

Summary

2020/21

Annual Report

Pūrongo ā-tau



Waikato



REGIONAL COUNCIL
Te Kaunihera ā Rohe o Waikato

Message from CE and Chairperson

Kōrero matua a te tiamana me te tumu whakarae

The past year has marked some major milestones for our council and communities, despite the challenges we've had to overcome together.

New Zealand's highly effective COVID-19 strategy at the national level saw a strong semblance of normality return for many.

But the possibility of community cases emerging at our borders, as recent experience has shown, is still ever-present. And, while the regional economic impact to date has been far less severe than many expected in the short term, longer-term risks remain.

This has meant we've had to remain agile and resilient, continuing to steer a steady ship through uncertain waters to deliver great outcomes for our communities, all within the funding envelope of the net zero rates rise introduced to help our residents when COVID-19 first hit.

We started multiple shovel ready projects totalling about \$48 million to help create employment, generate social procurement outcomes with iwi and achieve some big environmental wins, thanks to funding support from central government to help stimulate economic recovery from COVID-19.

We also worked hard to keep people safe, maintaining appropriate precautions on public transport and getting people moving again as restrictions eased.

We launched our flagship passenger rail service, Te Huia. And we are now set to work on upgrades following the overwhelming support of over 95 per cent of responders to a long term plan that saw some of our highest levels of community engagement ever.

We've also had to move at pace to respond to important legislative changes and the growing expectations of central government, particularly around the national policy statements on essential freshwater and urban development.

There's been movement in other places too. We've had a change of chief executive, and staff in our Taupō office have moved into fit-for-purpose premises. A new

Northgate depot has opened in Horotiu for our lower Waikato operational team. And we've relocated our Hamilton East staff out of eight offices and into our new premises at 160 Ward Street in the central city.

The move is already generating new efficiencies for ratepayers and the environment by enhancing our ways of working and fast-tracking changes in staff commuting habits, all supported by our new building's sustainable features.

But our steps towards a more sustainable future in this last year didn't end there. The council approved the *Climate Action Roadmap* discussion document to help focus attention on ways to build a climate resilient economy and manage climate-related risks. We also supported the planting of over half a million trees.

We won a prestigious Taituarā excellence award for transferring functions to iwi under section 33 of the Resource Management Act. The transfer allows Tūwharetoa Māori Trust Board to undertake specific water quality monitoring activities at and around Lake Taupō. The transfer of these functions is the first of its kind in Aotearoa.

We were also biosecurity awards finalists in the Local and Central Government Award category for our alligator weed eradication programme. We're giving our native tuna (eels) safer pathways to the sea by replacing old pumps with fish-friendly versions in key locations. And we addressed a major drought and consequent fishery issue in the Hauraki Plains.

Extreme weather events like this drought are only likely to become more frequent as we continue to grapple with the impacts of climate change. That's why fresh water is vital. It's a finite resource that we must manage with respect and share equitably to protect the wellbeing of our region.

This year, we've made progress with freshwater allocation issues in the Waikato River catchment. By working with stakeholders, we're now in a position where less water is being sought than we are able to allocate. This means we can get on with processing the many applications we have in front of us in the Waikato River deferral queue.

Unfunded mandates

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 associated response to new policy, as well as our ability to implement Treaty settlements.

While Treaty settlement implementation comes with one-off funding, ongoing funding is not provided to cover the costs of this work in perpetuity.

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.

Looking to the future, our council has agreed a number of principles that will guide our engagement with the review of local government now underway. We value effective partnerships with iwi Māori and will look to the Crown to fully fund Treaty of Waitangi settlements in perpetuity as an outcome of the local government review. The council will also be looking for no further unfunded mandates to occur in the future.

Chief Executive

Chris McLay

I'm extraordinarily proud of everything we've achieved over the past year

This is my first annual report as Chief Executive and this year we've delivered some great outcomes for the Waikato region, working together to support a healthy environment, strong economy, and vibrant communities.

We adapted seamlessly to operating under the uncertainty of COVID-19 and moved most of our



organisation to new premises.

We love where we live in the mighty Waikato. It's what motivates us to do what we do. And I'm confident that, together with our iwi partners, stakeholders and communities we can make it even better, for those here now and generations to come.

Chairperson

Russ Rimmington

We've delivered some outstanding results by remaining agile and customer-focused

I'd like to congratulate Chris on his seamless transition to Chief Executive. It hasn't been an easy time to take the helm, but the outcomes we've achieved for our communities speak for themselves.

We're striving to be a transformative council and our region's wellbeing is of primary importance. We provide almost a third of New Zealand's GDP, yet inequality continues to increase. Through our long term plan, adopted in the 2020/21 financial year, we set out plans

for a \$35 million sustainable homes scheme to help tackle this head on.

We're also providing \$50,000 per annum for three years to the Rural Support Trust to help support our rural and farming communities when things get tough. And we're looking at ways to start eliminating the koi carp infesting and destroying our waterways. Many will say these are central government issues but we can't just sit idle any longer. It's time to walk the talk.



Your region

Tō tātou rohe

The Waikato region occupies the heart of the upper North Island.

Our region stretches from the Bombay Hills and Port Waikato in the north, south to Mokau on the west coast, across to the Coromandel Peninsula and the Kaimai Range in the east, and down to the slopes of Mount Ruapehu.

It contains New Zealand's longest river, the Waikato River, which winds its way 425 kilometres from Lake Taupō to the Tasman Sea.

The Waikato is one of the richest agricultural areas in the world. It also has many distinct landforms, including

the Taupō volcanic zone, Waikato lowland and Hauraki Plains, western and central hill country, and the Coromandel and Kaimai ranges.

The Waikato is part of the 'golden triangle' connecting Hamilton, Auckland and Tauranga, making it a convenient access point for freight and logistics.

The population of the region is 468,800, making it the fourth most populous region in New Zealand. Almost three quarters of the region's population live in our urban areas, the largest urban area being Hamilton City.



