

# Pūrongo ā-tau Annual Report 2022/23



# Rārangi kaupapa

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## **SECTION 1:**

E pā ana ki tō kaunihera  
**About your council**

# A te tiamana me te tumu whakarae | Message from the chairperson and chief executive

In 2022/23, we continued our mahi to help make the Waikato even better – environmentally, economically and socially – for now and for generations to come.

When we set our annual budget, we were particularly mindful of the ongoing financial pressures on our communities that were driven by forces beyond the control of local government.

Conscious of both the challenges and uncertainties ahead for our region, and the commitments we'd already made, we stuck closely to the programme signalled in our 2021-2031 Long Term Plan (LTP).

Although inflation started to cool slightly by the middle of the financial year, our costs remained elevated due to higher prices and a raft of ambitious, central government-driven reforms.

In our 2022/23 Annual Plan, we said climate resilience was the biggest challenge we faced, the full severity of the weather events that impacted New Zealand during the financial year was something few could have anticipated. Cyclone Hale, the Auckland Anniversary Weekend flooding and Cyclone Gabrielle all occurred within weeks of each other and were followed by successive months of heavy rain.

We're immensely proud of our coordinated regional response during these extreme weather events, to help keep our communities informed and to remediate damaged catchments in the aftermath.

In the Coromandel Peninsula alone, where around \$350,000 in river management and improvement works are normally delivered each year, works costing more than \$2 million had to be scheduled in 2022/23, with more than half delayed due to access constraints, site instability and further weather impacts.

These events underscored the importance of timely upgrades to essential infrastructure, even in a challenging economic environment. Our flood assets safeguard, to agreed levels, property worth over \$19 billion and support a thriving agricultural sector that contributes around \$2.3 billion a year to our regional economy. In 2022/23, they worked as they should to protect communities and productive farmland, and we continued with major investment to shore up protective capacity, with upgrades to stopbanks in the Hauraki Plains, and pump stations in Paeroa and Tūākau (among others).

Keeping our communities connected is also essential to our regional resilience, ensuring people can access the opportunities and vital services the Waikato has to offer from education and employment to recreation and healthcare.

In 2022/23, new regional bus services were launched between Hamilton and Te Kūiti, and between Hamilton and Tokoroa. A new bus hub in Glenview was also completed by Waka Kotahi; this hub will function as the main stop for the Comet bus in the Glenview and Mahoe areas. Meanwhile, transport options like our on-demand Flex service and Total Mobility which gives people with disabilities door-to-door transport options continue to cater to the diverse and evolving needs of our communities.

We developed a new Regional Public Transport Plan 2022-2032 to ensure our communities remain well connected, and support future growth, and there are goals to cut carbon emissions, too.

We're also supporting New Zealand's move towards a low-emissions economy by publicly committing to reduce our greenhouse gas emissions and those produced throughout our supply chain. Since we began measuring our yearly gross emissions in 2016/17, we've reduced them by 44.4 per cent and we're continuing to work on meeting our target of a 68 per cent reduction by 2030.

Preventing loss of biodiversity and managing our natural resources is another important part of our environmental remit. In 2022/23, we developed our Waikato Regional Pest Management Plan 2022-2032 and Waikato Biosecurity Strategy 2022-2032 following extensive community engagement and consultation. These plans set out cost-effective management programmes to target species where we could make a real difference in the protection of our environment, cultural and social wellbeing, and economy.

Our coastal marine area is similarly vital to our economy and communities. Significant engagement has occurred with iwi and key stakeholders on our coastal plan. The Coastal Plan sets out a framework for how we will sustainably manage the area between the high tide mark out to 12 nautical miles, which makes up one third of our region. A final draft was delivered to council in early 2023, with public notification occurring in August. This will mark a major step forward in our work to deliver on one of our key strategic priorities – to achieve healthy marine

ecosystems that provide us with benefits like recreation, food, improved water quality, increased resilience to climate change, and sustainable economic opportunities.

How we manage our environment, for healthy freshwater is the focus of our Freshwater Policy Review. This review is just one of the requirements under central government’s Essential Freshwater package, which is about stopping further degradation of New Zealand’s fresh water and improving its quality and ecosystem health. It required significant engagement with iwi, the community and stakeholders in 2022/23.

Much of the work we do is only made possible by working with others. For this reason, we work closely with residents and ratepayers, community groups, central and local government, the primary sector, businesses and iwi.

In 2022/23, a number of important milestones were reached that will help to further strengthen our partnerships with iwi.

The Taupō catchment plan, Te Kaupapa Kaitiaki was adopted by our council in late 2022, following public consultation. As a legislative requirement under the Ngāti Tūwharetoa Claims Settlement Act 2018, it sets out the vision for a healthy Taupō catchment that is capable of sustaining the whole community and is managed in a manner that reflects Ngāti Tūwharetoa tikanga.

The Maniapoto Claims Settlement Act 2022 was enacted, representing the final settlement for all the historical Treaty of Waitangi claims of Maniapoto. A new joint management agreement (JMA) is required between Te Nehenehenui Trust, Waitomo, Ōtorohanga, Waikato and Waipā district councils, and Waikato Regional Council, to replace the existing agreement. The new JMA, which is expected to be signed by the end of 2023, will result in closer collaboration to ensure Maniapoto aspirations and perspectives are appropriately reflected in regional decision-making and is expected to be signed before the end of 2023.

As our relationship with iwi partners continues to evolve and mature, we will continue to actively explore ways to further enhance our collaborative efforts, aiming for even greater mutual benefits and positive outcomes.

Looking ahead, we have a new strategic direction to guide us, with a focus on wellbeing and responding to climate change woven through our six priorities. Adopted in March 2023, it’s a pivotal document that will help focus discussions, guide work programmes and prioritise activities in our long term plan, which is already in development. It sets some deliberately ambitious goals, which come with the responsibility of doing things differently, and also recognises that cost-of-living pressures are top of mind for many.



A handwritten signature in black ink that reads "Pamela R. Story".



A handwritten signature in black ink that reads "Cl. Murray".

# Ngā toki kaunihera me o rātou takiwā

## | Your regional councillors

### Waikato



**Pamela Storey**  
Chairperson



**Noel Smith**

### Hamilton



**Bruce Clarkson**  
Deputy Chairperson



**Chris Hughes**



**Jennifer Nickel**



**Angela Strange**

### Thames-Coromandel



**Warren Maher**

### Ngā Hau e Whā



**Tipa Mahuta**

### Ngā Tai Ki Uta



**Kataraina Hodge**

### Waihou



**Robert Cookson**



**Ben Dunbar-Smith**

### Waipā-King Country



**Clyde Graf**

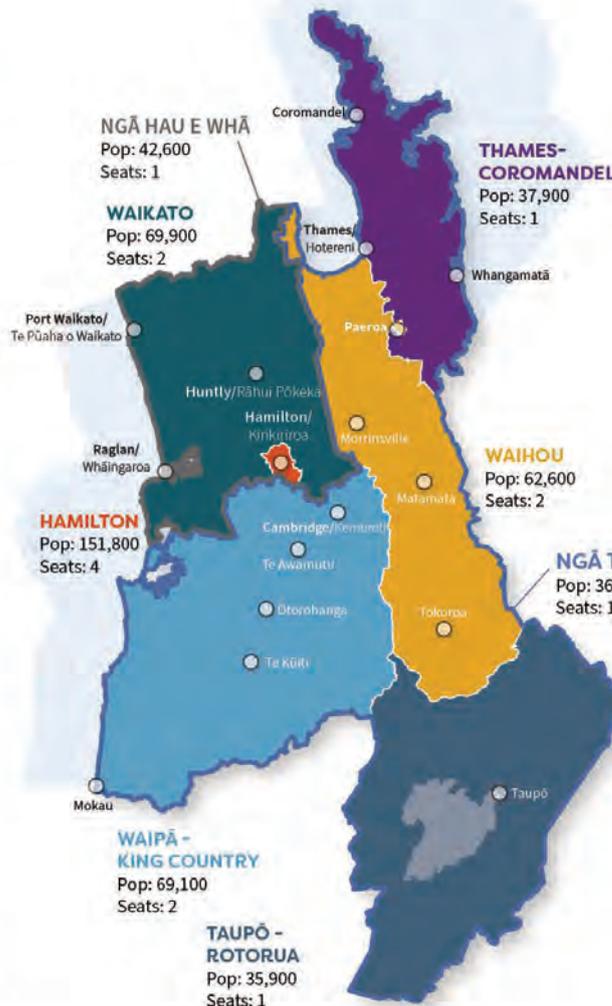


**Stu Kneebone**

### Taupō-Rotorua



**Mich'eal Downard**



For contact details please see our website: [waikatoregion.govt.nz/committees-and-councillors](http://waikatoregion.govt.nz/committees-and-councillors)



# Kaupapa kore pūtea | Unfunded mandates

## Unfunded mandates 2022/23

Amendments to central government policy and regulations provide stronger national direction, but they also come at a cost. Known as “unfunded mandates”, these cost drivers are out of our control. They come without any funding or with insufficient funding, with the costs of implementation being met by ratepayers. In the last year, unfunded mandates have had the greatest impact on our policy programme and our associated response to new policy, as well as our ability to implement Treaty settlements.

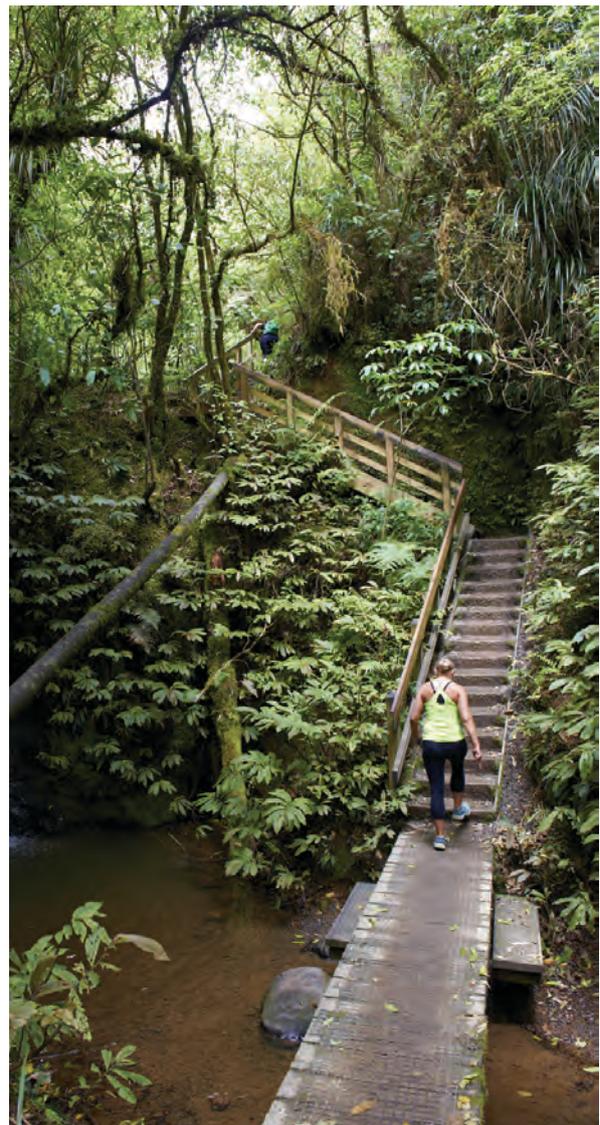
This council generally supports the intent behind central government policy and regulations, and notes that it will be our communities – and the generations to come – who will ultimately benefit from this extra investment. But we would like to highlight the financial impact of new regulations and acknowledge the ratepayers who fund this work.

The draft report into the future for local government, *He mata whāriki, he matawhānui*, also addresses the issue of unfunded mandates, noting that successive funding reviews have highlighted the problems and preferred solutions, however, few have been enacted. The review states that, in order to move from the currently constrained funding system, there needs to be a meaningful change in the way local and central government address issues of sustainable funding, and that also enables councils to establish new funding mechanisms. While rates are considered the best means of funding council activities, it is acknowledged that better support is needed from central government.

The council has identified key areas where it believes that it is undertaking work without the commensurate funding support being received from central government. For 2022/23 these areas of expenditure and costs incurred include the following.

- Treaty settlement implementation which comes with one-off funding, but ongoing funding is not provided to cover the costs of this work in perpetuity. This year, the council has received \$317,000 in support of these Treaty settlement agreements with Maniapoto. This is to support the cost of implementing new treaty agreement arrangements and assumes these costs will be incurred in the first 3 years. The Council incurred \$400,000 in ongoing costs related to treaty settlement agreements.
- Treaty settlement costs often overlap with our other legislative requirements, for example, those under the Resource Management Act. In these instances, it is difficult to quantify and precisely define what is a Treaty legislation obligation versus what is an existing legislated responsibility.

- We are continuing our commitment to respond to the National Policy Statement (NPS) on Freshwater Management. This year, Council has incurred total costs of \$2.605 million on furthering the implementation of these new policy regulations.
- The new National Policy Statement on Urban Development, which came into effect in August 2020, has required the development of future development strategies in high-growth areas and changes to the Regional Policy Statement. This has a flow-on effect of necessitating updates to the Future Proof Strategy. This year, Council has incurred total costs of \$84,000 to support this new policy direction. Further costs of \$17,000 have been incurred in relation to highly productive land and \$45,000 for the application of the new national planning standards to the Waikato Regional Policy Statement.



**SECTION 2:**  
Ngā whakatutukitanga  
**Our performance**

# Ngā putanga ā-hapori | Community outcomes

## Our vision

The mighty Waikato: Caring for our place, empowering our people.

## Our purpose

Working together for a Waikato region that has a **healthy environment, strong economy and vibrant communities.**

During 2022/23, we undertook a robust process to review and refresh our strategic direction, to ensure we continue to focus on the areas that are most important to the Waikato region.

[Our Strategic Direction 2023-2025, Takatū Waikato | Making a Stand for the Waikato](#) is the result of that work and sets out the vision, purpose and six strategic priorities that guide our work, as well as our goals for success.

We work alongside residents and ratepayers, community groups, central and local government, iwi, the primary sector and businesses to deliver the outcomes identified under each of our strategic priorities. Progress against our community outcomes also reflects progress towards these priorities.

A focus on wellbeing and how we respond to climate change is woven through all our priorities. These outcomes have been aligned to the United Nations' Sustainable Development Goals (SDGs). Here in the Waikato, we became the first region in New Zealand to localise the SDGs through a community-led process to agree wellbeing targets that achieve relevant SDGs. These targets were also used to shape our *2021-2031 Long Term Plan* and this *2022/23 Annual Report*.

## Matawhānui Our vision

Waikato mārohirohi: Manaaki whenua, whakamana tangata.  
The mighty Waikato: Caring for our place, empowering our people.

## Aronga Our purpose

Working together for a Waikato region that has a healthy environment, vibrant communities and strong economy.

### He taiao mauriora **Healthy environment**



### He hapori hihiri **Vibrant communities**



### He ōhanga pakari **Strong economy**



## Ngā aronga nui Our strategic priorities



Rerenga rauropi, tiakitanga taiao  
**Biodiversity and biosecurity**



Takutai moana  
**Coastal and marine**



Hanganga tauwhiro  
**Sustainable development and infrastructure**



Hononga hapori  
**Community connections**



Whakaheke tukunga  
**Transition to a low emissions economy**

# He taiao mauriora | Healthy environment

## He taiao mauriora Healthy environment



## Ngā aronga nui Our strategic priorities



### Leading on climate change

Climate change is the biggest challenge we face, affecting infrastructure, services, homes, health and wellbeing. Understanding its impact on our environment, economy and communities, and acting early, is key to the resilience of our region. Our climate response is focused on minimising the risks to our region's environment, communities and economy. We also want to be ready to seize new opportunities as we transition to a climate-resilient economy.

This year, we reviewed our *Climate Action Roadmap*. This review incorporated legislative changes, integrated the council's new strategic direction and reflected key considerations of the *National Adaptation Plan* and *Emissions Reduction Plan*. The roadmap helps staff assess the implications of climate change in their work.

We're supporting New Zealand's move towards a low-emissions economy by publicly committing to reduce our greenhouse gas emissions and those produced throughout our supply chain. In 2022/23, we considered options for how our existing infrastructure will support the ongoing transition to a zero-emission fleet.

Since we began measuring our yearly gross emissions in 2016/17, we've reduced them by 44.4 per cent and we're continuing to work on meeting our target of a 68 per cent reduction by 2030.

### Climate risk

Waikato Regional Council recognises the importance of understanding climate change risks and their significant impact on business and the wellbeing of our communities. We are committed to being open and transparent about our actions to address climate change risks, acknowledging that these present a mix of economic and social opportunities,

alongside changes and challenges. To that end, all council decisions will take into account the impacts of climate change and the risk to communities or the environment.

To support our response to the changing climate, we developed the [Climate Action Roadmap](#), an evidence-based discussion document that identifies nine priority pathways for our region. Developed under the Local Government Act, it was unanimously approved by the council in October 2020 and updated in mid-2023. The roadmap provides direction to inform and help shape the council's responses to climate change. Climate response actions are integrated into all council activities and implemented through formal council mechanisms and public consultation processes, such as those undertaken for long term plans, resource management policies, flood asset management plans and drainage services.

Waikato Regional Council's response to climate change risk is outlined in its inaugural [Climate Change Response Position Statement](#). This is our first climate related position statement, and it is expected that its scope and depth will expand over time.

### Waste reduction

The waste we create and how we dispose of it has huge environmental and social impacts.

Research was undertaken to understand how we might support environmental and social wellbeing through a transition to a circular economy. This was supported by additional funding from the Ministry for the Environment's Waste Minimisation Fund and the Waikato Wellbeing Project. The Circularising Organics project aims to provide insights to help eliminate contamination, provide collections and processing options for organics, and incorporate te ao Māori

perspectives. It also considers the various markets and use cases that might exist for compost products to help support decision-making around organics management.

We also continued to be a conduit for waste-related networking and education in the region. This includes our ongoing coordination of the Central North Island Waste Liaison Group (attended by territorial authorities from across the region) and the Community Enterprise Peer Support programme, which supports community resource recovery initiatives.

## Environmental Education

The Enviroschools kaupapa is about creating a healthy, peaceful, sustainable world through learning and taking action together. It's an action-focused approach to learning that draws on the physical, social, cultural and political aspects of our environment. Teachers are supported by a facilitator and resources that link to curriculum. Students are empowered to create their sustainable vision and to take action in their school and local community.

In 2022/23, schools across the region benefitted from facilitated stream studies, access to equipment to support local curriculum, NCEA assessment support and a range of events and professional development opportunities. Enviroschools and the independent Waikato youth forum, Rangatahi voices, also worked together to successfully deliver two popular Climate Camps for secondary Enviroschools, followed by an Enviroleaders skills day to help inspire and empower young people.

We also provided opportunities for Rangatahi Voices to team up with our Freshwater Policy Review team. Together, they hosted a freshwater consultation event get the views of young people about how fresh water can be better managed, now and into the future.

Kura Waiti ki Kura Waitā focuses on preparing the kaitiaki of the future – supporting kura with environmental learning in ways that also promote te reo, tikanga and mātauranga Māori. It helps build the confidence of rangatahi and their sense of connection to te taiao, helping them to understand how they can make a difference in protecting, restoring and revitalising our waterways and addressing the impacts of climate change.

## Plan Change 1

*Healthy Rivers | Wai Ora – Proposed Waikato Regional Plan Change 1* remains at the appeals stage in the Environment Court. Court-assisted mediations occurred during 2022/23, with a hearing scheduled for late 2023. The plan change represents the first step in an 80-year journey to improve water quality in our region, make our rivers safe for food gathering along their entire length, and meeting the requirements of Te Ture Whaimana o Te Awa o Waikato, the Vision and Strategy for the Waikato River. Staff continue to undertake additional water quality monitoring at 34 representative lakes in preparation for meeting the Plan Change 1 reporting requirements.

## National policy statement and national environmental standards

*The National Policy Statement for Highly Productive Land 2022 (NPS-HPL)* came into effect on 17 October 2022. Its main purpose is to protect highly productive land for food production, now and for future generations. The NPS-HPL directs urban development away from highly productive land by preventing inappropriate rezoning, subdivision and other uses, with some exceptions.

The government announced in June 2023 that decisions have been made to amend the *National Environmental Standard for Plantation Forestry (NES-PF)*. The NES-PF provides a consistent set of regulations for plantation forestry activities. It covers eight core plantation forestry activities, allowing these to be carried out as permitted activities, subject to conditions to manage potential effects on the environment. Councils previously managed the environmental effects of forestry activities through regional and district plans. As a result, the rules varied between and within regions. Sometimes, these variations reflected local differences and community priorities. This caused problems for the many forest owners who managed forests in two or more regions or have forests that straddle council boundaries.

Changes were made to the Resource Management Act (RMA) in November 2022 to enable regional and local authorities to consider the effects of greenhouse gas emissions on climate change. Process heat makes up 33 per cent of our overall energy use and contributes approximately 8 per cent of our gross emissions. More than half of all process heat is supplied using fossil fuels, mainly gas and coal.

*The National Policy Statement for Greenhouse Gas Emissions from Industrial Process Heat* was notified on 29 June 2023 and comes into force on 27 July 2023. Its objective is to reduce greenhouse gas emissions by managing smoke from industrial burning. This NPS sets out the national objective and supporting policy framework to guide decisions regarding resource consents.

## Flood events

Staff across the region have responded to several flood events this year, which have had significant impacts. Our flood response platform, Flood Room Live, continues to provide improved real-time information to stakeholders, including the public.

## Coastal plan review

We've continued with our review of the *Waikato Regional Coastal Plan*, the rulebook for activities in the coastal marine area from the high tide mark to 12 nautical miles out at sea. The coastal plan sets the objectives, policies, rules and methods the council will use to manage the region's natural resources in the coastal marine area. A decision to notify the proposed coastal plan was made by the council on 29 June 2023 and it was notified on 18 August 2023.

# He hapori hihiri | Vibrant communities

## He hapori hihiri Vibrant communities



## Ngā aronga nui Our strategic priorities



Whakaheke tukunga  
Transition to a low emissions economy



Hononga hapori  
Community connections

### Public transport improvements

Our bus services and investment in rail keeps people well connected – to each other, to services and to opportunities for recreation, education and jobs. Our work is part of a region-wide effort that includes cycle lanes and walking paths to make it easier for people to get out of their cars and shift to a low-emissions, active lifestyle. The services we provide are essential, giving the public an alternative to private vehicle travel, reducing congestion, providing access for the transport disadvantaged and supporting urban growth.

Following public consultation on a significant refresh for the Hamilton bus network in 2021/22, the first phase of the improvements approved by the council was rolled out in 2022/23, with some key changes already implemented. Other proposed improvements will require further public consultation, with those that are agreed by the council expected to be implemented by early 2024.

### Regional transport planning

In 2022/23, we developed the *Regional Public Transport Plan 2022-2032* (RPTP) to help ensure our communities remain well connected and to support growth. The RPTP provides the strategy for the regional public transport network and sets out our aspirations and intent for future expansion and enhancements. It was developed through significant collaboration between regional partners and represents an ambitious new vision for the future of public transport in the region. The plan was adopted on 22 September 2022 and is now operative.

Development of the *Regional Land Transport Plan (RLTP)* also got underway this year. It's a six-year plan to document the region's land transport priorities, objectives, policies and measures. We expect this work to be completed by April 2024.

### Future proof

The *Future Proof Strategy*, a 30-year growth management and implementation plan for the Future Proof sub-region, was updated in 2022. The sub-region includes the territorial authorities of Hamilton City Council, Waipā District Council, Waikato District Council and now Matamata-Piako District Council, which joined the partnership in 2022/23. Future Proof is collaboration between these councils and Waka Kotahi, set up to consider how the sub-region should develop into the future.

### Settlements

Te Kōpu ā Kānapanapa, a joint committee involving Te Kotahitanga o Ngāti Tūwharetoa, Waikato Regional Council and Taupō District Council, developed *Te Kaupapa Kaitiaki | Taupō Catchment Plan*, a legislative requirement under the Ngāti Tūwharetoa Claims Settlement Act 2018, in 2022/23.

The plan was adopted by the council in late 2022 following public consultation and will be implemented through various local government statutory and non-statutory plans and activities. These include regional and district plans, sub-catchment and zone plans, pest management strategies, and action plans. Te Kōpu ā Kānapanapa is now working on an implementation plan to achieve the objectives and measure the desired outcomes of *Te Kaupapa Kaitiaki*.

The recently enacted *Maniapoto Claims Settlement Act 2022* represents the final settlement for all the historical Treaty of Waitangi claims of Maniapoto. The settlement acknowledges the Crown's past failures in upholding its obligations and the impact on Maniapoto's socio-economic wellbeing and tribal identity. The vision of Maniapoto emphasises respect for tikanga, support for their relationship with ancestral lands, and collaboration for social, economic and cultural aspirations. Key principles underlying this vision include the quality and integrity of water, the obligation to protect water, care for the Waipā River, recognition of Maniapoto's mana, kaitiakitanga, and adherence to the

Treaty of Waitangi. Maniapoto's aspirations involve collaboration with resource users and decision makers, recognition of their perspectives in public agency decisions, and co-designing programmes for positive outcomes.

To manage Ngā Wai o Maniapoto, a Joint Management Agreement (JMA) is required between Te Nehenehenui, Waitomo District Council, Ōtorohanga District Council and Waikato Regional Council. The JMA is aligned with the provisions of the Ngā Wai o Maniapoto (Waipā River) Settlement Act 2012, with a particular focus on resource consents and planning documents. Waipā District Council and Waikato District Council have been invited to participate in developing the new JMA, which will replace the existing one and is expected to be completed before the end of 2023.

Treaty settlement obligations sometimes overlap with other legislative requirements. In such cases, the existing settlement arrangements can assist us in meeting both existing and new obligations. Collaborating with iwi partners not only helps us adapt to current and upcoming central government reforms but also opens opportunities for enhancing our working relationship beyond the requirements set out in legislation and agreements.

As our relationship with iwi partners continues to evolve and mature, we will continue to actively explore ways to further enhance our collaborative efforts, aiming for even greater mutual benefits and positive outcomes.

We are also looking ahead to pending treaty settlement legislation that will require us to enter into further co-governance arrangements, for example with the Pare Hauraki Collective.

## Waikato Wellbeing Project

The Waikato has ambitious wellbeing targets based on the United Nations' Sustainable Development Goals (SDGs). These targets were developed and confirmed through a collaborative process, run under the banner of the Waikato Wellbeing Project – a joint initiative by Waikato Regional Council and WEL Energy Trust. This focus on wellbeing is integral to the purpose of the Local Government Act and to our purpose – working together for a Waikato region that has a healthy environment, vibrant communities and strong economy.

The Waikato Wellbeing Project aims to achieve a more sustainable future for the Waikato region by identifying and addressing the causes of our wellbeing challenges. In 2022/23, it shared its first major SDG-specific project, *Rangatahi Opportunity Case for Change*. This project aims

to build understanding of the drivers of youth wellbeing in the Waikato, with an initial focus on Kirikiriroa Hamilton. The project is led by rangatahi, for rangatahi, and has seen engagement with young people to better understand what drives their sense of wellbeing.

Waikato Wellbeing also started a process to identify and address issues around poverty and hunger via the Waikato Kai Challenge, reviewed its vision and strategic framework, joined the emerging wellbeing hub at Perry House in Hamilton and began work on a project to share wellbeing stories from around the Waikato region.

## Eco Retrofit

Through the *2021-2031 Long Term Plan*, the council agreed to borrow up to \$35 million over 10 years to help ratepayers access funds to make home improvements designed to reduce energy consumption and costs, and to create warmer, drier, more sustainable and climate-resilient homes.

The council resolved that the scheme would enable homeowners to apply for up to \$15,000 to cover clean heating, insulation, double glazing, solar PV, domestic water storage and the replacement of septic tanks. The scheme will be fully cost recovered, with loans repaid over 10 years through a voluntary targeted rate on the property being retrofitted and no impact on the general ratepayer.

In 2022, Waikato Regional Council, along with a number of other councils, made a formal submission to the Government seeking exemption from the onerous and costly obligations of the *Credit Contracts and Consumer Finance Act 2003* (CCCFA) that took effect from 1 December 2021. The scheme was put on hold until the Government considered the request.

In approving the annual plan for 2023/24, the council considered the delay in a resolution to changes needed with the *CCFA* to advance the scheme. In conjunction with the changes to the economic environment, the council agreed to defer the scheme for a further year, with reconsideration of its feasibility through the *2024-2034 Long Term Plan*.

On 8 August 2023, the Government announced a review of the *CCFA* to include exemptions for lending related to voluntary targeted rate scheme loans administered by local and regional councils (which finance healthy home or sustainability improvements, usually for low-income households). The Minister of Commerce and Consumer Affairs will return to Cabinet, before the end of 2023, with recommendations of regulation changes to give effect to this decision.

# He ōhanga pakari | Strong economy

## He hapori hihiri Vibrant communities



## Ngā aronga nui Our strategic priorities



Whakaheke tukunga  
Transition to a low emissions economy



Hononga hapori  
Community connections

### Public transport improvements

Our bus services and investment in rail keeps people well connected – to each other, to services and to opportunities for recreation, education and jobs. Our work is part of a region-wide effort that includes cycle lanes and walking paths to make it easier for people to get out of their cars and shift to a low-emissions, active lifestyle. The services we provide are essential, giving the public an alternative to private vehicle travel, reducing congestion, providing access for the transport disadvantaged and supporting urban growth.

Following public consultation on a significant refresh for the Hamilton bus network in 2021/22, the first phase of the improvements approved by the council was rolled out in 2022/23, with some key changes already implemented. Other proposed improvements will require further public consultation, with those that are agreed by the council expected to be implemented by early 2024.

### Regional transport planning

In 2022/23, we developed the *Regional Public Transport Plan 2022-2032* (RPTP) to help ensure our communities remain well connected and to support growth. The RPTP provides the strategy for the regional public transport network and sets out our aspirations and intent for future expansion and enhancements. It was developed through significant collaboration between regional partners and represents an ambitious new vision for the future of public transport in the region. The plan was adopted on 22 September 2022 and is now operative.

Development of the *Regional Land Transport Plan (RLTP)* also got underway this year. It's a six-year plan to document the region's land transport priorities, objectives, policies and measures. We expect this work to be completed by April 2024.

### Future proof

The *Future Proof Strategy*, a 30-year growth management and implementation plan for the Future Proof sub-region, was updated in 2022. The sub-region includes the territorial authorities of Hamilton City Council, Waipā District Council, Waikato District Council and now Matamata-Piako District Council, which joined the partnership in 2022/23. Future Proof is collaboration between these councils and Waka Kotahi, set up to consider how the sub-region should develop into the future.

### Settlements

Te Kōpu ā Kānapanapa, a joint committee involving Te Kotahitanga o Ngāti Tūwharetoa, Waikato Regional Council and Taupō District Council, developed *Te Kaupapa Kaitiaki | Taupō Catchment Plan*, a legislative requirement under the Ngāti Tūwharetoa Claims Settlement Act 2018, in 2022/23.

The plan was adopted by the council in late 2022 following public consultation and will be implemented through various local government statutory and non-statutory plans and activities. These include regional and district plans, sub-catchment and zone plans, pest management strategies, and action plans. Te Kōpu ā Kānapanapa is now working on an implementation plan to achieve the objectives and measure the desired outcomes of *Te Kaupapa Kaitiaki*.

The recently enacted *Maniapoto Claims Settlement Act 2022* represents the final settlement for all the historical Treaty of Waitangi claims of Maniapoto. The settlement acknowledges the Crown's past failures in upholding its obligations and the impact on Maniapoto's socio-economic wellbeing and tribal identity. The vision of Maniapoto emphasises respect for tikanga, support for their relationship with ancestral lands, and collaboration for social, economic and cultural aspirations. Key principles underlying this vision include the quality and integrity of water, the obligation to protect water, care for the Waipā River, recognition of Maniapoto's mana, kaitiakitanga, and adherence to the

Treaty of Waitangi. Maniapoto's aspirations involve collaboration with resource users and decision makers, recognition of their perspectives in public agency decisions, and co-designing programmes for positive outcomes.

To manage Ngā Wai o Maniapoto, a Joint Management Agreement (JMA) is required between Te Nehenehenui, Waitomo District Council, Ōtorohanga District Council and Waikato Regional Council. The JMA is aligned with the provisions of the Ngā Wai o Maniapoto (Waipā River) Settlement Act 2012, with a particular focus on resource consents and planning documents. Waipā District Council and Waikato District Council have been invited to participate in developing the new JMA, which will replace the existing one and is expected to be completed before the end of 2023.

Treaty settlement obligations sometimes overlap with other legislative requirements. In such cases, the existing settlement arrangements can assist us in meeting both existing and new obligations. Collaborating with iwi partners not only helps us adapt to current and upcoming central government reforms but also opens opportunities for enhancing our working relationship beyond the requirements set out in legislation and agreements.

As our relationship with iwi partners continues to evolve and mature, we will continue to actively explore ways to further enhance our collaborative efforts, aiming for even greater mutual benefits and positive outcomes.

We are also looking ahead to pending treaty settlement legislation that will require us to enter into further co-governance arrangements, for example with the Pare Hauraki Collective.

## Waikato Wellbeing Project

The Waikato has ambitious wellbeing targets based on the United Nations' Sustainable Development Goals (SDGs). These targets were developed and confirmed through a collaborative process, run under the banner of the Waikato Wellbeing Project – a joint initiative by Waikato Regional Council and WEL Energy Trust. This focus on wellbeing is integral to the purpose of the Local Government Act and to our purpose – working together for a Waikato region that has a healthy environment, vibrant communities and strong economy.

The Waikato Wellbeing Project aims to achieve a more sustainable future for the Waikato region by identifying and addressing the causes of our wellbeing challenges. In 2022/23, it shared its first major SDG-specific project, *Rangatahi Opportunity Case for Change*. This project aims

to build understanding of the drivers of youth wellbeing in the Waikato, with an initial focus on Kirikiriroa Hamilton. The project is led by rangatahi, for rangatahi, and has seen engagement with young people to better understand what drives their sense of wellbeing.

Waikato Wellbeing also started a process to identify and address issues around poverty and hunger via the Waikato Kai Challenge, reviewed its vision and strategic framework, joined the emerging wellbeing hub at Perry House in Hamilton and began work on a project to share wellbeing stories from around the Waikato region.

## Eco Retrofit

Through the *2021-2031 Long Term Plan*, the council agreed to borrow up to \$35 million over 10 years to help ratepayers access funds to make home improvements designed to reduce energy consumption and costs, and to create warmer, drier, more sustainable and climate-resilient homes.

The council resolved that the scheme would enable homeowners to apply for up to \$15,000 to cover clean heating, insulation, double glazing, solar PV, domestic water storage and the replacement of septic tanks. The scheme will be fully cost recovered, with loans repaid over 10 years through a voluntary targeted rate on the property being retrofitted and no impact on the general ratepayer.

In 2022, Waikato Regional Council, along with a number of other councils, made a formal submission to the Government seeking exemption from the onerous and costly obligations of the *Credit Contracts and Consumer Finance Act 2003* (CCCFA) that took effect from 1 December 2021. The scheme was put on hold until the Government considered the request.

In approving the annual plan for 2023/24, the council considered the delay in a resolution to changes needed with the *CCFA* to advance the scheme. In conjunction with the changes to the economic environment, the council agreed to defer the scheme for a further year, with reconsideration of its feasibility through the *2024-2034 Long Term Plan*.

On 8 August 2023, the Government announced a review of the *CCFA* to include exemptions for lending related to voluntary targeted rate scheme loans administered by local and regional councils (which finance healthy home or sustainability improvements, usually for low-income households). The Minister of Commerce and Consumer Affairs will return to Cabinet, before the end of 2023, with recommendations of regulation changes to give effect to this decision.

# Te Ture Whaimana o te Awa o Waikato

## I Vision and Strategy for the Waikato River

### Restoring the Waikato River

Treaty legislation requires us to give effect to *Te Ture Whaimana o te Awa o Waikato (the Vision and Strategy for the Waikato River)*, the primary direction-setting document for the Waikato River and activities within its catchment.

