

2020/21 Annual Report

Pūrongo ā-tau



Waikato



REGIONAL COUNCIL
Te Kaunihera ā Rohe o Waikato

ABOUT THE REPORT

2020/21 Annual Report

The annual report is the key accountability document adopted each year by the council and sets out the differences between planned and actual performance for the year.

This annual report identifies highlights and key achievements in activities and levels of performance from 1 July 2020 to 30 June 2021.

It reports against the third year of Waikato Regional Council's 2018-2028 Long Term Plan.

The planning and reporting cycle

The annual report is one of a suite of statutory documents required under the Local Government Act (LGA) 2002.

A long term plan is a strategic planning document covering a 10 year period and describes the activities a local authority will fund and provide to achieve desired community outcomes. Community outcomes state what the council intends to achieve to maintain and improve the wellbeing of the region in the present and in the future. A long term plan is reviewed and prepared every three years. It may be amended at any time, provided the full consultative process described in the LGA is used. The 2018-2028 Long Term Plan was adopted on 26 June 2018 and this is the third year it will be reported on. The other documents which make up the planning and reporting cycle are the annual plan and annual report. An annual plan is adopted in years two and three of the long term plan by local authorities and sets out the budget and the sources of funding for the year.

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SECTION 1: About your council | E pā ana ki tō kaunihera

Message from the chairperson and chief executive | 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 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 a *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 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.

A handwritten signature in blue ink, appearing to read 'Chris McLay'.

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 the gap between the haves and have nots continues to widen. 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.

A handwritten signature in blue ink, appearing to read 'Russ Rimmington'.

Your regional councillors | Ngā toki kaunihera me o rātou takiwā

Waikato

Thames-Coromandel

Ngā Hau e Whā

Hamilton

Waihou

Ngā Tai Ki Uta

Waipā-King Country

Taupō-Rotorua

Map Labels: Coromandel, Thames/Hōtereti, Whangamata, Port Waikato/Te Pūaha o Waikato, Raglan/Whāingara, Huntly/Tamau Pōkerau, Hamilton/Kirikiriana, Morrinsville, Matamata, Cambridge/Camburton, Te Awamōau, Otterohanga, Te Kōwhiri, Taupō, Mokau.

Regional Data:

- Ngā Hau e Whā:** Pop: 37,800, Seats: 1
- Thames-Coromandel:** Pop: 33,800, Seats: 1
- Waikato:** Pop: 60,200, Seats: 2
- Hamilton:** Pop: 140,900, Seats: 4
- Waihou:** Pop: 59,700, Seats: 2
- Ngā Tai Ki Uta:** Pop: 32,200, Seats: 1
- Waipā-King Country:** Pop: 62,800, Seats: 2
- Taupō-Rotorua:** Pop: 32,600, Seats: 1

Councillors and Committees:

- Pamela Storey:** Strategy and Policy Committee Chair
- Fred Lichtwark:**
- Denis Tegg:**
- Tipa Mahuta:**
- Jennifer Nickel:** Climate Action Committee Chair
- Barry Quayle:** Finance and Services Committee Chair, Risk and Assurance Committee Chair
- Russ Rimmington:** Chairperson, Healthy Rivers: Wai Ora Committee Chair, CE Employment and Remuneration Committee Chair, Waikato Plan Leadership Committee Chair
- Angela Strange:** Regional Connections Committee Chair
- Stu Kneebone:** Integrated Catchment Committee South Chair
- Andrew MacPherson:**
- Kataraina Hodge:** Deputy Chairperson
- Stu Husband:** Integrated Catchment Committee North Chair
- Hugh Vercoe:** Regional Transport Committee, Waikato Civil Defence and Emergency Management Joint Committee
- Kathy White:** Environmental Performance Committee Chair

For contact details please see our website: waikatoregion.govt.nz/committees-and-councillors