25,000km²
land area



623km²

Lake Taupō, the largest lake in Australasia



1200km
coastline



70 per cent

of New Zealand's geothermal resources are found in the Waikato



469,000
people

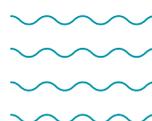


431,278ha

of marine mammal sanctuaries

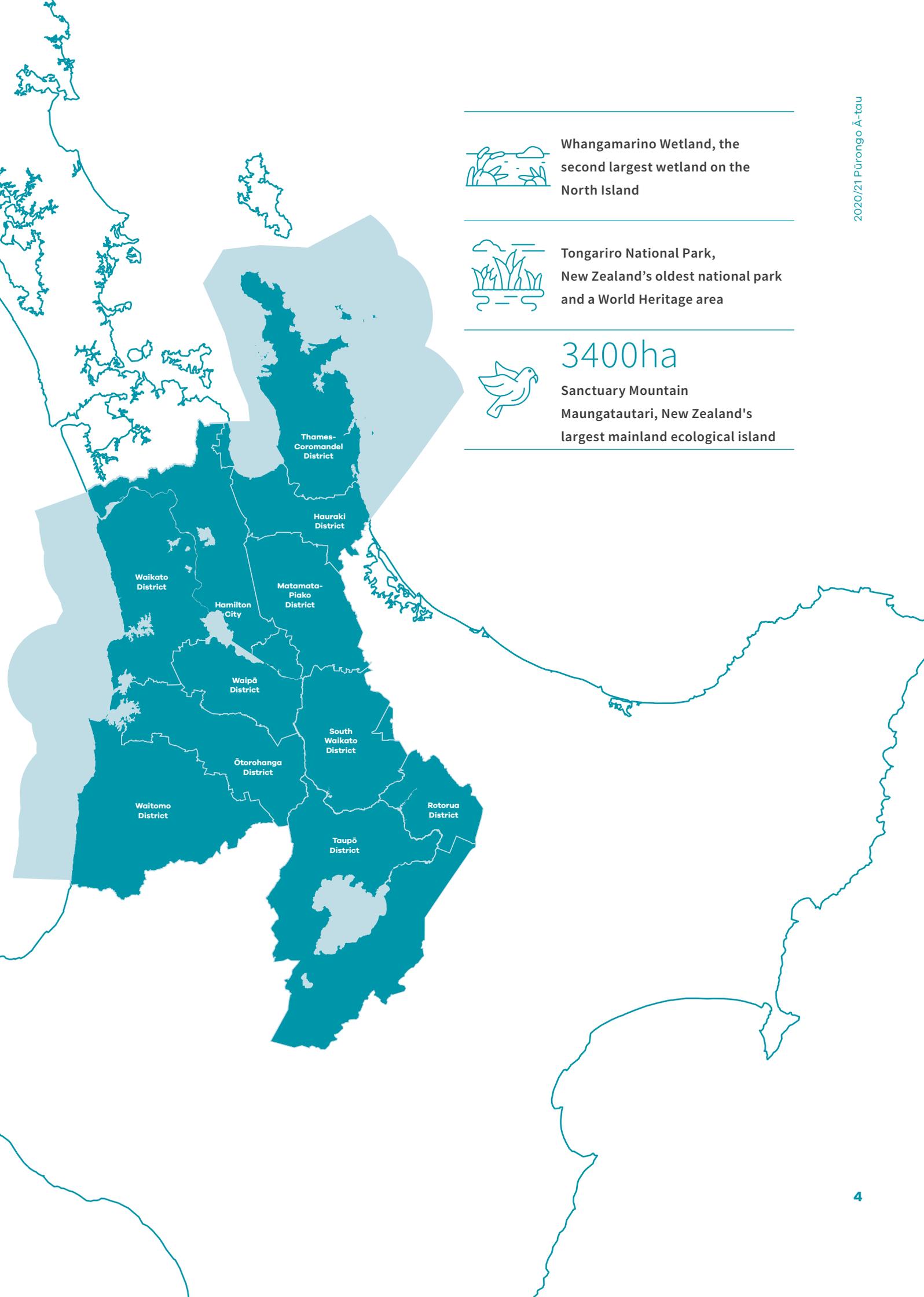


214,609
ratable properties
(as at 30 June 2021)



425km

Waikato River, the longest in New Zealand



Whangamarino Wetland, the second largest wetland on the North Island



Tongariro National Park, New Zealand's oldest national park and a World Heritage area



3400ha

Sanctuary Mountain
Maungatautari, New Zealand's largest mainland ecological island

Our performance

Ngā whakatutukitanga



Performance summary

Ngā whakatutukitanga

The work we do is carried out under 24 activities which are sorted into eight groups. These groups of activities deliver the services and infrastructure, and perform the functions, that enable us to deliver great Community Outcomes. Through our *2018-2028 Long Term Plan (LTP)*, we set the level of service that we measure and report against.

Service delivery

This year has seen lots of great work happening. While we didn't achieve all the targets of our performance measures, some of those missed were by just a small margin or due to extraneous circumstances.

- Four council agendas were not available two working days before the meeting, however, they were still made available within the statutory timeframe.
- We monitored 333 of our highest priority consented sites during the year but were unable to get to four of them.
- Of the 20 environmental indicators we planned to analyse and report on, 19 were updated. Our indicator on peat subsidence was started later than anticipated so could not be completed within the year.
- Due to a technical error at one of our monitoring sites that it took a day to resolve, we exceeded our target maximum period of 70 minutes without continuous data for flood events.
- The percentage of our scheduled bus trips departing at the time listed in the public timetable was 80.14 per cent, which was below our target of 95 per cent.

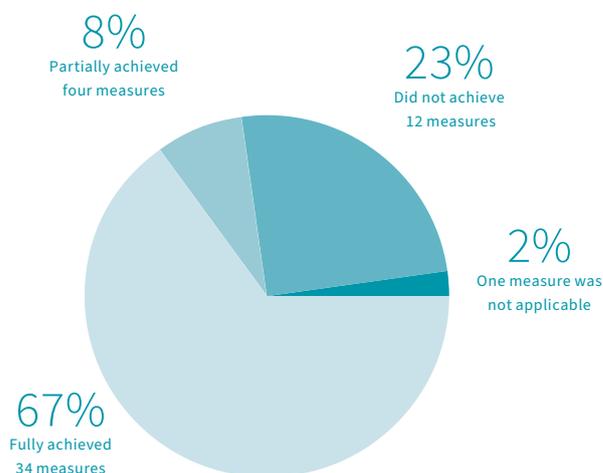
Our planned levels of service in some areas were impacted by COVID-19.

- Our ability to form new partnership initiatives was reduced. This year we formed 27, compared to 35 last year.
- Environmental planning workshops for farmers to learn about the requirements of proposed *Waikato Regional Plan Change 1 for the Waikato and Waipā rivers* could not be held.

Non-financial measures

For the 2020/21 year, there were 51 non-financial measures to be monitored and reported on.

The overall results were:



In 2020/21, our region faced unprecedented challenges as we responded to the impacts of COVID-19.

As part of our response, we reviewed our 2018-2028 long term plan budget and revised this to deliver a net zero increase in rates revenue payable by current ratepayers.

We also made additional provision for rates relief to support those ratepayers facing financial hardship. These measures were part of our immediate relief phase in response to the pandemic. Throughout the year, we also worked towards our medium-term economic recovery phase after receiving \$29 million in grant funding from Central Government for 'shovel ready' projects – you can read more about these on page 24.

Financial performance

We finished 2020/21 in a positive financial position, having achieved a favourable net operating position compared to the annual plan. Our financial performance shows \$13.848 million more in revenue and \$3.308 million underspent in operating expenditure than budgeted for. This resulted in a net operating surplus of \$4.837 million.

Operating capital expenditure

\$10.644 million of our total operating capital expenditure budget of \$17.229 million was spent this year.

