in place for the Emergency Management Office.	Achieved	Achieve	Achieved	●	The Business Continuity Plan was fully updated this year and is current, with content tailored specifically to Emergency Management functions.
4. We manage and promote navigation safety outputs via Manawatū River Users Advisory Group, Whanganui Coastguard and other river user groups						
4.1	Number of formal meetings: Manawatū River Users Advisory Group.	2	2	1	●	Meeting schedules for the Manawatū River Users Advisory Group were updated to align with governance recommendations. Only 1 meeting held this year.

4.2	Number of formal meetings: Whanganui Awa Safety Group.	2	2	1	●	One Whanganui Awa Safety Group meeting was attended due to staff constraints; however, engagement has been maintained through attendance at other relevant meetings over the past 12 months.
5.	We maintain Maritime New Zealand (MNZ) oil spill response capability to MNZ audit standards					
5.1	Tier 2 Marine Oil Spill Plan response requirements are maintained.	Achieved	Achieve	Achieved	●	Two exercises were undertaken this year. D4H is being used to support oil spill response operations. Staff have been identified for Maritime NZ (MNZ) training to support capability development, and strong relationships are maintained across the maritime sector, including with MNZ. Several small maritime oil spill incidents have been managed by the team, primarily on the Whanganui River.
6.	Hazard Information					
6.1	Hazard Information acquired and disseminated aligned to project plan.	Achieved	Achieve	Achieved	●	Hazard information is collected and shared in line with the Work Plan and Group Plan, supported by the wider CDEM hazard management framework and strong relationships with hydrology and science specialists.

ENVIRONMENTAL DATA					
Achieved ●●●● 4		Not Achieved 0			Not Applicable 0
Levels of service and performance measures		Performance Measure/Target			
		Actual 2024/25	25/26 Target	25/26 Result	Comment
1. We provide environmental monitoring which is fit for stakeholder purposes and data is openly available for all interested parties					

1.1	Hydro-Climate Monitoring Total percentage of collected environmental data available for users, relating to: water level, rainfall, soil moisture, wind, air temperature and air quality (approx. 15 million data-points p.a.).	99%	99%	99%	●	Target achieved, a number of stations broken into Q1 & Q2 post media posts regarding Co-funded station upgrades (stolen batteries etc.).
1.2	Continuous Water Quality Monitoring Total percentage of collected environmental data available for users, relating to: continuous data relating to water quality parameters (approx. 8.0 million data-points p.a.).	99%	94%	98%	●	Target achieved. Some minor damage and lost during February Floods.
1.3	Continuous Lake Monitoring Total percentage of collected environmental data available for users, relating to: continuous lake level and lake water quality data (approx. 6.5 million data-points p.a.).	91%	90%	95%	●	Target achieved. One station impacted (lost data) with supplier delays in Q1.
1.4	National Environmental Standards Water Metering Collection of continuous consented water use data from verified meters meeting the requirements of the NES-Water Metering (approx. 10.0 million data-points p.a.).	Achieved	Achieve	Achieved	●	The irrigation season was cut short with the Febuary event. The replacement telemetry unit rollout has improved data collection and quality.

INFORMATION MANAGEMENT					
Achieved ●● 2		Not Achieved 0			Not Applicable 0
Levels of service and performance measures		Performance Measure/Target			
		Actual 2024/25	25/26 Target	25/26 Result		Comment
1. We provide timely information to support the community regarding maps and data that Council holds						
1.1	Initial responses to map, information and data requests from the community are made within 5 working days.	99%	≥95%	98%	●	Achieved. Initial responses to map, information and data requests continued to exceed target during the year, with performance remaining above the 95% target

1.2	Map, information and data requests from the community are resolved and within timeframes agreed at the time of request.	96%	≥95%	100%	●	Achieved. 427 of 429 requests (99.53%) were completed within the agreed timeframe of 20 working days. Two requests did not meet the target timeframe, with overall performance significantly exceeding the 95% target.

FUNDING IMPACT STATEMENT FOR THE TRANSPORT AND REGIONAL SERVICES GROUP OF ACTIVITIES TO 30 JUNE 2026 ($000)

	LTP 2024-34 2025-26	Actual 2025-26	LTP 2024-34 2024-25	Actual 2024-25
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	5,281	5,236	5,009	5,009
Targeted rates	9,677	9,172	8,132	8,132
Subsidies and grants for operating purposes	12,890	12,628	11,251	13,573
Fees and charges	3,027	2,354	2,818	2,674
Internal charges and overheads recovered	3,111	3,371	3,034	3,414
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**33,986**	**32,761**	**30,244**	**32,802**
Applications of operating funding				
Payments to staff and suppliers	25,571	24,007	22,236	24,629
Finance costs	-	-	-	-
Internal charges and overheads applied	8,222	9,572	7,672	8,478
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**33,793**	**33,579**	**29,908**	**33,107**
Surplus (deficit) of operating funding (A-B)	**193**	**(818)**	**336**	**(305)**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	940
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	451	565	454	728
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**451**	**565**	**454**	**1,668**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	918	707	1,086	1,705
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(274)	(961)	(296)	(342)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**644**	**(254)**	**790**	**1,363**
Surplus (deficit) of capital funding (C-D)	**(193)**	**819**	**(336)**	**305**
Funding balance ((A-B)+(C-D))	**-**	**1**	**-**	**-**

Financial Statements

The accompanying notes form part of these financial statements. The financial statements from page 96 to 100 are to be read in conjunction with the notes to the financial statements from page 102 to 164.

Statement of Compliance

The Council of Manawatū-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.

_____ 28 October 2026

Chair

_____ 28 October 2026

Chief Executive

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2026 ($000)

	Notes	Annual Plan 2025-26 2025-26	Council Actual 2025-26	Group Actual 2025-26	Council Actual 2024-25	Group Actual 2024-25
Revenue						
Rates	**1**	71,895	71,449	71,449	66,018	66,018
Subsidies and grants	**2**	16,097	20,356	20,356	27,754	27,754
Finance revenue	**3**	3,300	3,078	4,146	3,291	3,605
Other revenue	**4**	17,290	16,874	18,403	15,979	18,053
Total revenue		**108,581**	**111,757**	**114,354**	**113,042**	**115,430**
Expenditure						
Personnel costs	**8**	33,471	33,201	33,201	30,489	30,489
Depreciation and amortisation expense	**21**	6,710	6,895	6,895	6,995	6,995
Finance costs	**3**	2,500	2,881	2,883	4,045	4,045
Other expenses	**6**	64,462	73,602	74,596	68,112	68,827
Total expenditure		**107,143**	**116,579**	**117,575**	**109,641**	**110,356**
Surplus/(deficit) before tax		**1,438**	**(4,822)**	**(3,221)**	**3,401**	**5,074**
Income tax expense/benefit	**26**	-	-	71	-	(226)
Surplus/(deficit) after tax		**1,438**	**(4,822)**	**(3,292)**	**3,401**	**5,300**
Other comprehensive revenue and expense						
Financial assets at fair value through other comprehensive revenue and expense		100	454	3,754	177	3,877
Property, plant, and equipment revaluations		42,009	24,756	24,756	23,454	23,454
Total other comprehensive revenue and expense		**42,109**	**25,210**	**28,510**	**23,631**	**27,331**
Total comprehensive revenue and expense		**43,547**	**20,388**	**25,218**	**27,032**	**32,631**

Explanations of major variances against budget can be found in Note 34. The accompanying notes from part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2026 ($000)

	Notes	Annual Plan 2025-26 2025-26	Council Actual 2025-26	Group Actual 2025-26	Council Actual Restated* 2024-25	Group Actual Restated* 2024-25
Balance at 1 July		**1,374,648**	**1,329,001**	**1,376,521**	**1,298,038**	**1,347,821**
Restatement		-	-	-	(3,931)	(3,931)
Balance at 1 July		**1,374,648**	**1,329,001**	**1,376,521**	**1,301,969**	**1,343,890**
Total comprehensive revenue and expense for the year		33,120	20,388	25,524	27,032	32,631
Balance at 30 June		**1,407,768**	**1,349,389**	**1,402,045**	**1,329,001**	**1,376,521**

A prior period adjustment has been made to Equity of $3,931,000. Refer to the prior period error disclosure on page 116

Statement of Financial Position for the year ended 30 June 2026 ($000)

	Notes	Annual Plan 2025-26 2025-26	Council Actual 2025-26	Group Actual 2025-26	Council Actual Restated* 2024-25	Group Actual Restated* 2024-25
Assets						
Current Assets						
Cash and cash equivalents	**12**	6,269	6,748	7,853	3,350	4,196
Trade and other receivables	**13**	9,063	8,326	8,488	10,453	10,277
Revenue Receivable		5,707	5,090	5,091	3,216	2,701
Prepayments and leases - current portion	**14**	1,192	1,579	1,635	1,317	1,392
Inventory	**15**	2,034	1,746	1,746	1,920	1,920
Tax refund due		-	-	31	-	34
Other current assets	**16,32**	1,969	1,517	517	1,370	370
Total current assets		**26,234**	**25,006**	**25,361**	**21,626**	**20,890**
Non-current assets						
Other financial assets						
Investments in CCOs and other similar entities	**16**	33,857	34,577	3,077	34,084	2,584
Loan to CCO	**16**	15,500	16,500	-	17,500	-
Subtotal		***49,357***	***51,077***	***3,077***	***51,584***	***2,584***
Investments in other entities	**16**	3,845	4,629	74,629	4,144	70,844
Derivative Financial Instruments	**32**	83	285	285	264	264
Total other financial assets	**16**	***53,285***	***55,991***	***77,991***	***55,992***	***73,692***
Deferred taxation asset		-	-	-	-	-
Investment property	**17**	3,990	3,680	24,863	3,680	25,522
Forestry Assets	**18**	1,874	826	826	842	842
Land leases (prepaid) non-current	**14**	1,436	822	822	1,526	1,526
Restoration asset	**19**	582	498	498	271	271
Carbon credits	**20**	17,843	7,472	7,472	15,938	15,938
Intangible assets	**21**	3,306	3,298	3,298	3,516	3,516
Operational assets	**21**	108,094	95,642	105,185	94,270	103,506
Infrastructural assets	**21**	1,298,489	1,262,153	1,262,153	1,234,921	1,234,921
Total non-current assets		**1,488,899**	**1,430,382**	**1,483,108**	**1,410,956**	**1,459,734**
Total assets		**1,515,133**	**1,455,388**	**1,508,469**	**1,432,582**	**1,480,624**

Explanations of major variances against budget can be found in Note 34. The accompanying notes from part of these financial statements.
A prior period adjustment has been made to Infrastructural Assets of $3,931,000. Refer to the prior period error disclosure on page 116

	Notes	Annual Plan 2025-26	Council Actual 2025-26	Group Actual 2025-26	Council Actual Restated* 2024-25	Group Actual Restated* 2024-25
Liabilities						
Current liabilities						
Trade and other payables	**23**	18,926	18,136	18,344	19,834	20,214
Provisions - general	**24**	94	-	-	188	188
Provisions - employee entitlements	**25**	3,931	3,855	3,855	3,432	3,432
Debt - current portion	**27**	15,000	28,500	28,500	25,412	25,412
Derivative financial instruments (current)	**32**	-	39	39	-	-
Total current liabilities		**37,951**	**50,530**	**50,738**	**48,866**	**49,246**
Non-current liabilities						
Derivative financial instruments	**32**	-	214	214	277	277
Debt - non-current portion	**27**	68,424	54,500	54,500	53,500	53,500
Deferred taxation liability	**26**	990	-	217	-	145
Provision - replanting	**28**	-	754	754	936	936
Total non-current liabilities		**69,414**	**55,468**	**55,685**	**54,713**	**54,858**
Total liabilities		**107,365**	**105,997**	**106,423**	**103,579**	**104,104**
Net assets (assets minus liabilities)		**1,407,768**	**1,349,391**	**1,402,046**	**1,329,003**	**1,376,520**
Equity						
Asset revaluation reserves		976,703	937,976	939,010	913,220	914,035
Fair value through other comprehensive revenue and expense reserve		2,036	2,271	46,889	1,817	43,135
Restricted reserves		15,915	15,915	15,915	15,056	15,056
Infrastructure insurance reserves		5,280	5,280	5,280	5,160	5,160
Accumulated funds		407,834	387,949	394,951	393,750	399,135
Total equity	**33**	**1,407,768**	**1,349,391**	**1,402,045**	**1,329,003**	**1,376,521**

Explanations of major variances against budget can be found in Note 34. The accompanying notes from part of these financial statements.
A prior period adjustment has been made to Equity of $3,931,000. Refer to the prior period error disclosure on page 116

Statement of Cash Flows for the year ended 30 June 2026 ($000)

	Notes	Annual Plan 2025-26 2025-26	Council Actual 2025-26	Group Actual 2025-26	Council Actual 2024-25	Group Actual 2024-25
Cash flows from operating activities						
Receipts from rates revenue		70,788	69,938	69,938	66,310	66,310
Subsidies and grants received		16,583	17,934	17,934	29,668	29,668
Interest received		1,750	1,435	1,445	1,872	1,891
Dividends received		1,500	2,125	3,341	4,393	2,566
Receipts from rate penalties		1,375	1,413	1,413	1,436	1,436
Receipts from other revenue		15,671	14,076	15,001	10,536	10,848
Payments to suppliers and employees		(97,693)	(99,337)	(100,161)	(91,437)	(91,449)
Interest paid		(2,475)	(2,993)	(2,993)	(4,671)	(4,671)
Income tax paid/refunded		-	-	(3)	-	3
GST (net)		-	(80)	(100)	(23)	(16)
Net cash flow from operating activities	**35**	**7,499**	**4,511**	**5,814**	**18,084**	**16,586**
Cash flows from investing activities						
Receipts from sale of operational assets		613	3,635	3,635	1,769	1,769
Receipts from sale/maturity of investments		48,495	53,418	53,418	49,879	49,879
Repayment of loan principal from CCO		1,500	1,000	-	-	-
Purchase of forestry assets		(31)	(6)	(6)	(15)	(15)
Purchase of property, plant, and equipment		(11,120)	(8,796)	(8,796)	(24,141)	(24,141)
Purchase of intangible assets		(337)	(371)	(371)	(5)	(5)
Purchase of investment property		-	-	(43)	-	-
Payment of loan to CCO		-	-	-	-	-
Acquisition of investments		(48,455)	(54,057)	(54,057)	(51,000)	(51,000)
Net cash flow from investing activities		**(9,335)**	**(5,177)**	**(6,220)**	**(23,513)**	**(23,513)**
Cash flows from financing activities						
Proceeds from borrowings		6,429	33,588	33,588	66,995	66,995
Repayment of borrowings		(1,542)	(29,524)	(29,524)	(62,440)	(62,440)
Dividend/Subvention payments		-	-	-	-	-
Net cash flow from financing activities		**4,887**	**4,064**	**4,064**	**4,555**	**4,555**
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		**3,051**	**3,398**	**3,658**	**(874)**	**(2,372)**
Cash, cash equivalents, and bank overdrafts		3,218	3,350	4,195	4,224	6,567
Closing cash balances		**6,269**	**6,748**	**7,853**	**3,350**	**4,195**

Notes to the Financial Statements

Statement of Accounting Policies as at 30 June 2026

Reporting Entity

Horizons Regional Council (HRC) is the trading name of the Manawatū-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: Partnerships, governance and leadership; Strategy, science and regulation; Catchment operations; and Transport and regional services. 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 2026. The financial statements were authorised for issue by Council on 28 October 2026.

