



2022-23
Pūrongo ā-tau Annual Report

28 November 2023

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Te horopaki
Setting the scene

Contents

Te horo paki - Setting the Scene

- 2 Message from the Chair and Chief Executive
- 4 Your Councillors
- 5 Welcome to the Annual Report
- 8 Statement of Service Performance
- 9 Vision and Community Outcomes

Te Whakahaere Whenua me te Wai – Land and Water Management

- 12 Land and Water Management Activities

Ārai waipuke me te mahi whakahaere – Flood Protection and Control Works

- 23 Flood Protection and Control Works Activities

Tiaki Koiora – Biosecurity and Biodiversity Protection

- 36 Biosecurity and Biodiversity Protection Activities

Mana Whakahaere ā-rohe – Regional Leadership and Governance

- 45 Regional Leadership and Governance Activities

Ngā Waka – Transport

- 62 Transport Activities

Haumi - Investment

- 70 Investment Activity

Mōhiohio pūtea – Financial Information

- 73 Financial Statements
- 74 Statement of Comprehensive Revenue and Expense
- 75 Statement of Changes in Equity
- 76 Statement of Financial Position
- 78 Statement of Cashflows
- 79 Notes to the Financial Statements
- 133 Whole of Council Funding Impact Statement
- 135 Annual Report Disclosure Statement
- 139 Māori Participation in Council Decision-making
- 140 Outstanding Fines
- 141 Auditor's Report

Kuputohu - Index

- 146 Index

Message from the Chair and Chief Executive

Welcome to the 2022-23 Annual Report. During this financial year, a new Council was officially sworn in, with the addition of the new northern and southern Māori constituencies. Nine councillors returned to their roles, and five new councillors – Gordon McKellar for Manawatū-Rangitikei; Nikki Riley for Ruapehu; Alan Taylor for Whanganui; Turuhia (Jim) Edmonds for Raki Māori, and Te Kenehi Teira for Tonga Māori – were sworn in.

The rest of 2022 included Horizons working hard towards targets within our natural resource space. Our Sustainable Land Use Initiative entered the final year of its contract with central government, which alongside investment from Horizons' ratepayers and landowners, aims to keep the valuable soil on our hills and out of waterways by targeting the most at risk areas in the region. The ambitious on-farm works target that was set at the beginning of the four-year contract was met in the 2021-22 year, and this year's work resulted in the four-year target being exceeded by 36 per cent. Biodiversity and biosecurity activity met the majority of its priority habitat, possum, rook and biological agent targets, the majority of stream fencing and planting targets were met through our freshwater activity, and the water quality and quantity area achieved most of its performance indicators.

The beginning of 2023 brought significant rain and disruptive weather, with parts of our region hit particularly hard by Cyclone Gabrielle. As a result, a large portion of staff and resources were allocated toward conducting high-priority repair works and strengthening of flood infrastructure in the most affected areas. With more than \$9 million in damage to river management assets caused by Cyclone Gabrielle, repairs are still being completed and will continue well into the 2023-24 financial year.

The Tararua District, parts of the upper Pohangina and Ōroua catchments, and our regional park Tōtara Reserve all received significant damage. Although a lot of progress has been made in repairs and restoration, the impact can still be felt in these areas and recovery is likely to carry on for some time. Works continue to be completed on a

priority basis in these areas as well as in the Rangitikei and Lower Manawatū schemes. Part of the assessment of damage to and repair of key infrastructure sites includes complete replacement of infrastructure at key sites, as opposed to repairing or strengthening existing infrastructure. Through doing this we aim to face issues head-on at the source and build resilience to future weather events escalated by the effects of climate change, to provide effective and safe flood protection measures to our communities.

Post-Cyclone Gabrielle, further assessment of existing climate resilience projects was needed to ensure they are still achievable and within their set budgets. The increased resources spent on inspection of river and drainage scheme assets in the wake of the cyclone meant that delays were felt widely throughout the operational programmes. Staff shortages and weather impacts contributed to reduced works outcomes during the 2022-23 financial year, including changes to the Capital Programme, which informed the budget setting of the current 2023-24 Annual Plan.

Transport projects in the region made big strides in the 2022-23 year. Horizons launched a new transport brand: Connect – Horizons Regional Transport. Connect was established to address the need for a separate identity for Horizons' transport ventures, creating an easily distinguishable way for our communities to receive key transport messages and service updates. These service updates and other key transport messages are now found on their own dedicated Facebook and Instagram pages, making them easier to find and access. As part of this new identity, Connect branding livery will be rolled out on our buses making them easily identifiable, along with Connect branded bus shelters to match.

The Connect brand was rolled out at the same time as Te Ngaru The Tide, a new high-frequency service in Whanganui. This new service, launched on 18 February as a collaboration with Whanganui District Council, provides regular trips between Castlecliff and Aramoho at 20-minute intervals. After being encouraged to 'ekea Te Ngaru/catch The

Tide', the service was met with a positive response from the Whanganui community, quickly becoming the most popular bus route in the city and second-most popular route in the Horizons Region, with nearly half of all public transport trips in Whanganui being taken on The Tide and public transport trips in the city increasing year-on-year by 86 percent.

Following the successful launch of The Tide, this financial year, Council made the call to make Palmerston North's bus fleet fully electric from February 2024. In a first for Aotearoa, New Zealand, the city's fleet going fully electric helps to meet Horizons' goal of reducing carbon emissions in accordance with the current Regional Public Transport, Regional Land Transport, Manawatū-Whanganui Joint Climate Action and Horizons Climate Action plans, and aligns with central government's target of complete decarbonisation of the public transport fleet by 2035. Currently under construction, the new fleet will also see the implementation of a reimagined route network for Palmerston North and Ashhurst, accounting for the increased demand, frequency and capacity of the new fleet. The work currently underway includes assessment of existing bus stops and planning for placement of new stops with public consultation and is being facilitated by Horizons and Palmerston North City Council.

Finally, even with setbacks to work programmes due to Cyclone Gabrielle, freshwater remained a priority area for Horizons. In accordance with Te Mana o te Wai (the fundamental importance of protecting the health of freshwater), several public engagements were conducted asking our communities about their thoughts on water

allocation and their visions for freshwater over the next ten years across the region's seven FMUs (Freshwater Management Units). The feedback gathered from these engagements, alongside direct engagement with iwi, hapū and other stakeholders, was passed onto Council to help in reviewing Horizons' freshwater policy, as required by the National Policy Statement for Freshwater Management (NPS-FM).

In spite of delays to work programmes, staff shortages and major weather disruptions, Horizons has continued to provide a high level of service to our communities over the 2022-23 period. More detailed information about Horizons' achievements and financial breakdowns of the various activities are contained throughout this annual report. The new Council is due to create a new Long-term Plan by the end of the next financial year and will no doubt strive to continue to live up to our vision: tō tātou rohe – taiao ora, tangata ora, mauri ora; our place – a healthy environment where people are thriving.

Rachel Keedwell
CHAIR

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CHIEF EXECUTIVE

Ō Kaikaunihera Your Councillors



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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 2022-23 financial year and compares our performance against the Annual Plan 2022-23.

Budget Variance

	\$000
Surplus as per Statement of Comprehensive Revenue and Expense	9,608
-Less: Budgeted net surplus	16,030
Budget variance	<u>-6,422</u>

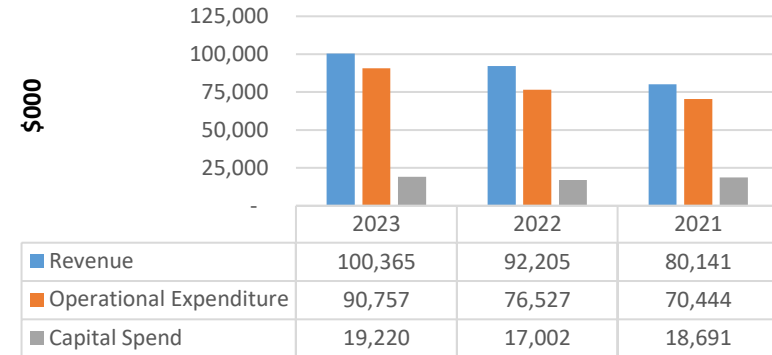
There are several contributors to this budget variance as detailed below:

	\$000
Land and Water Management	(2,174)
Flood Protection & Control Works	(12,820)
Biosecurity & Biodiversity Protection	(175)
Regional Leadership & Governance	2,615
Transport	32
Investments	6,100
	<u>(6,422)</u>

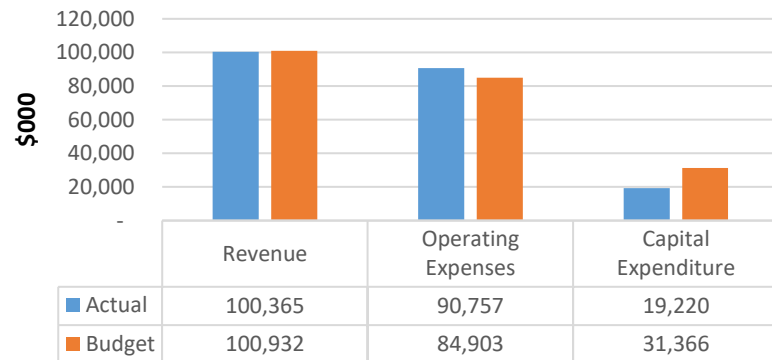
Refer to Explanation of Major Variances Against Budget in note 33 for more detail.

The actual result was -\$6.422 million down on budgeted surplus. This is mainly due to a reduction in grant funding received for capital works, as a reduced capital program was delivered. Additionally, the impact of Cyclone Gabrielle on our flood protection assets and the required response further contributed to this position.

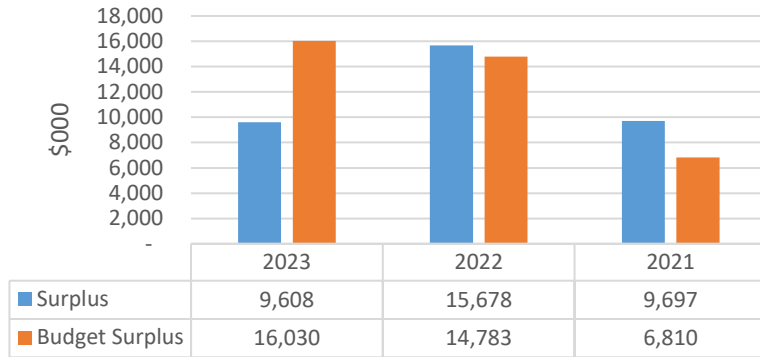
Revenue and Expenditure - 3 Year Trend



Financial Result Against Budget

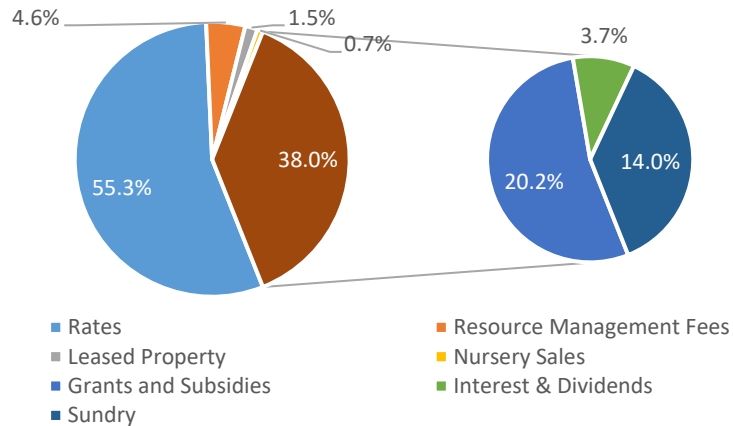


Actual Net Surplus vs Budget



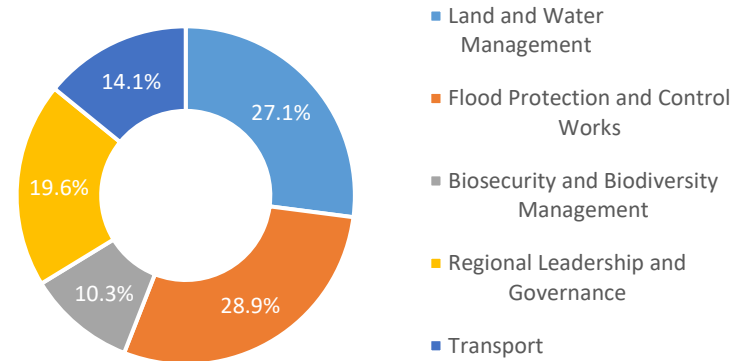
Revenue

Revenue was \$100.365 million for the year, a decrease of -0.56% 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 \$109.977 million. This includes operating expenditure of \$90.757 million and capital expenditure of \$19.220 million. Our Climate Resilience works resulted in an additional \$9.334 million in capital expenditure in the Flood Protection and Control Works Group of Activities.

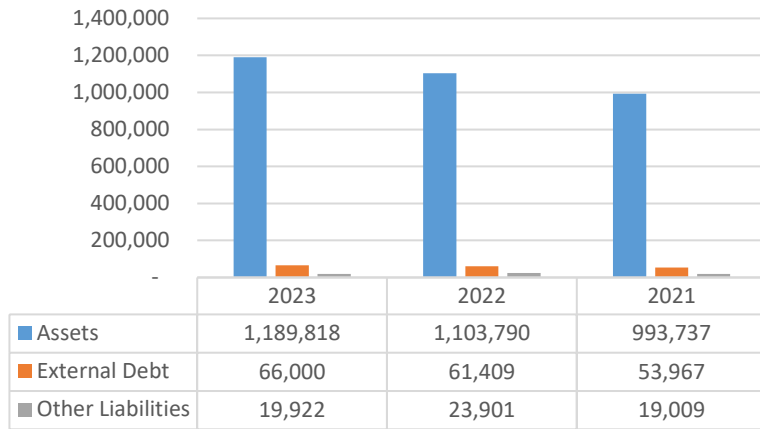


Note the above does not include the Investment Activity.

Horizons' Assets and Liabilities

During the financial year, Horizons' net worth increased from \$1,018.480 million to \$1,103.896 million. The major contributor to this increase in net worth was the revaluation of infrastructural assets and other non-current assets.

Horizons Regional Council Annual Report for the year ended 30 June 2023



Statement of Service Performance 2023

Overview

The Statement of Service Performance illustrates progress made during 2023 towards achieving our vision.

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

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

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

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

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

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

E ora ana ngā pūnaha hauropi o tō tātou rohe

Our region's ecosystems are healthy

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

E tōtika ana ngā ara waka o tō tātou rohe

Our region has effective transport networks

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

E tipu pai ana te ōhanga o tō tātou rohe

Our region's economy is thriving

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

E ngangahau ana ō tātou nei rohe hapori e noho whakamana ana hoki

Our region's communities are vibrant and empowered

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

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

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

Vision and Community Outcomes

OUR VISION				
<p>Tō tātou rohe - taiao ora, tangata ora, mauri ora. Our place – a healthy environment where people are thriving.</p>				
OUR STRATEGIC PRIORITIES				
Climate Change	Freshwater	Unlocking Information	Biodiversity	
OUR COMMUNITY OUTCOMES				
Our region's communities are vibrant and empowered	Our region's ecosystems are healthy	Our region's communities are resilient to the impact of natural hazards and climate change	Our region has effective transport networks	Our region's economy is thriving

Activity Information

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

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

- Investments

The results achieved against the non-financial service performance targets, or otherwise more commonly known as outputs, for 2023 are summarised in the table below. Performance has been compared to the 2021-31 Long-term Plan targets.

Activity and service performance information is contained on pages 12 to 72.

Group of Activities	Number of targets	Achieved	Measure Not Applicable	Partially or Not Achieved	% Achieved 2022-23	% Achieved 2021-22
Land and Water Management	24	17	0	7	70.83	79.17
Flood Protection and Control Works	28	0	2	26	0.00	46.43
Biosecurity and Biodiversity Management	16	10	4	2	83.33	92.31
Regional Leadership and Governance	34	30	0	4	88.24	86.67
Transport	9	8	1	0	100.00	62.5
Investment	3	1	0	2	33.33	0
Total 2022-23	114	66	7	41	61.68	
Total 2021-22	113	75	7	31		70.75

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

Statement of compliance

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

Note that the service performance information contained on pages 11 to 72 of the Annual Report relate to Council only. The CCO service performance information is contained in note 11 to the Financial Statements.

Performance Framework and Selection of Measures

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

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

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

The Department of Internal Affairs sets some mandatory measures that all Councils need to include in their Long-term Plans. For our Council, these relate to our Flood Protection and Control works and are detailed on pages 23 to 35.

Other measures were set through Council's Long-term Plan process in consultation with our communities. No new measures have been included for 2023.

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.

Te whakahaere whenua me te wai
Land and water management



Land and water management

Te Whakahaere Whenua me te Wai

What we do

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

Why we do it (community outcomes contribution)

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

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

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

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

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

What we did this year

Land Management

Overall, five of the Annual Plan targets for the Land Management activity (including research) were met in the 2022-23 year.

The Sustainable Land Use Initiative (SLUI) continued in 2022-23. This programme is a partnership with Central Government and funded through the Hill Country Erosion Fund, and this year completed the fourth year of a four-year contract. In the 2022-23 year, both the Whole Farm Plan and works completed targets had been met, and for the overall four-year contract, 95,658 ha of new farm plans had been completed against a target of 90,000 ha, and 18,637 ha of erosion reduction works against a target of 13,665 ha.

A new funding has been agreed for a further four years starting from 1 July 2023.

Since SLUI was implemented in 2006, over 5,891 environmental works jobs totalling 55,606 hectares have been completed and more than 29.5

million trees have been planted. This year, over 549 environmental works were completed, totalling 3,998 ha of works, and over 2.5 million trees have been planted.

Five of six 2022-23 Annual Plan targets were met. The target not achieved related to erosion reduction works carried out under the environmental grant programme, where 158ha of work was completed against a target of 175 ha. There was 255ha of work approved for completion, but for a variety of reasons, landowners did not complete all the works in time to be recorded against the 2022-23 financial year.

Horizons Regional Council has ten joint venture forests as part of the SLUI programme, and each year these must be revalued. This year one forest was sold, and the nine remaining forests were revalued. There was a decrease in value for the nine remaining forests of \$433,007 from the previous year. The decrease in value was largely due to increased harvest and transportation costs. The Council has an obligation to replant the land after the first harvest. Therefore, a provision has also been recognised to allow for this cost each year.

As part of the joint venture forests, Horizons Regional Council is able to account for the carbon stored within the forest. As the forests grow, you earn carbon units through the Emissions Trading Scheme (ETS). For this financial year, a total of 119,692 carbon units were allocated, at a total book value of \$7.14M. Offsetting this was the transfer out of 23,618 units at a book value of \$1.67M. Note this revenue is reflected in the Investments Group of Activities.

The Whanganui Catchment Strategy grant programme was again supported with funding from the Whanganui River Enhancement Trust (WRET). This funding supported environmental works within the Whanganui River Catchment.

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

crop grazing of sheep, and contributed to a national awareness campaign for intensive winter grazing.

Water Quality and Quantity

This year saw the continuation of the three Jobs for Nature (Regional Stream Fencing and Riparian Planting, Enhancing Fish Populations through Fish Passage Remediation, and Horowhenua Freshwater Management Unit (FMU) Water Quality Interventions), and the Lake Waipu Freshwater Improvement Fund project. It also saw the completion of the Manawatū Freshwater Improvement Fund and the Waikawa Community Environment Fund projects. These programmes are co-funded through Central Government (administered through the Ministry for the Environment), landowners and rates. These programmes saw the completion of:

- 140 kilometres of stream fencing;
- 188,831 riparian plants planted;
- Remediation of 31 barriers to fish passage;
- Completion of 9 community projects; and
- Monitoring of fish and kakahi populations at 67 sites.

Overall, 9 out of 12 of the Annual Plan targets (including research) for Freshwater Enhancement were met. The three targets not met were stream fencing in the Manawatū catchment (40.2 km against a target of 50km), fish barrier remediation in the Manawatū catchment (3 against a target of 4), and stream fencing in the Regional Stream Fencing and Riparian Planting Jobs for Nature project (101 km against a target of 105 km).

The year saw the completion of the first 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 early summer, through to early autumn an avian botulism outbreak was experienced on Lake Horowhenua with a response to the event being led by the Lake Horowhenua Trust and MTA with assistance from Horizons. This work diverted significant staff time from the Horowhenua FMU Water Quality Interventions project.

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

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

- Lakes paleolimnological analysis research;
- Monitoring of ecological condition and / or sediment monitoring of four estuaries;
- Modelling to assess the nutrient load reductions achieved by implementing different levels of mitigations on Dairy, Sheep and Beef, Horticulture and implementation of point source improvements (conducted by LWP Ltd and RMA science);
- Modelling of erosion and sediment loads across the region for a further two policy implementation scenarios under contemporary climate and climate change pathways;
- Calibration of a downscaled version of the Catchment Land Use for Environmental Sustainability (CLUES) model for *E. coli* in collaboration with Taranaki Regional Council and testing of the efficacy of a point source and stock exclusion scenario.

Resource Consent and Pollution Management

Over this reporting year, staff focussed their monitoring activity on the resource consents that have the potential to have the greatest environmental risk. A total of 2282 consents were assessed during the year, of which 78 percent were fully compliant with their conditions. Ten percent of assessed consents received Low non-compliance grading, 7 percent received Medium and, 5 percent received Significantly Non-Compliant grading. Consent holders are generally more aware of potential consequences of non-compliance and are proactive in notifying problems to Horizons, along with their actions to remedy or mitigate potential effects on the environment. Information continues to be provided to consent holders, and staff are available to undertake additional inspections when requested. Additionally, staff continue to take appropriate enforcement action in the event non-compliance is identified. This has resulted in 8 Formal Warnings, 52 Infringement

Notices and Abatement Notices being issued and 4 prosecutions being initiated.

The year has also seen Horizons continue to either process or receive a significant number of complex and high-profile consent applications, including those associated with wastewater treatment plant renewals and the O2NL (Otaki to North Levin) project. In addition to this, Council has also had input into those applications which have either sought to be considered and have been accepted to be processed via the COVID-19 Recovery (Fast Track Consenting) Act 2020 Fast Track legislation. Approximately 279 resource consent applications were lodged, with 199 applications being granted. Eighty-six (86%) percent of the applications granted were processed within statutory timeframes.

The reporting year saw 1,148 incidents received and responded to. This is a slight decrease from 2021-2022 year that saw 1335 incidents received.

Two hundred and sixty six (266) HAIL requests were received and responded to. Most requests relate to purchasers undertaking due diligence as part of a sale and purchase process.

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

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

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



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

Since the Sustainable Land Use Initiative (SLUI) started in 2006 over 29 million trees have been planted and Horizons has established relationships with more than 900 landowners to develop whole farm plans across 670,000 hectares, representing over half the highly erodible land in the region. Funding received from the Ministry for Primary Industries (MPI) through the Hill Country Erosion Programme, ratepayers and landowners has contributed to keeping the valuable soil on our hills and out of our waterways by targeting the most at-risk areas in the region.

SLUI works include pole planting, forestry, stream fencing, sediment traps, and reversion of land in pasture to native cover and fencing of existing bush remnants. Every year Horizons has targets to meet as part of the contract with MPI that relate to on-farm works and the development of Whole Farm Plans (WFPs). The ambitious on-farm works target that was set at the beginning of the four year contract was met in the 2021-22 year, and this year's work resulted in the four-year target being exceeded by 4,972 ha or 36%.

This achievement is notable, as coming out of the COVID restrictions, the 2022-23 year has had landowners facing continued poor weather conditions (cyclones Halle and Gabrielle) and high on-farm inflation, providing challenges for landowners in getting works completed.

Group of Activities performance against the 2022-23 Annual Plan: Of the overall 24 performance targets set for the Group, 17 were achieved and 7 were not achieved.

What we have delivered – Land Management

Achieved ●●●●●	Not Achieved ●			Not Applicable
5	1			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
SUSTAINABLE LAND USE INITIATIVE (SLUI)				
Erosion reduction works programmes in targeted SLUI catchments (hectares).	3,100	3,431	4,038 ●	target met
Hectares of Whole Farm Plan properties mapped per year.	20,000	26,906	27,247 ●	target met
REGIONAL LAND INITIATIVES AND WHANGANUI CATCHMENT STRATEGY				
Manage environmental grant programme to deliver erosion reduction works (hectares).	175	187	158 ●	Target not met. 217 ha was approved, however, a number of landowners did not complete the work by the end of June due to changing priorities and circumstances.
Support industry initiatives that promote sustainable land use via industry partnerships (incl. Whanganui River Enhancement Trust).	5	7	8 ●	Industry groups – Poplar and Willow Research Trust, Ballance Farm Environment Awards, Beef and Lamb New Zealand, Land Care Trust (SFF project), Taumarunui Sustainable Land Management Group, Middle Districts Farm Forestry Association, Farmed Landscape Research, Land Wise, and numerous catchment groups.
Operate Council nursery and source additional commercial material to deliver poles (poplar and willow) to erosion control programmes (number of poles).	30,000	33,429	31,366 ●	target met with 31,366 poles sourced.
RESEARCH AND MONITORING				
Annual report on the previous year's land and fluvial monitoring and research activity.	Achieved	Achieved	Achieved ●	Presented at the September 2022 Environment Committee meeting https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Environment-Committee-(3)/Environment-Committee-2022-14-09/22119%20Science%20Progress%20Report.pdf

What we have delivered – Water Quality and Quantity

Achieved	Not Achieved			Not Applicable
●●●●●●●●●● 9	●●● 3			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
FRESHWATER ENHANCEMENT TO ENABLE AND ENCOURAGE THE PROTECTION AND ENHANCEMENT OF WATER QUALITY, RIPARIAN MARGINS AND AQUATIC HABITAT				
Deliver freshwater enhancement work within the Manawatū Catchment in alignment with the Manawatū River Leaders' Accord and through delivery of the Manawatū Freshwater Improvement Fund project, including:				
Stream fencing (km);	50 km	54.1 km	40.2km ●	Weather conditions (Cyclone Gabrielle) meant that some fencing jobs were cancelled. In addition, the increasing cost of materials and contractors has meant that less fencing was completed than budgeted for onfarm due to less fencing being able to be completed for the allocated budget. This project was part of the Manawatū Freshwater Improvement Fund which completed it's final year as at 30 June 2023. Although the annual target was not meet, the 5-year target as per the work plans of 250 km of fencing, was exceeded with 300 km of fencing being delivered.
Riparian plants (number);	40,000	73,832	77,817 ●	Works completed exceeded the target, and fulfilled the targets. There was still unmet demand from landowners for riparian planting due to staff resourcing and budget for co-funding to complete further works.
Remediate fish barriers (number);	4	6	3 ●	Three barriers were remediated prior to the end of June however, weather conditions meant that further remediations could not be completed. This project was part of the Manawatū Freshwater Improvement Fund which completed its final year as at 30 June 2023. Although the annual target was not meet, the 5-year target as per the work plans of 20 fish barrier remediations, was exceeded with 23 barriers being remediated.