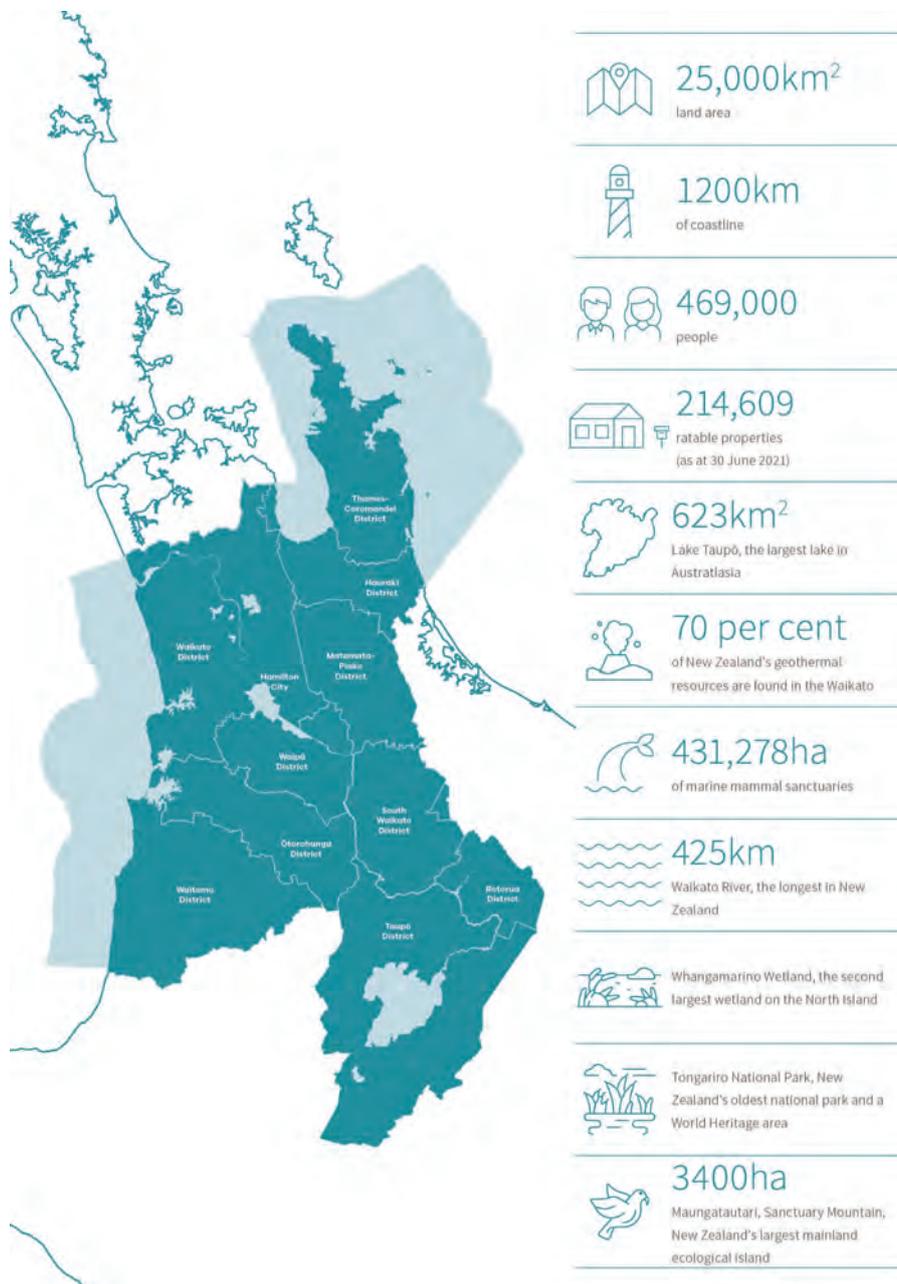
Your region | Tō tātou rohe

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.





SECTION 2: Our performance | Ngā whakatutukitanga

Our priorities | Ngā whāinga matua

Community outcomes

Our vision

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

Our purpose

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

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.

Waikato wellbeing targets

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.

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.

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.

Our work to improve outcomes

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 ecosystem services
- 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.

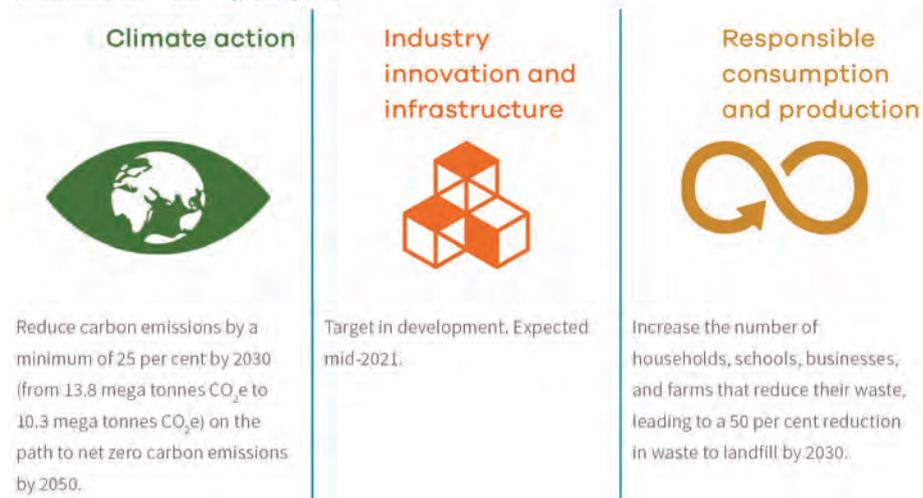


Climate | Āhuarangi

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.

Waikato wellbeing targets



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.

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 tCO₂ e. This

was a reduction of 35 per cent on our base year (2016/17). base year by 2030.
We are on track to achieve a reduction of 70 per cent on our



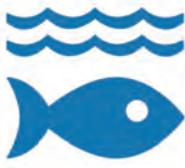
Biodiversity and biosecurity | Rerenga rauopi, tiakitanga taiao

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.

