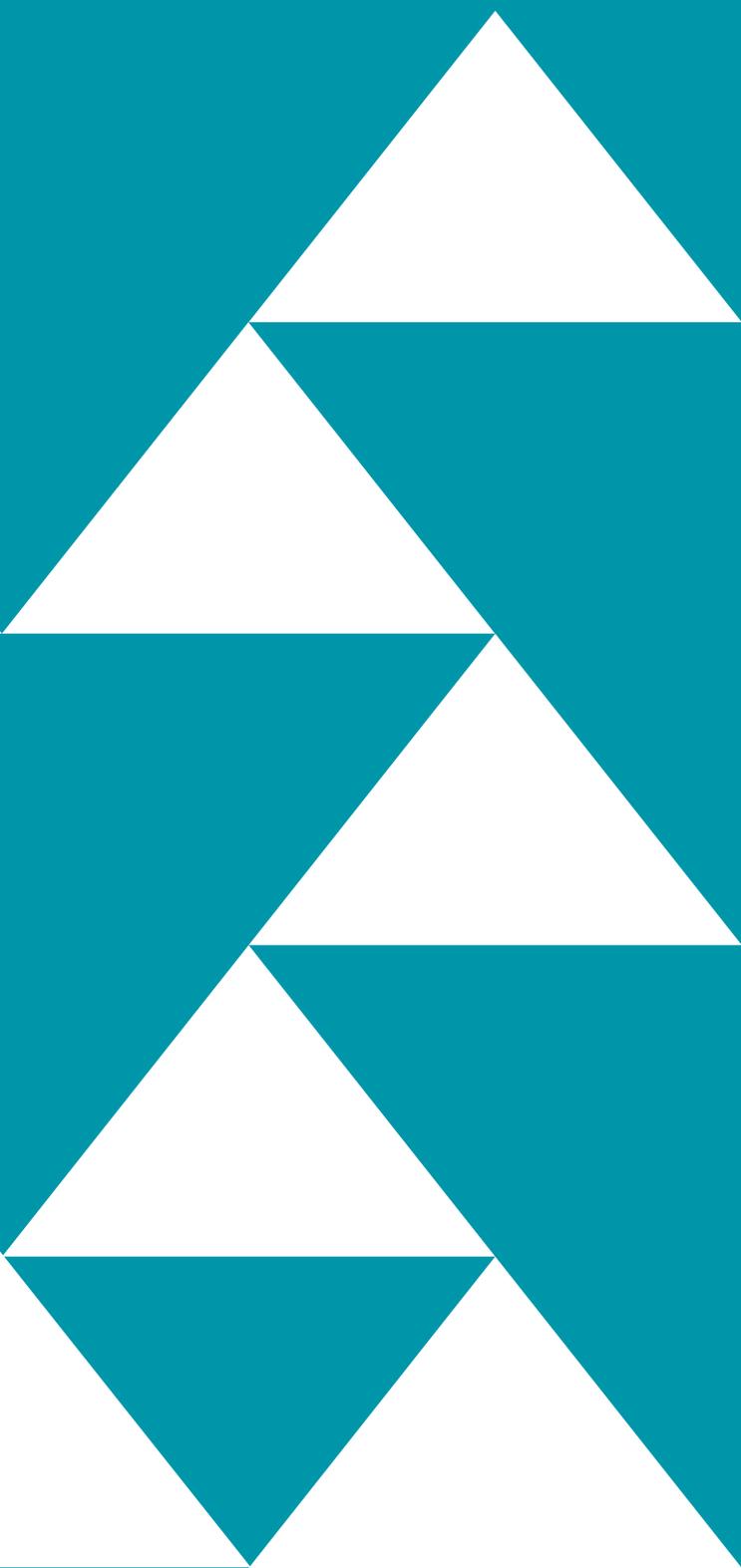


Whakarāpopototanga o te Pūrongo ā-Tau **Annual Report 2022/23** **Summary**





He hōnore, he korōria ki te Atua

He maungārongo ki te whenua

He whakaaro pai ki ngā tāngata katoa

Kia whakahonoretia te Kīngi Māori me te whare
o te Kāhui Ariki tonu - paimārire

Kia tau tana manaakitanga ki nga rangatira puta
noa i te motu

E ngā mate o te tau, haere, haere, haere atu rā

E ngā reo, e ngā mana, rau rangatira mā

Tiheī mauri ora ki te whei ao ki te ao mārama

Rārangi kaupapa

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Kōrero matua

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. Even so, 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 followed 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 investments 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 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 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 fresh water 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. 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, appearing to read 'Chris McLay'.