Horizons Regional Council Annual Report for the year ended 30 June 2023

Community projects (funded).	9	14	9 ●	17 applications were received to the Community projects fund seeking \$211,000 in funding, with \$100,000 per able to be allocated. The fund was able to fund 9 projects.
Delivery of the Jobs for Nature - Public Waterways and Ecosystem Restoration Fund Project Enhancing fish populations through fish passage remediation project, including:				
Investigation of selected areas for fish barriers;	1	Achieved	2 ●	Rangitikei and Whangaehu catchments were the focus catchments.
Fish/kakahi monitoring at a number of sites; and	12	104	67 ●	Monitoring was completed across the region.
Remediation of barriers to fish passage (number).	7	9	28 ●	Remediation works focussed on working with District Councils and co-funding remediations of fish barriers mostly in the Manawatū and Rangitikei District Council boundaries.
Deliver freshwater enhancement work in the Waipu Catchment through the Freshwater Improvement Fund project, including:				
Annual report to Council on the Waipu Catchment Freshwater Improvement Fund project.	Achieved	Achieved	Achieved ●	Presented to Council in May 2023 https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2023-10-05/Full%20Agenda.pdf
Delivery of the Jobs for Nature - Public Waterways and Ecosystem Restoration Fund Project Regional Stream Fencing and Riparian Planting, including:				
Stream fencing (km);	105 km	106.2 km	100.7 km ●	Weather conditions (Cyclone Gabrielle) meant that some fencing jobs were cancelled. In addition, the increasing cost of materials and contractors has meant that less fencing was completed than budgeted for onfarm due to less fencing being able to be completed for the allocated budget. This work programme is co-funded through J4N from MFE, the under-delivery (and associated financial underspend) in this financial year will be requested to be carried forward into the new financial year, and the programme will seek its overall objectives over the life of the four-year programme.
Riparian Plants (number).	100,000	96,999	110,764 ●	This is a J4N funded programme, and was able to meet its targets this financial year. The programme slightly under-delivered in the 2021-22 year however, with the result of this year has been able to catch up and is now

				ahead of deliverables required at the end of year three for the entire programme.
Deliver freshwater enhancement work within the Lake Horowhenua Catchment in alignment with the Lake Horowhenua Accord, and through delivery of the Jobs for Nature - Public Waterways and Ecosystem Restoration Fund Project Lake Horowhenua Water Quality Interventions including:				
Annual report to Council on lake restoration activity, including the Jobs for Nature Fund project for Lake Horowhenua	Achieved	Achieved	Achieved ●	Presented to Council in May 2023 https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2023-10-05/Full%20Agenda.pdf
IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S WATER RESOURCE				
Annual report to Council on the previous year's water quantity and quality monitoring and research activity and its findings	Achieved	Achieved	Achieved ●	Presented at the September 2022 Environment Committee meeting https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Environment-Committee-(3)/Environment-Committee-2022-14-09/22119%20Science%20Progress%20Report.pdf

What we have delivered – Resource Consent and Pollution Management

Achieved	Not Achieved			Not Applicable
●●● 3	●●● 3			0
Performance Measures for Levels of Service	Annual Plan 2022-23	Actual 2021-22	Actual 2022-23	Comment
CONSENTS PROCESSING				
Process consents within Resource Management Act (RMA) timeframes.*	85%	79%	88% ●	
COMPLIANCE MONITORING				
Monitor compliance of all resource consents identified in the rural annual compliance monitoring programme.	90%	62%	77% ●	At the start of the year it was planned to assess 484 consents, being a combination of 300 FDE consents, 100 stock water take consents, 21 irrigation consents, 45 Intensive Land use consents , seven consented

				forestry sites and 11 River Management consents. Due to on-going staff vacancies in this programme and the fact existing staff were required to work in other areas of the business (such as incident response, supporting cyclone response and continued implementation of the NESFW) has meant 372 assessments were carried out.
Monitor compliance on Category 1 and Category 2 (high priority) sites identified in the TA and industry annual monitoring programme.	100%	59%	60% ●	End of year 62 out of the 104 assessments for the C1&C2 programme have been done (60% of the programme completed) with seven C2 sites having not had assessments completed; however, the assessments are in progress. In addition 23 assessments of C3 sites has taken place. On-going vacancies in the team through out the year and the fact that staff have been required to work in other areas of the business (e.g. incident response, supporting cyclone response) has meant this measure has not been achieved this year.
Take action in relation to significant or serious non-compliance	100%	100%	100% ●	
INCIDENT RESPONSE AND HAIL				
All notifications of non-compliance from the public are responded to.**	100%	100%	100% ●	
All HAIL (Hazardous Activities and Industries List) enquiries are responded to within 10 working days.	100%	70%	85% ●	End of year total 266 HAIL enquiries processed, 41 of which have not been done within 10 working days. However, for the 41 HAIL enquiries the average response time was 13 days. On-going vacancies in the team have impacted on our ability to meet this target.

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

** Options for response include:
 Desktop response;
 Immediate site inspection;
 Planned site inspection;
 Phone call only;
 Referred to external contractor;

Subject to investigation; and
Referred to other agency (i.e. relevant territorial
authority, Civil Aviation Authority etc.).

Funding Impact Statement for the Land and Water Management Group of Activities to 30 June 2023 (\$000)

	LTP 2021-31 2022-23	Actual 2022-23	LTP 2021-31 2021-22	Actual 2021-22
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	14,104	14,548	13,539	13,539
Targeted rates	747	972	765	765
Subsidies and grants for operating purposes	6,192	5,074	5,604	4,133
Fees and charges	6,436	6,258	6,266	5,180
Internal charges and overheads recovered	-	26	-	106
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	27,478	26,878	26,174	23,723
Applications of operating funding				
Payments to staff and suppliers	12,724	11,852	11,655	9,528
Finance costs	-	-	-	-
Internal charges and overheads applied	14,709	15,586	13,998	13,466
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	27,433	27,438	25,652	22,994
Surplus (deficit) of operating funding (A-B)	45	(560)	522	729
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(123)	-	(123)	(80)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(123)	-	(123)	(80)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	161	-	657	-
-to replace existing assets	-	358	-	471
Increase (decrease) in reserves	(238)	(918)	(258)	178
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	(78)	(560)	399	649
Surplus (deficit) of capital funding (C-D)	(45)	560	(522)	(729)
Funding balance ((A-B)+(C-D))	-	-	-	-

Ārai waipuke me te mahi whakahaere
Flood protection and control works



Flood protection and control works

Ārai Waipuke me te Mahi Whakahaere

What we do

The Flood Protection and Control Works Group of Activities includes:

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

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

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

Why we do it (community outcomes contribution)

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

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

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

What we did this year

River and Drainage General

The River and Drainage General activity includes investigations and design activity as well as implementation work via the Environmental Grant programme. Overall the programme achieved 0 out of 4 of the Annual Plan targets.

The target for one scheme review and eight Operations and Maintenance Manuals were not completed as both targets were put on hold due to organisational change to support further integration of the Horizons operational activity catchments. The non-completion of the scheme reviews and Operations and Maintenance Manuals are not considered to have any impact on the levels of service by the River Management Activity of Horizons.

The environmental grant programme completed 4 projects for a target of 10 completing/non-completing its targets.

River and Drainage Scheme

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

Overall 0 out of 24 (0%) of the River and Drainage scheme targets were met.

The delivery of the operational targets has been impacted by a very wet winter followed by a number of significant summer weather events including Cyclone Hale and Cyclone Gabrielle, which have stretched the team's resources and resulted in the reprioritising of resources and funding.

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

Staff shortages and weather-related impacts have meant that focus has been placed on the inspection of critical assets resulting in only 24% of all assets inspections being captured within the Asset Management system.

Overall, the majority of the areas have been able to complete their maintenance programmes which is reflected by the expenditure within the schemes and therefore the levels of service with the majority of the schemes have not been impacted, with the exception of those schemes that have been impacted by flood damage.

The reduced spend was primarily due to Council reducing the scope of the Te Awahou Foxton Project, deferral of the Tremaine Avenue retaining wall upgrade, and delays to the Te Puwaha project as outlined below.

The Reid Line project had a budget of approx. \$4.06M and spent a total of \$14k. The reduced expenditure was due to not purchasing further land for the project. The project has moved into a further design phase,

including how this project fits into the broader flood protection and stormwater management activity for Feilding. This design information will assist with future decisions around land purchase.

The Central Government co-funded projects that had some changes to budget and scope during the 2022-23 year.

Te Puwaha project suffered delays in obtaining consents for construction of the Tanae Groyne and delays in designing the South Mole, which resulted in a reduction construction works and resultant reduction in the project spend. Council are considering their priority for the construction of the remaining stages of this project via the upcoming Annual Plan process.

The four climate resilience projects continued (Rangitikei, Te Awahou Foxton, Lower Manawatū and Palmerston North Stopbanks). Council reduced both the scope and budget for the Te Awahou Foxton project in February. The reduced scope provides for the central government co-funded project to deliver a smaller scope within the available timeframes, and this project remains compatible with the original larger scope for the project. The Lower Manawatū and Palmerston North City stopbanks projects underwent a review of sub-projects based on risk and consequence, and changes were made to some sub-projects' scope and budgets. Following ex-tropical cyclones Hale and Gabrielle, some changes in the scope and budgets of the Lower Manawatū scheme and Rangitikei projects were made to allow for damage repairs resulting from these events.

Changes to the Capital Programme were considered in May, and this information was used as a basis to set budgets for the current 2023-24 Annual Plan. Some capital project delivery was significantly impacted by multiple wet weather events.



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

- Cyclone Gabrielle

Following a very wet winter, the series of significant summer weather events with cyclones Hale and Gabrielle created disruption for river management scheme operations, and in addition to staff shortages, meant that output of inspections and work able to be completed was reduced.

Horizons' catchment operations committee were presented with a strategy in August to reduce flood risk and increase community resilience at Anzac Parade in Whanganui. The strategy report was commissioned by Horizons and written by Massey University in close consultation with Anzac Parade residents, tangata whenua, Te Rūnanga o Tūpoho, Whanganui District Council and Horizons, as well as contributions from

stakeholders within central government and the insurance sector. Designed to be a key document for consideration and decisions regarding planning of future climate and flood resilience work for the area, the strategy report is there to help Council prioritise areas for which to focus these works.

Whanganui's port revitalisation project, Te Pūwaha, translates to 'river mouth', and refers to the name of the partnership between Whanganui iwi, members of the community and the other four partners invested in the project. Horizons remains an active part of the project, which has been underway since October 2020. With \$26.7 million in funding from central government through the Provincial Growth Fund and additional funding through project partners, the total investment in Te Pūwaha is over \$50 million.

Despite delays, as of April 2023, construction of the North Mole is 75 percent complete. Aspects of the rock wall still to be completed include two fishing platforms and stormwater outfalls along the awa.

After consultation with homeowners, local residents, community leaders and with leadership from Te Mata Pūau, discussions around access to the

awa and flood protection resulted in Council's decision to give the green light to construction of an embankment to 4.1m (Moturiki Vertical Datum 1953) at Tregenna Street. The embankment will provide 100-year level flood protection, taking into account the possible impacts of climate change, plus extra allowance for freeboard. Planned works for the area also incorporate a recreational space for the local community, which will include a shared pedestrian and cycleway path, designated grass area, and picnic tables.

Construction works on the Tanae Groyne (South Spit) were reprioritised due to their importance in maintaining river alignment and reducing the likelihood of the river breaching the Spit and outflanking the South Mole.

Council also agreed to a partial rebuild of the South Mole at an approximate height of 2.3m, to enable future upgrades to the structure, acknowledging that further conversations needed to take place between Horizons, Whanganui District Council and central government to source additional funding. Construction of the North Mole continues into the 2023-24 financial year and is estimated to be completed within the next year.

Group of activities performance against the 2022-23 Annual Plan: Of the overall 28 performance targets set for the Group, 0 were achieved, 26 were not achieved and 2 were not applicable.

Table 1 – Programme of application of the Code of Practice

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

Table 2 – Programme of Operations and Maintenance Manual Development

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

What we have delivered – River and Drainage General

Achieved	Not Achieved			Not Applicable
0	●●●● 4			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
INVESTIGATIONS AND ADVICE				
In accordance with the programme identified in the Infrastructure Strategy, carry out and report to Council on reviews of schemes, assessing whether the current management approach is sustainable, how best to meet the needs of the community now and in future and whether the associated funding model is both efficient and equitable (reports to Council).	2	0	0 ●	Target not met as Investigations and Design team's priority was supporting the Project team's CAPEX works delivery in terms of design aspects.
In accordance with the programme identified in Table 1, assess the performance of flood protection assets in line with the Code of Practice developed by River Managers Forum (schemes assessed).	1	1	0 ●	Target not met as Investigations and Design team's priority was supporting the Project team's CAPEX works delivery in terms of design aspects.
In accordance with the programme identified in Table 2, produce operations, maintenance and surveillance manuals that capture scheme history, operating context and the inspection and maintenance activities required to deliver the levels of service to the relevant communities (Operations and Maintenance manuals produced).	8	2	0 ●	Target not met as Investigations and Design team's priority was supporting the Project team's CAPEX works delivery in terms of design aspects.
IMPLEMENTATION				
Apply environmental grant funding assistance to applicants where criteria is satisfied (grants).	10	1	4 ●	4 Applications received, 26k is committed

What we have delivered – River and Drainage Schemes

Achieved	Not Achieved			Not Applicable
0	●●●●●●●●●●●●●●●●●●●●			●●
22				2
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
NORTHERN SCHEMES				
Flood and erosion protection assets and systems are maintained.				
Completion of maintenance programme. Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Majority of the works programs have been,however due to recent flood events and staff turnover, final inspections of assets have not been completed and as such asset condition reporting is unavailable for a large number of assets.
System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Not Achieved	Not Achieved ●	Assets are being maintained to their level of service requirements. However we have been unable to collect all the relevent asset condition reports to be able to support an achieved outcome.
Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Majority of our critical assets have been inspected this period however due to flood events and staff turnover we have been unable to inspect all assets as required by our AMP's.
Flood and erosion protection assets and systems are repaired.				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Achieved	Not Achieved ●	High river level and poor weather/ground conditions have made it difficult to undertake some of the high priority works which has resulted in some of these works not being completed within the 6 month period.
Assets are renewed at end of useful life or to address a service level change.				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	Achieved	Not Applicable ●	No assets for renewal this year.
New assets are constructed.				

Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Not Achieved	Not Achieved ●	Poor weather conditions and the need to reprioritise works as a result of recent flood events has meant that some of the programmed capital works have been delayed.
CENTRAL SCHEMES				
Flood and erosion protection assets and systems are maintained.				
Completion of maintenance programme. Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Majority of the works programs have been, however due to recent flood events and staff turnover, final inspections of assets have not been completed and as such asset condition reporting is unavailable for a large number of assets
System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Not Achieved	Not Achieved ●	Assets are being maintained to their level of service requirements. However we have been unable to collect all the relevant asset condition reports to be able to support an achieved outcome.
Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Majority of our critical assets have been inspected this period however due to flood events and staff turnover we have been unable to inspect all assets as required by our AMP's.
Flood and erosion protection assets and systems are repaired.				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Achieved	Not Achieved ●	High river level and poor weather/ground conditions have made it difficult to undertake some of the high priority works which has resulted in some of these works not being completed within the 6 month period.
Assets are renewed at end of useful life or to address a service level change.				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	Achieved	Not Achieved ●	Recent flood event have meant that staff have had to refocus their efforts on flood damage repairs and as such some of the renewal works have not been completed.
New assets are constructed.				
Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Not Achieved	Not Achieved ●	Poor weather conditions and the need to reprioritise works as a result of recent flood events has meant that some of the programmed capital works have been delayed.
SOUTHERN SCHEMES				

Flood and erosion protection assets and systems are maintained.				
Completion of maintenance programme. Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Majority of the works programs have been, however due to recent flood events and staff turnover, final inspections of assets have not been completed and as such asset condition reporting is unavailable for a large number of assets
System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Not Achieved	Not Achieved ●	Assets are being maintained to their level of service requirements. However we have been unable to collect all the relevant asset condition reports to be able to support an achieved outcome.
Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Not Achieved	Not Achieved ●	Majority of our critical assets have been inspected this period however due to flood events and staff turnover we have been unable to inspect all assets as required by our AMP's.
Flood and erosion protection assets and systems are repaired.				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Achieved	Not Achieved ●	On going high river level and poor weather/ground conditions have made it difficult to undertake some of the high priority works which has resulted in some of these works not being completed within the 6 month period.
Assets are renewed at end of useful life or to address a service level change.				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	Not Achieved	Not Achieved ●	Recent flood event have meant that staff have had to refocus their efforts on flood damage repairs and as such some of the renewal works have not been completed.
New assets are constructed.				
Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Not Achieved	Not Achieved ●	Poor weather conditions and the need to reprioritise works as a result of recent flood events has meant that some of the programmed capital works have been delayed.
EASTERN SCHEMES				
Flood and erosion protection assets and systems are maintained.				

Completion of maintenance programme. Schemes to be maintained to full service potential in accordance with the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Achieved	Not Achieved ●	Majority of the works programs have been, however due to recent flood events and staff turnover, final inspections of assets have not been completed and as such asset condition reporting is unavailable for a large number of assets
System performance design standard. Schemes meet level of service requirements as documented in the Asset Management Plans.	Achieved	Achieved	Not Achieved ●	Assets are being maintained to their level of service requirements. However we have been unable to collect all the relevant asset condition reports to be able to support an achieved outcome.
Completion of asset inspection programme. Scheme asset inspections are completed in accordance with requirements specified in the Asset Management Plan or the Operations and Maintenance Manual.	Achieved	Achieved	Not Achieved ●	Majority of our critical assets have been inspected this period however due to flood events and staff turnover we have been unable to inspect all assets as required by our AMP's.
Flood and erosion protection assets and systems are repaired.				
Response to flood event or damage. Following a flood event, damage is identified and programmed for repair. High priority works are completed within 6 months.	Achieved	Achieved	Not Achieved ●	On going high river level and poor weather/ground conditions have made it difficult to undertake some of the high priority works which has resulted in some of these works not being completed within the 6 month period.
Assets are renewed at end of useful life or to address a service level change.				
Completion of renewals programme. As per Asset Management Plan Renewal programme	Achieved	Achieved	Not Applicable ●	No assets for renewal this year.
New assets are constructed.				
Completion of new capital works programme. Complete all capital works as outlined in the Asset Management Plan and budgeted for in the Annual Plan.	Achieved	Achieved	Not Achieved ●	Poor weather conditions and the need to reprioritise works as a result of recent flood events has meant that some of the programmed capital works have been delayed.

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

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

Rangitīkei Scheme: 1-2% AEP depending on location

Manawatū Drainage Scheme: 20% AEP

Mangatainoka Scheme: 5-20% AEP depending on location

South Eastern Ruahine Scheme: 20% AEP

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

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

Funding Impact Statement for the Flood Protection and Control Works Group of Activities to 30 June 2023 (\$000)

	LTP 2021-31 2022-23	Actual 2022-23	LTP 2021-31 2021-22	Actual 2021-22
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	4,394	4,202	4,040	4,040
Targeted rates	12,399	12,080	11,391	11,391
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	1,910	1,646	1,793	942
Internal charges and overheads recovered	1,380	1,214	750	632
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	20,083	19,142	17,974	17,005
Applications of operating funding				
Payments to staff and suppliers	6,348	8,291	6,106	7,093
Finance costs	-	-	-	-
Internal charges and overheads applied	7,439	7,279	6,380	5,832
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	13,787	15,570	12,486	12,925
Surplus (deficit) of operating funding (A-B)	6,296	3,572	5,488	4,080
Sources of capital funding				
Subsidies and grants for capital expenditure	13,352	6,142	12,865	8,908
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	5,129	-	5,806	444
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	2,735	766	2,420	1,136
Total sources of capital funding (C)	21,216	6,908	21,091	10,488
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	27,677	14,098	26,481	14,164
-to replace existing assets	279	-	601	211
Increase (decrease) in reserves	(444)	(3,618)	(503)	193
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	27,512	10,480	26,579	14,568
Surplus (deficit) of capital funding (C-D)	(6,296)	(3,572)	(5,488)	(4,080)
Funding balance ((A-B)+(C-D))	-	-	-	-

Tiaki kōiora
Biosecurity and
biodiversity protection



Biosecurity and biodiversity protection

Tiaki Koiora

What we do

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

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

Why we do it (community outcomes contribution)

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

- Implementation of the Regional Pest Management Plan programmes of work against pest plants
- Delivery of the regional possum control programme, rook control and an amenity pest programme

- Active management of high priority remnants of threatened ecosystems, including a regional park and
- Supporting community groups and other stakeholder groups to protect and enhance biodiversity on public and private land.

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

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

What we did this year

Biosecurity

Seven of the twelve biosecurity Annual Plan targets were met, with four not applicable.

In the 2022-23, year Horizons delivered possum control work in 85 Possum Control Operations (PCOs), split 30 by contractors and 55 by our internal staff team. All work undertaken was existing maintenance operations. The total area actively managed by the PCO programme this year was 905,721 hectares; the full regional operation has 153 individual operational areas and totals 1,670,624 hectares.

Thirty-nine of the 153 PCOs were monitored during the year, returning an average result of 3.6% +/- 0.9% Residual Trap Catch Index (RTCI), well below the target of 10% RTCI.

Rook control was carried out in spring and again in late summer. Thirty new sites were located, in part, due to increased advertising, but the total number of active rookeries and nests continues to diminish. We treated 116 nests at 43 active rookeries, compared to 152 nests treated at 47 active rookeries last year.

All known rookeries were treated and the Annual Plan target was achieved. 100% of rookeries (66 out of 66) treated. The pest plant activity using both in-house and external contractor support reduced the area of pest plants in the region across 4,390 sites with the focus on:

- Species targeted for Eradication continue to diminish, with 86% of all sites at zero levels. This is despite the discovery of new sites of a number of species due to increased surveillance;
- The Progressive Containment-mapped suite of species are below our target zero-level percentage (75% compared with 78%); natural dispersal from entrenched areas and surveillance is a constant source of new locations;
- Biological control agents were released against a number of species, with a highlight being a new-to-New Zealand gall-forming wasp for Sydney Golden Wattle, a transformative species of coastal dunes and wetlands introduced to the Western coastline;
- Coordinating and regulating the many regional partnerships aimed at reducing the impacts of pest plants (e.g. working collaboratively with all territorial authorities, forestry companies and the Crown);
- Horizons also managed the Central North Island Regional Coordination Group for the National Wilding Conifer Control Programme contract, facilitating the transfer of central government funding to a range of agencies, including Horizons, to undertake control work.
- Horizons supported national pest management programmes by working alongside the Ministry for Primary Industries in assisting farmers with velvetleaf surveillance; and along our western

coast with surveillance and site management of and surveillance for sea spurge incursions.

A total of 441 animal and 160 pest plant ratepayer requests were received for advice or assistance. All animal pest and pest plant requests received an initial response within 48 and 72 hours respectively.

Significant Events/Issues

- Possum monitoring returned an average of 3.6% +/- 0.9% RTCI from 39 PCOs monitored across the region, target is 10% RTCI;
- Rook pest programme delivered in full;
- 441 animal and 160 pest plant requests for assistance were undertaken; and
- Central Government funding received for wilding pine control and programme was successfully managed.
- A new to New Zealand biological control agent was released to suppress Sydney golden wattle in our region.

Biodiversity

Three of the four biodiversity teams Annual Plan targets were met.

The Priority Habitats activity target of eleven new priority habitats receiving management was missed with only ten being brought on this year. The ten new sites required assessment of over thirty sites to be assessed to ensure only examples that fit the programme criteria of critically endangered ecosystems were added.

The biodiversity partnerships programme continued work in the five icon sites, with trapping continuing at Kia Wharite, Horizons supporting pest animal exclusion and monitoring at Bushy Park Tarapurui, and enhanced predator control at Pūkaha Mount Bruce. Manawatū Estuary works focussed on enhanced predator control in the salt marsh, weed control in the dunes, and an engagement and development framework for a new Manawatū Estuary Management Plan was constructed. In Te

Āpiti Manawatū Gorge, weed control continued and animal pest control works began to be expanded in acknowledgment of the need to increase pest control coverage and scope, to ensure pests are better controlled. Projects from the Whakatakotoranga Matua Ki Te Apiti (the Te Āpiti Masterplan) were prioritised by a third party consultant.

Rangitikei Environment Group continued their old man's beard control through the targeted rate. The Waitarere Beach targeted rate enabled lupin control in the sand dunes to be completed, and future targeted rate works at Waitarere has been organised.