*Te Ture Whaimana* was developed by the Guardians Establishment Committee, formed under the Waikato-Tainui and Crown Agreement in Principle and legislated in the *Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010*, and the work we do helps to deliver on it.

The custodian of *Te Ture Whaimana* is the Waikato River Authority, which also invests funds into rehabilitation initiatives. The board of the Waikato River Authority consists of a representative from each of the five river iwi authorities (Waikato-Tainui, Tūwharetoa, Te Arawa River Iwi, Raukawa and Maniapoto) and five Crown representatives.

The vision is for a healthy Waikato River which sustains abundant life and prosperous communities, which are in turn responsible for restoring and protecting it, and all it embraces, for generations to come.

### Delivering on objectives

There are 13 objectives in *Te Ture Whaimana*, and a number of them are related. The work we do often helps to deliver on more than one objective. In 2022/23, the council will support the restoration and protection of the health and wellbeing of the Waikato River in the following ways.

### Relationships

This includes supporting the economic, social, cultural and spiritual relationships of river iwi and communities with the Waikato River.

The council will work with Waikato-Tainui and other river iwi authorities to co-develop a reporting framework designed to demonstrate how our mahi gives effect to *Te Ture Whaimana* in a way that provides a consolidated view and valuable insight to support decision making.

### Strategy and policy development

We aim to protect the Waikato River from the adverse effects of activities on the water and land through our regulatory and statutory processes.

- We continued work on our Freshwater Policy Review to stop further degradation of our fresh water and improve its quality and ecosystem health. Work for 2022/23 included engagement with tāngata whenua, farmers, industry and communities to help us determine the best solutions for managing our region's fresh water. High-level policy options were presented to the council and co-governance committee in late 2022.
- Our review of the Waikato Regional Coastal Plan continued as we refine our approach to sustainably manage the coasts of the Waikato. The coastal marine area in the lower Waikato River is subject to the provisions of *Te Ture Whaimana*.
- We continued work on Healthy Rivers/Wai Ora Proposed Waikato Regional Plan Change 1, with appeals before the environment court during 2021/22 and 22/23. A court hearing is scheduled for late 2023. The proposed plan seeks to reduce the level of contaminants entering the Waikato and Waipā catchments to help achieve the goals of *Te Ture Whaimana*.
- *Te Ture Whaimana* guides the way we administer resource consents, with applicants having to consider the potential effects of their consent application on the Waikato River and explain how their activity will improve the quality of the river.
- Monitoring of consents and permitted activities, and investigation of alleged breaches of rules and regulations, remains a key part of our business as usual. We continue to hold people accountable for non-compliance or undertaking activities which have an adverse effect on the environment, including the Waikato and Waipā Rivers.

### Ecological health

Protecting and enhancing significant sites, fisheries, flora and fauna. Key works in 2022/23 have included the following.

- Continuing our shovel ready project to upgrade up to two pump stations to enable safer passage of native fish, particularly tuna (eels), and scope out three other sites. Our first pump station upgrade in the lower Waikato catchment, where we installed a fish-friendly Archimedes screw pump, was monitored during the tuna (eel) migration season in 2023 to see how successfully it passes New Zealand native fish. All 206 tuna that passed through the pump during the monitoring period did so without major injury or mortality.
- Working with co-funders and landowners in the Waikato and Waipā river catchments to complete 230 kilometres

of fencing, retire 1726 hectares of grazed land, and plant more than 948,000 native plants on erosion-prone land and along streams, rivers and wetlands.

- Continuing river erosion protection works, installing fish habitat structures, planting riparian margins, increasing

in-stream habitats and improving food sources for our native fish.

- Continuing to support numerous iwi and community groups undertaking restoration projects through co-funding and technical support.



# Te whakaāheitia o Ngāi Māori | Facilitating Māori participation

In accordance with the *Local Government Act 2002*, we are committed to fostering Māori capacity to participate in our decision-making processes. Our strategic priorities reflect a conscious effort to integrate kaupapa Māori principles and perspectives throughout all focus areas. We recognise the importance of engaging with iwi and enhancing capability to do so within our organisation.

Each of our strategic priorities emphasises our dedication to honouring and embracing iwi partnerships, ensuring that Māori values, knowledge, and aspirations are seamlessly integrated into our decision-making processes. Whether it's achieving clean water and healthy ecosystems, promoting sustainable development and infrastructure, safeguarding biodiversity and biosecurity, fostering community connections, or transitioning to a low-emissions economy, our approach prioritises collaboration with iwi and building internal capability to achieve positive outcomes for the Waikato region.

The Te Ara Tupu priority area further underscores our commitment to supporting our people in developing the necessary capability and confidence to engage effectively with iwi Māori. We recognise that these relationships are vital to achieving a balanced and thriving future for the region. By embracing kaupapa Māori principles and actively engaging with iwi, we aim to create a strong foundation for a sustainable and culturally inclusive Waikato region.

However, we acknowledge that, despite the benefits of including Māori perspectives, iwi entities often face capacity constraints when engaging with local and central government institutions in their rohe.

This issue is particularly pronounced for pre-settlement iwi, but even post-settlement iwi with more resources encounter capacity challenges. These limitations are putting pressure on our ability to meet engagement and work program commitments.

Consequently, many of these entities are requesting additional resources from us to support their engagement on various projects. This situation occurs across multiple projects and multiple iwi Māori entities. We firmly believe that meaningful engagement occurs when all parties are involved, and no single party can achieve it alone. To establish effective working arrangements between the Council and iwi, it is crucial to ensure that both parties have the necessary capability and capacity.

To address limitations faced by the iwi Māori entities we work with, funding had been allocated through our Annual Plan process to support iwi capacity, and we started setting up a programme to help facilitate more meaningful engagement.

Our commitment to facilitating Māori participation is evident in our strategic priorities and active collaboration with our iwi partners. We recognise the importance of capacity-building and will continue to work together to achieve positive outcomes for the Waikato region.





## **SECTION 3:**

Ko te hohonutanga o ā tātou mahi

**Our activities in depth**

# Ko ngā mahi-ā-rōpū | Groups of activities

## How to read this section

This section describes the council’s activities as grouped in the 2021-2031 Long Term Plan (LTP). Within each group of activities (GOA), work is structured into individual activities. Each GOA includes the following sections.

## How these activities improve wellbeing

This section describes how the activities within the GOA promote the council’s three long-term outcomes included in our purpose: working together for a Waikato region that has a **healthy environment, strong economy and vibrant communities**.

## Why we provide these activities

Provides a brief description of the activities within the GOA and the objectives or purpose, plus the outcomes the activities primarily contribute towards, and any identified effects the activities had on the community.

## What we achieved this year and looking to the future

Features key highlights, as well as some business-as-usual activities, for 2022/23 and 2023/24.

## What we delivered

Provides a description of the level of service, measure, target and actual result for each activity, along with supporting commentary. Commentary is provided for measures that were not achieved or were achieved in part. Additional performance commentary is included if it provides useful context. Performance status is determined using four categories, as described below.

## How we measure our performance

<b>Achieved</b>	All components of the performance measure have been met, including meeting or exceeding a stated target for performance.
<b>Achieved in part</b>	One or more but not all of the components of a measure have been completed. This result is only applicable when the measure can be broken into more than one component.
<b>Not achieved</b>	All components were not achieved.
<b>Not applicable</b>	No work scheduled or data available in the current year.

## What it cost

Reports on the cost of the service, including any variances.

Additional information for Group of Activities Cost of Service Statements can be found on page 87, Note 2 in the **Notes to the financial statements** sub-section of **Section 4: Finances**.

## About this report

This report follows PBE FRS 48 Service Performance Reporting standards.

## Service performance measures

The council has selected service performance measures that reflect its overall responsibilities to our ratepayers. The responsibilities may be legislative requirements or driven by our strategic direction set by the governing body. Judgement has been used to select the best measures to reflect to the readers what level of service has been delivered.

**Section 3: Our activities in depth** contains Waikato Regional Council's service performance information, including cost of service tables and graphs, non-financial performance graphs, non-financial performance results tables, this information can be found on pages 22 to 73. Our **Service Performance Judgements and Assumptions** are found at the end of Section 3 on page 73. Waikato Regional Council's **Statement of compliance** can be found in **Section 4: Finances** on page 85. **Section 2: Our performance** provides useful context for the general reader but do not form part of the service performance information for audit purposes.



# Kiritaki, hapori, me ngā ratonga | Customer, community and services

This group of activities includes three activities:

- governance
- iwi Māori participation
- planning and reporting.

## How these activities improve wellbeing

These activities help support vibrant communities, a healthy environment and a strong economy.

They provide opportunities for communities to engage with the council, enabling them to share their aspirations and understand how the work we do can help improve community outcomes.

The activities also help to ensure that our region's strong cultural heritage is considered and reflected in the way we work and in the work we do.

## Why we provide these activities

These measures have been selected because these activities enable democratic decision making, by and for our communities in line with the requirements of the Local Government Act 2002.

They support elected members in their roles, helping them to make robust decisions to promote community interests by ensuring they have the information necessary to do so. This, too, helps inform the sustainable management of the region's natural resources while also promoting its social, economic and cultural wellbeing.

Clear, accessible information is provided under this GOA to give our communities the opportunity to influence decision making and understand whether the council's policies and services are achieving their intended objectives.

This group of activities also enhances the council's capacity and capability to effectively partner with iwi Māori and participate in collaborative initiatives of significant mutual benefit.

## What we achieved this year and looking to the future

### Te kaupapa kaitiaki

Te Kōpu ā Kānapanapa, a joint committee involving Te Kotahitanga o Ngāti Tūwharetoa, Waikato Regional Council and Taupō District Council, has developed *Te Kaupapa Kaitiaki – Taupō Catchment Plan*, a legislative requirement under the *Ngāti Tūwharetoa Claims Settlement Act 2018*. This plan, adopted in late 2022 following public consultation, will be implemented through various local government statutory and non-statutory plans and activities. These include regional and district plans, sub-catchment and zone plans, pest management strategies and action plans. Te Kōpu ā Kānapanapa is now working on an implementation plan to achieve the objectives and measure the desired outcomes of *Te Kaupapa Kaitiaki*.

### Co-governance

The council acknowledges the importance of meaningful collaboration and recognises that working closely with our iwi partners produces a wide range of benefits beyond those achieved through Treaty settlement implementation. We are committed to continuing our efforts to implement and honour Treaty settlements while fostering strong relationships with iwi.

Currently, we have six co-governance forums and committees that help ensure our obligations to iwi partners are well implemented. We've entered into several co-governance and co-management agreements with iwi regarding their participation in decision-making related to natural resource management. These agreements consist of five joint management agreements and a co-managed lands agreement between river iwi and the regional council. All of these agreements are scheduled for review.

### Improving te ao Māori competency and capacity

The council recognises the vital importance of having appropriate te ao Māori competency and capacity. With ongoing central government reforms, the need for iwi participation in council decision-making processes is continuously growing.

To meet this need effectively, it is crucial for our staff and councillors to possess the necessary skills, training and support to fulfil our obligations to our iwi partners, both now and in the future.

To address this, we developed a te ao Māori cultural competency framework. The purpose of this framework is to gain a comprehensive understanding of our current cultural competency across the organisation and our ability to work effectively with iwi and Māori communities.

A te ao Māori cultural competency assessment was carried out, providing valuable insights. We identified specific areas that need improvement and established a baseline for measuring and tracking the impact of our internal programmes in enhancing cultural capacity and capability.

Our approach focuses on nurturing capability and confidence throughout the organisation to foster effective partnerships with iwi Māori. Additionally, we seek to strengthen relationships through initiatives tailored to address the challenge of iwi Māori capacity.

The implementation plan outlines a series of actions scheduled over an 18-month period, from January 2023 to June 2024, with quarterly milestones. The plan primarily emphasises learning and development strategies. It also includes initiatives that affirm the value and use of te ao Māori, the establishment of performance indicators for staff, improving access to and the visibility of tools and resources, and promoting their use.

The council is committed to enhancing te ao Māori competency and capacity. The te ao Māori cultural competency framework and its accompanying implementation plan will play a pivotal role in identifying

and addressing areas that require improvement while enhancing the council's ability to work collaboratively with iwi and Māori communities.

### A new council

The triennium for our current council started in October 2022. During 2022/23, the council undertook a robust process to review and refresh its strategic direction, to ensure we continue to focus on the areas that are most important to the Waikato region. [Our Strategic Direction 2023-2025, Takatū Waikato | Making a Stand for the Waikato](#), sets out the vision, purpose and six strategic priorities that guide our work, as well as our goals for success.

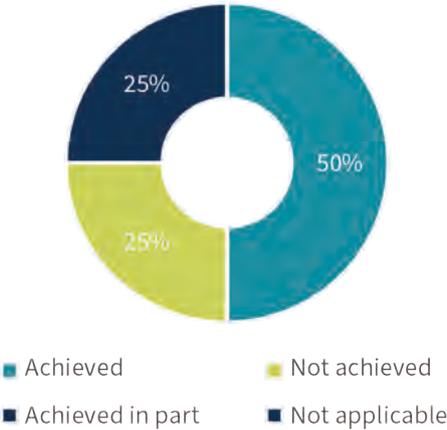
### Customer omnichannel review

A customer omnichannel review and subsequent customer transformation management plan was completed this year, with the management plan submitted to the Customer Experience Transformation Programme Sponsoring Group on 31 March 2023. The customer transformation programme looks to implement a fit-for-purpose system which takes requests received via our contact channels and feeds the information into a consistent technology system so our customer experience team can triage, answer, or direct requests to the correct business unit for a response. This will enable customers to interact with us through their channel of choice, while providing a seamless experience from first contact through to resolution.

### What we delivered

The total number of customer, community and services performance measures is four. A total of two measures were achieved (50 per cent), one measure was not achieved (25 per cent) and one measure was not applicable (25 per cent). Detailed commentary for these measures can be found in the following tables.

### Customer, community and services



## Activity: Governance

Level of service: To provide and promote governance processes that are robust and transparent for the regional community.

Performance measure	Target	Actual	Commentary
Percentage of official information requests responded to within statutory timeframes	100%	2022/23: Achieved, 100%  2021/22: Achieved, 100%	A total of 124 of 124 (100%) information requests were received and responded to within statutory timeframes this year.
Percentage of council agendas that are publicly available two working days or more before the meeting	100%	2022/23: Achieved, 100%  2021/22: Achieved, 100%	A total of 79 of 79 (100%) council agendas were made publicly available within the statutory timeframe of two working days before the meeting this year.

## Activity: Iwi Māori participation

Level of service: To support a Treaty-based partnership approach in our engagement with iwi Māori.

Performance measure	Target	Actual	Commentary
Completion of key actions identified in the Māori Partnership Approach	100% of actions completed as per schedule.	2022/23: Not achieved, 78%  2021/22: Achieved	<p>Seven out of nine (78%) keys MPA actions identified for 2022/2023 were completed this year.</p> <p>Work has been completed for the following seven actions:</p> <ul style="list-style-type: none"> <li>• Develop a strategic outline case on increasing iwi participation setting out a high-level overview of the strategic benefits for investing in iwi capacity, as well as the risks, options, and costs within the current context and priorities of council.</li> <li>• Set up a technical working group with iwi partners to collectively advance strategic priorities.</li> <li>• Complete a cultural competency assessment and framework.</li> <li>• Update project management processes so that there are appropriate mechanisms and triggers directing project managers to work through mātauranga Māori and iwi engagement tools at the front end.</li> <li>• Complete the development of Rautaki Reo – Te Reo Māori strategy.</li> <li>• Develop and implement an action plan to further business as usual (BAU) implementation of the Mātauranga Māori programme. Explicitly set out Te Ao Māori KPIs for all WRC roles.</li> </ul> <p>Work is in progress for the following two actions:</p>

			<ul style="list-style-type: none"> <li>• Carry out the scheduled review of Joint Management Agreements (JMAs) with a focus on efficiencies and effectiveness. <ul style="list-style-type: none"> <li>◦ A Māori Capability Baseline Report commissioned by Te Uru Kahika in May 2023 seeks to address questions regarding the state of Te Ao Māori capability and chart a path for improvement. (complete).</li> </ul> </li> <li>• Undertake a kaupapa Māori recruitment needs analysis. <ul style="list-style-type: none"> <li>◦ This activity is reliant on joint effort and prioritisation by our iwi Partners which has affected timelines. Each JMA are at varying stages of review as follows: Te Nehenehenui: A new JMA was developed, negating the need for a review (review complete). Tūwharetoa Māori Trust Board: The review is complete and potential areas for improvement and modifications, identified. Waikato Tainui: The Co-Governance Committee has agreed-upon actions and timeframes set for review initiation and presentation of findings. Raukawa: the review of the JMA not currently prioritised; ongoing checks and initiation planned in alignment with both parties' schedules. TARIT (Te Arawa River Iwi Trust): the review was postponed to coincide with the TARIT Crown/Ministerial review. We will continue to progress this work alongside Iwi Partners through 2023/2024.</li> </ul> </li> </ul>
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### Activity: Planning and reporting

Level of service: To produce high-quality and fit-for-purpose long term plans and amendments to long term plans to encourage participation in decision making by the regional community.

Performance measure	Target	Actual	Commentary
Long term plans and amendments to long term plans receive 'unmodified' audit opinions	Unmodified opinion received if LTP amended	2022/23: Not applicable 2021/22: Achieved	The target is not applicable. No amendment to the 2021-2031 Long Term Plan was required as a result of the development of the 2023/24 Annual Plan, therefore there was no requirement for an audit or the issuing of an audit opinion.

## What it cost

## Revenue and expenditure for customer, community and services

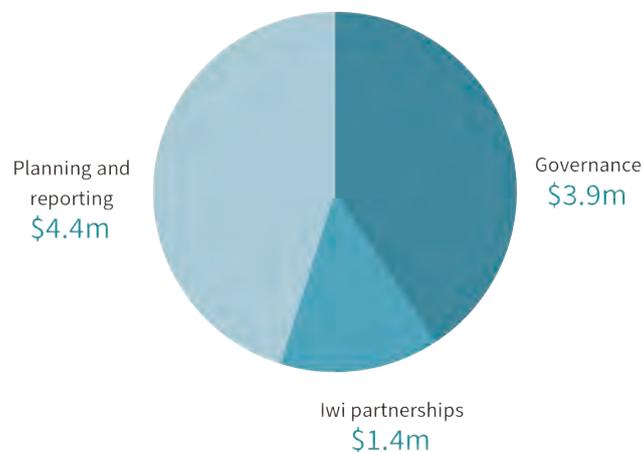
	2022/23 Actual \$000	2022/23 Annual Plan \$000	2021/22 Last year \$000
UAGC	6,155	6,155	6,121
Targeted Rates	1,061	1,053	889
Government grants	-	-	5
Fees and charges	57	-	1
Other income	30	-	2
<b>Total income</b>	<b>7,303</b>	<b>7,208</b>	<b>7,017</b>
Operating expenditure	9,651	7,293	7,170
Operating surplus / (deficit)	(2,348)	(85)	(152)
Total funding from / (to) reserves			
General	259	259	(367)
Prior Year Surplus	138	50	50
Total reserve transfers	397	309	(317)
Increase / (decrease) in retained earnings	(1,952)	224	(469)

Note: For summary of cost of services please see page 87.

## Expenditure

### Customer, community and services

### Customer, community and services



# Te Rākau Whakamarumarū o Waikato

## Rohe | Waikato Civil Defence

### Emergency Management

#### This group of activities includes one activity:

- Waikato Civil Defence Emergency Management (CDEM) Group

#### How this activity improves wellbeing

This activity primarily contributes to vibrant communities.

It supports the community by growing and reinforcing relationships with partners, including iwi and marae, emergency services, councils, welfare agencies and other organisations. It works alongside others on hazard risk reduction work, ensuring coordinated responses and supporting community recovery following emergencies.

Ensuring communities feel safe and know how to access help also improves people's wellbeing.

#### Why we provide this activity

The Group Emergency Management Office (GEMO) works with others to assist in the development of effective mitigations by building our knowledge of, and planning for, potential hazards.

Waikato Regional Council is the administering authority for the Waikato CDEM Group. Governance is provided through the Waikato CDEM Group Joint Committee, which has a legislated membership of elected member representatives from all councils in the Waikato.

CEDM activities ensure region-wide capability and capacity to respond effectively to emergencies. They improve community resilience by raising public awareness of what to do in an emergency. And they coordinate partnerships with iwi, agencies, organisations and communities to support emergency recovery efforts.

#### What we achieved this year and looking to the future

##### Activities and responses

The CDEM Group led and supported several emergency responses in 2022/23. These include:

- reviewing the CDEM Group Plan hazards and risks with our partners and stakeholders

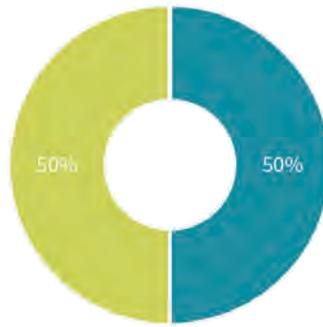
- submitting feedback on government reforms, including the Natural and Built Environment Bill, Spatial Planning Bill and Review into the Future for Local Government
- developing a new partnership arrangement to provide CDEM services, with the addition of South Waikato District Council
- providing CDEM training to volunteers, agencies, council staff, and other CDEM Groups
- deploying staff, from across the CDEM Group area, to Tasman-Marlborough, Thames-Coromandel, Auckland and Hawkes Bay
- responding to North Island weather events; Cyclone Hale, Auckland Anniversary Weekend and Cyclone Gabrielle
- supporting the recovery for Cyclone Gabrielle.



## What we delivered

The total number of Waikato CDEM Group performance measures is two. One measure (50 per cent) was achieved and one measure (50 per cent) was not achieved. Detailed commentary for these measures can be found in the following tables.

### Waikato Civil Defence and Emergency Management



■ Achieved ■ Not achieved ■ Achieved in part

#### Activity: Waikato Civil Defence Emergency Management Group

Level of service: To provide a region-wide coordinated response to and recovery from emergencies to reduce the impact on people and the economy.

Performance measure	Target	Actual	Commentary
The time taken for the Group Emergency Coordination Centre (GECC) to be activated in response to a civil defence event / emergency	<p>≤30 minutes during business hours</p> <p>≤60 minutes after hours</p>	<p>2022/23: Achieved</p> <p>2021/22: Achieved</p>	The GECC was activated on Saturday 28 January 2023 (in supporting mode) for Auckland Anniversary and on Wednesday 8 February for Cyclone Gabrielle weather events. Both event responses were activated immediately by onsite staff.
The evaluation of our annual exercise as a measure of effectiveness of training delivery* (mandatory measure)	Increasing trend	<p>2022/23: Not achieved</p> <p>2021/22: Achieved, baseline assessment</p>	This year there was no annual evaluation as a measure of effectiveness of training delivery. Annual evaluations are carried out between territorial authorities, where one territorial authority assesses another's measure of effectiveness. At the time when an evaluation should have taken place, territorial authorities were engaged responding and remediating extreme weather events. As a result, no annual evaluation took place. In lieu of an annual exercise, Waikato Regional Council's response to weather events, specifically Cyclone Gabrielle was utilised.

\*This is a mandatory performance measure set by the Waikato Civil Defence Emergency Management Group Joint Committee which all councils in the Waikato region are required to report against.

## What it costs

### Revenue and expenditure for Waikato Civil Defence Emergency Management Group

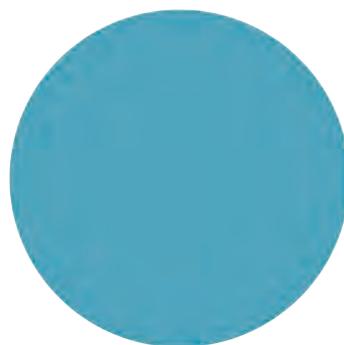
	2022/23 Actual \$000	2022/23 Annual Plan \$000	2021/22 Last year \$000
Targeted Rates	2,535	2,517	2,448
Fees and Charges	153	71	83
Government grants	450	-	-
Other Income	790	691	704
<b>Total income</b>	<b>3,927</b>	<b>3,279</b>	<b>3,235</b>
Operating expenditure	3,978	3,279	3,093
Operating surplus / (deficit)	(51)	0	142
Total funding from / (to) reserves			
Civil defence	113	-	(142)
Prior year surplus	-	-	345
Total reserve transfers	113	-	203
Increase / (decrease) in retained earnings	63	0	345

Note: For summary of cost of services please see page 87.

## Expenditure

Waikato Civil Defence and Emergency Management Group

### Waikato Civil Defence and Emergency Management



Waikato  
CDEM group  
\$4.0m

# Ngā mahi hei ārai, hei ārahi hoki i ngā waipuke | Flood protection and control works

## This group of activities includes three activities:

- flood protection
- land drainage
- river management

## How these activities improve wellbeing

These activities contribute to a healthy environment, vibrant communities and a strong economy.

They help to maintain public and private assets and investments that safeguard communities, homes and businesses – providing social and economic stability.

They also contribute to maintaining the natural environment through the rehabilitation and preservation of river channels and riparian areas.

## Why we provide these activities

The council has judged that the following measures are relevant to readers of this report to determine the level of service performance delivered for this Group of Activities. These measures have been selected to reduce the risks to communities from flooding, erosion and other hazards associated with rivers, streams and their catchments. These activities help to safeguard people's lives, property and economic wellbeing. They protect vital services such as water supply, telecommunications, transport networks and other infrastructure. And they reduce impacts on, and help to enhance, the natural environment.

Our land drainage networks support the productive use of land by enabling landowners to oversee improved water table management on their properties, reducing the surface flooding and pasture damage caused by heavy rainfall events.

The work we undertake on our rivers and streams maintains their stability and capacity, protects valuable soils from erosion, improves water quality by reducing sedimentation, and protects properties from erosion damage. This supports the restoration of our degraded river channels, riparian environments and in-stream aquatic habitats.

We also provide advice and work with our community stakeholders to improve our environment.

## What we achieved this year and looking to the future

### Cyclone Hale

Ex-Tropical Cyclone Hale formed in the South Pacific Ocean and made landfall on the North Island of New Zealand on 11 January 2023. The storm brought heavy rain and wind gusts to the Waikato region, causing widespread impacts across the Coromandel Peninsula. While the rainfall amounts and intensity may not have been overly significant on their own, the cumulative effects of the substantial rain over such a short period led to a range of impacts, including flooding and landslips affecting power and telecommunications in some areas.

Despite the impacts, all flood and drainage schemes managed by Waikato Regional Council performed as designed and no significant issues were reported. The storm tide recorded at Whitianga wharf tide gauge during Cyclone Hale was the largest recorded at 1.8 metres. As a result, the corresponding storm tide and waves caused inundation and coastal erosion along parts of the eastern Coromandel region, particularly Buffalo Beach, Whitianga.

### Cyclone Gabrielle

Cyclone Gabrielle formed in the South Pacific and intensified into a Category 4 tropical cyclone before weakening as it approached New Zealand. Cyclone Gabrielle made landfall on the North Island on 12 February 2023.

The low-pressure system brought heavy rain and severe wind gusts to the region, exacerbating the already saturated catchment areas and soils. The majority of impacts across the region were localised ponding/surface flooding and land instability. Overall, all Waikato Regional Council flood protection schemes in the affected areas performed as designed during Cyclone Gabrielle.

## Next steps

Waikato Regional Council zones are still compiling and assessing impacts and moving into recovery. Assessment of land slips, soil erosion and general land instability is being planned utilising available remote sensing technology such as satellite and LiDAR.

We are prioritising work to remediate damaged rivers and catchments, and to address coastal erosion and sedimentation issues, based on risk and impact to communities and the environment.

Our flood protection infrastructure worked as it should to protect communities and productive farmland, with the Criterion Bridge floodgates in Paeroa used for the first time.

This year, there were two major flood events in the Waipā catchment that required flood recovery plans. These recovery plans were approved by the Integrated Catchment Management Committee in May 2023.

## Pathways to the Sea

In 2023, we continued the Pathways to the Sea project. Of the 19 project milestones, 12 have been completed, five are in progress, and two have yet to be started. A total of 20 technical reports have been produced to date, contributing extensive information, knowledge, and research towards downstream fish passage. This information will help to improve the downstream migration of fish by resolving or mitigating passage issues through existing flood protection infrastructure.

In 2022, we installed our first fish-friendly Archimedes screw pump in the lower Waikato catchment – the first of its kind in Aotearoa New Zealand. The pump was designed and sourced from the Netherlands and proven to be 100 per cent fish-friendly in Europe. The pump was monitored during the tuna (eel) migration season in 2023 to see how successfully it passes our native fish. All 206 tuna to pass through the pump during monitoring did so without major injury or mortality. Work also continued on development of a New Zealand fish-friendly pump. We are working with MacEwans Pumping Systems and Callaghan Innovation to develop the pump to replace existing MacEwans PPF axial pumps without the need to make any civil structure modifications to pump stations. With much of the research and development completed or underway for Pathways to the Sea, the final stages of the project were kicked off in 2023. This included the launch of the decision support tool and development of the strategy which will bring together all the research and development undertaken for the project, plus recommendations to guide decision making.

## Major infrastructure projects

Major projects included the following:

- Kirikiri Stopbank – land purchase is nearing completion to enable construction to start in 2023/24.
- Mangawhero fish passage pump – provides safer passage for our native fish species (completed).  
Roger Harris Pumpstation – civil works, inlet bay and electrical upgrade (completed).
- Ngātea Left Stopbank – stopbank upgrade (completed) and closeout of ancillary items (nearing completion).

- Piako Right Bank Asset Rationalisation – due to an extraordinarily wet construction season, stage two earthworks were only partially completed, but drainage infrastructure and installation of access culverts were completed. Project completion, including civil structures, is expected in 2023/24.
- Foreshore (East and West) – due to an extraordinarily wet construction season, the stopbank upgrade was only partially completed. Completion is expected in 2023/24.
- Lake Waikare Northern Operating Control Gate – refurbishment and reinstallation (completed).
- Pungarehu Canal – rockworks for stabilisation were undertaken on a section of the canal, and further stabilisation is work planned throughout 2023/24, including further rockworks and planting.
- Tuakau Pumpstation – pipelines were replaced and realigned, and installation of an inlet structure is planned for 2023/24.
- Churchill East Pumpstation – detailed design was completed, and a construction contract awarded, with construction scheduled to begin in late 2023.

## River and Catchment Management

This year, river management has been particularly important for areas outside the bounds of our major flood protection infrastructure, following multiple significant rainfall events across the region. The Coromandel Zone usually delivers around \$350,000 in river management and improvement works. This year, more than \$2.5 million in works has been scoped for delivery, with more than half delayed due to access constraints, site instability or further weather impacts.

We successfully delivered the fourth and final year of the current Hill Country Erosion Fund project, with a significant volume of works completed across the Waipā, West Coast, Lower Waikato and Coromandel zones. On the back of the successful delivery of this, we secured a further four years of funding across the region, including Waihou and Piako catchments into the programme for the first time. Te Uru Rakau (New Zealand Forest Service) will invest a further \$2.8 million over the four year period to support the retirement of steep lands and vulnerable catchments.

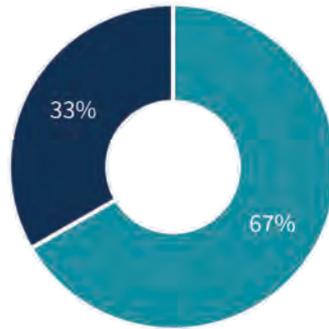
Regionally, 1,726ha of land was retired, 948,801 eco sourced natives were planted, 137 kilometres of streambanks were protected, 164 river management structures were completed and 229 kilometres new riparian, hill country wetland or forest fragment protection fencing was erected.

We also completed physical works for the Karāpiro /Mangaonua catchments and Manaia River Restoration projects under the Shovel Ready programme. These projects involved weed control, fencing and planting of native species, working closely with iwi and landowners. The projects are in the final close out phase.

## What we delivered

The total number of flood protection and control works performance measures is three. Two of the measures (67 per cent) were achieved, and one (33 per cent) was achieved in part. Detailed commentary for these measures can be found in the following tables.

### Flood protection and control works



■ Achieved
 ■ Not achieved
 ■ Achieved in part

## Activity: Flood protection

**Level of service:** A standard of flood protection, agreed with communities, as set out in the zone plans and associated documents.

Performance measure	Target	Actual	Commentary
Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents (such as the zone management plan, annual works programme or long term plan)	Achieved	2022/23: Achieved in part 2021/22: Achieved in part	This measure is made up of two parts. The overall result is achieved in part.
Part one: Percentage of planned mandatory maintenance* actions achieved each year	85%	2022/23: Achieved, 92.2% 2021/22: Achieved, 93.8%	A total of 3,004 out of 3,258 (92.2%) planned mandatory maintenance actions for 2022/23 have been completed.
Part two: Percentage of stopbanks maintained to above design flood height, as agreed within each zone	Rural: 93% Urban: 95%	2022/23: Not achieved, Rural: 92.64%	The urban and rural stopbanks design flood level for the year are as follows: <ul style="list-style-type: none"> <li>• Rural: 92.64%</li> <li>• Urban: 95.73%</li> </ul>

Performance measure	Target	Actual	Commentary
Percentage of flood recovery plans** implemented*** after all major events****	100% Compliant	Urban: 95.73%	The rural stopbanks maintained above the designed flood height as agreed within each zone were slightly below the target of 93% at 92.64%. The urban stopbank target was achieved at 95.2%. Crest-level monitoring and capital upgrades are in progress. For rural stopbanks, multi-year works, and historical survey uploads are underway.
		2021/22: Not achieved, Rural: 92.79% Urban: 95.18%	
		2022/23: Achieved	There have been two major rain events in the Waipā catchment that have required flood recovery plans. Plans for the events were approved by the Integrated Catchment Management Committee May 2023, including a drawdown from the Waipa Zone Disaster Recovery Reserve for recovery works. An additional drawdown from the Regional Disaster Reserve Recovery will be considered alongside drawdown requests from the zones impacted by the summer 2023 flood events.
		2021/22: Achieved	

\* Maintenance can mean repair, renewal, or maintenance.

\*\* The plans set out timeframes under which flood response actions are to be completed.

\*\*\* *Implementation*: A flood recovery plan is considered 'implemented' when the flood recovery plan, containing remediation actions and costs for said actions, has been approved by ICMC.

\*\*\*\* *Major*: Any flood event that causes damages that cannot be remediated through normal operational funding and requires disaster recovery funding to be rectified.

### Activity: Land drainage

Level of service: Reliable water table management on land within drainage schemes for the purpose of maintaining pastoral production.

Performance measure	Target	Actual	
Number of reported incidences where it takes more than three days to remove surface water after events with up to a 10% annual exceedance probability*	≤5	2022/23: Achieved	There have been incidents of ponding in areas due to continuing extreme weather events, however ponding has occurred in areas where the annual exceedance probability has been greater than 10%. There were no reported incidences for weather events up to 10% annual exceedance probability where it took more than three days to remove surface water.
		2021/22: Achieved	

\*This measure is only applicable if a weather event of up to 10% annual exceedance probability occurs.