Chris McLay
Chief Executive



A handwritten signature in black ink, appearing to read 'Pamela R. Storey'.

Pamela Storey
Chair

Ngā whakatutukitanga

Performance summary

The work we do is carried out under 26 activities which are sorted into eight groups. These groups of activities deliver services and infrastructure, and perform functions, that enable us to deliver great community outcomes. Through our [2021-2031 Long Term Plan \(LTP\)](#), service levels and budgets are set, and these are what we report against.

Service delivery

This year has seen lots of great work happening. Where performance measures weren't achieved, some missed by just a small margin.

- All 124 official information requests received were responded to within statutory timeframes this year.
- All 70 current projects funded through the Natural Heritage Partnership Programme achieved their milestones this year. The programme includes three funds that are allocated to individuals or groups for restoration activities.
- The inaugural Te Huia customer survey showed 92.5 per cent of passengers were satisfied or better with the passenger rail service.
- We responded to all 1574 notifications from the public relating to environmental incidents and attended 454 that we determined needed physical attendance.
- In total there were 820 resource consent processed this year, of which 98.5 per cent were processed to completion in accordance with RMA timeframe discount regulations.
- A total of 356 highest priority consented sites were monitored this year.
- This year we adopted our [Regional Public Transport Plan \(RPTP\)](#) and began development on our [Regional Land Transport Plan](#). The RPTP is now operative and publicly available on the regional council website.
- A total of 14 possum control operations were completed this year.
- Number of public bus trips first boarding for both Hamilton and regional services increased this year.
- The Group Emergency Coordination Centre was activated on Saturday, 28 January 2023 in supporting mode for Auckland Anniversary and on Wednesday, 8 February for Cyclone Gabrielle weather events.
- Although the target as stated in the 2021-2031 LTP has not been met, a decision to notify the proposed coastal plan was made at the 29 June 2023 council meeting.
- 95.8 per cent of our customers were satisfied with our flood warning service.
- This year we achieved 92.2 per cent of planned mandatory maintenance actions, representing 3004 actions.
- This year we completed two *Marine Oil Spill Contingency Plan* exercises in Raglan, on 22 September 2022 and 9 March 2023.
- Of our rural stopbanks, 92.6 per cent were maintained above the designed flood height, which just fell short of our target of 93 per cent. Multi-year works continue in an effort to reach the target in 2023/24.