Twenty-three projects were funded this year from Kanorau Koiora Taketake – the Indigenous Biodiversity Community Grant from the \$260,000 available. The grant was heavily oversubscribed, with more than 40 applications received requesting more than \$1 million.

Tōtara Reserve regional park activity was curtailed by Cyclone Gabrielle in February 2023, which created a large amount of damage to infrastructure and in the campground as well as to the track network. The new water treatment system was initiated and provided safe drinking water to all users until the flood. The spatial plan was finalised

and identified a number of projects and considerations for future investment.

Enhanced biosecurity activity continued, including expanded control programmes against the worst of the pest plant species and more intensive trapping and baiting of animal pests.

Significant Events/Issues

Highlights in the Biodiversity Activity include:

- The Kanorau Koiora Taketake - Indigenous Biodiversity Community Grant, supported 23 biodiversity projects throughout the region, engaging with new landowners, community groups and Iwi-led projects.
- Tōtara Reserve has been severely impacted by flooding and will likely have reduced capacity to withstand high water events for the foreseeable future.
- Ten new sites of critically endangered ecosystems are receiving management to protect and enhance their biodiversity values, taking the tally to 83 sites across the region.



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

- Bud-galling wasp and wallaby

In December 2022, on behalf of the National Biocontrol Collective, Horizons Regional Council was granted consent to release a species of non-stinging wasp to control the invasive pest plant *Acacia longifolia*, commonly referred to as Sydney golden wattle. Golden wattle is a damaging pest plant, devastating coastline areas from Whanganui to Waikawa by suffocating out native species, preventing their growth, resulting in a mono-culture environment where only the golden wattle can survive. After observation of its successful application overseas, the tiny wasp species was introduced to the region following thorough assessment by the Environmental Protection Authority (EPA) on its potential risk factors and was determined to not pose a risk to our native

biodiversity. The friendly wasp species *Trichilogaster acacialongifoliae* is an effective method of control for the plant as it lays its eggs on the flower buds, producing a growth (gall) that then prevents the production of seeds from that flower. Recent visits to the release area have found that the wasps have successfully established themselves, proving that the control method is working as hoped.

Horizons annual rook control programme was carried out through the spring and summer seasons with great success. Increased advertising about the programme to the public likely contributed to the increased number of reports of rookeries (rook nests) and rook sightings, with thirty new sites located. Annual Plan targets for the treatment of rookeries were met, with 100% (66 out of 66) of nests treated. Rooks are one of Horizons' eradication pests under the Pest Management Plan due to the damage they cause to cereal crops, destroying them at germination and opening pasture to be overrun by weeds.

Priority Habitats works continued at our five icon sites across the region. Pest trapping works continued at Kia Wharite, monitoring and exclusion of pest animals at Bushy Park Tarapurui, and improved predator control at Pūkaha Mount Bruce. A variety of work was conducted at Manawatū Estuary, focussed on predator control in the salt marsh, weed control of the dunes and engagement and development framework for a new Manawatū Estuary Management Plan was created. Weed and pest animal control works were increased in Te Āpiti Manawatū Gorge after the need was identified to expand the area covered by existing control. Control of old man's beard by the Rangitīkei Environment Group continued and met set targets for the area.

Horizons' regional park Tōtara Reserve was impacted heavily by the devastating Cyclone Gabrielle, causing a lot of damage to park

infrastructure in the campgrounds, and silting out areas of the walking tracks. A new spatial plan was finalised, identifying a suite of projects and considerations for future investment for the park. It has been noted that due to heavy inundation from floodwaters over the area, the area is likely to have a reduced capacity in future heavy rain and flooding events.

Under Horizons pest plant activities for the 2022-23 financial year, we managed the Central North Island Regional Coordination Group, conducting the National Wilding Conifer Control Programme. Central government funding was transferred to a range of agencies, including Horizons, to undertake conifer control work.

Group of Activities performance against the 2022-23 Long-term Plan: Of the overall 16 performance targets set for the Group, 10 were achieved, 2 was not achieved, and 4 were not applicable.

What we have delivered – Biosecurity

Achieved ●●●●●●● 7	Not Achieved ● 1			Not Applicable ●●●● 4
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
PEST ANIMAL MANAGEMENT				
Possum densities are maintained at/below 10% residual trap-catch (RTC) in existing/new possum control operation (PCO) areas. This is to enhance production, biodiversity, disease protection and amenity values.	<10% RTC	2%	Achieved ●	39 of the planned 40 monitors have been completed. The average result across the 39 monitors is 3.6% RTC (+/-1.2%). Three PCOs have returned results above 10% RTC.
All additional hectares released from OSPRI control are included in the PCO programme.	100%	100%	NA ●	NA: No new hectares this year
All known rookeries are treated annually to reduce crop losses and damage.	100%	98%	100% ●	All known rookeries controlled this year
Provide an animal pest management advisory service. All enquiries will be responded to within two working days.	100%	100%	100% ●	The total number of enquiries received in the 2022-23 year was 441. All were followed up within the agreed timeframes.
PEST PLANT MANAGEMENT				
Any exclusion category pest plants that are found in the region are promptly managed:				
Response plans are produced when required;	Achieved	NA	NA ●	No plans required
Required response plans are produced within two weeks;	100%	NA	NA ●	NA
Response plans are enacted within their specified timeframes.	100%	NA	NA ●	NA
Number of managed sites at zero-levels increases for pest plants identified for eradication in the Regional Pest Management Plan.	Overall % of eradication pest plant managed sites at zero-levels is greater than 79%	Achieved	Achieved ●	86% of sites in the region are at zero-levels.

Number of managed sites at zero-levels increases for pest plants identified as progressive containment mapped in the Regional Pest Management Plan.	Overall % of progressive containment mapped pest plant managed sites at zero-levels is greater than 78%	Achieved	Not Achieved ●	75% of sites in the region are at zero-levels. The target was not achieved as additional areas were identified and incorporated into the overall managed site.
Financially support the national bio-control agent development programme and report annually to Council on this programme.	Achieved	Achieved	Achieved ●	Completed
Monitoring of some released biological agents will be completed to assess establishment and host damage (using the national protocol):				
20 assessment plots will be monitored.	100%	Achieved	100% ●	This has been achieved with various agents including old man's beard gall mites, tutsan beetle, Sydney golden wattle wasp, broom gall mite, green thistle beetle and Tradescantia beetle, and yellow spot fungus
Pest plant enquiries are responded to within 3 working days.	95%	97%	100% ●	Achieved

What we have delivered – Biodiversity

Achieved	Not Achieved		Not Applicable
●●● 3	● 1		0
Performance Measures for Levels of Service	Annual Plan 2022-23	Actual 2021-22	Actual 2022-23
PROTECT/ENHANCE PRIORITY HABITAT REMNANTS			
Additional priority habitats managed to level 3* or higher (number of sites)	11	11	10 ●
10 of the 11 sites have been confirmed			
SUPPORT COMMUNITY INVOLVEMENT IN BIODIVERSITY PROTECTION			

Horizons Regional Council Annual Report for the year ended 30 June 2023

Support existing community-based biodiversity improvement projects (number of projects). These may include icon projects, targeted rate projects and contestable fund projects.	12	28	23 ●	Eighteen Kanorau Koiora Taketake community grant projects were supported through the year along with two target rated projects and three icon projects.
IMPROVE KNOWLEDGE AND UNDERSTANDING OF THE REGION'S BIODIVERSITY				
Annual Report to Council on the previous year's biodiversity monitoring and research activities.	Achieved	Achieved	Achieved ●	Presented at the September 2022 Environment Committee meeting https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Environment-Committee-(3)/Environment-Committee-2022-14-09/22119%20Science%20Progress%20Report.pdf
TOTARA RESERVE REGIONAL PARK				
Annual Report to Council on the management of Totara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility.	Achieved	Achieved	Achieved ●	Presented to Totara Reserve Advisory Group 25th July 2023.

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

Funding Impact Statement for Biosecurity and Biodiversity Group of Activities for the year ended 30 June 2023 (\$000)

	LTP 2021-31 2022-23	Actual 2022-23	LTP 2021-31 2021-22	Actual 2021-22
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	5,102	5,096	4,748	4,748
Targeted rates	4,302	4,297	4,008	4,008
Subsidies and grants for operating purposes	100	831	100	1,221
Fees and charges	149	124	144	233
Internal charges and overheads recovered	-	-	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	9,653	10,348	9,000	10,211
Applications of operating funding				
Payments to staff and suppliers	5,120	5,590	4,700	5,405
Finance costs	-	-	-	-
Internal charges and overheads applied	4,479	4,872	4,219	4,661
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	9,599	10,462	8,919	10,066
Surplus (deficit) of operating funding (A-B)	54	(114)	81	145
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	103	-	240	-
-to replace existing assets	-	161	-	312
Increase (decrease) in reserves	(49)	(275)	(159)	(167)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	54	(114)	81	145
Surplus (deficit) of capital funding (C-D)	(54)	114	(81)	(145)
Funding balance ((A-B)+(C-D))	-	-	-	-

Mana whakahaere ā-rohe
Regional leadership and governance



Regional leadership and governance

Mana Whakahaere ā-rohe

What we do

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

Why we do it (community outcomes contribution)

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

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

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

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

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

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

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

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

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

What we did this year

Emergency Management

Over the reporting period, Horizons Emergency Operations Centre and the Manawatū-Whanganui Civil Defence Emergency Management (CDEM) Groups Emergency Coordination Centre (ECC) were activated on a number of occasions in response to severe weather events across the region. The biggest response was to Cyclone Gabrielle, where the ECC was operational for 18 days under a state of National Emergency. Following this activation, the Emergency Management Office supported

the Group Recovery Manager in recovery activities, primarily for the Tararua District.

Whilst the response to the weather events presented a number of challenges in regards to completing some key outputs, the real-time activities provided valuable training experience for Council staff, a number of whom also deployed in a surge capacity to support other affected CDEM Groups. All outputs were achieved with the exception of the Hazard Information Update Project due to external influences regarding suitable contractor availability.

The CDEM Group continued to make significant progress over the reporting period in regards to iwi-Māori engagement.

Climate Change

Responding to climate change is a growing work area for Horizons. This reporting period saw a number of benchmarks reached that define and guide Horizons short-term response to climate change and map a pathway for future action.

Horizons facilitated and produced the inaugural Manawatū-Whanganui Climate Change Action Plan, adopted by the Climate Action Joint Committee in the first quarter of 2023. That plan includes recommended actions for Councils and communities to respond to climate change and related risks.

In the second quarter of 2023, Council adopted Horizons' updated Climate Action Strategy and inaugural Climate Action Plan. The Climate Action Strategy defined Horizons approach to responding to climate change. Horizons Climate Action Plan includes projects and activities that are our short-term (next two to five years) response to climate change and sets a pathway for future action. Horizons Action Plan also embedded recommended actions from the Manawatū-Whanganui Climate Change Action Plan. Council adopted a 2030 emission reduction strategy.

The Pūtea Hapori Urupare Āhuarangi, Community Climate Response Fund's first year of projects were completed and 2023-24 projects were

selected. Overall, project objectives were achieved. Some media coverage of projects helped raise the fund's profile and the profile of Horizons' climate change work.

Horizons produced and implemented a Climate Change Communication Strategy to raise awareness of climate change and actions people and communities can take to reduce emissions and build climate resilience. The strategy was also designed for Territorial Authorities to customise for their use. Communication resources and social media tiles in reo Māori were also developed and distributed to Iwi.

The Living with Uncertainty project, part funded by Horizons and run by Massey University, continues to work with Tangimoana and Putiki to develop community-led climate adaptation plans for those communities. Horizons is also funding a project focus on community adaptation and recovery for Akitio following the impact of cyclone Gabrielle. These projects are all due for completion in 2024. Learnings from them will inform future community-led climate adaptation planning.

Strategic Management

The National Policy Statement for Freshwater Management 2020 and the Government's Essential Freshwater package seeks to bring our waterways and ecosystems to a healthy state within a generation. This year, Council has been working towards implementing the NPS-FM, which has included actively involving tangata whenua, working through the requirements of the National Objectives Framework in the NPS-FM, and engaging with stakeholders and communities on values and visions.

The National Policy Statement on Urban Development 2020 (NPS-UD) sets out objectives and policies for the provision of sufficient development capacity to meet the expected demand for housing and business land, and for the planning of well-functioning urban environments. It is intended to improve the responsiveness and competitiveness of land and development markets. Council notified Proposed Change 3 to give effect to the NPS-UD on 17 October 2022. A total of 19 submissions and three further submissions were received. A Hearing Panel has been appointed with hearings scheduled to be held in late October 2023.

Falling out of the NPS-UD is the requirement for Tier 2 Local Authorities to develop a Future Development Strategy. Palmerston North City Council and Horizons are identified as Tier 2 Authorities, and we are working together to prepare a joint Future Development Strategy which will guide how Palmerston North and the wider district grows over the next 30 years. The Future Development Strategy must be completed by 30 June 2024, and public consultation is planned to occur during the third or fourth quarter of 2023-24.

The National Policy Statement for Highly Productive Land 2022 aims to direct new housing and development away from highly productive land, where possible. Preventing inappropriate subdivision use and development will ensure the availability of highly productive land for food and fibre production. We have been working with the region's city and district councils to scope how we will implement the required mapping of highly productive land.

Amendments to the Regional Plan and Glossary were adopted by Council in December 2022 to insert new policies and consequential amendments directed by the NPS-FM and to comply with the National Environmental Standards for Freshwater, Resource Management (Stock Exclusion) Regulations, NPS-UD and National Environmental Standards for Storing Tyres Outdoors.

Council has also been working towards implementing the National Planning Standards (a form of national direction that aims to make RMA plans (e.g. policy statements, regional plans, district plans) more consistent with each other, easier to use and faster to make).

Central government has been consulting on resource management reforms, the future for local government and proposed national direction and Council has provided input into this process.

Council has also been progressing Plan Change 2, which seeks to improve the workability of the One Plan provisions that manage existing intensive farming land uses (dairy farming, commercial vegetable growing, cropping and intensive sheep and beef) in target water management sub-zones. The decision of the Hearing Panel was adopted in April 2021; it has been appealed to the Environment Court. A hearing is likely to be scheduled in late 2023.

Iwi and Hapū Relationships

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

The demands placed on tangata whenua from central and local government have been high and required tangata whenua to prioritise where they put their engagement effort. While it is unlikely the competing demands will decrease, Horizons continues to be proactive and seeks to develop an array of tools to enable a more efficient and smarter way of engaging with tangata whenua.

The Oranga Wai Freshwater Future Programme for the implementation of the National Policy Statement for Freshwater Management has been a priority for many iwi and hapū. This programme has lifted the level of engagement between tangata Māori and local government from an informing form of engagement to that of a collaborative decision-making process based on participation and reaching consensus. This work is well underway, and the korero expressed has continued to enrich our thinking and recognises the significance of Mātauranga Māori throughout the region.

Community Relationships

2022-23 saw the return of events as the nation established a 'new normal' after COVID-19. Horizons returned to Rural Games in Palmerston North as a sponsor, as well as Central District Field Days in Manawatū and Esplanade Day. New events attended included Rural Day in Feilding in October and Horowhenua Taste Trail in November. The communications team also provided strong support for a rural roadshow to discuss implications of National Environmental Standards and National Policy Statement for Freshwater (NPS-FM) with rural communities.

Further, in the freshwater space, communications have played an integral role in engagement rounds for the NPS-FM in relation to recreation sites, outstanding waterbodies, and visions for the Whanganui FMU and water allocation.

Multiple community grants were promoted, including the Pat Kelly EnviroSchools Action Fund, Kanorau Koiora Taketake – Indigenous Biodiversity Community Grant, and the Pūtea Hapori Urupare Āhuarangi – Community Climate Response Fund. A new approach to promoting these included attending district council funding expos, and this will continue.

There has been a strong communications presence in the local body elections, swimspots programme, Arawhata wetland project and public transport. The Connect regional transport brand was launched in February alongside Te Ngaru – The Tide, a new high-frequency bus route in Whanganui.

At a civil defence public information management (PIM) level, communication staff responded to multiple rain events that have affected our region over the past year, as well as Cyclone Gabrielle, which had a significant impact on the North Island. In addition to the local response, the team spent time in Hawke’s Bay, assisting with PIM. Recovery communications after this event took place for the months following and have continued into the new financial year as well.

Our Environmental Education non-financial performance measurements have again met and exceeded Annual Plan targets. We also celebrated signing up the 100th EnviroSchool for the region, as well as an inaugural pest plant hui in the Rangitīkei and Manawatū districts.

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

The Rural Advice team has been reaching out to our rural communities via Whanganui, Rangitīkei and Manawatū catchment groups, offering information, support and advice, as well as hosting public road shows and farmer workshops to present information and advice around freshwater policy changes and environmental standards.

The District Advice team is responsible for responding to requests for information from the Territorial Authorities and general public for properties in our region. It provides comments and advice to the Region’s Territorial Authorities to assist them with their assessment of

subdivision, building consent and land use consent applications. It also provides information to the public to inform sale or purchase of a property, insurance or valuation matters and hazard risk for proposed land developments / activities. Responses include any relevant information that Horizons may hold on the property, particularly natural hazards and One Plan policies / rules, including other relevant regional and national matters that may need to be considered when proposing land development or making property related decisions.

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

The District Advice team responded to 1103 requests for information, which is a reduction in volume on the previous year (1323 requests in the 2021-22 year), however, similar to the 2020-21 year. 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. 720 of these requests are from the general public and 293 from territorial authorities. The main request types were for subdivisions (416), flooding (299) and property purchases (150). The remaining request types (238) were for building consents / land use consents, insurance, and general or other.

The number of requests by territorial authority for the property enquiry location:

• Manawatū	375
• Tararua	165
• Horowhenua	160
• Rangitīkei	143
• Palmerston North	108
• Whanganui	90
• Ruapehu	62

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

Territorial Authorities. Advice and support has been provided for the flood modelling project for Halcombe Township and the surrounding area.

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. There were nine general dam enquiries and one dam Building Consent received. District Advice has provided on-going support to Tararua District Council for the remediation of the Dannevirke Impound Supply Reservoir (dam).

As expected in May 2022, the new regulations on dam safety (Dam Safety Regulations 2022) were announced by the Ministry of Business, Innovation and Employment (MBIE). The District Advice team is responsible for administering and monitoring the implementation of the regulations. These regulations will commence on 13 May 2024, which gives dam owners two years to prepare for their dam safety responsibilities. The dam safety framework protects people, property, and the environment from the potential impacts of dam failures. The framework places the responsibility on dam owners to ensure dams are maintained to acceptable safety levels and promotes regular monitoring and surveillance practices for the safe operation of dams.

Information

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

Environmental Data

The region experienced a year with some extreme weather; flooding in February with cyclone Gabrielle marked a significant shift in the overall weather, regular rainfall resulted in our rivers maintaining a high summer flows. Horizons lost a number of monitoring stations on the east coast / Tararua district due to unprecedented flood flows.

Despite damaged stations, wider flood impacts and vandalism, the team was able to achieve all of its performance targets.

Significant capital works has continued, primarily the upgrade of the water metering hardware, installation of dissolved oxygen sensors in all FMUs and improving Health & Safety of our infrastructure. Post Gabrielle, the team has successfully redesigned and installed damaged stations and started to expand coverage in the East coast. This work will carry on in the next financial year.

The Five new stations were within the Arawhata Catchment collected valuable information for the design and development of the Arawhata wetland. Two extra monitoring buoys continued operation on Lake Horowhenua to support the weed harvesting activities and further spatial coverage on the lake. New monitoring has been installed in the retention dams in Hunterville and Marton. Further monitoring has been installed to support climate resilience projects, such as:

- Foxton wetland
- Te Matai Rd upgrade
- Mangaone upgrade

The lake SOE monitoring programme has increased from quarterly to monthly; no sampling was undertaken during duck-shooting season on request of land owners.

Collection of PM10 (NES Air Quality) and supporting meteorological parameters at Taihape and Taumarunui has been successfully undertaken at both locations.

All Collected environmental data and flood forecasting information is available on the Horizons website, IVR flood warning system and LAWA. This data and information was put to great use during Cyclone Gabrielle.

Information Management

IRIS Next Gen – Regional Software Holdings Limited (RSHL) has been running a project to provide a replacement for IRIS, which is currently

used by seven regional councils, including Horizons Regional Council, to support their core regulatory processes. Most councils in the sector acknowledge there is scope for improvement in regulatory and customer processes, and there is an opportunity to align the sector around consistent good practice processes, supported by fit-for-purpose software.

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

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

Horizons' participation in this programme over the last 12 months has included expert feedback and advice from across all areas of business to the RSHL team. This will continue into the next financial year with the goal of ensuring that consistent sector-wide good practice, and a fit for purpose solution, is delivered.

External information requests: Information Management staff have responded to 378 external requests for data and information during 2022/23. Requests range from information provision over the phone, to geospatial analysis and supply of elevation and hazard information.

Environmental Reporting and Air Quality Monitoring

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

information from the Horizons region alongside information from the rest of New Zealand.

The 'Water, water everywhere' science education campaign, running from June to July 2023, explained the freshwater cycle and how Horizons' water allocation framework aims to protect the wellbeing of freshwater and everything relying on it. Running alongside the Oranga Wai – Our Freshwater Future engagement round on water allocation, the education campaign utilised graphics, illustrations and an animated video to ensure the public was informed before contributing.

A public education campaign around the collection of firewood ran from late February / early March 2022 with further guidance information on 'good' burning practices released over the winter period.

Air Quality monitoring collection of PM10 and supporting parameters has been successfully undertaken at both locations (Taihape and Taumarunui). Successful PM2.5 data capture has only been achieved at Taihape. The Taumarunui PM2.5 sensor has been plagued by electronic failures and Horizons is working with suppliers to resolve this for the long term.

Governance

Annual Plan – The activities proposed in the 2023-24 Annual Plan has not changed significantly from those previously presented for year 3 of the 2021-31 Long-term Plan and as such, Council elected not to consult with the public on the Annual Plan.

Representation Review - In October 2022 we held the augural meeting of the elected council members, who will represent their communities through to the next election which is October 2025.

Of the 14 Councillors elected in for this triennium, 9 are returning and 5 are new Councillors including the two Councillors from the new constituency areas of Raki Māori and Tonga Māori.

Councillor Attendance – Overall attendance by councillors at meetings relevant to their responsibilities was 94% (a decrease from the previous year of 95%). The attendance figures below refer to Council meetings and the committees that the individual councillors were nominated onto. In addition to these, Councillors attended a number of other committee meetings as a matter of interest.

Individual attendance for the 12 months to 30 June 2023 was as follows: (Calculation based on at least 75% attendance of the duration of a meeting)

Benbow, AL	18 out of 21
Clarke, EML	18 out of 21

Cotton, D	16 out of 18
Edmonds, J (from 8 Oct 22)	15 out of 16
Ferguson, S	25 out of 25
Gordon, B	20 out of 20
Gordon, F	21 out of 21
Keedwell, R	28 out of 29
McKellar, G (from 8 Oct 22)	12 out of 14
Kirton, W (to 8 Oct 22)	5 out of 6
Naylor, J	22 out of 23
Riley, N (from 8 Oct 22)	16 out of 16
Taylor, A (from 8 Oct 22)	15 out of 15
Te Awe Awe, W	16 out of 18
Teira, T (from 8 Oct 22)	18 out of 18
Turkington, J (to 8 Oct 22)	5 out of 5



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

Strong collaborations and discussions with iwi and hapū groups have taken place in relation to the Oranga Wai Freshwater Future programme as council works to implement the National Policy Statement for Freshwater Management (NPS-FM). Relationships continue to strengthen in this key area of Horizons' work as tangata whenua and local government kōrero further in this space into the 2023-24 financial year. Multiple engagement rounds on the NPS-FM were also held, with communications playing an integral role in those rounds and in supporting a rural roadshow to discuss implications of the NPS-FM with rural communities. Council also made amendments to the Regional Plan in December 2022 to ensure compliance with the NPS-FM. Other plan amendments were made in response to the National Environment

Standards for Freshwater, Resource Management (Stock Exclusion) Regulations, National Environmental Standards for Storing Tyres Outdoors and National Policy Statement on Urban Development.

Key community events, including Rural Day and Rural Games, Central District Field Days and the Horowhenua Taste Trail, enabled communication between staff and the public to take place. The Rural Advice team were especially sought after at these events, offering support and advice to landowners and farmers in key areas such as freshwater policy changes and the new environmental standards. The Rural Advice team have also been reaching out to rural communities via catchment groups to offer information, support and advice around policy changes and environmental standards.

Communications staff were also kept busy undertaking civil defence public information management (PIM) during the multiple rain events

which affected the region during the past year. Cyclone Gabrielle was especially busy, with staff spending time in Hawke's Bay assisting with PIM before undertaking recovery communications. In addition to the communications team, Horizons also operated its 24-hour call centre and Pollution Hotline.

Funding through Horizons' Kanorau Koiora Taketake – Indigenous Biodiversity Community Grant was awarded to 23 community projects in August 2022, out of more than 40 applications received. Projects centred around improving native biodiversity, reconnecting communities with

nature and promoting mātauranga Māori (Māori knowledge) were able to apply to the pool of \$260,000 available through the fund for the 2021-22 financial year. Environmental Education non-financial performance measurements again exceeded Annual Plan targets, with Horizons celebrating signing up the 100th Enviroschool for the region and undertaking the inaugural pest plant hui in the Rangitikei and Manawatū districts.

Group of activities performance: Of the overall 34 performance targets set for the Group, 30 were achieved, 4 were not achieved.