Major works that were not completed:

- *Proposed Waikato Regional Plan Change 1 for the Waikato and Waipā rivers* information technology expenditure has been put on hold while council works with others across the sector to identify a national solution.
- The vehicle purchases programme was paused until a review of the environmental performance of our current fleet was completed to inform future purchasing decisions.
- The build of a new vessel to undertake river management activities was put on hold this year. This was due to the total cost of the project increasing following completion of the concept design phase. Additional funding was sought, including from Kānoa - Regional Economic Development and Investment Fund.

Infrastructure capital expenditure

A total of \$7.517 million of our \$11.046 million infrastructure capital expenditure budget was spent this year.

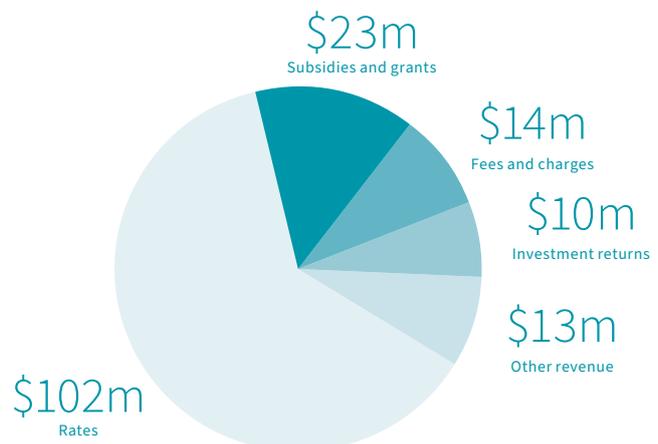
Major works that were not completed:

- Full replacement of the Rolleston Street pump station in the Waihou zone was not required. Scoping and investigation work showed that only the floodgate outlet needed upgrading, thereby reducing the programme of work and associated cost by \$850,000.
- The replacement of three floodgates which are part of the Piako River scheme did not go ahead. A larger programme of works is now planned for 2021/22 and 2022/23 after funding was received by the Ministry of Business, Innovation and Employment as part of the Government's economic recovery response to COVID-19.
- Construction work planned for stopbanks in the Piako was rephased to prioritise work on the Piako left stopbank which received funding from the Ministry of Business, Innovation and Employment as part of the Government's economic recovery response to COVID-19. This reduced our capital spend by \$1.4 million this year.
- Work on the replacement of a stopbank in the lower Waikato and upgrades to the Saxtons pump station and floodgate came in under budget, reducing the total capital spend by \$1.06 million.

Delays in work being completed may result in projects costing more to deliver in the future.

Revenue

Our total revenue this year was \$163 million.



2020/21 year in review

**Te arotake o te
tau 2020/21**

Our work

Ā mātou mahi

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**.

Our 10-year strategy sets out why we are here, what we stand for, our values, the principles that guide our work, and the commitment we make to every individual and organisation that uses our services.

It identifies six strategic priorities that collectively help build a more resilient Waikato – a region that is prepared and well-positioned to respond to new challenges.

On the ground, it's about ensuring we work towards the outcomes set out in our purpose. These are all connected. Success in one area cannot be at the expense of another.

Progress against our priorities also reflects progress towards these outcomes. We're looking to make

decisions that provide many benefits for the community, both now and into the future.

Our 10-year strategy aligns our priorities to the relevant United Nations Sustainable Development Goals (SDG) through our local Waikato wellbeing targets. These targets, developed by Waikato communities to reflect the SDGs, are mapped to all our strategic priorities.

This section outlines how we are helping to achieve the goals of the community and improve the wellbeing of the region.





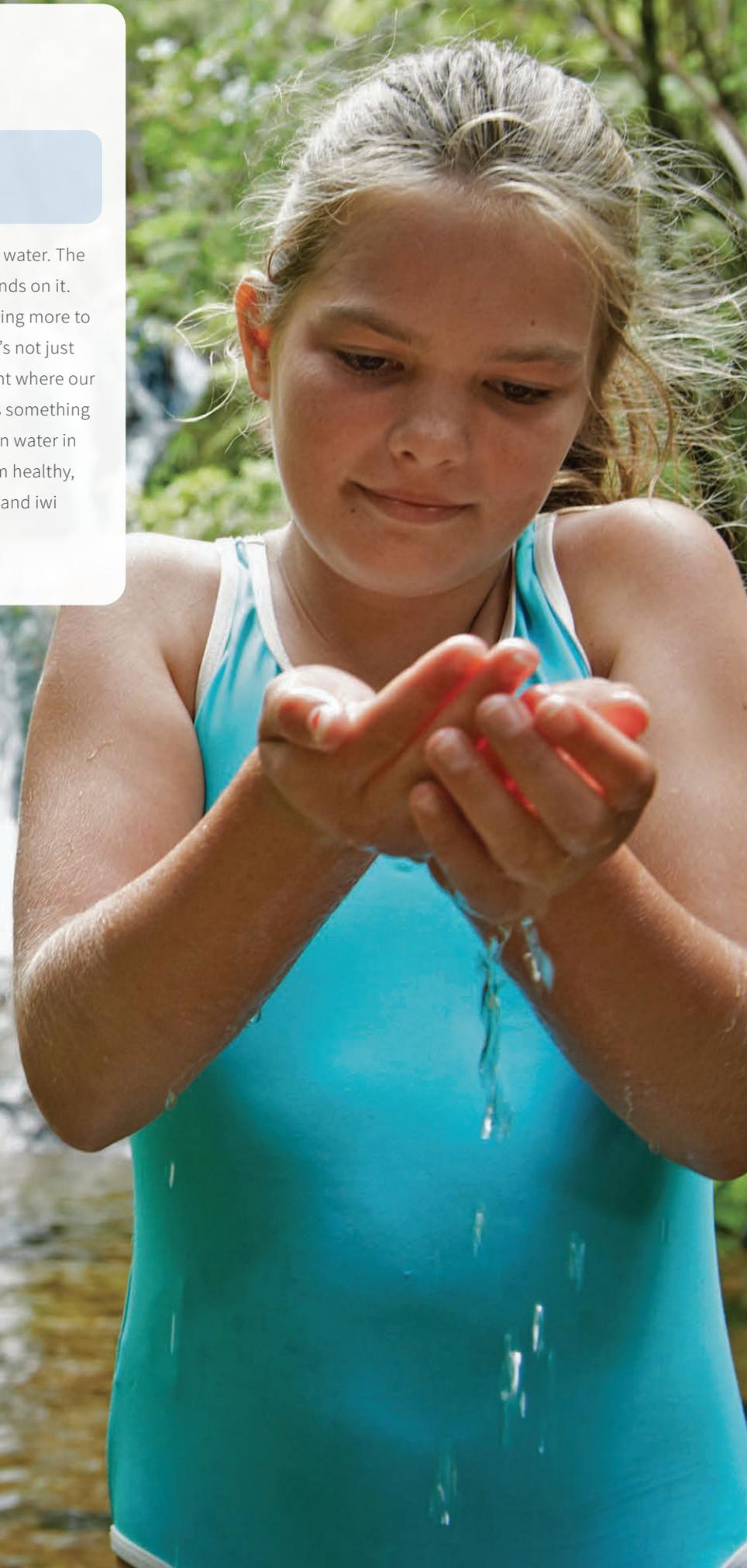
Water

Wai

Because water is the source of life

People and our economy need clean water. The health of our environment also depends on it. With our support, landowners are doing more to reduce contaminants to water. But it's not just about water quality. We're at the point where our water is nearly fully allocated. Unless something changes, there won't be enough clean water in our waterways to keep the ecosystem healthy, let alone meet community demands and iwi aspirations.