PASSENGER RAIL SERVICE

 **92.5%**
SATISFACTION RATE

RESOURCE CONSENTS

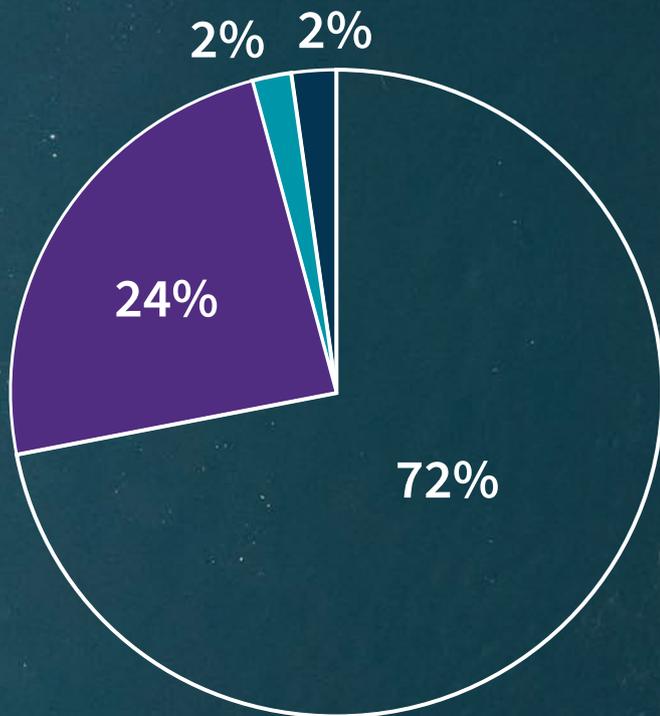
98.5% 
COMPLETED WITHIN
RMA TIMEFRAMES

Non-financial measures

For the 2022/23 year, there were 51 non-financial measures to be monitored and reported on.

The overall results were that we

- Fully achieved 37 measures
- Did not achieve 12 measures
- Partially achieved 1 measure
- And 1 measure was not applicable



Financial performance

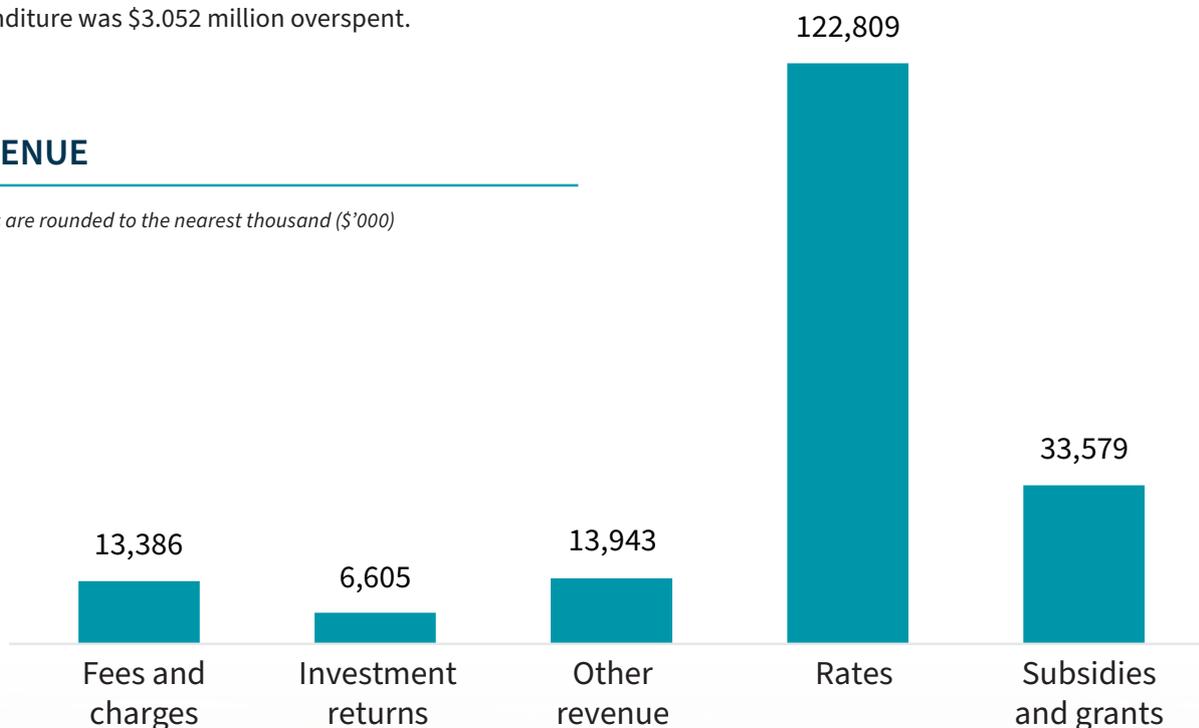
We are required, under section 98(7) of the *Local Government Act 2002*, to complete our audited financial statements and service performance information for the year ended 30 June 2023 no later than 31 October 2023.

We finished 2022/23 with a net deficit of \$2.327 million. Our total revenue for the year was \$1.408 million more than budgeted in our annual plan. Our operating expenditure was \$3.052 million overspent.

The main reason for the deficit were the additional, unbudgeted costs of \$2.140 million incurred in response to weather events over January and February 2023.