What we have delivered – Emergency Management

Achieved ●●●●●●● 7	Not Achieved ● 1			Not Applicable 0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
ACHIEVE CDEM BUSINESS PLAN TARGETS				
Critical outputs pertaining to operational capability, community resilience and riskscape are monitored and reviewed.	Achieved	Achieved	Achieved ●	Reviewed and reported on to both CDEM Joint Committee and Coordinating Executive Group
CDEM targets are reported to both the Joint Committee and Coordinating Executive Group (number of reports).	6	8	8 ●	For the 12-month period 4 meetings to each of the Joint Committee and Coordinating Executive Group were reported on.
An operative Group Plan under the CDEM Act 2002 is in place at all times and reviewed within statutory timeframes by the Joint Committee.	Achieved	Achieved	Achieved ●	Group Plan currently under review as required by legislation. Current plan remains operative whilst under review.
HORIZONS' RESPONSE CAPABILITY				
Emergency Operations Centre staff are trained and ready to respond; emergency management duty officer available 24/7/365; response manuals, flood action plans and procedures available and reviewed at least annually.	Achieved	Achieved	Achieved ●	A number of training activities were carried out over the 12mth period with staff responding to a number of severe weather events. Manuals/plans were reviewed as part of the learning process.
Hazard Information is acquired and disseminated aligned to approved project plans.	Achieved	0%	Not Achieved ●	All projects under the Hazard Information Update output were completed with the exception of one. The delivery date of the output has been delayed due to external contractor availability.
Emergency Management Office business continuity planning arrangements are in place and reviewed at least annually.	Achieved	Achieved	Achieved ●	Arrangements are in place and reviewed as part of the emergency response plan arrangements.
Manage and promote navigation safety outputs via Manawatū River Users Advisory Group, Whanganui Coastguard and other river user groups (number of meetings).	4	8	6 ●	A number of meetings were conducted with the Manawatū River User Group, Coast Guard Whanganui, Whanganui River user Group and iwi representaives.
CONTRACTED SERVICES				

Maritime New Zealand (MNZ) oil spill response capability maintained to MNZ audit standards.	Achieved	Achieved	Achieved ●	Training and equipment was maintained to MNZ requirements. One marine oil spill was responded to over the reporting period.
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What we have delivered – Strategic Management

Achieved	Not Achieved			Not Applicable
●● 2	0			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
STRATEGIC MANAGEMENT				
Resource management policy and plan reviews meet statutory deadlines	Plan change required by NPS-UD is notified	0	Achieved ●	Plan Change 3 - Urban Development (PC3) was notified on 17 October 2022. The scope of PC3 has a narrow focus, with a view to giving effect to the National Policy Statement on Urban Development 2020 with regard to intensification, responsiveness, climate change and Te Tiriti o Waitangi. The statutory requirement to notify PC3 was achieved, but not by the deadline of 20 August 2022, due to resourcing delays associated with Covid19. The Minister was advised of the delay. The Plan Change process continues in accordance with statutory requirements and a hearing will be held in late 2023.
The organisation' strategic direction is reviewed and refreshed every three years	N/A	0%	Achieved ●	This review was undertaken as part of the LTP 2024-34 development and was approved by Council in August 2023.

What we have delivered – Climate Change

Achieved	Not Achieved			Not Applicable
●●● 3	0			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
CLIMATE CHANGE				
Implementation of Horizons' Climate Action Strategy is progressing	Climate Change risk and issues for consideration through the 2024-34 LTP identified.	Achieved	Achieved ●	Horizons Climate Action Plan was adopted by Council in June 2023. Horizons Climate Action Strategy informed the Climate Action Plan. The action plan identified both issues and risks for consideration through the 2024-34 LTP. Specific actions in the plan address Climate Change risk and issues.
	Progress towards organisational GHG targets in accordance with emissions reduction plan	Not Achieved	Achieved ●	Progress is being made towards the organisational GHG emission target as per the emission reduction plan. A more ambitious target was adopted through the Horizons Climate Action plan.
	Regional Action Plan reviewed	Not Achieved	Achieved ●	The Climate Action Joint Committee adopted the Joint Climate Action Plan in early 2023. The plan explains how we will respond to climate change in the Manawatū-Whanganui region and work together to reduce potential harm. Please see: https://www.horizons.govt.nz/managing-natural-resources/climate/manawatu-whanganui-climate-action-joint-committee

What we have delivered – Community Relationships

Achieved	Not Achieved			Not Applicable
●●●●●●●●● 9	● 1			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
COMMUNICATIONS				
Connect our communities with Horizons' work through a number of channels in a proactive and transparent way.	>110 media releases	128	105 ●	While this target was not quite met at 95%, the high exceedance in media mentions suggests the quality of what was put out was high and picked up regularly.
	>1,860 media mentions	1,149	5,010 ●	
Likes/followers on social media (all accounts that Horizons manages).	>21,500	36,526	25,400 ●	
Videos produced	20	53	38 ●	
Website Sessions.	>620,000	834,746	958,160 ●	
DISTRICT ADVICE				
All information requests are met within RMA statutory timeframes (each year responding to approximately 400 from the Territorial Authorities and 700 from the general public).	100%	100%	100% ●	Responded to a total of 1103 requests within the 12 months. 720 were from the general public and 293 from Territorial Authorities. All plan change comments were provided in the required timeframe.
All large dam applicants are advised of their responsibilities in order to meet the Building Act 2004 and all other processes are completed.	100%	100%	100% ●	All general dam enquiries were responded within the required timeframe. There was one dam proposal received to assess if a building consent is required.
ENVIRONMENTAL EDUCATION				
Increase participation levels in the EnviroSchools and Waioira programmes at a manageable rate. Engage the community through environmental education opportunities.	77 EnviroSchools	96 EnviroSchools	104 ●	
	36 freshwater engagements	41 freshwater engagements	36 ●	
	35 community engagements	51 community engagements	63 ●	

What we have delivered – Iwi and Hapū Relationship

Achieved	Not Achieved			Not Applicable
● 1	● 1			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
Iwi and hapū relationships				
Iwi and hapū satisfaction with their collaborative relationships with Horizons.	Resurvey iwi and hapū perceptions biennially (target: improved satisfaction rating)	N/A	N/A ●	The survey work did not occur due to competing priorities facing iwi & hapū at this time. In light of this, we have begun to triage other approaches that would help us ascertain how we're tracking in this regard, namely further relationship management catch-ups.
Hui-a-iwi are held at least annually to advance agreed work programmes.	Achieved	Achieved	Achieved ●	Horizons are planning a further regional catch-up in November 2023. As a part of this, a portion of time will be on how we navigate our relationships & what areas Horizons can look at improving on in the next 12-18 months.

What we have delivered – Information

Achieved	Not Achieved			Not Applicable
●●●●● 5	0			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
ENVIRONMENTAL DATA				
Hydro-Climate - Collection of 98.5% water level, rainfall. Soil moisture, wind, air temperature and air quality (approx. 15 million data-points p.a.).	98.5%	98.6%	98.7% ●	Target achieved, damage due to Cyclone Gabrielle and replacement equipment still being impacted by international logistics / supply chain issues - post COVID. ED Team still recovering data and it is likely that this result can be improved further once full cyclone recovery is completed.
Continuous Water Quality - Collection of 92.0% of continuous data relating to water quality parameters (approx. 2.5 million data-points p.a.).	92.0%	96.7%	92.2% ●	Target achieved, primary data loss relates to Cyclone Gabrielle damage. Noting the monitoring network has increased this year.
Continuous Lake Monitoring - Collection of 85% of continuous lake level and lake water quality data (approx. 2.0 million data-points p.a.).	88.0%	87.5%	98.1% ●	Target achieved, no access issues this year.
NES Water Metering - Collection of 90% of continuous consented water abstraction data during standard water use periods, to support NES obligations (approx. 4.0 million data-points p.a.).	90.0%	88.0%	90.0% ●	Irrigation season cut short due to Cyclone Gabrielle. Capital upgrades continue. Target achieved for all consented takes inline with NES-Water Metering regulations.
INFORMATION MANAGEMENT				
Map and data requests received from the public and external agencies are processed and delivered according to timeframes agreed at the time of request.	95.0%	97.3%	95.1% ●	Data sets and service provision have meet expectations around timeframes with respect to targets set.

What we have delivered – Environmental Reporting

Achieved	Not Achieved			Not Applicable
●●● 3	● 1			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
ENVIRONMENTAL MONITORING AND REPORTING				
Provide an annual summary report on the state of the environment.	Achieved	Achieved	Not Achieved ●	The continued focus around freshwater has meant that this remains a focus of environmental reporting. This year a section around Groundwater Quality was added. FMU summaries were updated and can be found at https://freshwater.horizons.govt.nz/science . Environmental reporting was completed within the financial year, however staff capacity meant that it was not released publicly until July 6th 2023.
Implement a science communication strategy and report progress to Council annually.	Achieved	Achieved	Achieved ●	Presented at the September 2022 Environment Committee meeting https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Environment-Committee-(3)/Environment-Committee-2022-14-09/22119%20Science%20Progress%20Report.pdf
Air, land and water environmental monitoring data is made available to the public via LAWA and/or Horizons' website.	Achieved	Achieved	Achieved ●	Updated water quality was released on World Rivers Day (25th September 2022).
Undertake environmental public education campaigns.	2	1	Achieved ●	As with previous years, a campaign featuring the 'Bernie and Chip' characters is underway to promote good wood collection and burning practices. A summer campaign is currently underway to support the collection, drying and storage of good wood. A winter campaign is planned to promote good wood burning practices.

Funding Impact Statement for the Regional Leadership and Governance Group of Activities for the year ended 30 June 2023

	LTP 2021-31 2022-23	Actual 2022-23	LTP 2021-31 2021-22	Actual 2021-22
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	13,423	13,042	12,188	12,188
Targeted rates	323	315	313	313
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	1,838	1,759	1,792	888
Internal charges and overheads recovered	3,264	3,163	3,122	3,146
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	18,848	18,279	17,415	16,535
Applications of operating funding				
Payments to staff and suppliers	9,742	7,020	9,158	4,316
Finance costs	-	-	-	-
Internal charges and overheads applied	12,105	11,551	11,576	10,818
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	21,847	18,571	20,733	15,134
Surplus (deficit) of operating funding (A-B)	(2,998)	(292)	(3,318)	1,401
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	3,418	-	3,783	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	3,418	-	3,783	-
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	1,059	-	1,697	-
-to replace existing assets	-	1,565	-	1,259
Increase (decrease) in reserves	(639)	(1,857)	(1,232)	142
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	420	(292)	465	1,401
Surplus (deficit) of capital funding (C-D)	2,998	292	3,318	(1,401)
Funding balance ((A-B)+(C-D))	-	-	-	-

Ngā waka
Transport



Transport Ngā Waka

What we do

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

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

Why we do it (community outcomes contribution)

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

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

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

What we did this year

Transport Planning

The Horizons Regional Public Transport Plan was adopted by Council in August 2022. This set a vision of having *an attractive, integrated and convenient public transport system that connects us, enhances our wellbeing and environment, and becomes the preferred mode of transport in and between urban areas.* The RPTP sets the future direction for investment in public transport in the Horizons region.

Work commenced on a review of the Horizons Regional Land Transport Plan (RLTP). The RLTP sets the framework for how Horizons and our district and city councils will invest in transport infrastructure and services across the region over the next 10 years. The update will consider changes in Government policy, such as the release of the Emissions Reduction Plan. It will also take into account recent weather events, such as Cyclone Gabrielle.

Passenger Services

February 2023 saw the successful introduction of Te Ngaru, The Tide bus service in Whanganui. The new service runs every 20 minutes,

Monday to Saturday, from Aromoho to Castlecliff via the city centre. The service has increased bus patronage in Whanganui by 80% compared to the same period the previous year.

In March 2023, Council awarded the new contract for bus services in Palmerston North commencing February 2024. It will see Palmerston North become the first city in New Zealand to have a fully electric bus fleet. It will also more than double the number of trips made across the urban network.

Bus services saw strong passenger growth across the network compared to the previous year. Despite still being down on pre-Covid levels, patronage grew by more than 34% year on year. There remains a positive on patronage increases across the next year and beyond.

The total mobility scheme saw a significant increase in the number of trips made across the service. This signalled a return to a more normal level of service after Covid. It was also supported by the Government increasing the subsidy received by those eligible for the scheme.

Road Safety Education

In collaboration with stakeholders, Horizons delivered 38 road safety initiatives across the region throughout the year. Highlights include our external partnerships, where we supported more than 2,200 drivers through a driver licencing programme. There were also a number of events, advertising, education and promotional activities supporting the delivery of the national Road to Zero strategy in our region.



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

- Connect and The Tide

Horizons Regional Council launched its new transport brand, Connect – Horizons Regional Transport, at the beginning of 2023. Connect was introduced as the new and recognisable face of public transport services in the Horizons region, slowly replacing Horizons branding on buses with the colourful Connect livery. New social media channels for Connect were also rolled out, moving all public bus service updates to those key channels to make it easier for the public to find and receive the updates they need. Real-time tracking technology was also installed on most Connect buses in August 2022, allowing users to use our new partner app Transit to track their bus and get an accurate estimated arrival and departure time.

Connect was introduced to the public at the same time Horizons collaborated with Whanganui District Council to launch a new high-frequency bus service in Whanganui, named Te Ngaru The Tide. The community has taken up the challenge to ‘ekea Te Ngaru’ and ‘catch The Tide’, with public transport trips in Whanganui increasing by 86 percent in March of 2023 compared to March 2022. Growth continued throughout the year, with the 13,775 public transport trips taken in the city in August - 7174 of those on The Tide – helping to make August the busiest month for public transport in Whanganui in more than five years.

April brought an exciting announcement for Horizons: Palmerston North would be the first city in the country to have a fully electric bus fleet. Scheduled for arrival early 2024, the electric buses were chosen as part of Horizons’ commitment to low-emissions transport. The new fleet will launch alongside an improved Palmerston North and Ashhurst network, more than doubling the number of bus trips compared to the current network. The new 43 electric buses will replace the existing fleet of 26 diesel buses and along with a reimagined network, will create a more direct series of services to replace the current circular or round-trip

system, making it easier for users to plan their routes and arrive at their destination faster.

Work in Palmerston North and Ashhurst to be ready for the new network and electric fleet began in May. Working alongside Palmerston North City Council after a successful bid secured \$6.9 million from the Waka Kotahi Transport Choices Package, contractors were deployed to measure and

assess existing bus stops to either improve or replace the infrastructure at sites across the whole network.

Group of activities performance against the 2021-22 Long-term Plan: Of the overall 9 performance targets set for the Group, 8 were achieved, and 0 were not achieved, and 1 was not applicable.

What we have delivered – Transport Planning

Achieved	Not Achieved			Not Applicable
●● 2	0			● 1
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
TRANSPORT PLANNING ACTIVITIES				
The Regional Land Transport Plan (RLTP) 2021-2031 is monitored to allow the Regional Transport Committee (RTC) to assess the implementation of the plan.	Quarterly reporting to RTC to track progress on the implementation of the RLTP 2021-2031	Achieved	Achieved ●	Quarterly reporting to RTC all completed. Annual monitoring report delivered September 2022
The mid-term review of the Regional Land Transport Plan 2021-2031 is prepared and submitted in line with the Land Transport Management Act, and any guidance issued by Waka Kotahi NZ Transport Agency.	No Measure	No Measure	No measure ●	Not applicable as mid-term review of RLTP not due until 2023/24 year
The Regional Public Transport Plan 2022-2032 is prepared and adopted in line with the Land Transport Management Act and any guidance issued by Waka Kotahi NZ Transport Agency.	No Measure	Not Achieved	Achieved Aug 2022 ●	RPTP adopted by Council August 2022

What we have delivered – Passenger Services

Achieved	Not Achieved			Not Applicable
●●●●● 5	0			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
PASSENGER SERVICES ACTIVITIES				
Percentage of customers surveyed who are 'satisfied' or better with their trip overall. [1]	No Measure	Not measured	91% ●	Customer satisfaction survey undertaken Oct - Dec 2022. Sample size of 541 people.
Percentage of monitored scheduled services that depart the terminus on time [2] compared to public timetable.	≥95%	99.6%	96.0% ●	Improved measurement compared to previous years with implementation of real time bus information.
Annual patronage on bus services in the region.	Maintain or increase from the prior year	Not achieved	Increasing ●	There was a 34% increase in patronage on bus services compared to 2021/22 FY.
Percentage of households in Whanganui, Palmerston North & Feilding within 800m of a public transport stop.	≥80%	Achieved	Achieved ●	No change to extent of bus services compared to 2021/22 FY.
Percentage of registered customers who are 'satisfied' or better with the overall service of the Total Mobility scheme. [3]	≥90%	100%	100% ●	99.7% of respondents to the annual survey rated the overall service 'Good', 'Very Good' or 'Excellent'.

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

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

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

What we have delivered – Road Safety Education

Achieved	Not Achieved			Not Applicable
1 ●	0			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
ROAD SAFETY EDUCATION ACTIVITIES				
Deliver road safety behavioural change education initiatives [4] across the region in partnership with key agencies. [5]	≥30 initiatives	38	42 ●	A range of Road Safety Education activities were delivered across the region.

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

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

Funding Impact Statement for the Transport Group of Activities for the year ended 30 June 2023

	LTP 2021-31 2022-23	Actual 2022-23	LTP 2021-31 2021-22	Actual 2021-22
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	422	436	416	416
Targeted rates	3,492	3,785	3,117	3,117
Subsidies and grants for operating purposes	5,771	7,413	5,333	5,500
Fees and charges	1,854	2,151	1,787	1,711
Internal charges and overheads recovered	633	623	535	535
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	12,172	14,408	11,187	11,279
Applications of operating funding				
Payments to staff and suppliers	10,136	12,352	9,368	9,383
Finance costs	-	-	-	-
Internal charges and overheads applied	1,953	2,000	1,737	1,658
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	12,089	14,352	11,105	11,041
Surplus (deficit) of operating funding (A-B)	83	56	82	238
Sources of capital funding				
Subsidies and grants for capital expenditure	-	87	-	10
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)	-	87	-	10
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	16	-
-to replace existing assets	-	158	-	19
Increase (decrease) in reserves	83	(15)	65	229
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	83	143	82	248
Surplus (deficit) of capital funding (C-D)	(83)	(56)	(82)	(238)
Funding balance ((A-B)+(C-D))	-	-	-	-

Haumi
Investment



Investment Haumi

What we do

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

Why we do it (community outcomes contribution)

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

What we did this year

Investments

As part of the joint venture forests, Horizons Regional Council is able to account for the carbon stored within the forest. As the forest grows, you earn carbon units through the Emissions Trading Scheme (ETS). For this financial year, a total of 119,692 carbon units were allocated, at a total book value of \$7.14M. Offsetting this was the transfer out of 23,618 units at a book value of \$1.67M. This is reflected as revenue in the current financial year.

What we have delivered – Investment

Achieved ●	Not Achieved ●●			Not Applicable
1	2			0
Performance Measures for Levels of Service	Annual Plan 2022-23 2022-23	Actual 2021-22	Actual 2022-23	Comment
INVESTMENT ACTIVITIES				
Achieve the targets that are set in MWRC Holdings Ltd Statement of Intent.	Achieved	Not Achieved	Not Achieved ●	Not all the targets were met due to revaluation loss.
Monthly weighted average interest rate exceeds 90-day Bank Bill Rate (BKBM) by 50 basis points (0.50%). Note: targets are based on current predicted interest rates, which will change over time.	Achieved	Not Achieved	Not Achieved ●	Variable interest and OCR changes impacted interest received.
Make a return on investment for the Horizons share portfolio to provide financial income.	>3.5%	Not Achieved	Achieved ●	

Funding Impact Statement for the Investment Group of Activities for the year ended 30 June 2023

	LTP 2021-31 2022-23	Actual 2022-23	LTP 2021-31 2021-22	Actual 2021-22
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	(3,244)	(3,254)	(3,270)	(3,297)
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	3,760	4,037	3,707	3,747
Internal charges and overheads recovered	1,506	1,447	1,242	857
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	2,022	2,230	1,679	1,307
Applications of operating funding				
Payments to staff and suppliers	36	1,061	35	1,062
Finance costs	1,479	2,344	1,344	1,526
Internal charges and overheads applied	477	619	470	391
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,992	4,024	1,849	2,979
Surplus (deficit) of operating funding (A-B)	30	(1,794)	(170)	(1,672)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	13,161	4,591	12,507	7,442
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	13,161	4,591	12,507	7,442
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	-	-
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	13,191	2,666	12,337	5,323
Increase (decrease) of investments	-	131	-	447
Total applications of capital funding (D)	13,191	2,797	12,337	5,770
Surplus (deficit) of capital funding (C-D)	(30)	1,794	170	1,672
Funding balance ((A-B)+(C-D))	-	-	-	-

Mōhiohio pūtea
Financial information

Financial Statements

The accompanying notes form part of these financial statements. The financial statements from page 74 to 78 are to be read in conjunction with the notes to the financial statements from page 79 to 133.

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, apart from the breach of the statutory deadline as explained in note 32.



Chair

28 November 2023



Chief Executive

28 November 2023

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023 (\$000)

	Notes	Annual Plan 2022-23	Council Actual 2022-23	Group Actual 2022-23	Council Actual 2021-22	Group Actual 2021-22
Revenue						
Rates	1	55,426	55,521	55,521	51,227	51,227
Subsidies and grants	2	27,853	19,547	19,547	19,774	19,774
Finance revenue	3	3,450	3,691	2,516	3,936	2,817
Other revenue	4	14,203	21,606	22,805	17,268	19,103
Total revenue		100,932	100,365	100,389	92,205	92,921
Expenditure						
Personnel costs	8	25,813	25,703	25,703	23,516	23,516
Depreciation and amortisation expense	20	5,654	6,008	6,008	5,414	5,414
Finance costs	3	1,479	2,179	2,179	1,541	1,541
Other expenses	6	51,957	56,867	58,089	46,056	46,418
Total expenditure		84,903	90,757	91,979	76,527	76,889
Surplus/(deficit) before tax		16,029	9,608	8,410	15,678	16,032
Income tax expense/benefit	25	-	-	(95)	-	252
Surplus/(deficit) after tax		16,029	9,608	8,505	15,678	15,780
Other comprehensive revenue and expense						
Financial assets at fair value through other comprehensive revenue and expense		-	47	(6,953)	(442)	(442)
Property, plant, and equipment revaluations		15,609	75,761	76,007	82,451	82,484
Total other comprehensive revenue and expense		15,610	75,808	69,054	82,009	82,042
Total comprehensive revenue and expense		31,639	85,416	77,559	97,687	97,822

Explanations of major variances against budget can be found in 33. The accompanying notes from part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2023 (\$000)

	Notes	Annual Plan	Council Actual	Group Actual	Council Actual	Group Actual
		2022-23	2022-23	2022-23	2021-22	2021-22
Balance at 1 July		958,112	1,018,481	1,070,260	920,761	972,405
Adjustments on adoption of PBE IPSAS 41		-	-	-	33	33
Adjusted balance at 1 July		958,112	1,018,481	1,070,260	920,794	972,438
Total comprehensive revenue and expense for the year		31,639	85,416	77,559	97,687	97,822
Balance at 30 June		989,751	1,103,896	1,147,819	1,018,481	1,070,260

Statement of Financial Position as at 30 June 2023 (\$'000)

	Notes	Annual Plan 2022-23	Council Actual 2022-23	Group Actual 2022-23	Council Actual 2021-22	Group Actual 2021-22
Assets						
Current Assets						
Cash and cash equivalents	12	1,222	5,176	7,201	12,202	14,246
Trade and other receivables	13	11,103	6,982	7,194	7,544	7,580
Revenue Receivable		7,911	5,880	3,679	4,859	2,871
Prepayments and leases - current portion		717	654	709	695	738
Inventory	14	1,264	1,903	1,903	1,503	1,503
Tax refund due		-	-	22	-	2
Other current assets	15,30	-	-	-	40	40
Total current assets		22,217	20,595	20,708	26,843	26,980
Non-current assets						
Other financial assets						
Investments in CCOs and other similar entities		33,270	33,306	1,806	33,244	1,744
Loan to CCO		18,500	18,500	-	18,500	-
Subtotal		51,770	51,806	1,806	51,744	1,744
Investments in other entities		3,958	3,770	66,770	3,615	73,615
Derivative Financial Instruments	30	-	850	850	637	637
Total other financial assets	15	55,728	56,426	69,426	55,996	75,996
Deferred taxation asset		-	-	-	-	-
Investment property	16	3,225	3,300	27,010	3,000	27,920
Forestry Assets	17	6,425	3,377	3,377	4,016	4,016
Land leases (prepaid) non-current		2,539	2,413	2,413	2,538	2,538
Restoration asset	18	-	2,325	2,325	3,438	3,438
Carbon credits	19	-	16,274	16,274	10,809	10,809
Intangible assets	20	11,093	4,754	4,754	4,657	4,657
Operational assets	20	95,656	96,444	104,284	95,014	102,664
Infrastructural assets	20	883,645	983,910	983,910	897,479	897,479
Total non-current assets		1,058,311	1,169,223	1,213,773	1,076,947	1,129,517
Total assets		1,080,528	1,189,818	1,234,481	1,103,790	1,156,497

Explanations of major variances against budget can be found in 33. The accompanying notes from part of these financial statements.