Photo location: Hikuai



Our work to improve outcomes

Waikato wellbeing targets

6 Clean water and sanitation



Increase the number of swimmable rivers and lakes in the Waikato from 30 per cent (rivers) and 73 per cent (lakes) in 2019 to both achieving more than 80 per cent in 2030.

3 Good health and well-being



By 2030, reduce rates of non-communicable diseases and mental health issues, and improve associated health equity outcomes for target groups.

15 Life on land



Prevent the loss of existing indigenous vegetation and increase indigenous habitat in biodiversity-depleted environments to a minimum of 10 per cent of land cover in 2030.

Proposed Waikato Regional Plan Change 1 for the Waikato and Waipā rivers.

This project is just one step in an 80-year journey to protect and restore the Waikato and Waipā rivers. This year saw the plan change move into its final stages of development. Currently there are a number of appeals to the plan being processed by the Environment Court. Once resolved, the plan change will become operative.

To support reporting on the plan change, staff have begun additional water quality monitoring at 34 lakes across the region. These have been strategically chosen to represent all lake types across the Waikato.

Transfer of specific water quality monitoring activities

Last year we agreed to transfer responsibility for specific water quality monitoring activities at and around Lake Taupō to the Tūwharetoa Māori Trust Board. This year, they started this monitoring on our behalf and we have been providing support and training.

Protecting our wetlands

Our region has many wetland areas, including three of international importance. Protecting our remaining wetland areas is critical as there aren't many left and all are sensitive to changes in water flow, water quality, neighbouring land use and pests.

Central government has directed regional councils to improve the protection of wetland habitats. However, the legal definition of a wetland can be broad. Sometimes it can be difficult to confirm exact boundaries. Our ecologists have worked to develop a wetland demarcation tool to assist our resource managers assessing consent applications within wetlands.

We have also continued to work in collaboration with mana whenua and other stakeholders at high-priority sites to undertake restoration works, including Marokopa wetland, Te Maika marsh and wetland, and the Waitoa, Lake Whangape and Opuatia wetlands.



Research projects

We are working to better understand the quality and quantity of our freshwater bodies in the region. This included:

- assessment of the risks posed by future drought events in the region, and identification, classification and geographic recording of freshwater ecosystems
- developing water quality accounting systems that improve our ability to communicate water quality information across the region
- mapping and monitoring of wetlands across the region
- modernising the presentation of our environmental data on our website, making it easier for the public to access information about groundwater, rainfall, river flows and air quality.

Flood events

Staff responded to several localised flood events across the region in 2020/21. Our flood response platform, Flood Room Live, was used during these flood events providing improved real-time information to stakeholders and alignment with information from other agencies.

Monitoring activities to ensure compliance

We monitor Waikato farms to ensure compliance in dairy effluent management. This year we monitored 1172 farms and 81 (7 per cent) were found to be significantly non-compliant. That was a drop from 12 per cent the year before. It is pleasing to see this progress and we will work with our farming sector to see this trend continue.

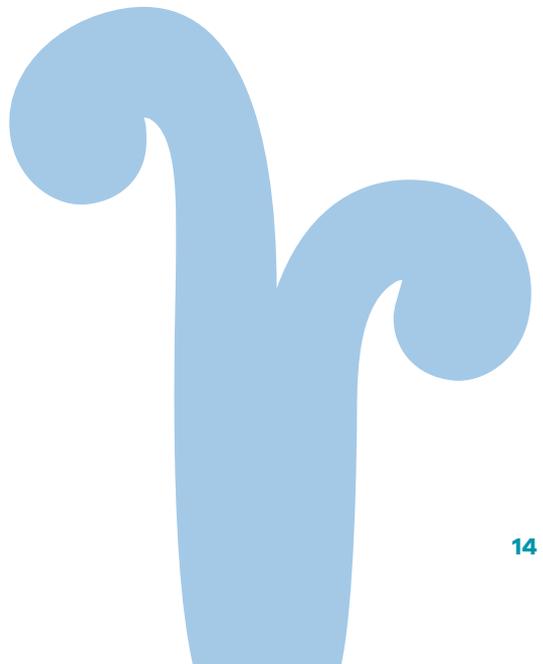
Restoring the Waikato River

Te Ture Whaimana o Te Awa o Waikato – the Vision and Strategy for the Waikato River is a foundational document that supports projects of great significance to our community and delivers on a number of our priorities.

The vision is for a healthy Waikato River that sustains abundant life and prosperous communities, which are in turn responsible for restoring and protecting it, and all it embraces, for generations to come.. Treaty Settlement legislation requires us to give effect to the Vision and Strategy, and the work we do often helps to deliver on more than one of its 13 objectives.

In 2020/21, we:

- transferred specific water quality monitoring activities at and around Lake Taupō to the Tūwharetoa Māori Trust Board, including the collection of water samples and water-level measurements at several sites within the Lake Taupō catchment
- provided funding and advice to community groups for river restoration projects through catchment, education and Natural Heritage programmes
- progressed *Proposed Waikato Regional Plan Change 1 for the Waikato and Waipā rivers*, which seeks to reduce contaminants entering the Waikato and Waipā catchments
- continued our work on Healthy Environments | He Taiao Mauriora, a review of the *Waikato Regional Coastal Plan* and the *Waikato Regional Plan*
- continued to monitor consents and permitted activities, and investigate alleged breaches of rules and regulations to reduce adverse effect on the environment (including the Waikato and Waipā rivers)
- began a project to upgrade up to five pump stations to enable safer passage of native fish, particularly tuna (eels)
- within the Waikato and Waipā River catchments, worked with co-funders and more than 235 individual landowners to complete 133 kilometres of fencing and plant 466,000 native plants on erosion-prone land and along streams, rivers, and wetlands
- installed a weir at Lake Hotoananga and begun work at Lake Kimihia to raise minimum lake levels and maintain important habitat for tuna and other aquatic and wetland species
- received \$1.527 million of funding from the Waikato River Clean-up Trust's 2020 contestable fund to go towards restoration improvements and projects.