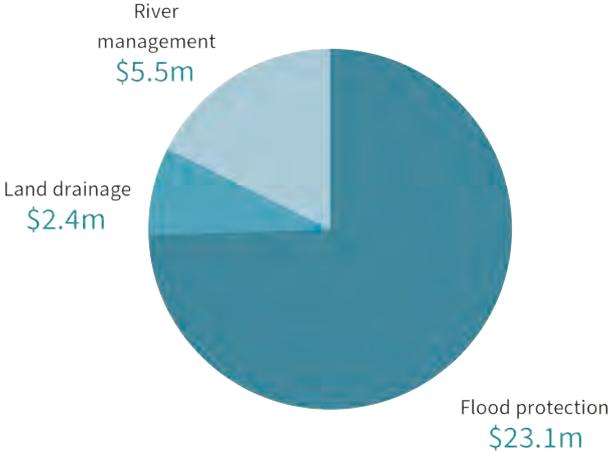
## What it cost

### Revenue and expenditure for flood protection and control works

	2022/23 Actual	2022/23 Annual Plan	2021/22 Last year
	\$000	\$000	\$000
General Rates	3,235	3,229	2,868
Targeted rates	22,163	22,064	19,800
Fees and charges	47	10	23
Government grants	3,096	5,258	4,774
Investment income	-	-	2
Other income	1,294	762	800
<b>Total income</b>	<b>29,834</b>	<b>31,322</b>	<b>28,267</b>
Operating expenditure	31,008	25,990	26,954
Operating surplus / (deficit)	(1,173)	5,332	1,314
Total funding from / (to) reserves			
Watershed	(783)	(2,463)	(950)
Peninsula	425	(13)	42
West Coast	(89)	1	(31)
Waihou	1,216	(980)	(638)
Piako	(22)	(1,855)	499
Drainage	(323)	152	(363)
Regional disaster recovery	(143)	(98)	(108)
Zone disaster recovery	84	(77)	(84)
Lower Waikato Main Channel	770	-	0
Prior year surplus	268	-	0
<b>Total reserve transfers</b>	<b>1,403</b>	<b>(5,332)</b>	<b>(1,633)</b>
<b>Increase / (decrease) in retained earnings</b>	<b>229</b>	<b>0</b>	<b>(319)</b>

Note: For summary of cost of services please see page 87.

### Flood protection and control works



# Te whakahaere ā- tōpū i te rauwiringa wai | Integrated catchment management

## This group of activities includes four activities:

- biodiversity
- biosecurity
- catchment planning and management
- land management advisory services.

## How these activities improve wellbeing

These activities primarily contribute to vibrant communities and a strong economy.

These activities focus on improving our natural environment and preventing the loss of natural amenity for the benefit of all residents. They also work to protect employment and income opportunities through the removal of pests, and support industries to be compliant with regulations.

## Why we provide these activities

The council has judged that the following measures are relevant to readers of this report to determine the level of service performance delivered for this Group of Activities. Through these activities, we aim to:

- reduce the loss of productive soils
- reduce sedimentation of rivers, harbours and estuaries
- stabilise catchments
- create awareness of land and water sustainability
- make improvements to and maintain water quality in the region's harbours, estuaries and shallow lakes
- protect biodiversity
- protect biosecurity.

This work is intended to preserve, protect and enhance the region's environment, and help the agricultural sector to meet its obligations.

Our biosecurity activities are also a vital component of the national biosecurity system, which is designed to mitigate and prevent the significant impacts of pest species that can cause great environmental, social, cultural and economic losses. Where possible, the work is carried out in collaboration with landowners, community groups, iwi and other agencies.

## What we achieved this year and looking to the future

### Shovel Ready

In response to COVID-19, the Government awarded funding to the council for multiple infrastructure and environmental restoration projects. The funding was provided to help stimulate the economy and create jobs, while providing public or regional benefit.

As part of this, the council put forward proposals to fast-track projects focused on protecting and enhancing water quality, biodiversity, soils, and coastal areas, and to protect communities from flooding. Delivering our Shovel Ready projects in association with our funding partners, iwi and communities has been a key area of focus in 2022/23 (which represents year three of a five-year funding cycle).

Key projects are included in the infrastructure and river and catchment activity areas. With the close out of several key projects there are 10 projects remaining in the overall Shovel Ready programme.

### Regional Pest Management Plan

We prepared the *Waikato Regional Pest Management Plan 2022-2032 (RPMP)* following extensive community engagement and consultation. The RPMP provides a framework for the efficient and effective management or eradication of specified organisms in the Waikato region for the next decade. It came into force on 4 July 2022 and will remain in force until 5 July 2032.

The RPMP is a rulebook with set, cost-effective management programmes for identified pest plants and animals in our region. It focuses on programmes targeting species where we could make a real difference in the protection of our environment, cultural and social wellbeing, and for our economy.

We also developed an operational plan to support our implementation of the RPMP for the Waikato region, with the exception of the Hūnua Ranges Pest Management Area. This document outlines the nature and scope of the activities we intend to undertake. It includes key performance indicators (KPIs) and other measures which will help us determine the extent to which the RPMP objectives are being met.

The operational plan not only sets out the key priorities for pest management established through the RPMP, but also includes many biosecurity-related, non-regulatory projects and work functions that Waikato Regional Council undertakes, as set out in the *Waikato Biosecurity Strategy 2022-2032*.

The biosecurity strategy is a non-regulatory, overarching document that encompasses all pest species, including those which other organisations take a management lead on or those which are so widespread that a regulatory response would be too costly or ineffective.

## Restoration works

Coastcare and the priority biodiversity sites programme are site-based programmes that aim to protect, maintain, and restore ecosystems and biodiversity across the Waikato region. Both programmes are collaborative and include coordination of partnerships between staff, landowners, iwi, agencies and other stakeholders.

The priority biodiversity sites include high-priority sites such as Te Maika, Waitoa, Lake Whangape and Opuatia Wetland. Funding and support was also provided for another 40 priority ecosystems as part of our priority biodiversity site programme, covering restoration and pest control projects at geothermal, freshwater wetland, shallow lake, coastal and karst sites. With over 300 priority sites, we rely on willing landowners and other stakeholders to continue with work that we helped to initiate.

Coastcare is a community partnership programme that involves local communities, iwi and agencies working together to restore and protect coastal ecosystems throughout the Waikato region. Extreme weather events such as Cyclone Gabrielle and Cyclone Hale have led to an increased demand for the involvement of the Coastcare programme from affected community groups.

There are more than 20 Coastcare groups in the Waikato region, working across 33 sites on 27 beaches. Highlights this year included:

- 31 planting bees at 27 locations
- 3000 plus hours of planting by volunteers
- 31,000 plants planted.

Volunteers carry out a wide range of work to protect coastlines, including:

- building accessways, fences and boarded pathways so people can get to and from beaches more easily and without trampling dunes
- controlling pest plants and animals
- installing signs
- speaking to other community groups and running educational seminars
- monitoring beaches for changes or problems that may need their attention.

## Natural Heritage Partnership Programme

In 2022/23, we supported numerous community restoration projects through our Natural Heritage Partnership Programme. Our Small Scale Community Initiatives Fund, which provides annual grants of less than \$5000 per project for pest plant and animal control, funded 44 projects across the region. Our Environmental Initiatives Fund, which offers one-off grants to projects that directly enhance and/or benefit the environment or provide environmental education, awarded funding to 15 projects. And our Natural Heritage Fund, which aims to protect and manage, in perpetuity, special places of ecological significance, awarded funds to 11 projects. This brings the total number of projects currently being funded through the Natural Heritage Partnership Programme to 70.

## Farm plan regulations

This year, the Primary Industry Engagement Section worked closely with the Ministry for the Environment (MfE) and Te Uru Kahika to provide guidance on the freshwater farm plan (FWFP) regulations under central government's Essential Freshwater requirements. We participated in a pilot study to assist the MfE in understanding how the FWFP regulations would be implemented in different situations. We are doing all we can to align Plan Change 1 and FWFPs through the Environment Court process.

We successfully recommended a three-and-a-half year phased rollout of FWFPs for the Waikato region to the original 12 month phase proposed by the central government. To support primary landowners to meet their regulatory obligations, our work programme has focused on the following.

- FWFP regionally endorsed certifier and auditor training: We have worked closely with the national accreditation body (AsureQuality) to develop the certification process.
- Development of a farm registration tool: To meet the requirements of PC1, a registration tool is needed. This will be an online self-service portal.
- Support development of an Integrated National Farm Data Platform (INFDP): This national platform will provide consistency and efficiency across New Zealand and is expected to enable regional councils, and others, to track certified FWFP actions, identify farms still to obtain a certified FWFP, and report on the actions taken and planned to improve fresh water. We are collaborating with the INFDP development team to make sure our farm registration tool can work with the national platform.
- Development of CCCV (catchment context challenges and values): Farm operators are required to consider CCCV information, made available by regional councils in consultation with iwi partners, when preparing their FWFP.
- Iwi engagement: We are developing an Iwi Engagement Plan given the significant involvement by iwi that we anticipate will be required for successful implementation of the FWFP regulations and PC1.

- We are working with primary sector stakeholders to ensure consistent messaging to primary landowners.

### Extreme weather Events

The Waikato region experienced a series of severe weather events during the summer of 2022/2023 that were preceded by above-average rainfall in 2022. The weather events included slow-moving low-pressure systems associated with subtropical weather like the Auckland Anniversary weekend rainfall event, and two ex-tropical cyclones: Cyclone Hale and Cyclone Gabrielle. Much of the region experienced heavy rain, flooding, strong winds, gusts, and landslides. However, the lower Waikato and Coromandel regions were particularly affected by these events.

The Waikato Regional Council zones are still compiling and assessing impacts and moving into recovery. Assessment of land slips, soil erosion and general land instability is being planned utilising available remote sensing (i.e. satellite and LiDAR). Coordination through the Science, Policy and Information (SPI) and integrated Catchment Management (ICM) Directorates is being undertaken with central government and Crown Research Institutes (CRI) to ensure an effective response. The year 2023 proved to be record breaking with rainfall accumulations exceeding previous historic maximums.

A summary of provisional regional and zone-by-zone catchment management outputs for 2022/23, undertaken on 341 individual properties, are shown in the following table:

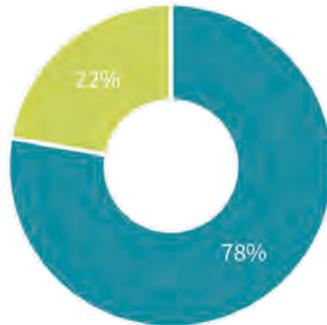
Zone	New fencing (m)	Streambank protected (m)	Native plants (#)	Poles planted (#)	River management structures (#)	Waterway obstruction removal (#)	Area retired (ha)
Central Waikato	9,911	6,880	114,042	1,731	21	15	29.7
Coromandel	12,240	9,198	81,564	-	-	-	430.3
Lake Taupō / Upper Waikato	32,029	17,701	137,905	860	-	2	49
Lower Waikato	57,446	29,243	235,601	10,211	35	37	450.1
Waihou / Piako	20,505	5,317	52,646	350	-	-	17.1
Waipā	52,764	33,252	207,575	5,422	93	133	276.1
West Coast	44,753	35,388	119,468	5,181	15	15	473.8
<b>Regional outcome</b>	<b>229,648</b>	<b>136,979</b>	<b>948,801</b>	<b>23,755</b>	<b>164</b>	<b>202</b>	<b>1,726</b>

Disclaimer: All data reported is provisional and final outputs may differ slightly to those reported in this report and as subsequently reported.

### What we delivered

The total number of integrated catchment management performance measures is nine. Seven measures (78 per cent) were achieved and two (22 per cent) were not achieved. Detailed commentary for these measures can be found in the following tables.

## Integrated catchment management



■ Achieved
 ■ Not achieved
 ■ Achieved in part

### Activity: Biodiversity

Level of service: We work with private landowners and others to maintain and enhance indigenous biodiversity.

Performance measure	Target	Actual	Commentary
Number of community groups and individuals funded through the Natural Heritage Partnership Programme that undertake restoration activities, as per their funding agreement.	65	2022/23: Achieved, 70  2021/22: Achieved, 94	There are currently 70 groups and/or individuals undertaking activities as per their funding agreements. Within the Natural Heritage Partnership Programme there are three funds: <ul style="list-style-type: none"> <li>• Small Scale Community Initiatives Fund</li> <li>• Environmental Initiatives Fund and</li> <li>• Natural Heritage Fund</li> </ul> <p><b>Natural Heritage Fund</b></p> The fund for 2022/23 is fully allocated with 11 active projects. <p><b>Environmental Initiatives Fund</b></p> The fund for 2022/23 has 15 active projects. <p><b>Small Scale Community Initiatives Fund</b></p> Funds for 2022/23 were awarded to 44 projects that are undertaking restoration activities in line with their funding agreement.                     Reporting on these projects is due in the next financial year.

Performance measure	Target	Actual	Commentary
Number of on-the-ground projects on private land, within the top 30% of priority ecosystems, delivering biodiversity restoration	16	2022/23: Achieved, 40  2021/22: Achieved, 36	There are currently 40 on the ground projects (Environmental Programme Agreements, project management plans, fencing, planting, trapping, site condition assessments) being undertaken within priority ecosystems.

## Activity: Biosecurity

Level of service: We reduce animal pest populations on identified sites with assessed biodiversity values.

Performance measure	Target	Actual	Commentary
Average rat tracking index (RTI) for all rat control operations	≤5%	2022/23: Achieve, 1.29%  2021/22: Achieved, 1.67%	Reporting for 2022/23 is completed and this measure has been achieved.  The average RTI for all rat control operations is 1.29%. This is an average of the results received to date: <ul style="list-style-type: none"> <li>• Old Mountain Road - Ed Hilary Hope Reserve: 0%</li> <li>• Old Mountain Road – Johnstone: 1.82%</li> <li>• Pukemako: 3.33%</li> </ul>
Average number of possums* caught for every 100 traps set for possum operations	<5% residual trap catch (RTC) for ground control	2022/23: Achieved, 2.22%  2021/22: Achieved, 2.00%	In 2022/23 a total of 14 operations were completed. The average number of possums caught represented 2.22% (RTC) for every 100 traps set. The operation results are as follows: <p>Ground</p> <ul style="list-style-type: none"> <li>• Arohena 1: 4.47%</li> <li>• Arohena 2: 0%</li> <li>• Otahu: 0.85%</li> <li>• Mahoenui: 4.46%</li> <li>• Te Kohanga – Sec 1: 4.52%</li> <li>• Port Waikato / Sunset: 4.1%</li> <li>• Taupo west: 1.315%</li> <li>• Hauturu: 4.71%</li> <li>• Waipa River: 2.39%</li> <li>• Waotu: 1.12%</li> <li>• Waipa Puniu 11: 3.13%</li> <li>• North Taupo: 1.805%</li> <li>• North Pirongia: 1.975</li> </ul> <p>Aerial</p> <ul style="list-style-type: none"> <li>• Port Waikato / Sunset: 0%</li> <li>• Hauturu: 0.74%</li> <li>• Waipa River 0%</li> </ul>

\*Possums are targeted as they have a detrimental impact on our native flora and fauna, devastating native forests and impacting on pasture, horticulture and forestry.

Level of service: We control low-density, high threat plant pests to minimise impacts on primary industry and human health.

Performance measure	Target	Actual	Commentary
Reducing trend in the coverage of eradication pest plants* at known sites.	Reducing trend	2022/23: Achieved  2021/22: Achieved	Each eradication site is inspected annually for plants, to undertake a treatment if required and to survey the wider area. By continuing this management programme from year-to-year the seed banks / rhizomes are being exhausted which means there is a reducing trend in the coverage of all eradication pest plants at known sites. The measure is achieved.
* Plants included in the operative regional pest management plan (RPMP) eradication category			

### Activity: Catchment planning and management

Level of service: We maintain existing works to ensure gains are preserved.

Performance measure	Target	Actual	Commentary
Percentage of sampled catchment works maintained in effective condition to the standards set out in zone plans*	80%	2022/23: Achieved, 88%  2021/22: Achieved, 82%	A total of 49 out of 56 (88%) compartments within catchment schemes have been inspected and found compliant. Non-compliant properties (if any) will be recorded, and remedial works programmed in consultation with the property owner.
* A sample of at least 10 per cent of all catchment scheme and non-scheme works (individual work agreements legally protected on property title outside schemes) are inspected to assess work conditions every year. Works include fencing, planting and erosion control structures.			

Level of service: We implement agreed plans (catchment new works) with landowners and land managers for reduced erosion, improved water quality and enhanced biodiversity.

Performance measure	Target	Actual	Commentary
Percentage of catchment new works undertaken in priority catchments and/or at priority sites across all zones	80%	2022/23: Achieved, 94%  2021/22: Achieved, 89.7%	94% of catchment new works costs are located within priority catchments and/or significant natural areas across all zones.

### Activity: Land management advisory services

Level of service: We work with our partners, stakeholders and the community to improve soil conservation and water quality.

Performance measure	Target	Actual	Commentary
Percentage of rural professionals that provided a rating of	90%	2022/23: Not achieved, 81%  2021/22:	The percentage of rural professionals who provided a rating of good or excellent after engaging with the council was 81%.

Performance measure	Target	Actual	Commentary
good or excellent after engaging with the council*		Not achieved, 78%	<p>Respondents noted the positive interactions they had with the Primary Sector Support and Engagement team, especially when team members actively made the effort to attend meetings and be accessible. Many acknowledged the great direct engagement with PIE team members as they move into the “challenging area of developing WRCs Fresh Water Farm Plans process”.</p> <p>This measure's results were impacted by Council's inability to provide the desired answers regarding upcoming freshwater regulations and their impact. The timing of an amendment to The National Policy Statement for Freshwater Management, a crucial piece of legislation informing the regulations, meant that we were unable to offer the clarity that rural professionals sought. It's worth noting that subsequent interviews with rural professionals emphasised the positive start made by the Primary Sector Support and Engagement team has made in engaging with the sector in preparation for the upcoming regulation clarity.</p>

\*This is for our contribution to the development of farm environment plans.

**Level of service: We provide relevant, useful information and advice to rural communities to support them in changing their behaviours to improve the local environment.**

Performance measure	Target	Actual	Commentary
Percentage of agricultural community event attendees that are satisfied the event met its intended purpose*	90%	2022/23: Not Achieved, 38%  2021/22: Achieved, 95%	<p>The percentage of attendees at agricultural community events who were satisfied that the events met their intended purpose was 38%.</p> <p>During the Engaging with the Rural Sector in a Dynamic Environment event in February 2023, 93% of attendees indicated that they enjoyed the event. Key feedback highlighted that the event was highly effective in bringing together representatives from the primary industry.</p> <p>The low result for meeting the event's intended purpose was due to the Council's inability to provide the desired answers regarding upcoming freshwater regulations and their impact. The timing of an amendment to The National Policy Statement for Freshwater Management, a crucial piece of legislation informing the regulations, meant that we were unable to offer the clarity that rural professionals sought. It's worth noting that subsequent interviews with rural professionals emphasised the positive start made by the Primary Sector Support and Engagement team has made in engaging with the sector in preparation for the upcoming regulation clarity.</p>

\*The intended purpose will change according to the event.

## What it cost

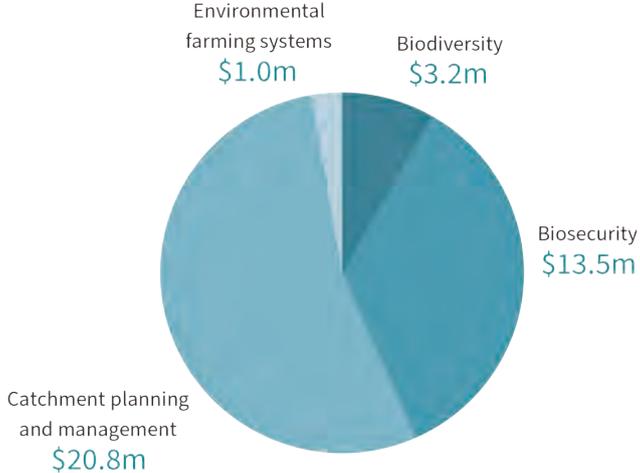
### Revenue and expenditure for integrated catchment management

	2022/23 Actual	2022/23 Annual Plan	2021/22 Last year
	\$000	\$000	\$000
General rates	8,279	8,278	8,261
UAGC	2,146	2,146	1,707
Targeted rates	20,651	20,652	18,549
Government grants	5,735	2,983	5,851
Fees and charges	(52)	1,060	901
Investment income	77	-	65
Other income	2,792	3,212	2,321
<b>Total income</b>	<b>39,628</b>	<b>38,331</b>	<b>37,655</b>
Operating expenditure	38,595	39,482	33,739
Operating surplus / (deficit)	<b>1,033</b>	<b>(1,151)</b>	<b>3,917</b>
Total funding from / (to) reserves			
Watershed	(197)	630	(712)
Peninsula	(108)	(14)	(539)
West Coast	(137)	(7)	(130)
Waihou	(351)	96	(517)
Piako	491	(0)	(283)
Pathways to the Sea	56	-	77
Biosecurity	1,149	395	(754)
Natural Heritage	178	26	421
Environmental initiatives	(30)	26	(38)
Stock truck effluent implementation	(119)	-	(54)
Prior Year Surplus	-	-	321
Total reserve transfers	<b>931</b>	<b>1,151</b>	<b>(2,207)</b>
Increase / (decrease) in retained earnings	<b>1,964</b>	<b>(0)</b>	<b>1,709</b>

Note: For summary of cost of services please see page 87.

Expenditure

### Integrated catchment management



# Mōreatanga ā rohe me te whakarata ohotata | Regional hazards and emergency response

## This group of activities includes two activities:

- Resilient development
- Waikato Regional Council emergency response

## How these activities improve wellbeing

These activities primarily contribute to vibrant communities, a healthy environment and a strong economy.

This activity supports communities to make informed decisions about their own wellbeing, as well as helping to protect people's financial and personal safety against the effects of emergencies.

The work we do strengthens community networks and supports the resilience of people and businesses.

## Why we provide these activities

Providing natural hazard information enables better decision making about the management of existing and proposed developments to minimise risk and harm to people, homes, businesses and infrastructure.

We ensure arrangements, standards and processes are in place for Waikato Regional Council's emergency response. We also ensure emergency management staff have the capability and resources to respond to emergency events, ensuring the best outcomes for the community.

## What we achieved this year and looking to the future

### Regional resilience

We continued to collaborate with and provide advice and guidance to support our region's resilience to natural hazards. This included working with territorial authorities, communities, iwi and national researchers, and providing guidance to inform district and regional plan reviews.

We continued our focus on working with communities to understand their natural hazard risks and how those risks can be managed to build long-term resilience. This work on dynamic, adaptive planning and community adaptation plans was undertaken alongside Hauraki District Council, Waikato District Council and Thames-Coromandel District Council.

Each plan assesses areas that are susceptible to the impacts of a changing climate, including coastal, riparian and land instability. They consider the ways local government and communities can manage these challenges, now and into the future, by having iwi and the community at the forefront of the decision making. We've been working with:

- Hauraki District Council on a community adaptation plan for the Wharekawa coast and the initial scoping of a Hauraki Plains Adaptation Project
- Thames-Coromandel District Council on a shoreline management plan for the Thames-Coromandel area
- Waikato District Council on a plan for Port Waikato, and to consider coastal erosion issues.

Each plan looks at areas that are more susceptible to the impacts of a changing climate, including sea-level rise and coastal erosion or inundation. They look at the ways we can manage these challenges for our communities, now and into the future. Our coastal inundation tool also supports this work, as well as having wider applications, allowing communities to quickly understand the susceptibility of coastal areas to particular sea-level-rise scenarios.

We continue to provide technical advice and guidance to stakeholders where required. This ranges from natural hazard information via the Waikato Regional Hazard's Portal to technical reviews of consent applications and modelling. And we continue to collaborate with Matamata-Piako District Council and Waipā District Council on flood hazard modelling.

## Emergency response

Our Emergency Response Framework was refined and formally adopted in July 2022, for implementation in 2022/23. We continued to provide support and guidance across many forums, including the Waikato Hazardous Substance Committee and Civil Defence and Emergency Management (CDEM) professional networks.

The Waikato region has been impacted by successive severe weather events over the past year, with Cyclone Hale, the Auckland Anniversary Weekend flooding and Cyclone Gabrielle all occurring within weeks of each other. These three events followed a wet second half of 2022 which saw several localised flood events. The region is still impacted by the significant amount of rainfall experienced over the last 12 months. Our regional flood response team worked alongside the Waikato GEMO (Group Emergency

Management Office) during the Cyclone Gabrielle National State of Emergency, continually monitoring the weather and its impacts to provide real-time information to our stakeholders via Flood Room Live.

### Responding to oil spills

Marine oil spills threaten the coastal marine area. We work with other agencies to prevent and plan for these hazards so we can minimise the impact they may have on our environment.

Our marine oil spill response capability was examined and tested on two occasions by Maritime New Zealand and continues to meet the required standards set out in legislation and best practice.

### Hazards portal

Our online Waikato Regional Hazards Portal was launched in July 2019. It continues to be well used by the public and key stakeholders to identify hazards where they live and work. These include flood, seismic, volcanic and geothermal hazards, as well as coastal inundation and erosion. No significant updates to the portal have been undertaken this year.

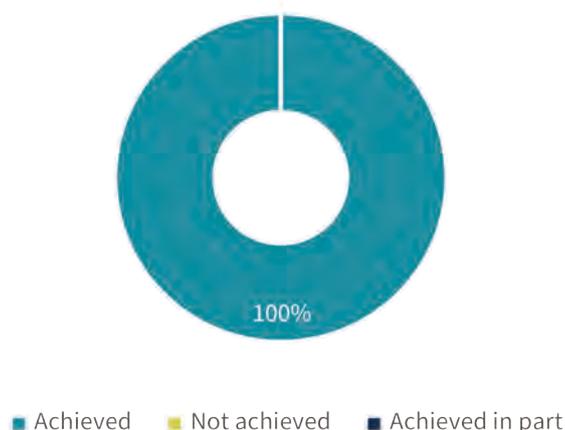
### Emergency radio network

Our emergency radio network was upgraded in 2022/23. The upgrade was critical to ensure essential communication during an emergency event, should the mobile network go down or if staff are in areas without cell phone reception.

### What we delivered

The total number of regional hazards and emergency response performance measures is three. All three measures (100 per cent) were achieved. Detailed commentary for these measures can be found in the following tables.

## Regional hazards and emergency response



### Activity: Resilient development

**Level of service: We provide hazard information and advice to communities and stakeholders to ensure they are well informed.**

Performance measure	Target	Actual	Commentary
Provide relevant and up-to-date hazard information to communities and stakeholders via the online hazards portal	Review the data and update if necessary	2022/23: Achieved  2021/22: Achieved	The hazards portal is up to date and operational.

### Activity: Waikato Regional Council emergency response

Level of service: We provide the community with timely flood event information and situation reports to respond effectively to flood events to lessen the adverse effects.

Performance measure	Target	Actual	Commentary
Percentage of customers satisfied with the Waikato Regional Council's flood warning service (source: contact database survey)	90%	2022/23: Achieved, 95.83%  2021/22: Achieved, 99%	A total of 267 customers were contacted by Waikato Regional Council and asked to participate in a survey to assess their satisfaction with Waikato Regional Council's flood warning service. Of the 267 contacted, 48 responded to the survey with 95.83% being satisfied with service offered.

Level of service: We reduce the environmental impact of marine oil spills by having a safe, coordinated and effective plan in place, maintaining an effective readiness to respond.

Performance measure	Target	Actual	Commentary
A tier two regional marine oil spill plan is in place and two exercises are undertaken per year	Plan in place and two exercises undertaken	2022/23: Achieved  2021/22: Achieved	A Marine Oil Spill Contingency Plan is in place with exercises completed at Raglan on 22 September 2022 and 9 March 2023.



## What it cost

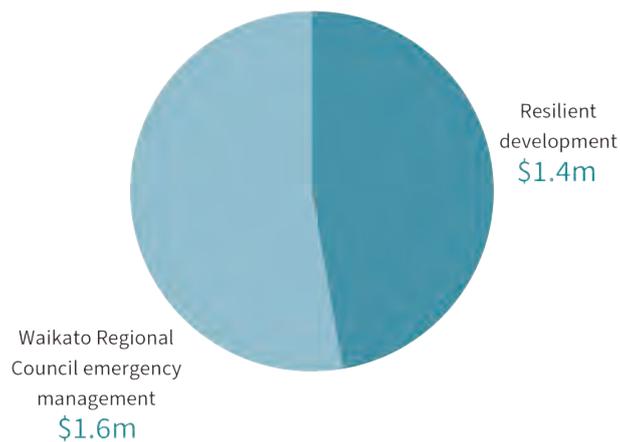
### Revenue and expenditure for regional hazards and emergency response

	2022/23 Actual \$000	2022/23 Annual Plan \$000	2021/22 Last year \$000
UAGC	1,867	1,867	1,601
Fees and charges	11	589	62
Other income	47	-	-
<b>Total income</b>	<b>1,924</b>	<b>2,457</b>	<b>1,663</b>
Operating expenditure	3,016	2,457	4,138
Operating surplus / (deficit)	(1,092)	0	(2,475)
Total funding from / (to) reserves			
Resilient Development	(20)	-	-
Total reserve transfers	(20)	-	-
Increase / (decrease) in retained earnings	(1,112)	-	(2,475)

Note: For summary of cost of services please see page 87.

## Expenditure

### Regional hazards and emergency response



# Ngā ara hono ā-rohe | Regional transport connections

## This group of activities includes three activities:

- inter-regional rail
- transport policy and planning
- urban and rural transport delivery.

## How these activities improve wellbeing

These activities contribute to vibrant communities, a healthy environment and a strong economy.

They support connectivity and employment, providing our communities with affordable transport options to access jobs, education, essential services, recreational activities and community events.

They also help to ensure that our region's investment in transport infrastructure is well coordinated and well informed so that, together, we're creating a safe and sustainable system for people and goods to get around, encouraging reductions in the use of single occupancy vehicles and cutting carbon emissions in the process.

## Why we provide these activity

We plan, contract, fund and monitor public transport services in the Waikato region. These services give the public an alternative to private vehicle travel, provide access for the transport disadvantaged and support urban growth. They also provide rural communities with better access to essential services.

We help the region to set its objectives and priorities for transport investment under the *Land Transport Management Act 2003*, and these plans are laid out in our *Regional Land Transport Plan and Regional Public Transport Plan*. We develop this in partnership with territorial authorities and Waka Kotahi NZ Transport Agency.

Improving road safety education is also an important part of our remit. This contributes to the wellbeing of our communities by encouraging behaviours that help reduce crashes, serious injuries and deaths. We continue to work with transport partners such as Waka Kotahi NZ Transport Agency, district councils, ACC, New Zealand Police and advocacy groups like Students Against Dangerous Driving (SADD) to deliver road safety education initiatives across the Waikato region.

## What we achieved this year and looking to the future

### Rail improvements

Waikato to Auckland connectivity is crucial to the development of our region. It improves community access to essential services and transport for work and recreation, helping to improve quality of life. We launched Te Huia passenger rail service in April 2021, establishing a twice-daily commuter service between Waikato and Auckland.

The service continues to grow and now transports almost 500 passengers daily between the Waikato and Auckland. Te Huia runs return services from Frankton (Hamilton) to Papakura (Auckland) – stopping at Rotokauri and Huntly along the way – twice a day during the week, and once on Saturdays.

The 2022/23 financial year saw continued establishment and growth of Te Huia patronage, particularly Monday to Friday. Day trippers are now joined by a growing number of regular commuters who frequently utilise the service.

Customer feedback also continues to be strong, with a 94 per cent satisfaction rating in mid-2022 and a 98 per cent rating in mid-2023.

### Regional transport planning

In 2022/23, we developed the *Regional Public Transport Plan 2022-2032 (RPTP)* to help ensure our communities remain well connected and support growth. The RPTP provides the strategy for the regional public transport network and sets out our aspirations and intent for future expansion and enhancements. It was developed through significant collaboration between regional partners and represents an ambitious new vision for the future of public transport in our region. The plan was adopted on 22 September 2022 and is now operative.

Development of the *Regional Land Transport Plan (RLTP)* also got underway. It's a six-year plan to document the region's land transport, priorities objectives, policies and measures. We expect this work to be completed by April 2024.

Reducing carbon emissions from transport remains a key area of focus in 2022/23. A Transport Emissions Reduction Working Group has been established to consider how the region will address this issue. The working group will provide guidance to stakeholders in our region about how emissions can be reduced.

## Hamilton bus improvements

In mid-2022, we consulted on Hamilton Refresh, a set of proposals aimed at balancing supply and demand on routes within Hamilton city. It also looked to re-orientate bus services towards achieving a ridership objective in line with the RPTP. The key changes include:

- increasing the frequency of existing Comet service
- introducing a new high frequency service called the Meteor
- adjusting timetables and re-routing some services to improve reliability and performances.

In addition to Hamilton Refresh, we also introduced a new demand-responsive transport option to Hamilton in January 2022, called Flex. Flex uses smaller buses to provide an on-demand, corner-to-corner rideshare service. After starting out as a night service to and from Hamilton's city centre on Friday and Saturday nights, it now also operates between the Hamilton Transport Centre and Hamilton Airport seven days a week. Flex transports an average of 190 passengers each week and has become a popular option for evening and weekend travel.

## New regional bus services

New regional services were launched in February 2023 between Hamilton and Te Kūiti, and between Hamilton and Tokoroa. Both have a single inbound trip to Hamilton, arriving for the start of the academic and workday, and return at the end of the day.

The services are the first for these areas and represent a new partnership with Waitomo and Ōtorohanga district councils, the University of Waikato and Wintec. They also mean people south of Te Awamutu in the Waipā catchment no longer need to drive to Te Awamutu to begin a trip.

## Glenview bus hub

The new bus hub in Glenview was completed in July 2023 and serves as the main bus interchange for the Comet bus in the Glenview/Mahoe areas. This will enable better connections for the Glenview Shopping Centre and library, improving passenger safety and providing a weather shelter.

## Community transport

We continue to give people with disabilities door-to-door transport options through Total Mobility, a nationwide scheme for delivering subsidised taxi fares. Last year, the scheme was rolled out to three new districts: Matamata-Piako, Thames-Coromandel and Waikato.

Through our *Annual Plan 2023/24*, we decided to fund Total Mobility services on a region-wide basis from July 2023, relieving territorial authorities of this requirement. Subject to the recruitment of new service providers and assessors, this paves the way for full regional coverage of Total Mobility services and the introduction of a uniform maximum fare subsidy cap.

Providing region-wide access to Total Mobility services will enhance wellbeing, independence, and accessibility for disabled and elderly communities where services are not currently available.

## Reduce the risk and road safety

Our Ruben the Road Safety Bear Programme remains in high demand, with lots of requests for school visits lined up over the year ahead. However, in 2022/23 it was impacted by recruitment issues, following a year impacted by COVID-19 restrictions.

We continue to work with our partners to support the graduated driver licence system that helps our rangatahi gain independence and access more opportunities while improving their road safety.

We co-funded an impaired driver education programme delivered in the community by the police and Māori wardens to rehabilitate those caught driving under the influence. Those that attend the programme are tracked for five years by the police and show a low rate of reoffending. This helps to improve road safety outcomes and reduce the likelihood of incarceration. The success of this programme has now come to the attention of the judiciary, who are referring offenders. The number of sessions has been increased and the number of attendees this year has more than doubled. Another programme for recidivist driving offenders was also supported through seed funding.

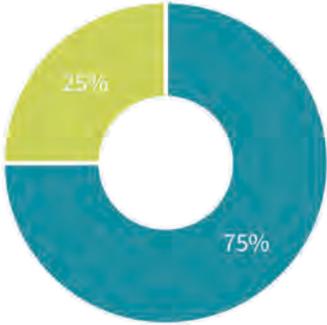
Collaboration with ACC and accredited coaches to boost the uptake of Ride Forever motorcycle coaching continues, with more than 6000 riders having benefited from the programme to date.

We continue to educate people around road safety, challenging thinking, dispelling myths, creating a sense of community and changing conversations using channels such as social media.

**What we delivered**

The total number of regional transport connections performance measures is eight. A total of six measures (75 per cent) were achieved and two measures (25 per cent) were not achieved. Detailed commentary for these measures can be found in the following tables.

**Regional transport connections**



■ Achieved   ■ Not achieved   ■ Achieved in part

**Activity: Interregional rail**

Level of service: We will progressively improve passenger rail services between the Waikato and Auckland.

Performance measure	Target	Actual	Commentary
Year on year passenger rail patronage growth	10% patronage growth compared to the previous 12 months of operations*.	2022/23: Achieved, 30%  2021/22: Develop baseline	The average daily patronage as at the end of June 2023 is 496 passengers per day, up 30% compared to the 2021/22 end of year result of 382 passengers per day. These figures are based on average calculations.  In 2021/22 a baseline for passengers per day was developed for the Te Huia rail service. To establish the baseline, the service ran from April 2021 to June 2022 with the service paused between September 2021 and December 2021 due to COVID-19 lockdowns. The baseline is the average passengers per day, weekday, and weekend, while the service ran.
Percentage of customers who are 'satisfied' or better with passenger rail	90%	2022/23: Achieved, 92.5%  2021/22: Achieved, 94%	The inaugural Customer Satisfaction Survey completed in June 2023.  The over-all result is 92.5%.  This KPI is measured through the annual public transport customer satisfaction survey. This survey uses the Waka Kotahi approved templates. This survey is filled in by passengers whilst on-board the train.