	Notes	Annual Plan 2022-23	Council Actual 2022-23	Group Actual 2022-23	Council Actual 2021-22	Group Actual 2021-22
Liabilities						
Current liabilities						
Trade and other payables	22	15,734	14,233	14,469	17,317	17,644
Provisions - general	23	-	69	69	47	47
Provisions - employee entitlements	24	2,464	2,882	2,882	2,734	2,734
Debt - current portion	26	7,000	23,500	23,500	14,409	14,409
Derivative financial instruments (current)	30	-	-	-	-	-
Total current liabilities		25,197	40,684	40,920	34,507	34,834
Non-current liabilities						
Derivative financial instruments	30	398	-	-	-	-
Debt - non-current portion	26	65,182	42,500	42,500	47,000	47,000
Deferred taxation liability	25	-	-	505	-	600
Provision - replanting	27	-	2,737	2,737	3,803	3,803
Total non-current liabilities		65,580	45,237	45,742	50,803	51,403
Total liabilities		90,778	85,922	86,662	85,310	86,237
Net assets (assets minus liabilities)		989,751	1,103,896	1,147,819	1,018,480	1,070,260
Equity						
Asset revaluation reserves		564,224	682,702	683,517	606,941	607,510
Fair value through other comprehensive revenue and expense reserve		1,769	1,374	38,992	1,327	45,945
Restricted reserves		13,774	12,776	12,776	13,706	13,706
Infrastructure insurance reserves		4,800	4,920	4,920	4,800	4,800
Accumulated funds		405,184	402,124	407,614	391,706	398,299
Total equity	31	989,751	1,103,896	1,147,819	1,018,480	1,070,260

Explanations of major variances against budget can be found in 33. The accompanying notes from part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2023 (\$'000)

	Notes	Annual Plan 2022-23	Council Actual 2022-23	Group Actual 2022-23	Council Actual 2021-22	Group Actual 2021-22
Cash flows from operating activities						
Receipts from rates revenue		53,890	55,174	55,174	50,105	50,105
Subsidies and grants received		23,837	14,346	14,346	24,744	24,744
Interest received		941	1,274	729	696	133
Dividends received		2,011	1,989	1,385	2,232	1,517
Receipts from rate penalties		-	1,083	1,083	1,079	1,079
Receipts from other revenue		11,633	22,789	24,250	9,219	10,913
Payments to suppliers and employees		(76,008)	(88,812)	(89,207)	(67,626)	(68,579)
Interest paid		(1,451)	(2,071)	(1,994)	(1,415)	(1,415)
Income tax paid/refunded		-	-	(23)	-	-
GST (net)		-	(148)	(138)	(1,225)	(1,236)
Net cash flow from operating activities	34.	14,854	5,624	5,605	17,809	17,261
Cash flows from investing activities						
Receipts from sale of operational assets		180	12	12	393	393
Receipts from sale/maturity of investments		25,000	36,884	36,884	47,000	47,000
Repayment of loan principal from CCO		-	-	-	-	-
Purchase of forestry assets		(300)	-	-	(458)	(458)
Purchase of property, plant, and equipment		(29,051)	(16,055)	(16,055)	(18,105)	(18,105)
Purchase of intangible assets		(1,803)	(833)	(833)	(585)	(585)
Purchase of investment property		-	-	-	-	(2,745)
Payment of loan to CCO		-	-	-	(1,500)	-
Acquisition of investments		(25,040)	(37,250)	(37,250)	(47,448)	(47,448)
Net cash flow from investing activities		(31,014)	(17,242)	(17,242)	(20,703)	(21,948)
Cash flows from financing activities						
Proceeds from borrowings		27,341	48,603	48,603	22,442	22,442
Repayment of borrowings		(16,569)	(44,012)	(44,012)	(15,000)	(15,000)
Net cash flow from financing activities		10,773	4,591	4,591	7,442	7,442
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		(5,387)	(7,027)	(7,046)	4,548	2,755
Cash, cash equivalents, and bank overdrafts		6,609	12,202	14,247	7,654	11,492
Closing cash balances		1,222	5,175	7,201	12,202	14,247

Notes to the Financial Statements

Statement of Accounting Policies as at 30 June 2023

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

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

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

The financial statements of the Council and Group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 28 November 2023.

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 effective for the year ending 30 June 2023, and not early adopted

PBE FRS Service Performance Reporting

PBE FRS 48 replaces the service reporting requirements of PBE IPSAS 1 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023, with early application permitted.

The Standard establishes new requirements for PBEs to select and present service performance information.

Other changes in accounting policies

Other than those changes caused by standards and amendments which have come into effect during this financial year, there have been no other changes in accounting policies.

Revenue

Revenue is measured at fair value.

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

Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates, and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due.
- Rates arising from late payment penalties are recognised when rates become overdue.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Revenue from Government

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

Other Grants Received

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

Vested Physical Assets

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

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

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

Other Revenue

Other forms of revenue (excluding investment revenue), including fees, charges, and other revenues, are recognised on an accrual basis in proportion to the stage of completion or when the services are rendered or goods produced.

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

Interest revenue is recognised using the effective interest method.

Expenditure

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

Salaries and wages

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

Defined contribution schemes

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

Grant Expenditure

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

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

Borrowing Costs

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

Operating leases

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

Cash and Cash Equivalents

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

Although cash and cash equivalents at 30 June 2023 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 FIFO method) and net realisable value.

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

Financial Derivatives

Derivative financial instruments are used to manage exposure to interest rate risks arising from HRC’s financing activities. In accordance

with its treasury policy, HRC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value on each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted 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
Heavy plant and machinery	5-15 years
Other plant and machinery	5-15 years
Motor Vehicles	4-15 years
Furniture and fittings	5-15 years
Office equipment	5-6 years
Scientific equipment	3-20 years
Computer equipment	3-5 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 years
Drop structures	50-120 years
Amenity enhancements	50 years
Concrete/timber flood walls	50-200 years
Grade controls	50 years
Portable flood barriers	50 years
Pump station floodgates/pumps	50 years
Timber retaining walls	50 years
Weirs	50 years
Pump station electrical/mechanical	25 years
Gabions	20 years
Permeable mesh units	20 years
Rangitikei stopbanks	20 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, forestry, spillways 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 15.

Fair value of the Investment Property

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

Critical Judgement in Applying Accounting Policies

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

Classification of Property

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

Fair value of the Investment Property

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

Capital Management

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

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

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

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

Statement of Contingencies and Commitments as at 30 June 2023

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 \$2.28 million exists (2022: \$1.04 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 AA+ and a foreign currency rating of AA.

As at 30 June 2023, the Council is one of 77 local authority guarantors of the LGFA. Also, together with the other shareholders and guarantors,

the Council is a guarantor of all the LGFA's borrowings. The LGFA's loans to local authorities are \$17.7 billion (2022: \$15.8 billion), of which the Group and the Council have borrowed \$0.066 billion (2022: \$0.061 billion). As a result, the Group and the Council's cross-guarantee on LGFA's loans to other local authorities is \$17.7 billion (2022: \$15.8 billion).

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

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

There are no other contingent liabilities.

Contingent Assets

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

Associate/Subsidiary Contingent Liabilities

There are no contingent liabilities to disclose this year.

Liabilities of Associates/Subsidiaries which the Group is Severally Liable

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

Operating Lease Commitments

HRC has an operating lease commitment as Lessee as at 30 June 2023 relating to leasing of printers and photocopiers (same as last year).

HRC also has an operating lease commitment as Lessee for land leased for the Whanganui Service Centre, and building leases at 17-23 Victoria Avenue, Palmerston North, 47 Queen Street, Palmerston North and from 1 May 2023, 61 Pascal Street, Arena 1, Palmerston North. Total commitment for this as at 30 June 2023 is \$0.923 million (last year \$0.928 million) as summarised in the following table:

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
		181 Guyton Street, Whanganui (Whanganui Service Centre)		
27	27	Less than and up to one year	27	27
108	108	Two to five years	109	109
83	83	Greater than five years	57	57
218	218	Total	193	193
		17-23 Victoria Avenue, Palmerston North (Te Ao Nui)		
202	-	Less than and up to one year	202	-
290	-	Two to five years	88	-
-	-	Greater than five years	-	-
493	-	Total	290	-
		47 Queen Street, Palmerston North		
91	91	Less than and up to one year	91	91
126	126	Two to five years	35	35
-	-	Greater than five years	-	-
217	217	Total	126	126
		61 Pascal Street, Arena 1, Palmerston North		
-	-	Less than and up to one year	111	111
-	-	Two to five years	204	204
-	-	Greater than five years	-	-
-	-	Total	315	315
928	435	Total Leases	923	633

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 2023 are \$4.224 million (last year \$4.806 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 2023 is \$3.870 million (last year \$3.999 million) as summarised in the following table.

There are operating lease commitments for MWRC Holdings Ltd as Lessors in respect of properties at 28 North Street, Palmerston North, 17-23 Victoria Ave, Palmerston North, 7 Victoria Ave, Palmerston North, 184 Grey Street, Palmerston North, and 40 Bowen Street, Feilding. Total commitments for these as at 30 June 2023 are \$10.467 million (last year \$11.612 million) as summarised in the following table.

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
		General Operating Land Leases		
1,174	1,174	Less than and up to one year	797	797
2,511	2,511	Two to five years	2,416	2,416
1,122	1,122	Greater than five years	1,011	1,011
4,807	4,807	Total	4,224	4,224
		17-23 Victoria Ave, Palmerston North (Te Ao Nui)		
132	1,467	Less than and up to one year	132	1,556
528	5,784	Two to five years	528	5,797
3,339	1,706	Greater than five years	3,210	896
3,999	8,957	Total	3,870	8,249
		28 North Street, Palmerston North		
-	247	Less than and up to one year	-	232
-	226	Two to five years	-	-
-	-	Greater than five years	-	-
-	473	Total	-	232

		7 Victoria Avenue, Palmerston North		
-	44	Less than and up to one year	-	1
-	3	Two to five years	-	-
-	-	Greater than five years	-	-
-	47	Total	-	1

		40 Bowen Street, Feilding		
-	150	Less than and up to one year	-	150
-	600	Two to five years	-	600
-	1,385	Greater than five years	-	1,235
-	2,135	Total	-	1,985
8,805	16,418	Total Leases	8,094	14,691

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 2021-22	Group Actual 2021-22		Council Actual 2022-23	Group Actual 2022-23
28,251	28,251	Kara Creek & Mangapuketea Stream Stopbank Upgrades	-	-
19,398	19,398	Lower Whanganui North Mole Hardstand	-	-
109,272	109,272	Parewanui Stopbank Upgrade - Right Bank 1.8-3.7km	-	-
27,170	27,170	Placement of Rock Lining at Hartley Street, Foxton Beach	-	-

12,645	12,645	Protect Individual Property - McNeils	6,870	6,870
2,492,516	2,492,516	North Mole and Revetment Upgrade - Te Pūwaha	652,004	652,004
2,404,803	2,404,803	Te Matai Road Rock Armouring	-	-
458,284	458,284	Tokomaru Stopbank Widening	108,590	108,590
7,261	7,261	PN Flood Protection Resilience - Timber Retaining Wall Replacement	-	-
11,560	11,560	PN Flood Protection Resilience - Kakatangiata stopbank realignment	19,461	19,461
35,244	35,244	Refurbishment of Riverbank Road Timberwall	24,086	24,086
7,270	7,270	Oroua Silt Relocation - RB 12 km	-	-
298,156	298,156	Koputaroa Drainage Scheme	3,853	3,853
-	-	Rangitikei River Enhancement	12,296	12,296
-	-	Scotts Ferry Rock Lining Repair Placement	-	-
-	-	Te Matai Road Rock Armouring	1,769,428	1,769,428
-	-	Albert Street Rock Protection	682,725	682,725
5,911,830	5,911,830	Total Capital Commitments	3,279,313	3,279,313

Other Notes on Commitments

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

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

Notes to the Financial Statements (continued)

1. Rates Revenue

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
		General Rates		
21,910	21,910	General Rates	23,925	23,925
4,905	4,905	Uniform Annual General Charge	5,199	5,199
		Targeted Rates		
8,978	8,978	Environmental Activities	9,615	9,615
11,391	11,391	River and Drainage Scheme Activities	12,080	12,080
3,117	3,117	Transport Scheme Activities	3,785	3,785
(153)	(153)	Remissions	(165)	(165)
1,079	1,079	Penalties	1,083	1,083
-	-	Discounts	(1)	(1)
51,227	51,227	Total Rate Revenue (net of remissions)	55,521	55,521

Rating Units	Actual 2021-22	Actual 2022-23
Number of rating units (SUIP)*	110,834	111,762
Total capital value of rating units (\$million)	67,494	80,401
Total land value of rating units (\$million)	36,745	45,591

*Separately Used or Inhabited Part

2. Subsidies, Grants and Donations

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
5,510	5,510	Transport Subsidy	7,500	7,500
1,671	1,671	SLUI - Hill Country Erosion	1,701	1,701
440	440	Freshwater Improvement	536	536
7,531	7,531	COVID Recovery Projects	8,981	8,981
1,221	1,221	Wilding Conifer	831	831
3,400	3,400	Provincial Growth Fund	-	-
19,773	19,773	Total Subsidies, Grants, and Donations	19,547	19,547

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

3. Finance Revenue and Costs

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
		Finance Revenue		
710	195	Interest Revenue	1,463	918
2,121	1,517	Dividend Revenue	2,015	1,385
1,105	1,105	Interest Derivatives	213	213
3,936	2,817	Total Finance Revenue	3,691	2,516
		Finance Costs		
-	-	Interest Derivatives	-	-
1,526	1,526	Interest Expense	2,344	2,344
15	15	Provision Unwinding	(165)	(165)
1,541	1,541	Total Finance Costs	2,179	2,179
2,395	1,276	Net Finance Costs	1,512	337

4. Other Revenue

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
3,675	3,675	Consents, compliance and research charges	4,609	4,609
-	-	Emergency management contracted works	-	-
-	-	Insurance recoveries	-	-
1,419	3,305	Rental revenue	1,476	2,975
644	644	Nursery sales	666	666
-	370	Gain/(loss) on revaluations	300	-
393	393	Gain on disposal of assets	746	746
5,674	5,674	Recognition of carbon credits	7,139	7,139
5,463	5,042	Other	6,670	6,670
17,268	19,103	Total other revenue	21,606	22,805

5. Exchange versus Non-Exchange Revenue

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
5,355	6,122	Exchange Revenue	5,166	5,491
86,849	86,798	Non-exchange revenue	95,199	94,899
92,204	92,920	Total Revenue	100,365	100,390

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

6. Other Expenses

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

- Section 90A: \$233,980 (2022: \$113,192)
- Section 90B: \$75,552 (2022: \$134,311)

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

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

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

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
-	-	Asset Impairment	1,386	1,386
		<u>Audit fees to principal auditor:</u>		
169	184	- Annual Report	213	257
-	-	- Long-term Plan	-	-
5	5	- Debenture Trust Deed	5	5
(32)	(32)	Change in impairment of receivables (decrease)	(32)	(32)
1,583	1,751	Consulting services	2,007	2,196
12,221	12,224	Contractor services	15,419	15,420
619	619	Donations/grants/sponsorship	724	724
1,061	1,061	Environmental consumables	1,070	1,070
5,007	5,007	Environmental grants	5,258	5,258
1,496	1,475	Insurance	1,661	1,662
277	277	Inventories used	499	499
546	546	Laboratory charges (external)	715	715
548	688	Legal expenses	1,119	1,134
401	433	Light heat and power	437	485
94	94	Loss on disposal of assets	11	11
2,137	2,137	Loss on forestry revaluation	544	544
-	-	Loss on revaluations	-	920
823	823	Members fees and expenses	942	942
131	131	Nursery purchases	156	156
531	204	Operational lease expenditure	525	154
407	515	Rates paid	410	507
113	113	Rates Receivables actually written off	234	234
134	134	Rates written off on Māori land	76	76
608	608	Rates penalties written off on Māori land	-	-
964	964	Software purchases	1,406	1,406
2,199	2,199	Technical services	3,089	3,089
7,917	7,917	Transport Subsidies	10,260	10,260
165	165	Valuation and land data management	227	227
345	345	Vehicle fuel	575	575
236	236	Vehicle repairs & maintenance	330	330
5,351	5,595	Other operating expenses	7,601	7,879
46,056	46,418	Total Other Expenses	56,867	58,089

7. Councillors' Remuneration

Council Actual 2021-22 Expenses						Council Actual 2022-23 Expenses					
Remuneration	Communications	Mileage	Travel Time	Meals/Misc		Remuneration	Communications	Mileage	Travel Time	Meals/Misc	
67,656	1,550	1,416	300	-	Benbow A	63,114	1,550	744	160	-	
50,116	1,550	-	-	-	Clarke E	55,658	1,550	-	-	-	
72,668	1,550	2,947	450	30	Cotton DB	58,622	1,550	1,162	296	45	
-	-	-	-	-	Edmonds JT	34,132	1,097	6,354	3,092	-	
65,150	1,550	3,434	1,150	81	Ferguson S	62,270	1,550	4,742	1,628	230	
50,116	1,550	1,817	431	449	Gordon EB	51,022	1,550	2,038	478	-	
50,116	1,550	-	-	95	Gordon F	51,022	1,550	-	-	-	
143,000	850	-	-	-	Keedwell R-J (Chair)	140,243	850	-	-	-	
50,116	1,550	6,303	3,000	418	Kirton W	15,816	451	1,926	915	59	
-	-	-	-	-	McKellar GM	34,312	1,097	-	-	-	
67,656	1,550	-	-	-	Naylor JM	64,660	1,550	-	-	-	
61,391	1,550	1,010	300	-	Patrick NJ	-	-	-	-	-	
-	-	-	-	-	Riley NM	34,312	1,097	5,939	2,999	-	
-	-	-	-	-	Taylor AR	40,314	1,097	6,180	2,040	27	
50,116	1,550	1,183	90	-	Te Awe Awe WK	55,626	1,550	1,397	40	44	
-	-	-	-	-	Teira T	34,132	1,097	3,084	537	-	
50,116	1,550	3,062	696	-	Turkington J	16,889	451	589	120	-	
778,217	17,900	21,171	6,418	1,073	Total Councillors' Remuneration	812,144	19,637	34,155	12,305	404	

Expenses incurred by Councillors for 2022-23			
Accommodation for HRC Meetings		Conference Costs	
Edmonds J	1,325	Cotton DB	323
Kirton W	508	Ferguson S	429
Ferguson S	165	Gordon EB	252
		Keedwell RJ	1,513
		Te Awe Awe WK	262

8. Personnel Costs

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
380	380	Chief Executive total remuneration	380	380
23,136 (603)	23,136 (603)	Total employee benefits	25,746 (691)	25,746 (691)
661	661	Less Capitalised Labour	691	691
322	322	Defined contribution plan employer contributions	(43)	(43)
		Movement in employee entitlements		
23,516	23,516	Total Personnel Costs	25,703	25,703

Additional Personnel Disclosures

Council Actual 2021-22		Council Actual 2022-23
	At 30 June HRC employed:	
242	Fulltime staff	259
33.2	FTE (Full time equivalent) part-time and casual staff	31.9
275.2	Total FTEs	290.9
	Number of employees by remuneration (contracted) band as at 30 June:	
82	<\$60,000	65
91	\$60,000 - \$79,999	98
80	\$80,000 - \$99,999	88
28	\$100,000 - \$119,999	43
16	\$120,000 - \$139,999	14
6	\$140,000 - \$179,999	9
5	\$180,000 - \$379,999	6
	\$280,000 - \$399,999	1
308	Total Employees	324

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

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

At balance date, the Council employed 259 (last year: 242), with the balance of staff representing 31.9 (last year: 33.2) 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 2021-22		Council Actual 2022-23
	<i>Councillors</i>	
782	Remuneration (\$000)	813
12	Full-time equivalent members	14
	<i>Senior Management Team including Chief Executive</i>	
1,335	Remuneration (\$000)	1,403
5	Full-time equivalent members	5
2,117	Total Remuneration (\$000)	2,216
17	Total Full-time equivalent members	19

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. For the majority of the 2022 year this was 12, until the 4

June 2022 when it became 11 due to a resignation. For the 2023 year there were 11 councillors until the election in October 2022 where 14 councillors were elected.

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 2022-23 financial year, HRC made full use of a number of initiatives undertaken by MW LASS. Continued savings were made by collaborating in the procurement of insurance services. Shared procurement continued for vehicle GPS tracking and booking system, the sharing of valuation data and shared service debt collection business unit for the collection of Council's and TA's debt. The debt collection unit continued to grow, adding 4 new non-member councils, taking the total Council membership to 28.

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

(ii) MWRCH Holdings Limited (MWRCH)

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

The targets included in the SOI for the year were:

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

This measure was achieved. (Achieved 2021-22).

Operate within agreed budgets

Overall revenue is well above budget due to an increase in rents received. Overall expenditure is over budget due to additional consultancy and repairs and maintenance costs.

Maintain the following financial performance targets

Target	Actual 2021-22	Target 2022-23	Actual 2022-23
Net Profit Before Tax	2,375	2,779	1,065
Income Return on net Assets*	2.85%	3.32%	1.41%
Income Return on net Assets (excluding Centreport)	7.46%	10.12%	8.57%
Dividend (excluding subvention payments)	1,988	2,015	2,015
Debt Repayment	-	-	-

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

(iii) Regional Software Holdings Limited (RSHL)

RSHL was incorporated on 17 October 2012 and is owned by a number of regional councils. HRC's holding is 15.5% of the total shares. RSHL has achieved all the KPIs as set out in the SOI for 2022-23 and 2021-22.

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 2022-23 financial year:

Horizons Regional Council Annual Report for the year ended 30 June 2023

Non-Financial	With participating councils, define and agree milestones for the IRIS NextGen Programme.	Achieved - The Partnership Agreement for IRIS NextGen was executed in September and milestones endorsed in November 2022.
	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Achieved — This survey was completed in June 2023. 4 councils completed the customer survey. Results were markedly better across all categories for RSHL and Datacom service performance. 83 Continuous or Frequent users of IRIS responded to the user surveys. Compared to previous years, results were mixed (within the margin of error) but still generally favourable. For "IRIS provides me the information I need" and "IRIS supports me to do my job". Results for "Speed of the IRIS application" were well down, but this issue was limited to one council, with users at other councils reporting speed improvements.
	Prepare and adopt the annual IRIS development roadmap by 30 June for delivery in the subsequent year.	Achieved - The roadmap is constantly reviewed by the IRIS Advisory Group and was last presented to the board in June 2023.
	Major IRIS Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Achieved The MAJ058 IRIS data migration project definition phase was completed under budget - the budget for the project was \$69k, with the total invoiced \$65K. On track As at 30 June 2023 the following projects are on track: <ul style="list-style-type: none"> MAJ059 IRIS Data Migration Base Platform MAJ060 IRIS Data Migration Base Templates MAJ061 IRIS Data Migration — Loading Data

	Budgets for IRIS support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	Achieved - Budgets were approved via the Statement of Intent Process in June 2023. Both support and development were under budget at year end. For further detail please refer to the RSHL Annual Report for the year ended 30 June 2023.
	Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.	Achieved — RSHL has effectively managed the SFMS.
	Effectively support the activities of the Regional Sector through the Regional Sector Office.	Achieved - Over the first part of the year the Executive Policy Advisors focussed on coordinating sector submissions to a raft of central government proposals including: <ul style="list-style-type: none"> Resource management reform legislation The Future for Local Government Review Freshwater farm plan regulations Water services legislation LGOIMA amendments The policy advisors also coordinated the preparation of induction material for incoming Elected Members.
	Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager.	Achieved — The Workplan and Budget for this year was endorsed by the EMAR SG in late 2021/22 FY and formally signed off on the 8 July 2023 EOFY status - work has been delivered within available budget.

	Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group.	<p>Achieved - Under the SFMS and ReCoCo programmes, RSHL supports the delivery of the following projects:</p> <ul style="list-style-type: none"> • Environmental Data Programme • Sector Reference Model Engagement Project • N-Cap Implementation • INFDP Programme • Essential Freshwater Implementation • Freshwater Farm Plans Implementation. <p>RSHL ensured appropriate project management controls were in place for each project. RSHL also managed the funding for the follow sector programmes: LIDAR PGF Programme Manager</p> <ul style="list-style-type: none"> • WellsNZ • Retrolens.
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Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	<p>Achieved — RSHL is operating within approved operating budgets for all programmes. In November, the Board approved a variation to the budget approved in the SOI, to reflect the additional revenue and expenditure from the IRIS NextGen Implementation Programme, which started in September 2022. The budget for this programme was not confirmed when the SOI was approved.</p>
	Annual charges for shareholders and customers to be at the level approved by the Board and councils based upon the approved operating budget and budgets.	<p>Achieved- All charges have been the same or less that approved by the respective programmes.</p>

Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer	<p>Achieved — In November, RSHL welcomed Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders.</p>
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	and/or shareholder base of RSHL.	Additional councils will join when and if they are able, including Otago Regional Council which signed a deed of accession in July 2023.
	Work with the Regional Sector SIG Network to develop shared service opportunities.	<p>Achieved - The Partnership agreement for IRIS NextGen was executed in September. In addition, RSHL is supporting the Essential Freshwater Programme to deliver the Integrated National Farm Data Platform. RSHL is supporting the Environmental Data Group and Digital Solutions Group to deliver the Environmental Data Management System.</p>
	Engage with councils in the regional sector to increase the scope of the usage of IRIS NextGen.	<p>Achieved - The Partnership Agreement for IRIS NextGen was executed in September with 9 councils committing to the programme (two more that use IRIS).</p>
	The objective is to increase the number of councils using the solution, and the breadth of the solution in use.	For the remainder of this year the focus will be on fully establishing the programme and planning the implementation schedule for the 9 participating councils.

For further detail please refer to the RSHL Annual Report for the year ended 30 June 2023.