Waikato wellbeing targets

Life on land	Clean water and sanitation	Life below water
		
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.	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.	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.

Our work to improve outcomes

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.

Waikato wellbeing targets

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.

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.

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.

Our work to improve outcomes

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.

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.

Plan stages and progress



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 \$2.2 billion 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.

Waikato wellbeing targets

Industry innovation and infrastructure



Target in development. Expected mid-2021.

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.

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.

Our work to improve outcomes

Protecting our peat soils

We developed a regional peat subsidence monitoring programme, which we are currently implementing. It involves the use of airborne Light Detection and Ranging (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.

Waikato wellbeing targets

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.

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.

Industry innovation and infrastructure



Target in development. Expected mid-2021.

Our work to improve outcomes

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.

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 sub-region (comprising Hamilton city, Waipā 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.

Vision and Strategy for the Waikato Region

| Te Ture Whaimana o te Awa o Waikato

Restoring the Waikato River

The work we do helps to deliver on *Te Ture Whaimana o Te Awa o Waikato – the Vision and Strategy for the Waikato River*. The Vision and Strategy was developed by the Guardians Establishment Committee, which was established under the Waikato-Tainui and Crown Agreement in Principle and legislated in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010. The custodian of the Vision and Strategy is the Waikato River Authority, which also invests funds into rehabilitation initiatives. The board of the Waikato River Authority consists of a representative from each of the five river iwi authorities (Waikato-Tainui, Tūwharetoa, Te Arawa River Iwi, Raukawa and Maniapoto) and five Crown representatives.

The vision is for a healthy Waikato River which sustains abundant life and prosperous communities, which are in turn responsible for restoring and protecting it, and all it embraces, for generations to come. Treaty Settlement legislation requires us to give effect to the Vision and Strategy.

Delivering on the objectives

There are 13 objectives in the Vision and Strategy, and a number of them are related. The work we do often helps to deliver on more than one objective.

In 2020/21, the council supported the restoration and protection of the health and wellbeing of the Waikato River in the following ways.

Relationships

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

- We led the proposal for the transfer of specific water quality monitoring activities at and around Lake Taupō to the Tūwharetoa Māori Trust Board. The approval by council to transfer these functions makes Tūwharetoa the first iwi authority in Aotearoa New Zealand to have functions transferred to them by a council. The activities we have transferred include the collection of water samples and water level measurements at several sites within the Lake Taupō catchment.
- As a result of the five joint management agreements (JMAs) we have with river iwi partners, we:
 - continued to support existing Waikato and Waipā River settlement legislation requirements associated with the JMA commitments

- employed iwi interns to undertake river and catchment restoration related work within their rohe (this contributes to iwi capacity building and provides opportunities for employment in the field of natural resource management in the future)
- started work in partnership with Raukawa to develop a Green Economy Pathway
- developed a dashboard to monitor the performance and progress of our JMA obligations and enable strategic discussion in relation to prioritising resourcing and capacity.
- Through our catchment, education and Natural Heritage programmes, we gave community groups funding and advice for river restoration projects.
- We also have an advocacy role and, when working with others, we make sure the Vision and Strategy is front and centre of discussion and the importance and uniqueness of this document to the Waikato is highlighted.

Strategy and policy development

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

- We continued to progress *Proposed Waikato Regional Plan Change 1 for the Waikato and Waipā rivers*, which seeks to reduce contaminants entering the Waikato and Waipā catchments. This is a key piece of work to improve water quality, make the Waikato river swimmable, make it viable for food collection along its entire length and achieve the Vision and Strategy for the Waikato River.
- Plan Change 2 – Taupō Overseer Version was developed with the Tūwharetoa Māori Trust, Te Kotahitanga, farmers and the wider Taupō community and became operative in October 2020. It enables the use of new Overseer versions which will allow us to continue managing nitrogen in the catchment under the plan change rules.
- We continued our work on Healthy Environments | He Taiao Mauriora, a review of the *Waikato Regional Coastal Plan* and the *Waikato Regional Plan*, with community and iwi consultation starting this year. Currently, parts of these plans do not fully implement the Vision and Strategy for the Waikato River, or other statutory documents, and will need to be updated.
- The Vision and Strategy guides the way we administer resource consents, with applicants having to consider the potential effects of their consent application on the

Waikato River and include how their activity will 'give back' to improve the quality of the river.

- Monitoring of consents and permitted activities, and investigation of alleged breaches of rules and regulations, remains a key part of our business as usual. We continue to hold people accountable for non-compliance or undertaking activities which have an adverse effect on the environment, including the Waikato and Waipā Rivers.

Ecological health

Protecting and enhancing significant sites, fisheries, flora and fauna.