Climate

Āhuarangi

Because we want a better tomorrow

Climate change is the biggest challenge we face. It is affecting a wide range of activities, infrastructure and services. Understanding the impact this will have on our communities and economy, and making changes early, is the key to ensuring our region has the resilience to cope.

Photo location: Te Uku



Waikato wellbeing targets

13 Climate action



Reduce carbon emissions by a minimum of 25 per cent by 2030 (from 13.8 mega tonnes CO₂e to 10.3 mega tonnes CO₂e) on the path to net zero carbon emissions by 2050.

9 Industry innovation and infrastructure



Target in development. Expected mid-2021.

12 Responsible consumption and production



Increase the number of households, schools, businesses, and farms that reduce their waste, leading to a 50 per cent reduction in waste to landfill by 2030.

Our work to improve outcomes

Leading on climate change

In October 2020, the council approved the *Climate Action Roadmap*, a discussion document that identifies nine pathways to reduce emissions and adapt to the changes we're experiencing because of a changing climate.

Our council is committed to working with iwi partners, businesses, industry sectors, infrastructure providers, local and central government and others to come up with agreed solutions for a more inclusive, productive and climate resilient economy.

In 2020/21, we also:

- provided funding for non-compliant fires to be swapped for clean heating in 41 Tokoroa homes as part of the Warm Homes Clean Heat Programme
- collaborated with South Waikato District Council to host a Warm and Healthy Homes Expo in Tokoroa to promote clean heating practices
- supported communities to prepare for the changing climate through community adaptation planning for the Wharekawa Coast and Port Waikato, and shoreline management planning for Thames
- advocated to help reduce emissions through our input into district plan changes, reviews and consent applications for compact urban form and intensification, and discouraged development in areas of natural hazard risk
- worked to ensure all reports to decision makers consider climate impacts and responses.

Enviroschools

Our Enviroschools programme is based on the principle of sustainability. It's an action-focused approach to learning that draws on the physical, social, cultural and political aspects of our environment.

The Enviroschools programme is now reaching 41 per cent of all secondary schools in the Waikato, and we inducted four new schools into the programme this year.

Waste reduction

The waste we create and how we dispose of it has huge environmental and social impacts. Most of the waste produced in the Waikato region ends up in landfill.

We have been establishing partnerships to help reduce waste and redirect waste away from landfill. This year we worked with Bay of Plenty Regional Council on a cross-regional waste stocktake. We looked at the tonnage, composition and diversion potential of the waste sent to landfills in the regions to inform decision making on how we might reduce waste.

Also, in collaboration with AgRecovery, we ran four events for the rural sector which resulted in 3537.51 kilograms of agricultural chemicals and their containers being responsibly disposed of or diverted from landfill.

Carbon emissions

We are doing our bit to support New Zealand's move towards a low carbon economy by publicly committing to reduce our carbon footprint. Toitū Envirocare confirmed in December 2020 that Waikato Regional Council had achieved our 'carbonreduce' re-certification. As part of the programme, we are required to accurately measure and reduce the greenhouse gas footprint of our organisation. In the 2019/20 financial year, our gross emissions were 1088 tCO₂e. This was a reduction of 35 per cent on our base year (2016/17). We are on track to achieve a reduction of 70 per cent on our base year by 2030.



Biodiversity and biosecurity

Rerenga rauropi,
tiakitanga taiao

Because protecting nature protects our future

We all rely on biological resources – for our health and wellbeing, and economy. Only 26 per cent of our region remains in native vegetation, we've lost 75 per cent of our wetlands, and more than 200 species of native plants and animals are under threat of extinction.

We work alongside communities and landowners to support the huge efforts they're making to protect and restore native habitats. But this work, and the effort that goes into making our primary industries thrive, would be wasted if we didn't control pest plants and animals. We have to manage what's here now and cut off new threats fast.

Photo credit: Sally Phillips



Our work to improve outcomes

Waikato wellbeing targets

15 Life on land



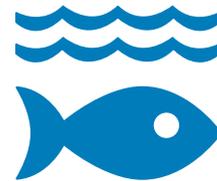
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6 Clean water and sanitation



Increase the number of swimmable rivers and lakes in the Waikato from 30 per cent (rivers) and 73 per cent (lakes) in 2019 to both waterbody types achieving more than 80 per cent in 2030.

14 Life below water



Maintain or enhance the mauri of our coastal and marine waters to ensure healthy ecosystems so that we can also enjoy mahinga kai and swimming.

Preserving our indigenous biodiversity

Introduced pests threaten many of our native plants and animals. We have lots of programmes in place to control these pests and to help our native flora and fauna to thrive.

In 2020/21, we:

- worked with the Department of Conservation (DOC) to undertake feral goat control in the Coromandel, Kaimai, Pirongia, Whareorino and Rangitoto ranges
- undertook possum control in 11 priority areas, covering 100,148 hectares
- worked with Bay of Plenty Regional Council, iwi, DOC, forestry and Biosecurity New Zealand to contain the spread of dama wallabies. This included surveillance on 32,236 hectares of farmland and bush with specially trained wallaby detection dogs; 820 additional hectares of surveillance with camera traps; and both ground and aerial control over a further 5,655 hectares.

Prioritising where to make the best gains

There's always lots to be done to improve our ecosystems, so we need to prioritise areas where we can get the best benefit for the money we spend. To help with this work, our social scientists researched the costs and benefits of controlling pest animals and plants in the region. This work was used to inform the review of our *Waikato Regional Pest Management Plan 2014-2024*.

We also undertook an assessment of indigenous ecosystems to help prioritise the council's support of landowners. This programme looked at all of the ecosystems across the Waikato region and identified those with the highest biodiversity values. This work also supports collaboration with other agencies to ensure we are getting the biggest gains for the work we undertake.





Coastal and marine

Takutai moana

Because we can turn the tide

The Waikato is blessed with over 1000km of coastline and a million hectares of marine area for everyone to share – for leisure, sport, recreational and commercial fishing, aquaculture, shipping and tourism. It’s a third of our region!

Caring for our coastal and marine environment is just as essential as caring for our land. Doing so means our communities, and all the living things that rely on these complex ecosystems, will continue to thrive.

Photo location: Firth of Thames

Waikato wellbeing targets

15 Life on land



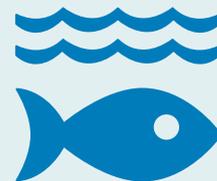
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Our work to improve outcomes

Coastal Plan review

The *Waikato Regional Coastal Plan* is the rulebook for activities in the coastal marine area – from the high tide mark out to 12 nautical miles. The coastal plan sets the objective, policies, rules and methods the council will use to manage the region’s natural resources in the coastal marine area.

In the past year, we have continued with our review of the current coastal plan. Here’s an outline of where we are in the process.



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.

As part of this we reviewed and updated our *Marine Oil Spill Contingency Plan* (regional councils are responsible for Tier 2 oil spills) and carried out two oil spill exercises.