### Activity: urban and rural transport delivery

Level of service: We will transition Hamilton’s bus network from a coverage-based system (many low frequency routes) to a ridership orientated network (focusing resources on high frequency routes in areas of greatest demand) supplemented by demand responsive services.

Performance measure	Target	Actual	Commentary
Number of public bus trips per capita (Hamilton)	Number of first boardings per capita increase year-on-year	2022/23: Achieved	The number of first boardings per capita (Hamilton) for 2022/23 was 14.01 bus trips, compared to 10.49 bus trips in 2021/22.
		2021/22: Not achieved	In 2021/22 bus patronage suffered from the effects of COVID-19, services were significantly impacted during periods of lockdowns, but also in the latter half of the year with more people across the region working and learning remotely. In addition, driver shortages lead to a reduction in timetables and service frequency. In 2022/23 the adverse effects of COVID-19 have largely abated, driver shortages have improved, as well as service frequency, resulting in patronage increasing in Hamilton.

Level of service: We will expand public transport to include more areas within our region, enabling greater access to essential services, education, employment and social opportunities.

Performance measure	Target	Actual	Commentary
Number of public bus trips per capita (regional total outside of Hamilton)	Number of first boardings per capita increase year-on-year	2022/23: Achieved	The number of first boardings per capita (regional total outside of Hamilton) for 2022/23 was 1.85 bus trips, compared to 1.23 first boardings in 2021/22.
		2021/22: Not achieved	In 2021/22 bus patronage suffered from the effects of COVID-19, services were significantly impacted during periods of lockdowns, but also in the latter half of the year with more people across the region working and learning remotely. In addition, driver shortages lead to a reduction in timetables and service frequency. In 2022/23 the adverse effects of COVID-19 have largely abated, driver shortages have improved, as well as service frequency, resulting in patronage increasing outside of Hamilton.

Level of service: We deliver a public transport service that is reliable and that people can depend on.

Performance measure	Target	Actual	Commentary
Percentage of arrivals at bus stops that are on time in accordance with the timetable	77.5%	2022/23: Not Achieved, 66.69%	The percentage of arrivals at bus stops in accordance with the timetable for 2022/23 is 66.69%, compared to 63.89% of stops in accordance with the timetable in 2021/22.
		2021/22: Not achieved, 63.89%	Service performance has improved this year; however, it was impacted by 'not sighted' status flags, road diversions and extreme weather events such as cyclone Gabrielle.

Performance measure	Target	Actual	Commentary
			<p>A change to how the result is calculated for this measure is planned for the 2023/24 reporting period. The new methodology will include start time, timing point and end point information, which will improve data accuracy. It is expected that the performance of this measure will improve as a result.</p> <p>'Not sighted' status flags occur when trip telemetry data for the stop is not received due to technical issues.</p>

**Level of service: We deliver bus services that people and communities value and regard as quality services.**

Performance measure	Target	Actual	Commentary
Percentage of customers who are 'satisfied' or better with the bus transport service	>95%	<p>2022/23: Not Achieved, 87.85%</p> <p>2021/22: Not achieved</p>	<p>The percentage of customers surveyed who are 'satisfied' or better with the bus transport service is 87.85%.</p> <p>The 'not satisfied' scores relate to:</p> <ul style="list-style-type: none"> <li>'Info about service delays/disruptions' (24.2%)</li> <li>'Availability of timetable information at bus stops' (21.2%)</li> <li>'Satisfaction with the weather protection offered at the Transport Centre'(21%)</li> <li>'How often services run' (20.7%).</li> </ul> <p>Waikato Regional Council has a project underway to update real-time information displays at key stops and Hamilton City Council is currently planning for the refurbishment of the Transport Centre including improved weatherproofing. It is anticipated that these initiatives will increase the percentage of customers who are 'satisfied' with the bus transport service.</p> <p>In 2021/22 the Annual Bus Satisfaction Survey was delayed due to the effects of COVID-19. At the time, Waka Kotahi guidance was to delay the survey until September 2022. As a survey was not conducted during the 2021/22 financial year, the measure was reported as Not Achieved.</p>

**Level of service: We provide attractive, affordable fare products which reflect the value of the service being provided.**

Performance measure	Target	Actual	Commentary
Percentage of surveyed passengers who believe bus fares represent good value for money	>80%	<p>2022/23: Achieved, 92.5%</p>	<p>The customer satisfaction survey was undertaken at the end of 2022 with 92.5% of passengers believing fares represent good value for money. The major reason for this result is the half price fare that has been in effect from 1 April 2022 until 30 June 2023, with funding for this coming from Waka Kotahi.</p>

2021/22:  
Not achieved

In 2021/22 the Annual Bus Satisfaction Survey was delayed due to the effects of COVID-19. At the time, Waka Kotahi guidance was to delay the survey until September 2022. As a survey was not conducted during the 2021/22 financial year, the measure was reported as Not Achieved. In 2022/23 the Annual Bust Satisfaction Survey was conducted, resulting in the measures target being met.

### Activity: Transport policy and planning

Level of service: We will complete three-yearly reviews of regional transport plans, as required by the Land Transport Management Act.

Performance measure	Target	Actual	Commentary
Regional transport plans are reviewed and submitted within statutory timeframes, and implemented	Maintain and report on implementation of the <i>Regional Land Transport Plan (RLTP)</i> and <i>Regional Public Transport Plan (RPTP)</i> .	2022/23: Achieved	The Regional Public Transport Plan was adopted on 22 September 2022. This is now operative and publicly available on the Regional Council website.
		2021/22: Achieved	Development of the Regional Land Transport Plan (RLTP) has commenced, with information presented to the Regional Transport Committee (RTC). Development workshops with the RTC are scheduled throughout 2023 and a draft plan will be delivered in December 2023. The RLTP is expected to be completed by the due date, 30 April 2024.



## What it cost

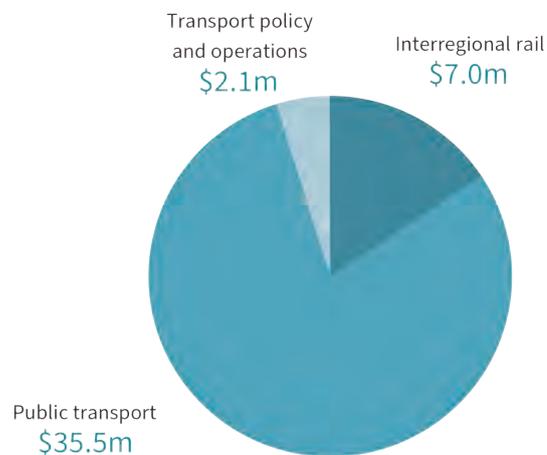
### Revenue and expenditure for regional transport connections

	2022/23 Actual \$000	2022/23 Annual Plan \$000	2021/22 Last year \$000
General rates	1,092	1,099	1,096
UAGC	777	777	518
Targeted rates	13,208	13,224	12,413
Government grants	24,226	23,228	19,624
Fees and Charges	1,486	1,852	1,880
Other income	6,092	7,845	4,524
<b>Total income</b>	<b>46,881</b>	<b>48,024</b>	<b>40,055</b>
Operating expenditure	44,583	49,813	40,647
Operating surplus / (deficit)	2,297	(1,788)	(593)
Total funding from / (to) reserves			
Public transport	(1,867)	701	161
Prior year surplus	(114)	300	300
Total reserve transfers	(1,981)	1,001	461
Increase / (decrease) in retained earnings	317	(788)	(131)

Note: For summary of cost of services please see page 87.

## Expenditure

### Regional transport connections



# Te whakamahinga o te taiao | Resource use

## This group of activities includes four activities:

- regional consents processing
- regional compliance
- maritime services
- community education

## How these activities improve wellbeing

These activities contribute to vibrant communities, a healthy environment and a strong economy.

They enable the use of natural resources in a sustainable way that supports the generation of income and employment, providing financial security to our communities.

This is balanced with protecting the values of natural resources and ensuring they can be used and enjoyed by future generations.

Through the provision of funding and advice, community groups are supported by these activities to make environmental improvements.

## Why we provide these activities

We are responsible for regulating the use of our region's natural resources. We grant and monitor consents, and monitor compliance with environmental regulations, to ensure the environmental impacts of people and businesses are managed appropriately.

We also respond to environmental complaints and incidents, and ensure our waterways and harbours are safe to navigate. These activities enable us to meet our statutory obligations and protect the Waikato region's unique environment, while allowing for sustainable growth and development.

Community-led education programmes are also delivered under this group of activities to build and maintain strong multi-agency relationships, supporting behavioural change to enhance environmental learning and support sustainable communities.

## What we achieved this year

### Regional consents

In total, 820 resource consents were processed this year and 98.5 per cent of these were processed in accordance with timeframes laid out in the *Resource Management Act (RMA) Discount Regulations*.

The council follows a risk-based, prioritised monitoring programme for monitoring resource consents and permitted activities.

This year, 356 consented sites (most of which hold many resource consents) were identified as the highest priority for monitoring. All of these sites (100 per cent) were monitored for compliance. A total of 14 of these sites were found to have significant non-compliance and had further action taken to resolve the non-compliance. A further 361 secondary priority sites were also monitored. In total, 717 sites were monitored in 2022/23.

### Regional compliance

We monitored 571 farms for compliance with the permitted activity rules that most dairy farms operate under for dairy effluent management. Of the farms inspected, 6 per cent were found to be significantly non-compliant.

In 2022/23, a total of 1574 calls were taken from members of the public, notifying us of potential breaches of the environmental regulations. As a result of these calls and our proactive monitoring of consents and plan rules, a range of formal enforcement actions were taken where non-compliance was identified.

There are new regulations now in place, with more to come, that have been promulgated by central government as part of its Essential Freshwater programme of work. The council has a key role in implementing these regulations. They include the *National Environmental Standards for Freshwater* and *National Policy Statement for Freshwater Management*. Planning for the implementation of these regulations is ongoing and is in addition to our preparation for the implementation of *Healthy Rivers/Wai Ora Plan Change 1*, when it becomes operative.

### Maritime safety

Our Maritime Services team, which manages and maintains marine navigational aids, has carried out extensive repairs to this network following incidents like Cyclone Gabrielle. In addition, the team has further built capacity and capability to respond to incidents like Cyclone Gabrielle.

Stock levels have been increased across both Cambridge and Whitianga depots and ongoing stock management ensures Waikato Regional Council are able to respond to weather events that cause such losses.

During the cyclone, an unprecedented 48 aids were lost across the Coromandel Peninsula, mainly buoys and beacons used to guide vessels. The team responded to and managed

15 vessels that had broken moorings, grounded, or sunk, and after the cyclone realigned every harbour channel in the Coromandel as they were all significantly affected. Much of this work was undertaken during a time of significant disruption with road closures, flooding, and weather.

Our maritime safety team issued 139 infringement notices and 31 formal warnings for breaches of the region's Navigation Safety Bylaw. The bylaw sets out safe practices for people using the lakes, rivers, and harbours in our region for water-based activities like boating and kayaking.

### Environmental education

The Enviroschools kaupapa is about creating a healthy, peaceful, sustainable world through learning and acting together. It's an action-focused approach to learning that draws on the physical, social, cultural and political aspects of our environment. In 2022/23, schools across the region benefitted from facilitated stream studies, access to equipment to support local curriculum, NCEA assessment support and a range of events and professional development opportunities.

Kura Waiti ki Kura Waitā focuses on preparing the kaitiaki of the future – supporting kura with environmental learning in ways that also promote te reo, tikanga and mātauranga Māori. The programme includes an internship and a range of exciting learning opportunities, including waka wānanga. We continued to work with our iwi partners to support and advance their mātauranga of te ao hurihuri (our changing world) in 2022/23, with significant external funding obtained to help grow the programme, and welcomed seven new kura.

Our youth and secondary work continue to support the independent regional youth forum, Rangatahi Voices. This forum works to co-design youth participation activities with council and engages youth in local government to help drive positive change. In 2022/23, this workstream undertook a range of activities to engage young people and ensure their voices were heard. Enviroschools and Rangatahi Voices worked together to support the Impact Hub's Waikato

### What we delivered

The total number of resource use performance measures is 10. A total of eight measures (80 per cent) were achieved and two measures (20 per cent) were not achieved. Detailed commentary for these measures can be found in the following tables.



Climathon event. Rangatahi Voices worked with us to host a freshwater consultation event, designed by youth and for youth, to ensure the youth voice was well represented in our Freshwater Policy Review.

### Waste reduction and management

The waste we create and how we dispose of it has huge environmental and social impacts.

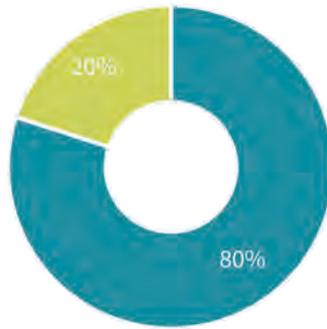
Research was undertaken to understand how we might support environmental and social wellbeing through a transition to a circular economy. This was supported by additional funding from the Ministry for the Environment's Waste Minimisation Fund and the Waikato Wellbeing Project. The Circularising Organics project aims to provide insights to help eliminate contamination, provide collections and processing options for organics, and incorporate te ao Māori perspectives. It also considers the various markets and use cases that might exist for compost products and will help us to support decision making around organics management.

We also continued to be a conduit for waste-related networking and education in the region. This includes our ongoing co-ordination of the Central North Island Waste Liaison Group (attended by territorial authorities from across the region) and the Community Enterprise Peer Support programme, which supports community resource recovery initiatives.

### Air quality

A clean winter burning education campaign was delivered in the Tokoroa air shed, which is the legally designated air quality management area for the town. This included a refreshed website, social media campaign, education leaflets and a new video filmed in the Waikato. This campaign was supported by South Waikato District Council, local iwi and community groups. A survey, conducted as part of this campaign, will also help to further refine our understanding of the motivations and barriers influencing community sentiment.

## Resource use



■ Achieved   
 ■ Not achieved   
 ■ Achieved in part

### Activity: Regional consents processing

Level of service: We will effectively deliver consenting and compliance monitoring processes under the Resource Management Act 1991 (RMA) to enable the lawful use of natural and physical resources.

Performance measure	Target	Actual	Commentary
Percentage of resource consents processed in accordance with the RMA timeframe discount regulations	≥95%	2022/23: Achieved, 98.5%  2021/22: Achieved, 98.42%	<p>Actual compliance in accordance with the discount regulation timeframe for the 2022/23 year was 98.5 percent.</p> <p>In total, 820 applications were processed to completion in the 2022/23 year. Of these, there were 14 applications processed outside the statutory RMA timeframe, with 12 applications receiving a discount.</p> <p>Two of the applications were subject to the queued priority process. These were applications to take water where the applications need to be processed in priority order, and this meant they did not trigger the discount regulations. So effectively only 12 applications were processed outside the timeframe.</p>
Percentage of highest priority (P1) consented sites monitored each year	100%	2022/23: Achieved, 100%  2021/22: Achieved, 100%	<p>A total of 356 (100%) sites of highest priority consented sites were monitored this year. sites that have had their monitoring deferred are not included in the calculation. Deferred monitoring happens for the following reasons:</p> <ul style="list-style-type: none"> <li>• The consent has only recently been granted and not enough activity time has occurred to warrant a full assessment of compliance.</li> <li>• A Site has obtained a resource consent, but the activity has not yet commenced (i.e., a factory has not been built / finished yet) therefore there is nothing to monitor.</li> <li>• There is insufficient data / evidence to undertake an adequate assessment of compliance at this time.</li> </ul>

Performance measure	Target	Actual	Commentary
			<p>Monitoring will occur when there is sufficient evidence to proceed.</p> <ul style="list-style-type: none"> <li>The activity although consented has been suspended by consent holder or operational reason (machinery breakdown, climatic issues, financial difficulties etc).</li> </ul>
Percentage of significant non-compliance* incidents where action is taken	100%	2022/23: Achieved, 100%  2021/22: Achieved, 100%	This year 19 sites were identified as having serious non-compliance, all 19 instances were followed up with punitive action (formal warnings) or directive action (abatement notices served).

\* There are a number of factors that are relevant in determining whether a breach of the RMA is 'serious', these include (but are not limited to) what the actual or potential adverse environmental effects of the breach are, sensitivity of the receiving environment, whether the parties involved have a history of non-compliance, whether the breach was as a result of careless, negligent, or deliberate behaviour, what efforts at mitigation have been made.

### Activity: Regional compliance

**Level of service:** We will provide a dedicated incident response service to ensure the environment, people and property are not seriously affected by pollution incidents or non-compliant activities.

Performance measure	Target	Actual	Commentary
Percentage of time the 24 hour 7 day a week response service for reporting environmental incidents is available	100%	2022/23: Achieved, 100%  2021/22: Not achieved	<p>This service was maintained for the 2022/23 reporting period.</p> <p>In 2021/22 there were two faults in the call diversion for the Freephone (0800) service during the year. This resulted in brief periods when calls were not diverted, and incidents couldn't be reported via the Freephone number. As a result, the measure was reported as Not Achieved.</p>

**Level of service:** We will take appropriate action in response to notifications of serious non-compliance.

Performance measure	Target	Actual	Commentary
Percentage of serious non-compliance* incidents that are actioned**	100%	2022/23: Achieved, 100%  2021/22: Achieved, 100%	For the 2022/23 reporting period, all serious breaches of environmental regulation were actioned in accordance with our Enforcement Policy.
Percentage of notifications, related to potential breaches of environmental regulation, that are assessed as requiring and then receive physical attendance	≥90%	2022/23: Achieved, 100%  2021/22: Achieved, 100%	A total of 1,574 notifications were received from the public relating to environmental incidents in the 2022/23 reporting period. 454 of the 1,574 notifications were assessed as requiring physical attendance. Of those 100% were attended.

\* There are a number of factors that are relevant in determining whether a breach of the RMA is 'serious', these include (but are not limited to) what the actual or potential adverse environmental effects of the breach are, sensitivity of the receiving environment, whether the parties involved have a history of non-compliance, whether the breach was as a result of careless, negligent, or deliberate behaviour, what efforts at mitigation have been made.

\*\* These include: no further enforcement action, letter of direction, abatement notice, formal warning, infringement notice, prosecution.

### Activity: Maritime services

Level of service: We will maintain safe and navigable waterways in the region to protect the people using them.

Performance measure	Target	Actual	Commentary
Percentage of time Category 1 aids* to navigation are operational within 24 hours of failure or notified to Maritime NZ	100%	2022/23: Not Achieved  2021/22: Achieved	This measure was not achieved as there were two incidents of Category 1 navigational aids being inoperable for longer than 24 hours during the 2022/23 reporting period. The first incident was a Category 1 navigational aid in Raglan. The navigational aid was not operational for a total of 25 days. The duration of the outage was due to delays in repairs which were outside council's control. The second incident took approximately 48 hours to source and redeploy a replacement cardinal mark at Whitianga.  Maritime NZ was not notified in these instances. While provided for within the current performance measure, staff note that it is not a legal or practical requirement. For both incidents, risks to vessels were managed through other means including Coastguard radio communications.  In 2021/22 there were no failures of grade 1 aids to navigation during the reporting period.
Maintain a 24 hour, 7 day a week response for navigational incidents**	100%	2022/23: Achieved, 100%  2021/22: Not achieved	This service was maintained for the 2022/23 reporting period. A service disruption occurred on 26 January 2023, however once identified all calls were diverted to our after-hours team to maintain service continuity.  In 2021/22 there were two faults in the call diversion for the Freephone (0800) service during the year. This resulted in brief periods when calls were not diverted, and incidents couldn't be reported via the Freephone number. As a result, the measure was reported as Not Achieved.

\* Considered to be of primary navigational significance including leading lights, outer channel markers, isolated danger marks and wreck marks.

\*\* Maritime incidents are those Waikato Regional Council has jurisdiction over that include, but are not limited to, serious boating mishaps or obstruction of navigable waterways.

Level of service: We will increase our level of service to meet increased demand and ensure recreational boaties are safe.

Performance measure	Target	Actual	Commentary
Percentage increase in one-on-one contacts with recreational boaties	20% increase from baseline (800 contacts)	2022/23: Not Achieved, 20% decrease  2021/22: Achieved, 26% increase	A total number of 639 contacts by staff with recreational boaties by staff were made in 2022/23. This represents a 20% decrease from the baseline of 800 contacts made. This decrease in recreational contacts is attributed to extreme adverse weather events over the summer period preventing recreational boating activities combined with maritime staffing vacancies.  In 2021/22 adverse weather events did not significantly impact one on one contacts with recreational boaties over the summer period and as a result the measure was achieved.

### Activity: Community education

Level of service: We deliver education programmes that bring about behaviour change.

Performance measure	Target	Actual	Commentary
Number of education programmes* evaluated for their effectiveness	1	2022/23: Achieved  2021/22: Achieved	The programme reviewed this year was Enviroschools. The tools and processes used to deliver the programme have been reviewed by an external evaluator (The Knowledge Institute). Information from this evaluation will be used to improve this programme.

\* The programmes include Advancing Māori Medium, Enviroschools, Waste Minimisation, Youth and Secondary.



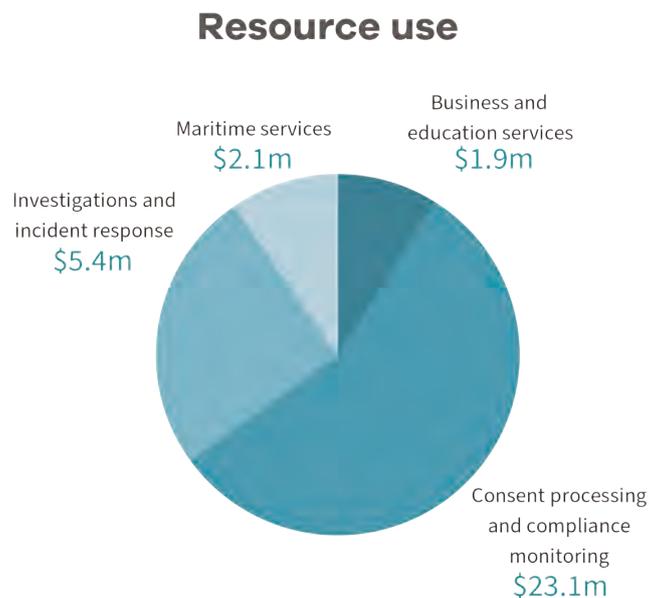
## What it cost

### Revenue and expenditure for resource use

	2022/23 Actual \$000	2022/23 Annual Plan \$000	2021/22 Last year \$000
General rates	8,457	8,457	7,729
UAGC	2,539	2,539	2,470
Targeted rates	1,591	1,585	1,394
Government grants	70	-	0
Fees and charges	7,909	8,327	7,774
Other income	750	680	693
<b>Total income</b>	<b>21,318</b>	<b>21,589</b>	<b>20,060</b>
Operating expenditure	21,550	22,059	19,952
Operating surplus / (deficit)	(233)	(470)	108
Total funding from / (to) reserves			
Permitted activity monitoring	(24)	9	(43)
Healthy Rivers	(1,691)	-	-
Total reserve transfers	(1,714)	9	(43)
Increase / (decrease) in retained earnings	(1,947)	(461)	65

Note: For summary of cost of services please see page 87.

### Expenditure



# Pūtaiao, kaupapahere, me te mōhiohio

## | Science, policy and information

### This group of activities includes six activities:

- environmental monitoring
- environmental science and information
- social and economic information
- spatial information
- resource management policy
- strategic and spatial planning

### How these activities improve wellbeing

These activities contribute to vibrant communities, a healthy environment and a strong economy.

They help support an environment that can sustain vibrant community life by ensuring land is used well, there is fresh water available, the air is kept clean, and pollution is managed.

These environmental factors are balanced with the use of natural resources to support the economy and our regional communities.

### Why we provide these activities

This group of activities covers the collection and interpretation of data to support the development of policy, management and allocation of the Waikato's natural resources. The expert analysis we provide help tell the story of our region and is an important part of our work.

We provide these activities to help protect and restore the health of the natural environment and ensure resources are managed for the benefit of our communities, both now and into the future.

We monitor our region's natural and physical resources. We also collect information about our communities and the economy and analyse it to better understand current trends and identify new and emerging issues.

The insights gained are used for a range of purposes, including the development of consent conditions and flood warning systems, and the setting of thresholds for water allocation.

We also provide tools to present this information and our strategic advice to our communities and key decision makers in more accessible ways, to help improve wellbeing in the Waikato.

### What we achieved this year and looking to the future

#### Plan Change 1

*Healthy Rivers/Wai Ora – Proposed Waikato Regional Plan Change 1* remains at the appeals stage in the Environment Court. Court-assisted mediations occurred during 2022/23, with a hearing scheduled for late 2023. The plan change represents the first step in an 80-year journey to improve water quality in our region, make our rivers safe for food gathering along their entire length, and meet the requirements of *Te Ture Whaimana o Te Awa o Waikato, the Vision and Strategy for the Waikato River*. Staff continue to undertake additional water quality monitoring at 34 representative lakes in preparation for meeting the Plan Change 1 reporting requirements.

#### Freshwater Policy Review

Giving effect to the *National Policy Statement for Freshwater Management 2020 (NPSFM)* has required engagement with iwi, the community and stakeholders through a series of community workshops, individual hui and stakeholder meetings throughout the year.

#### Coastal Plan Review

A review of our coastal plan is in progress. At the June 2023 meeting, the council approved public notification of the proposed plan. Public notification occurred on 18 August 2023.

#### Resource management reform

In February 2021, the Government announced that the Resource Management Act (RMA) would be repealed and replaced with three new acts: the Natural and Built Environment Act, the Spatial Planning Act, and the Climate Adaptation Act. The Spatial Planning Bill and the Natural and Built Environment Bill were introduced to Parliament in late 2022. The Climate Adaptation Bill is expected to be introduced in 2023/24.

We submitted responses to the Natural and Built Environment and Spatial Planning Bill consultations in February 2023. Our submissions included various key concerns around democratic accountability, the availability of funding, the capacity of all parties, integration with further legislative reform, and the roles and functions of regional councils.

The Environment Select Committee released their reports on the bills, which included amendments in response to submissions and, overall, recommended the Bills are passed, in June 2023.

### Exploring spatial technology

LiDAR (Light Detection and Ranging) creates 3D maps of the earth's surface. In 2022/23, we published the first maps for the Waikato region using this highly accurate 3D technology. To date, published areas include all of the Waikato region north of Hamilton, with the remaining regional data expected to be available in 2023.

This data will improve our ability to more accurately model natural hazards and climate change, design better infrastructure, support better land use planning, and improve environmental outcomes for communities in our region. Over 20 organisations are already using the draft data, and during Cyclone Gabrielle it was invaluable for the assessment of slips, debris build-up and road repairs.

We've also been investigating emerging special technologies at the cutting edge of remote sensing that may help to improve our business processes. We successfully used an airborne camera system for rapid aerial reconnaissance of wetland sites, and further initiatives, including helicopter LiDAR for stopbank crest determination and SAR satellite imagery for mid-event automatic flood mapping, got underway.

In 2022/23, we also continued to provide data for the Waikato Data Portal so that customers can access a range of useful spatial information.

### Updating the Waikato Regional Policy Statement

*The National Policy Statement on Urban Development (NPS-UD)* came into force on 20 August 2020. We prepared an update to the *Waikato Regional Policy Statement (WRPS)* to implement the NPS-UD and ensure alignment with the updated *Future Proof Strategy*. This work also involves inserting housing bottom lines (the amount of development capacity sufficient to meet expected housing demand – plus a competitiveness margin) for Tier 1 local environments, planning for out-of-sequence development proposals and an overall update to our WRPS information on the Built Environment. Change 1 to the WRPS was notified in October 2022 and the hearing was held in May 2023. Decisions are expected in 2023/24.

### Sustainable Infrastructure and Decision Making Framework

We continued work on our Sustainable Infrastructure Decision Making Framework in 2022/23. This framework will enable the council to make sound, long-term investments in critical flood protection and land drainage assets. Over the past year, the development process has highlighted the complexity and significance of the issue of sustainable infrastructure for our region, the scale of the task ahead,

and importance engaging with stakeholders, including central government and our iwi partners, throughout that journey.

A draft decision making framework was approved by council in 2022 and we have started the testing phase, with scoping and initiation of testing due to take place by end of June 2024.

### State of the Environment report

The *State of the Environment* was adopted June 2023 and is based on 28 technical reports that interpret decades of environmental monitoring data collected by Waikato Regional Council. The SOE report combines and compares data and information gained from council's state of the environment monitoring programme and seeks to address observations and concerns made in recent Parliamentary Commissioner for the Environment in regard to regional council reporting. The outputs provide an evidence-based picture of the major environmental issues facing the region. The report also highlights where the state of the environment monitoring programme requires additional attention.

Key issues from the [Waikato State of Environment Report 2022](#) include:

- less rain, and water use is increasing
- phosphorus discharges have decreased
- nitrogen levels have increased
- our shallow lakes have deteriorated and are at risk
- Lake Taupō is doing better than expected
- our estuaries are under pressure
- stream ecosystems are degraded
- wetlands and forest are in trouble
- bacteria levels remain high
- air quality is improving.

The synthesis of key issues in the *State of Environment* report reflects the scale and magnitude of the problem, informed by the monitoring presently undertaken by the council. The report highlights that there are gaps in our knowledge and state of the environment monitoring programme, and that these should be filled.

### Water Security Strategy

Our regional economy and the wellbeing of our people are dependent on the availability of water. There is increasing concern among Waikato communities over climate-related reductions in water availability and the implications for freshwater ecosystems, urban and industrial water supply/demand dynamics, ongoing delivery of electricity generation, primary sector productivity and constraints on future growth.

Waikato Regional Council has developed a draft [Water Security Strategy for the Waikato Region](#) to support and provide leadership in conversations on regional and local water security issues and to identify potential solutions. The

strategy was resented and approved for publication by the council at the June 2023 council meeting. The aim of our *Water Security Strategy* is to establish a roadmap for improved water security in the Waikato, with a clear understanding of the issues, objectives for the region and measures of success.

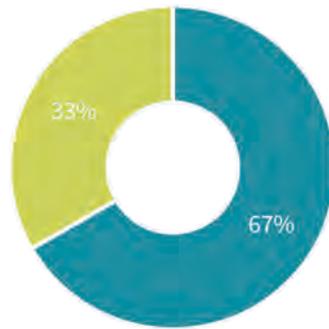
Following a council workshop in 2022, the draft strategy was revised and then sent out to a wide range of partners and stakeholders for feedback. Territorial authorities and

municipal water users, primary sector and industrial water users and iwi partners were approached. The strategy recommends the development of a collaborative, multi-stakeholder and regional-scale *Water Security Management Plan* to identify roles and responsibilities in addressing the significant water security challenges facing the region, and to establish partnerships to implement appropriate solutions.

### What we delivered

The total number of science, policy and information performance measures is 12. A total of eight measures (67 per cent) were achieved and four measures (33 per cent) were not achieved. Detailed commentary for these measures can be found in the following tables.

## Science, policy and information



■ Achieved ■ Not achieved ■ Achieved in part

### Activity: Environmental monitoring

Level of service: We will provide high quality and timely data to key decision makers and the community.

Performance measure	Target	Actual	Commentary
External audit of one environmental domain each year shows good quality control of data collection and analysis	1 domain audited	2022/23: Achieved 2021/22: Achieved	The audit considered the effectiveness of the Environmental Monitoring section. The results found that the section has good processes in place and provided recommendations for minor process improvements which should be addressed through planned technology upgrades.

The percentage of time (during flood events) when data isn't available for more than 70 continuous minutes	<2% of the time	2022/23: Not Achieved, 2.5%  2021/22: Achieved, 1.5%	Over the last twelve months, one site experienced a major outage. During the outage staff put in place an alternative reporting system to provide data to Integrated Catchment Management. Due to this major outage, data was unavailable for 2.5% of the time.  In 2021/22 there were no major outages. In 2022/23 a major outage and subsequent repair lead time resulted in the measure being 'Not Achieved' due to the amount of time data was unavailable. Council has measures in place to repair such sites, however repairs to sites experiencing outages can be impeded by factors outside of council control such as site access, delays in replacement parts as spares are not on hand or delays in arranging contractors due to contractor availability.
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### Activity: Environmental science and information

Level of service: We provide high quality and timely advice and information to key decision makers and the community.

Performance measure	Target	Actual	Commentary
State of the Environment reporting is completed and made available to the public through the WRC website	Update of relevant sections of the SOE report and publish results	2022/23: Achieved  2021/22: Not achieved	The State of the Environment (SOE) Report was approved by Council and published to the WRC website <a href="#">State of the Environment 2022   Waikato Regional Council</a> .  The preparation of all underlying technical reports was completed at the end of October 2022. Due to the triennial elections, the decision was taken to present the State of the Environment Monitoring Report to the new Council, with this occurring in March 2023. Following feedback, the final report was adopted in June 2023.

Level of service: We will develop and implement a freshwater quality and quantity accounting framework to measure the effectiveness of our work programme on improving freshwater outcomes.

Performance measure	Target	Actual	Commentary
Develop a freshwater accounting framework	Fresh water accounting framework completed	2022/23: Not achieved  2021/22: Achieved	The Freshwater Accounting Framework has not been completed and is still under development. A water quality accounting framework has been developed which has produced information to feed into the Regional Plan Review. Development of a water quantity framework is continuing and a Technical Report on regional water resources (supply and demand) has been published. The water quality and quantity accounting frameworks are required components of the Freshwater Accounting Framework.  The 2021/22 performance target required the Freshwater accounting framework to be under development. The 2022/23 target required the framework to be completed, however development of the framework is more complex than originally outlined in the 2021-2031 LTP timeline and is tightly linked to

			the Freshwater Policy Review. Although the framework will continue to be developed, and ultimately completed, it is unlikely that it will be completed within the 2021-2031 LTP reporting period.
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### Activity: Strategic and spatial planning

Level of service: We will work with territorial authorities and advocate to government to achieve alignment on policies, plans and strategies.

Performance measure	Target	Actual	Commentary
Actively engage in national policy reforms to promote high quality, well-informed national direction	Submissions made to relevant national resource management policy and reform proposal	2022/23: Achieved 2021/22: Achieved	Staff ensured WRC is actively engaging in national policy reforms through well-coordinated and informed submissions to promote high quality, well-informed national direction setting. Key consultations for this period have been on the resource management system review and national policy direction.
Actively engage with district plan change processes to ensure RPS is given effect to	Formal participation in local TAs' district plan development and plan changes	2022/23: Achieved 2021/22: Achieved	Staff kept up active engagement with district plan change processes both proactively (before formal submissions open) and through submitting to processes when the formal opportunity arises. Key processes underway are the Waikato District Plan review, and Waitomo District's formal notification of review, plus various plan changes throughout the region.

Level of service: We provide an annual trends and implications report which offers insights to key decision makers and the community.

Performance measure	Target	Actual	Commentary
Annual Trends and Implications report delivered	Full refresh of trends and implications report delivered.	2022/23: Achieved 2021/22: Achieved	The Annual Trends and Implications report was delivered October 2022 and used to inform the pre-election report. The information was also used to inform stakeholder discussions, councillor induction and the strategic direction review and development.

### Activity: Resource management policy

Level of service: We provide opportunities for the public to be involved in developing a resource management framework that will manage and improve our region's environment.

Performance measure	Target	Actual	Commentary
Preparation, changes or reviews of policies and plans will be carried out in accordance with statutory processes	Compliant with RMA and other legislation	2022/23: Achieved 2021/22: Achieved	Preparation, changes and reviews of policies and plans are being carried out in accordance with statutory processes. For example, the review of the Regional Coastal Plan is being carried out in accordance with Schedule 1 of the RMA and was publicly notified for submissions on 18 August 2023. Submissions close on 14 November 2023.