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.

Standards issued and not yet effective, and not early adopted

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1) - This amendment clarifies the principles for classifying a liability as current or noncurrent, particularly in relation to loan covenants. This amendment is effective for the year ended 30 June 2027.

PBE Conceptual Framework Update (Amendments to Chapter 3 and Chapter 5) - This update refines the concepts of materiality (incorporating "obscuring" information) and updates the definitions and guidance for assets, liabilities, and binding arrangements. This amendment is effective for the year ended 30 June 2029.

These amendments are not expected to have a significant impact.

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 2026 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 are 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 weighted average cost 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 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 as 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 expectation 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 16.

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 17.

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.

Prior Period Adjustment

The Council and Group have identified that certain costs recorded as infrastructure work in progress did not meet the criteria for capitalisation and should have been recognised as expenditure as incurred or as projects were discontinued. Therefore, the Council and Group have restated the comparative financial statements for the year ended 30 June 2025. The adjustment reduces the opening balances of infrastructure assets and Accumulated funds as the transactions occurred in the 2024 financial year or earlier.

The affected costs included project planning and staff costs that could not be directly attributed to a qualifying infrastructure asset, costs relating to projects that did not proceed and operational and recurring maintenance expenditure. These costs should have been recognised in the Statement of Comprehensive Revenue and Expense when incurred rather than accumulated as work in progress.

The adjustments required are shown in the table below.

	Original Council Actual 2024-25	Original Group Actual 2024-25	Write off of WIP 30 June 2024	Restated Council Actual 2024-25	Restated Group Actual 2024-25
Impact on the Statement of Financial Performance as at 30 June					
Non-current Assets					
Infrastructural Assets	1,238,852	1,238,852	(3,930)	1,234,922	1,234,922
Total Non-current Assets	**1,414,887**	**1,463,665**	**(3,930)**	**1,410,957**	**1,459,735**
Total Assets	**1,436,513**	**1,484,555**	**(3,930)**	**1,432,583**	**1,480,625**
Equity					
Accumulated Funds	397,681	403,065	(3,930)	393,751	399,135
Total Equity	**1,332,934**	**1,380,451**	**(3,930)**	**1,329,004**	**1,376,521**
Impact on the Statement of Changes in Equity as at 30 June 2025					
Balance as at 1 July	1,305,900	1,347,821	(3,930)	1,301,970	1,343,891
Total Comprehensive Revenue and Expense	27,032	32,631		27,032	32,631
Balance as at 30 June	**1,332,932**	**1,380,452**	**(3,930)**	**1,329,002**	**1,376,522**

Further, during the financial year ended 30 June 2025 an adjustment was made to effectively capitalise the shovel ready project in our Rangitikei scheme to the value of $3.8M for our Annual Report. Insufficient analysis was done at the time over the transactions which made up that balance and approximately $2.8M of this forms part of the prior period adjustment above. We have therefore unwound the transfer from Capital work in progress to River systems in the 2025 comparative in note 21 to account for this.

2025	Original Council Actual Cost/ Valuation 30 June 2025	Original Council Actual Accumulated Depreciation and Impairment	Original Council Actual Carrying amount 30 June 2025	Restated Opening Balance	Unwinding	Original Council Actual Cost/ Valuation 30 June 2025	Original Council Actual Accumulated Depreciation and Impairment	Original Council Actual Carrying amount 30 June 2025
River systems	1,087,296	-	1,087,296		(2,847)	1,084,449	-	1,084,449
Capital work in progress	22,883	-	22,883	(3,930)	2,847	21,800	-	21,800
Total infrastructural assets	**1,238,828**	**-**	**1,238,828**	**(3,930)**	**-**	**1,234,898**	**-**	**1,234,898**
Totals for parent entity	**1,365,786**	**(29,174)**	**1,336,612**	**(3,930)**	**-**	**1,361,856**	**(29,174)**	**1,332,682**

2025	Original Group Actual Cost/ Valuation 30 June 2025	Original Group Actual Accumulated Depreciation and Impairment	Original Group Actual Carrying amount 30 June 2025	Restated Opening Balance	Unwinding	Original Group Actual Cost/ Valuation 30 June 2025	Original Group Actual Accumulated Depreciation and Impairment	Original Group Actual Carrying amount 30 June 2025
River systems	1,087,272	-	1,087,272		(2,847)	1,084,425	-	1,084,425
Capital work in progress	22,883	-	22,883	(3,930)	2,847	21,800	-	21,800
Total infrastructural assets	**1,238,828**	**-**	**1,238,828**	**(3,930)**	**-**	**1,234,898**	**-**	**1,234,898**
Totals for group entity	**1,375,019**	**(29,172)**	**1,345,850**	**(3,930)**	**-**	**1,371,089**	**(29,172)**	**1,341,920**

	Original Council Actual 2024-25 Carrying Amount 1 July 2024	Transfers from WIP	Carrying Amount 30 June 2025	Restated Balance	Unwinding	Restated Council Actual 2024-25 Carrying Amount 1 July 2024	Transfers from WIP	Carrying Amount 30 June 2025
River Systems	1,056,823	9,495	1,087,296		(2,847)	1,056,823	6,648	1,084,449
Capital Work in Progress	16,182	(12,411)	22,883	(3,930)	2,847	12,252	(9,564)	21,800
Total Infrastructural Assets	**1,196,369**	**-**	**1,238,828**	**(3,930)**	**-**	**1,192,439**	**-**	**2,428,419**
Total Assets	**1,297,735**	**-**	**1,336,586**	**(3,930)**	**-**	**1,293,805**	**-**	**2,627,543**

	Original Group Actual 2024-25 Carrying Amount 1 July 2024	Transfers from WIP	Carrying Amount 30 June 2025	Restated Balance	Unwinding	Restated Group Actual 2024-25 Carrying Amount 1 July 2024	Transfers from WIP	Carrying Amount 30 June 2025
River Systems	1,056,823	9,495	1,087,272		(2,847)	1,060,624	1,091,097	2,145,048
Capital Work in Progress	16,182	(12,411)	22,883	(3,930)	2,847	3,771	6,542	23,807
Total Infrastructural Assets	**1,196,369**	**-**	**1,238,828**	**(3,930)**	**-**	**1,193,522**	**2,425,572**	**2,429,503**
Total Assets	**1,306,971**	**-**	**1,345,851**	**(3,930)**	**-**	**1,304,124**	**2,624,696**	**2,647,128**

Summary of property, plant and equipment in the course of construction by class of asset	Original Council Actual 2024-25	Restated Balance	Unwinding	Restated Council Actual 2024-25
Drainage Systems	4,111	(1,039)		3,072
River Systems	18,812	(2,891)	2,847	18,768
Total Work in Progress	**24,737**	**(3,930)**	**2,847**	**23,654**

We have not restated our benchmark disclosures for the relevant year as these adjustments do not affect whether we achieved them or not.

Statement of Contingencies and Commitments as at 30 June 2026

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 $1.92 million exists (2025: $3.74 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 2026, the Council is one of 74 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 $27 billion (2025: $26 billion), of which the Group and the Council have borrowed $0.083 billion (2025: $0.079 billion). As a result, the Group and the Council's cross-guarantee on LGFA's loans to other local authorities is $27 billion (2025: $26 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.

Mutal 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 funding call be made in respect of historical claims (to the extent those claims are not covered by reinsurance or where reinsurance recovery is delayed), and to fund the ongoing operation of the Scheme.

The likelihood of any call in respect of historical claims diminishes over time as limitation periods expire. However, following the Supreme Court's decision in August 2023 concerning mixed defect claims, a number of proceedings against Riskpool have progressed.

Several Member Councils have brought proceedings against Riskpool in relation to such claims. Two of these proceedings have been heard by the High Court, with judgment currently awaited. These cases are expected to provide clarity on the scope of Riskpool's historical obligations and the interpretation of Scheme documentation.

At this stage, the total potential liability associated with these matters cannot be reliably quantified.

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 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 2026 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, Palmerton North, 47 Queen Street, Palmerston North and 61 Pascal Street, Arena 1, Palmerston North. Total commitment for this as at 30 June 2026 is $1.367 million (last year $1.571 million) as summarised in the following table:

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		181 Guyton Street, Whanganui (Whanganui Service Centre)		
65	65	Less than and up to one year	65	65
261	261	Two to five years	201	201
5	5	Greater than five years	-	-
332	**332**	**Total**	**267**	**267**
		17-23 Victoria Avenue, Palmerston North (Te Ao Nui)		
249	-	Less than and up to one year	249	-
852	-	Two to five years	602	-
-	-	Greater than five years	-	-
1,101	**-**	**Total**	**852**	**-**
		47 Queen Street, Palmerston North		
46	46	Less than and up to one year	46	46
-	-	Two to five years	-	-
-	-	Greater than five years	-	-
46	**46**	**Total**	**46**	**46**

		61 Pascal Street, Arena 1, Palmerston North		
93	93	Less than and up to one year	111	111
-	-	Two to five years	93	93
-	-	Greater than five years	-	-
93	**93**	**Total**	**204**	**204**
1,571	**470**	**Total Leases**	**1,367**	**516**

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 2026 are $5.058 million (last year $5.459 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 2026 is $6.081 million (last year $6.313 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, and 40 Bowen Street, Feilding. Total commitments for these as at 30 June 2026 are $5.824 million (last year $7.706 million) as summarised in the following table.

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		General Operating Land Leases		
944	944	Less than and up to one year	989	989
2,895	2,895	Two to five years	2,724	2,724
1,620	1,620	Greater than five years	1,346	1,346
5,459	**5,459**	**Total**	**5,058**	**5,058**
		17-23 Victoria Ave, Palmerston North (Te Ao Nui)		
231	1,657	Less than and up to one year	231	1,619
924	3,737	Two to five years	924	2,306
5,157	-	Greater than five years	4,926	-
6,313	**5,394**	**Total**	**6,081**	**3,925**
		28 North Street, Palmerston North		
-	284	Less than and up to one year	-	262
-	262	Two to five years	-	-
-	-	Greater than five years	-	-
-	**546**	**Total**	**-**	**262**
		40 Bowen Street, Feilding		
-	160	Less than and up to one year	-	160
-	640	Two to five years	-	640
-	966	Greater than five years	-	836
-	**1,766**	**Total**	**-**	**1,636**
11,771	**13,165**	**Total Leases**	**11,140**	**10,882**

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 2024-25	Group Actual 2024-25		Council Actual 2025-26	Group Actual 2025-26
-	-	Te Pūwaha - South Mole Extension	6,482,139	6,482,139
-	-	Te Pūwaha - Other	600,000	600,000
-	-	Feilding Flood Resilience - Reid Line	175,701	175,701
-	-	Server Upgrade - SAN Storage	1,349,049	1,349,049
3,755,555	3,755,555	Te Pūwaha - South Spit	-	-
8,407	8,407	Tokomaru Stopbank Widening	-	-
359,992	359,992	Koputaroa Stream Stopbank Refurbishment - Stage 2	-	-
-	-	Rangitīkei Shovel Ready	-	-
352,696	352,696	Te Matai Road Rock Armouring	-	-
-	-	Albert Street Rock Protection	-	-
133,089	133,089	Foxton Flood Mitigation	-	-
112,970	112,970	Moutoa Floodway Gates	-	-
25,057	25,057	Belvedere Crescent Upgrade	-	-
75,538	75,538	Tremaine Avenue Gabion Basket Replacement	-	-
406,335	406,335	Moutoa Wetgates	-	-
4,248	4,248	Rangiotu Floodgates	-	-
5,233,887	**5,233,887**	**Total Capital Commitments**	**8,606,889**	**8,606,889**

Other Notes on Commitments

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

Notes to the Financial Statements (continued)

1. Rates Revenue

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		General Rates		
28,550	28,550	General Rates	31,610	31,610
4,881	4,881	Uniform Annual General Charge	5,088	5,088
		Targeted Rates		
10,317	10,317	Environmental Activities	10,627	10,627
12,849	12,849	River and Drainage Scheme Activities	13,715	13,715
8,133	8,133	Transport Scheme Activities	9,174	9,174
(146)	(146)	Remissions	(175)	(175)
1,436	1,436	Penalties	1,410	1,410
-	-	Discounts	-	-
66,020	**66,020**	**Total Rate Revenue (net of remissions)**	**71,449**	**71,449**

Rating Units	Actual 2024-25	Actual 2025-26
Number of rating units (SUIP)*	114,763	115,701
Total capital value of rating units ($million)	96,070	100,003
Total land value of rating units ($million)	59,767	61,619

*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 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
12,565	12,565	Transport Subsidy	12,305	12,305
910	910	SLUI - Hill Country Erosion	721	721
2,464	2,464	Freshwater Improvement	1,596	1,596
-	-	Climate Resilience and Flood Protection Insurance	-	-
8,317	8,317	COVID Recovery Projects	1,659	1,659
554	554	Wilding Conifer	605	605
98	98	Old Mans Beard	45	45
2,846	2,846	CRU Resilience Fund	599	599
-	-	Other	2,826	2,826
27,754	**27,754**	**Total Subsidies, Grants, and Donations**	**20,356**	**20,356**

*The Freshwater Improvement funding have transitioned from being grouped with COVID Recovey in the past to Freshwater Improvements as the projects have come to an end.