We also responded to two significant marine oil spill events in Coromandel Harbour and Opito Bay, and three undetermined source events (spills where the source could not be identified) in the Coromandel Peninsula.

Coastal inundation

The Waikato region’s low-lying coastal areas are susceptible to inundation from tides, coastal storms and projected sea level rise. This year, we updated our coastal inundation tool to improve its functionality and make it easier for people to use. The coastal inundation tool allows users to quickly understand the susceptibility of coastal areas to particular sea level scenarios.

We have been working closely with territorial authorities in the region to undertake community engagement and prepare local plans for coastal communities, working with:

- Hauraki District Council on a community adaptation plan for the Wharekawa coast
- 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 of these plans look at the coastal areas that are more susceptible to the impacts of a changing climate, sea level rise and coastal erosion or coastal inundation. They look at the ways we can manage these challenges for our communities, now and into the future.

Caring for our coasts

The Coastcare programme (formally Beachcare) has evolved, and now covers over 25 beaches. This work is carried out with Thames-Coromandel District Council and local communities to rejuvenate our coastal areas and to deliver coastal restoration projects.





Sustainable infrastructure

Hanganga tauwhiro

Because we need to build with nature in mind

Our flood schemes protect 3000km² of land, as well as critical services and infrastructure from the impact of floods. Being able to productively use this land boosts our regional economy by \$2.2b every year.

Most schemes were built in the 1960s and 70s. Expectations have changed and so have climate patterns. Urban areas are ever expanding too, meaning more stormwater runoff into our waterways. The challenge now is maintaining and upgrading these schemes in a way that meets future needs without impacting the natural environment. And it has to be affordable.

Photo location: Paeroa



Our work to improve outcomes

Waikato wellbeing targets

9 Industry innovation and infrastructure



Target in development. Expected mid-2021.

13 Climate action



Reduce carbon emissions by a minimum of 25 per cent by 2030 (from 13.8 mega tonnes CO₂e to 10.3 mega tonnes CO₂e) on the path to net zero carbon emissions by 2050.

11 Sustainable cities and communities



Reduce the housing shortfall in the region from approximately 7,500 in November 2019 to a point where all people are well housed by 2030.

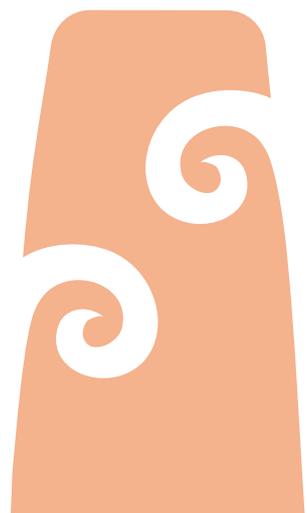
Protecting our peat soils

We developed a regional peat subsidence monitoring programme, which we are currently implementing. It involves the use of airborne LiDAR to measure changes every five years in surface elevation across about 11,000 hectares of the 70,000 hectares of drained peatlands we have in the Waikato region. Monitoring locations were selected to ensure the surveying covers a representative mix of land uses, peat type, peat depth and drainage types. This work is important because ongoing peat subsidence impacts on drainage management, contributes to our regional greenhouse gas footprint, and could influence how we manage these soils in the future. Improved understanding will help us better respond to the issue of peat subsidence and inform future conversations with our community about peatland management.

Pathways to the Sea

We continued our Pathways to the Sea project, which is the development of a regional fish passage strategy for Waikato Regional Council flood protection infrastructure. The strategy will help councils plan their approaches to managing the downstream impediments to fish migration, guide decision making around future investment in flood protection assets and meet current and future legislation.

We installed a fish-friendly pump at Mangawhero pump station, the first of up to five pump stations in the Waikato to be upgraded to enable safer passage for native fish, particularly tuna (eels).





Managing infrastructure sustainably for the future

We continued work on the Sustainable Infrastructure Decision Making Framework. This will enable the council to make sound, long-term investments in critical flood protection and land drainage assets. Over the past year, we have focused on testing the framework against different scenarios, and over the coming year will be focusing on engagement with our stakeholders to further refine the framework.

We have also completed works to upgrade, maintain and renew our flood protection and land drainage assets. Some of the works in the last year included:

- delivering river management and restoration works in collaboration with Pūniu River Care, with the support of 10 landowners on the Mangatutu and Pūniu Rivers
- maintenance of the Tauranga-Taupō river scheme and river management work, including blockage removal and willow maintenance and control work focused on the Pokaitu, Pokaiwhenua, Matarawa and Mangakara streams
- undertaking a range of design and construction projects to renew our flood protection infrastructure across the Lower Waikato and Hauraki Plains
- cleaning of the Mangatea Stream near Tauhei to improve hydraulic flow and alleviate localised flooding
- completion of large-scale erosion control works, utilising fish friendly vegetation groynes on the Marokopa River.

Shovel ready

In response to COVID-19, the Government awarded funding to the council for multiple infrastructure and environmental restoration projects to help stimulate the economy and create jobs.

We secured \$16 million from the Ministry of Business, Innovation and Employment for eight flood protection infrastructure (climate resilience) multi-year projects totalling \$24.85 million. Year one of the projects has begun. The projects are:

- Lake Kimihia restoration – the construction of a bund and weir to raise the minimum level of the lake
- fish passage pumps – upgrading up to five pump stations to enable safer passage of native fish, particularly tuna (eels)
- Piako River mouth rightbank asset rationalisation – replacing three ageing floodgates with one and reshaping current tidal stopbanks
- Ngātea town left stopbank – completing the upgrade of the final section of stopbank on the Piako Flood Protection Scheme to agreed level of service design height
- Firth of Thames foreshore east and west stopbanks – upgrade of stopbanks to agreed level of service design height
- Mill Road and Roger Harris pump stations upgrade – including upgrading inlet bays, screens, handrails and platform access
- lower Waikato erosion protection works – working with landowners to undertake riparian fencing and planting, reducing stream bank erosion, retiring land for native revegetation and other measures to reduce sediment inputs into lakes and wetlands.





Transport connections

Hononga ā-waka

Because a connected region matters

The Waikato region is large and its communities are diverse. We're all different ages, live in different places and have different cultures, wants and needs. Our council's bus services and investment in rail keeps people well connected – to each other, to services and to opportunities such as recreation, education and jobs. Cycle lanes and walking paths are part of the picture too; we're making it easier for people to get out of their cars and shift to a low-emissions lifestyle.



Our work to improve outcomes

Waikato wellbeing targets

3 Good health and well-being



By 2030, reduce rates of non-communicable diseases and mental health issues, and improve associated health equity outcomes for target groups.

8 Decent work and economic growth



Reduce the number of young people (15-24) who are not in employment, education or training (NEET) from 12.6 per cent in 2019 to less than 5 per cent in 2030.

9 Industry innovation and infrastructure



Target in development. Expected mid-2021.