Level of service: We will prioritise our policy programme to meet legislative requirements and community expectations.

Performance measure	Target	Actual	Commentary
Our policy programme will be delivered as per our prescribed planning schedule	Hearings on Regional Coastal Plan	2022/23: Not achieved  2021/22: Not achieved	The target as stated in the 2021-2031 LTP has not been met. There have been delays to the timeline for the Regional Coastal Plan due to COVID-19, and delays in iwi and landowner engagement due to the recent cyclone events.  A decision of Council was made in May 2022 that deferred the process for notification of the Regional Coastal Plan in the 2022/23 year. The Council hosted a webinar and two drop-in sessions for landowners to discuss the plan.  The final draft plan was also further consulted on with tāngata whenua, and changes were made based on their advice. A decision to notify the Proposed Coastal Plan was made at the 29 June 2023 Council meeting.

#### Activity: Social and economic information

Level of service: We undertake robust social and economic science processes to gather data and information in order to provide evidence-based analysis for the council.

Performance measure	Target	Actual	Commentary
Percentage of indicators on the changes and trends in social and economic indicators analysed and reported on as per the indicator monitoring schedule	100%	2022/23: Achieved, 100%  2021/22: Achieved, 100%	All indicators have been updated as required in the schedule and can be found on WRC website <a href="#">Social and economic indicators in the Waikato   Waikato Regional Council</a>

#### Activity: spatial information

Level of service: We provide high quality and timely data to key decision makers and the community.

Performance measure	Target	Actual	Commentary
Percentage of data and metadata that has quality controls* in place	90%	2022/23: Achieved, 94.36%  2021/22: Achieved, 91%	The actual 94.36% figure is an average across all the audit criteria.

\* Quality controls mean an audit will be done on a regular basis. This will involve checking the metadata to ensure the mandatory fields are filled in and that any restrictions on use are applied to any ARC GIS online applications.

Level of service: We provide quality customer service.

Performance measure	Target	Actual	Commentary
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Rolling annual average net promoter score [for the Spatial Information section]	>82%	<p>2022/23: Not achieved, 71.9%</p> <p>2021/22: Not achieved, 67.5%</p>	<p>The financial year rolling annual average net promoter score was 71.9%. This result came from 48 responses for Spatial Information, which consists of 37 promoters, nine neutral and two detractors. The two detractors caused the percentage to fall below the target of 82%.</p> <p>To improve interactions with customers going forward, a four-part plan is in place and being actioned:</p> <ul style="list-style-type: none"> <li>• Identify the cause of the detractors: Complete</li> <li>• Spatial Information team training-refresher on effective communication: Complete</li> <li>• Continual evaluation of effective communication with requestors, responding on time, giving consistent updates, and contacting requestor when needed: In progress</li> <li>• Be proactive in addressing request and effective use of tools to efficiently monitor requests: In progress</li> </ul>
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## What it cost

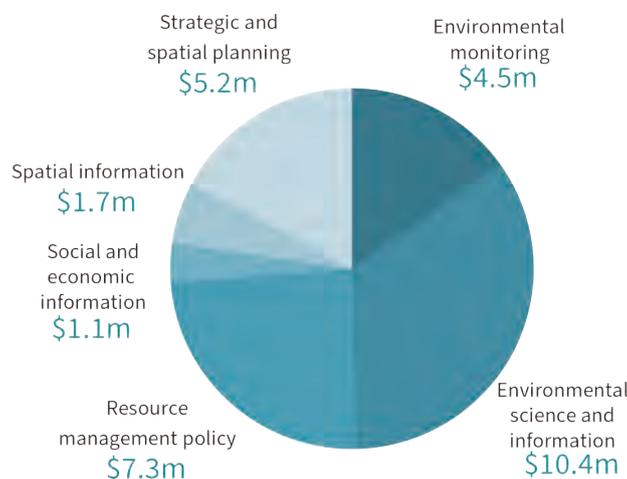
Revenue and expenditure for science, policy and information.

	2022/23 Actual \$000	2022/23 Annual Plan \$000	2021/22 Last year \$000
General rates	24,003	24,003	21,673
UAGC	2,403	2,403	2,253
Government grants	-	-	35
Fees and charges	3,776	3,472	3,369
Investment income	750	750	750
Other income	1,102	763	1,245
<b>Total income</b>	<b>32,034</b>	<b>31,391</b>	<b>29,325</b>
Operating expenditure	30,250	31,413	26,211
Operating surplus / (deficit)	1,784	(22)	3,114
Total funding from / (to) reserves			
Prior year surplus	-	-	200
General	341	341	45
Total reserve transfers	341	341	245
Increase / (decrease) in retained earnings	2,125	319	3,359

Note: For summary of cost of services please see page 87.

## Expenditure

### Science, policy and information



# Service performance judgements and assumptions

## Service performance judgements and assumptions

In the selection of our service performance measures for the forecast *Statement of service performance* in our 10-year plan, we made the following judgements.

- We reflected on how to best ensure the levels of service we plan to provide to the community are captured by our performance measures, adjusting them accordingly.
- We considered the views expressed by our residents, ratepayers, and communities, including feedback relevant to the levels of service and performance measures received throughout the long term plan consultation process.
- We ensured our performance measures adequately track progress towards delivering our community outcomes.

In relation to the flood protection group of activities, we are mandated under the Local Government Act 2002 to provide standard performance measures so that the public may make comparisons with other providers. We are also required to demonstrate regulatory compliance for statutory measures (such as the percentage of both building consent and resource consent applications processed within the 20-day statutory timeframe).

Furthermore, we applied judgments to the measurement, aggregation and presentation of service performance information.

In the setting of funding levels, we considered the impact on services and their performance measures and applied the following material judgments.

## Surveys

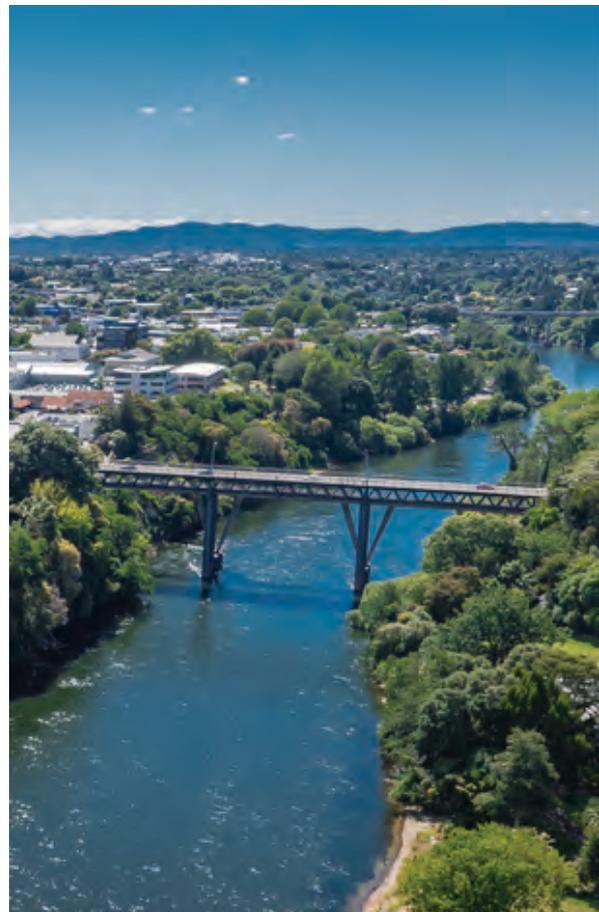
Surveys are one of the tools we use to measure the quality of services we provide. Customer surveys, for example, are considered appropriate for assessing community perceptions. To determine the number of performance measures to monitor and report on, and the level of aggregation, we considered the information needs of our communities, the costs and benefits of these, practical feasibility, and the requirement to provide performance information across the full breadth of the services we provide.

The frequency of each survey differs in line with the specific performance measures. For example, interaction-based customer surveys are more frequent, given the service is ongoing and there are consistent interactions.

Our surveys are designed in-house, or by external research experts, based on best practice in survey design. For example, questions are written so that they are neutral in tone and can be clearly understood by participants. Response options are designed to be balanced, not lead participants to respond in a certain way and cover all likely responses a participant may wish to provide. Analysis of survey responses is used to improve our processes and informs future service-level improvements.

## External implications for statements about performance

Some conditions that affect service performance and may result in a variation from anticipated or forecast results are outside our control. Examples include, but are not limited to, changes in government policy in New Zealand, changes in international travel restrictions, global and domestic economic conditions, major weather events and international policy. Such factors may impact areas such as recruitment, the availability of materials and supplies, and the stability of international financial markets.





**SECTION 4:**  
Pūtea  
**Finances**

# Tauākī ahumoni | Financial statements

The accompanying notes form part of these financial statements. The financial statements from page 77 to page 82 are to be read in conjunction with the notes to the financial statements from page 85 to page 147.

## Statement of Compliance

The council of Waikato Regional Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

The financial statements of the Council are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 31 October 2023.



*Pamela R. Story*

Chair



*Cl. M. J.*

Chief Executive



## Statement of comprehensive revenue and expense for the year ended 30 June 2023

		2022/23 Actual	2022/23 Annual plan	2021/22 Last year
	Note	\$'000	\$'000	\$'000
<b>Revenue</b>				
Rates revenue	3	122,809	121,958	111,367
Fees and charges	4	13,386	15,380	14,093
Subsidies and grants	5	33,579	31,469	30,287
Other revenue	6	13,943	15,073	10,861
Investment revenue	7	2,039	450	573
Investment fund capital protection revenue	8	5,568	1,384	6,276
Change in market value of investments	8	(1,345)	3,200	(11,648)
Unrealised Gain on Interest rate derivatives	8	343	-	2,316
<b>Total revenue</b>		<b>190,322</b>	<b>188,914</b>	<b>164,125</b>
<b>Expenditure</b>				
Employee benefit expenses	12	57,259	58,623	53,532
Depreciation and amortisation expense	28, 25, 26	12,888	12,434	11,139
Other losses	17	409	-	393
Interest expense	7	1,183	1,347	764
Other expenses	10	120,910	117,193	103,873
<b>Total operating expenditure</b>		<b>192,649</b>	<b>189,597</b>	<b>169,701</b>
<b>Net surplus / (deficit) after tax</b>		<b>(2,327)</b>	<b>(683)</b>	<b>(5,576)</b>
<b>Surplus / (deficit) attributable to Waikato Regional Council</b>				
<b>Other comprehensive revenue and expenditure</b>				
Gain / (Loss) on revaluation of property, plant and equipment	36	359,486	26,896	72,601
<b>Total other comprehensive income</b>		<b>359,486</b>	<b>26,896</b>	<b>72,601</b>
<b>Total comprehensive income</b>		<b>357,159</b>	<b>26,213</b>	<b>67,025</b>
<b>Surplus is attributable to:</b>				
<b>Total comprehensive revenue and expenditure comprised of:</b>				
Funds transferred to council-created reserves	36	5,549	30,790	(3,946)
Funds transferred from asset revaluation reserves		351,610	-	71,456
General operating surplus		-	(4,577)	(485)
Other comprehensive income		357,159	26,213	67,025

The accompanying notes form part of these financial statements.

## Statement of financial position as at 30 June 2023

		2022/23 Actual	2022/23 Annual plan	2021/22 Last year
	Note	\$'000	\$'000	\$'000
<b>Current assets</b>				
Cash and cash equivalents	19	18,721	5,188	2,834
Trade and other receivables	24	22,865	23,665	20,902
Prepayments		2,902	1,266	2,165
Inventories	30	1,372	619	1,421
Work in progress	30	626	1,267	934
Other financial assets	20	6,500	21,083	20,405
<b>Total current assets</b>		52,986	53,088	48,661
<b>Non-current assets</b>				
Financial assets	20	102,243	105,098	100,441
Other financial assets	20	20	763	20
Investments in CCO*	20	1,255	2,198	1,648
Biological assets	27	224	755	177
Intangible assets	26	5,600	10,026	6,626
Property, plant and equipment	25	995,696	621,120	632,515
Derivative financial instruments	31	1,490	-	1,148
<b>Total non-current assets</b>		1,106,528	739,960	742,575
<b>Total assets</b>		1,159,514	793,048	791,236
<b>Current liabilities</b>				
Trade and other payables	32	32,556	29,820	27,264
Employee benefits liabilities	13	7,254	7,270	6,850
Derivative financial instruments	31	-	-	2
Borrowings	33	11,153	4,843	7,028
<b>Total current liabilities</b>		50,963	41,933	41,144
<b>Non-current liabilities</b>				
Employee benefits liabilities	13	2,288	2,974	2,250
Derivative financial instruments	31	-	2,397	-
Borrowings	33	19,237	60,055	18,090
<b>Total non-current liabilities</b>		21,525	65,426	20,340
<b>Total liabilities</b>		72,488	107,359	61,484
<b>Net assets</b>		1,087,026	685,689	729,752
<b>EQUITY</b>				

Accumulated funds	36	212,877	220,116	220,754
Other reserves	36	874,149	465,573	508,998
<b>Total equity</b>		1,087,026	685,689	729,752

\* Investments in Council Controlled Organisations (CCOs) relate to the council's interest in Waikato Local Authority Shared Services Limited (WLASS), Regional Software Holdings Limited (RSHL) and the NZ Local Government Funding Agency Limited (LGFA).

Explanations of major variances against budget are provided on pages 85. The accompanying notes form part of these financial statements.

## Statement of changes in equity for the year ended 30 June 2023

		2022/23 Actual	2022/23 Annual plan	2021/22 Last year
	Note	\$'000	\$'000	\$'000
Opening Equity		729,752	659,477	662,727
Surplus / (deficit)		(2,327)	(683)	(5,576)
Other comprehensive revenue		-	-	-
Net transfer to / (from) Asset revaluation reserve		359,602	26,896	72,601
Balance at 30 June	36	1,087,026	685,690	729,752
<b>COMPONENTS OF EQUITY</b>				
<b>Council created reserves</b>				
Council created reserves at beginning of the year		61,283	63,695	65,229
Net transfer (to) / from retained earnings	36	5,549	(1,364)	(3,946)
Council created reserves at end of year	36	66,832	62,331	61,283
<b>Asset revaluation reserves</b>				
Asset revaluation reserves at beginning of the year		447,715	376,346	376,259
Net transfer to retained earnings	36	-	-	(1,145)
Net gain / (loss) on revaluation of PPE	36	359,602	26,896	72,601
Asset revaluation reserves at end of the year	36	807,317	403,242	447,715
<b>Retained earnings</b>				
Retained earnings at beginning of the year		220,754	219,436	221,239
Net surplus / (deficit) for the year		(2,327)	(683)	(5,576)
Net transfer (to) / from council created reserves		(5,549)	1,364	3,946
Net transfer (to) / from Asset revaluation reserve		-	-	1,145
Retained earnings at end of the year		212,878	220,117	220,754
<b>EQUITY AT END OF THE YEAR</b>		<b>1,087,026</b>	<b>685,690</b>	<b>729,752</b>

Explanations of major variances against budget are provided on pages 85. The accompanying notes form part of these financial statements.

## Statement of cash flows for the year ended 30 June 2023

		2022/23 Actual	2022/23 Annual plan	2021/22 Last year
	Note	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Receipts from customers		153,174	150,953	142,735
Grants		31,334	31,469	29,349
Interest revenue received		1,900	450	458
Receipts of funding held on behalf of third parties		443	-	680
Goods and services tax		(319)	-	381
Payments to suppliers and employees		(174,382)	(173,793)	(172,282)
Payments of funding held on behalf of third parties		(734)	-	(341)
Interest paid		(884)	-	(764)
<b>Net cash flow from operating activities</b>	18	10,532	9,079	216
<b>Cash flows from investing activities</b>				
Receipts from sale of intangibles		43	-	-
Repayments of loans to subsidiaries		-	(825)	-
Receipts from sale of property, plant and equipment		185	-	520
Receipts from sale of investments		79,551	3,682	76,113
Receipt of loan repayments		-	869	-
Purchase of investments		(63,595)	(10,000)	(81,221)
Purchase of property, plant and equipment		(15,831)	(21,248)	(9,430)
Purchase of intangible assets		29	(3,161)	(923)
<b>Net cash flow from investing activities</b>		382	(30,683)	(14,941)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		12,000	24,787	-
Repayment of borrowings		(7,028)	(10,203)	(7,048)
<b>Net cash flow from financing activities</b>		4,972	14,584	(7,048)
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>		15,887	(7,020)	(21,773)
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,834	12,210	24,607
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	19	18,721	5,190	2,834

As per Public Benefit Entry (PBE) IPSAS (International Public Sector Accounting Standards) 2 the receipt and purchase of long term deposit (greater than 3 months) is not able to be offset in the Statement of Cash Flow. The variance between this year's actual and the budget arises because the budget shows the receipt and purchase of long term deposit as a net

figure. The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanations of major variances against budget are provided on pages 85. The accompanying notes form part of these financial statements.

# Mō ngā rerekētanga matua ki te tahua

## | Explanation of major variances

### against budget

Explanations for major variations from Waikato Regional Council's estimated figures in the 2022/23 Annual Plan are as follows.

#### Statement of comprehensive revenue and expenditure

Integrated catchment management fees and charges revenue is unfavourable by \$1.112 million due \$959,000 lower than anticipated revenue for project work as a result of delays in work, this is offset by lower than anticipated expenditure and for a delay in invoicing \$388,000 Waipa Catchment plan WRA revenue. Emergency management revenue receivable in relation to marine oil spill response was lower than the annual plan by \$578,000. This revenue (and associated costs) is only recognised when a marine oil spill is activated.

Civil defence emergency management also received additional funding from central government for Cyclone Gabrielle relief of \$450,000. These funds are held by Council for distribution to local councils to fund local recovery efforts.

Other revenue includes public transport fare revenue. This is \$1.753 million unfavourable to budget, reflecting the 50% government subsidy made available to offset public transport fares over the period from July 2022 to June 2023. Additional grant revenue of \$998,000 has been received through these subsidies.

Increasing interest rates have had a favourable impact on the income Council has been able to earn through the investment of working capital funds. On average, the interest earned on these funds was 4.74%, compared to a budgeted return of 1.5% resulting in additional interest income of \$1.357 million.

Council's investment fund has achieved a total return of \$3.854 million against a budgeted return of \$4.584 million. In light of the high inflation environment prevailing over the year, \$5.568 million of this return has been set aside to inflation proof the fund's base capital in line with the investment fund distribution policy. A further \$2.801 million was used to fund the budgeted rates subsidy. The shortfall in these amounts is funded from the investment equalisation reserve.

Expenditure for the implementation of project reboot is higher than original budgeted by \$1.375 million. Additional funding was approved by Council in August 2022 to support the final delivery of this programme of work. Progress

payments in relation to the Waikato Regional Theatre, delayed from last financial year, have been made this year (\$2.5 million). Planned improvements to the Waikato to Auckland rail service, Te Huia, have resulted in reduced operating costs (-\$1.751 million) offset by lower fare revenue (\$192,000) and Waka Kotahi subsidy (\$358,000).

Council incurred additional, unbudgeted costs of \$2.140 million in response to weather events over January and February 2023. It is expected that these costs will be funded by a drawdown from regional and zone disaster recovery reserve which council sets aside to meet response and recovery costs of these events. The termination of the proposed Mugeridges flood and drainage scheme has resulted in \$2.075 million of costs being reclassified from capital work in progress to operating expenditure.

#### Statement of Financial Position

Cash and cash equivalents are \$13.533 million higher than budget. This reflects a higher balance of working capital being held on call due to the timing of maturing term deposits and payments of expenses, matched with cashflow requirements. This is offset by the value of financial assets (reflecting term deposits with a duration of more than 3 months) being \$14.583 million less than budgeted. Maturity dates of investments held at the end of the financial year are difficult to ascertain when setting the budget due to the timing of cashflow needs as well as the tactical investment of some funds in order to maximise investment returns on available funds.

Prepayments are \$1.636 million higher than budget. This is due to the timing of payments for IT license fees, particularly software as a service fees, being charged this financial year but related to the 2023/24 financial year.

The closing balance of the investment fund this year was \$2.855 million lower than budgeted. This result is still affected by the negative return from prior year (\$3.755 million), meaning a lower opening balance. The main fund returned 4.2% against a budgeted 4.6% (including budgeted inflation of 1.6%) while the low risk fund returned 4.3% against budgeted 2.2%.

Capital expenditure in relation to intangible assets is less than budgeted this year (\$3.191 million). Of this, \$1.8 million relates to the Healthy Rivers project. Work on planned information systems has been paused, pending legislative changes and central government direction. Weather conditions have delayed the completion of planned LiDAR

capture (\$600,000) with this work now planned to be completed by October 2023. The Waikato Regional Transport Model (WRTM) has been delayed until 2023/24.

The triannual revaluation of infrastructure assets has resulted in an increase in asset values in excess of the assumed when the annual plan was developed (\$374.576 million). This reflects market cost pressures and replacement value of these assets.

Total derivative financial instruments are \$3.887 million favourable to budget. Derivative financial instruments are interest rate swaps the council has entered into to manage the interest rate risk associated with its borrowing programme. By having these swaps in place, Council has mitigated the effect of increases in market borrowing rates over the year.

Trade and other payables are \$2.736 million higher than budget. This is driven by timing of expenditure combined with an increase in revenue received in advance from funding partners.

Borrowing reflects the council's external borrowing through the Local Government Funding Agency. The Annual Plan projected a total borrowing programme of \$60.055 million by the end of the 2022/23 financial year. Actual borrowing at 30 June 2023 was \$30 million. This reflects both a lower opening balance (\$25 million against a budgeted \$51 million) as well as a lower than budgeted capital works programme (\$7 million favourable to the Annual Plan budget).

# Ngā pitopito tuhinga mō ngā tauākī ahumoni | Notes to the financial statements

## 1 Statement of accounting policies for the year ended 30 June 2023

### Reporting entity

Waikato Regional Council is a territorial local authority governed by the Local Government Act 2002, and is domiciled in New Zealand. The relevant legislation governing the council's operations includes the Local Government Act 2002 and the Local Government (Rating) Act 2002.

The primary objective of Waikato Regional Council is to enable democratic local decision-making and action by, and on behalf of, communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The council does not operate to make a profit. Accordingly, Waikato Regional Council has designated itself a public benefit entity for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 31 October 2023.

### Basis of preparation

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

### Statement of compliance

The financial statements and service performance information for council have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements and service performance information for the Council have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards.

These financial statements comply with PBE 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 the remuneration and severance

payment disclosures in note 11. The remuneration and severance transaction disclosures are rounded to the nearest dollar.

### Changes in accounting policies

There have been no changes in the Council's accounting policies since the date of the last audited financial statements.

### Accounting standards issued and effective in preparing 30 June 2023 financial statements

#### PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 is effective for the financial years beginning on or after January 2022, with early application permitted. The main changes under the standard relevant to Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses
- Revised hedge accounting requirements to better reflect the management of risks.

#### PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023.

The council has adopted this standard in preparing its 30 June 2023 financial statements.

### Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

#### Goods and services tax (GST)

All 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 then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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 cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

### ***Budget figures***

The budget figures are those approved by the council in its 2022/23 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the council for the preparation of the financial statements.

### ***Costs allocation***

Cost of service for each significant activity is calculated as follows:

- Direct costs are charged directly to significant activities.
- Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

### ***Foreign currency transactions***

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### ***Critical accounting estimates and assumptions***

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

- estimating the fair value of land, buildings, and infrastructural assets - see note 25.
- estimating the retirement and long service leave obligations - see note 13.

## 2 Summary of cost of services

	2022/23 Actual	2022/23 Annual plan	2021/22 Last year
	\$'000	\$'000	\$'000
<b>Revenue</b>			
Community and Services	7,303	7,208	7,017
Civil Defence Emergency Management	3,927	3,279	3,235
Emergency management	1,924	2,457	1,663
Flood control and protection works	29,834	31,322	28,267
Integrated Catchment Management	39,628	38,331	37,655
Regional Transport Connections	46,881	48,024	40,055
Resource use	21,318	21,589	20,060
Science, Policy and Information	32,034	31,391	29,325
Corporate and self-funding	7,242	5,086	(3,389)
Council controlled organisations	231	231	237
<b>Total income from activities</b>	<b>190,322</b>	<b>188,914</b>	<b>164,125</b>
<b>Expenditure</b>			
Community and Services	9,651	7,292	7,170
Civil Defence Emergency Management	3,978	3,279	3,093
Emergency management	3,016	2,457	4,138
Flood Control and Protection Works	31,008	25,990	26,954
Integrated Catchment Management	38,595	39,482	33,739
Regional Transport Connections	44,583	49,813	40,646
Resource Use	21,550	22,059	19,954
Science, Policy and Information	30,250	31,413	26,211
Corporate and self-funding	9,848	7,582	7,682
Council controlled organisations	170	231	116
<b>Total operating expenses</b>	<b>192,649</b>	<b>189,597</b>	<b>169,703</b>
<b>Net Total</b>	<b>(2,327)</b>	<b>(683)</b>	<b>(5,578)</b>

The total number of rateable properties in the region in 2023 was 221,849 (2022: 217,533), the total capital value of rateable properties was \$244.7 billion (2022: \$217.7 billion) and the total land value of rateable properties was \$128.2 billion (2022: \$128.2 billion).

### 3 Rates revenue

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
General rates	60,639	55,176
<b>Total general rates revenue</b>	60,639	55,176
<b>Targeted rates attributable to activities</b>		
Biodiversity	1,076	1,077
Biosecurity	10,663	9,094
Permitted activity monitoring	1,591	1,394
River and catchment services	30,993	28,129
Public Transport	13,208	12,414
Stock Truck Effluent	82	47
Civil defence emergency management	2,535	2,448
Community partnerships	343	173
Regional Services	718	717
<b>Total targeted rates</b>	61,209	55,493
Less rates remissions	(490)	(408)
<b>Plus rate penalties</b>	1,451	1,106
<b>Total rates, excluding targeted water supply rates</b>	122,809	111,367

Revenue is measured at fair value.

#### 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. The council considers that the effect of payment of rates by instalment is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when the council has received an application that satisfies its rates remission policy.

Rates revenue is shown net of rates remissions. Waikato Regional Council's rates remission policies allow for the remission of the following rates.

- Land protected for biodiversity.
- Lake Taupō lakebed.
- Māori freehold land.
- Urban land in areas classified as rural, commercial or industrial.
- Biosecurity rate on fenced indigenous bush and wetland areas.
- Rating units with a capital value of \$1,000 or less.
- Sporting and recreational organisations.
- Community organisations.
- Undeveloped land, native bush or swamp areas charged the Waihou/Piako Catchment rate.

- Remission of rates due to financial hardship
- Public transport indirect benefit rates for properties with a capital value greater than \$5.0 million.
- Public transport direct benefit rate for properties without direct access to public transport services.

The council is required to disclose any rates that have been written off during the period of these financial statements by the Chief Executive under powers granted by section 90A and 90B of the Local Government (Rating) Act 2002. These powers came into force on 12 April 2021 through the Local Government (Rating of Whenua Maori) Amendment Act 2021. For the period covered by these financial statements \$348,000 was written off by the Chief Executive (2022: \$469,000).

### Non-rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates. The non-rating of non-rateable land does not constitute a remission under the council's rates remission policy.

The council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the council from other local authorities for services provided by that council for which those other local authorities rate. Annual rates revenue by this definition is as disclosed in the table above.

## 4 Fees and charges

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Compliance monitoring direct charges	2,115	1,942
Consent application fees	4,348	4,387
Consent holder charges	5,075	4,596
Other direct charges	1,848	3,168
<b>Total fees and charges</b>	<b>13,386</b>	<b>14,093</b>

### *Building and resource consent revenue*

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

## 5 Subsidies and grants

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Land transport government grants	24,227	19,626
Other grants	9,352	10,661
<b>Total subsidies and grants</b>	<b>33,579</b>	<b>30,287</b>

### *Land Transport Government grants*

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2022 nil).

Government grants are received from Waka Kotahi, which subsidises part of the cost of the provision of public transport services and development of transport policies and plans. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

### Other grants

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions 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.

## 6 Other revenue

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Public transport fare revenue	5,213	3,824
Rental	656	695
Royalties	224	66
Other revenue	7,850	6,276
<b>Total other revenue</b>	<b>13,943</b>	<b>10,861</b>

### Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

## 7 Finance revenue and expenses

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Interest revenue</b>		
Community loans	-	2
Statutory land charges	77	65
Term deposits and call accounts	1,807	506
Interest rate swaps	155	-
<b>Total interest revenue</b>	<b>2,039</b>	<b>571</b>
<b>Interest expense</b>		
Interest on borrowings	1,152	468
Interest rate swaps	31	296
<b>Total interest expense</b>	<b>1,183</b>	<b>764</b>

### Interest revenue

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

### Borrowing costs

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

## 8 Change in market value of investments

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<i>Unrealised gains on assets at fair value through surplus or deficit</i>		
Fixed interest	1,670	864
Equities	3,511	(7,083)
Property	(1,097)	847
Unrealised gain on revaluation of interest rate swaps	343	2,316
	4,428	(3,056)
<i>Realised gains on assets at fair value through surplus or deficit</i>		
Fixed interest	138	-
Equities	-	-
Property	-	-
	138	-
	4,566	(3,056)
Investment fund capital protection revenue	5,568	6,276
Net change in market value	(1,345)	(11,648)
Unrealised Gain on Interest rate derivatives	343	2,316
<b>Total change in market value of investments</b>	<b>4,566</b>	<b>(3,056)</b>

### *Financial risk management strategies*

Waikato Regional Council is exposed to financial risks associated with changes in the value of the financial instruments that comprise its investment fund. Waikato Regional Council is a long-term investor, and accepts that returns in any given year may vary from its long-term target return. Risk is managed through the use of a diversified portfolio of financial assets. The council also undertakes a regular review of the risk profile associated with the investment fund, and adjusts its asset allocation policy accordingly. Refer to note 23 for further information regarding council's financial instrument risks.

## 9 Exchange and non-exchange revenue

The total revenue from non-exchange transactions includes the revenue from rates, government grants, bus revenue, fines, fees and charges and other revenue. Total non-exchange revenue for the 2022/23 financial year is \$176.373 million (2022: \$159.517 million).

The total revenue from exchange transactions includes the revenue from interest, rental, royalties, fees and charges and investment revenue. Total exchange revenue for the 2022/23 financial year is \$13.948 million (2022: \$4.608 million).

## 10 Other expenses

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Insurance premiums	1,408	1,393
Subscriptions and levies	260	224
Debts written off	345	572
Impairment of receivables	126	(28)
Fees paid to auditors: Audit of Annual Report	215	163
Fees paid to auditors: Audit of debenture trust deed	7	7
Fees paid to auditors: Audit of LTP	-	38
Donations	9	4
Minimum lease payments under operating leases	3,816	3,140
Other operating expenses	86,449	68,361
Inventory consumption	628	670
Property, plant and equipment losses / (gains) on disposal	155	1,050
Councillors' remuneration: Meeting attendance fees and salary	1,070	1,093
Councillors' remuneration: Expenses	80	30
Investment fund management fees	369	356
Contracted services - pest control	733	815
Contracted services - buses	25,240	25,985
<b>Total other expenses</b>	<b>120,910</b>	<b>103,873</b>

## 11 Remuneration

	2022/23	2021/22
	\$	\$
<b>Chief Executive</b>		
Salary	361,060	341,670
Vehicle (value per contract)	17,506	16,816
<b>Total key management personnel remuneration</b>	<b>378,566</b>	<b>358,486</b>

### Elected representatives

	Salary	Travel time allowance	Total remuneration
	\$	\$	\$
<b>This Year</b>			
B Clarkson	55,261	-	55,261
R Cookson	51,773	499	52,272
M Downard	50,030	8,120	58,150
B Dunbar-Smith	44,798	610	45,408
C Graf	50,029	120	50,149
K Hodge	70,718	160	70,878
C Hughes	50,030	52	50,082
S Kneebone	67,150	60	67,210
W Maher	51,773	3,980	55,753
T Mahuta	64,352	-	64,352
J Nickel	71,335	500	71,835
N Smith	48,285	190	48,475
P Storey	131,741	834	132,575
A Strange	67,150	240	67,390
*S Husband	21,306	328	21,634
*F Lichtwark	18,508	1,030	19,538
*A MacPherson	18,508	40	18,548
*B Quayle	47,093	150	47,243
*R Rimmington	18,508	-	18,508
*D Tegg	18,508	728	19,236
*H Vercoe	21,306	-	21,306
*K White	21,306	660	21,966
<b>Total</b>	<b>1,059,468</b>	<b>18,301</b>	<b>1,077,769</b>
<b>Last Year</b>			
K Hodge	86,228	240	86,468

S Husband	73,860	159	74,019
S Kneebone	73,860	75	73,935
F Lichtwark	64,160	630	64,790
A MacPherson	64,160	-	64,160
T Mahuta	64,160	-	64,160
J Nickel	73,860	19	73,879
B Quayle	86,880	150	87,030
R Rimmington	143,580	-	143,580
P Storey	73,860	572	74,432
A Strange	73,860	349	74,209
D Tegg	64,160	604	64,764
H Vercoe	73,860	450	74,310
K White	73,860	1,730	75,590
<b>Total</b>	<b>1,090,348</b>	<b>4,978</b>	<b>1,095,326</b>

Chair Pamela Storey had the full private use of a motor vehicle valued at \$3,624.61 from 15 November 2022. From 3 May 2023 Chair Storey has the full private use of a motor vehicle valued at \$4,961 (2022: \$0)

The figures presented above exclude mileage expenses paid to councillors.

### Employee remuneration

At balance date, the Council employed 548 (2022: 488) full-time employees, with the balance of staff representing 70 (2022: 55) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Total annual remuneration by band for employees as at 30 June:

	2022/23 Actual	2021/22 Last year
< \$60,000	81	91
\$60,000-\$79,999	189	161
\$80,000-\$99,999	155	141
\$100,000-\$119,999	110	93
\$120,000-\$139,999	52	43
\$140,000-\$159,999	21	10
\$160,000-\$179,999	11	14
\$180,000-\$199,999	7	3
\$200,000-\$279,999	8	7
\$280,000-\$359,999	1	1
<b>Total employees</b>	<b>635</b>	<b>564</b>

### Severance payments

For the year ended 30 June 2023 Waikato Regional Council made no severance payments (2022: no severance payments).

## 12 Employee benefit expenses

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Employee benefit expenses</b>		
Salaries and wages	55,622	51,978
Defined contribution plan employer contributions	1,577	1,461
Increase/(decrease) in employee benefit liabilities	60	93
<b>Total employee benefit expenses</b>	<b>57,259</b>	<b>53,532</b>

The impact of the actuarial valuation of long service leave and retirement gratuity liability has been to increase the employee benefit expense by \$30,000 in total (2022: \$300,000 decrease). The retirement gratuity liability increased by \$17,000 and the long service leave liability increased by \$13,000.

Employer contributions to defined contribution plans include contributions to KiwiSaver.

## 13 Current liabilities - employee benefits liabilities

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Current</b>		
Annual leave	4,167	4,206
Long service leave	289	311
Retirement gratuities	442	428
Sick leave	497	428
Other employee expenses	767	685
Accrued pay	1,092	792
<b>Total current portion</b>	<b>7,254</b>	<b>6,850</b>

### *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, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

### *Presentation of employee entitlements*

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### **Superannuation schemes**

#### *Defined contribution schemes*

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

## **14 Non-current liabilities - employee benefits liabilities**

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Non-current</b>		
Long service leave	1,974	1,939
Gratuities	314	311
<b>Total non-current</b>	<b>2,288</b>	<b>2,250</b>

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary growth rate. Any changes in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary growth assumed for an employee is the salary inflation component plus the promotional salary scale for that employee's age. The 10 year discount rate of 4.94 per cent (2022: 4.31 per cent) and a long-term salary growth rate of 1.93 per cent (2022: 1.76 per cent) was used.

#### *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 estimated future cash flows.

## 15 Related party transactions

### Transactions with key management personnel

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Waikato Regional Council (such as the payment of rates).