- We have begun 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, we 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.
- When undertaking river erosion protection works, we installed fish habitat structures and planted riparian margins, increasing instream habitats and improving food sources for our native fish.
- We continued our programme of protecting minimum lake levels in our shallow lakes through the installation of a weir at Lake Hotoananga and have begun the works to re-establish and raise minimum lake levels at Lake Kimihia in Huntly. This will increase and maintain important habitat for tuna and other aquatic and wetland species.
- We supported numerous iwi and community groups in undertaking restoration projects through co-funding and technical support.
- We received \$1.527 million of funding from the Waikato River Clean-up Trust's 2020 contestable fund for restoration improvements and projects.

Science

By better understanding the health of our rivers and waterways, we'll know what actions we need to take to make improvements.

- We worked with Waikato River Authority (WRA), National Institute of Water and Atmospheric Research (NIWA) and other key stakeholders on designing an integrated environmental model for the Waikato River. The model would become an important tool in assessing the likely efficacy of restoration actions and also helping target scientific research into areas where we have significant gaps in understanding.
- We initiated detailed monitoring and investigations in the lower Waihou River to understand water quality in the tidally-influenced section of the river. This is recognised as a significant gap in our understanding of how the river interacts with the Firth of Thames.
- Our state of environment monitoring team is working alongside river iwi to develop a cultural markers framework that will be made available to both council monitoring staff and river iwi. This will serve as an initial interface between our existing freshwater monitoring data and iwi/hapū cultural values. The framework looks to realise the Vision and Strategy through its application of both mātauranga Māori and the latest available scientific methods.
- We continued to work with iwi on improving the council's understanding of mātauranga Māori and how it can be better incorporated in our monitoring, reporting and consenting functions.
- A range of routine river management activities have occurred within major river catchments to improve the stability and capacity of river channels. These have included activities such as bank protection works and the removal of obstructions. Where possible, they have also achieved secondary benefits such as improving water quality, the creation of fish habitat, biodiversity enhancement and the protection of productive soils.
- We completed works, in partnership with The Wai Waakaata Trust, to address large scale bank erosion on the Moakurarua River as part of the Waipā Catchment Plan programme, which was co-funded by the Waikato River Authority.
- We provided expert review and input to WRA's assessment of Waikato-Waipā river health indicators.

See the Waikato River Authority scorecard for more information at waikatoriver.org.nz.

Facilitating Māori participation | Te whakaāheitia o Ngāi Māori

The Local Government Act 2002 requires local authorities to consider how they can foster the development of Māori capacity to contribute to their decision-making processes. Our approach is captured largely by our co-governance and co-management arrangements as well as the work of our internal Tai-ranga-whenua team.

Waikato Regional Council has a number of co-governance and co-management arrangements with iwi regarding their participation in natural resource management decision-making as a result of Treaty of Waitangi settlements with the Crown. The co-management arrangements include joint management agreements between iwi and the regional council on the way we will work together, and the development of catchment plans in partnership with iwi. There are also iwi management plans — documents developed by iwi to address resource management activity of significance within their respective rohe (regions). The plans can contain information relating to specific cultural values, historical accounts, descriptions of areas of interest (hapū/iwi boundaries), and consultation and engagement protocols for resource consents and plan changes.

Currently, the council has a total of six co-governance forums and committees that help to ensure our obligations to iwi partners are well implemented. As part of these arrangements, the council:

- supports existing Waikato and Waipā River and Ngāti Tūwharetoa settlement legislation and other iwi-specific statutory requirements and commitments
- employs iwi interns to undertake river and catchment restoration related work within their rohe
- develops joint strategic work programmes
- meets regularly with iwi partners to monitor the implementation of these arrangements.

The council will continue to work with our iwi partners to implement existing, new and pending Treaty settlements, including joint management agreements, advancing the Vision and Strategy for the Waikato River, and supporting our Māori councillors.

In 2017, Waikato Regional Council contributed to a framework, developed by Local Government New Zealand, that set out the specific commitments or obligations arising from each of the Treaty settlement arrangements. The resulting report made the case for a greater financial contribution to local government for the implementation of Treaty of Waitangi settlement arrangements. To support Māori capacity, one of the report's six recommendations was for the Crown to provide financial assistance to iwi for capacity and capability building. This

assistance would be to ensure iwi could participate and contribute equally in co-governance and co-management arrangements, and to assist in reducing local government costs.

Similarly, the Productivity Commission recommended a comprehensive and independent in-depth analysis of the costs associated with implementing Treaty settlement arrangements – both to councils and to iwi. Such analysis could inform an update of government policy on Crown contributions to support the implementation of Treaty settlements. Positive progress is being made regarding the Crown's recognition of the role councils play in implementing effective Treaty settlement outcomes on their behalf. This advocacy may in some way have influenced pending resource management and local government reform.

Our council acknowledges that meaningful collaboration produces a broader range of benefits than are currently being achieved through Treaty settlement implementation. Treaty settlement costs often overlap with our other legislative requirements, under the Resource Management Act for example. In these instances, it is difficult to quantify and precisely define what is a Treaty legislation obligation versus what is an existing legislated responsibility.