12. Cash and Cash Equivalents

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
12,202	14,246	Cash at bank and on hand	5,176	7,201
-	-	Term deposits with original maturities less than 3 months	-	-
12,202	14,246	Total Cash and Cash Equivalents	5,176	7,201

13. Trade and Other Receivables

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
2,885	2,885	Rates Receivables	3,459	3,459
3,494	3,860	Trade and Other Receivables	2,462	2,783
351	21	Due from related parties	351	220
816	816	GST receivable	711	732
(2)	(2)	Allowance for credit losses	(1)	(1)
7,544	7,580	Total Trade and Other Receivables	6,982	7,193

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	2021-22 \$000			2022-23 \$000		
	Gross	Impair	Net	Gross	Impair	Net
Not past due	1,335	-	1,335	3,021	-	3,021
Past due 1-30 days	1,486	-	1,486	(71)	-	(71)
Past due 31-90 days	411	-	411	15	-	15
Past due >90 days	4,314	(2)	4,312	4,017	(1)	4,017
	7,546	(2)	7,544	6,982	(1)	6,982
Exchange	77	-	77	46	-	46
Non-exchange	7,469	(2)	7,467	6,936	(1)	6,935
	7,546	(2)	7,544	6,982	(1)	6,981
Group	7,582	(2)	7,580	7,194	(1)	7,193

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 \$81 thousand (last year \$140 thousand) are detailed on page 140. 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 of the effect of discounting is material.

The ECL rates for other receivables as at 30 June 2023 and 1 July 2022 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 2022 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 2023					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.28%	
Gross Receivable amount (\$000)	3,021	(71)	15	207	3,172
Lifetime ECL (\$000)	-	-	-	1	1
Group - 30 June 2023					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.28%	
Gross Receivable amount (\$000)	3,008	(71)	15	207	3,159
Lifetime ECL (\$000)	-	-	-	1	1
Council - 1 July 2022					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.28%	
Gross Receivable amount (\$000)	1,335	1,486	411	613	3,845
Lifetime ECL (\$000)	-	-	-	2	2
Group - 1 July 2022					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.28%	
Gross Receivable amount (\$000)	1,204	1,486	411	613	3,714
Lifetime ECL (\$000)	-	-	0	2	2

Movements in the allowance for credit losses as follows:

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
(33)	(33)	Balance at 1 July under PBE IPSAS 29	(2)	(2)
33	33	ECL adjustment on adoption of PBE IPSAS 41	1	1

-	-	Opening balance for credit losses at 1 July	(1)	(1)
(2)	(2)	Additional provisions made during the year	-	-
-	-	Provisions reversed during the year	-	-
-	-	Receivables written off during the year	-	-
(2)	(2)	Total ECL	(1)	(1)

14. Inventory

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
1,314	1,314	Opening inventory	1,503	1,503
466	466	Purchases and associated costs	790	790
1,780	1,780		2,293	2,293
(277)	(277)	Inventories used in activities	(390)	(390)
1,503	1,503	Closing inventory	1,903	1,903

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

15. Other Financial Assets

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
Current Portion				
-	-	Term deposits with original maturities of 4-12 months	-	-
-	-	Loans to subsidiaries and associates	-	-
40	40	LGFA deposit	-	-
40	40	Total current portion	-	-
Non-current Portion				
Investments in CCOs and other similar entities				
2	2	NZ Local Government Insurance Corporation Ltd	2	2
16	16	MW LASS Ltd	16	16
798	798	Regional Software Holding Ltd	798	798
31,500	-	MWRC Holdings Ltd	31,500	-
18,500	-	Loan to CCO	18,500	-
928	928	LGFA Deposit	990	990
51,744	1,744	Total Investments in CCOs and other similar entities	51,806	1,806
Investments in other entities				
-	70,000	Unlisted shares in CentrePort Ltd (23.08%)	-	63,000
3,615	3,615	Listed share portfolio - Hobson Wealth	3,770	3,770
3,615	73,615	Total Investments in other entities	3,770	66,770
Other				
637	637	Derivative financial instruments	850	850
637	637	Total Other	850	850
55,996	75,996	Total non-current portion	56,426	69,426
56,036	76,036	Total Other Financial Assets	56,426	69,426

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

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

Fair value of the CentrePort Ltd
Overview

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

The valuation advice for port operations is determined using a discounted cash flow method as the primary valuation methodology for valuing the 100% value of CentrePort, with a cross-check to a capitalisation of earnings method using market multiples and the pro-rata share of CentrePort's net tangible assets.

This has relied on the following information provided by CentrePort management:

- The Company's 2024 to 2026 Statement of Intent ("2022 SOI") which includes a forecast income statement, balance sheet and cash flow statement for the years FY24 to FY26;
- The Company's Q2 2023 report;
- The Company's unaudited interim financial statements;
- The Company's NZ Port comparison report;

- Information on the Company's website; and
- Conversations with CentrePort and Horizons management.

The indicative valuation range for the Council's 23.08% shareholding is \$52M to \$64M (2022, \$59M to \$71M). This represents a decrease to that of the 2022 range, as a result CentrePort's WACC increasing with the interest rate environment, a further decrease in the cash balance and a more conservative earnings forecast going forward. Offsetting these is a reduced capital expenditure forecast than in previous years.

The Directors have updated the carrying value of the Company's 23.08% shareholding in CentrePort as at 30 June 2023 to \$63M, being at the higher end of the indicative valuation range. This decision was made after considering the following:

- reviewing the independent valuation advice from PwC
- acknowledging the updated forecasted capital expenditure programme
- current economic conditions including impact of inflation and interest rates
- continuing improved market conditions in a post COVID-19 recovery period
- receiving the latest financial updates indicating a more favourable position than previously forecasted

It was noted that a 23.08% share of CentrePort's net assets is \$107M. Applying the higher minority discount rate of 35% results in a value of \$73M, which this year sits above the indicative valuation range provided. On that basis, there is no allowance for Expected Credit Loss.

Impact of the 2016 Kaikoura Earthquake on investment

As has been reported in previous reports, the November 2016 Kaikoura earthquake resulted in significant damage to CentrePort's assets and business. While the rebuild still contains a degree of uncertainty about the future business operations of CentrePort and, in particular, the capital expenditure required to reinstate the Company's assets or otherwise develop the Port, the Company's plans have been further developed.

CentrePort is continuing to provide more certainty on its future business operations in the preparation of a Master "Regeneration Plan" for the development of the Port and has commenced discussions with its shareholders and public consultation in relation to these plans. Capital expenditure forecasts remain subject to some uncertainty whilst the Regeneration Plan process is ongoing.

Uncertainties in the valuation advice

The Directors note that there is a high degree of uncertainty with regard to CentrePort's future capital expenditure and future financial performance and, hence, returns to shareholders. Key uncertainties highlighted in the fair value valuation advice they have received include:

- While all insurance proceeds have now been received, over the past 3.5 years, there has been considerable disruption due to COVID-19 and New Zealand's response to the global pandemic. Financial markets and the general macroeconomic environment are continuing to be volatile.
- The capital expenditure required to rebuild and redevelop the port is very material to the indicative valuation. CentrePort has developed its Regeneration Plan, and although CentrePort has greater visibility compared to previous years, uncertainty remains with regard to the timing and quantum of expenditure, particularly relating to a proposed Single-User Ferry Terminal (SUFT).

- A significant amount of the capital expenditure remains subject to detailed business casing and shareholder approval, which adds to the uncertainty regarding the quantum and timing.
- Short-term capital expenditure forecasts remain highly volatile and uncertain due to the inherent unpredictability of the rebuild process and changing strategic direction.
- Historical capital expenditure over the last 3 years has been significantly below spending levels that have been forecasted. The Company's ability to spend its capital expenditure forecasts still remains unproven based on historical trend.
- CentrePort expects all of the capex regarding the SUFT will be spent over the next 4 years, however, CentrePort does have continued concerns that the project will continue to be delayed.
- A significant amount of the capital expenditure plan relates to ongoing rectification and resilience work that will likely not generate a WACC return on investment but is necessary for the long-term resilience of the port. The ground resilience work and wharf renewal programme are expected to be complete by FY24.
- A WACC of 7.8% - 9.1%, being a significant increase on last year due to a large increase in the risk-free rate used.
- Terminal year capital expenditure estimate of \$19.7M.
- NZ interest rates have continued to increase since last year, reflecting changes to the OCR.
- Accounting data has been used to forecast tax calculations.
- WACC used by CentrePort is 8.2% post-tax (used as an assumption for return on SUFT)
- Capital expenditure related to ongoing rectification and resilience work will not likely generate a cost of capital return.
- A discount of 30-35% has been applied due to MWRCH's minority shareholding. MWRCH has little control over CentrePort's operations as the other shareholder, Greater Wellington, has a majority shareholding of greater than 75%. This discount reflects the lower value this shareholding has since it has limited ability to influence strategy setting, dividend policy and the right to refuse the transfer of shares.

Assumptions

The independent valuation advice is also based on the following key assumptions:

- A valuation date as at 30 June 2023.
- CentrePort investment property value of \$62.8M, up from \$62.6M last year.
- Mid-period cash-flow timing
- A tax rate of 28%, with tax being paid in the year incurred
- A nominal terminal growth rate of 2.0% in the lower of the range, 2.5% in the high end of the range (2.25% midpoint)

Sensitivity Analysis

Sensitivity analysis has been completed where changes in key inputs to assumptions would significantly change the fair value.

The change to the valuation from changing these inputs has been estimated as follows:

- The weighted average cost of capital (WACC) utilised to determine the DCF of the port operations ranged from 7.8% to 9.1% across the 10-year forecast period. If the WACC was increased by 0.5% for every time period, the impact on the value of the Council's shareholding would be a reduction of \$5.6m or 9.7%. If the WACC

was reduced by 0.5% for every time period, the impact on the value of the shareholding would be an increase of \$6.7m or 11.6%.

- If the value of CentrePort's commercial property interests was to decrease by \$10m, the value decrease would be \$1.6m or 2.7%. If the value were to increase by \$10m, the value increase would be \$1.6m or 2.7%.
- If the capital expenditure forecasts were to decrease by 5% from those assumed in the valuation (with no flow on changes to revenue or cost), the value impact would be an increase of \$1.95m or 3.3%. If the capital expenditure forecasts were to increase by 5% from those assumed in the valuation, the value impact would be a decrease of \$1.8m or 3.1%.
- The minority discount applied to the shareholding range was 30% to 35%. If the midpoint of that discount range was to decline by 5%, the value of the valuation midpoint would increase by \$4.3m or 7.4%. If the minority discount was increased from its midpoint by 5%, the value decrease would be \$4.3m or 7.4%

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

16. Investment Property

Council Actual	Group Actual		Council Actual	Group Actual
2021-22	2021-22		2022-23	2022-23
\$000	\$000		\$000	\$000
		28 North Street, Palmerston North		
-	3,670	Balance at 1 July	-	3,670
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-

-	-	Revaluation as at 30 June	-	(220)
-	3,670	Total North Street	-	3,450
		17-23 Victoria Avenue, Palmerston North		
3,000	25,000	Balance at 1 July	3,000	22,250
-	-	Property purchased	-	-
-	(304)	Additions/Renovations	-	10
-	(2,750)	Reclassification on consolidation	-	-
-	304	Revaluation as at 30 June	300	(900)
3,000	22,250	Total 17-23 Victoria Avenue	3,300	21,360
		7 Victoria Avenue, Palmerston North		
-	1,100	Balance at 1 July	-	1,100
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
-	(1,100)	Reclassification on consolidation	-	(1,100)
-	-	Revaluation as at 30 June	-	-
-	-	Total 7 Victoria Avenue	-	-
		184 Grey Street, Palmerston North		
-	-	Balance at 1 July	-	-
-	800	Property purchased	-	800
-	-	Additions/Renovations	-	-
-	(800)	Reclassification on consolidation	-	(800)
-	-	Revaluation as at 30 June	-	-
-	-	Total 184 Grey Street	-	-
		40 Bowen Street, Feilding		
-	1,900	Balance at 1 July	-	2,000
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
-	-	Reclassification on consolidation	-	-
-	100	Revaluation as at 30 June	-	200
-	2,000	Total 40 Bowen Street	-	2,200
3,000	27,920	Total Investment Properties	3,300	27,010

The valuer applies the fair value model for valuing the properties. In determining the fair value, the valuers have utilised an income capitalisation approach with reference to the lease of the property.

Yields are derived from analysis of comparable sales in the market. The properties were valued by an independent registered valuer, TelferYoung Manawatū, which has the relevant professional qualifications and recent experience. There are no known restrictions to the reliability of the investment property valuations.

17. Forestry

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
		SLUI Forestry Development		
5,103	5,103	Balance at 1 July	3,424	3,424
458	458	Increases due to purchases	259	259
-	-	Decrease due to sale	(148)	(148)
(2,137)	(2,137)	Revaluation movement	(544)	(544)
3,424	3,424	Balance at 30 June	2,991	2,991
		Other Forestry Development		
580	580	Balance at 1 July	592	592
-	-	Increases due to purchases	1	1
-	-	Decrease due to sale	-	-
12	12	Revaluation movement	(207)	(207)
592	592	Balance at 30 June	386	386
4,016	4,016	Total Forestry Value at 30 June	3,377	3,377

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

The Council owns SLUI Forestry of 1,255 hectares (1,377 in 20222) of net stocked area, which are at varying stages of maturity ranging from 8-15 years. They are on leased land with leases ranging from 30-35 years.

Other forestry development is planted on riverside land to minimise the land degradation in that location. Previously, this asset type was

incorporated within the Infrastructural assets, however, as at 30 June 2019, a valuation was performed and the asset was reclassified and separately identified.

Valuation Assumptions

Independent registered valuer, Stuart Orme of Orme & Associates, valued the SLUI Forests, and Alan C Bell has valued the other forestry assets as at 30 June 2023. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

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

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

Financial Risk Management Strategies

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

18. Restoration Asset

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
2,117	2,117	Opening Balance as at 1 July	3,438	3,438
(125)	(125)	Amortisation	(212)	(212)
-	-	Disposal of Asset	(289)	(289)
1,446	1,446	Change in Value	(612)	(612)
3,438	3,438	Closing Balance as at 30 June	2,325	2,325

This asset is for capitalising our lessee interest in the land leases we have relating to our SLUI forests. Its initial value as at 30 June 2019 is based on the current costs to replant, which Council are obligated to do at harvest, inflated based on the years to harvest at inflation as at 30

June for various periods of 17-23 years, discounted back to present value based on the risk-free spot rate at 30 June. This is then amortised on a straight-line basis over the years to harvest, ranging from 17-23 years, depending on the individual lease agreements per forest.

19. Carbon

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
5,135	5,135	Opening Balance as at 1 July	10,809	10,809
5,674	5,674	Additional carbon credits recognised	7,139	7,139
-	-	Carbon credits surrendered	(1,674)	(1,674)
10,809	10,809	Closing Balance as at 30 June	16,274	16,274

20. Property, Plant, Equipment and Intangibles - Parent

2023	Cost/ Valuation 1 July 2022	Accumulated Depreciation and impairment	Carrying amount 1 July 2022	Transfers and other adjustments		Additions	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2023	Accumulated Depreciation and impairment	Carrying amount 30 June 2023
	\$000	\$000	\$000	Cost	Accumulated Depreciation	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Intangible Assets													
Computer software	14,405	(9,987)	4,418	-	-	-	-	-	(741)	-	14,405	(10,728)	3,677
Capital work in progress	240	-	240	-	-	838	-	-	-	-	1,077	-	1,077
Total intangible assets	14,645	(9,987)	4,658	-	-	838	-	-	(741)	-	15,482	(10,728)	4,754
Operational Assets													
Buildings	11,745	(35)	11,711	-	-	415	-	-	(295)	-	12,160	(330)	11,830
Communications equipment	1,556	(1,337)	219	-	-	33	-	-	(50)	-	1,589	(1,387)	203
Computer equipment	5,622	(4,150)	1,472	-	-	171	-	-	(504)	-	5,793	(4,654)	1,139
Equipment and electronics	2,858	(1,622)	1,236	-	-	61	-	-	(246)	-	2,919	(1,869)	1,051
Fittings, furniture & equipment	4,198	(2,099)	2,100	-	-	261	-	-	(217)	-	4,459	(2,316)	2,143
Land - owned	60,156	-	60,156	-	-	-	-	-	-	-	60,156	-	60,156
Land - vested	10,003	-	10,003	-	-	-	-	-	-	-	10,003	-	10,003
Plant & machinery	1,262	(894)	369	-	-	31	-	-	(53)	-	1,293	(947)	347
Scientific/hydrological equipment	10,067	(7,409)	2,658	-	-	602	(23)	-	(438)	-	10,630	(7,831)	2,799
Vehicles	8,022	(3,408)	4,614	-	-	1,542	(41)	-	(1,049)	-	9,048	(3,982)	5,066
Capital work in progress	478	-	478	-	-	1,231	-	-	-	-	1,709	-	1,709
Total operational assets	115,967	(20,953)	95,014	-	-	4,348	(64)	-	(2,853)	-	119,760	(23,316)	96,444
Total intangible and operational assets	130,612	(30,940)	99,672	-	-	5,185	(64)	-	(3,594)	-	135,242	(34,044)	101,198
Infrastructural Assets													
River systems	782,965	-	782,965	-	-	3,318	-	(1,265)	(1,555)	68,630	852,092	-	852,092
Drainage systems	98,594	-	98,594	-	-	-	-	-	(647)	7,131	105,078	-	105,078
Capital work in progress	15,919	-	15,919	-	-	10,820	-	-	-	-	26,740	-	26,740
Total infrastructural assets	897,478	-	897,478	-	-	14,138	-	(1,265)	(2,202)	75,761	983,910	-	983,910
Totals for parent entity	1,028,090	(30,940)	997,150	-	-	19,324	(64)	(1,265)	(5,796)	75,761	1,119,152	(34,044)	1,085,108

Horizons Regional Council in partnership with Whanganui District Council and the Crown, are involved in the construction of river training structures and amenities at the entrance to Whanganui River. This project is being completed over several years, and in various stages. As at 30 June 2023, Horizons Regional Council had completed \$7.6M worth of capital works. This amount is reflected in our

Horizons Regional Council Annual Report for the year ended 30 June 2023

Infrastructural Assets at year-end as Capital work in progress. There is considerable uncertainty regarding the ownership of these assets upon completion of the project and Horizons Regional Council is working with the other partners to resolve this issue in the 2023/24 financial year.

Property, Plant, Equipment and Intangibles - Group

2023	Cost/ Valuation 1 July 2022	Accumulated Depreciation and impairment	Carrying amount 1 July 2022	Transfers and other adjustments Cost Accumulated Depreciation	Additions	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2023	Accumulated Depreciation and impairment	Carrying amount 30 June 2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Intangible Assets												
Computer software	14,405	(9,987)	4,418	-	-	-	-	(741)	-	14,405	(10,728)	3,677
Capital work in progress	240	-	240	-	-	838	-	-	-	1,077	-	1,077
Total intangible assets	14,645	(9,987)	4,658	-	-	838	-	(741)	-	15,482	(10,728)	4,754
Operational Assets												
Buildings	15,035	(35)	14,998	-	-	415	-	(295)	(111)	15,337	(330)	15,007
Communications equipment	1,556	(1,337)	219	-	-	33	-	(50)	-	1,589	(1,387)	203
Computer equipment	5,622	(4,150)	1,472	-	-	171	-	(504)	-	5,793	(4,654)	1,139
Equipment and electronics	2,858	(1,622)	1,236	-	-	61	-	(246)	-	2,919	(1,869)	1,051
Fittings, furniture & equipment	4,198	(2,099)	2,100	-	-	261	-	(217)	-	4,459	(2,316)	2,143
Land - owned	64,486	-	64,486	-	-	-	-	-	334	64,819	-	64,819
Land - vested	10,003	-	10,003	-	-	-	-	-	-	10,003	-	10,003
Plant & machinery	1,262	(894)	369	-	-	31	-	(53)	-	1,293	(947)	347
Scientific/hydrological equipment	10,067	(7,409)	2,658	-	-	602	(23)	(438)	-	10,630	(7,831)	2,799
Vehicles	8,022	(3,408)	4,614	-	-	1,542	(41)	(1,049)	-	9,048	(3,982)	5,066
Capital work in progress	511	-	511	-	-	1,231	-	-	-	1,709	-	1,709
Total operational assets	123,620	(20,954)	102,664	-	-	4,348	(64)	(2,853)	223	127,599	(23,316)	104,284
Total intangible and operational assets	138,265	(30,941)	107,321	-	-	5,185	(64)	(3,594)	223	143,081	(34,044)	109,038
Infrastructural Assets												
River systems	782,965	-	782,965	-	-	3,318	-	(1,265)	(1,555)	68,630	-	852,092
Drainage systems	98,594	-	98,594	-	-	-	-	(647)	7,131	105,078	-	105,078
Capital work in progress	15,919	-	15,919	-	-	10,820	-	-	-	26,740	-	26,740
Total infrastructural assets	897,478	-	897,478	-	-	14,138	-	(1,265)	(2,202)	75,761	-	983,910
Totals for group entity	1,035,743	(30,941)	1,004,800	-	-	19,324	(64)	(1,265)	(5,796)	75,984	(34,044)	1,092,948

Property, Plant, Equipment and Intangibles - Parent

2022	Cost/ Valuation 1 July 2021	Accumulated Depreciation and impairment	Carrying amount 1 July 2021	Transfers and other adjustments Cost Accumulated Depreciation	Additions	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2022	Accumulated Depreciation and impairment	Carrying amount 30 June 2022	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Intangible Assets													
Computer software	13,720	(9,255)	4,465	-	-	700	(5)	-	(743)	-	14,405	(9,987)	4,418
Capital work in progress	139	-	139	-	-	184	(83)	-	-	-	240	-	240
Total intangible assets	13,859	(9,255)	4,604	-	-	884	(88)	-	(743)	-	14,645	(9,987)	4,658
Operational Assets													
Buildings	10,137	(16)	10,121	-	-	1,140	-	-	(224)	677	11,745	(35)	11,711
Communications equipment	1,537	(1,286)	251	-	-	19	-	-	(52)	-	1,556	(1,337)	219
Computer equipment	5,183	(3,646)	1,537	-	-	442	-	-	(507)	-	5,622	(4,150)	1,472
Equipment and electronics	2,440	(1,390)	1,050	-	-	435	(14)	-	(241)	-	2,858	(1,622)	1,236
Fittings, furniture & equipment	3,503	(1,915)	1,588	-	-	694	-	-	(183)	-	4,198	(2,099)	2,100
Land - owned	59,798	-	59,798	-	-	20	(19)	-	-	357	60,156	-	60,156
Land - vested	10,002	-	10,002	-	-	-	-	-	-	-	10,003	-	10,003
Plant & machinery	1,258	(837)	421	-	-	3	-	-	(55)	-	1,262	(894)	369
Scientific/hydrological equipment	9,895	(7,409)	2,486	-	-	731	(84)	-	(475)	-	10,067	(7,409)	2,658
Vehicles	7,537	(3,302)	4,235	-	-	1,434	(97)	-	(958)	-	8,022	(3,408)	4,614
Capital work in progress	901	-	901	-	-	167	(590)	-	-	-	478	-	478
Total operational assets	112,191	(19,801)	92,390	-	-	5,085	(804)	-	(2,695)	1,034	115,967	(20,953)	95,016
Total intangible and operational assets	126,050	(29,056)	96,994	-	-	5,969	(892)	-	(3,438)	1,034	130,612	(30,940)	99,672
Infrastructural Assets													
River systems	714,288	-	714,288	-	-	4,123	(1,244)	-	(1,291)	67,088	782,965	-	782,965
Drainage systems	84,557	-	84,557	-	-	456	(175)	-	(560)	14,316	98,594	-	98,594
Capital work in progress	5,294	-	5,294	-	-	11,392	(767)	-	-	-	15,919	-	15,919
Total infrastructural assets	804,139	-	804,139	-	-	15,971	(2,186)	-	(1,851)	81,404	897,478	-	897,478
Totals for parent entity	930,189	(29,056)	901,133	-	-	21,940	(3,078)	-	(5,289)	82,438	1,028,090	(30,940)	997,150

Property, Plant, Equipment and Intangibles - Group

2022	Cost/ Valuation 1 July 2021	Accumulated Depreciation and impairment	Carrying amount 1 July 2021	Transfers and other adjustments Cost Accumulated Depreciation	Additions	Disposals (net)	Impairment	Depreciation	Revaluation Change	Cost/ Valuation 30 June 2022	Accumulated Depreciation and impairment	Carrying amount 30 June 2022	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Intangible Assets													
Computer software	13,720	(9,255)	4,465	-	-	700	(5)	-	(743)	-	14,405	(9,987)	4,418
Capital work in progress	139	-	139	-	-	184	(83)	-	-	-	240	-	240
Total intangible assets	13,859	(9,255)	4,604	-	-	884	(88)	-	(743)	-	14,645	(9,987)	4,658
Operational Assets													
Buildings	13,196	(16)	13,180	-	-	1,275	-	-	(224)	701	15,035	(35)	14,998
Communications equipment	1,537	(1,286)	251	-	-	19	-	-	(52)	-	1,556	(1,337)	219
Computer equipment	5,183	(3,646)	1,537	-	-	442	-	-	(507)	-	5,622	(4,150)	1,472
Equipment and electronics	2,440	(1,390)	1,050	-	-	435	(14)	-	(241)	-	2,858	(1,622)	1,236
Fittings, furniture & equipment	3,503	(1,915)	1,588	-	-	694	-	-	(183)	-	4,198	(2,099)	2,100
Land - owned	63,553	-	63,553	-	-	685	(19)	-	-	267	64,486	-	64,486
Land - vested	10,002	-	10,002	-	-	-	-	-	-	-	10,003	-	10,003
Plant & machinery	1,258	(837)	421	-	-	3	-	-	(55)	-	1,262	(894)	368
Scientific/hydrological equipment	9,895	(7,409)	2,486	-	-	731	(84)	-	(475)	-	10,067	(7,409)	2,658
Vehicles	7,537	(3,302)	4,235	-	-	1,434	(97)	-	(958)	-	8,022	(3,407)	4,614
Capital work in progress	901	-	901	-	-	200	(590)	-	-	-	511	-	511
Total operational assets	119,005	(19,801)	99,204	-	-	5,918	(804)	-	(2,695)	968	123,620	(20,953)	102,665
Total intangible and operational assets	132,864	(29,056)	103,807	-	-	6,802	(892)	-	(3,438)	968	138,265	(30,940)	107,323
Infrastructural Assets													
River systems	714,288	-	714,288	-	-	4,123	(1,244)	-	(1,291)	67,088	782,965	-	782,965
Drainage systems	84,557	-	84,557	-	-	456	(175)	-	(560)	14,316	98,594	-	98,594
Capital work in progress	5,294	-	5,294	-	-	11,392	(767)	-	-	-	15,919	-	15,919
Total infrastructural assets	804,139	-	804,139	-	-	15,971	(2,186)	-	(1,851)	81,404	897,478	-	897,478
Totals for group entity	937,003	(29,056)	907,947	-	-	22,773	(3,078)	-	(5,289)	82,372	1,035,743	(30,940)	1,004,801

Valuation

Land (operational)

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

Buildings (operational)

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

Infrastructural assets

Infrastructural assets included within HRC's river and drainage schemes were valued at depreciated replacement cost as at 30 June 2023. The revaluation was completed by HRC engineering staff that are directly involved with the administration of these schemes. The valuation methodology was reviewed by Miles Wyatt and John Underhill of AECOM New Zealand Limited on 7 May 2020, to certify that the methodology is consistent with PBE IPSAS 17.