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

3. Finance Revenue and Costs

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		Finance Revenue		
1,898	1,039	Interest Revenue	1,388	725
1,393	2,566	Dividend Revenue	1,610	3,341
-	-	Gain on Fair Value of Derivatives	80	80
3,291	**3,605**	**Total Finance Revenue**	**3,078**	**4,146**
		Finance Costs		
733	733	Loss on Fair Value of Derivatives	-	-
3,286	3,287	Interest Expense	3,009	3,011
26	26	Provision Unwinding	(128)	(128)
4,045	**4,046**	**Total Finance Costs**	**2,881**	**2,883**
(754)	**(441)**	**Net Finance Costs**	**197**	**1,263**

4. Other Revenue

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
4,955	4,955	Consents, compliance and research charges	4,688	4,688
-	-	Insurance recoveries	-	-
2,014	3,896	Rental revenue	2,027	3,960
748	748	Nursery sales	797	797
-	417	Gain/(loss) on revaluations	44	44
1,769	1,769	Gain on disposal of assets	3,635	3,635
2,269	2,269	Recognition of carbon credits	267	267
4,224	3,998	Other	5,415	5,012
15,979	**18,052**	**Total other revenue**	**16,873**	**18,403**

5. Exchange versus Non-Exchange Revenue

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
5,341	7,537	Exchange Revenue	5,142	8,144
107,701	107,893	Non-exchange revenue	106,614	106,210
113,042	**115,430**	**Total Revenue**	**111,756**	**114,354**

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

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		Fees incurred for services provided by our audit firm		
247	298	Audit of finncial report	256	309
6	6	Audit of related services: Assurance engagement in relation to the Debenture Trust	6	6
30	30	Audit of the 2024-34 Long-term Plan including Ammendment	-	-
283	**334**	**Total fees incurred for services provided by the audit firm**	**262**	**315**
1,644	1,644	Loss on revaluation/asset Impairment	594	594
671	671	Carbon credits surrendered	276	276
(1)	(1)	Change in impairment of receivables (decrease)	28	28
2,610	2,641	Consulting services	3,782	3,881
18,010	18,159	Contractor services	16,353	16,367
323	323	Donations/grants/sponsorship	184	184
941	941	Environmental consumables	832	832
3,600	3,600	Environmental grants	3,904	3,904
2,548	2,775	Insurance	2,030	2,043
178	178	Inventories used	279	279
781	781	Laboratory charges (external)	1,024	1,024
898	900	Legal expenses	1,006	1,017
354	417	Light heat and power	470	539
326	326	Loss on disposal of assets	6,175	6,175
1,009	1,009	Loss on revaluation (including forestry)	-	702
995	995	Members fees and expenses	1,154	1,154
293	293	Nursery purchases	546	546
742	451	Operational lease expenditure	822	437
437	601	Rates paid	448	634
86	86	Rates Receivables actually written off	332	332
1,563	1,563	Software purchases	1,636	1,636
3,265	3,265	Technical services	2,904	2,904
19,357	19,357	Transport Subsidies	20,254	20,254
231	231	Valuation and land data management	194	194
451	451	Vehicle fuel	480	480
410	410	Vehicle repairs & maintenance	223	223
6,107	6,425	Other operating expenses	7,410	7,641
68,112	**68,826**	**Total Other Expenses**	**73,602**	**74,595**

7. Councillors' Remuneration

Council Actual 2024-25 Expenses						Council Actual 2025-26 Expenses				
Remuneration	Communications	Mileage	Travel Time	Meals/Misc		Remuneration	Communications	Mileage	Travel Time	Meals/Misc
61,309	1,550	2,935	520	-	Allan Benbow	19,350	467	1,058	103	-
51,091	-	-	-	-	Emma Clarke	16,125	467	467	-	-
51,091	-	1,708	540	-	David Cotton	16,125	467	689	62	-
-	-	-	-	-	Sally Dryland	39,649	1,083	6,117	688	-
-	-	-	-	-	Hamish Easton	39,649	1,083	4,597	-	-
51,091	1,550	7,356	2,151	-	Jim Edmonds	16,125	467	4,232	1,176	-
61,309	1,550	7,716	1,950	42	Sam Ferguson	19,350	467	1,549	361	-
-	-	-	-	-	Ben Fraser	42,590	1,083	14,014	3,325	-
51,091	1,550	3,397	720	-	Bruce Gordon	55,774	1,550	6,296	805	-
51,091	1,550	-	-	-	Fiona Gordon	62,920	1,550	3,646	208	25
-	-	-	-	-	Luka Jansen	39,649	1,083	4,091	140	-
153,194	850	-	-	-	Rachel Keedwell (Chair to 11 October 2025)	48,248	256	256	-	-
51,091	-	523	-	-	Gordon McKellar	55,774	1,550	2,520	-	-
63,863	1,550	98	7	-	Jono Naylor	66,950	1,550	1,820	124	-
-	-	-	-	-	Elijah Pue	46,795	1,083	6,173	1,652	294
51,091	1,550	12,251	3,525	-	Nikki Riley (Chair from 30 October 2025)	127,675	850	15,492	1,260	-
61,309	-	8,658.62**	2,973.33**	170**	Alan Taylor	58,999	1,550	12,444	3,729	-
51,091	1,550	1,276	-	-	Wiremu Te AweAwe	55,774	1,550	4,043	-	472
61,172*	1,550	8,381	1,028	-	Te Kenehi Teira	58,193	1,550	6,916	713	-
-	-	-	-	-	Peter Wells	43,571	1,083	3,371	207	-
870,882	**14,800**	**54,299**	**13,413**	**212**	**Total Councillors' Remuneration**	**929,285**	**20,789**	**99,793**	**14,552**	**791**

*Includes back-pay of $2,418 for appointment as Integrated Catchment Committee Deputy Chair effective 24 February 2024.

** Includes late payments made during the current financial year in relation to expenses incurred for previous year, but not accrued back.

Expenses incurred by Councillors for 2025-26			
Accommodation for HRC Meetings		**Conference and Training Costs**	
Jim Edmonds	474	Allan Benbow	598
Sam Ferguson	148	Sally Dryland	6,526
Ben Fraser	1,030	Hamish Easton	6,370
Elijah Pue	546	Sam Ferguson	598
Nikki Riley	7,748	Ben Fraser	6,691
Alan Taylor	194	Bruce Gordon	5,730
		Fiona Gordon	5,730
		Luka Jansen	6,565
		Rachel Keedwell	1,978
		Gordon	6,925
		Jono Naylor	5,730
		Elijah Pue	7,371
		Nikki Riley	9,425
		Alan Taylor	5,730
		Wiremu Te Awe	5,730
		Te Kenehi Teira	6,385
		Peter Wells	6,370

8. Personnel Costs

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
385	385	Chief Executive total remuneration	403	403
30,606	**30,606**	**Total employee benefits**	**32,087**	**32,087**
(1,030)	(1,030)	Less Capitalised Labour	(139)	(139)
879	879	Defined contribution plan employer contributions	983	983
34	34	Movement in employee entitlements	270	270
30,489	**30,489**	**Total Personnel Costs**	**33,201**	**33,201**

Additional Personnel Disclosures

Council Actual 2024-25			Council Actual 2025-26
	At 30 June HRC employed:		
255	Fulltime staff		289
47.0	FTE (Full time equivalent) part-time and casual staff		29.2
302.0	**Total FTEs**		**318.2**
	Number of employees by remuneration (contracted) band as at 30 June:		
30	<$60,000	<$60,000	8
75	$60,000 - $79,999	$60,000 - $79,999	68
106	$80,000 - $99,999	$80,000 - $99,999	117
69	$100,000 - $119,999	$100,000 - $119,999	78
23	$120,000 - $139,999	$120,000 - $139,999	43
10	$140,000 - $159,999	$140,000 - $159,999	10
8	$160,000 - $259,999	$160,000 - $179,999	8
2	$260,000 - $399,999	$180,000 - $279,999	6
		$280,000 - $399,999	1
323	**Total Employees**	**Total Employees**	**339**

There was one severance payments made this year equating to $30,200 (last year, on payment equating to $44,122).

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

At balance date, the Council employed 289 (last year: 255), with the balance of staff representing 29.2 (last year: 47.0) 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 with 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 2024-25		Council Actual 2025-26
	Councillors	
877	Remuneration ($000)	929
14	Full-time equivalent members	14
	Senior Management Team including Chief Executive	
1,481	Remuneration ($000)	1,695
5	Full-time equivalent members	5.8
2,358	Total Remuneration ($000)	2,624
19	Total Full-time equivalent members	19.8

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 2025-26 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.

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:

Operate within agreed budgets

The Company operated within its approved budget parameters during the year. While some revenue and expenditure categories varied from budget, overall financial performance exceeded the SOI target.

Maintain the following financial performance targets

Target	Actual 2024-25	Target 2025-26	Actual 2025-26
Net Profit Before Tax	2,955	2,634	3,076
Income Return on net Assets*	3.73%	3.55%	3.66%
Return on Investments excluing non-commercial properties**	10.6%****	2.51%***	-0.98%
Dividend (excluding subvention payments)	1,250	1,500	1,500
Debt Repayment	-	1,000	1,000

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

**Non-commercial investments include CentrePort shareholding, 3 Victoria avenue, 7 Victoria Avenue and 184 Grey Street.

*** The calculation methodology used to derive the 2026 SOI figure was not consistent with the definition as it included the CentrePort dividend, and the correct figure should have been 1.01%.

**** The calculation methodology used to derive the 2025 actual figure was not consistent with the definition as it included the CentrePort dividend, and the correct figure should have been 2.71%.

(iii) Regional Software Holdings Limited (RSHL)

The following information has been obtained from RSHL Annual Report for the period ending 30 June 2026.

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. The primary objective of RSHL is to provide a framework for collaboration between the regional councils and to support procurement or development of software resources and services that provide a more cost-effective alternative to what councils can achieve individually.

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 2025-26 financial year:

Target	**Timing**	**FY25 Result**	**FY26 Result**
Programme Delivery – We will maintain a high standard of delivery of our programmes to customers.			
All projects and programmes will follow an appropriate approval pathway for their size, scope and complexity.	Self-assessment in June each year.	Achieved	Achieved
All programmes will have an effective governance structure appropriate to the size and complexity of the programme.	Self-assessment in June each year.	Achieved	Achieved
All programmes will have an effective planning process. Draft plans and budgets will be set before 1 March, final plans and budgets will be set by 30 June.	Self-assessment in June each year.	Achieved	Achieved
An independent assurance review will be completed for major programmes each year.	To be completed by 30 June each year	N/A	Not Achieved
All programmes will meet agreed delivery targets set by the programme governance group each year.	November each year	Achieved	Achieved
Annual performance surveys will be completed with participating councils. Survey feedback will be considered and actioned where appropriate – including sharing feedback with the Board.	November each year.	Partially achieved. IRIS NextGen and WellsNZ surveys were deferred to November 2025.	Partially Achieved

Service Delivery			
All services are clearly defined, including service definition, service level expectations and funding models	June 2026	N/A	Achieved
All services will have an effective customer advisory structure appropriate to the size and complexity of the service.	June 2026	N/A	Achieved
All services will meet or exceed agreed service level expectations each year.	June 2027 (new performance measure to in place for FY2027)	N/A	N/A
Operational Excellence - We will set a high standard for the governance and management of the company			
We will operate within approved budget, with any material variations approved by the board.	Assessed at year-end.	Partially achieved.	Achieved
We will meet all statutory governance and reporting deadlines.	Assessed in July for the previous year.	Achieved	Achieved
The board will operate according to the Institute of Directors' Code of Practice.	Self-assessment to be completed in June for the previous financial year.	Achieved through indepenent governance review.	Achieved

For further detail please refer to the RSHL Annual Report for the year ended 30 June 2026.

12. Cash and Cash Equivalents

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
3,350	4,197	Cash at bank and on hand	6,748	7,853
-	-	Term deposits with original maturities less than 3 months	-	-
3,350	**4,197**	**Total Cash and Cash Equivalents**	**6,748**	**7,853**

13. Trade and Other Receivables

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
4,693	4,693	Rates Receivables	4,882	4,882
4,207	4,389	Trade and Other Receivables	1,777	2,099
502	171	Due from related parties	345	233
1,051	1,024	GST receivable	1,350	1,303
-	-	Allowance for credit losses	(28)	(28)
10,453	**10,277**	**Total Trade and Other Receivables**	**8,326**	**8,489**

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	2024-25 $000			2025-26 $000		
	Gross	Impair	Net	Gross	Impair	Net
Not past due	5,138	-	5,138	2,832	-	2,832
Past due 1-30 days	111	-	111	96	-	96
Past due 31-90 days	260	-	260	262	-	262
Past due >90 days	4,942	-	4,942	5,164	(28)	5,136
	10,452	**-**	**10,452**	**8,354**	**(28)**	**8,326**
Exchange	169	-	169	169	-	169
Non-exchange	10,283	-	10,283	8,185	(28)	8,157
	10,452	**-**	**10,452**	**8,354**	**(28)**	**8,326**
Group	**10,277**	**-**	**10,277**	**8,517**	**(28)**	**8,489**

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 $0.036 million (last year $0.044 million) are detailed on page 172. 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 circumstance. Where such payment plans are in place, debts are discounted to their present value of future payments if 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 2024 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 2026					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	12.37%	
Gross Receivable amount ($000)	2,832	96	262	223	3,413
Lifetime ECL	-	-	-	28	28
Group - 30 June 2026					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	12.37%	
Gross Receivable amount ($000)	2,920	119	264	320	3,623
Lifetime ECL	-	-	-	28	28
Council - 30 June 2025					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	
Gross Receivable amount ($000)	5,138	111	260	234	5,743
Lifetime ECL	-	-	-	-	-
Group - 30 June 2025					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	
Gross Receivable amount ($000)	4,970	122	268	234	5,594
Lifetime ECL	-	-	-	-	-

Movements in the allowance for credit losses as follows:

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
(1)	(32)	Opening balance for credit losses at 1 July	-	-
-	-	Additional provisions made during the year	(28)	(28)
-	-	Provisions reversed during the	-	-
1	1	Receivables written off during the year	-	-
-	**(31)**	**Total ECL**	**(28)**	**(28)**

14. Prepayments and Leases

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
109	109	SLUI Land Leases	52	52
1,209	1,284	Other Prepayments	1,527	1,583
1,317	**1,392**	**Total Current Prepayments and Leases**	**1,579**	**1,635**
1,526	**1,526**	**Prepaid SLUI Land Leases Non-Current Portion**	**822**	**822**

15. Inventory

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
2,020	2,020	Opening inventory	1,920	1,920
78	78	Purchases and associated costs	105	105
2,098	**2,098**		**2,025**	**2,025**
(178)	(178)	Inventories used in activities	(279)	(279)
1,920	**1,920**	**Closing inventory**	**1,746**	**1,746**

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.