Tuitui Iwi ā-Rohe – Regional Iwi Partnerships was established in 2019 and includes representatives from seven iwi authorities. The purpose of the new committee is for iwi to provide strategic guidance on significant regional issues such as the implementation of the council's 10-year strategy and *Climate Action Roadmap*.

Our Tai-ranga-whenua team aims to build capability and confidence within the council to effectively partner with iwi Māori. By strengthening these relationships, we increase the ability of iwi Māori to meaningfully participate in mutually beneficial collaborative initiatives. This activity enables more effective and efficient decisions and creates more robust and lasting solutions to enhance the wellbeing of Māori and the wider community.

We will also continue to help foster Māori capacity by:

- maintaining two Māori constituencies
- working with mātauranga Māori experts to incorporate aspects of this world view into our processes and practices
- implementing strategies, frameworks and education programmes designed to increase staff and councillor capability to effectively engage with Māori
- providing pre and post Treaty settlement advice to council and government agencies.



SECTION 3: Our activities in depth | Ko te hohonutanga o ā tātou mahi

Groups of activities | Ko ngā mahi-ā-rōpū

How to read this section

This section describes the council's activities as grouped in the 2018-2028 Long Term Plan (LTP). Within each group of activities (GOA), work is structured into individual activities. Each GOA includes the following sections.

Why we provide these activities

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

What we achieved this year and looking to the future

Features key highlights, as well as some business as usual activities for 2020/21 and 2021/22.

What we delivered

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

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

What it cost

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

Community and services | Hapori me ngā ratonga

This group of activities (GOA) includes four activities:

- Community partnerships
- Governance
- Iwi Māori participation
- Planning and reporting

Why we provide these activities

These activities enable democratic decision making, by and for our communities, in line with the requirements of the Local Government Act 2002.

Elected members are supported in their roles, helping them make robust decisions to promote community interests. This helps inform the sustainable management of the region's natural resources while also promoting its social, economic, and cultural wellbeing.

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

Community-led education programmes are delivered to build and maintain strong multi-agency relationships, supporting behavioural change to enhance environmental learning and sustainable communities.

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

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Community partnerships	Primary focus		Contributes to
Governance			Primary focus
Iwi Māori participation			Primary focus
Planning and reporting			Primary focus

What we achieved this year and looking to the future

Our community partnerships continued to grow throughout the year, with several new collaborative initiatives progressed across the region. We established a number of new partnerships in the waste prevention, youth and secondary, and advancing Māori medium spaces. These involved working together with our stakeholders and community to develop 27 new initiatives in 2020/21.

The Enviroschools programme is now reaching 41 per cent of all secondary schools in the Waikato. We have inducted four new schools into the programme this year with an additional 22 in the process of joining.

We'll continue to empower our communities to take action on what is important to them and work in partnership with others. This will include initiating research into what local government can do to support the transition to a circular economy. The research will involve working with Bay of

Plenty Regional Council on a cross-regional waste stocktake to help us meet our waste prevention and climate change mitigation goals.

We continue to support existing Treaty settlement legislation and prepare for pending settlements. We advocated to the Crown for a greater financial contribution to local government for the implementation of Treaty settlement arrangements and for financial assistance for iwi. This support would be to improve capacity and capability building, better enabling iwi to participate and contribute equally in co-governance and co-management arrangements. It would also assist in reducing local government costs. The advocacy resulted in the methodology used to inform decisions on Crown

contributions being redrafted and we anticipate increased financial contributions for future Treaty settlement arrangements.

The development of the draft Te Kaupapa Kaitiaki was advanced in partnership with Te Kotahitanga o Ngāti Tūwharetoa and Taupō District Council. The purpose of this document is to identify the significant issues, values, vision, objectives, desired outcomes and other relevant matters for the Taupō catchment.

COVID-19 and the requirement to use technology to enable participation has transformed the way we facilitate and manage governance meetings, with meetings now accessible online to participants. Planning has also started for webcasting, which will enable the public to live stream a meeting online. Both initiatives enhance our capacity to enable more effective public participation and promote the accountability of members and officials.

In June 2021, the council adopted its 2021-2031 Long Term Plan (LTP). As part of the LTP consultation process, council considered nearly 1,500 formal submissions and listened to over 100 people present their feedback in person. This feedback helped shape the council’s final decisions. The council sought feedback on eight consultation topics and

had some tough decisions to make to ensure the right balance was achieved between increasing levels of service and rates affordability.

Construction of the new regional theatre, a community initiative driven by Momentum Waikato, is scheduled to begin in 2021/22. Through the 2018-2028 Long Term Plan, council agreed to provide \$5 million towards its construction. With preparatory site work now due to begin, council will be releasing the first tranche of funding.

Looking forward, support will be provided to the wider organisation for the implementation of our iwi engagement framework to help meet our obligations to iwi Māori. It will also be provided to implement a programme of work to embed mātauranga Māori (Māori knowledge) into the work we do. We will implement the Maniapoto and Hauraki Treaty settlements once they are finalised and participate in the Waikato-Tainui West Coast Harbours Treaty settlement process.