REVENUE

Figures are rounded to the nearest thousand (\$'000)



Operating capital expenditure

Of our total operating capital expenditure budget of \$7.136 million, \$5.354 million was spent this year.

Major works not completed are as follows.

- Information technology has a total favourable variance of \$2.426 million. The three major contributors to this are: Bus and rail infrastructure projects delays (\$811,000), customer transformation IT Costs (\$1 million) that was treated as an operating cost rather than capital, and LiDAR data capture (\$518,000) due to delays in multiyear projects.
- Budgeted information technology capital to support the Land Management Advisory Services programme/ Proposed Waikato Regional Plan Change 1: Waikato and Waipā River Catchments has not been spent, awaiting government direction on any national systems to support farm planning (\$1.727 million).
- Plant and equipment has a total unfavourable variance of \$2.115 million against the original budget. This is due to the vessel construction progress being slower than anticipated, with funds carried over from 2020/21 to fund this.

Infrastructure capital expenditure

Of our total infrastructure capital expenditure budget of \$17.273 million, \$10.453 million was spent this year.

- The shovel ready capital works programme in Waihou/Piako is underspent by \$572,000. In Lower Waikato, the programme is underspent by \$2.489 million compared to forecast.
- The capital renewals programme is underspent by \$3.654 million across Waihou/Piako and Lower Waikato Zones.

Ā mātou mahi

Our work

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*.

Ngā aronga nui **Our strategic priorities**



Wai
Water



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

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**



He taiao mauriora

Healthy environment

He hapori hihiri

Vibrant communities

He ōhanga pakari

Strong economy



He taiao mauriora

Healthy environment

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.

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 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.

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 to get the views of young people about how fresh water can be better managed, now and into the future.

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

Plan Change 1

Proposed Waikato Regional Plan Change 1: Waikato and Waipā River Catchments 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.

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.

Te Ture Whaimana o te Awa o Waikato

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 legislated in the *Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010*, and the work we do helps to deliver on it.

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.

We give effect to the vision by protecting the Waikato River from the adverse effects of activities on the water and land, and enhancing significant sites, fisheries, flora and fauna.

We also work with Waikato-Tainui and other river iwi authorities to support the economic, social, cultural and spiritual relationships of river iwi and communities with the Waikato River.



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 taiao mauriora

Healthy environment

He hapori hihiri

Vibrant communities

He ōhanga pakari

Strong economy



He hapori hihiri

Vibrant communities

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.

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

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.



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.

He taiao mauriora

Healthy environment

He hapori hihiri

Vibrant communities

He ōhanga pakari

Strong economy

He ōhanga pakari

Strong economy

Infrastructure

Our flood protection schemes protect 3000 square kilometres of land, as well as critical services and infrastructure. Being able to use this land for agriculture and economic purposes boosts our regional economy by \$2.2 billion every year.

We're working on an infrastructure decision making framework to help us make sound, long-term investments in critical flood protection and land drainage assets, with a strong focus on sustainability. The framework will inform our 50-year infrastructure strategy, which will be reviewed as part of our *2024-2034 Long Term Plan*.

Replacement vessel

This year, we awarded a contract for the construction of a new vessel for river management and flood protection works. It will be used in the lower Waikato and Waipā rivers to help maintain the stability and capacity of the river channels through activities such as removal of trees and debris from channels, river control works and stabilisation of riverbanks. This work can only be undertaken from the water and requires a floating work platform. Work on the vessel has begun and it is expected the build will be completed in July 2024.

Te Waka

Te Waka is the regional economic development agency that contributes economic development leadership and coordination across the Waikato region. To help Te Waka grow, we increased our funding from \$300,000 a year to \$750,000 a year for three years as part of our *2021-2031 Long Term Plan*.

In 2022/23, Te Waka reported a number of successes across its four focus areas (facilitation, connection, advocacy, and intelligence and insights), including:

- progressing their *Freight Action Plan* and continued advocacy to support transport infrastructure investment in the region
- supporting workforce development initiatives, via membership of the Waikato Regional Skills Leadership Group (RSLG), with a focus on the commercial road transport sector
- engagement with the education sector to support the growth of international education
- facilitating connections between businesses and local tech talent
- partnership with Māoriverse to deliver Māori economic development outcomes.