Improving connectivity

Waikato to Auckland connectivity is crucial to the development of our region. It also improves community access to essential services and transport for work and recreation, and quality of life. In the 2020/21 year our region's bus services took people on nearly 3 million journeys. In April 2021, the Te Huia rail service was launched. It connects the Waikato and Auckland with two return services a day on weekdays and one return service on Saturdays.

Although not shown in our financial statements, this service was assisted by \$7.898 million of funding this financial year from Waka Kotahi (NZ Transport Agency) for rolling stock and maintenance facilities refurbished and/or constructed and owned by Kiwirail.

Planning for our region

We continued to work with our partners to enable and embed the Waikato to Auckland Corridor Statement of Shared Spatial Intent and the *Hamilton-Waikato Metropolitan Spatial Plan*. This involved updating the urban growth management component of the *Waikato Regional Policy Statement*. Spatial planning like this provides a long-term view of how the Future Proof subregion (comprising Hamilton city, Waipa district and Waikato district) can accommodate long-term

population growth in a transit-oriented, low carbon, urban form that meets the needs of our communities and the environment.

Providing travel opportunities

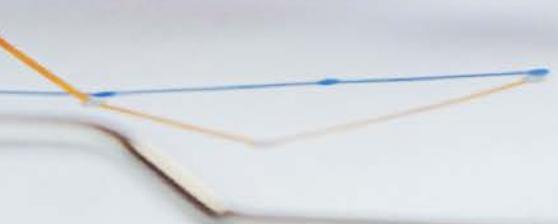
Our free transport accessibility concession for people with disabilities has continued to grow. It now has more than 2500 members. This year, we added the 'Plus One' concession. This allows a companion to travel free with the member who otherwise would be unable to travel independently.

We also launched a new, frequent, seven-day-a-week bus service in the north Waikato. This service will link people in Pokeno, Tuakau and Pukekohe to employment, schooling, and leisure activities.



Financial summary

Whakarāpopototanga pūtea



Date	Value 1	Value 2
12/1/2016	1.52	0.17
11/1/2016	2.43	0.45
10/1/2016	5.90	5.45
9/1/2016	7.56	4.57
8/1/2016	4.32	4.01
7/1/2016	5.78	3.49
6/1/2016	6.00	3.49
5/1/2016	3.03	2.73
4/1/2016	5.04	2.98
3/1/2016	1.58	2.18
2/1/2016	8.74	1.88
1/1/2016	8.74	1.88

Financial summary for the year ended 30 June 2021

	Actual \$'000	Annual plan \$'000	Last year \$'000
Statement of comprehensive revenue and expenditure			
Total revenue	163,382	149,534	145,182
Depreciation and amortisation expense	9,976	11,155	9,294
Interest expense	840	1,602	659
Other operating costs	147,729	97,615	137,845
Total expenditure	158,545	161,853	147,798
Surplus/(deficit) before income tax	4,837	(12,319)	(2,616)
Income tax expense			
Net surplus	4,837	(12,319)	(2,616)
Gain/(loss) on revaluation of property, plant and equipment	224	-	40,395
Total comprehensive income	5,061	(12,319)	37,779
Statement of financial position			
Current assets	56,470	35,527	55,414
Non-current assets	679,742	696,307	666,860
Total assets	736,212	731,834	722,274
Current liabilities	44,593	35,872	29,365
Non-current liabilities	28,892	48,682	35,243
Total liabilities	73,485	84,554	64,608
Net assets	662,727	647,280	657,666
Statement of changes in equity			
Opening Equity	657,666	659,599	619,887
Total comprehensive revenue and expense	5,061	(12,319)	37,779
Closing equity	662,727	647,280	657,666
Components of equity			
Accumulated funds	221,239	204,805	224,451
Other reserves	441,488	442,475	433,215
Total equity	662,727	647,280	657,666
Statement of cash flow			
Net from operating	18,329	7,261	2,489
Net from investing	(13,597)	(14,799)	(7,585)
Net from financing	0	7,617	10,000
Net (decrease)/increase in cash held	4,642	79	4,904
Closing cash balance	24,607	6,384	19,965

Accounting policies

Waikato Regional Council is a regional local authority governed by the Local Government Act 2002.

The full financial statements of Waikato Regional Council have been prepared in accordance with the requirements of the Local Government Act 2002 and with New Zealand's generally accepted accounting practice. They comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for public benefit entities.

Waikato Regional Council's summary annual report is in compliance with Financial Reporting Standard 43 (FRS 43) Summary Financial Statements and the financial statements have been prepared in New Zealand dollars. All values have been rounded to the nearest thousand dollars (\$000).

The summary annual report does not include all disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding of the council's financial performance as the full financial statements.

The full financial statements on which this summary is based were authorised for issue by the council on 28 October 2021.

Commitments

Capital expenditure commitments for property, plant and equipment and intangible assets amounted to \$3.185 million at 30 June 2021 (30 June 2020: \$3.522 million).

Operating lease commitments

	2020/21	2019/20
	Actual	Last year
	\$'000	\$'000
Operating leases as lessee		
Not later than one year	3,592	2,123
Later than one year and not later than five years	13,257	11,420
Later than five years	30,269	30,583
Total non-cancellable operating leases	47,118	44,126
Operating leases as lessor		
Not later than one year	140	236
Later than one year and not later than five years	175	315
Later than five years	-	-
Total non-cancellable operating leases	315	551

Contingent liabilities

NZ Mutual Liability Riskpool (Riskpool) provided public liability and professional indemnity insurance for its members. The council was a member of Riskpool until 30 June 2017. The Trust deed of Risk Pool provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members for that fund year.

The council is one of 63 local authority guarantors of the Local Government Funding Agency (LGFA). Together with the other shareholders and guarantors, the council is a guarantor of all LGFA's borrowings. At 30 June 2021, LGFA had borrowings totalling \$14.420 billion (30 June 2020 \$11.908 billion). While all guaranteeing local authorities are jointly and severally liable for the entire LGFA debt guaranteed, claims against individual local authorities will initially be based on their proportion of the total annual rates income of all guaranteeing local authorities. Financial reporting standards require the council to recognise the guarantee liability at fair value. However, the council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low.

At the date of this report, three legal proceedings under the Resource Management Act, and one dispute under the Buildings Act, have been brought to the councils attention, indicating potential combined liabilities of \$74,000.

Notable budget variations

Fees and charges revenue is \$1.767 million favourable to budget. Council received an unbudgeted \$1.470 million from the National Emergency Management Agency for allocation to welfare organisations related to the COVID-19 response. This cost is directly offset by additional unbudgeted expenditure.

Subsidies and grants are \$5.276 million favourable to budget. Key contributors to this outcome include:

- New Zealand Transport Agency (NZTA) funding received included additional amounts to cover a reduction in public transport fare revenue which was impacted negatively during the COVID-19 recovery period (\$2.913 million)
- funding grants received for shovel ready projects as part of the Government's COVID-19 economic response package had not been anticipated when the budget was prepared (\$2.278 million).