16. Other Financial Assets

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
Current Portion				
-	-	Term deposits with original maturities of 4-12 months	-	-
1,000	-	Loans to subsidiaries and associates	1,000	-
-	-	Derivatives (current)	35	35
370	370	LGFA deposit	482	482
1,370	**370**	**Total current portion**	**1,517**	**517**
Non-current Portion				
		Investments in CCOs and other similar entities		
2	2	Civic Financial Services Ltd (previously 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	-
17,500	-	Loan to CCO	16,500	-
1,768	1,768	LGFA deposit	2,261	2,261
51,584	**2,584**	**Total Investments in CCOs and other similar entities**	**51,077**	**3,077**
		Investments in other entities		
-	66,700	Unlisted shares in CentrePort Ltd	-	70,000
4,144	4,144	Listed share portfolio - Forsyth Barr (previously Hobson Wealth)	4,629	4,629
4,144	**70,844**	**Total Investments in other entities**	**4,629**	**74,629**
		Other		
264	264	Derivative financial instruments	285	285
264	**264**	**Total Other**	**285**	**285**
55,992	**73,692**	**Total non-current portion**	**55,991**	**77,991**
57,362	**74,062**	**Total Other Financial Assets**	**57,508**	**78,508**

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 Forsyth Barr 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 2026.

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 Quarterly Reports (FY26 Q1, FY26 Q2, FY26 Q3)
- CentrePort FY27-29 three-year financial forecast
- CentrePort group 10 year forecast – August 2024
- Constitution of CentrePort
- CentrePort Group reports and discussions with CentrePort and Horizons management.
- CentrePort's audited Annual Reports for FY2023 to FY2025; and
- CentrePort's draft Statement of Corporate Intent (SCI) for FY2027-29.

The indicative valuation range for Horizons' 23.08% shareholding in CentrePort is $63.4million to $76.7 million as at 30 June 2026, with a midpoint of $70.0 million. This valuation reflects an implied multiple of 6.5x FY26 EBITDA and 6.0x FY27 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 $70.0 million (the midpoint) as of 30 June 2026, after reviewing independent valuation advice from KPMG and considering current economic conditions, including the impact of inflation and interest rates. This value is the midpoint of the valuation range provided by KPMG.

It was noted that a 23.08% share of CentrePort's net assets is valued at $122.4 million. Applying a higher minority discount rate of 32.5% results in a value of $82.6 million, which this year sits above the indicative valuation range provided. On that basis, 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.

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 the value ultimately realised by 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 2026 to 30 June 2034, which rely on assumptions about future business performance and external conditions 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 2026 and assumes no material change in the financial performance or position.
- CentrePort's investment property valued at $94.644 million as of 30 June 2026.
- A corporate tax rate of 28%, with tax being paid in the year incurred.
- The midpoint DCF valuation 6.5 x FY26 EBITDA and 6.0 x forecast FY27 EBITDA.
- A risk free rate of 4.89%, based on the 20-year New Zealand Government Bond, maturing in May 2041.
- Deferred tax liability adjustment reflects the present value of expected payments, with a nominal value of $22.0 million as of 30 June 2026.
- 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.
- WACC range of 7.2% to 8.3%, with a mid-point of 7.7%, reflecting an increase due to the higher risk-free rate in the current interest rate environment.
- Capital expenditure related to resilience work is not expected to generate a return above WACC.
- An under or over-spend in capital expenditure (CAPEX) of +/- 15% over the forecast period, with EBITDA assumed to remain unchanged.
- A change in revenue of +/- 10% over the forecast period, with the EBITDA margin assumed to remain unchanged.

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 decrease of $3.4 million, while a 1% increase in the WACC results in a valuation increase of $3.7 million.
- Exit Multiple: A 1.0x decrease in the exit multiple applied in the terminal period results in a valuation decrease of $4.3 million, while a 1.0x increase in the exit multiple results in a valuation increase of $4.3 million.
- Minority Discount: A 5% decrease in the minority discount applied results in a valuation decrease of $5.0 million, while a 5% increase in the minority discount results in a valuation increase of $5.0 million.
- Capital Expenditure (Capex): A 15% decrease in capital expenditure over the forecast period, assuming no change in EBITDA, results in a valuation decrease of $5.5 million, while a 15% increase in capital expenditure results in a valuation increase of $5.5 million.
- Revenue: A 10% decrease in revenue over the forecast period, assuming the EBITDA margin remains unchanged, results in a valuation decrease of $6.2 million, while a 10% increase in revenue results in a valuation increase of $6.2 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.

17. Investment Property

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		28 North Street, Palmerston North		
-	3,275	Balance at 1 July	-	3,275
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
-	-	Revaluation as at 30 June	-	(125)
-	**3,275**	**Total North Street**	**-**	**3,150**
		17-23 Victoria Avenue, Palmerston North		
3,300	19,580	Balance at 1 July	3,680	19,847
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
380	267	Revaluation as at 30 June	-	(534)
3,680	**19,847**	**Total 17-23 Victoria Avenue**	**3,680**	**19,313**
		3 Victoria Avenue, 7 Victoria Avenue & 184 Grey Street, Palmerston North		
-	-	Balance at 1 July	-	-
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
-	-	Reclassification on consolidation	-	-
-	-	Revaluation as at 30 June	-	-
-	**-**	**Total 3 Victoria Avenue, 7 Victoria Avenue & 184 Grey Street**	**-**	**-**
		40 Bowen Street, Feilding		
-	2,250	Balance at 1 July	-	2,400
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	43
-	150	Revaluation as at 30 June	-	(43)
-	**2,400**	**Total 40 Bowen Street**	**-**	**2,400**
3,680	**25,522**	**Total Investment Properties**	**3,680**	**24,863**

HRC and Group investment properties are valued annually at fair value effective 30 June. All investment properties were valued independently based on open market evidence. The valuations were performed by Peter Loveridge (FNZIV/FPINZ), and Garry Dowse (FNZIV/FPINZ) of CBRE Limited. The Valuers have satisfied professional education requirements and are well experienced in the locations and categories of properties being valued.

The valuers reiterate their conclusions in the Valuation report are based on data and market sentiment as at the date of valuation. Past experience has shown that market behaviour can rapidly change during periods of volatility.

For both Parent and Group, in determining the fair value the valuers have utilised an income capitalisation and discounted cashflow approach referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. There are no known restrictions to the realisability of the investment property.

Where no lease is in place, in determining the fair value valuers have utilised a market valuation approach by benchmarking it with comparable properties for which price information is available. Yields are derived from analysis of comparable sales in the market. There are no known restrictions to the realisability of the investment property.

Information about the revenue and expenses in relation to investment property is detailed below:

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
216	2,129	Rental revenue	266	-
-	(772)	Expenses from investment property generating revenue	-	-
-	-	Expenses from investment property not generating revenue	-	-

18. Forestry

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		SLUI Forestry Development		
1,574	1,574	Balance at 1 July	471	471
231	231	Increases due to purchases	6	6
(325)	(325)	Decrease due to sale	(28)	(28)
(1,009)	(1,009)	Revaluation movement	44	44
471	**471**	**Balance at 30 June**	**493**	**493**
		Other Forestry Development		
318	318	Balance at 1 July	371	371
-	-	Increases due to purchases	1	1
-	-	Decrease due to sale	-	-
53	53	Revaluation movement	(39)	(39)
371	**371**	**Balance at 30 June**	**333**	**333**
842	**842**	**Total Forestry Value at 30 June**	**826**	**826**

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 484.5 hectares (928 hectares in 2025) of net stocked area, which are at varying stages of maturity ranging from 13-19 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, Alan C Bell has valued all forestry assets as at 30 June 2026. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 7.5% 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.

19. Restoration Asset

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
703	703	Opening Balance as at 1 July	271	271
(101)	(101)	Amortisation	281	281
(181)	(181)	Disposal of Asset	(475)	(475)
(150)	(150)	Change in Value	421	421
271	**271**	**Closing Balance as at 30 June**	**498**	**498**

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 11-17 years, discounted back to present value based on the risk-free spot rate at 30 June.

The subsequent treatment is then to amortise the asset on a straight-line basis over the years to harvest, ranging from 11-17 years, depending on the individual lease agreements per forest.

In 2025-26, we reviewed the historical treatment of this asset and updated the amortisation calculations to align with the intended straight-line methodology. This resulted in a catch-up adjustment, including the reversal of previously recorded balances, which is reflected in the positive amortisation expense shown above.

20. Carbon

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
15,054	15,054	Opening Balance as at 1 July	15,938	15,938
2,269	2,269	Additional carbon credits recognised	267	267
(1,385)	(1,385)	Carbon credits surrendered	(8,733)	(8,733)
15,938	**15,938**	**Closing Balance as at 30 June**	**7,472**	**7,472**

21. Property, Plant, Equipment and Intangibles - Parent

2026	Cost/ Valuation 30 June 2026	Accumulated Depreciation and Impairment	Carrying amount 30 June 2026
	$000	$000	$000
Intangible Assets			
Computer software	9,393	(6,671)	2,722
Capital work in progress	576	-	576
Total intangible assets	**9,968**	**(6,671)**	**3,298**
Operational Assets			-
Buildings	8,554	(1,158)	7,395
Communications equipment	1,807	(885)	921
Computer equipment	4,648	(3,828)	821
Equipment and electronics	4,122	(2,286)	1,836
Fittings, furniture & equipment	3,726	(1,622)	2,104
Land - owned	63,268	-	63,268
Land - vested	10,008	-	10,008
Plant & machinery	1,075	(786)	289
Scientific/hydrological equipment	12,068	(8,923)	3,144
Vehicles	10,426	(4,751)	5,674
Capital work in progress	182	-	182
Total operational assets	**119,882**	**(24,239)**	**95,643**
Total intangible and operational assets	**129,850**	**(30,910)**	**98,940**
Infrastructural Assets			-
River systems	1,130,762	-	1,130,762
Drainage systems	126,386	-	126,386
Capital work in progress	5,005	-	5,005
Total infrastructural assets	**1,262,153**	**-**	**1,262,153**
Totals for parent entity	**1,392,003**	**(30,910)**	**1,361,093**

2025	Cost/ Valuation 30 June 2025 Restated	Accumulated Depreciation and Impairment	Carrying amount 30 June 2025 Restated
	$000	$000	$000
Intangible Assets			
Computer software	10,836	(7,660)	3,176
Capital work in progress	340	-	340
Total intangible assets	**11,176**	**(7,660)**	**3,516**
Operational Assets			
Buildings	8,297	(954)	7,343
Communications equipment	929	(809)	120
Computer equipment	4,396	(3,296)	1,099
Equipment and electronics	3,907	(1,987)	1,920
Fittings, furniture & equipment	3,209	(1,357)	1,852
Land - owned	61,741	-	61,741
Land - vested	10,008	-	10,008
Plant & machinery	1,008	(726)	282
Scientific/hydrological equipment	11,295	(8,329)	2,966
Vehicles	9,485	(4,054)	5,432
Capital work in progress	1,506	-	1,506
Total operational assets	**115,781**	**(21,512)**	**94,269**
Total intangible and operational assets	**126,957**	**(29,172)**	**97,785**
Infrastructural Assets			
River systems	1,084,449	-	1,084,449
Drainage systems	128,673	-	128,673
Capital work in progress	21,800	-	21,800
Total infrastructural assets	**1,234,922**	**-**	**1,234,922**
Totals for parent entity	**1,361,879**	**(29,172)**	**1,332,707**

Property, Plant, Equipment and Intangibles - Group

2026	Cost/ Valuation 30 June 2026	Accumulated Depreciation and Impairment	Carrying amount 30 June 2026
	$000	$000	$000
Intangible Assets			
Computer software	9,393	(6,671)	2,722
Capital work in progress	576	-	576
Total intangible assets	**9,968**	**(6,671)**	**3,298**
Operational Assets			
Buildings	11,007	(1,158)	9,848
Communications equipment	1,807	(885)	921
Computer equipment	4,648	(3,828)	821
Equipment and electronics	4,122	(2,286)	1,836
Fittings, furniture & equipment	3,726	(1,622)	2,104
Land - owned	70,358	-	70,358
Land - vested	10,008	-	10,008
Plant & machinery	1,075	(786)	289
Scientific/hydrological equipment	12,068	(8,923)	3,144
Vehicles	10,429	(4,751)	5,677
Capital work in progress	182	-	182
Total operational assets	**129,428**	**(24,239)**	**105,189**
Total intangible and operational assets	**139,396**	**(30,910)**	**108,486**
Infrastructural Assets			
River systems	1,130,762	-	1,130,762
Drainage systems	126,386	-	126,386
Capital work in progress	5,005	-	5,005
Total infrastructural assets	**1,262,153**	**-**	**1,262,153**
Totals for parent entity	**1,401,549**	**(30,910)**	**1,370,639**