Keeping our region resilient

We've worked with other Civil Defence and Emergency Management (CDEM) group member councils to progress significant changes to the *Civil Defence Regulatory Framework*. This legislation is due to come into effect in mid-2023.

Greenhouse gas reductions

We've continued to collaborate with our regional partners to achieve community greenhouse gas reduction targets, set through the Waikato Wellbeing Project, and to support more climate-resilient communities.

In 2022/23, we contributed emissions-reduction insights for the development of the *Hamilton-Waikato Metropolitan Spatial Plan* transport business case. We also provided input into a review of the *Future Proof Strategy* and coordinated submissions to central government on emissions reduction and climate adaptation.

Circular economy

In a circular economy, resource use is minimised, and resources are reused. Waste and pollution are designed out of the system and natural systems are regenerated. The transition to a circular economy will require a radical redesign of our current economic system, and coordination among all stakeholders.

A circular economy is a sustainable alternative to the linear, extractive economic model – the throw-away culture that has been dominant since the Industrial Revolution.

A circular economy challenges businesses to redesign their goods and services in order to reduce their environmental impacts, reduce material use, increase

durability, and ensure products can be dismantled, fixed, upgraded and ultimately reused or recycled. Not only will this help to improve the social and cultural wellbeing of the people and the intrinsic value and wellbeing of the planet, it also creates opportunities for commercial innovation and adaptation to the consumer's growing preference for sustainable products.

Having just completed a Circularising Organics project, we are now back in the research phase to identify what we can do in regional and local government to support the transition to a circular economy. In particular, we're focusing on how products can be reused in different sectors, including the agricultural sector.

Climathon

The impacts of climate change are happening faster than models have predicted, so effective collaboration to develop practical solutions is more essential than ever.

In 2022/23, we continued to provide funding support to Impact Waikato which runs an annual Climathon Waikato to raise climate awareness, disrupt the status quo, rethink the way we live and reimagine the future we want as citizens. The event helps to build a strong foundation for long-lasting climate projects, through engagement with impact-driven start-ups and key decision-makers over city plans and policies.

The Climathon looked at areas such as transport, energy, healthy homes, food systems, agriculture, biodiversity and empowerment. Solutions were also co-designed with the independent Waikato youth forum, Rangatahi Voices, to ensure the perspective of young people was well reflected.



Whakarāpopototanga pūtea

Financial summary

Statement of compliance

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

Financial summary for the year ended 30 June 2023:

	Actual (\$'000)	Annual plan (\$'000)	Last year (\$'000)
Statement of comprehensive revenue and expenditure			
Total revenue	190,322	188,914	164,125
Depreciation and amortisation expense	12,888	12,434	11,139
Interest expense	1,183	1,347	764
Other operating costs	178,578	175,816	157,798
Total expenditure	192,649	189,597	169,701
Surplus/(deficit) before income tax	(2,327)	(683)	(5,576)
Income tax expense	0	0	0
Net surplus	(2,327)	(683)	(5,576)
Gain/(loss) on revaluation of property, plant and equipment	359,486	26,896	72,601
Total comprehensive income	357,159	26,213	67,025
Statement of financial position			
Current assets	52,986	53,088	48,661
Non-current assets	1,106,528	739,960	742,575
Total assets	1,159,514	793,048	791,236
Current liabilities	50,963	41,933	41,144
Non-current liabilities	21,525	65,426	20,340
Total liabilities	72,488	107,359	61,484
Net assets	1,087,026	685,689	729,752
Statement of changes in equity			
Opening equity	729,752	659,477	662,727
Total comprehensive revenue and expense	357,274	26,212	67,025
Closing equity	1,087,026	685,689	729,752
Components of equity			
Accumulated funds	212,877	220,116	220,754
Other reserves	874,149	465,573	508,998
Total equity	1,087,026	685,689	729,752
Statement of cash flow			
Net from operating	10,532	9,079	216
Net from investing	382	(30,683)	(14,941)
Net from financing	4,972	14,584	(7,048)
Net (decrease)/increase in cash held	15,886	(7,020)	(21,773)
Closing cash balance	18,721	5190	2,834

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 complies with the Financial Reporting Standard 43 (FRS 43) Summary Financial Statements and the financial statements have been prepared in New Zealand dollars. All values in these financial statements 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 31 October 2023.