Other revenue is \$2.367 million favourable to budget. Key contributors to this include:

- unbudgeted revenue from forestry harvesting in the Waihou catchment zone (\$1.490 million)
- additional funding revenue for shovel ready projects associated with catchment management work which had not been anticipated when the budget was prepared (\$2.283 million)
- unbudgeted fines income from successful court enforcement actions (\$750,000)

The March 2020 COVID-19 lockdown had a significant impact on public transport patronage. During this period, services were only available for travel to and from essential services. This travel was provided free of charge in order to remove the need for cash handling on board. As part of the council's recovery strategy, a lower, simplified fare structure was introduced in May 2020 to help encourage a return to public transport use. While public transport patronage has increased from the previous year, lower overall patronage and changing fare structures have resulted in reduced fare revenue of \$2.951 million compared to budget because of COVID-19.

Investment income is \$3.068 million above budget. The return from the council's investment fund was \$3.638 million above budget. The fund achieved a return of 9

per cent for the year, with strong returns driven by the equities portion of the fund. Investment revenue from working capital funds was \$570,000 below budget, due to lower than anticipated interest rates during the year.

Unrealised gains on interest rate derivatives relate to the movement in valuation over the prior year of interest rate swaps that the council has entered to manage the interest rate risk associated with its borrowing programme. Movements in the unrealised value of the derivatives are not budgeted. The unrealised gain on the derivatives is a result of the overall shortening of the length of interest rate derivatives held compared to the prior year. This resulted in a reduction in the overall liability position held (\$1.227 million).

Depreciation and amortisation combined are \$1.179 million lower than budget. Completion of the new public transport ticketing system and the fit-out of the council's office building occurred later than anticipated, contributing to a \$1.009 million reduction in depreciation and amortisation for operational fixed assets.

Infrastructure capital works completed this year were \$5.263 million, against budgeted expenditure of \$12.318 million, with \$5.909 million of the underspend carried over to the next financial year. This has resulted in a lower depreciation and amortisation expense of \$170,000.

Other expenses are \$2.2 million lower than budget. A delay in the commencement of the proposed Waikato Regional Theatre meant the council's planned contribution to the project this year, of \$2.5 million, has not yet been advanced. The annual plan budget assumed that funds accumulated in the regional development fund would be applied to qualifying projects this year (\$4.638 million). In total, \$2.2 million has been committed to projects by the council, however, this has not yet been distributed. Offsetting these savings were the unbudgeted expenditure for shovel ready projects (\$2.9 million, offset by unbudgeted revenue) and the costs of forestry harvesting in Waihou (\$1.7 million, offset by harvesting revenue).

Statement of financial position

Cash and cash equivalents are \$18.223 million higher than budget. This reflects a higher balance of working capital being held on call due to the timing of maturing term deposits at the financial year end, and the holding

of these funds on call over that period to take advantage of projected interest rate increases on term deposits.

Trade and other receivables are \$3.680 million higher than budget. This increase reflects amounts due from other government agencies that arose at the financial year end.

Financial assets are \$1.596 million lower than budget. This mainly reflects the lower level of working capital funds held on term deposits at the end of the financial year.

Biological assets are \$1.309 million lower than budget. This reflects the harvesting of the council's forestry blocks in the 2020 calendar year which was not anticipated in the budget.

Intangible assets are \$1.067 million higher than budget. This reflects the software component of the new electronic ticketing system for public transport being classified as intangible software costs.

Property, plant, and equipment is \$24.923 million lower than budget. This reflects:

- a lower opening asset value than projected at the time the budget was set (\$25.379 million)
- higher than budgeted operational capital expenditure for the year, including work in progress not yet finalised (\$6,063 million). This is largely a result of the expenditure on leasehold improvements being delayed that were budgeted to occur in the prior year
- lower infrastructure capital expenditure for the year than budgeted (\$5.276 million). In total, \$5.909 million of cumulative underspend of the infrastructure capital expenditure budget is due to be carried over to 2021/22 to allow planned works to be completed.

Borrowings reflect the council's external borrowing through the Local Government Funding Agency (LGFA). The annual plan anticipated the need to borrow \$51.831 million by the end of the 2020/21 financial year. Actual borrowing at 30 June 2021 was \$32.167 million, reflecting a lower than budgeted capital works programme in addition to delays with loan-funded costs for the Waikato Regional Theatre (\$5.000 million) and corporate system replacement (\$1.796 million).

Trade and other payables are \$9.777 million higher than budget. Key contributors to this include:

- income received in advance, of \$4.760 million. This includes funding received for shovel ready projects

from the Ministry of Primary Industries (MPI) and the Ministry for the Environment (MFE) (\$3.0 million)

- funding received for the Waikato Wellbeing project (\$400,000)
- funding received for the Future Proof project, a collaboration with Waikato territorial authorities (\$610,000)
- higher than planned accruals of \$2.924 million. These included public transport service liabilities with respect to contract inflation costs (\$1.633 million), new liabilities relating to the provision of rail services (\$633,000), and the accrual of operating and capital costs related to the lease of the new council office premises (\$628,000)
- increases in funds held on behalf of third parties and rates received in advance (\$1.087 million)
- an Increase in trade payables (\$758,000).

Investment fund returns

The return from the investment fund has been applied to:

	2020/21	2019/20
	Actual Last year	
	\$'000	\$'000
Inflation proofing	2782	1234
Rates subsidy	1987	1945
Regional Development Fund	1580	544
Investment equalisation reserve	2339	0
Management fees	411	396
Total	9009	4119

Events after balance date

Council has considered the impact of the lockdown commencing 17 August 2021, particularly with regard to public transport revenue which has currently been assessed as the key area of financial risk exposure. No adjustments have been required in the current annual report.

Related Parties

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).

Independent auditor's report

To the readers of Waikato Regional Council's summary of the annual report for the year ended 30 June 2021

The summary of the annual report was derived from the annual report of the Waikato Regional Council (the Regional Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 7 to 8 and 29 to 32:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary for the statement of service performance.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 28 October 2021.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

Other than the audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the Regional Council's debenture trust deed and audit engagements for the 2021-31 Long-term plan Consultation Document and the 2021-31 Long-term plan. Other than these engagements, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



David Walker,
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
28 October 2021

Disclaimer

The specific disclosures included in this summary have been extracted from the full annual report. These summary financial statements do not include all of the disclosures provided in the full financial statements and can not be expected to provide as complete an understanding as provided by the full annual report. This summary can not be expected to provide as complete an understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Waikato Regional Council.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General who have issued a standard unmodified opinion on the full annual report. The full annual report can be obtained from our website - waikatoregion.govt.nz/annualreport.

He taiao mauriora

Healthy environment

He ōhanga pakari

Strong economy

He hapori hihiri

Vibrant communities

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Private Bag 3038
Waikato Mail Centre
Hamilton 3240
New Zealand

0800 800 401
waikatoregion.govt.nz