2025	Cost/ Valuation 30 June 2025 Restated	Accumulated Depreciation and Impairment	Carrying amount 30 June 2025 Restated
	$000	$000	$000
Intangible Assets			
Computer software	10,836	(7,660)	3,176
Capital work in progress	340	-	340
Total intangible assets	**11,176**	**(7,660)**	**3,516**
Operational Assets			
Buildings	11,474	(954)	10,520
Communications equipment	929	(809)	120
Computer equipment	4,396	(3,296)	1,100
Equipment and electronics	3,907	(1,987)	1,921
Fittings, furniture & equipment	3,209	(1,357)	1,853
Land - owned	67,798	-	67,798
Land - vested	10,008	-	10,008
Plant & machinery	1,008	(726)	282
Scientific/hydrological equipment	11,295	(8,329)	2,966
Vehicles	9,485	(4,054)	5,431
Capital work in progress	1,506	-	1,507
Total operational assets	**125,015**	**(21,512)**	**103,506**
Total intangible and operational assets	**136,191**	**(29,172)**	**107,022**
Infrastructural Assets			
River systems	1,084,449	-	1,084,449
Drainage systems	128,673	-	128,673
Capital work in progress	21,800	-	21,800
Total infrastructural assets	**1,234,922**	**-**	**1,234,922**
Totals for parent entity	**1,371,113**	**(29,172)**	**1,341,944**

2026	Carry Amount 1 July 2025	Transfers and Other Adjustments		Transfers from WIP	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2026
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,176	-	-	136	-	(1,579)	1,579	-	(589)	-	2,722
Capital work in progress	340	47	-	(136)	653	(329)	-	-	-	-	576
Total intangible assets	**3,516**	**47**	**-**	**-**	**653**	**(1,908)**	**1,579**	**-**	**(589)**	**-**	**3,298**
Operational Assets											
Buildings	7,343	-	-	298	-	(41)	-	-	(204)	-	7,395
Communications equipment	120	-	-	878	-	-	-	-	(76)	-	921
Computer equipment	1,099	-	-	254	-	(2)	2	-	(534)	-	820
Equipment and electronics	1,920	-	-	215	-	-	-	-	(299)	-	1,836
Fittings, furniture & equipment	1,852	-	-	517	-	-	-	-	(265)	-	2,104
Land - owned	61,741	-	-	1,604	-	(77)	-	-	-	-	63,268
Land - vested	10,008	-	-	-	-	-	-	-	-	-	10,008
Plant & machinery	282	-	-	67	-	-	-	-	(60)	-	289
Scientific/hydrological equipment	2,966	-	-	773	-	(1)	-	-	(594)	-	3,144
Vehicles	5,432	-	-	2,256	-	(1,313)	951	-	(1,651)	-	5,675
Capital work in progress	1,506	1,629	-	(6,861)	3,989	(81)	-	-	-	-	182
Total operational assets	**94,269**	**1,629**	**-**	**(0)**	**3,989**	**(1,514)**	**953**	**-**	**(3,683)**	**-**	**95,642**
Total intangible and operational assets	**97,785**	**1,676**	**-**	**(0)**	**4,642**	**(3,422)**	**2,532**	**-**	**(4,273)**	**-**	**98,940**
Infrastructural Assets											
River systems	1,084,449	-	-	18,767	163	(3,582)	99	(461)	(1,848)	33,174	1,130,762
Drainage systems	128,673	-	-	3,854	-	(1,631)	-	-	(1,054)	(3,456)	126,386
Capital work in progress	21,800	(1,676)	-	(22,621)	8,097	(594)	-	-	-	-	5,005
Total infrastructural assets	**1,234,922**	**(1,676)**	**-**	**(0)**	**8,260**	**(5,807)**	**99**	**(461)**	**(2,902)**	**29,719**	**1,262,153**
Totals for parent entity	**1,332,707**	**-**	**-**	**(0)**	**12,902**	**(9,229)**	**2,631**	**(461)**	**(7,175)**	**29,719**	**1,361,093**

2025	Carry Amount 1 July 2024 Restated	Transfers and Other Adjustments		Transfers from WIP Restated	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2025 Restated
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,887	-	-	-	-	(4,614)	4,614	-	(711)	-	3,176
Capital work in progress	335	-	-	-	47	(42)	-	-	-	-	340
Total intangible assets	**4,222**	**-**	**-**	**-**	**47**	**(4,656)**	**4,614**	**-**	**(711)**	**-**	**3,516**
Operational Assets											
Buildings	12,060	-	-	1,058	-	-	-	(4,115)	(320)	(1,340)	7,343
Communications equipment	169	-	-	-	-	(677)	677	-	(49)	-	120
Computer equipment	1,403	-	-	461	-	(2,719)	2,719	-	(764)	-	1,100
Equipment and electronics	1,255	-	-	946	-	(439)	439	-	(281)	-	1,920
Fittings, furniture & equipment	2,028	-	-	77	-	(1,461)	1,461	-	(252)	-	1,853
Land - owned	60,720	-	-	3,597	-	(479)	-	-	-	(2,096)	61,742
Land - vested	10,003	-	-	-	-	-	-	-	-	5	10,008
Plant & machinery	319	-	-	15	-	(319)	319	-	(53)	-	281
Scientific/hydrological equipment	3,336	-	-	218	-	(579)	579	-	(588)	-	2,966
Vehicles	5,221	-	-	1,850	-	(1,480)	1,237	-	(1,397)	-	5,431
Capital work in progress	630	-	-	(8,221)	9,098	-	-	-	-	-	1,507
Total operational assets	**97,144**	**-**	**-**	**1**	**9,098**	**(8,153)**	**7,431**	**(4,115)**	**(3,704)**	**(3,431)**	**94,271**
Total intangible and operational assets	**101,366**	**-**	**-**	**1**	**9,145**	**(12,809)**	**12,045**	**(4,115)**	**(4,415)**	**(3,431)**	**97,787**
Infrastructural Assets											
River systems	1,056,823	-	-	6,648	-	(1,138)	-	-	(1,703)	23,819	1,084,449
Drainage systems	123,364	-	-	2,916	-	(69)	-	-	(776)	3,239	128,674
Capital work in progress	12,252	-	-	(9,564)	19,112	-	-	-	-	-	21,800
Total infrastructural assets	**1,192,439**	**-**	**-**	**-**	**19,112**	**(1,207)**	**-**	**-**	**(2,479)**	**27,058**	**1,234,923**
Totals for parent entity	**1,293,805**	**-**	**-**	**1**	**28,257**	**(14,016)**	**12,045**	**(4,115)**	**(6,894)**	**23,627**	**1,332,710**

2026	Carry Amount 1 July 2025	Transfers and Other Adjustments		Transfers from WIP	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2026
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,176	-	-	136	-	(1,579)	1,579	-	(589)	-	2,722
Capital work in progress	340	47	-	(136)	653	(329)	-	-	-	-	576
Total intangible assets	**3,516**	**47**	**-**	**-**	**653**	**(1,908)**	**1,579**	**-**	**(589)**	**-**	**3,298**
Operational Assets											
Buildings	10,520	(724)	-	298	-	(41)	-	-	(204)	-	9,848
Communications equipment	120	-	-	878	-	-	-	-	(76)	-	921
Computer equipment	1,099	-	-	254	-	(2)	2	-	(534)	-	820
Equipment and electronics	1,920	-	-	215	-	-	-	-	(299)	-	1,836
Fittings, furniture & equipment	1,852	-	-	517	-	-	-	-	(265)	-	2,104
Land - owned	67,798	724	-	1,604	-	(77)	-	-	-	309	70,358
Land - vested	10,008	-	-	-	-	-	-	-	-	-	10,008
Plant & machinery	282	-	-	67	-	-	-	-	(60)	-	289
Scientific/hydrological equipment	2,966	-	-	773	-	(1)	-	-	(594)	-	3,144
Vehicles	5,432	-	-	2,256	-	(1,313)	954	-	(1,651)	-	5,678
Capital work in progress	1,506	1,629	-	(6,861)	3,989	(81)	-	-	-	-	182
Total operational assets	**103,503**	**1,629**	**-**	**(0)**	**3,989**	**(1,514)**	**956**	**-**	**(3,683)**	**309**	**105,188**
Total intangible and operational assets	**107,019**	**1,676**	**-**	**(0)**	**4,642**	**(3,422)**	**2,535**	**-**	**(4,273)**	**309**	**108,486**
Infrastructural Assets											
River systems	1,084,449	-	-	18,767	163	(3,582)	99	(461)	(1,848)	33,174	1,130,762
Drainage systems	128,673	-	-	3,854	-	(1,631)	-	-	(1,054)	(3,456)	126,386
Capital work in progress	21,800	(1,676)	-	(22,621)	8,097	(594)	-	-	-	-	5,005
Total infrastructural assets	**1,234,922**	**(1,676)**	**-**	**(0)**	**8,260**	**(5,807)**	**99**	**(461)**	**(2,902)**	**29,719**	**1,262,153**
Totals for group entity	**1,341,941**	**-**	**-**	**(0)**	**12,902**	**(9,229)**	**2,634**	**(461)**	**(7,175)**	**30,028**	**1,370,639**

2025	Carry Amount 1 July 2024 Restated	Transfers and Other Adjustments		Transfers from WIP Restated	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2025 Restated
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,887	-	-	-	-	(4,614)	4,614	-	(711)	-	3,176
Capital work in progress	335	-	-	-	47	(42)	-	-	-	-	340
Total intangible assets	**4,222**	**-**	**-**	**-**	**47**	**(4,656)**	**4,614**	**-**	**(711)**	**-**	**3,516**
Operational Assets											
Buildings	15,237	-	-	1,058	-	-	-	(4,115)	(320)	(1,340)	10,520
Communications equipment	169	-	-	-	-	(677)	677	-	(49)	-	120
Computer equipment	1,403	-	-	461	-	(2,719)	2,719	-	(764)	-	1,100
Equipment and electronics	1,259	-	-	946	-	(439)	439	-	(281)	-	1,924
Fittings, furniture & equipment	2,028	-	-	77	-	(1,461)	1,461	-	(252)	-	1,853
Land - owned	66,777	-	-	3,596	-	(479)	-	-	-	(2,096)	67,798
Land - vested	10,003	-	-	-	-	-	-	-	-	5	10,008
Plant & machinery	320	-	-	15	-	(319)	319	-	(53)	-	282
Scientific/hydrological equipment	3,336	-	-	218	-	(579)	579	-	(588)	-	2,966
Vehicles	5,221	-	-	1,850	-	(1,480)	1,237	-	(1,397)	-	5,431
Capital work in progress	630	-	-	(8,221)	9,098	-	-	-	-	-	1,507
Total operational assets	**106,383**	**-**	**-**	**-**	**9,098**	**(8,153)**	**7,431**	**(4,115)**	**(3,704)**	**(3,431)**	**103,509**
Total intangible and operational assets	**110,605**	**-**	**-**	**-**	**9,145**	**(12,809)**	**12,045**	**(4,115)**	**(4,415)**	**(3,431)**	**107,025**
Infrastructural Assets											
River systems	1,056,823	-	-	6,648	-	(1,138)	-	-	(1,703)	23,819	1,084,449
Drainage systems	123,364	-	-	2,916	-	(69)	-	-	(776)	3,239	128,674
Capital work in progress	12,252	-	-	(9,564)	19,112	-	-	-	-	-	21,800
Total infrastructural assets	**1,192,439**	**-**	**-**	**-**	**19,112**	**(1,207)**	**-**	**-**	**(2,479)**	**27,058**	**1,234,923**
Totals for group entity	**1,303,044**	**-**	**-**	**-**	**28,257**	**(14,016)**	**12,045**	**(4,115)**	**(6,894)**	**23,627**	**1,341,948**

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 2025. This independent valuation was performed by GM Dowse, Registered Public Valuer, FNZIV, FPINZ; and PJ Loveridge, Registered Public Valuer, FNZIV, FPINZ, both of CBRE 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 recent revalued as at 30 June 2025. This independent valuation was performed by GM Dowse, Registered Public Valuer, FNZIV, FPINZ; and PJ Loveridge, Registered Public Valuer, AFNZIV, FPINZ, both of CBRE Limited of Palmerston North.

During the year ended 30 June 2025, the Council recognised a full impairment loss of $4.1M (2024: $nil) on the Regional House Council building located in Palmerston North. A structural assessment carried out in 2024 identified parts of the building as earthquake prone. The cost to repair the building is expected to exceed its recoverable value which has been assessed as $nil by independent valuers, CBRE. The impairment loss of $4.1M was recognised as follows:

- $2.5M as a reduction in revaluation reserve, and
- The remaining $1.6M as an asset impairment expense in the statement of comprehensive revenue and expenses.

The Council will consider future options for the site, including potential demolition, sale of land, or redevelopment.

Infrastructural assets

Infrastructural assets included within HRC's river and drainage schemes were valued at depreciated replacement cost as at 30 June 2025. The revaluation was completed by HRC engineering staff that are directly involved with the administration of these schemes. The valuation methodology was independently 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. The same methodology was applied for the 2025 revaluation.

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 2025-26 $000	Council Actual 2024-25 $000
River Systems	1,160,314	1,103,614
Drainage Systems	145,931	138,958
Total Replacement Cost	**1,306,245**	**1,242,572**

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 2025-26 2025-26	Council Actual 2025-26 $000	Council Actual 2024-25 $000
Partnerships, governance and leadership	15	1	1
Strategy, science and regulation	42	45	46
Catchment operations	2,960	3,260	2,826
Transport and regional services	1,121	1,278	1,468
Corporate	2,472	2,592	2,552
Total Depreciation and Amortisation	6,610	7,176	6,893

Summary of property, plant and equipment in the course of construction by class of asset	Council Actual 2025-26 $000	Council Actual Restated 2024-25 $000
Buildings	3	157
Communications Equipment	-	832
Computer Equipment	80	32
Computer Software	576	335
Drainage Systems	125	4,111
Equipment & Electronics	-	241
Furniture & Fittings	3	-
Land	-	-
Plant & Machinery	-	9
River Systems	4,880	18,812
Scientific/Hydrological Equipment	96	209
Vehicles	-	-
Total Work in Progress	**5,763**	**24,738**

22. Insurance of Assets

	2025-26 $000	2024-25 $000
The total value of all Council assets covered by insurance contracts	95,643	94,269
The maximum amount to which insured assets are insured	150,000	150,000
Total value of assets that are self-insured	1,262,153	1,234,922
Value of funds maintained for self-insurance	5,280	5,160

The above information relates to the insurance of Council assets as at 30 June 2026.