Commitments

Capital expenditure commitments for property, plant and equipment and intangible assets amounted to \$8.935 million at 30 June 2023 (30 June 2022: \$3.141 million).

Operating lease commitments

Waikato Regional Council lease property, plant and equipment in the normal course of 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 (\$'000)	2021/22 Last year (\$'000)
Operating leases as lessee		
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
Total non-cancellable operating leases	38,970	46,575

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.

Operating leases as lessor

Waikato Regional Council subleases 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.

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$36,577 (2022 \$175,000).

	2022/23 Actual (\$'000)	2021/22 Last year (\$'000)
Operating leases as lessor		
Not later than one year	37	140
Later than one year and not later than five years	-	35
Later than five years	-	-
Total non-cancellable operating leases	37	175

Contingent liabilities

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 to 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 to 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, it is not possible to quantify any potential liability.

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.

The 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 LGFA borrowings. At 30 June 2023, LGFA had borrowings totalling \$17.684 billion (2022 \$16.826 billion).

PBE accounting standards require the council to initially recognise the guaranteed 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 guaranteed 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, the council has not recognised this as a liability.

Notable budget variations

Explanations for major variations from Waikato Regional Council's estimated figures for the 2022/2023 Annual Plan are as follows.

Statement of comprehensive revenue and expenditure

Integrated catchment management fees and charges revenue is unfavourable by \$1.112 million. This is due to revenue for project work being \$959,000 lower than anticipated as a result of delays in work. It is offset by lower than anticipated expenditure and by a delay in invoicing Waipā Catchment Plan revenue from Waikato River Authority co-funding (\$388,000). Emergency management revenue receivable in relation to our marine oil spill response fund was lower than budgeted in the annual plan, by \$578,000. This revenue (and associated costs) is only recognised when a marine oil spill response is activated.

Civil defence emergency management also received additional funding from central government for Cyclone Gabrielle relief (\$450,000). These funds are held by the 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 per cent 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 the council has been able to earn through the investment of working capital funds. On average, the interest earned on these funds was 4.74 per cent, compared to a budgeted return of 1.5 per cent, resulting in additional interest income of \$1.357 million.

The council's investment fund achieved a total return of \$3.854 million, against a budgeted return of \$4.584 million. In light of the high-inflation environment during 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 originally budgeted, by \$1.375 million. Additional funding was approved by the 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 the last financial year, have been made this year (\$2.5 million). Planned improvements to the Waikato to Auckland passenger rail service, Te Huia, resulted in reduced operating costs (-\$1.751 million), offset by lower fare revenue (\$192,000) and the Waka Kotahi subsidy (\$358,000).

The 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 the regional and zone disaster recovery reserve, which

the council sets aside to meet the response and recovery costs of such 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 payment of expenses, matched with cashflow requirements. This is offset by the value of financial assets (reflecting term deposits with a duration of more than three 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 the prior year (\$3.755 million) meaning a lower opening balance. The main fund returned 4.2 per cent against a budgeted 4.6 per cent (including budgeted inflation of 1.6 per cent), while the low-risk fund returned 4.3 per cent against budgeted 2.2 per cent.

Capital expenditure in relation to intangible assets is less than budget this year (\$3.191 million). Of this, \$1.8 million relates to *Proposed Waikato Regional Plan Change 1: Waikato and Waipā River Catchments*. 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 those assumed when the annual plan was developed (\$374.576 million). This reflects market cost pressures and the increased 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, the 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 the 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).

Independent auditor's report

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

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 2023.

The summary of the annual report comprises the following information on pages 7 and 23 to 25:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as "non-financial measures" in the document).