Key management personnel include the council Chair, councillors, Chief Executive and other senior management personnel.

	2022/23 Actual	2021/22 Last year	2022/23 Actual	2021/22 Last year
			\$'000	\$'000
<i>Councillors</i>			-	-
Remuneration			1,078	1,095
Full-time equivalent members	14	14	-	-
<i>Senior management team, including the Chief Executive</i>			-	-
Remuneration and post-employment benefits			1,886	1,791
Full-time equivalent members	7	7	-	-
<b>Balance at 30 June</b>			2,964	2,886
<b>Total full-time equivalent personnel</b>	21	21		

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

Transactions between Waikato Regional Council and Waikato Local Authority Shared Services Ltd and Regional Software Holdings Ltd have been treated as related party transactions.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2022 nil).

## 16 Tax

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Components of tax expense</b>		
<b>Current tax expense</b>	-	-
Adjustment to current tax in prior years	-	-
Deferred tax liability	-	-
Net surplus (deficit) before tax	(2,327)	(5,576)
Tax at 28%	(652)	(1,561)
Plus (less) tax effect of:		
Non-deductible expenditure	652	1,561
<b>Non-taxable revenue</b>	-	-
<b>Add: Revenue taxable to council</b>	-	-
Less: Expenses deductible to council	-	(1)
Less: Tax expense over/understated prior period	-	-
<b>Less: Payments reclassified to other expenditure</b>	-	-
<b>Tax loss not recognised</b>	-	1
<b>Tax expense</b>	-	-

Generally local authorities are exempt from income tax, except for any revenue derived from any Council Controlled Organisation or port activity as per the Income Tax Act 2007.

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

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the council expects to recover or settle the carrying amount of its assets and liabilities.

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 surpluses 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 is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

## 17 Other gains/(losses)

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Gain/(loss) on changes in fair value of biological assets	47	63
Gain/(loss) on changes in fair value of other investments	(456)	(456)
Gain/(loss) on changes in fair value of property, plant and equipment	-	-
Unrealised loss on revaluation of interest rate swaps	-	-
<b>Total</b>	<b>(409)</b>	<b>(393)</b>

## 18 Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Surplus/(deficit)</b>	<b>(2,327)</b>	<b>(5,576)</b>
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation expense	12,888	11,139
Assets adjustments relating to disposals	174	-
Other gains and losses	346	393
Bad and doubtful debts	547	(56)
(Gains)/losses on derivative financial instruments	(343)	(2,316)
<b>Total non-cash items</b>	<b>13,612</b>	<b>9,160</b>
<b>Add/(less) items classified as investing or financing activities:</b>		
Change in market value of investments	(4,223)	5,372
Net loss/(gain) on disposal of property, plant and equipment	155	1,050
<b>Total items classified as investing or financing activities</b>	<b>(4,068)</b>	<b>6,422</b>
<b>Add (less) items movements in working capital items</b>		
Creditors and other payables	5,292	(3,552)
Current employee entitlements	404	98
Non-current employee entitlements	(38)	(331)
Prepayments	(737)	(509)
Work in progress and inventory	357	(563)
Debtors and other receivables	(1,963)	(4,933)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>10,532</b>	<b>216</b>

## 19 Cash and cash equivalents

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Cash at bank and in hand	10,721	2,834
Term deposits maturing three months or less from date of acquisition	8,000	-
Total cash and cash equivalents	18,721	2,834

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The reported balance includes \$1.698 million (2022 \$1.523 million) which is held on behalf of other parties that Waikato Regional Council is administering. Funds are paid out once expenditure is approved by the relevant party.

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## 20 Other financial assets

The methods and assumptions used to estimate the fair value of each class of financial instrument, for which it is practical to estimate that value, are as follows.

### Investment fund and term deposits

The carrying amount of these items is approximately equivalent to the fair value.

### Interest rate risk

In making its investments, the council adopts a conservative risk profile, while aiming to maximise its returns. The range of interest rates receivable on financial instruments at 30 June 2023 range from 2.30 - 6 per cent. (2022: 0.86 - 1.90 per cent)

### Collateral

The council does not require collateral or other security to support financial instruments subject to credit risk.

### Currency risk

The council enters into foreign currency forward exchange contracts to hedge foreign currency transactions. Any exposure to gains or losses on these forward contracts is generally offset by a related loss or gain on the item being hedged. Gains and losses on contracts which hedge specific short-term foreign currency denominated commitments are recognised as a component of the related transaction in the period in which the transaction is completed.

## Foreign currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are included in the statement of comprehensive revenue and expense.

## Investment fund

The investment fund is invested with a number of fund managers whose performance is monitored by Mercer (N.Z.) Ltd who provide investment strategy advice to the council. At 30 June 2023 the investment fund was invested with the following fund managers:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Equity</b>		
Harbour Asset Management (Trans Tasman)	7,524	6,999
Macquarie (AMP Capital) - Hedged	9,545	8,318
Stewart Investors (Colonial First State) - Unhedged	9,412	7,795
Net book amount	26,481	23,112
<b>Fixed Interest</b>		
Macquarie (AMP Capital) (Cash)	23,375	25,017
Fisher Funds (Global bonds)	21,447	21,004
Term deposits managed internally	10,546	10,143
Harbour NZ Short Duration	9,745	9,348
Net book amount	65,113	65,512
<b>Property</b>		
Fisher NZ Direct Property	5,381	6,321
First Sentier (Colonial First State) (\$NZ)	5,268	5,496
Net book amount	10,649	11,817
<b>Total Net book amount</b>	<b>102,243</b>	<b>100,441</b>

At 30 June 2023, the following investments were held by the council's fund managers.

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Listed securities - held for trading</b>		
NZ local authority investments	3,432	3,629
NZ Government guaranteed investments	7,055	6,703
Corporate investments	14,633	16,585
NZ cash/short term deposits	19,041	18,329
Overseas bonds	21,447	21,625
Equity investments	31,252	27,868
Property	5,381	5,702

Net book amount	102,243	100,441
<b>Other Investment</b>		
Term deposits with maturities greater than 3 months	6,500	20,405
NZ Local Government Insurance Corporation shares	20	20
Other investments	-	-
Net book amount	6,520	20,425
<b>Investments in CCO</b>		
Integrated Regional Information System shares	774	1,230
NZ Local Government Funding Agency Ltd (LGFA) - borrower notes	481	418
Net book amount	1,255	1,648
<b>Total Financial Assets</b>		
Financial assets (investment fund)	102,243	100,441
Other investments	7,775	22,073
	110,019	122,514

The Council has an 11 per cent holding in Regional Software Holdings Limited (RSHL). There are nine shareholding Council's each with an equal share. There are 8 RSHL Board members, who are elected and retire by rotation. The original six participating Council's retain their relative shares in the Integrated Regional Information System (IRIS) software. Waikato Regional Council has a 32 per cent holding in the IRIS software. RSHL operates on a cost recovery basis with the participating shareholders and there will be no distributable profits retained in the business. Given the governance structure of RSHL and the nature of its activities, Council do not believe they hold "significant influence" and accordingly has not accounted for the RSHL investment as an associate.

### Borrower notes

Borrower notes are required to be held by each local authority that borrows from LGFA. The borrower notes are amounts equal to 1.6% of \$16 million (\$256,000) and 2.5% of \$9 million (\$225,000) of council's borrowing from LGFA. The borrower notes are repaid to council as the underlying debt matures.

2022/23 Actual	2021/22 Last year
\$'000	\$'000

The Council's investments are included in the balance sheet as follows:

<b>Current portion</b>		
Term Deposits	6,500	20,405
<b>Non-current portion</b>	-	-
Financial assets (investment fund)	102,243	100,441
NZ Local Government Insurance Corporation shares	20	20
Investments in CCOs	1,255	1,648
	110,018	122,514

It is the council's intention to continue to hold the investment fund as a non-current asset. Individual assets held by the fund managers have maturity periods as follows:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
0-1 year	22,574	22,440
1-3 years	15,475	15,513
Greater than three years	32,942	34,587
No specified maturity date	31,252	27,901
	102,243	100,441

The Maturity profile of other investments held by council is as follows:

0-1 year	6,596	20,517
1-3 years	139	128
Greater than three years	246	178
No specified maturity date	794	1,250
	7,775	22,073

## Fair value

### *Unlisted investments*

The fair value of the investment in NZ Government Insurance Corporation Limited is \$20,000 (2022: \$20,000).

The fair value of council's equity investment in Waikato Local Authority Shared Services Limited has not been disclosed however its fair value will not differ materially from the carrying value.

The fair value of council's equity investment in Regional Software Holdings Limited has not been disclosed however its fair value will not differ materially from the carrying value.

### *Other 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 (FVTOCRE); and
- fair value through surplus or deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the 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'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 or FVTOCRE are subsequently measured at FVTSD. However, the Council 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 (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, 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 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. Debt instruments in this category are the Council's listed bonds.

Financial assets in this category that are equity instruments designated as 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 designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

### Expected credit loss allowance (ECL)

The Council 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 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 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's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council 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. Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

### 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.

Council has derivatives and financial assets in this category.

### Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (including term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (including shares and listed bonds).

The main differences for the prior year policies are:

- impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators that asset is impaired.
- impairment losses on shares were recognised in the surplus or deficit.
- for shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

### Credit risk, including ECLs

Term deposits - Council considers there has not been significant increase in credit risk for investments in term deposits because the banks continue to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments. No ECL has been recognised for term deposits as the loss allowance is trivial.

Other financial assets - expected credit losses measure for other financial assets are trivial. They are low-risk and Council has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition. Council does not hold any collateral for any of its loan assets.

## 21 Investment policy

The council delegates responsibility for the management, monitoring and reporting of its investment activities to its Finance and Services Committee and Finance and Business Services directorate. A treasury policy document sets out the parameters for the operation of the Finance and Business Services directorate and the volume of investments that the council will be involved with. The mix of investments between current and non-current is determined according to the council's working capital needs.

The council's investment fund made a return of \$4.223 million against an Annual Plan budgeted return of \$4.584 million reflecting market volatility over the year. The council continues to take external advice as to changes to be made to any asset class mix.

For the investment fund, excluding amounts held in the Harbour NZ short duration fund (the long term portfolio), the Council has a Strategic Asset Allocation for investments under management of 60 per cent growth (equities and real assets) and 40 per cent income assets (fixed interest and cash). This is considered a prudent policy to maintain the real value of the capital of the fund firstly, and then to provide sufficient returns to meet the council's distribution policy for returns. The Harbour NZ short duration fund is wholly invested in income assets (fixed interest and cash) which is considered a prudent policy to protect the capital value of funds set aside for Regional Development Portfolio projects. The council continues to take external advice as to changes to be made to any asset class mix.

## 22 Treasury risk management policy

The council's Treasury Risk Management Policy was updated in January 2021. This policy ensures that the council's debt and associated risks are maintained at prudent levels.

There are no significant variations or material departures from the council's Liability Management Policy.

## 23 Financial instruments

In accordance with the transitional provisions in PBE IPSAS 41, Council has elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Council's accounting policies are:

- Note 24 – Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 20 – Other financial assets – This policy has been updated to reflect:
  - the new classification categories;
  - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
  - the removal of impairment loss considerations for equity investments at FVTOCRE.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to credit risk.

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

On the date of initial of application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

Financial Asset	Measurement Classification		30 June 2022	1 July 2022	Adoption adjustment	
	PBE IPSAS 29	PBE IPSAS 41	\$'000	\$'000	\$'000	
Cash and cash equivalent	Loans and receivables	Amortised cost	2,834	2,834	-	
Receivables	Loans and receivables	Amortised cost	20,902	20,902	-	
Term Deposits	Loans and receivables	Amortised cost	20,405	20,405	-	
Investment fund	FVTSD	FVTSD	100,441	100,441	-	
Investment in IRIS	FVTOCRE	FVTOCRE	1,230	1,230	-	
Borrower Notes	FVTOCRE	Amortised cost	418	436	18	
Unlisted shares	FVTOCRE	FVTOCRE	20	20	-	
Derivative financial instruments - not hedge accounted	Loans and receivables	FVTSD	1,148	1,037	-	111

### Additional information in relation to subsequent measurement classification assessment

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

Council has assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to collect, except for Council's listed bond portfolio which are held to collect and sell in accordance with Council's Treasury Management Policy to meet capital requirements.

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

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

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

#### (a) Financial instrument categories

Assets	Amortised costs (2022: Loans and receivables)	Fair value through other comprehensive revenue	Fair value through surplus or deficit	Total
	\$'000	\$'000	\$'000	\$'000

##### 30 June 2023

Cash and cash equivalent	18,721	-	-	18,721
Receivables and prepayments	25,767	-	-	25,767

##### Other financial assets:

Term Deposits	6,500	-	-	6,500
Investment fund	-	-	102,243	102,243
Investments in CCOs	-	1,255	-	1,255
Unlisted shares	-	20	-	20
Derivative financial instruments - not hedge accounted	1,490	-	-	1,490
<b>Total</b>	<b>52,478</b>	<b>1,275</b>	<b>102,243</b>	<b>155,996</b>

##### 30 June 2022

Cash and cash equivalent	2,834	-	-	2,834
Receivables and prepayments	23,067	-	-	23,067

##### Other financial assets:

Term Deposits	20,405	-	-	20,405
Investment fund	-	-	100,441	100,441
Investments in CCOs	-	1,648	-	1,648
Unlisted shares	-	20	-	20
Derivative financial instruments - not hedge accounted	1,148	-	-	1,148
<b>Total</b>	<b>47,454</b>	<b>1,668</b>	<b>100,441</b>	<b>149,563</b>

Liabilities	Liabilities at fair value through surplus or deficit	Measured at amortised cost	Total
	\$'000	\$'000	\$'000

##### 30 June 2023

Payables and accruals	-	32,556	32,556
Borrowings secured loans	-	30,390	30,390

Total liabilities	-	62,946	62,946
<b>30 June 2022</b>			
Payables and accruals	-	27,264	27,264
Derivative financial instruments - not hedge accounted	2	-	2
Borrowing secured loans	-	25,119	25,119
Total liabilities	2	52,383	52,385

## (b) Market risk

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The investment fund is a fully hedged asset apart from the Stewart Investors Fund (30 June 2023 AUD \$8,662,384 converted to NZD \$9,411,543: exchange rate NZD/AUD: 0.9204). (30 June 2022 AUD \$7,047,924 converted to NZD \$7,794,652: exchange rate NZD/AUD: 0.904)

The council purchases plant and equipment associated with the construction of certain infrastructure assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means that the council is able to fix the New Zealand dollar amount payable prior to the delivery of the plant and equipment from overseas.

### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through surplus and deficit. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the council's investment portfolio in accordance with the limits set out in the council's investment policy.

### 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.

If interest rates on the council's fixed interest financial instruments at 30 June 2023 had fluctuated by plus or minus 0.5 per cent, the effect would have been to decrease/increase the fair value through comprehensive revenue reserve by \$384,000 (2022:\$331,000).

Borrowings issued at fixed rates of interest expose council to interest rate risk. The council's Treasury Risk Management Policy sets a range of control limits for the fixed rate proportion of borrowings with different maturities. The range is from a maximum of 60 per cent for debt maturing in any one period with a 15 per cent minimum placed on 0-3 years and 3-5 years periods.

## Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Generally, the council raises long term borrowing at floating rates and swaps them into fixed rates using interest rate swaps to manage the cash flow interest rate risk. The council enters into interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the council borrowed at fixed rates directly. Under the interest rate swaps, the council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

## Sensitivity analysis

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

30 June 2023	Interest rate risk			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
	\$'000	\$'000	\$'000	\$'000
<b>Interest rate risk</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(187)	-	187	-
Derivatives - non hedge accounting	(720)	-	678	-
<b>Total sensitivity</b>	<b>(907)</b>	<b>-</b>	<b>865</b>	<b>-</b>

30 June 2023	Equity price risk			
	-100bps		+100 bps	
	Surplus	Equity	Surplus	Equity
<b>Equity price risk</b>				
<b>Financial assets</b>				
Other financial assets	(258)	-	258	-
<b>Total sensitivity to equity price risk</b>	<b>(258)</b>	<b>-</b>	<b>258</b>	<b>-</b>

30 June 2022	Interest rate risk			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
<b>Interest rate risk</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(28)	-	28	-
Derivatives - non hedge accounting	(872)	-	802	-
<b>Total sensitivity</b>	<b>(900)</b>	<b>-</b>	<b>830</b>	<b>-</b>

30 June 2022	Equity price risk			
	-100bps		+100bps	

Equity price risk	Surplus	Equity	Surplus	Equity
<b>Financial assets</b>				
Other financial assets	(231)	-	231	-
<b>Total sensitivity to equity price risk</b>	(231)	-	231	-

### Explanation of sensitivity analysis

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 100 bps is equivalent to a decrease in interest rates of 1 per cent.

Cash and cash equivalents include deposits at call totalling \$14.721 million (2022: \$2.834 million) which are at floating rates. A movement in interest rates of plus or minus 100bps (1.0 per cent) has an effect on interest revenue of \$147,000 (2022 \$28,000)

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2022 -100bps/+100bps).

### (c) Credit risk

Credit risk is the risk that a third party will default on its obligation to Waikato Regional Council, causing the council to incur a loss.

Council is exposed to credit risk as a guarantor of all of Local Government Funding Agency's (LGFA) borrowings. Information about this exposure is explained in note 35.

The council has no significant concentrations of credit risk, 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 debts from ratepayers.

Waikato Regional Council invests funds only in deposits with registered banks and local authority stock. Its investment policy limits the amount of credit exposure to any one institution or organisation.

Other than other local authorities, the council only invests funds with those entities which have a Standard and Poor's credit rating of at least A2 for short-term and A- for long-term investments. Accordingly, the council does not require any collateral or security to support these financial instruments.

### Maximum exposure to credit risk

The council's maximum credit exposures for each class of financial instruments are as follows:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Cash at bank and term deposits	25,221	23,239
Debtors and other receivables	25,767	23,067
LGFA borrower notes	481	418
<b>Total credit risk</b>	<b>51,469</b>	<b>46,724</b>

## Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Counterparties with credit ratings</b>		
<b>Cash at bank and term bank deposits</b>		
AA	6,500	-
AA-	18,711	23,239
<b>Total</b>	<b>25,211</b>	<b>23,239</b>
<b>stock and government bonds</b>		
AAA	481	418
<b>Total</b>	<b>481</b>	<b>418</b>

Council has no financial assets with counterparties without credit ratings.

Debtors and other receivables mainly arise from Waikato Regional Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The council has no significant concentrations of credit risk in relation to debtors and other 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 debts from ratepayers.

### (d) Liquidity risk

Liquidity risk is the risk that Waikato Regional 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.

In meeting its liquidity requirements, the council maintains a target level of investments that must mature within the next 12 months.

The council has a sweep facility in place. A sweep facility is an automatic system that transfers funds between the current account and call account to improve cash management and maximise interest on funds. The council nominated a target balance for its current account of \$10,000. Once all debits and credits have been processed every night (with the exception of bank fees) the system automatically calculates the amount required to maintain the target balance. Funds are then moved out of the current account into the nominated call account or if the current account has an overdrawn balance the system will transfer funds back from the call account to retain the set balance of the current account.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2023 council had borrowed \$30 million (2022 \$25 million) and held borrower notes with a face value of \$481,000 (2022 \$418,000).

The council is also exposed to liquidity risk as a guarantor of all of 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 contained in note 35.

### Contractual maturity analysis of financial liabilities excluding derivatives

The table below analyses the council's financial liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
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						(assets) / liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	32,556	-	-	-	32,556	32,556
Secured borrowing	12,229	5,463	15,147	2,738	35,578	30,390
<b>Total financial liabilities</b>	<b>44,785</b>	<b>5,463</b>	<b>15,147</b>	<b>2,738</b>	<b>68,134</b>	<b>62,946</b>

30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets) / liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	27,264	-	-	-	27,264	27,264
Secured borrowing	7,114	6,203	7,774	5,869	26,960	25,119
<b>Total financial liabilities</b>	<b>34,378</b>	<b>6,203</b>	<b>7,774</b>	<b>5,869</b>	<b>54,224</b>	<b>52,383</b>

### Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the council's financial liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. the amounts disclosed are the contractual undiscounted cash flows.

30 June 2023	Liability carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net settled derivative liabilities	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2022</b>						
Net settled derivative liabilities	2	2	2	-	-	-
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Contractual maturity analysis of financial assets

The table below analyses the council's financial liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	18,721	-	-	-	18,721	18,721
Debtors and other receivables	25,767	-	-	-	25,767	25,767
Other financial assets:	-	-	-	-	-	-
- term deposits	6,500	-	-	-	6,500	6,500
Investment fund	25,869	14,518	30,594	31,262	102,243	102,243
Investment in CCO	96	107	228	824	1,255	1,255
Unlisted shares	-	-	-	20	20	20
<b>Total financial assets</b>	<b>76,953</b>	<b>14,625</b>	<b>30,822</b>	<b>32,106</b>	<b>154,506</b>	<b>154,506</b>

30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	2,834	-	-	-	2,834	2,834
Debtors and other receivables	23,067	-	-	-	23,067	23,067
Other financial assets:	-	-	-	-	-	-
- term deposits	20,405	-	-	-	20,405	20,405
Investment fund	33,280	5,620	33,584	27,957	100,441	100,441
Investment in CCO	113	96	112	1,328	1,649	1,649
Unlisted shares	-	-	-	20	20	20
<b>Total financial assets</b>	<b>79,699</b>	<b>5,716</b>	<b>33,696</b>	<b>29,305</b>	<b>148,416</b>	<b>148,416</b>

### (e) Fair value hierarchy disclosures

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

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – 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:

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2023	\$'000	\$'000	\$'000	\$'000
Derivatives	1,490	1,490	-	-
NZ local authority investments	3,432	3,432	-	-
Corporate investments	15,463	15,463	-	-
NZ cash/short term deposits	18,211	18,211	-	-
Overseas bonds	21,447	21,447	-	-
NZ Government guaranteed investments	7,055	7,055	-	-
Equity investments	31,252	31,252	-	-
Property	5,381	5,381	-	-
<b>Total financial assets</b>	<b>103,733</b>	<b>103,733</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Derivatives	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2022	\$'000	\$'000	\$'000	\$'000
Derivatives	1,148	1,148	-	-
NZ local authority investments	3,629	3,629	-	-
Corporate investments	16,585	16,585	-	-
NZ cash/short term deposits	18,329	18,329	-	-
Overseas bonds	21,625	21,625	-	-
NZ Government guaranteed investments	6,703	6,703	-	-
Equity investments	27,869	27,869	-	-
Property	5,701	5,701	-	-
<b>Total financial assets</b>	<b>101,589</b>	<b>101,589</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Derivatives	(2)	(2)	-	-
<b>Total financial liabilities</b>	<b>(2)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>

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

## 24 Receivables

2022/23 Actual	2021/22 Last year
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	\$'000	\$'000
<b>Exchange</b>		
<b>Net trade receivables</b>		
Other receivables	12,458	11,366
Provision for doubtful receivables	(763)	(661)
<b>Net debtors</b>	<b>11,695</b>	<b>10,705</b>
<b>Receivables from exchange transactions</b>	<b>11,695</b>	<b>10,705</b>
<b>Non-exchange</b>		
Rates receivables	8,640	7,958
Other receivables	3,368	3,049
Related party receivables	-	4
Provision for doubtful receivables	(838)	(814)
<b>Net debtors</b>	<b>11,170</b>	<b>10,197</b>
<b>Receivables from non-exchange transactions</b>	<b>11,170</b>	<b>10,197</b>
<b>Total receivables</b>	<b>22,865</b>	<b>20,902</b>

## Fair value

Receivables are measured at their face value, less any provision for impairment.

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

## Impairment

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

Council applied 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 expenditure, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with 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. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

## Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

The fair value of receivables past due and impaired is as follows:

The fair value of receivables past due and impaired is as follows:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Past due > 120 days	5,998	5,165
Less impairment	(1,601)	(1,475)
Balance as at 30 June	4,397	3,690

The ageing profile of gross receivables not impaired is as follows:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Not past due	17,435	14,811
Past due 1-60 days	1,135	2,281
Past due 61-120 days	(101)	120
Balance as at 30 June	18,468	17,212
Grand total	22,865	20,902

Waikato Regional Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. All receivables greater than 30 days in age are considered to be past due.

There is no concentration of credit risk with respect to receivables as the council has a large number of customers.

The impairment provision has been calculated based on expected losses for Waikato Regional Council's pool of debtors. Expected losses have been determined based on an analysis of Waikato Regional Council's losses in previous periods, and a review of specific debtors.

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Individual impairment	-	-
Collective impairment	1,601	1,475
Total provision for impairment	1,601	1,475

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Movement in the provision for impairment of receivables is as follows:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
At 1 July	1,475	1,503
Additional provisions made during the year	471	544
Receivables written off during the period	(345)	(572)
<b>Total gross trade receivables</b>	<b>1,601</b>	<b>1,475</b>

The council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## 25 Property, plant and equipment

### Change in accounting estimate

As part of the revaluation of infrastructure assets for 31 December 2022, Council has worked closely with the external valuer, BECA, to ensure the unit rates used as the basis of the valuation accurately reflected the most up to date contract data. Economic impacts over the past few years have resulted in these revised unit rates being significantly higher than those used in the 2019 infrastructure revaluation. While a desktop revaluation undertaken at 30 June 2022 resulted in an increase of \$73.2 million in the value of these assets, the detailed review of market data and the resulting unit rates that determine asset values through the triennial revaluation provides a more reliable estimate of the impact of these economic conditions on the anticipated costs to replace the associated assets.

The effect of the revaluation in the current period is a significant increase in the infrastructure asset (excluding land) values of \$360.100 million.

	Cost / revaluation \$'000	Accumulated depreciation and impairment charges	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Depreciation /Impairment \$'000	Write back depreciation on disposal/ valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 23 \$'000	Accumulated depreciation and impairment charges 30 June 23 \$'000	Carrying amount 30 June 23 \$'000
<b>2022/23</b>												
<b>Operational assets</b>												
<u>At cost &amp; valuation</u>												
Land	995	-	995	-	-	-	-	-	-	995	-	995
Buildings	2,509	(235)	2,273	20	(4)	(26)	(57)	-	(241)	2,254	(288)	1,965
Leasehold improvements	6,997	(558)	6,439	-	(3)	30	(476)	-	-	7,023	(1,034)	5,989
Vehicles	4,653	(2,417)	2,237	570	(249)	-	(583)	183	-	4,975	(2,817)	2,158
Plant and equipment	8,751	(4,348)	4,403	3,968	(989)	-	(932)	902	-	11,730	(4,378)	7,352
Computer Equipment	7,620	(5,556)	2,064	796	(1,701)	-	(844)	1,656	-	6,714	(4,745)	1,969
Office furniture and fittings	2,152	(443)	1,709	-	(7)	42	(309)	7	-	2,187	(745)	1,442

Total operational assets	33,677	(13,557)	20,120	5,354	(2,953)	46	(3,202)	2,747	(241)	35,878	(14,007)	21,871
<b>Infrastructural assets</b>												
<i>At cost &amp; valuation</i>												
Land	74,771	-	74,771	351	-	-	-	-	(418)	74,704	-	74,704
Bridges	1,804	(379)	1,425	-	-	1	(43)	-	136	1,941	(422)	1,518
Channels	44,717	(415)	44,302	-	-	(1)	(266)	-	23,755	68,451	(681)	67,770
Control gates	1,094	(479)	615	-	-	-	(83)	(1)	377	1,470	(562)	908
Culverts	1,992	(252)	1,740	19	-	2	(55)	-	1,945	3,958	(307)	3,651
Debris traps	239	(24)	215	-	-	-	(3)	-	(59)	180	(27)	153
Detentions	4,696	(797)	3,899	-	-	1	(86)	-	11,118	15,815	(883)	14,932
Drop structures	29	(10)	19	3	-	-	(2)	-	2	34	(12)	22
Fencing	4,060	(2,233)	1,827	-	-	(1)	(372)	-	400	4,459	(2,605)	1,854
Floodgates	42,440	(7,799)	34,640	398	(143)	-	(1,353)	22	7,752	50,447	(9,130)	41,317
General structures	3,163	(1,039)	2,124	-	-	-	(193)	-	2,487	5,650	(1,232)	4,418
Plantings	304	-	304	-	-	(1)	-	-	57	361	-	361
Pump stations	59,143	(13,669)	45,474	440	(38)	-	(2,365)	85	12,568	72,113	(15,949)	56,164
Retaining structures	15,084	(3,706)	11,378	-	-	-	(326)	-	(5,294)	9,790	(4,032)	5,759
River training works	2,581	(245)	2,335	26	-	(1)	(39)	-	680	3,286	(284)	3,002
Stopbanks	386,409	(16,492)	369,917	17	-	-	(3,513)	57	303,667	690,093	(19,948)	670,145
Weirs	344	(29)	315	47	-	(1)	(8)	-	573	963	(37)	926
<b>Total</b>	<b>642,870</b>	<b>(47,568)</b>	<b>595,302</b>	<b>1,301</b>	<b>(181)</b>	<b>(1)</b>	<b>(8,708)</b>	<b>163</b>	<b>359,747</b>	<b>1,003,715</b>	<b>(56,111)</b>	<b>947,604</b>

**Work in progress**

- Bridges	1	-	1	-	-	-	-	-	-	-	-	1	-	1
- Channels	504	-	504	5	-	-	-	-	-	-	-	509	-	509
- Control gates	881	-	881	1,114	-	-	-	-	-	-	-	1,995	-	1,995
- Culverts	123	-	123	19	-	(19)	-	-	-	-	-	123	-	123
- Debris traps	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Detentions	25	-	25	-	-	-	-	-	-	-	-	25	-	25
- Drop structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Fencing	10	-	10	10	-	-	-	-	-	-	-	20	-	20
- Floodgates	916	-	916	868	-	(401)	-	-	-	-	-	1,386	-	1,386
- General structures	6	-	6	27	-	-	-	-	-	-	-	33	-	33
- Plantings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Pump stations	5,648	-	5,648	4,301	-	(440)	-	-	-	-	-	9,508	-	9,508
- Retaining structures	19	-	19	18	-	-	-	-	-	-	-	37	-	37
- River training works	2,637	-	2,637	772	(24)	(26)	-	-	-	-	-	3,359	-	3,359
- Stopbanks	6,258	-	6,258	3,317	-	(367)	-	-	-	-	-	9,207	-	9,207
- Weirs	65	-	65	1	-	(45)	-	-	-	-	-	20	-	20
<b>Total infrastructure work in progress</b>	<b>17,093</b>	<b>-</b>	<b>17,093</b>	<b>10,451</b>	<b>(24)</b>	<b>(1,299)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,223</b>	<b>-</b>	<b>26,223</b>

Total property, plant and equipment	693,640	(61,125)	632,515	17,106	(3,158)	(1,254)	(11,910)	2,910	359,506	1,065,816	(70,118)	995,698
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2021/22

	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers	Depreciation / Impairment	Write back depreciation on disposal / valuation	Revaluation	Cost / revaluation 30 June 22	Accumulated depreciation and impairment charges 30 June 22	Carrying amount 30 June 22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

**Operational assets**

At cost & valuation

Land	995	-	995	-	-	-	-	-	-	995	-	995
Buildings	2,461	(194)	2,267	59	-	(11)	(41)	-	-	2,509	(235)	2,274
Leasehold improvements	6,318	(49)	6,269	14	(295)	960	(509)	-	-	6,997	(558)	6,439
Vehicles	4,572	(2,068)	2,504	392	(311)	-	(575)	226	-	4,653	(2,417)	2,236
Plant and equipment	9,822	(4,951)	4,871	1,143	(1,417)	(797)	(792)	1,395	-	8,751	(4,348)	4,403
Computer Equipment	7,877	(5,393)	2,484	549	(783)	(23)	(945)	782	-	7,620	(5,556)	2,064
Office furniture and fittings	2,290	(198)	2,092	56	(65)	(129)	(310)	65	-	2,152	(443)	1,709
<b>Total operational assets</b>	<b>34,335</b>	<b>(12,853)</b>	<b>21,482</b>	<b>2,213</b>	<b>(2,871)</b>	<b>-</b>	<b>(3,172)</b>	<b>2,468</b>	<b>-</b>	<b>33,677</b>	<b>(13,557)</b>	<b>20,120</b>

**Infrastructural assets**

At cost & valuation

Land	61,412	-	61,412	-	-	-	-	-	13,359	74,771	-	74,771
Bridges	1,804	(335)	1,469	-	-	-	(44)	-	-	1,804	(379)	1,425
Channels	35,328	(247)	35,081	8	(25)	-	(168)	-	9,406	44,717	(415)	44,302
Control gates	1,067	(396)	671	41	(14)	-	(91)	8	-	1,094	(479)	615

Culverts	1,894	(216)	1,678	98	-	-	(36)	-	-	1,992	(252)	1,740
Debris traps	224	(21)	203	15	-	-	(3)	-	-	239	(24)	215
Detentions	4,567	(682)	3,885	131	(2)	-	(116)	1	-	4,696	(797)	3,899
Drop structures	17	(8)	9	12	-	-	(2)	-	-	29	(10)	19
Fencing	4,049	(1,906)	2,143	11	-	-	(327)	-	-	4,060	(2,233)	1,827
Floodgates	42,699	(6,533)	36,166	169	(428)	-	(1,309)	43	-	42,440	(7,799)	34,641
General structures	3,178	(892)	2,286	-	(15)	-	(147)	-	-	3,163	(1,039)	2,124
Plantings	304	-	304	-	-	-	-	-	-	304	-	304
Pump stations	54,982	(11,582)	43,400	5,285	(511)	-	(2,153)	66	(613)	59,143	(13,669)	45,474
Retaining structures	15,074	(3,252)	11,822	15	(5)	-	(458)	4	-	15,084	(3,706)	11,378
River training works	2,596	(209)	2,387	-	(15)	-	(36)	-	-	2,581	(245)	2,336
Stopbanks	333,068	(14,434)	318,634	3,200	(308)	-	(2,062)	4	50,449	386,409	(16,492)	369,917
Weirs	344	(25)	319	-	-	-	(4)	-	-	344	(29)	315
<b>Total</b>	<b>562,607</b>	<b>(40,738)</b>	<b>521,869</b>	<b>8,985</b>	<b>(1,323)</b>	<b>-</b>	<b>(6,956)</b>	<b>126</b>	<b>72,601</b>	<b>642,870</b>	<b>(47,568)</b>	<b>595,302</b>
<b>Work in progress</b>												
- Bridges	101	-	101	-	-	(100)	-	-	-	1	-	1
- Channels	472	-	472	-	(1)	33	-	-	-	504	-	504
- Control gates	268	-	268	716	(3)	(100)	-	-	-	881	-	881
- Culverts	34	-	34	58	-	31	-	-	-	123	-	123
- Debris traps	4	-	4	-	(4)	-	-	-	-	-	-	-
- Detentions	315	-	315	39	-	(329)	-	-	-	25	-	25
- Drop structures	-	-	-	-	-	-	-	-	-	-	-	-



## Infrastructural assets - further disclosures

30-June-2023	Additions		
	Closing book value	Additions: constructed by council	Most recent replacement cost estimate for revalued assets
	\$'000	\$'000	\$'000
<b>Infrastructural assets</b>			
Flood protection and control works	950,483	1,301	-
<b>Total infrastructural assets</b>	<b>950,483</b>	<b>1,301</b>	<b>0</b>

30-June-2022	Additions		
	Closing book value	Additions: constructed by council	Most recent replacement cost estimate for revalued assets
	\$'000	\$'000	\$'000
<b>Infrastructural assets</b>			
Flood protection and control works	595,302	8,985	623,311
<b>Total infrastructural assets</b>	<b>595,302</b>	<b>8,985</b>	<b>623,311</b>

Property, plant and equipment consists of:

Operational assets - these include land, buildings, plant and equipment, and motor vehicles.

Infrastructure assets - infrastructure assets are the flood protection and erosion control assets owned by Waikato Regional Council.