It is also expected new National Environmental Standards for Air Quality are on the horizon. These would require the council to review its current air quality monitoring programme across the region, which is delivered by our community partnerships activity.

What we delivered

The total number of community and services performance measures is five. Three measures were achieved (60 per cent), and two measure were not achieved (40 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Community partnerships

Level of service: To collaborate with other agencies and the people of the Waikato to deliver new and current initiatives that achieve economic, environmental and social outcomes.

Performance measure	Target	Actual	Commentary
Number of initiatives implemented as a result of working together with our key stakeholders and partners to achieve mutually beneficial outcomes	Maintain or increase the number of initiatives	27, not achieved 2019/20: 35 achieved	The number of initiatives implemented in 2019/20 was 35, with the total number for 2020/21 being 27. Although the measure is not achieved in full, the result is a positive reflection of new partnerships developed throughout the year. Partnerships and initiatives are often strengthened in person,

Performance measure	Target	Actual	Commentary
			and as such Covid-19 restrictions have reduced the ability to develop some initiatives.

Activity: Governance

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

Performance measure	Target	Actual	Commentary
Percentage of official information requests responded to within statutory timeframes	100%	100%, achieved 2019/20:100% achieved	A total of 264 out of 264 (100%) information requests were received and responded to within statutory timeframes this year.
Percentage of council agendas that are publicly available two working days or more before the meeting	100%	97%, not achieved 2019/20:100% achieved	A total of 114 out of 118 (97%) council agendas were made publicly available two working days before the meeting. The four agendas that did not meet this target were emergency meetings where the agenda could not meet the normal timeframes, but legislative requirements were still met.

Activity: Iwi Māori participation

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

Performance measure	Target	Actual	Commentary
Completion of key actions identified in the Māori Partnership Approach	Number of actions completed as per schedule	100%, achieved 2019/20: 100% achieved	All actions in the Māori Partnership Approach (MPA) have been delivered. The MPA will be reviewed and new actions identified for future reporting.

Activity: Planning and reporting

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

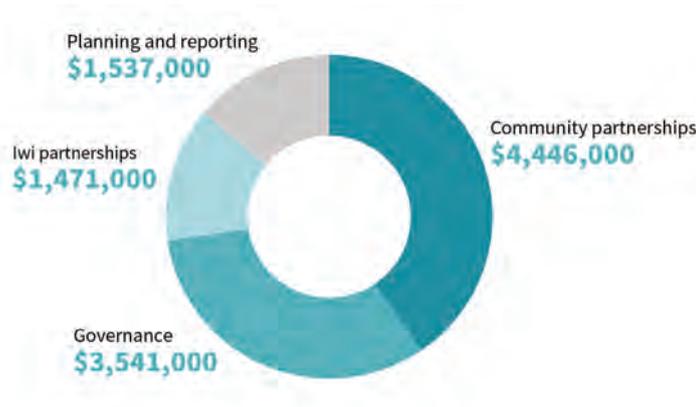
Performance measure	Target	Actual	Commentary
Long term plans and amendments to long term plans receive 'unmodified' audit opinions	Unmodified opinion received	Achieved 2019/20: Not applicable	In 2020/21 there was no amendment to the 2018-2028 Long Term Plan (LTP) and therefore no audit opinion issued. An unmodified audit opinion was received in relation to the 2021-2031 LTP consultation document and final LTP document.

What it cost

Revenue and expenditure for community and services

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
General Rates	1,180	1,180	1,105
UAGC	9,340	8,618	8,294
Targeted rates	79	796	832
Government grants	426	509	348
Fees and charges	30	-	2
Investment income			
Other income	154	220	186
Total income	11,209	11,324	10,766
Operating expenditure	10,995	14,217	9,336
Operating surplus / (deficit)	214	(2,893)	1,431
Total funding from / (to) reserves			
General	40	40	253
Stock truck effluent implementation	(83)	260	145
Prior Year Surplus	50		
Total reserve transfers	7	300	398
Increase / (decrease) in retained earnings	221	(2,593)	1,828

Expenditure



Waikato Civil Defence Emergency Management Group | Te Rakau Whakamarumaru ā Rohe o Waikato

This GOA includes one activity:

- Waikato Civil Defence Emergency Management (CDEM) Group

Why we provide this activity

The Group Emergency Management Office (GEMO) supports operational-level planning to ensure that local Civil Defence and Emergency Management (CDEM) organisations and the community have the capacity and capability to prepare for, respond to, and recover from an emergency.

The GEMO is administered by Waikato Regional Council. It coordinates all operational activities for regional or complex emergencies through strategic planning and the provision of technical advice and services, but takes direction from the CDEM Joint Committee, an elected body representing all councils in the region.