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 2023 in our auditor's report dated 31 October 2023.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to our audit and our report on the disclosure requirements in the full annual report, we have carried out a limited assurance engagement related to the Regional Council's debenture trust deed. Other than in our capacity as auditor, 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
31 October 2023

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 cannot be expected to provide as complete an understanding as is provided by the full annual report. This summary cannot be expected to provide as complete an understanding as is 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 found on our website at waikatoregion.govt.nz/annualreport.

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

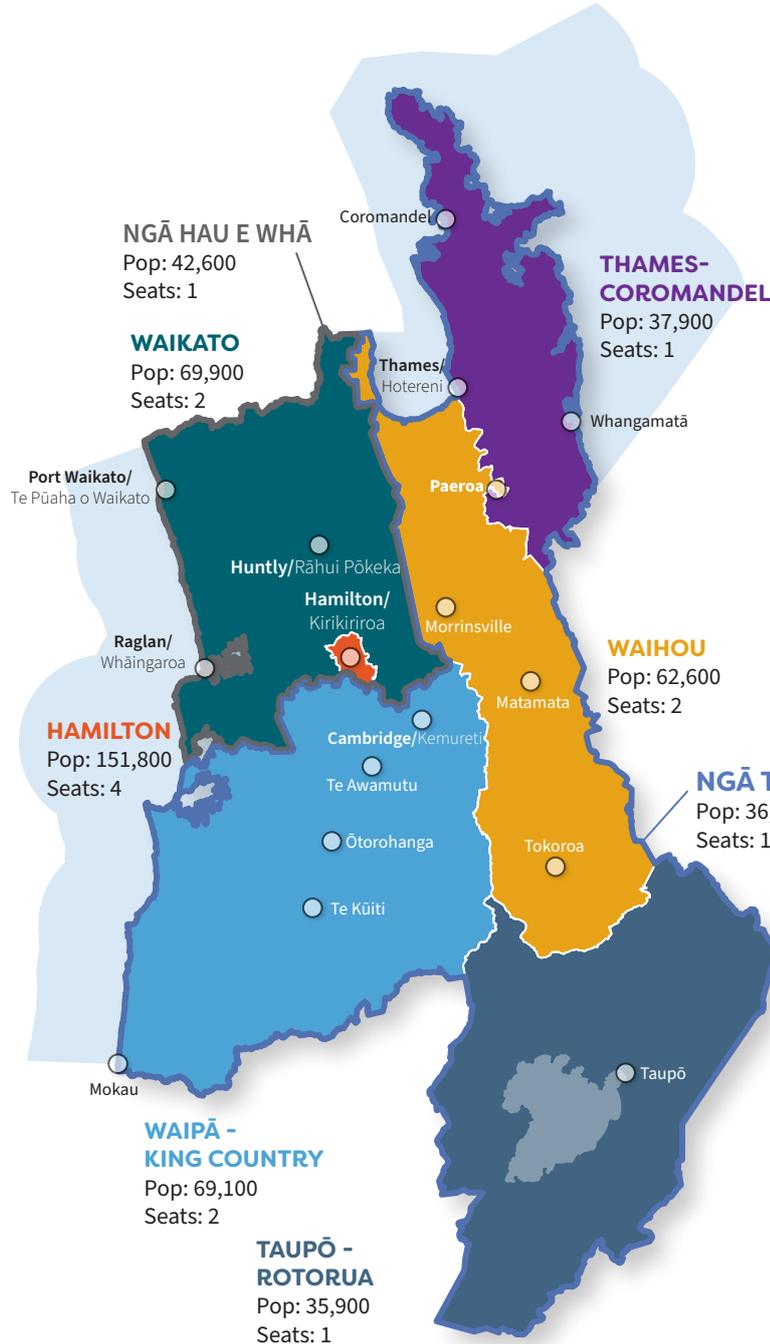


Stu Kneebone

Taupō-Rotorua



Mich'eal Downard





He taiao mauriora ▲ **Healthy environment**

He hapori hihiri ▲ **Vibrant communities**

He ōhanga pakari ▲ **Strong economy**

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Private Bag 3038, Waikato Mail Centre,
Hamilton 3240, New Zealand
0800 800 401 waikatoregion.govt.nz