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

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

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

Summary of infrastructure asset replacement costs	Council Actual	Council Actual
	2022-23	2021-22
	\$000	\$000
River systems	874,019	801,962
Drainage systems	114,015	107,840
Total Replacement Cost	988,034	909,802

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	Council Actual	Council Actual
	2022-23	2022-23	2021-22
	\$000	\$000	\$000
Land and Water Management	199	406	318
Flood Protection and Control Works	1,839	2,218	1,868
Biosecurity and Biodiversity Management	205	193	196
Regional Leadership and Governance	1,013	949	956
Transport	225	239	22
Investment and Corporate	2,173	2,003	1,853
Total Depreciation and Amortisation	5,654	6,008	5,414

Summary of Property, Plant and Equipment in the course of construction by class of asset	Council Actual 2022-23 \$000	Council Actual 2021-22 \$000
Buildings	82	72
Communications Equipment	4	-
Computer Equipment	288	214
Computer Software	1,077	1,503
Drainage Systems	3,771	2,224
Equipment and Electronic	431	258
Furniture and Fittings	-	-
Land	191	-
Plant and Machinery	-	-
River Systems	22,969	17,548
Scientific/hydrological Equipment	252	294
Vehicles	461	205
Total Work in Progress	29,526	22,318

21. Insurance of Assets

	2022-23 \$000	2021-22 \$000
The total value of all Council assets covered by insurance contracts	96,444	95,014
The maximum amount to which insured assets are insured	129,412	110,562
Total value of assets that are self-insured	983,910	897,478
Value of funds maintained for self-insurance	4,800	4,800

The above information relates to the insurance of Council assets as at 30 June 2023.

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

22. Trade and Other Payables

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
Paybles from exchange transactions				
2,012	1,987	Accounts payable	-	30
43	89	Due to related parties	-	-
5,570	5,727	Accruals and other payables	7,151	7,195
7,625	7,803	Total exchange payables	7,151	7,225
Paybles from non-exchange transactions				
9,692	9,841	Grants and rates revenue in advance	7,082	7,244
-	-	Grants payable	-	-
9,692	9,841	Total non-exchange payables	7,082	7,244
17,317	17,644	Total trade and other payables	14,233	14,469

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

23. General Provisions

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
-	-	Opening balance	47	47
180	180	Additional provisions made during the year	110	110
180	180		157	157
(133)	(133)	Payments made during the year	(88)	(88)
47	47	Closing balance	69	69
		Made up of:		
47	47	ACC provision	69	69
47	47	Total general provisions	69	69

24. Employee Entitlements

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
391	391	Pay Accruals	582	582
2,272	2,272	Annual leave provision	-	-
1	1	Long service provision	88	88
70	70	Time in lieu provision	2,212	2,212
-	-	Sick leave provision	-	-
2,734	2,734	Total employee entitlements	2,882	2,882

25. Taxation

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
-	-	Components of tax expense	-	-
-	-	Current tax	-	-
-	-	Tax loss offset	-	-
-	-	Tax loss not recognised	-	-
-	252	Deferred tax	-	(95)
-	252	Tax expense	-	(95)
15,678	16,032	Relationship between tax expense and accounting surplus	9,608	8,410
4,390	4,489	Surplus/(deficit) before tax	2,690	2,355
-	-	Tax at 28%	-	-
-	-	Plus/(less) tax effect of:	-	-
-	-	Other items	-	-
(25,016)	(25,045)	Non-taxable revenue	(27,803)	(28,196)
21,106	21,675	Non-deductible expenditure	25,138	25,771
-	-	Taxable dividend eliminated on consolidation	-	-
216	367	Gross up imputation credits	-	-
(773)	(1,311)	Tax credit from imputation credits	-	-
-	-	Deferred tax recognition	-	-
(41)	(41)	Tax losses offset	(25)	(25)
-	252	Tax expense	-	(95)

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)

	Property, Plant and Equipment \$000	Financial Instruments \$000	Employee Entitlements \$000	Total \$000
Council				
nil	-	-	-	-
Group				
Balance at 1 July 2021	(347)	-	-	(347)
Charge to surplus/(deficit)	(467)	-	-	(467)
Charged to other comprehensive revenue and expense	-	-	-	-
Recognition of tax asset	-	-	214	214
Balance at 30 June 2022	(814)	-	214	(600)
Charge to surplus/(deficit)	(97)	-	-	(97)
Charged to other comprehensive revenue and expense	-	-	-	-
Recognition of tax asset	-	-	192	192
Balance at 30 June 2023	(911)	-	406	(505)

Council has not recognised a deferred tax asset in relation to tax losses of \$2,885,603 (last year \$2,973,738) because it is not probable that future tax profits will be available to offset these losses for MWRCH at 30 June 2023 (last year \$nil).

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

26. Debt

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
53,967	53,967	Opening balance as at 1 July	61,409	61,409
22,442	22,442	Loans taken out	4,591	4,591

(15,000)	(15,000)	Loans repaid	-	-
61,409	61,409	Closing balance as at 30 June	66,000	66,000
		Made up of:		
14,409	14,409	Current	23,500	23,500
47,000	47,000	Non-current	42,500	42,500
61,409	61,409	Total debt	66,000	66,000

These loans are secured at either separate or general rates for the region through the Debenture Trust Deed. Of these, \$46 million (last year \$34 million) is on a fixed rate of interest, with \$20 million (last year \$27.409 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 35. Internal borrowings are eliminated on consolidation of activities in HRC's financial statements.

27. Provision - Replanting

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
2,342	2,342	Opening balance as at 1 July	3,803	3,803
1,446	1,446	Change in present value of provision	(612)	(612)
15	15	Provision unwinding	(165)	(165)
-	-	Disposal	(289)	(289)
3,803	3,803	Closing Balance	2,737	2,737

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

The first cash outflows are not expected to occur until 2036. The long-term nature of the liability means that there are inherent uncertainties in estimating the costs that will be incurred. The provision has been estimated taking into account existing technology and using discount rates of 4.77% - 4.84% (last year, 4.08% - 4.19%). The value of replanting costs, which have been inflated, have been calculated using an inflation rate of 6.0% (last year, 7.3%).

28. Events after balance date

There have been no events after balance date.

29. Financial Instruments

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

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

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

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. 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 2021-22	Group Actual 2021-22		Council Actual 2022-23	Group Actual 2022-23
\$000	\$000		\$000	\$000
Financial assets				
Fair value through surplus deficit				
637	637	Derivatives	850	850
Amortised cost				
12,202	14,246	Cash and cash equivalents	5,176	7,201
4,659	4,651	Trade and Other Receivables	3,523	3,734
18,500	-	Loan to CCO	18,500	-
35,361	18,897	Total at amortised cost	27,199	10,935
Fair value through other comprehensive revenue and expense				
33,244	1,744	Investments in CCOs and other similar entities	33,306	1,806
3,615	73,615	Investments in other entities	3,770	66,770
36,859	75,359	Total at FVTOCRE	37,076	68,576

Council Actual 2021-22	Group Actual 2021-22		Council Actual 2022-23	Group Actual 2022-23
\$000	\$000		\$000	\$000
Financial liabilities				
Fair value through surplus deficit				
-	-	Derivatives	-	-
Amortised cost				
17,708	17,991	Trade and Other Payables	14,815	15,028
61,409	61,409	Debt	66,000	66,000
79,117	79,400	Total at amortised cost	80,815	81,028

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:

		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000	Council Actual 2021-22 \$000	Group Actual 2021-22 \$000
	Level				
Financial assets					
Derivatives	1	850	850	637	637
Local Authority Stock	2	990	990	968	968
Hobson Wealth	2	3,770	3,770	3,615	3,615
CentrePort Shares	3	-	63,000	-	70,000
Financial liabilities					
Derivatives	1	-	-	-	-

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

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

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

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
-	70,000	Balance at 1 July	-	70,000
-	-	Gains or losses recognised in surplus or deficit	-	-
-	-	Gains or losses recognised in other comprehensive revenue and expense	-	(7,000)
-	-	Purchases	-	-
-	-	Sales	-	-
-	-	Transfers into level 3	-	-
-	-	Transfers out of level 3	-	-
-	70,000	Balance at 30 June	-	63,000

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 91.

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

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
Counterparties with credit ratings				
Cash at bank and term deposits				
12,200	14,244	AA-	5,173	7,198
-	-	A	-	-
2	2	Unrated*	3	3
12,202	14,246	Total Cash at bank and term deposits	5,176	7,201
Derivative financial instruments assets				
637	637	AA-	850	850
637	637	Total Derivative financial instruments	850	850

*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 2022-23						
Trade and Other Payables	14,815	14,815	14,815	-	-	-
Debt	66,000	66,534	15,793	10,251	28,520	11,971
Total	80,815	81,349	30,608	10,251	28,520	11,971
Group 2022-23						
Trade and Other Payables	15,028	15,028	15,028	-	-	-
Debt	66,000	66,534	15,793	10,251	28,520	11,971
Total	81,028	81,562	30,821	10,251	28,520	11,971
Council 2021-22						
Trade and Other Payables	17,708	17,708	17,708	-	-	-
Debt	61,409	66,534	15,793	10,251	28,520	11,971
Total	79,117	84,242	33,501	10,251	28,520	11,971
Group 2021-22						
Trade and Other Payables	20,006	20,006	20,006	-	-	-
Debt	61,409	66,534	15,793	10,251	28,520	11,971
Total	81,415	86,540	35,799	10,251	28,520	11,971

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 91.

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 2022-23						
Cash and cash equivalents	5,176	5,176	5,176	-	-	-
Debtors and other receivables	6,982	6,982	6,982	-	-	-
MWRCH Loan	18,500	18,500	-	-	2,500	16,000
Derivatives	850	718	44	97	490	87
Total	31,508	31,376	12,202	97	2,990	16,087
Group 2022-23						
Cash and cash equivalents	7,201	7,201	7,201	-	-	-
Debtors and other receivables	7,193	7,193	7,193	-	-	-
MWRCH Loan	-	-	-	-	-	-
Derivatives	850	718	44	97	490	87
Total	15,244	15,112	14,438	97	490	87
Council 2021-22						
Cash and cash equivalents	12,202	12,202	12,202	-	-	-
Debtors and other receivables	7,544	7,544	7,544	-	-	-
MWRCH Loan	18,500	18,500	-	-	2,500	16,000
Derivatives	637	718	44	97	490	87
Total	38,883	38,964	19,790	97	2,990	16,087

	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
Group 2021-22						
Cash and cash equivalents	14,246	14,246	14,246	-	-	-
Debtors and other receivables	7,536	7,536	7,536	-	-	-
MWRCH Loan	-	-	-	-	-	-
Derivatives	637	718	44	97	490	87
Total	22,419	22,500	21,826	97	490	87

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.

	2022-23		2021-22	
	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)
Council				
Financial assets				
Cash and cash equivalents	(52)	52	(122)	122
Derivatives	(365)	344	(365)	344
Financial liabilities				
Debt	660	(660)	614	(614)
Derivatives	-	-	-	-
Total sensitivity	243	(264)	127	(148)
Group				
Financial assets				
Cash and cash equivalents	(72)	72	(142)	142
Derivatives	(365)	344	(365)	344
Financial liabilities				
Debt	660	(660)	614	(614)
Derivatives	-	-	-	-
Total sensitivity	223	(244)	107	(128)

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

30. Derivative Financial Instruments

Council Actual	Group Actual		Council Actual	Group Actual
2021-22	2021-22		2022-23	2022-23
\$000	\$000		\$000	\$000
-	-	Current assets	-	-
-	-	Interest rate swaps	-	-
-	-	Total current assets	-	-
637	637	Non-current assets	850	850
637	637	Interest rate swaps	850	850
		Total non-current assets	850	850
-	-	Current liability	-	-
-	-	Interest rate swaps	-	-
-	-	Total current liability	-	-
-	-	Non-current liability	-	-
-	-	Interest rate swaps	-	-
-	-	Total non-current liability	-	-

HRC has a number of interest swaps in place:

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

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.

31. Equity

Council Actual 2021-22 \$000	Group Actual 2021-22 \$000		Council Actual 2022-23 \$000	Group Actual 2022-23 \$000
Asset revaluation reserves				
524,491	525,026	Balance at 1 July	606,941	607,509
82,450	82,483	Increase/(Decrease) in revaluation reserves	75,761	76,008
-	-	Transfer to accumulated funds	-	-
606,941	607,509	Balance at 30 June	682,702	683,517
Consists of:				
3,811	3,881	Buildings	3,811	3,700
33,425	33,925	Land-Owned	33,425	34,352
6,873	6,873	Land-Vested	6,873	6,873
504,732	504,732	River scheme assets	573,362	573,362
58,099	58,099	Drainage scheme assets	65,230	65,230
606,940	607,510	Total revaluation reserves	682,701	683,517
Fair value through other comprehensive revenue and expense reserve				
1,768	46,386	Balance at 1 July	1,327	45,945
(441)	(441)	Increase/(Decrease) in fair value reserve	47	(6,953)
1,327	45,945	Balance at 30 June	1,374	38,992
Restricted reserves - river and drainage				
12,797	12,797	Balance at 1 July	13,706	13,706
909	909	Plus/(less) transfer from retained earnings	(929)	(929)
13,706	13,706	Balance at 30 June	12,777	12,777

Infrastructure insurance reserve				
4,680	4,680	Balance at 1 July	4,800	4,800
-	-	Scheme rate contribution	-	-
120	120	General rate contribution	120	120
-	-	Withdrawals	-	-
4,800	4,800	Balance at 30 June	4,920	4,920
Accumulated funds				
377,025	383,516	Balance at 1 July	391,706	398,299
33	33	Adjustment due to adoption of PBE IPSAS 41	-	-
377,058	383,549	Adjusted balance at 1 July	391,706	398,299
(909)	(909)	Less transfers to restricted reserves	929	929
(120)	(120)	Less transfer to infrastructure insurance reserve	(120)	(120)
15,677	15,779	Net surplus/(deficit) for the year	9,608	8,505
391,706	398,299	Balance at 30 June	402,124	407,613
1,018,479	1,070,260	Total equity at 30 June	1,103,896	1,147,819

Purpose of Restricted Reserves

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

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

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

Purpose of the Infrastructure Insurance Reserve

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

32. Breach of Statutory Deadline

Under Section 98 (3) of the Local Government Act 2022, the Annual Report must be completed and adopted by resolution within four months after the end of the financial year to which it relates. The delays in completing the 2023 Annual Report were due to Council resourcing issues. Council formally adopted the Annual Report on 28 November 2023.

33. Explanations of major variances against budget

	Annual Plan 2022-23	Actual 2022-23	Variance Favourable/ (Unfavourable)	Explanation
	\$000	\$000	\$000	
Subsidies and grants	27,853	19,547	(8,306)	Due to delays in work on some of our climate resilience work, grant revenue recognised from central government was lower than initially budgeted.
Finance revenue	3,450	3,691	241	Interest rates increased during the year, resulting in an increase of interest received on our term deposits and our interest rate swaps gaining value.
Other revenue	14,203	21,606	7,403	For the year, additional carbon credits were allocated relating to the SLUI forestries. Carbon credits income was recognised of \$7.1 million. Carbon credits were not budgeted as there is significant uncertainty about the quantum and value.
Depreciation and amortisation expense	5,654	6,008	(354)	Amortisation on the restoration asset is not included in this area of the Annual Plan.
Finance costs	1,479	2,179	(700)	Interest rates increased during the year, resulting in an increase of interest costs.
Other expenses	51,957	56,867	(4,910)	With the competitive labour market, we struggled to recruit contractors and consultants to complete some of our work. Offsetting this was a loss of valuation for our forestry due to increased costs to maintain and falling log prices.
Property, plant, and equipment revaluations	15,609	75,761	60,152	Unit rates for certain asset types increased significantly above our original estimates resulting in a higher gain than anticipated.
Cash and cash equivalents	1,222	5,176	3,954	Due to delays in completing some of our climate resilience work, we ended with a higher cash balance than anticipated as grant funding is received in advance of work being completed and paid for. Our initial budget presumed that work would be completed close to schedule.
Trade and other receivables	11,103	6,982	(4,121)	Our budgeting assumptions presumed that a larger portion of capital grant funding would be receivable at year-end. In reality, there was less capital work done and invoiced due to a reduction in the capital works programme.
Revenue Receivable	7,911	5,880	(2,031)	As with trade and other receivables, our budget assumed a large portion of grant funding would be accrued at year-end; however, this was paid up-front.
Investments in other entities	3,958	3,770	(188)	The Hobson Wealth share value was impacted by the Ukraine war and has not recovered resulting in less growth in the investment than expected.
Derivative Financial Instruments	-	850	850	As interest rates on borrowings increased significantly during the 2022 year, our interest rate swaps changed from being a liability to a financial asset which was not anticipated when our budget was set.
Forestry Assets	6,425	3,377	(3,048)	Our forestry assets were initially expected to increase in value however due to increasing maintenance costs and falling log prices, our forestries decreased in value.

Horizons Regional Council Annual Report for the year ended 30 June 2023

Restoration asset	-	2,325	2,325	Due to a change in accounting treatment in the prior year this asset arose and we were too late to add it into the budget for the current year.
Carbon credits	-	16,274	16,274	Previously these were immaterial to the accounts and so were not budgeted for.
Intangible assets	11,093	4,754	(6,339)	We initially had projects budgeted which were expected to be intangible assets, however, due to their nature the accounting treatment was identified to be spend of an operational nature rather than capital. These projects also did not progress as far as anticipated by 30 June.
Operational assets	95,656	96,444	788	This is a flow on effect from previous financial years where a land purchase was made for approximately \$7m near year end and so was not included in the budgeted value of the assets.
Infrastructural assets	883,645	983,910	100,265	Unit rates for certain asset types increased significantly above our original estimates resulting in a higher gain than anticipated.
Trade and other payables	15,734	14,233	1,501	Due to the change in financial systems a number of creditors were paid early resulting in lower values in accounts payable at year end.
Provisions - employee entitlements	2,464	2,882	(418)	Due to the last week of the financial year not payable until the second week in the new financial year compared to how payroll was budgeted.
Debt - current portion	7,000	23,500	(16,500)	Utilised more short-term commercial papers than anticipated. This offsets with Debt - non-current below.
Derivative financial instruments	398	-	398	Due to increasing interest rates our interest rate swaps changed from being the liability they were anticipated to be to being a financial asset.
Debt - non-current portion	65,182	42,500	22,682	We utilised more short-term borrowing than anticipated and, due to delays in completing some of our climate resilience work, ended up borrowing fewer funds than anticipated.
Provision - replanting	-	2,737	(2,737)	A review of the accounting treatment of obligations under existing lease agreements has given rise to this provision which was determined after the Long-term Plan had been set.

34. Reconciliation of operating cashflows with reported operating results

	Council Actual 2022-23 \$000	Group Actual 2022-23 \$000	Council Actual 2021-22 \$000	Group Actual 2021-22 \$000
Surplus/(Deficit) after tax	9,608	8,505	15,678	15,780
Add/(Deduct) non-cash items				
Amortisation - SLUI land lease	125	125	125	125
Asset Impairment	1,386	1,386	-	-
Depreciation and amortisation expense	6,008	6,008	125	125
Bad debt expense	328	328	856	856
(Gain)/Loss on forest revaluation	544	544	2,137	2,137
(Gain)/Loss on investment property revaluation	(300)	920	-	(370)
(Gain)/Loss on derivatives	(213)	(213)	(1,105)	(1,105)
(Gain)/Loss on carbon credits	(7,139)	(7,139)	(5,674)	(5,674)
Dividend payment	-	1,988	-	-
Loss on disposal of assets	11	11	94	94
Provision unwinding	(165)	(165)	15	15
	585	3,793	1,862	1,492
Add/(Deduct) items classified as investing				
(Gain) on sale of fixed assets	(746)	(746)	(393)	(393)
	(746)	(746)	(393)	(393)
Add/(Deduct) movements in working capital items				
Decrease/(Increase) in trade and other receivables	233	58	(2,833)	(2,823)
Decrease/(Increase) in accruals and prepayments	41	738	48	(409)
Decrease/(Increase) in stock on hand	(400)	(400)	(189)	(189)
(Decrease)/Increase in operational trade and other payables	(3,697)	(6,342)	3,636	3,803
	(3,823)	(5,946)	662	382
Net cash inflow/(outflow) from operating activities	5,624	5,606	17,809	17,261

35. Internal Borrowings

Closing Balance		Advances	Repayments	Closing Balance	Interest Paid or Accrued
2021-22		2022-23	2022-23	2022-23	2022-23
Debit/(Credit)				Debit/(Credit)	
\$		\$	\$	\$	\$
	Land and water management				
699,715	Lake Horowhenua Boat Ramp	-	(28,353)	671,362	25,050
1,102,434	Lake Horowhenua Land	-	(41,504)	1,060,930	39,467
	Corporate and internal support				
158,318	Ozone Replacement Project	-	-	158,318	-
	Flood protection and control works				
-	Akitio	-	-	-	-
73,267	Ashhurst Stream	-	(23,609)	49,658	2,498
-	Eastern Manawatū	-	-	-	-
168,809	Foxton East Drainage	60,000	(6,025)	222,784	5,756
309,693	Hōkio Drainage	22,142	(16,880)	314,955	10,561
180,869	Koputaroa	438,618	(42,968)	576,519	6,168
72,958	Lower Kiwitea	-	(23,508)	49,450	2,488
28,156,146	Lower Manawatū	1,887,502	(1,127,217)	28,916,431	960,125
3,411,399	Lower Manawatū (Special Project)	-	(1,128,931)	2,282,468	116,329
3,266,972	Lower Whanganui	1,901,882	(131,348)	5,037,506	111,404
152,966	Makerua Drainage	-	(16,953)	136,013	5,216
-	Makirikiri	-	-	-	-
649,536	Manawatū Drainage	100,000	(44,406)	705,130	22,149
148,451	Matarawa Valley	-	(47,834)	100,617	5,062
203,419	Moutoa Drainage	-	(75,488)	127,931	6,936
310,748	Ōhau-Manakau	-	(40,055)	270,693	10,596
-	Pakihi Valley	-	-	-	-
-	Pohangina-Oroua	500,000	-	500,000	-
-	Porewa Valley	-	-	-	-
2,834,308	Rangitīkei	343,000	(147,867)	3,029,441	96,650
242,340	South-East Ruahines	-	(6,296)	236,044	8,264
-	Tararua	-	-	-	-
-	Te Kawanui Drainage	-	-	-	-
-	Turakina	-	-	-	-
23,699	Tutaenui	-	(1,631)	22,068	808
104,333	Upper Manawatū	-	(24,786)	79,547	3,558
10,507	Upper Whanganui	-	(3,386)	7,121	358
194,783	Whangaehu-Mangawhero	-	(62,763)	132,020	6,642
21,086	Whirokino Drainage	-	(5,010)	16,076	719
42,496,756	Total internal borrowings	5,253,144	(3,046,818)	44,703,082	1,446,804

36. River and Drainage Scheme Reserves

Closing Balance Scheme		Interest credited	Transfers in	Transfers out	Closing Balance
2021-22		2022-23	2022-23	2022-23	2022-23
Debit/(Credit)				Debit/(Credit)	
\$		\$	\$	\$	\$
18,595	Akitio	-	-	-	18,595
51,138	Ashhurst Stream	1,642	10,009	-	62,789
2,246	Forest Road Drainage	72	3,173	-	5,491
780,885	Foxton East Drainage	25,066	-	(30,126)	775,825
12,462	Haunui Drainage	400	4,163	-	17,025
11,481	Himatangi Drainage	369	-	(7,456)	4,394
71,072	Hökio Drainage	2,281	4,554	-	77,907
7,772	Kahuterawa	249	-	(439)	7,582
171,845	Koputaroa	5,516	52,279	-	229,640
334,511	Lower Kiwitea	10,738	44,455	-	389,704
3,336,735	Lower Manawatū (Special Project)	13,252	2,552	-	3,352,539
412,833	Lower Manawatū	107,109	32,998	-	552,940
1,026,372	Lower Whanganui	32,947	-	-	1,059,319
102,152	Makerua Drainage	3,279	86,822	-	192,253
22,876	Makirikiri	734	10,613	-	34,223
215,053	Manawatū Drainage	6,903	-	(177,946)	44,010
1,320,254	Mangatainoka	42,380	151,416	-	1,514,050
149,080	Matarawa Valley	4,785	-	(66,682)	87,183
103,584	Moutoa Drainage	3,325	25,954	-	132,863
56,303	Ohakune	1,807	25,945	-	84,055
458,716	Ōhau-Manakau	14,725	-	(8,343)	465,098
5,968	Pakihi Valley	192	4,989	-	11,149
728,814	Pohangina-Oroua	23,395	-	(666,974)	85,235
12,553	Porewa	403	6,625	-	19,581
1,244,029	Rangitikei	39,933	-	(304,806)	979,156
81,119	Ruapehu District	2,604	17,040	-	100,763
545,193	South-East Ruahines	17,501	-	(154,517)	408,177
46,162	Tararua District	1,482	-	(21,824)	25,820
20,134	Tawataia-Mangaone	646	5,275	-	26,055
60,926	Te Kawau Drainage	4,788	-	(57,889)	7,825
149,145	Turakina	1,956	11,520	-	162,621
14,605	Tutaenui	469	4,276	-	19,350
445,988	Upper Manawatū	14,316	-	(137,836)	322,468
306,820	Upper Whanganui	9,849	-	(4,279)	312,390
81,731	Whangaehu-Mangawhero	2,624	-	(9,845)	74,510
21,074	Whirokino Drainage	676	-	(6,184)	15,566
191,615	Miscellaneous - All Scheme	6,151	-	-	197,766
12,621,841	Total schemes	404,564	504,658	(1,655,146)	11,875,917