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

23. Trade and Other Payables

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
Paybles from exchange transactions				
8,357	8,422	Accounts payable	7,781	7,830
-	-	Due to related parties	160	87
3,481	3,624	Accruals and other payables	2,925	2,977
11,838	**12,046**	**Total exchange payables**	**10,866**	**10,894**
Paybles from non-exchange transactions				
7,996	8,168	Grants and rates revenue in advance	6,500	6,680
-	-	GST on rates revenue in advance	770	770
-	-	Grants payable	-	-
7,996	**8,168**	**Total non-exchange payables**	**7,270**	**7,450**
19,834	**20,214**	**Total trade and other payables**	**18,136**	**18,344**

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

24. General Provisions

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
125	125	Opening balance	188	188
172	172	Additional provisions made during the year	55	55
297	**297**		**243**	**243**
(109)	(109)	Payments made during the year	(243)	(243)
188	**188**	**Closing balance**	**-**	**-**
		Made up of:		
188	188	ACC provision	-	-
188	**188**	**Total general provisions**	**-**	**-**

25. Employee Entitlements

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
764	764	Pay Accruals	917	917
2,574	2,574	Annual leave provision	2,832	2,832
-	-	Long service provision	-	-
94	94	Time in lieu provision	106	106
-	-	Sick leave provision	-	-
3,432	**3,432**	**Total employee entitlements**	**3,855**	**3,855**

26. Taxation

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		Components of tax expense		
-	-	Current tax	-	-
-	-	Tax loss offset	-	-
-	-	Tax loss not recognised/(utilised)	-	-
-	(227)	Deferred tax	-	71
-	(227)	Tax expense	-	71
		Relationship between expense and accounting surplus		
3,402	5,074	Surplus/(deficit) before tax		
953	1,421	Tax at 28%	(1,350)	(902)
-	-	Plus/(less) tax effect of:	-	-
(31,273)	(32,028)	Non-taxable revenue	(30,898)	(31,803)
30,409	30,768	Non-deductible expenditure	32,350	32,878
-	(299)	Prior period adjustments	-	-
(89)	(89)	Deferred tax recognition	(102)	(102)
-	(227)	Tax expense	-	71

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)

	Investment Property	Tax Losses	Total
	$000	$000	$000
Council			
Nil	-	-	-
Group			
Balance at 1 July 2024	(1,166)	794	(372)
Charge to surplus/(deficit)	(44)	271	227
Charge to other CRE	-	-	-
Balance at 30 June 2025	**(1,210)**	**1,065**	**(145)**
Charge to surplus/(deficit)	(197)	126	(71)
Charge to other CRE	-	-	-
Balance at 30 June 2026	**(1,408)**	**1,191**	**(216)**

Council has not recognised a deferred tax asset in relation to tax losses of $1,951,610 (last year $2,315,333MWRCH tax losses of $4,255,320 are recognised, as they are offset by deferred tax liabilities (last year: $3,805,475).

27. Debt

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
74,357	74,357	Opening balance as at 1 July	78,913	78,913
66,995	66,995	Loans taken out	33,587	33,587
(62,439)	(62,439)	Loans repaid	(29,500)	(29,500)
78,913	**78,913**	**Closing balance as at 30 June**	**83,000**	**83,000**
		Made up of:		
25,412	25,412	Current	28,500	28,500
53,500	53,500	Non-current	54,500	54,500
78,912	**78,912**	**Total debt**	**83,000**	**83,000**

These loans are secured at either separate or general rates for the region through the Debenture Trust Deed. Of these, $21 million (last year $27.9 million) is on a fixed rate of interest, with $62 million (last year $51 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 37. Internal borrowings are eliminated on consolidation of activities in HRC's financial statements.

28. Provision - Replanting

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
1,241	1,241	Opening balance as at 1 July	936	936
(150)	(150)	Change in present value of provision	610	610
26	26	Provision unwinding	(128)	(128)
(181)	(181)	Disposal	(664)	(664)
936	**936**	**Closing Balance**	**754**	**754**

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 11-17 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.

In 2025-26, we reviewed the historical treatment of this asset and updated the calculations to align with the intended straight-line methodology. This resulted in a catch-up adjustment, including the reversal of previously recorded balances, which is reflected in the large change in value provision shown above.

29. Events after balance date

There have been no significant events after the balance date that require disclosure in these financial statements.

30. Regional Council Reform

Uncertainty over new regional models – the government has signalled that it wants to phase out regional councils, with regional councillors not being elected in 2028. Legislation to implement this change has not yet been introduced.

Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis.

31. 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. The 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 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
Financial assets				
Fair value through surplus deficit				
264	264	Derivatives	320	320
Amortised cost				
3,350	4,197	Cash and cash equivalents	6,748	7,853
8,976	8,285	Trade and Other Receivables	8,535	8,697
18,500	-	Loan to CCO	17,500	-
30,826	**12,482**	**Total at amortised cost**	**32,783**	**16,550**
Fair value through other comprehensive revenue and expense				
2,137	2,137	LGFA deposits	2,743	2,743
4,144	70,844	Investments in other entities	4,629	74,629
6,281	**72,981**	**Total at FVTOCRE**	**7,372**	**77,372**

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
Financial liabilities				
Fair value through surplus deficit				
277	277	Derivatives	253	253
Amortised cost				
11,838	12,044	Trade and Other Payables	10,865	10,893
78,912	78,912	Debt	83,000	83,000
90,750	**90,956**	**Total at amortised cost**	**93,865**	**93,893**

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 price 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:

	Level	Council Actual 2025-26 $000	Group Actual 2025-26 $000	Council Actual 2024-25 $000	Group Actual 2024-25 $000
Financial assets					
Derivatives	1	320	320	264	264
LGFA Deposit	2	2,743	2,743	2,137	2,137
Forsyth Barr	2	4,629	4,629	4,144	4,144
CentrePort Shares	3	-	70,000	-	66,700
Financial liabilities					
Derivatives	1	253	253	277	277

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 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
-	63,000	Balance at 1 July	-	66,700
-	-	Gains or losses recognised in surplus or deficit	-	-
-	3,700	Gains or losses recognised in other comprehensive revenue and expense	-	3,300
-	-	Purchases	-	-
-	-	Sales	-	-
-	-	Transfers into level 3	-	-
-	-	Transfers out of level 3	-	-
-	**66,700**	**Balance at 30 June**	**-**	**70,000**

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 119.

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

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
Counterparties with credit ratings				
Cash at bank and term deposits				
3,347	4,194	AA-	6,745	7,850
-	-	A	-	-
3	3	Unrated*	3	3
3,350	4,197	Total Cash at bank and term deposits	6,748	7,853
Derivative financial instruments assets				
264	264	AA-	320	320
264	264	Total Derivative financial instruments	320	320

*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	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$000	$000	$000	$000	$000	$000
Council 2025-26						
Trade and Other Payables	10,865	10,865	10,865	-	-	-
Debt	83,000	88,182	30,594	23,392	34,196	-
Total	**93,865**	**99,047**	**41,459**	**23,392**	**34,196**	**-**
Group 2025-26						
Trade and Other Payables	10,893	10,893	10,893	-	-	-
Debt	83,000	88,182	30,594	23,392	34,196	-
Total	**93,893**	**99,075**	**41,487**	**23,392**	**34,196**	**-**
Council 2024-25						
Trade and Other Payables	11,838	11,838	11,838	-	-	-
Debt	78,912	86,481	28,405	20,894	37,182	-
Total	**90,750**	**98,319**	**40,243**	**20,894**	**37,182**	**-**
Group 2024-25						
Trade and Other Payables	12,044	12,044	12,044	-	-	-
Debt	78,912	86,481	28,405	20,894	37,182	-
Total	**90,956**	**98,525**	**40,449**	**20,894**	**37,182**	**-**

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 119.

The table below analyses the Council and Group's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into their 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.

	Liability 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
Council 2025-26	253	260	173	57	30	-
Group 2025-26	253	260	173	57	30	-
Council 2024-25	-	-	-	-	-	-
Group 2024-25	-	-	-	-	-	-

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
Council 2025-26						
Cash and cash equivalents	6,748	6,748	6,748	-	-	-
Debtors and other receivables	8,535	8,535	8,535	-	-	-
Derivatives	320	350	49	88	181	32
LGFA Borrower Notes	2,743	3,070	528	907	1,635	-
MWRCH loan	17,500	24,283	1,733	1,691	4,821	16,038
Total	**35,846**	**42,986**	**17,593**	**2,686**	**6,637**	**16,070**
Group 2025-26						
Cash and cash equivalents	7,853	7,853	7,853	-	-	-
Debtors and other receivables	8,697	8,697	8,697	-	-	-
Derivatives	320	350	49	88	181	32
LGFA Borrower Notes	2,743	3,070	528	907	1,635	-
Total	**16,870**	**16,900**	**16,599**	**88**	**181**	**32**
Council 2024-25						
Cash and cash equivalents	3,350	3,350	3,350	-	-	-
Debtors and other receivables	8,976	8,976	8,976	-	-	-
MWRCH Loan*	18,500	24,644	1,878	2,330	6,564	13,872
Derivatives	-	-	-	-	-	-
LGFA Borrower Notes*	2,137	2,459	415	541	1,503	-
Total	**30,826**	**36,970**	**14,204**	**2,330**	**6,564**	**13,872**
Group 2024-25						
Cash and cash equivalents	4,197	4,197	4,197	-	-	-
Debtors and other receivables	8,285	8,285	8,285	-	-	-
Derivatives	-	-	-	-	-	-
LGFA Borrower Notes*	2,137	2,459	415	541	1,503	-
Total	**12,482**	**12,482**	**12,482**	**-**	**-**	**-**

*Prior year has been updated to correctly include interest on the MWRCH loan and LGFA borrower notes principal and interest

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.

	2025-26 $000		2024-25 $000	
	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)
Council				
Finanical assets				
Cash and cash equivalents	(67)	67	(34)	34
Derivatives	(330)	936	-	-
Financial liabilities				
Debt	830	(830)	789	(789)
Derivatives	(722)	197	(755)	721
Total sensitivity	**(289)**	**370**	**1**	**(35)**
Group				
Finanical assets				
Cash and cash equivalents	(79)	79	(42)	42
Derivatives	(330)	936	-	-
Financial liabilities				
Debt	830	(830)	789	(789)
Derivatives	(722)	197	(755)	721
Total sensitivity	**(301)**	**382**	**(8)**	**(26)**

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%.

32. Derivative Financial Instruments

Council Actual 2024-25 $000	Group Actual 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
		Current assets		
-	-	Interest rate swaps	35	35
-	**-**	**Total current assets**	**35**	**35**
		Non-current assets		
264	264	Interest rate swaps	285	285
264	**264**	**Total non-current assets**	**285**	**285**
		Current liability		
-	-	Interest rate swaps	39	39
-	**-**	**Total current liability**	**39**	**39**
		Non-current liability		
277	277	Interest rate swaps	214	214
277	**277**	**Total non-current liability**	**214**	**214**

HRC has a number of interest swaps in place:

Council Actual 2024-25	Swap Date	Effective Date	End Date	Rate %	Council Actual 2025-26
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
-	2/04/2024	15/04/2026	15/05/2030	4.14%	6,000,000
3,000,000	27/06/2024	15/04/2025	15/01/2027	4.52%	3,000,000
-	27/06/2024	18/04/2028	15/04/2029	4.13%	2,000,000
2,500,000	22/02/2023	15/04/2025	15/05/2028	4.33%	2,500,000
5,000,000	31/12/2024	15/05/2025	15/05/2030	3.55%	5,000,000
-	30/09/2025	15/10/2025	15/10/2031	3.28%	7,500,000
-	30/09/2025	15/04/2027	15/05/2031	3.48%	5,000,000
18,500,000					**39,000,000**

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 source market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

33. Equity

Council Actual Restated 2024-25 $000	Group Actual Restated 2024-25 $000		Council Actual 2025-26 $000	Group Actual 2025-26 $000
Asset revaluation reserves				
889,766	890,582	Balance at 1 July	913,220	914,036
23,454	23,454	Increase/(Decrease) in revaluation reserves	24,756	24,975
-	-	Transfer to accumulated funds	-	-
913,220	**914,036**	**Balance at 30 June**	**937,976**	**939,011**
		Consists of:		
-	220	Buildings	-	(260)
30,854	31,449	Land-Owned	30,854	32,147
6,878	6,878	Land-Vested	6,878	6,878
796,470	796,470	River scheme assets	826,199	826,199
79,018	79,018	Drainage scheme assets	74,046	74,046
913,220	**914,035**	**Total revaluation reserves**	**937,977**	**939,010**
Fair value through other comprehensive revenue and expense reserve				
1,640	39,258	Balance at 1 July	1,817	43,135
177	3,877	Increase/(Decrease) in fair value reserve	454	3,754
1,817	**43,135**	**Balance at 30 June**	**2,271**	**46,889**
Restricted reserves - river and drainage				
14,417	14,417	Balance at 1 July	15,056	15,056
639	639	Plus/(less) transfer from retained earnings	860	860
15,056	**15,056**	**Balance at 30 June**	**15,916**	**15,916**
Infrastructure insurance reserve				
5,040	5,040	Balance at 1 July	5,160	5,160
-	-	Scheme rate contribution	-	-
120	120	General rate contribution	120	120
-	-	Withdrawals	-	-
5,160	**5,160**	**Balance at 30 June**	**5,280**	**5,280**
Accumulated funds				
391,106	394,594	Balance at 1 July	393,749	399,135
(639)	(639)	Less transfers to restricted reserves	(860)	(860)
(120)	(120)	Less transfer to infrastructure insurance reserve	(120)	(120)
3,402	5,300	Net surplus/(deficit) for the year	(4,822)	(3,204)
393,749	**399,135**	**Balance at 30 June**	**387,947**	**394,951**
1,329,002	**1,376,521**	**Total equity at 30 June**	**1,349,391**	**1,402,046**

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.