Operational land is measured at fair value, and buildings and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

### Work in progress

Included in the operational fixed asset balances as at 30 June 2023 is work in progress in the following asset classes: Buildings \$13,000 (2022 \$17,000), Vehicles \$224,000 (2022 \$218,000), Plant and equipment \$3,170,000 includes \$2,033,000 for constructing vessel, \$229,000 for the excavator (2022 \$617,000) and Information Technology \$160,000 (2022 \$179,000).

### Valuation

Land and buildings and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment 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 the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

## Operational land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

The most recent valuation was performed by P Smith, independent registered valuer of SGHU Valuations, and the valuation is effective as at 30 June 2021. The fair value of operational land and buildings was assessed as at 30 June 2023 by SGHU Valuations. An adjustment has been made to reflect this valuation.

## Operational buildings

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- the replacement asset is based on the replacement with modern equivalent 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 Property Institute of New Zealand cost information
- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates are applied to reflect market value.

The most recent valuation was performed by P Smith, independent registered valuer of SGHU Valuations, and the valuation is effective as at 30 June 2021. The fair value of operational land and buildings was assessed as at 30 June 2023 by SGHU Valuations. An adjustment has been made to reflect this valuation.

## Infrastructural assets

Infrastructural asset classes include the flood protection and drainage assets. These were valued at fair value using depreciated replacement cost because no reliable market data is available.

The most recent valuation was performed by independent valuer Andrew Liew of Beca Projects NZ Limited, and the valuation is effective as at 31 December 2022.

In valuing these assets, a number of assumptions were made especially relating to the attributes of the assets where this information was not held in the database. Some of this information was obtained by visual inspections by the valuers, checking design drawings were available or taking an average from other similar assets where the data was available. Given the long term nature of these assets, estimated useful lives need to be reviewed periodically as the assets age and more reliable data is gathered on actual expiry lengths of asset types. This is also reviewed by the evidenced deterioration of the asset through asset inspections and condition assessments. Values have been derived from the council's record of recent renewal or replacement project costs, the actual cost of recent new works and information held by the valuers for similar types of work. All of these works have been undertaken in a competitive market place. The depreciated replacement cost is estimated based on the age of the asset (in some cases this is an estimate) and the expected life of the asset.

Depreciated replacement cost is determined using a number of significant assumptions and estimates. Significant assumptions and estimates include:

- the replacement asset 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 Property Institute of New Zealand cost information
- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

## Infrastructural land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

The most recent valuation was performed by Chrissy Wright-Stow, independent registered valuer of QV Valuations, and the valuation is effective as at 31 December 2022.

## Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the council 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, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

## Subsequent costs

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 the cost of the item can be measured reliably.

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

## Disposals

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

No significant disposals have been made during 2023.

## Impairment

Impairment losses of \$Nil have been recognised by council during 2023 (2022: \$615,000).

## Collateral

No property, plant and equipment are pledged as security for liabilities, there are no restrictions on title.

## Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and drainage networks, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of asset depreciated	Estimated useful life (Years)
<i>Operational assets</i>	
Buildings	25-75
Leasehold Improvements	15
Motor vehicles	7.5
Computer equipment	4-5
Office furniture	7.5
Plant and Equipment	7.5-10

**Infrastructural Assets**

Bridges	50-100
Channels	100
Control gates	50
Culverts	50-80
Debris traps	100
Detentions	80
Drop structures	50-80
Fencing	30
Floodgates	20-999
General structures	20-80
Plantings	Not depreciated
Pump stations	20-80
Retaining structures	30-100
River training works	50-100
Stopbanks	20-155
Weirs	100

Class of asset depreciated	Estimated useful life (Years)
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**Operational assets**

Buildings	25-75
Leasehold Improvements	15
Motor vehicles	7.5
Computer equipment	4-5
Office furniture	7.5
Plant and Equipment	7.5-10

**Infrastructural Assets**

Bridges	50-100
Channels	100
Control gates	50
Culverts	50-80
Debris traps	100
Detentions	80
Drop structures	50-80
Fencing	30
Floodgates	20-999
General structures	20-80

Plantings	Not depreciated
Pump stations	20-80
Retaining structures	30-100
River training works	50-100
Stopbanks	20-155
Weirs	100

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

## 26 Intangible assets

	Computer software	Total
	\$'000	\$'000
<b>Year ended 30 June 2023</b>		
Opening net book amount	6,626	6,626
Additions	24	24
Disposals	(1,380)	(1,380)
Work in progress	(29)	(29)
Amortisation charge	(978)	(978)
Write back amortisation on disposal	1,337	1,337
<b>Closing net book amount</b>	<b>5,600</b>	<b>5,600</b>
Cost	13,435	13,435
Accumulated amortisation and impairment	(7,835)	(7,835)
<b>Net book amount</b>	<b>5,600</b>	<b>5,600</b>

	Computer software	Total
	\$'000	\$'000
<b>Year ended 30 June 2022</b>		
Opening net book amount	6,715	6,715
Additions	533	533
Disposals	(1,730)	(1,730)
Work in progress	390	390
Amortisation charge	(1,012)	(1,012)
Write back amortisation on disposal	1,730	1,730
<b>Closing net book amount</b>	<b>6,626</b>	<b>6,626</b>
Cost	14,821	14,821
Accumulated amortisation and impairment	(8,195)	(8,195)
<b>Net book amount</b>	<b>6,626</b>	<b>6,626</b>

Realised gains and losses arising from the disposal of intangible assets are recognised in statement of comprehensive revenue and expenditure in the year in which the disposal occurs.

#### **Software acquisition and development**

Acquired 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 associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense 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 and impairment***

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 that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	4 years
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Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An 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 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.

There are no restrictions over the title of intangible assets, nor are any intangible assets pledged as security for liabilities (2022: nil)

## 27 Forestry assets

Waikato Regional Council's forestry asset comprises approximately 78 hectares (2022 78 hectares) of Pinus radiata forest split between Ryan's block and Kuaioiti Forest. The Kuaioiti Forest was completely harvested during the 2020/21 year and had approximately 17 hectares replanted during 2021/22. The Ryan's Block remains unchanged with the plantations aged seven and eight years.

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Balance as at 1 July	177	113
Gains / (losses) arising from changes attributable to physical changes	47	64
Purchases	-	-
Sales	-	-
Harvest	-	-
Gains/(losses) arising from changes attributable to price changes	-	-
<b>Carrying amount at 30 June</b>	<b>224</b>	<b>177</b>

Standing forestry assets are independently revalued annually to fair value less estimated 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 pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs and takes into consideration environmental, operational and market restrictions. 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 statement of comprehensive revenue and expenditure.

Forestry maintenance costs are included in the surplus or deficit when incurred.

Carl Hanna, a member of New Zealand Institute of Forestry from Wood Marketing Services Ltd, has independently valued the forestry assets as at 30 June 2023. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- the forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis
- the value of the land has been treated as zero because forestry is currently the best use of the land from an environmental and management perspective. The planted forest is part of an integrated land use pattern that mitigates soil erosion.
- both buyer and seller are registered for GST and the impact on the transaction would be neutral.

*The following taxation assumptions are made in respect of the forest purchaser:*

- rate of taxation is 28 per cent
- tax losses and tax liability are assumed to be claimable/payable in the year costs are incurred or revenue received,
- a value of Cost of Bush Account equal to the estimated tree crop value is included in the cashflow to be deducted against future revenue,
- the forest is retained by the prospective purchaser through to maturity,
- the new ownership of the forest is effected by equity funding only,
- no change in the New Zealand tax law for the cashflow period considered.

## Financial risk management strategies

Waikato Regional Council is exposed to financial risks arising from changes in timber prices. The council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future and therefore has not taken any measures to manage the risks of a decline in timber prices. The council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## 28 Depreciation and amortisation expense by group of activity

Directly attributable depreciation and amortisation expense by group of activity were:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Community and services	2	-
Civil defence emergency management	23	38
Flood protection and control works	8,727	6,974
Integrated catchment management	2	2
Regional transport connections	1,121	1,122
Science, policy and information	2	-
Corporate and self funding	3,011	3,003
Total depreciation and amortisation expense	12,888	11,139

## 29 Asset insurance

As at 30 June 2023, the council held insurance contracts in relation to its property, plant and equipment, and Intangible Assets on the following basis:

- Total insurance contracts to the value of \$150 million in relation to operational assets and intangible assets having a book value of \$27.471 million (2022 \$26.748 million).
- Total insurance contracts to the value of \$300 million in relation to infrastructure assets having a book value of \$947.604 million (2022: \$539.795 million). These insurance contracts provide for the recovery of 40 per cent of the costs of loss or damage to declared assets. The council assumes that, in the event of a major disaster, Central Government will meet the other 60 percent of costs.
- An Insurance contract to the value of \$12 million in relation to infrastructure assets having a book value of \$947.604 million (2022: \$539.795). This insurance provides for the recovery of 100 per cent of the costs of loss or damage to declared assets in excess of the insurance policy deductible of \$500,000.

The council's infrastructure and material damage insurance policies are held collectively with other councils in the region. In the case of a major event affecting the assets of more than one council, the insurance cover would respond to costs incurred by all councils impacted up to the maximum level of cover.

In addition to the insurance contracts noted above, the council maintains disaster recovery reserves to meet the costs of damage to flood protection schemes that may not be recoverable through insurance (for example, costs associated with channel clearance). At 30 June 2023 the balance of these reserves was \$8.207 million (2022: \$8.148 million).

### 30 Inventories and work in progress

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<i>Inventory held for distribution</i>		
Raw materials at cost	1,372	1421
<i>Commercial inventories</i>		
<i>Inventory held for use in the provision of services</i>		
Work in progress	626	934
<b>Total inventory and work in progress</b>	<b>1,998</b>	<b>2,355</b>

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the first-in first-out (FIFO) method) 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 production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

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

Work in progress represents unbilled costs associated with consent processing and compliance monitoring. This balance is reduced as costs are invoiced and become a debtor.

### 31 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from the council's financing activities. In accordance with its treasury policy, the council does not hold or issue derivative financial instruments for trading purposes. The council has elected not to apply hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of forward foreign exchange derivatives is classified as non-current. The portion of the fair value of an interest rate derivative that is expected to be realised or settled within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

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

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Interest rate swaps</b>		
Interest rate swaps - current assets	16	-
Interest rate swaps - non current assets	1,474	1,148
Interest rate swaps - current liabilities	-	2
Interest rate swaps - non current liabilities	-	-
<b>Total net derivative financial instruments</b>	<b>1,490</b>	<b>1,146</b>

#### Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts totalled \$21 million (2022 \$23 million). The fixed interest rates of interest rate swaps varied from 2.41% to 2.98%.

The council currently has no fair value hedges.

### 32 Creditors and other payables

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Non-exchange</b>		
Funds held on behalf of third parties	1,627	1,918
<b>Total creditors and other payables from non-exchange transactions</b>	<b>1,627</b>	<b>1,918</b>
<b>Exchange</b>		
Trade payables	13,182	12,647
Deposits and bonds	50	38
Accrued expenses	6,889	4,211
Other payables	10,808	8,450
<b>Total creditors and other payables from exchange transactions</b>	<b>30,929</b>	<b>25,346</b>
<b>Total current creditors and other payables</b>	<b>32,556</b>	<b>27,264</b>

Short-term creditors and other payables are recorded at their face value. Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

### 33 Borrowing

#### Accounting policy

Borrowings are initially recognised at their fair value plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Secured borrowing	11,153	7,028
Total secured current interest bearing borrowings	11,153	7,028
<b>Total current portion</b>	<b>11,153</b>	<b>7,028</b>
Secured borrowing	19,237	18,090
Total secured non-current interest bearing borrowings	19,237	18,090
<b>Total non-current portion</b>	<b>19,237</b>	<b>18,090</b>
<b>Total secured interest bearing borrowings</b>	<b>30,390</b>	<b>25,118</b>

#### Interest terms for secured loans

Council's secured debt of \$30.390 million (2022 \$25.118 million) is issued at a mixture of floating rates, with interest rates reset quarterly based on the 90-day bank bill rate plus a margin for credit risk, and fixed rates of interest. Council has 10 swap contracts in place (2022: 11). These swap contracts have a notional value of \$21 million dollars (2022 \$23 million). The swaps convert part of council's borrowing from floating to fixed rates. The majority of swaps were put in place in the 2018/19 and 2019/20 financial years with three new swaps being entered into in the 2021/22 year. There was one swap maturity during the 2022/23 year.

At 30 June 2023 total borrowings from the Local Government Funding Agency Ltd were \$30 million (2022 \$25 million). The average cost of interest was 3.43 per cent (2022 3.06 per cent).

#### Security

The council's secured loans are secured over either targeted or general rates of the council.

#### Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

### 34 Capital commitments and operating leases

Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
<b>Capital commitments</b>		
Vehicles	1,721	65
Other plant and equipment	3,894	1046
Intangible assets	32	126
Flood protection and control	3,288	1,905
<b>Total capital commitments</b>	<b>8,935</b>	<b>3,142</b>

Capital commitments relate to property, plant, equipment and intangibles. There are no commitments at balance date for forestry assets.

#### Operating leases as lessee

Waikato Regional Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 12 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Not later than one year	3,272	3,570
Later than one year and not later than five years	12,146	12,765
Later than five years	23,552	30,240
<b>Total non-cancellable operating leases</b>	<b>38,970</b>	<b>46,575</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2022 \$nil).

Leases can be renewed at Waikato Regional Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on Waikato Regional Council by any of the leasing arrangements.

#### Operating leases as lessor

Waikato Regional Council sub-leases part of a property it leases. This sublease has a non-cancellable term of six years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Not later than one year	37	140
Later than one year and not later than five years	-	35
Later than five years	-	-

<b>Total non-cancellable operating leases</b>	37	175
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The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$36,577 (2022 \$175,000).

No contingent rents have been recognised during the period.

## Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense 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.

## 35 Contingent liabilities

### Unquantified claims

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

### Local Government Funding Agency

Waikato Regional Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AAA.

Council is one of 70 local authority guarantors of the LGFA as at 30 June 2023. The aggregate amount of uncalled shareholder capital (\$20 million) is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the council is a guarantor of all of LGFA's borrowings. At 30 June 2023, LGFA had borrowings totaling \$17.684 billion (2022 \$16.826 billion).

PBE Accounting Standards require the council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model - as fair value could not be reliably measured at initial recognition - and subsequently to recognise it at the higher end of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. Council has assessed the 12-month ECL of the guarantee liability, based on market information on the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, Council has not recognised this as a liability.

## 36 Equity

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Accumulated funds	212,877	220,754
Other reserves	874,149	508,999
<b>Balance at 30 June 2023</b>	<b>1,087,026</b>	<b>729,753</b>

### Accumulated funds

Balance at 1 July	220,753	221,239
Transfer to reserves	(5,549)	5,091
Surplus/(deficit) for the year	(2,327)	(5,576)
<b>Balance 30 June</b>	<b>212,877</b>	<b>220,754</b>

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$'000	\$'000	\$'000	\$'000

### 2023

Regional disaster recovery	Integrated catchment management; Flood protection and control works	4,588	1,115	(971)	4,732
Waihou Piako Scheme	Integrated catchment management; Flood protection and control works	130	9,395	(10,998)	(1,473)
Lower Waikato main channel	Flood protection and control works	2,402	-	(770)	1,632
Watershed	Integrated catchment management; Flood protection and control works	10,453	21,550	(20,570)	11,433
Coromandel	Integrated catchment management; Flood protection and control works	4,328	5,115	(5,431)	4,011
West coast	Integrated catchment management; Flood protection and control works	345	2,989	(2,763)	570
Zone disaster recovery	Integrated catchment management; Flood protection and control works	3,559	933	(1,017)	3,475
Drainage	Flood protection and control works	(1,289)	8,202	(7,879)	(967)
Civil defence	Civil defence	300	13,074	(13,188)	186
Natural heritage	Integrated catchment management	430	523	(692)	262
Biosecurity	Integrated catchment management	4,113	33,170	(34,203)	3,082
Environmental initiatives	Integrated catchment management	39	250	(217)	71
General	Community and services	832	4,058	(2,520)	2,369
Permitted activity monitoring	Resource use	487	1,310	(1,267)	528
Building Act contingency	Resource use	87	31	(28)	90

Complaints and enforcement	Resource use	72	-	-	72
Stock truck effluent	Science, policy and information	517	837	(676)	677
Public transport	Public transport	1,473	21,752	(19,680)	3,544
Integrated Regional Information System (IRIS)	Corporate (council controlled organisations)	348	51	(52)	348
Motor vehicle and plant	Corporate	901	4,304	(4,240)	967
Operational fixed asset depreciation	Corporate	747	400	(400)	747
Communications network	Corporate	550	-	-	550
Investment fund equalisation	Corporate (Treasury)	(1,128)	16,391	(20,906)	(5,643)
Investment fund capital protection	Corporate (Treasury)	19,368	14,042	(8,474)	24,936
Pathways to the sea	Flood protection and control works	58	-	(56)	3
Derivative Financial Instrument	Corporate	(130)	10,153	(8,534)	1,490
Shovel Ready Reserve	Integrated catchment management; Flood protection and control works	93	-	-	93
Hauraki plan change	Science, policy and information	93	-	-	93
Regional development fund	Science, policy and information	7,119	275	(550)	6,844
Contaminated Land Investigation	Science, policy and information	398	-	-	399
Resilient Development Reserve		-	20	-	20
Healthy rivers internal loan	Science, policy and information	-	3,543	(1,852)	1,691
		61,283	173,483	(167,934)	66,832

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$'000	\$'000	\$'000	\$'000

#### 2022

Regional disaster recovery	Integrated catchment management; Flood protection and control works	4,480	789	(681)	4,588
Waihou Piako Scheme	Integrated catchment management; Flood protection and control works	(809)	13,073	(12,134)	130
Lower Waikato main channel	Flood protection and control works	2,402	-	-	2,402
Watershed	Integrated catchment management; Flood protection and control works	8,793	18,078	(16,418)	10,453
Coromandel	Integrated catchment management; Flood protection and control works	3,831	4,201	(3,704)	4,328

West coast	Integrated catchment management; Flood protection and control works	184	3,016	(2,855)	345
Zone disaster recovery	Integrated catchment management; Flood protection and control works	3,475	635	(551)	3,559
Drainage	Flood protection and control works	(1,652)	7,999	(7,636)	(1,289)
Civil defence	Waikato civil defense and emergency management group	(187)	10,243	(9,756)	300
Natural heritage	Integrated catchment management	837	2,468	(2,875)	430
Biosecurity	Integrated catchment management	3,208	28,922	(28,017)	4,113
Environmental initiatives	Integrated catchment management	(1)	391	(351)	39
General	Community and services	1,484	766	(1,418)	832
Permitted activity monitoring	Resource use	428	2,000	(1,941)	487
Building Act contingency	Resource use	84	27	(24)	87
Complaints and enforcement	Resource use	72	-	-	72
Stock truck effluent	Science, policy and information	445	285	(213)	517
Public transport	Public transport	1,814	18,769	(19,110)	1,473
Integrated Regional Information System (IRIS)	Corporate (council controlled organisations)	389	211	(252)	348
Motor vehicle and plant	Corporate	748	689	(536)	901
Operational fixed asset depreciation	Corporate	1,247	-	(500)	747
Communications network	Corporate	550	-	-	550
Investment fund equalisation	Corporate (Treasury)	13,646	9,338	(24,112)	(1,128)
Investment fund capital protection	Corporate (Treasury)	13,092	7,508	(1,232)	19,368
Pathways to the sea	Flood protection and control works	136	77	(155)	58
Derivative Financial Instruments	Corporate (Treasury)	(1,170)	1,678	(638)	(130)
Shovel Ready Reserve	Integrated catchment management; Flood protection and control works	93	-	-	93
Hauraki plan change	Science, policy and information	93	-	-	93
Regional development fund	Science, policy and information	7,119	-	-	7,119
Contaminated Land Investigation	Science, policy and information	398	-	-	398
		65,229	131,163	(135,109)	61,283

	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
	\$'000	\$'000	\$'000	\$'000

**Asset revaluation reserve 2023**

Operational buildings	-	-	(241)	(241)
Operational Land	3,738	-	-	3,738

**Infrastructural assets**

- Bridges	858	136	-	994
- Channels	14,851	23,735	-	38,586
- Control gates	-	377	-	377
- Culverts	873	1,945	-	2,818
- Debris traps	178	-	(59)	119
- Detentions	3,047	11,118	-	14,165
- Drop structures	-	2	-	2
- Fencing	4,328	400	-	4,728
- Floodgates	28,411	7,758	-	36,169
- Land	58,120	-	(431)	57,689
- Plantings	114	57	-	171
- Pump stations	23,788	12,651	-	36,439
- Retaining structures	9,568	-	(5,294)	4,274
- River training works	493	680	-	1,173
- Stopbanks	297,704	303,708	-	601,412
- Structures	1,425	2,487	-	3,912
- Weirs	219	573	-	792
<b>Balance at 30 June</b>	<b>447,715</b>	<b>365,627</b>	<b>(6,025)</b>	<b>807,317</b>

	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
	\$'000	\$'000	\$'000	\$'000

**Asset revaluation reserve 2022**

Operational buildings	-	-	-	-
Operational Land	3,738	-	-	3,738

**Infrastructural assets**

- Bridges	858	-	-	858
- Channels	5,471	9,406	(26)	14,851
- Control gates	-	-	-	-
- Culverts	873	-	-	873
- Debris traps	178	-	-	178

- Detentions	3,047	-		3,047
- Fencing	4,328	-	-	4,328
- Floodgates	28,796	-	(385)	28,411
- Land	44,761	13,359		58,120
- Plantings	114	-	-	114
- Pump stations	24,847	(613)	(446)	23,788
- Retaining structures	9,570	-	(2)	9,568
- River training works	493	-	-	493
- Stopbanks	247,540	50,449	(285)	297,704
- Structures	1,425	-	-	1,425
- Weirs	220	-	(1)	219
<b>Balance at 30 June</b>	<b>376,259</b>	<b>72,601</b>	<b>(1,145)</b>	<b>447,715</b>

	2022/23 Actual	2021/22 Last year
	\$'000	\$'000
Balance 1 July	447,715	376,259
Revaluation adjustment	359,486	72,601
Transfer to accumulated funds on disposal of property	116	(1,145)
<b>Balance 30 June</b>	<b>807,317</b>	<b>447,715</b>

### Disaster recovery (regional and zone)

To provide funding to respond to natural disaster events, including the funding of insurance excesses.

#### Waihou Piako Scheme

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

#### Watershed (including lower Waikato main channel)

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

#### Coromandel

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

#### West coast

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

## Drainage

To recognise the difference between actual and budgeted expenditure in relation to the council's land drainage functions. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure

## Civil defence

To recognise the difference between actual and budgeted expenditure in relation to civil defence function. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure

## Natural Heritage

To recognise the difference between actual and budgeted natural heritage expenditure. Applications to the Natural Heritage fund occur in an ad hoc manner. Maintenance of a reserve ensures that funds can be accumulated across financial years, and made available once suitable applications for funding are received.

## Biosecurity

To recognise the difference between actual and budgeted biosecurity expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.

## Environmental Initiatives

To recognise the difference between actual and budgeted expenditure in relation to the Environmental Initiatives Fund. Expenditure from the Environmental Initiatives Fund is dependent on applications received each financial year. The use of a reserve ensures that unspent funds can be accumulated across financial years.

## General

To smooth the costs of the triennial elections over the three year term of the council.

## Permitted activity monitoring

To recognise the difference between actual and budgeted permitted activity monitoring expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.

## Building Act contingency

A legal contingency fund in relation to the council's responsibilities under the Building Act 2004. Waikato Regional Council acts as the consenting authority on behalf of a number of other local authorities.

## Complaints and enforcement

The compliance and enforcement reserve is held to manage variability in the annual revenue generated from this activity. While a budget provision for revenue recoveries is made, actual revenue received may vary from this amount due to matters outside of the control of the council.

## Stock truck effluent

To recognise the difference between actual and budgeted expenditure in relation to this activity.

## Public transport

To recognise the difference between actual and budgeted passenger transport expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve balance will be held at a level that provides some mitigation against increasing costs for these services. This reserve will also be used for the electronic ticketing system.

## Integrated Regional Information System (IRIS)

To allow funding for the IRIS project to be smoothed over the development period. The reserve is expected to be fully expended once the project is completed.

## Motor vehicle and plant

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of vehicle and plant capital expenditure.

## Computer

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of information technology capital expenditure.

## Operational fixed asset depreciation

To recognise the difference between budgeted and actual operational fixed asset depreciation. To ensure that depreciation funding is not applied to general council expenditure.

## Communications network

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of communications network capital expenditure.

## Investment fund equalisation

To provide a smoothing of the impact of variable investment fund returns over time. The investment equalisation reserve tracks the difference between the budgeted fund return and the actual fund return each year.

## Investment fund capital protection

To recognise the provision for the investment fund inflation proofing.

## Pathways to the sea

To hold funds set aside for the council's contribution to developing a strategy for the management of downstream fish passage impediments associated with council owned flood protection schemes in the Waikato region.

## Derivative financial instruments

To recognise the fluctuations in the value of derivative financial instruments. As financial instruments are held to maturity, movements in the value of the instruments are not realised.

## Shovel ready reserve

To recognise the difference between actual and budgeted revenue and expenditure in relation to shovel ready projects.

## Hauraki plan change

To track funding set aside for the development of the change to the Regional Plan for the Hauraki Catchment area.

## Regional Development Fund

To track funding set aside to form the council's regional development fund.

## Asset revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

## Resilient development reserve

To recognise the difference between actual and budgeted expenditure. Reserve funds will be applied to the resilient development operational expenditure

## Healthy Rivers Internal Loan

To allow the funding for costs incurred through the Healthy Rivers Wai Ora Implementation Plan to be spread over the agreed funding period.

## Accounting Policy

Equity is the community's interest in the council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- property revaluation reserves
- restricted reserves.

## Restricted reserves

The council created reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the council.

Restricted reserves include those subject to specific conditions accepted as binding by the council and which may not be revised by the council without reference to the courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

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

## Property revaluation reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

## 37 Capital management

The council's capital is its equity (or ratepayer's funds), which comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) 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 Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the council's assets but 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 ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act 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 Act sets out the factors the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and the levels of funding are set out in the funding and financial policies in the LTP.

Waikato Regional Council has the following council created reserves:

- reserves for different areas of benefit
- self-insurance reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the payers of general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by the council.

### 38 Compliance with the council's policies

The Local Government Act 2002 requires all local authorities to prepare the following policies and plans:

- long term plan
- revenue and financing policy
- treasury risk management policy (incorporating liability and investment management policies)
- development contributions or financial contributions policy
- remission and postponement of rates on Maori freehold land.

In addition, local authorities may adopt a rates remission policy and a rates postponement policy.

### 39 Events occurring after the balance sheet date

No significant events have occurred after balance date that would impact these financial statements.

### 40 Statements of service performance

Under the Local Government Act 2002, the council is required to report on its performance as it relates to measures established in the annual plan. Elements of cost, quality, quantity, timeliness and location (where applicable) must be built into each service performance area. These elements have been covered. Quality processes (which affect the quality of output) are also a standard feature of the internal management control systems, in particular as follows.

#### Preparation of internal reports

Internal reports are prepared by suitably qualified and experienced staff. Significant reports are subject to a peer review process/consultation review.

#### Capital works

Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers.

#### Maintenance works

Maintenance works are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with the maintenance programme.

#### Performance review

As part of the annual planning and reporting cycle, the organisation's performance is formally assessed by the council three times during the financial year. At these reviews, progress with the achievement of the performance measures stated in the Annual Plan is evaluated. Where circumstances have changed, adjustments are made to the budget through a resolution of the council.

# Ngā tahua ā-wāhanga | Group of activity funding impact statements

## Customer, community and services

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	6,121	6,228	6,155
Targeted rates	889	1,312	1,061
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	87
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	87	-
<b>Total operating funding (A)</b>	<b>7,009</b>	<b>7,626</b>	<b>7,303</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,639	5,356	6,847
Finance costs	130	178	24
Internal charges and overheads applied	2,092	2,140	2,778
Other operating funding applications	-	255	-
<b>Total applications of operating funding (B)</b>	<b>6,860</b>	<b>7,928</b>	<b>9,649</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>149</b>	<b>(302)</b>	<b>(2,346)</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	983	1,538	2,964
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>983</b>	<b>1,538</b>	<b>2,964</b>

<b>Applications of capital funding</b>			
Capital expenditure			

- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	1,132	1,236	618
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,132</b>	<b>1,236</b>	<b>618</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(149)</b>	<b>302</b>	<b>2,346</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
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### Waikato Civil Defence Emergency Management Group

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,449	2,492	2,535
Subsidies and grants for operating purposes	-	-	450
Fees and charges	759	766	942
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>3,208</b>	<b>3,258</b>	<b>3,927</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,317	2,349	2,893
Finance costs	-	-	-
Internal charges and overheads applied	868	888	1,062
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,185</b>	<b>3,237</b>	<b>3,955</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>23</b>	<b>21</b>	<b>(28)</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-

Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	23	21	(28)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>23</b>	<b>21</b>	<b>(28)</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(23)</b>	<b>(21)</b>	<b>28</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
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## Regional hazards and emergency response

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,601	1,818	1,867
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	217	587	58
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>1,817</b>	<b>2,404</b>	<b>1,925</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	974	1,432	1,246
Finance costs	-	-	-
Internal charges and overheads applied	844	973	1,770
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,817</b>	<b>2,404</b>	<b>3,016</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>-</b>	<b>-</b>	<b>(1,091)</b>

<b>Sources of capital funding</b>			
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Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	-	-	-

<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(1,091)
Increase (decrease) of investments	-	-	
<b>Total applications of capital funding (D)</b>	-	-	<b>(1,091)</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	-	-	<b>1,091</b>
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<b>Funding balance ((A-B)+(C-D))</b>	-	-	-
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## Flood protection and control works

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,868	3,239	3,235
Targeted rates	19,990	22,312	22,163
Subsidies and grants for operating purposes	-	-	3,096
Fees and charges	772	772	1,340
Internal charges and overheads recovered	4,818	4,917	4,966
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>28,448</b>	<b>31,240</b>	<b>34,800</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	12,388	12,913	14,297
Finance costs	327	664	75
Internal charges and overheads applied	10,105	10,345	12,741

Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>22,820</b>	<b>23,922</b>	<b>27,113</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5,628</b>	<b>7,318</b>	<b>7,687</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	7,078	5,081	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	17,377	10,259	2,449
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>24,456</b>	<b>15,341</b>	<b>2,449</b>

<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,930	4,062	-
- to replace existing assets	27,262	20,329	10,877
Increase (decrease) in reserves	(109)	(1,734)	(741)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>30,083</b>	<b>22,658</b>	<b>10,136</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5,628)</b>	<b>(7,318)</b>	<b>(7,687)</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
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## Integrated catchment management

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10,005	11,457	10,424
Targeted rates	18,639	20,376	20,651
Subsidies and grants for operating purposes	1,669	1,976	5,735
Fees and charges	6,261	5,908	2,740
Internal charges and overheads recovered	2,062	2,125	1,343
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	77
<b>Total operating funding (A)</b>	<b>38,636</b>	<b>41,842</b>	<b>40,970</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	29,633	31,442	30,136
Finance costs	(52)	(41)	(108)
Internal charges and overheads applied	10,456	10,854	9,894
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>40,037</b>	<b>42,255</b>	<b>39,922</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(1,401)</b>	<b>(413)</b>	<b>1,048</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	78	80	-
- to replace existing assets	-	-	296
Increase (decrease) in reserves	(1,479)	(493)	752
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(1,401)</b>	<b>(413)</b>	<b>1,048</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>1,401</b>	<b>413</b>	<b>(1,048)</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
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## Regional transport connections

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,615	1,718	1,869
Targeted rates	12,432	13,210	13,208

Subsidies and grants for operating purposes	21,813	29,080	24,226
Fees and charges	9,052	10,461	7,578
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>44,912</b>	<b>54,469</b>	<b>46,881</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	41,059	43,744	40,052
Finance costs	-	-	-
Internal charges and overheads applied	3,036	3,143	3,410
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>44,095</b>	<b>46,887</b>	<b>43,462</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>817</b>	<b>7,582</b>	<b>3,419</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,014	5,454	368
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(1,197)	2,128	3,051
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>817</b>	<b>7,582</b>	<b>3,419</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(817)</b>	<b>(7,582)</b>	<b>(3,419)</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
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## Resource use

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10,199	10,738	10,997
Targeted rates	1,443	1,560	1,591
Subsidies and grants for operating purposes	-	-	70
Fees and charges	7,848	8,240	8,359
Internal charges and overheads recovered	-	-	(1)
Local authorities fuel tax, fines, infringement fees, and other receipts	422	441	300
<b>Total operating funding (A)</b>	<b>19,912</b>	<b>20,978</b>	<b>21,316</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,531	12,143	11,919
Finance costs	120	165	183
Internal charges and overheads applied	8,649	9,268	9,447
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>20,300</b>	<b>21,575</b>	<b>21,549</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(388)</b>	<b>(597)</b>	<b>(233)</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	585	2,395	(319)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>585</b>	<b>2,395</b>	<b>(319)</b>

<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	200	1,801	2,133
- to replace existing assets	140	144	53
Increase (decrease) in reserves	(143)	(147)	(2,738)
Increase (decrease) of investments	-	-	-

<b>Total applications of capital funding (D)</b>	<b>197</b>	<b>1,798</b>	<b>(552)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>388</b>	<b>597</b>	<b>233</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Science, policy and information

	<b>2022 LTP (Amended) (\$000)</b>	<b>2023 LTP (Amended) (\$000)</b>	<b>2023 Actual (\$000)</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	23,888	26,126	26,406
Targeted rates	-	-	-
Subsidies and grants for operating purposes	0	0	-
Fees and charges	4,119	4,332	4,878
Internal charges and overheads recovered	155	155	155
Local authorities fuel tax, fines, infringement fees, and other receipts	750	750	750
<b>Total operating funding (A)</b>	<b>28,912</b>	<b>31,363</b>	<b>32,189</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	17,840	19,667	18,018
Finance costs	84	77	74
Internal charges and overheads applied	10,876	11,686	12,312
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>28,800</b>	<b>31,430</b>	<b>30,404</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>112</b>	<b>(67)</b>	<b>1,785</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(312)	(319)	(319)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(312)</b>	<b>(319)</b>	<b>(319)</b>

<b>Applications of capital funding</b>			
Capital expenditure			

- to meet additional demand	-	-	-
- to improve the level of service	951	732	
- to replace existing assets	711	1,370	668
Increase (decrease) in reserves	(1,862)	(2,487)	798
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(200)</b>	<b>(386)</b>	<b>1,466</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(112)</b>	<b>67</b>	<b>(1,785)</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
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### Corporate, self funding and other

	2022 LTP (Amended) (\$000)	2023 LTP (Amended) (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	254	682	647
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	1
Fees and charges	1,120	1,120	1,046
Internal charges and overheads recovered	41,088	43,321	46,951
Local authorities fuel tax, fines, infringement fees, and other receipts	3,989	4,134	5,409
<b>Total operating funding (A)</b>	<b>46,450</b>	<b>49,257</b>	<b>54,054</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	41,511	42,622	52,212
Finance costs	311	302	935
Internal charges and overheads applied	314	320	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>42,137</b>	<b>43,244</b>	<b>53,147</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,313</b>	<b>6,013</b>	<b>907</b>

<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	410	182	496
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-

Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>410</b>	<b>182</b>	<b>496</b>

<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	225	1,063	-
- to replace existing assets	1,701	1,610	1,793
Increase (decrease) in reserves	2,797	3,522	(390)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,723</b>	<b>6,195</b>	<b>1,403</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4,313)</b>	<b>(6,013)</b>	<b>(907)</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
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## Whole of council

	2022 Annual Plan (\$000)	2022 Actual (\$000)	2023 Annual Plan (\$000)	2023 Actual (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	56,550	55,874	61,652	61,599
Targeted rates	55,843	55,492	61,095	61,210
Subsidies and grants for operating purposes	23,483	25,603	26,211	33,579
Fees and charges	30,148	24,655	30,012	27,029
Interest and dividends from investments	4,739	(5,155)	5,034	5,893
Local authorities fuel tax, fines, infringement fees, and other receipts	422	299	441	643
<b>Total operating funding (A)</b>	<b>171,185</b>	<b>156,768</b>	<b>184,445</b>	<b>189,953</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	161,008	156,028	176,604	177,620
Finance costs	921	764	1,347	1,184
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>161,929</b>	<b>156,792</b>	<b>177,951</b>	<b>178,804</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>9,256</b>	<b>(24)</b>	<b>6,494</b>	<b>11,149</b>
<b>Sources of capital funding</b>				

Subsidies and grants for capital expenditure	7,078	4,684	5,258	-
Development and financial contributions	-		-	-
Increase (decrease) in debt	19,042	(7,048)	14,584	5,272
Gross proceeds from sale of assets	-	1,133	-	-
Lump sum contributions	-		-	-
Other dedicated capital funding	-		-	-
<b>Total sources of capital funding (C)</b>	<b>26,120</b>	<b>(1,231)</b>	<b>19,843</b>	<b>5,272</b>

<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	6,398	816	5,346	2,503
- to replace existing assets	29,814	9,312	19,063	13,689
Increase (decrease) in reserves	(837)	(11,383)	1,929	229
Increase (decrease) of investments	-		-	-
<b>Total applications of capital funding (D)</b>	<b>35,376</b>	<b>(1,255)</b>	<b>26,337</b>	<b>16,421</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(9,255)</b>	<b>24</b>	<b>(6,494)</b>	<b>(11,149)</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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# Te tāhura ā ahumoni me ngā ritenga matawhāit | Financial reporting and prudence regulations

## Annual report disclosure statement for the year ending 30 June 2023

### 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.

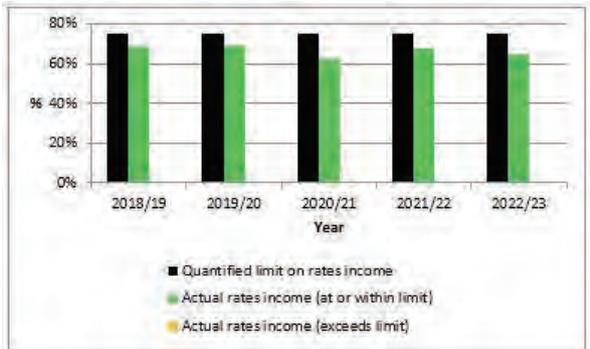
### Rates affordability benchmark

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.