River and Drainage Scheme Renewal Reserves

Closing Balance Scheme		Interest credited	Transfers in	Transfers out	Closing Balance
2021-22		2022-23	2022-23	2022-23	2022-23
Debit/(Credit)				Debit/(Credit)	
\$		\$	\$	\$	\$
1,881	Ashhurst Stream	60	-	-	1,941
3,578	Forest Road Drainage	115	-	-	3,693
3,796	Foxton East Drainage	122	-	-	3,918
2,591	Himatangi Drainage	83	-	-	2,674
2,793	Hōkio Drainage	90	-	-	2,883
124,341	Koputaroa	3,991	-	-	128,332
17,227	Lower Manawatū	553	-	-	17,780
(6,598)	Lower Whanganui	(212)	-	-	(6,810)
231,942	Makerua Drainage	7,445	-	(98,872)	140,515
40,267	Makirikiri	1,293	-	-	41,560
260,068	Mangatainoka	-	-	(22,922)	237,146
23,344	Manawatū Drainage	8,348	-	(42,502)	(10,810)
8,046	Matarawa Valley	749	-	-	8,795
164,157	Moutoa Drainage	258	-	(28,461)	135,954
902	Ōhau-Manakau	5,270	-	-	6,172
(23,623)	Pakihi Valley	29	-	-	(23,594)
21,984	Pohangina-Oroua	(758)	-	(4,520)	16,706
44,891	Porewa	706	-	-	45,597
8,249	South-East Ruahines	1,441	-	-	9,690
137,201	Tawataia-Mangaone	265	-	-	137,466
6,085	Te Kawau Drainage	4,404	-	(16,441)	(5,952)
3,876	Tutaenui	195	-	-	4,071
6,759	Upper Manawatū	124	-	(4,290)	2,593
1,083,757	Total schemes	34,571	-	(218,008)	900,320

37. Capital Purchases

	LTP 2021-31 2022-23 \$000	Actual 2022-23 \$000	Actual 2021-22 \$000
Land and Water Management			
Horowhenua Lake Restoration	-	46	(2)
JV Afforestation	68	258	458
Nursery	21	20	-
Nutrient Monitoring/Telemetry Equipment	72	34	15
Total Land and Water Management	161	358	471
Flood Protection and Control Works			
Lower Kiwitea Scheme	-	38	-
Lower Manawatū Scheme	13,105	6,873	3,400
Mangatainoka River Scheme	122	146	277
Matarawa River Scheme	16	-	2
Pohangina-Ōroua River Control Scheme	155	691	101
Porewa Scheme	-	-	-
Rangitikei River Control Scheme	1,954	1,162	2,530
Tawataia-Manganoe Scheme	3	-	-
South East Ruahines Scheme	379	363	441
Tūtaenui Flood Control Scheme	90	-	-
Upper Manawatū-Lower Mangahao Scheme	69	148	139
Upper Whanganui River Management Scheme	-	-	23
Lower Whanganui River Management Scheme	6,836	2,910	5,454
Foxton East Drainage Scheme	4,511	1,017	1,730
Hōkio Drainage Scheme	62	41	87
Koputaroa Drainage Scheme	351	439	22
Makerua Drainage Scheme	47	124	87
Manawatū Drainage Scheme	208	65	29
Moutoa Drainage Scheme	20	36	33
Ōhau-Manakau Scheme	10	-	-
Te Kawai Drainage Scheme	17	47	19
Total Flood Protection and Control Works	27,956	14,100	14,374
Biosecurity and Biodiversity Protection			
Biodiversity Support	-	5	15
Pest Animal Biosecurity	103	100	100
Totara Reserve	-	23	191
Te Apiti Manawatū Gorge	-	33	5
Total Biosecurity and Biodiversity Protection	103	161	311
Regional Leadership and Governance			
Aerial Photography	9	126	87
Catchment Information Development	154	424	81
Communications Equipment	5	4	-
Customer Services	36	6	77

Horizons Regional Council Annual Report for the year ended 30 June 2023

Emergency Management Response Capability	-	-	-
GIS Development	-	-	-
Group Emergency Co-ordination Centre Facilities	10	11	9
Hazard Information Updates	-	173	175
Hydrology New and Replacement Specialised Equipment	829	814	828
Multimedia Equipment/Signage	5	-	-
Promotional Material	10	8	2
Total Regional Leadership and Governance	1,059	1,566	1,259
Transport			
Ticketing System	-	158	19
Total Transport	-	158	19
Corporate Support			
Asset Management System	103	231	289
IT Hardware Replacement	211	221	351
Electronic Document Management System	38	4	
Financial Systems	712	49	51
Regional House	177	240	480
Service Centre/Depots	342	478	915
Vehicle and Plant Purchases/Replacement	1,721	1,656	1,473
Total Corporate Support	3,304	2,879	3,559
Total Capital Purchases	32,583	19,222	19,993

Horizons Regional Council: Funding Impact Statement for the year ended 30 June 2023 (Whole of Council) (\$000)

	Annual Plan 2022-23	Actual 2022-23	Annual Plan 2021-22	Actual 2021-22
	2022-23	2022-23	2021-22	2021-22
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	33,976	34,071	31,661	31,633
Targeted rates	21,450	21,450	19,594	19,594
Subsidies and grants for operating purposes	12,370	13,318	11,037	10,855
Fees and charges	13,536	13,401	12,019	10,414
Interest and dividends from investments	3,450	3,478	3,400	2,831
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	84,782	85,718	77,710	75,327
Applications of operating funding				
Payments to staff and suppliers	79,524	80,505	73,599	67,216
Finance costs	1,479	2,344	1,344	1,526
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	81,003	82,849	74,943	68,742
Surplus (deficit) of operating funding (A-B)	3,779	2,869	2,767	6,585
Sources of capital funding				
Subsidies and grants for capital expenditure	14,593	6,229	12,865	8,918
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	10,773	4,591	12,507	7,442
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	890	766	2,420	1,179
Total sources of capital funding (C)	26,256	11,586	27,792	17,539
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	31,097	14,164	33,555	14,164
-to replace existing assets	269	5,056	601	5,832
Increase (decrease) in reserves	(1,332)	(4,896)	(3,597)	3,681
Increase (decrease) of investments	-	131	-	447
Total applications of capital funding (D)	30,035	14,455	30,559	24,124
Surplus (deficit) of capital funding (C-D)	(3,779)	(2,869)	(2,767)	(6,585)
Funding balance ((A-B)+(C-D))	-	-	-	-

Reconciliation with Statement of Comprehensive Revenue and Expense

Surplus/(deficit) of operating funding as above	3,779	2,869	2,767	6,585
Subsidies and grants for capital expenditure	14,593	6,229	12,865	8,918
Other dedicated capital funding	890	766	2,420	1,179
Amortisation of SLUI land lease	-	(125)	-	(125)
Gain on revaluations through surplus/(deficit)	668	300	423	-
Loss on Revaluations	-	(544)	-	(2,137)
Loss on Disposal of Assets	-	(1,396)	-	(94)
Recognition of Carbon Credits	-	7,139	-	5,674
Gain/Loss on derivatives	-	213	-	1,105
Gain/(Loss) on provision	-	165	-	(15)
Less depreciation (non-cash expense)	(5,654)	(6,008)	(5,256)	(5,414)
Capitalised labour	1,754	-	1,563	-
Surplus/(Deficit) as SOCRE	16,030	9,608	14,782	15,678

Annual Report Disclosure Statement for the year ending 30 June 2023

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

What is the Purpose of this Statement?

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

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

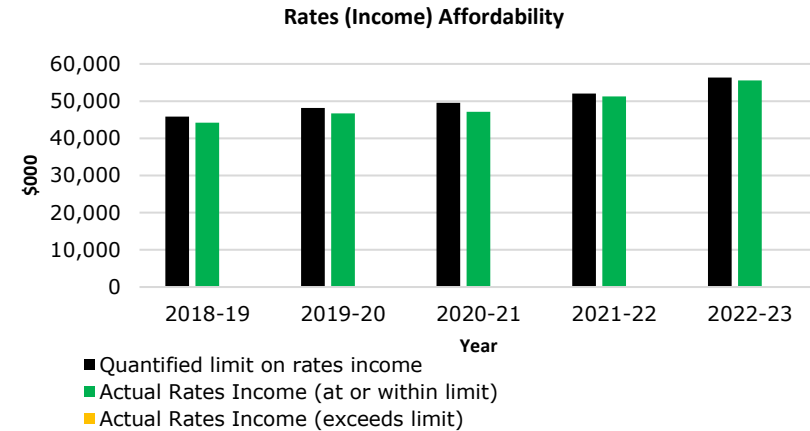
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

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

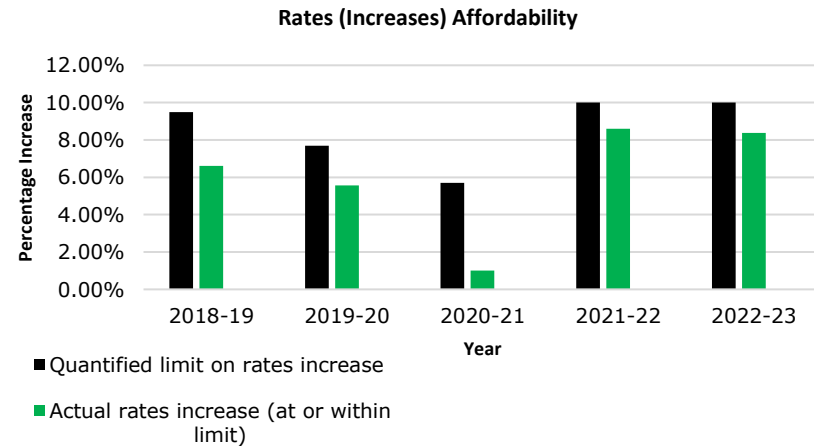
Rates (Income) Affordability

The following graph compares the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s Long-term Plan. The quantified limit is \$56.4 million



Rates (increases) Affordability

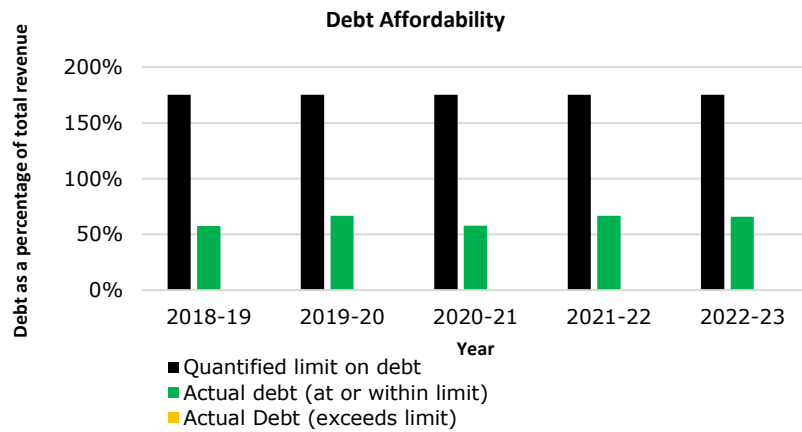
The following graph compares the council’s actual rates increases with a quantified limit on rate increases included in the financial strategy in the council’s Long-term plan. The quantified limit is 10%.



Debt Affordability Benchmark

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

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

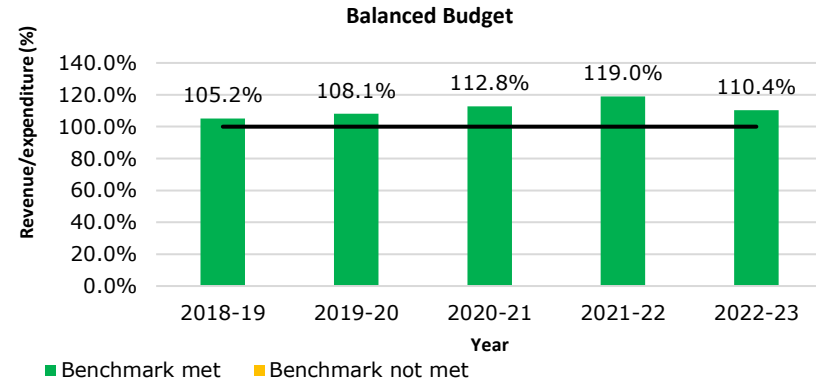


Note: Until 2020-21 this calculation was done by comparing net debt to total revenue, from the 2021-22 financial year this has changed to total debt in our Long-term Plan 2021-31. This change in calculation methodology does not impact any prior year results.

Balanced Budget Benchmark

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

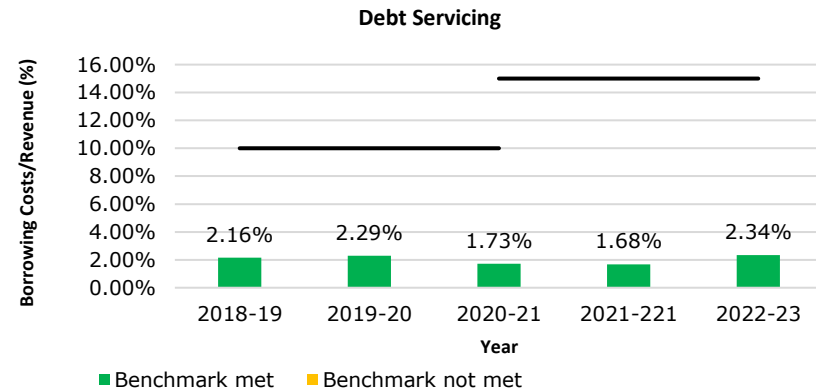
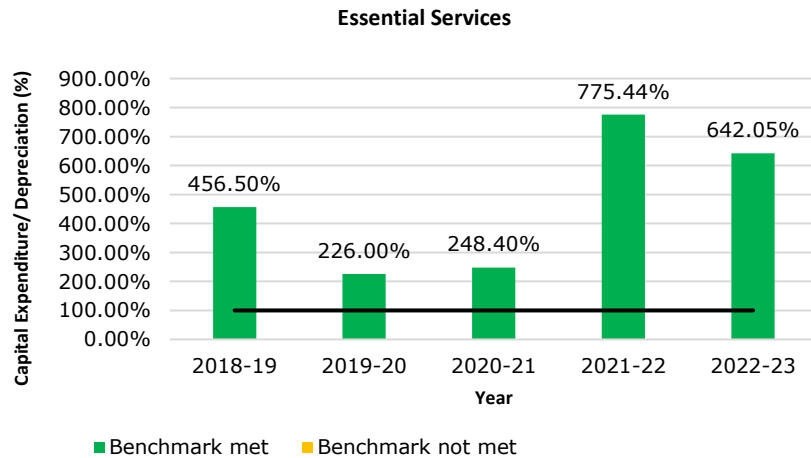
The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



Essential Services Benchmark

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

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



Debt Servicing Benchmark

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

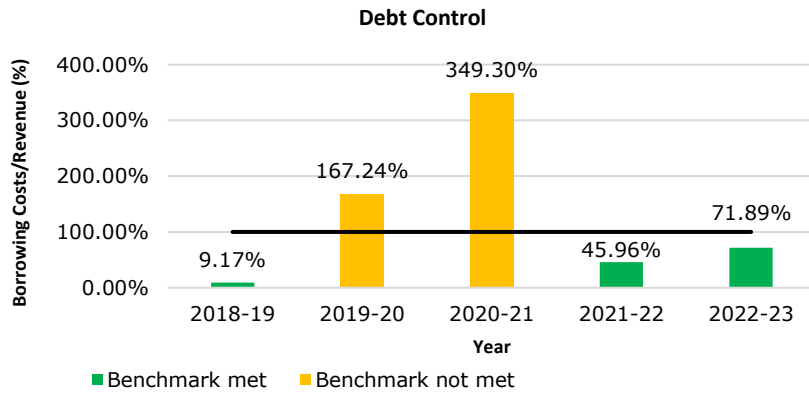
Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal, or are less than 15% of its planned revenue. Note prior to 2021-22 this was 10%.

Debt Control Benchmark

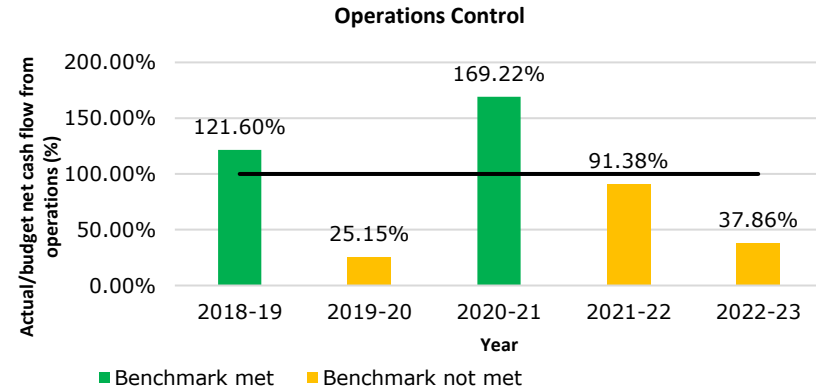
The following displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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

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



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 Benchmark

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

Māori Participation in Council Decision-making

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

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

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

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

Outstanding Fines

As at 30 June 2023, a number of organisations and individuals owed Council \$0.081 million in outstanding fines (last year \$0.140 million). The following is a list of balances owed by organisations and individuals for court fines imposed prior to 30 June 2023.

Debtor	2022-23 \$000	2021-22 \$000
Berendt/Derek/Aaron	39	43
Huka View Dairies Limited	-	44
LA Lanscape Limited	15	15
NZL Forestry Group Limited	27	38
Pacific Farms Development	-	-
Philip Lambert Limited	-	-
Toyne/Patrick/Damien	-	-
Total	81	140

Independent Auditor's Report

To the readers of Horizons Regional Council's annual report for the year ended 30 June 2023

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

We are also required to report on:

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

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

We completed our work on 28 November 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 74 to 127:
 - present fairly, in all material respects:
 - the Regional Council and Group's financial position as at 30 June 2023;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 133, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the statement of service performance on pages 11 to 72:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether

- any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 131 and 132, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 22 to 72, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and

Prudence) Regulations 2014 on pages 135 to 138, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to the uncertainties in the fair value of CentrePort Limited shares. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - uncertainties in the fair value of CentrePort Limited (CentrePort) shares

Without modifying our opinion, we draw attention to Note 15 on pages 103 to 106, which outlines how the fair value of the shares in CentrePort as at 30 June 2023 has been determined. There are a number of uncertainties involved in estimating the fair value, as the key assumptions are sensitive to change. These uncertainties could have a material effect on the carrying value of the Regional Council's shares in MWRC Holdings Limited of \$31.5 million and the fair value of the group's shares held in CentrePort of \$63 million.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We

describe our responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council’s annual plan and Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 10, 73, 128 to 130, 134, 139 and 140, but does not include

the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the Regional Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements, we have no

relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Kuputohu Index

Index

A			
Accelerate25	54		
Air Quality	45, 50, 59		
Animal Health Board (AHB)			
Annual Plan	2, 5, 12-13, 15-17, 19, 23-24, 26, 29-33, 36-37, 39, 41-42, 48, 50, 53-60, 66-68, 71, 74-78, 88, 90, 114, 125, 133, 141-143		
Annual Report	2-3, 5, 11, 18-19, 43, 73, 95, 99-100, 124, 135, 141-144		
Asset Management	24, 30-33, 89-90, 124, 132		
B			
Biodiversity	2, 5, 8, 10, 36-39, 41-44, 48, 53, 79, 114, 131		
Biosecurity	2, 5, 10, 36, 38-39, 41, 44, 79, 114, 131		
Broom	42		
Building Act 2004	49, 57		
Bush remnants	15		
Bushy Park	37, 40		
C			
CentrePort	90, 98, 103-105, 119, 142		
Civil Defence Emergency Management (CDEM)	45-46, 54		
Climate Resilience Projects	2, 24, 49, 93		
Coastal environment			
Communications	47-48, 52-53, 57, 84-85, 96, 109, 111-113, 115, 137		
Community outcomes	8-12, 15, 23, 36, 45, 62, 70		
Community relationships	45, 47, 52, 57		
Compliance	11, 14, 19-20, 52, 73, 79, 94		
Consents	11, 14, 19-20, 24, 48, 94		
Corporate Support and Investment			
Council Controlled Organisation (CCO)	76, 98, 103, 116, 118		
Council Controlled Trading Organisation			
		(CCTO)	98
		Customer Services	131
D			
		District liaison	
E			
		Emergency Management Services	45, 54, 94, 132
		Emerging issues	
		Engineering	85, 90, 114
		EnviroLink	
		Environmental education	48, 53, 57
		Environmental Grants	95
		Environmental incident response	
		Enviroschools	48, 57
F			
		Finance	22, 35, 44, 50, 61, 69, 72, 74, 87, 94, 125, 133
		Flood forecasting	49
		Flood plain mapping	
		Flood protection	2, 5, 10-11, 23-26, 29, 33, 35, 79, 85, 93, 107, 114, 124, 128, 131
G			
		Groundwater	14, 60
H			
		Habitat protection	
		Hazards to navigation	
		He Tini Awa Trust	
		Hōkio Drainage Scheme	131

Horizons' response	54
I	
Implementation	3, 14, 20, 23, 29, 36, 47, 49-50, 56, 66-67, 100
Investigations	14, 23, 29
Investment activities	71
Iwi	3, 12, 25, 27-28, 38, 45-47, 52, 54, 58, 139

J	
Jobs for Nature (J4N)	13, 18-19

K	
Kia Wharite project	37, 40

L	
Land management	12, 15-16
Linklater bursary	
Local Government Act 2002	73, 79, 139, 141, 143
Local Government (Rating) Act 2002	82, 101, 120
Lower Manawatū Scheme	2, 24, 27, 33, 93, 128-131

M	
Makerua Drainage Scheme	131
Manawatū Drainage Scheme	33, 131
Manawatū Gorge (Manawatū and Tararua Districts)	38, 40, 131
Manawatū River Accord	17
Manawatū-Whanganui Local Authority	8, 45, 48
Shared Services Ltd (MW LASS)	
Mangatainoka River Scheme	27-28, 33, 129-131
Maritime New Zealand (MNZ)	55
Mt Bruce	37, 40

N	
Natural Hazards	8, 45, 48
New Zealand Transport Agency	62, 66, 68
Nodding Thistle	

O	
Old man's beard (OMB)	38, 40, 42
One Plan	47-48

P	
Passenger Services	62, 64, 67
Pest	36-42, 48, 53, 131
Port of Napier	
Possums	2, 36-37, 41
Pohangina-Oroua Scheme	128-130
Public Information	48-49, 53
Public Transport	3, 8, 48, 62, 64, 66-67
Pukaha	

R	
Rabbits	
Ragwort	
Rate Penalties	78
Regional Growth	62
Regional Land Initiatives	16
Regional Land Transport Programme	3, 62, 66
Regional Land Transport Strategy	3, 62, 66
Regional Pest Plant Management Strategy	36-42, 48, 53
Regional Transport Committee	66
Representation and Governance	50
Resource Management Act (RMA) 1991	14, 19, 47, 52, 55, 99
Risk Management	107, 120
River and Drainage – General Activity	23, 25, 29, 90

Horizons Regional Council Annual Report for the year ended 30 June 2023

River and Drainage – Scheme Activity	2, 23, 25, 30, 79, 90, 92, 94, 114, 124, 129-130
River Enhancement	13, 16, 93
Road Safety	62-64, 68
Rooks	2, 36-37, 39, 41

Whole Farm Plans (WFPs)	15
Whanganui Catchment	13
Whanganui River Enhancement Trust (WRET)	13, 16
Workplace Safety Management Programme	

S

State of Environment (SoE)	12, 49
Strategic Management	45-46, 52, 55
SuperGold Card Scheme	
Sustainable Land Use Initiative (SLUI)	2, 12-13, 15-16, 81, 94, 107-108, 117, 125, 127, 134

T

Tangata Whenua	25, 46-47, 52
Tb Vector	
Total Mobility	62-63, 67
Totara Reserve Regional Park	43, 131
Transport	2-3, 5, 8, 10, 13, 48, 62, 64-69, 79, 94-95, 114, 132
Transport Planning	62, 64, 66
Trees for Survival	13, 15
Turakina River	128-129
Turitea Reserve	

U

Upper Manawatū-Lower Mangahao River Scheme	27-28, 131
--	------------

W

WaterMatters	50
Water Quality	2, 12-14, 17, 19, 50, 59-60, 107
Water Quantity	15, 19, 50
Wetlands	37



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