34. Explanations of major variances against budget

	Annual Plan 2025-26 $000	Actual 2025-26 $000	Variance Favourable/ (Unfavourable) $000	Explanation
Subsidies and grants	16,097	20,356	4,259	Higher than expected grants received from central government for projects such as freshwater improvement.
Other expenses	64,462	73,602	(9,140)	Unfavourable due to the accounting treatment of carbon credits where on sale we recognise a loss despite making a cash profit on the sale along with extra costs incurred with investigating a new building for Horizons operations.
Property, plant, and equipment revaluations	42,009	24,756	(17,253)	Our budget contained an assumption we would revalue our infrastructure assets annually however the change in value this year was immaterial and so no revaluation was processed.
Carbon credits	17,843	7,472	(10,371)	Decrease is due to the sale of carbon credits and fewer credits received due to a decrease in the forestry we own.
Operational assets	108,094	95,642	(12,452)	Our budget didn't account for the significant change in the value of land and buildings in the opening balance sheet as the budget was completed before this was known. The difference in opening balance sheet for the budget versus actual was approximately $13million.
Infrastructural assets	1,298,489	1,262,153	(36,336)	Our budget contained an assumption we would revalue our infrastructure assets annually however the change in value this year was immaterial and so no revaluation was processed.
Debt - current portion	15,000	28,500	(13,500)	Timing of loans taken out affects the current/non-current split. Overall the variance between the two is immaterial to budget.
Debt - non-current portion	68,424	54,500	13,924	Timing of loans taken out affects the current/non-current split. Overall the variance between the two is immaterial to budget.

35. Reconciliation of operating cashflows with reported operating results

	Council Actual 2025-26 $000	Group Actual 2025-26 $000	Council Actual 2024-25 $000	Group Actual 2024-25 $000
Surplus/(Deficit) after tax	(4,822)	(3,292)	3,401	5,300
Add/(Deduct) non-cash items				
Amortisation - SLUI land lease	760	760	405	405
Loss on revaluation/asset impairment	594	594	1,644	1,644
Depreciation and amortisation expense	6,895	6,895	6,995	6,995
Bad debt expense	352	352	60	60
(Gain)/Loss on revaluations	(44)	658	1,009	1,042
(Gain)/Loss on derivatives	(80)	(80)	733	733
(Gain)/Loss on carbon credits	9	9	(1,598)	(1,598)
Loss on disposal of assets	6,175	6,175	326	326
Provision unwinding	(128)	(128)	26	26
Capitalisation adjustment	-	-	-	-
	14,533	15,235	9,600	9,633
Add/(Deduct) items classified as investing				
(Gain) on sale of fixed assets	(3,635)	(3,635)	(1,769)	(1,769)
	(3,635)	(3,635)	(1,769)	(1,769)
Add/(Deduct) movements in working capital items				
Decrease/(Increase) in trade and other receivables	1,775	1,436	(425)	(457)
Decrease/(Increase) in accruals and prepayments	(2,023)	(2,632)	5,542	2,340
Decrease/(Increase) in stock on hand	174	174	100	100
(Decrease)/Increase in operational trade and other payables	(1,493)	(1,477)	1,635	1,439
	(1,567)	(2,499)	6,852	3,423
Net cash inflow/(outflow) from operating activities	**4,509**	**5,809**	**18,084**	**16,587**

36. River and Drainage Scheme Reserves

Closing Balance 2024-25 Debit/(Credit) $	Scheme	Interest credited 2025-26 $	Transfers in 2025-26 $	Transfers out 2025-26 Debit/(Credit) $	Closing Balance 2025-26 $
82,661	Ashhurst Stream	2,686	6,818	(600)	91,565
4,228	Forest Road Drainage	137	3,318	(140)	7,543
491,726	Foxton East Drainage	15,981	464,540	(3,200)	969,047
18,884	Haunui Drainage	614	8,807	-	28,305
2,572	Himitangi Drainage	84	2,920	(125)	5,451
82,880	Hōkio Drainage	2,694	-	(14,763)	70,811
24,490	Kahuterawa	796	-	(9,607)	15,679
217,100	Koputaroa	7,056	-	(67,551)	156,605
462,356	Lower Kiwitea	15,027	12,000	(98,056)	391,327
3,097,362	Lower Manawatū	100,664	-	(968,086)	2,229,940
181,441	Lower Manawatū (Special Project)	5,897	681,321	-	868,659
1,093,671	Lower Whanganui	35,544	-	(122,485)	1,006,730
521,402	Makerua Drainage	16,946	36,070	-	574,418
5,227	Makirikiri	170	-	(39,689)	(34,292)
125,450	Manwatū Drainage	4,077	115,060	(2,500)	242,087
1,783,514	Mangatainoka	57,964	-	(141,646)	1,699,832
72,694	Matarawa Valley	2,363	24,882	-	99,939
269,444	Moutoa Drainage	8,757	20,943	(26,479)	272,665
138,747	Ohakune	4,509	1,550	(200)	144,606
760,545	Ōhau-Manakau	24,718	132,650	(11,250)	906,663
26,350	Pakihi Valley	856	6,270	(574)	32,902
109,447	Pohangina-Ōroua	3,557	48,000	(91,560)	69,444
(12,834)	Porewa	(417)	30,626	(400)	16,975
1,519,503	Rangitīkei	49,384	172,687	(10,000)	1,731,574
202,413	Ruapehu District	6,578	77,850	-	286,841
730,558	South-East Ruahines	23,743	243,576	(20,000)	977,877
(16,099)	Tararua District	(523)	23,167	-	6,545
22,908	Tawataia-Mangaone	745	2,063	(300)	25,416
105,450	Te Kawau Drainage	3,427	3,856	-	112,733
101,049	Turakina	3,284	-	(6,670)	97,663
(20,490)	Tutaenui	(666)	11,874	(214)	(9,496)
807,525	Upper Manwatū	26,245	59,332	(7,960)	885,142

369,649	Upper Whanganui	12,014	-	(4,323)	377,340
90,530	Whangaehu-Mangawhero	2,942	1,423	-	94,895
41,358	Whirokino Drainage	1,344	2,231	-	44,933
384,108	Miscellaneous - All Scheme	12,484	3,201	-	399,793
13,897,818	**Total schemes**	**451,681**	**2,197,035**	**(1,648,378)**	**14,898,156**

River and Drainage Scheme Renewal Reserves

Closing Balance 2024-25 Debit/(Credit) $	Scheme	Interest credited 2025-26 $	Transfers in 2025-26 $	Transfers out 2025-26 Debit/(Credit) $	Closing Balance 2025-26 $
2,100	Ashhurst Stream	68	-	-	2,168
4,399	Forest Road Drainage	143	160	(40)	4,662
5,521	Foxton East Drainage	179	504	(126)	6,078
3,768	Himitangi Drainage	122	344	(86)	4,148
4,170	Hōkio Drainage	136	413	(103)	4,616
133,592	Koputaroa	4,342	-	(82,396)	55,538
13,756	Lower Manawatū	447	341,696	(341,696)	14,203
(7,363)	Lower Whanganui	(239)	13,773	(6,171)	(0)
177,644	Makerua Drainage	5,773	56,000	(123,692)	115,725
48,573	Makirikiri	1,579	-	-	50,152
342,550	Manawatū Drainage	11,133	44,742	(185,438)	212,987
(24,783)	Mangatainoka	(805)	25,589	-	1
39,818	Matarawa Valley	1,294	5,400	(1,350)	45,162
(8,051)	Moutoa Drainage	(262)	78,479	(70,166)	(0)
203,781	Ōhau-Manakau	6,623	8,000	(2,020)	216,384
1,710	Pakihi Valley	56	276	(69)	1,973
(33,821)	Pohangina-Ōroua	(1,099)	34,920	-	0
34,936	Porewa	1,135	3,060	(1,020)	38,111
25,207	South-East Ruahines	819	10,251	(2,563)	33,714
9,408	Tawataia-Mangaone	306	80	(20)	9,774
169,382	Te Kawau Drainage	5,505	35,781	(22,494)	188,174
7,504	Tutaenui	244	280	(70)	7,958
(6,778)	Upper Manawatū	(220)	800	(200)	(6,398)
10,785	Whirokino Drainage	351	1,271	(318)	12,089
1,157,808	**Total schemes**	**37,630**	**661,819**	**(840,038)**	**1,017,219**
15,055,626	**Total Restricted Reserves - River and Drainage Scheme**	**489,311**	**2,858,854**	**(2,488,416)**	**15,915,375**

37. Internal Borrowings

Closing Balance Debit/(Credit) 2024-25 $		Advances 2025-26 $	Repayments 2025-26 $	Closing Balance Debit/(Credit) 2025-26 $	Interest Paid or Accrued 2025-26 $
	Land and water management				
614,406	Lake Horowhenua Boat Ramp	-	(32,553)	581,853	19,661
977,848	Lake Horowhenua Land	-	(47,751)	930,097	31,291
	Regional leadership and governance				
1,850,209	Freshwater Futures	-	(63,144)	1,787,065	59,067
1,532,351	IRIS Next Gen	565,205	-	2,097,555	-
	Corporate and internal support				
2,446,533	Ozone Replacement Project	-	(219,546)	2,226,987	78,289
1,574,802	ECM	835,754	-	2,410,556	-
	Flood protection and control works				
-	Ashhurst Stream	-	-	-	-
434,921	Foxton East Drainage	23	(434,945)	-	15,005
278,597	Hōkio Drainage	64,898	(22,327)	321,168	9,612
467,548	Koputaroa	-	(360,919)	106,629	16,130
17,163	Lower Kiwitea	-	(17,163)	-	592
32,273,844	Lower Manawatū	(194,349)	(1,117,803)	30,961,691	1,113,448
4,789,095	Lower Manawatū (Special Project)	964,957	(721,952)	5,032,100	165,224
5,660,227	Lower Whanganui	544,287	(262,843)	5,941,671	195,278
101,045	Mekerua Drainage	-	(101,045)	-	3,486
610,441	Manawatū Drainage	-	(51,648)	558,793	21,060
-	Matarawa Valley	-	-	-	-
88,728	Moutoa Drainage	-	(88,728)	-	3,061
201,097	Ōhau-Manakau	-	(32,349)	168,749	6,938
433,934	Pohangina-Ōroua	-	(30,488)	403,445	14,971
-	Porewa	100,000	-	100,000	-
3,825,802	Rangitīkei	672	(146,263)	3,680,211	131,990
223,995	South-East Ruahines	-	(8,761)	215,234	7,728
18,758	Tutaenui	100,000	(1,963)	116,795	647
27,608	Upper Manwatū	-	(27,608)	-	952
1,854	Upper Whanganui	-	(1,854)	-	64
-	Whangaehu-Mangawhero	-	-	-	-
5,581	Whirokino Drainage	-	(5,581)	-	193

58,456,385	**Total Internal Borrowings**	**2,981,447**	**(3,797,233)**	**57,640,599**	**1,706,378**

Horizons Regional Council: Funding Impact Statement for the year ended 30 June 2026 (Whole of Council) ($000)

	Annual Plan 2025-26 2025-26	Actual 2025-26	LTP 2024-34 2024-25	Actual 2024-25
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	42,240	41,799	38,757	38,812
Targeted rates	29,654	29,649	27,236	27,207
Subsidies and grants for operating purposes	12,847	15,621	14,141	17,764
Fees and charges	14,462	12,156	14,221	11,805
Interest and dividends from investments	3,300	3,008	3,850	3,291
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**102,503**	**102,233**	**98,205**	**98,879**
Applications of operating funding				
Payments to staff and suppliers	98,418	99,002	94,772	94,547
Finance costs	2,500	3,009	3,050	3,286
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**100,918**	**102,011**	**97,822**	**97,833**
Surplus (deficit) of operating funding (A-B)	**1,585**	**222**	**383**	**1,046**
Sources of capital funding				
Subsidies and grants for capital expenditure	3,250	4,736	10,887	9,990
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	4,887	4,088	7,288	4,555
Gross proceeds from sale of assets	613	3,635	630	1,769
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	771	-	300
Total sources of capital funding (C)	**8,750**	**13,230**	**18,805**	**16,614**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	11,024	10,933	22,126	23,931
-to replace existing assets	464	773	297	225
Increase (decrease) in reserves	(1,153)	1,108	(3,217)	(7,297)
Increase (decrease) of investments	-	638	(18)	801
Total applications of capital funding (D)	**10,335**	**13,452**	**19,188**	**17,660**
Surplus (deficit) of capital funding (C-D)	**(1,585)**	**(222)**	**(383)**	**(1,046)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**
Reconciliation with Statement of Comprehensive Revenue and Expense				

Surplus/(deficit) of operating funding as above	1,585	222	383	1,046
Subsidies and grants for capital expenditure	3,250	4,736	10,887	9,990
Gross proceeds from sale of assets	613	3,635	630	1,769
Other dedicated capital funding	-	771	-	300
Amortisation of SLUI land lease	(90)	(760)	(115)	(405)
Gain on revaluations through surplus/(deficit)	310	44	300	-
Loss on Revaluations	-	-	-	(1,009)
Loss on Disposal of Assets and Impairment	-	(6,769)	-	(1,969)
Recognition of Carbon Credits	1,905	267	1,889	2,269
Surrendered Carbon Credits	-	(276)	-	(671)
Gain/Loss on derivatives	-	80	-	(733)
Gain/(Loss) on provision	-	129	-	(26)
Less depreciation (non-cash expense)	(6,710)	(6,895)	(5,917)	(6,995)
Vested Assets	-	-	-	-
Capitalised labour	575	-	947	(165)
Surplus/(Deficit) as SOCRE	**1,438**	**(4,822)**	**9,004**	**3,401**

Annual Report Disclosure Statement for the year ending 30 June 2026

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:

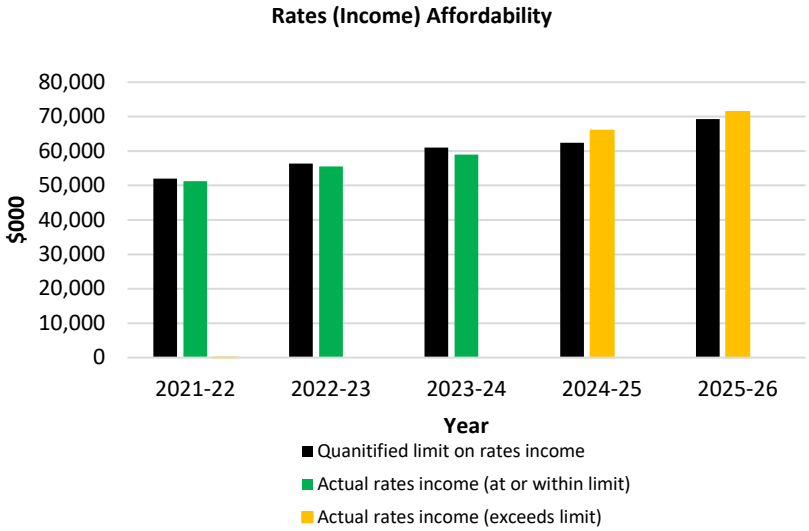
Its actual rates income equals or is less than each quantified limit on rates; and

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 $69.3 million.