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Waikato CDEM Group			Primary focus

What we achieved this year and looking to the future

The CDEM Group led and supported several emergency responses in 2020/21, including:

- coordination of the response to Puke Coal fires
- deployment of staff to the Napier floods
- monitoring of drought conditions across the Waikato
- coordination of public information and monitoring of three tsunamis.

We continue to plan and prepare for a potential COVID-19 resurgence and implement improvements informed by the experience we gained between February and June 2020.

An assessment of the CDEM Group plan was undertaken this year, with necessary minor amendments made to ensure it remains current.

Looking forward, we anticipate that there will be a requirement to respond to key aspects of government reforms including the Resource Management Act, building control, coastal regulation, Three Waters Reform, and the Future for Local Government review. The repeal and replacement of the CDEM Act and National CDEM Plan will require significant responses, too. We will also focus on implementing the recommendations of highest priority from the CDEM Group’s post-COVID-19 review, in particular identifying how we can partner with iwi Māori.

What we delivered

The total number of Waikato CDEM Group performance measures is three. Two measures were achieved (66 per cent) and one measure was not achieved (33 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Waikato CDEM Group

Level of service: To provide the community with a region-wide, coordinated response from government, NGOs and community-based responders, in the event of a civil defence emergency, to reduce the impact on people and the economy.

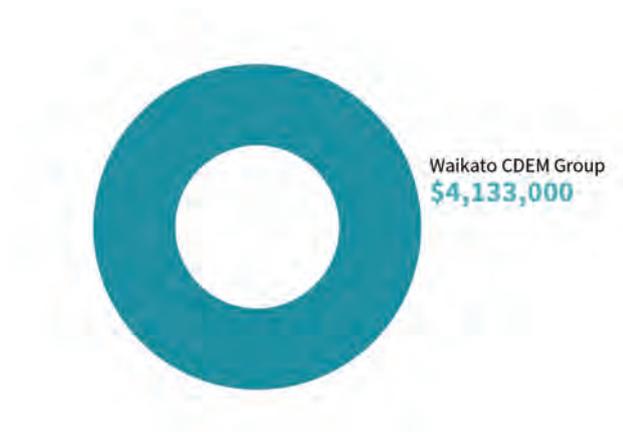
Performance measure	Target	Actual	Commentary
The time taken for the Group Emergency Coordination Centre (GECC) to be activated in response to a civil defence event/emergency	<p>≤30 minutes during business hours</p> <p>≤60 minutes after hours</p>	<p>Achieved</p> <p>2019/20: Achieved</p>	The Group Emergency Coordination Centre was activated during November 2020 in response to the Puke Coal fire and in March 2021 (in monitoring mode) in response to Hikurangi and Kermadec earthquakes / tsunami risk, both within the target response time.
The operative Group CDEM Plan is reviewed within statutory timeframes	New plan sent to MCDEM by end of 2020	<p>Not achieved</p> <p>2019/20: Not applicable</p>	The target for this measure was set during the 2018-2028 Long Term Plan process. Since then, it has been determined that the changes made to the Operative Group CDEM Plan in 2018 as a result of changes in legislation constituted a significant review. As the plan will not be reviewed this year, the measure is reported as not achieved.
Annual assessment and, if necessary, revision of the Group Plan to ensure it complies with current legislative requirements	Annual assessment conducted	<p>Achieved</p> <p>2019/20: Not achieved</p>	A minor review of the Group Plan was completed by 30 June 2021 and the revised Plan will be presented to the CDEM Joint Committee for consideration in August 2021.

What it cost

Revenue and expenditure for Waikato CDEM Group

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
Targeted Rates	1,914	1,902	1,890
Direct Charges	1,489	83	101
Other Income	644	693	619
Total income	4,047	2,678	2,609
Operating expenditure	4,133	2,618	3,726
Operating surplus / (deficit)	(86)	60	(1,116)
Total funding from / (to) reserves			
Civil defence	52	(60)	483
Total reserve transfers	52	(60)	483
Increase / (decrease) in retained earnings	(34)	(0)	(633)

Expenditure



Regional hazards and emergency response

| Mōreatanga ā rohe me te whakarata ohotata

This GOA includes two activities:

- Resilient development
- Waikato Regional Council emergency response

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

Why we provide these activities

Providing natural hazard information allows communities to make better decisions about the management of existing and proposed developments, to minimise risk and harm to people, homes, businesses and infrastructure.

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Resilient development		Primary focus	Contributes to
WRC emergency response			Primary focus

What we achieved this year and looking to the future

The regional hazards and emergency response group of activities focused on continuing to ensure the council is prepared for marine oil spill and flooding events and is able to support the Waikato Civil Defence Emergency Management (CDEM) Group.

We continued to provide hazard and climate advice to territorial authorities, communities and national researchers, as well as guidance to inform district and regional plan reviews. In addition, we initiated a move to a much stronger focus on working with our communities to understand their natural hazard risks and how those risks can be managed in ways that create long-term resilience. Our initial priority areas for this work are the floodplains of the lower Waikato, Waihou and Piako rivers — areas that are vulnerable to a range of natural hazards and environmental changes.