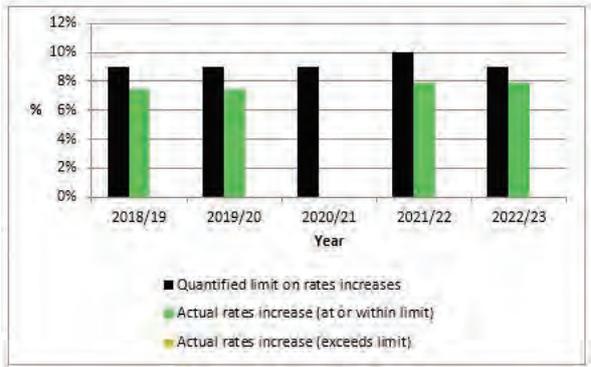
### Rates (income) affordability

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 that total rates revenue will comprise up to 75 per cent of the council's annual revenue requirements.



## Rates (increases) affordability

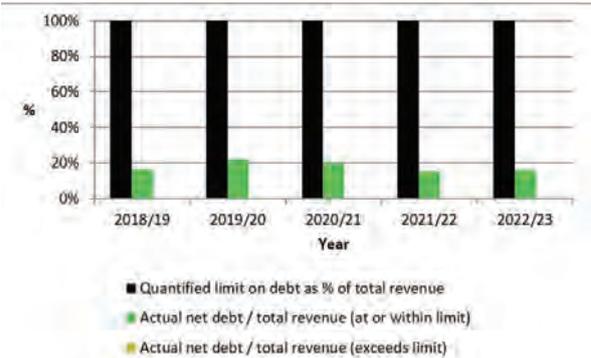
The following graphs compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long term plan. For the 2018-2028 long term plan the quantified limit is that increases in the annual rate revenue requirement will be limited to a 9 per cent increase in revenue from current ratepayers. For the 2021-2023 long term plan the quantified limit is that increases in the annual rate revenue requirement will be limited to a 10 per cent increase in revenue from current ratepayers.



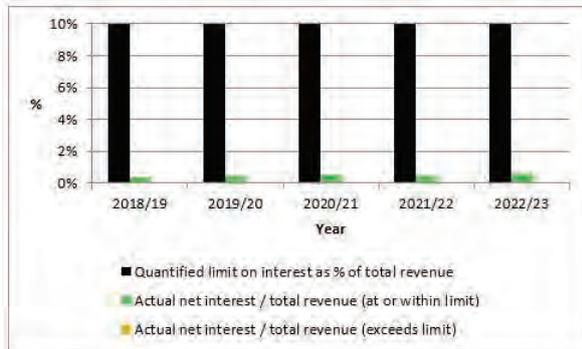
### Debt affordability benchmark

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

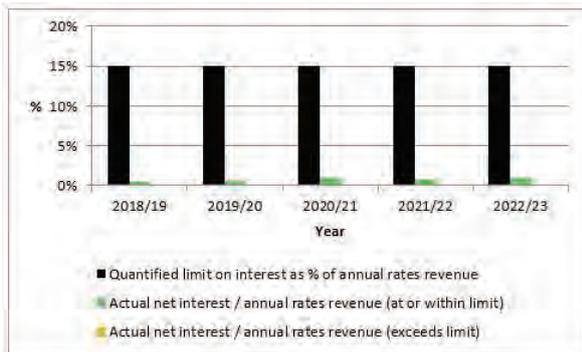
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net debt/total revenue is <100 per cent.



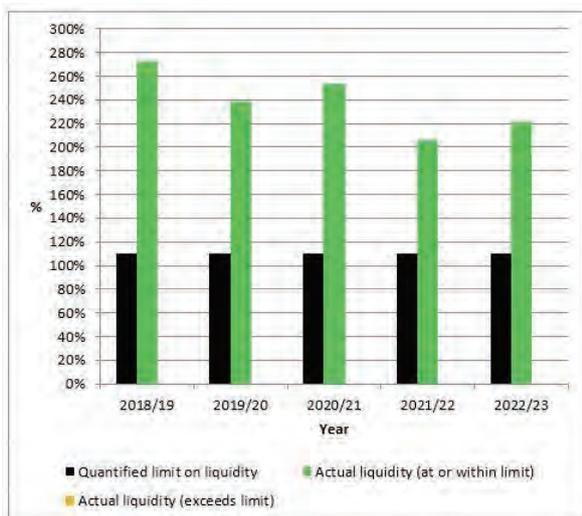
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net interest/total revenue is <10 per cent.



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 that net interest on external debt/annual rates revenue is <15 per cent.



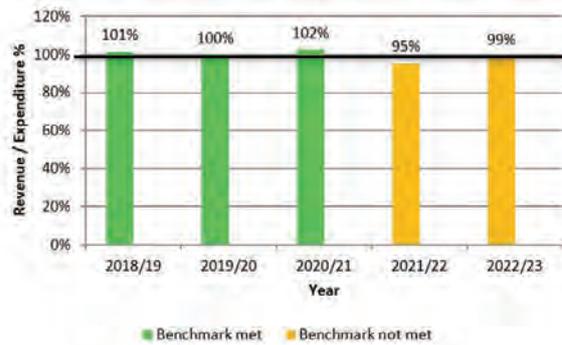
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. For the 2018-2028 long term plan and the 2021-2031 long term plan the quantified limit is that liquidity is >110%. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.



### Balanced budget benchmark

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

The council meets this 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.

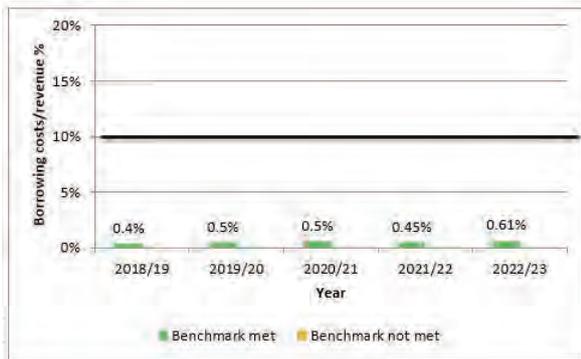
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### 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).

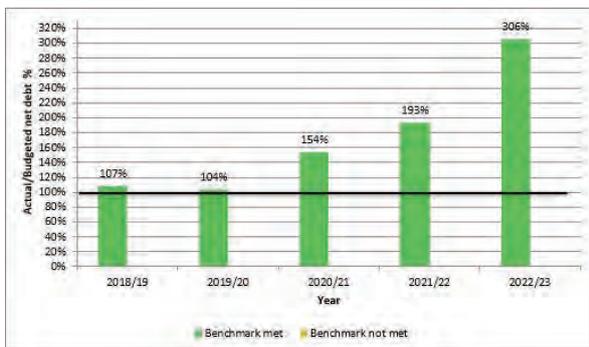
Because Statistics New Zealand projects the council's population will grow more slowly than the national population's growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 per cent of its revenue.



### Debt control benchmark

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

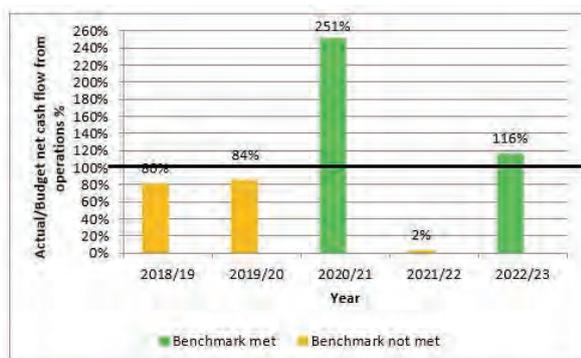
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

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

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



### Additional information and comment

#### Debt control benchmark

The benchmark 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). For all of the financial years shown, council's financial assets exceed its financial liabilities for both actual and budget figures. This means that where actual net debt over budgeted net debt equals or exceeds 100 per cent, our actual net debt position is more favourable than planned and council meets the debt control benchmark.

#### Balanced budget Benchmark

The council did not meet this benchmark due to the increased level of operating expenditure driven by a higher than planned other expenses of \$5.9 million. Revenue was higher than planned to offset this but only by \$1.4 million. The net impact of this \$4.53 million difference is that the councils operating income was only 99% of its operating expenditure.

#### Operations Control Benchmark

The benchmark displays actual net cash flow from operating activities as a proportion of planned net cash flow from operating activities. In the 2022/23 financial year, interest revenue received was higher (\$1.9 million) than planned. This was a result of increasing interest rates which had a favourable impact on Council's investment of working capital funds.

**SECTION 5:**  
Ko ētehi atu kōrero  
**Supplementary material**

# Te tāhura mō te Ture Rapu me te Tūteinga | Search and Surveillance Act reporting

Pursuant to Section 171 of the Search and Surveillance Act 2012 it is confirmed, for the purpose of annual reporting on behalf of the Waikato Regional Council, that in the period 1 July 2022 to 30 June 2023:

(a) the number of occasions on which entry or search powers were exercised without a warrant in the period covered by the report: **NIL**

(b) the number of occasions on which warrantless surveillance powers were exercised in the period covered by the report that involved the use of a surveillance device: **NIL**

(c) in respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used—

(i) for a period of no more than 24 hours: **NIL**

(ii) for a period of more than 24 hours but no more than 48 hours: **NIL**

(d) the number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power in the period covered by the report: **NIL**

(e) the matters set out in Section 27 in relation to surveillance device warrants and declaratory orders: **NIL**.



# Ngā rōpū e whai mana ai Te Kaunihera

## | Council controlled organisations

### Waikato Local Authority Shared Services

Waikato Local Authority Shared Services (WLASS) is a council-controlled organisation (CCO) owned by the 12 Waikato local authorities – Waikato Regional, Hamilton City, Hauraki District, Matamata-Piako District, Ōtorohanga District, Rotorua District, South Waikato District, Taupō District, Thames-Coromandel District, Waikato District, Waipā District and Waitomo District councils.

It was established in 2005 as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis. More recently, shareholders embarked on a transformation of the company. The purpose of that transformation was to move the company to a true service delivery agent for, and strategic partner of, the councils. The structural changes of that transformation were completed in late 2019 and bedded in throughout 2020.

The outcomes the company is seeking are to:

- reduce council costs and improve performance, without increasing costs
- improve the experiences of the councils' communities
- influence increased central government investment into and engagement with the Waikato.

The company fulfils the roles of:

- think tank - taking ideas that have the potential to create value from concept to business case
- and service provider to councils.

Member councils currently pay an annual levy, depending on their size, to support the operating costs of WLASS. Services provided to councils are funded on a user-pays basis.

The WLASS board has six directors – five council-representative directors (including one appointed by Waikato Regional Council) and an independent Chair.

More detailed information about WLASS can be found at [waikatolass.co.nz](http://waikatolass.co.nz).



## Performance measure results for 2022/23

The following performance measures noted in the table below were included in the 2020 Statement of Intent covering the financial years ended 30 June 2021-2023. The company has assessed whether each target has, or has not, been achieved.

Priority	Performance measure	Target	Outcome (progress towards target)
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	Business cases will include measurable benefits linked to one or more of the outcomes sought.	Projected savings to councils of \$300k+	<p>Not Achieved</p> <p>Seven significant projects monitored during the year. However, each of these projects – which were largely guided by feedback from councils – were principally focused on valuation creation (rather than cost savings) and/or are at an early stage where potential costs savings are yet to be quantified. The Customer Digital Enablement (CDE) project has the potential to save 1 significant amounts by pooling council investment. For example, market feedback suggested a ten-fold increase in the number of councils involved only bore a 16% increase in investment. Unfortunately, as noted earlier, most councils did not support progressing to RFP and product build. For these reasons, the target has not been met.</p> <p>The Strategic Case for the ‘Right People, Right Place’ project (see page 9) was approved by the Board in June 2023.</p> <p>A paper covering the ‘People Post 3 Waters’ project (see page 9) was presented to council Chief Executives in November 2022, with an update to the Board in March 2023. While we await feedback from councils on what resource might become available to redeploy, we are investigating a project management shared service to address one area where many councils are resource constrained.</p> <p>Neither of these investigations can yet claim to give projected savings to councils, although both have the potential to reduce costs and create value in the future.</p>
	Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	<p>Unable to currently measure.</p> <p>We can’t reasonably measure performance against this target because no opportunity assessments have been presented to the Board during the period. Having said that, as noted above, CDE is not expected to progress to this point, because of the lack of support to progress the opportunity. To that extent, it is an opportunity that, while initially supported by councils, has not ultimately been.</p> <p>Last year we reported that 9 of 12 councils agreed to participate in Co-Lab Learning. A 10th confirmed their involvement in the current period.</p> <p>Some opportunities have been capitalised on without a formal business case. An example of this in the current period is Co-Lab Procurement Support. That shared service came about from discussions with councils who</p>

Priority	Performance measure	Target	Outcome (progress towards target)
			<p>had a need for procurement skills, but only on a part-time basis, or only as and when required to supplement their current resources.</p> <p>In July 2023 and August 2023, councils were presented with proposals to participate in a Building Consent Cadetship and in the RATA Spaces and Places Rōpū. Decisions are pending in early FY24.</p>
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines	80%	<p>Not achieved.</p> <p>Result: 14%: (1/7 projects)</p> <p>The low proportion of projects delivered within agreed timelines is disappointing. However, this should be considered in the context that most Co-Lab investigations commence with significant uncertainty, including council staff's capacity to get involved in the projects, which makes reliably estimating the time to complete challenging. While capacity is the most prominent unknown when setting timelines, the LiDAR project has been delayed by vendor performance issues.</p> <p>We acknowledge that we must be more realistic when estimating timelines.</p> <p>It is important to note that none of the delays have caused costs to escalate (i.e., the anticipated work is simply spread over a longer period, or the contract protects against cost escalation).</p>
	Opportunities / projects are developed / delivered, within approved budget	90%	<p>Not achieved.</p> <p>Result: 80%</p> <p>Four of the five projects were completed within budget. The exception was the Co-Lab Learning Implementation where the cost of the project team went over project budget. The remaining of two projects have not started in the current year.</p>
	Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board preapproval		<p>Not achieved.</p> <p>Actual Company Management &amp; Support expenditure exceeded budget, mainly because the LAPP insurance cost, which is recovered from councils, was not included in the budget.</p>
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly	<p>Achieved.</p> <p>During the current financial year, management reported to the Audit &amp; Risk Committee on:</p> <ul style="list-style-type: none"> <li>Shared Valuation Data Service (SVDS): All benefits in the business case have been met</li> </ul>

Priority	Performance measure	Target	Outcome (progress towards target)
			<ul style="list-style-type: none"> <li>Co-Lab Water Services: The assessment considered benefits realised since the services inception. Of the 10 KPIs in the business case, only 1 (relating to service expectations) was determined to be 'not met' and action is already underway to remedy that.</li> </ul>
	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months	Achieved.
		90% of projected quantifiable benefits are realised	Achieved.
Ensure existing services are meeting the needs of councils	The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):	80% of councils	<p>Not achieved.</p> <p>Based on our annual survey of councils, the target of 80% has not been met. 79.8% of respondents (0.2% less than target) said that the services met or exceeded expectations. The survey response rate was 45% (200 were surveyed with 91 responses received).</p>
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	<p>Achieved.</p> <p>Ideas received and triaged in FY23:</p> <ul style="list-style-type: none"> <li>One digital library book database</li> <li>Common LGOIMA manager tool</li> <li>Councillor Induction Programme</li> <li>Common staff induction content</li> <li>Shared resources for election years</li> <li>Parking enforcement app</li> <li>Joint Procurement for contracted resources</li> </ul>



## Lake Taupō Protection Trust

### Introduction

The Lake Taupō Protection Trust (the Trust) was established as a Council-Controlled Organisation (CCO) in 2007 with the goal of safeguarding the water quality of Lake Taupō, a revered national icon in New Zealand. Due to environmental degradation caused by various factors, the Trust was formed to manage a \$80 million public fund aimed at maintaining the lake's water quality by reducing nitrogen levels in its catchment area.

The Trust was jointly managed by the Waikato Regional Council, Taupō District Council, Tūwharetoa Māori Trust Board, and the Crown.

### Company objectives

The primary objective of the Trust was to diminish manageable nitrogen leaching into the lake by 20 percent, or roughly 153,000 kilograms. However, a review prompted an increased target of 170,300 kilograms, necessitating additional funding from the Crown in 2013.

The project's initial agreement was set to expire in 2021, but after consultation and discussions, both councils extended the Trust's role until a review to assess the efficiency of governance and management structures could be conducted by June 2023.

KPMG undertook the review and recommended transferring the Trust's monitoring functions to Taupō District Council, citing their extensive involvement with the project, cost-effectiveness, and relationships with landowners. The transfer was endorsed by the Joint Committee and ratified by the settlors, culminating in the Trust's shift to management by Taupō District Council in July 2023.

#### Statement of Intent (SOI) Targets & Performance against targets

Actions	Performance Measures	Performance against target
Carry Trust operations out in accordance with the approved annual budget.	Financial statements are reported to trustees quarterly throughout the year, no surprises.	Quarterly reporting achieved.
Oversee the financial position of the Trust to meet and maintain budgeted cash flow projection.	Cash Flow Projection in place, update and reported to Trustees quarterly.	Quarterly reporting achieved.
Ensure that all nitrogen reduction agreements are being complied with to achieve the overall Nitrogen reduction target of 170,300 kgs.	Nitrogen reduction agreements are compliant; any contractual failure is addressed and if relevant, to achieve repatriation of any loss of nitrogen.	All nitrogen reduction agreements were compliant.
Incoming correspondence relating to the nitrogen reduction agreements is processed in a timely manner.	No complaints received because of time delays.	Achieved; no complaints.
Track that annual compliance monitoring letters are received from Waikato Regional Council for farms that the Trust has an interest in.	Monitoring compliance results are received from Waikato Regional Council in accordance with monitoring plan timelines, and the results reported to trustees and copies provided to Audit NZ for inclusion with the Trust's annual audit.	Receipt of annual compliance monitoring for the 2021/2022 farming year completed in May 2023; all contracted parties achieved compliance.
Participate and assistance in the annual audit of the Trust.	Positive audit result.	Achieved unmodified audit opinion.
Report the cash flow projection to the Joint Committee (to show the ability of the Trust to operate within budget).	Cash flow projection reported to the Joint Committee before balance date.	Achieved

Actions	Performance Measures	Performance against target
Keep the Joint Committee up to date with any planned or proposed monitoring activities in relation to the nitrogen reduction agreements as prescribed in the Deed of Variation - Schedule of Changes to the Monitoring Deed.	Joint Committee up to date with any Trust monitoring activities undertaken or proposed by way of quarterly reporting.	Joint Committee informed of pro-active aerial monitoring activities.
Continue to liaise with Waikato Regional Council staff regarding their use of OverseerFM and the regional plan, to ensure there are no impacts that may affect the Nitrogen reduction agreements.	Trustees are kept up to date with any OverseerFM issues that may impact Nitrogen reduction agreements.	Trustees were kept informed of external timing delays relating to resource consent reviews (OverseerFM) which caused a time delay for the Trust to progress Deeds of Variation with contracted parties relating to the Overseer version change.
Carry out Trust responsibilities identified in the Taupo Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties, which includes the Trust's support of the Lake Taupo Protection Project's Communication Plan.	Trust actions completed and the Taupo Catchment Compliance Monitoring Plan is supported on an ongoing basis.	Fulfilled the Trust requirements detailed in the plan.
Provide ongoing support as required in the operation of the Lake Taupo Catchment Compliance Framework.	Support provided as required to achieve the aims of the Lake Taupo Catchment Compliance Framework.	No LTPT support was requested.
Participate in the independent review of the Lake Taupo Protection Project from a project management perspective.	Trustees and staff are engaged in the review process.	LTPT contributed as required throughout the review process.



## Regional Software Holdings Limited

### Introduction

Regional Software Holdings Limited (RSHL) was formed in October 2012 by Northland, Taranaki, Horizons, West Coast and Waikato regional councils, and Environment Southland. The six councils worked closely together over a number of years to develop and maintain a software application suite for use by the councils in the delivery of their activities. This application suite is called Integrated Regional Information Software (IRIS). In recent years, RSHL has extended its scope to provide a framework for collaboration and delivery of shared services across the regional council sector, supporting the procurement or development of shared solutions.

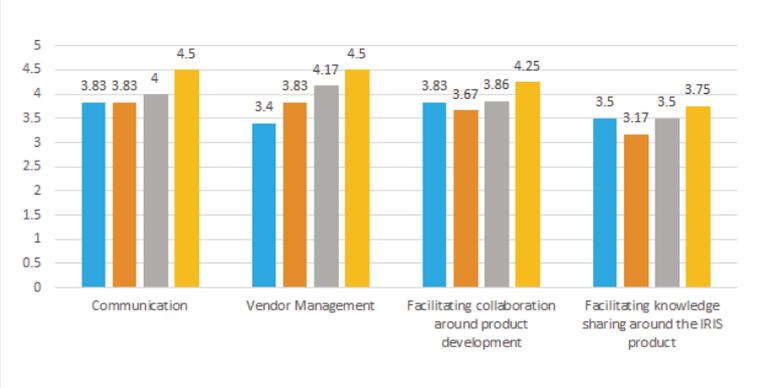
RSHL is in the process of restructuring to become the shared services organisation for the regional sector with an increased number of shareholding councils and a revised shareholding structure.

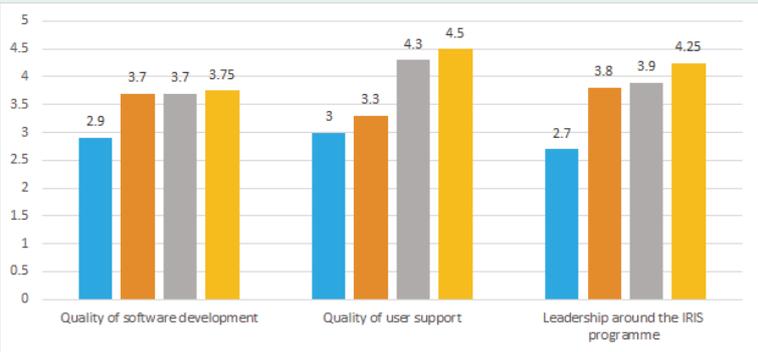
### Company objectives

The objective of RSHL is to deliver shared solutions to the regional council sector along with collaborative outcomes, through sector special interest groups, to achieve:

- consistent, good-practice, regional-council-specific processes and functions
- value through economies of scale
- greater influence for the sector with central government through cohesion and collaboration
- reduced risk by ensuring continuity of supply, and control of the destiny of regional-sector-specific software.

### Performance measure results for 2022/23 as per draft 2023 financial statements

Performance measure	Commentary for the period ending 30 June 2023																									
<b>Non-financial</b>																										
With participating councils, define and agree milestones for the IRIS NextGen Programme.	Achieved - The Partnership Agreement for IRIS NextGen was executed in September. This sets the overarching structure of the programme.																									
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.	<p>Achieved - This survey was completed in June 2023 to ensure that all councils were on the latest version of the IRIS Software.</p> <p>4 councils completed the customer survey. Results were markedly better across all categories for RSHL and Datacom service performance.</p>  <table border="1"> <caption>Survey Results Data</caption> <thead> <tr> <th>Category</th> <th>Bar 1 (Blue)</th> <th>Bar 2 (Orange)</th> <th>Bar 3 (Grey)</th> <th>Bar 4 (Yellow)</th> </tr> </thead> <tbody> <tr> <td>Communication</td> <td>3.83</td> <td>3.83</td> <td>4</td> <td>4.5</td> </tr> <tr> <td>Vendor Management</td> <td>3.4</td> <td>3.83</td> <td>4.17</td> <td>4.5</td> </tr> <tr> <td>Facilitating collaboration around product development</td> <td>3.83</td> <td>3.67</td> <td>3.86</td> <td>4.25</td> </tr> <tr> <td>Facilitating knowledge sharing around the IRIS product</td> <td>3.5</td> <td>3.17</td> <td>3.5</td> <td>3.75</td> </tr> </tbody> </table>	Category	Bar 1 (Blue)	Bar 2 (Orange)	Bar 3 (Grey)	Bar 4 (Yellow)	Communication	3.83	3.83	4	4.5	Vendor Management	3.4	3.83	4.17	4.5	Facilitating collaboration around product development	3.83	3.67	3.86	4.25	Facilitating knowledge sharing around the IRIS product	3.5	3.17	3.5	3.75
Category	Bar 1 (Blue)	Bar 2 (Orange)	Bar 3 (Grey)	Bar 4 (Yellow)																						
Communication	3.83	3.83	4	4.5																						
Vendor Management	3.4	3.83	4.17	4.5																						
Facilitating collaboration around product development	3.83	3.67	3.86	4.25																						
Facilitating knowledge sharing around the IRIS product	3.5	3.17	3.5	3.75																						

Performance measure	Commentary for the period ending 30 June 2023																				
	 <table border="1"> <caption>Performance Scores (Scale 1-5)</caption> <thead> <tr> <th>Category</th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4</th> </tr> </thead> <tbody> <tr> <td>Quality of software development</td> <td>2.9</td> <td>3.7</td> <td>3.7</td> <td>3.75</td> </tr> <tr> <td>Quality of user support</td> <td>3</td> <td>3.3</td> <td>4.3</td> <td>4.5</td> </tr> <tr> <td>Leadership around the IRIS programme</td> <td>2.7</td> <td>3.8</td> <td>3.9</td> <td>4.25</td> </tr> </tbody> </table> <p>In these results the scale is 1 - Very Poor, 2 - Poor, 3 - Neutral, 4 - Good, 5 - Outstanding.</p> <p>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 IRIS applications" were well down, but issue was limited to one council, with users at other councils reporting speed improvements.</p>	Category	Year 1	Year 2	Year 3	Year 4	Quality of software development	2.9	3.7	3.7	3.75	Quality of user support	3	3.3	4.3	4.5	Leadership around the IRIS programme	2.7	3.8	3.9	4.25
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Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Achieved - The roadmap is constantly reviewed by the IRIS Advisory Group. It was last presented to the board in June 2023.																				
Major 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.	<p>Achieved - The MAJ058 IRIS data migration project definition phase was completed under budget - the budget for the project was \$69,000, with the total invoiced \$65,000.</p> <p>On track</p> <p>As at 30 June 2023 the following projects are on track:</p> <ul style="list-style-type: none"> <li>• MAJ059 IRIS Data Migration Base Platform</li> <li>• MAJ060 IRIS Data Migration Base Templates</li> <li>• MAJ061 IRIS Data Migration - Loading Data</li> </ul> <p>The outputs of this work will be a platform for migration of data from IRIS to Datascope (IRIS NextGen) and tools to identify data issues and cleanse, export and transform the data.</p>																				
Budgets for 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.	<p>Achieved - Budgets were approved via the Statement of Intent Process in June 2023. Both support and development were under budget at year end.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Expenditure (\$000s)</th> <th>Budget (\$000s)</th> </tr> </thead> <tbody> <tr> <td>Develop</td> <td>\$100</td> <td>\$140</td> </tr> <tr> <td>Support</td> <td>\$211</td> <td>\$222</td> </tr> </tbody> </table>	Category	Expenditure (\$000s)	Budget (\$000s)	Develop	\$100	\$140	Support	\$211	\$222											
Category	Expenditure (\$000s)	Budget (\$000s)																			
Develop	\$100	\$140																			
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Be and effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.	Achieved - RSHL has effectively managed the SFMS.																				

Performance measure	Commentary for the period ending 30 June 2023
	<p>Revenue is well ahead of plan, due to significant funding provided by central government. Expenditure is consistent with the amounts documented in the SFMS Briefing Paper. RSHL held 30 service contracts on behalf of Te Uru Kahika over this financial year.</p> <p>\$8.9 Million dollars of funding was collected for sector work programmes including \$5.3 Million from central government. The support from central government highlights the value of the SFMS as a focus point for funding.</p>
<p>Effectively support the activities of the Regional Sector through the Regional Sector Office</p>	<p>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:</p> <ul style="list-style-type: none"> <li>● Resource management reform legislation</li> <li>● The Future for Local Government Review</li> <li>● Freshwater farm plan regulations</li> <li>● Water resource legislation</li> <li>● LGOIMA amendments</li> </ul> <p>The policy advisor also coordinated the preparation of induction material for incoming Elected Members. With the election of new Chairs and Mayors in October 2022 the Office also undertook a review of the Sector's priorities and work programmes for the 23/24 year and beyond.</p> <p>The Regional Sector SIG Network Administrator has taken responsibility for coordinating the RCEOs meetings along with the induction sessions for incoming mayors and chairs, this is in addition to normal duties.</p> <p>The Chief Science Advisor has focused on:</p> <ul style="list-style-type: none"> <li>● Implementation of several initiatives that enhance the coordinate vision for regional sector science, build relationships with key internal and external parties, and champion the regional sector's science capability and capacity</li> <li>● Establishment of channels for sector science input into Resource Management reform</li> <li>● Embedding of science input into the regional sector's newly established Climate Group</li> <li>● Promoting the role and interests of the regional sector in current reform of the New Zealand science system.</li> </ul>
<p>Budgets for EMAR are approved by EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by EMAR Project Manager</p>	<p>Achieved - The Workplan and Budget for this year was endorsed by 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.</p> <p><u>Workstream activities:</u></p> <p>Ongoing - EMAR and LAWA Strategies to inform longer term direction.</p> <p>Complete - All planned updates and upgrades to existing topics.</p> <p>In train - development of a new topic "Actions for Healthy Waterways".</p>
<p>Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as</p>	<p>Achieved - Under the SFMS and ReCoCo programmes, RSHL supports the delivery of the following projects:</p> <ul style="list-style-type: none"> <li>● Environmental Data Programme</li> <li>● Sector Reference Model Engagement Projects</li> </ul>

Performance measure	Commentary for the period ending 30 June 2023
agreed in each of the Statements of Work between RSHL and relevant regional sector groups.	<ul style="list-style-type: none"> <li>• N-Cap Implementation</li> <li>• INFDP Programme</li> <li>• Essential Freshwater Implementation</li> <li>• Freshwater Farm Plans Implementation.</li> </ul> <p>RSHL ensured appropriate project management controls were in place for each project. RSHL also managed the funding for the following sector programmes:</p> <ul style="list-style-type: none"> <li>• LIDAR PGF Programme Manager</li> <li>• WellsNZ</li> <li>• Retrolens.</li> </ul>
<b>Financial</b>	
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.</p> <p>In November, the Board approved a variation to the budget approved in the SOI, to reflect the additional revenue and expenditure from 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 level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	Achieved - All charges have been the same or less than approved by the respective programmes.
<b>Growth</b>	
Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholders base of RSHL.	Achieved - In November, RSHL welcomed Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders. 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.	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.
Engage with council in the region; sector to increase the scope of the usage IRIS NextGen. The Objective is to increase the number of councils using the solution, and the breadth of the solution in use.	Achieved - The Partnership Agreement for IRIS NextGen was executed in September with 9 councils committing to the programme (two more that use IRISA). 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.



## Martha Trust

### Introduction

The Martha Trust (the Trust) was established in 2001 by a joint venture known as the Waihi Gold Company, settling the sum of \$10 to create the trust fund. The main purpose of the Trust is to monitor and maintain in perpetuity the tailings storage areas and mine pit lake in a safe and stable manner, so the areas can be used for recreational or leisure purposes by the general public following completion of mining and closure of the site.

The Company provided further funds to the Trust in 2019 to enable the Trust to undertake amendments to the Trust Deed. This task was completed mid-2021 and the Trust is now largely in abeyance with minimal ongoing activities.

### Exemption of Martha Trust as a CCO

The Local Government Act 2002 (LGA) section 7(3) provides for the exemption of a small organisation that is not a council controlled trading organisation from being a CCO and from the accountability requirements of the Local Government Act. The Martha Trust was originally exempted from being a CCO by resolution of the council in May 2007 and more recently this was further confirmed by council in June 2021. It is not practical for accountability requirements and performance monitoring of the Martha Trust to take place until such a time as it becomes operative. Therefore, by granting an exemption, the council has provided a dispensation from any form of accountability and monitoring processes.

In accordance with section 7(3) of the LGA, the exemption of the Martha Trust as a CCO will again be reviewed on a three year basis, or earlier, if either the mine closes or the settlor settles the capitalisation sum on the Trust.

### Trustees

In April 2019 a capital sum of \$50,000 was settled on the Trust by the Settlor. This had the effect of activating the Trust. Trustees to the Trust (representing Waikato Regional Council and Hauraki District Council) have been appointed. Although the supporting mechanisms of the Martha Trust exist, such as the governance structure and bond, the Trust will not become a fully operative entity until such time as the closure and rehabilitation conditions are achieved. The Martha Trust is currently funded by the Company to enable an annual meeting to occur as required by the Trust Deed.





**SECTION 6:**  
Arotake  
**Audit opinion**

## Independent Auditor's Report

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

The Auditor-General is the auditor of Waikato Regional Council (the Regional Council). The Auditor-General has appointed me, Clarence Susan, 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 31 October 2023. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 77 to 147:
  - present fairly, in all material respects:
    - the Regional Council's financial position as at 30 June 2023; and
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 158 to 159, 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 provision (referred to as "our activities in depth") on pages 22 to 73:
  - presents fairly, in all material respects, the Regional Council's 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; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 148 to 158, 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 148 to 158, 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 160 to 162, which represent a complete list of required disclosures and

accurately reflects the information drawn from the Regional Council'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 other matters. 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.

#### **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 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.

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'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 provision (referred to as “our activities in depth” in the annual report), 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’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 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 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 21, 75 to 76 and 163 to 176 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 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 carried out 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.



Clarence Susan

Audit New Zealand

On behalf of the Auditor-General

Tauranga, New Zealand



He taiao mauriora ▲ **Healthy environment**

He hapori hihiri ▲ **Vibrant communities**

He ōhanga pakari ▲ **Strong economy**

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