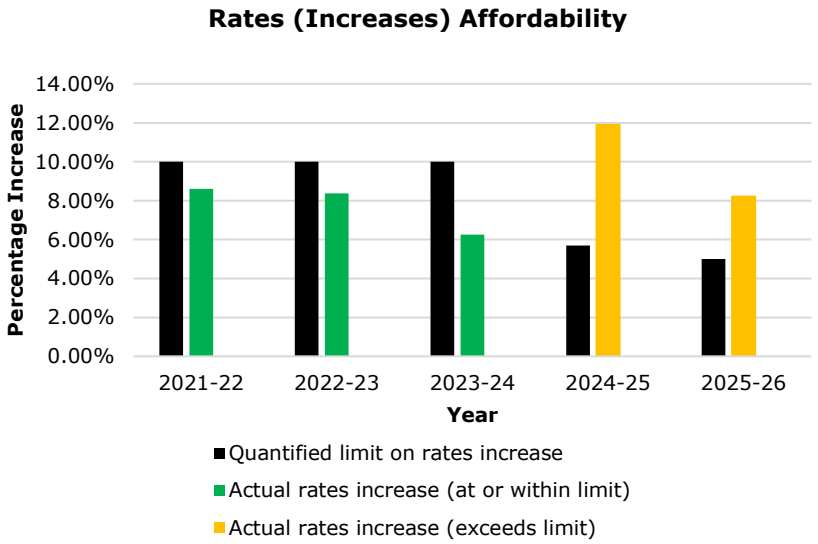
Council planned to breach the limit for the first four years of the LTP due to the need to significantly increase staff numbers and increased levels of service to public transport.

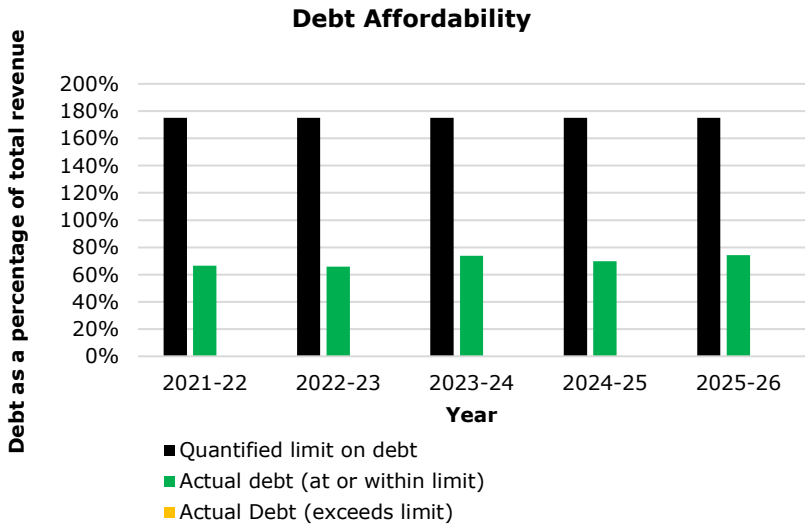


Rates (increases) Affordability

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 for this year is 5.00%.

Council planned to breach the limit for the first four years of the LTP due to the need to significantly increase staff numbers and increased levels of service to public transport.





Debt Affordability Benchmark

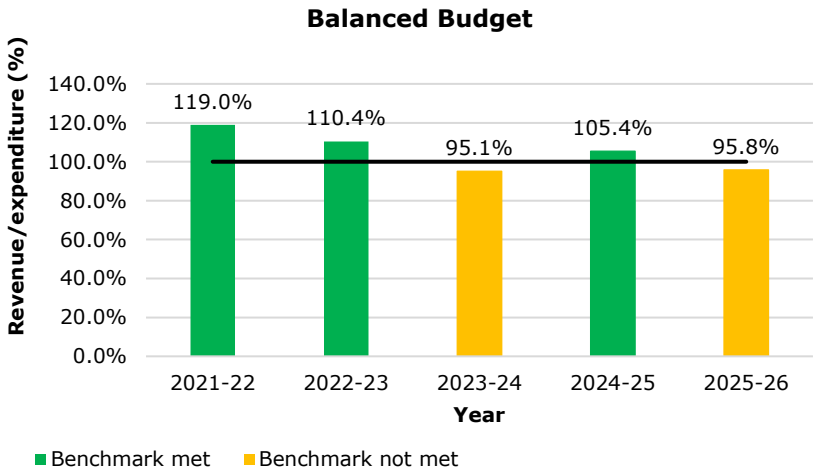
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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.

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).

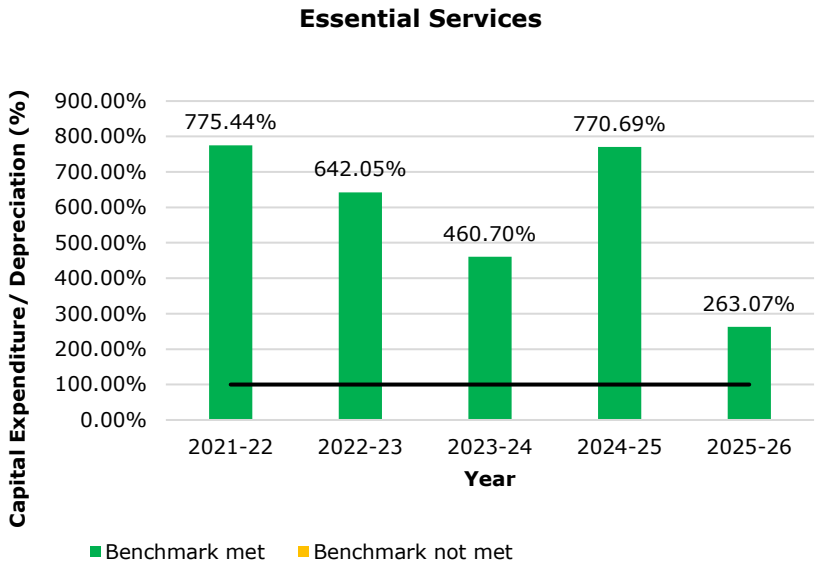
The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



Essential Services Benchmark

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

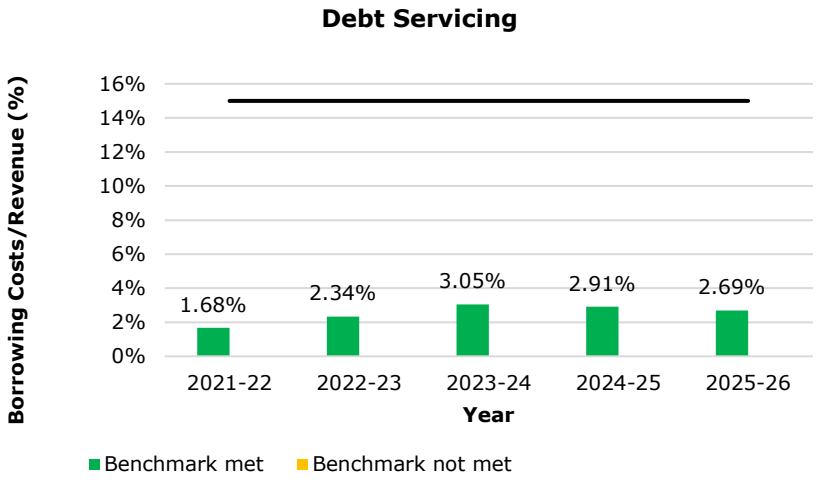
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

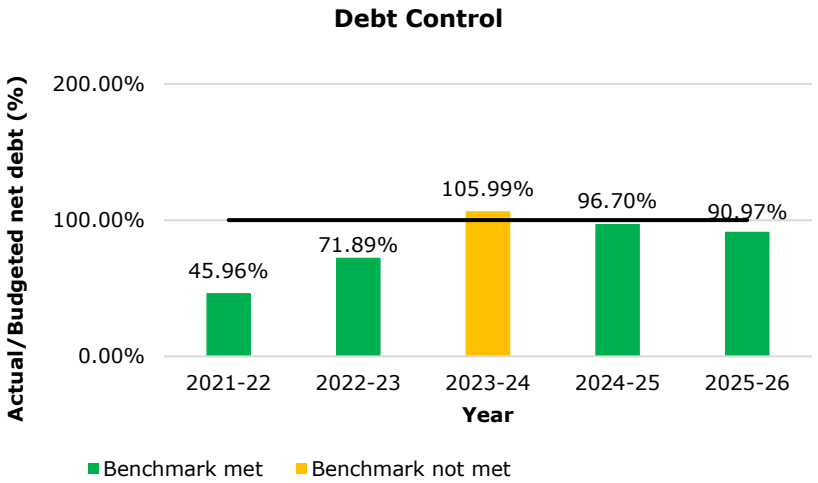


Debt Servicing Benchmark

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.





Debt Control Benchmark

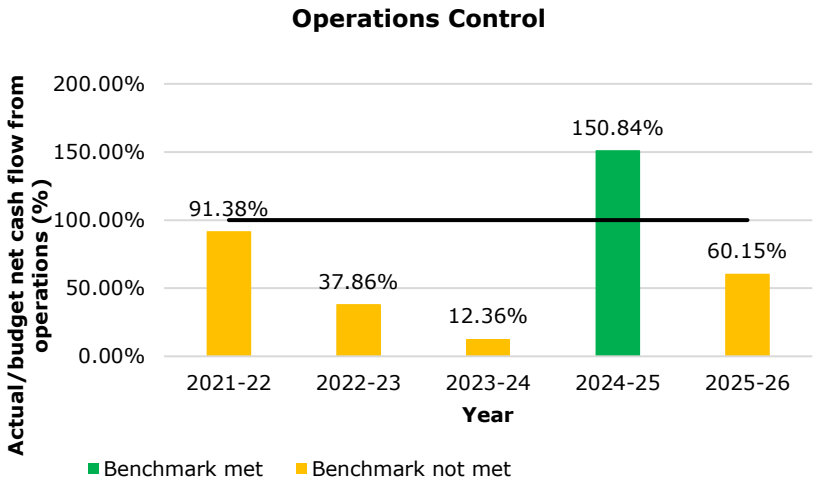
The following displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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

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.


Operations Control
Actual/budget net cash flow from operations (%)
200.00%
150.00%
100.00%
50.00%
0.00%
91.38%
37.86%
12.36%
150.84%
60.15%
2021-22
2022-23
2023-24
2024-25
2025-26
Year
Benchmark met
Benchmark not met

Outstanding Fines

As at 30 June 2026, a number of organisations and individuals owed Council $0.036 million in outstanding fines (last year $0.044 million). The following is a list of balances owed by organisations and individuals for court fines imposed prior to 30 June 2026.

Debtor	2025-26 $000	2024-25 $000
Aokautere Land Holdings Limited	19	-
Huka View Dairies Limited	-	40
LA Lanscape Limited	-	4
Pacific Farms Development	2	-
Toyne/Patrick/Damien	15	-
Total	**36**	**44**

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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

The Auditor-General is the auditor of Horizons Regional Council (the Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf.

We have audited the information in the annual report of the Group that we are required to audit in accordance with 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 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 Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

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

Opinion on the audited information

In our opinion:

- the financial statements of the Group on pages xx to xx:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2025;
    - the results of its 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 statement of service performance for the year ended 30 June 2025 on pages xx to xx:
  - provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;

- fairly presents, in all material respects, the actual levels of service for each group of activities, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
  - 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 in accordance with Public Benefit Entity Reporting Standards;

- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2025 on pages xx to xx, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;
- the funding impact statement for each group of activities for the year ended 30 June 2025 on pages xx to xx has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act;
- the funding impact statement for the year ended 30 June 2025 on pages xx to xx, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.

Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act for the year ended 30 June 2025; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2025 are complete and accurate.

Date

We completed our work on 29 October 2025. This is the date on which we give our opinion on the audited information and our report on the disclosure requirements.

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

Without modifying our opinion, we draw attention to Note 16 on pages xx to xx, 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.

Basis for our opinion on the audited information and the disclosure requirements

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audited information and the disclosure requirements section of our 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 and our report on the disclosure requirements.

Responsibilities of the Council for the audited information and the disclosure requirements

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements the Council is responsible for assessing its ability to continue as a going concern.

Responsibilities of the auditor for the audited information and the disclosure requirements

Responsibilities 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 a 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 Council's 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 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 evaluate whether the statement of service performance includes all groups of activities that we consider are likely to be material to the readers of the annual report.

- We evaluate whether the measures selected and included in the statement of service performance for groups of activities present an appropriate and meaningful basis that will enable readers to assess the Council's actual performance. We make our evaluation by reference to generally accepted accounting practice in New Zealand.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Group.

- 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 plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group audited information. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

Responsibilities for the disclosure requirements

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess

whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and
- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the Group's audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements 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 all the information included in the annual report other than 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.

In connection with our audit of the audited information and our report on the disclosure requirements, 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 Group in accordance with 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) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out a limited assurance engagement related to the Council's debenture trust deed, which are compatible with the independence requirements. Other than the audit and our report on the disclosure requirements, and this engagement, 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

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