Staff across the region responded to several localised flood events. Our flood response platform, Flood Room Live, was used to provide improved real-time information to stakeholders. At the other extreme, we have been providing information for drought responses, including to key agencies focused on Lake Taupō water levels which were incredibly low and almost reached the consented low level.

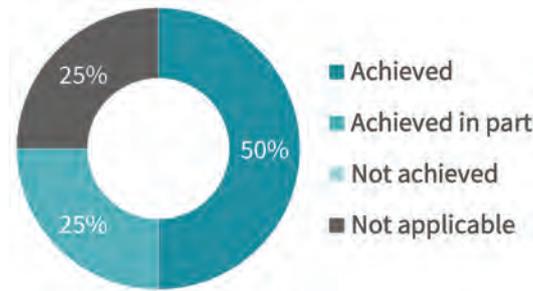
The emergency response activity had a busy year. We were involved in several responses and key projects, including the Puke Coal fires and two significant marine oil spill events in the Coromandel Harbour and Opito Bay. During these responses, we refined the Council Emergency Response Framework with the insights we gained, ready for implementation in 2021/22.

Our online Hazards Portal was launched in July 2019. It continues to be well used by the public and key stakeholders to identify hazards where they live and work. These include flood, seismic, volcanic and geothermal hazards, as well as coastal inundation and erosion. The coastal inundation tool, a resource within the portal, was updated to improve functionality and information. In 2021/22, an automated property hazard report function will be added to the Hazards Portal.

Looking forward, the council’s emergency radio network will be upgraded in 2021/22. The upgrade is critical to ensure essential communication during an emergency event can continue should the mobile network go down or if staff are in areas without cellphone reception.

What we delivered

The total number of regional hazards and emergency response performance measures is four. Two measures were achieved (50 per cent), one measure was achieved in part (25 per cent) and one was not applicable (25 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Resilient development

Level of service: To provide technical support to the Waikato CDEM Group to enable resilient Waikato communities.

Performance measure	Target	Actual	Commentary
Percentage of agreed Waikato CDEM Group requests responded to within specified timeframes	100%	Not applicable 2019/20: Not applicable	The Waikato CDEM Group, through the CEG, made no formal requests for information or advice from the Regional Hazards Team. While there were no formal requests, there was ongoing collaboration between the Regional Hazards Team and the CDEM Group.

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

Performance measure	Target	Actual	Commentary
Provide relevant and up-to-date hazard information to communities and stakeholders via the online hazards portal	Data updated quarterly	Achieved 2019/20: Achieved	The portal continues to be used by communities and stakeholders. Data was reviewed quarterly and updated as required when new information became available.

Activity: Waikato Regional Council emergency response

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

Performance measure	Target	Actual	Commentary
Percentage of customers satisfied with the Waikato Regional Council's flood warning service (source: contact database survey)	90%	97%, achieved 2019/20: 98%, achieved	The annual survey was completed in June 2021 with a total of 97% of people out of the 140 surveyed satisfied with the alert service.

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

Performance measure	Target	Actual	Commentary
A marine oil spill plan is in place and two exercises are undertaken per year	Plan in place and two exercises undertaken	Achieved in part 2019/20: Achieved	This measure is being reported as achieved in part as one out of two components has been achieved. The marine oil spill contingency plan (2018-2021) expired on 27 June 2021 and the reviewed plan (2021-2024) was approved by Maritime New Zealand on 13 July 2021. As a result, there was a short period of time when the plan was in draft form and not formally approved. A desktop exercise was completed in September 2020 and a field exercise completed in March 2021.

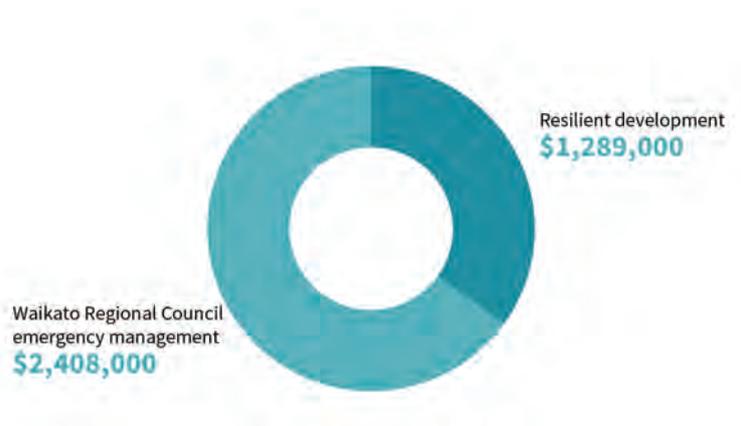


What it cost

Revenue and expenditure for regional hazards and emergency response

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
UAGC	1,855	1,855	1,809
Targeted Rates	(2)	-	(2)
Fees and charges	84	188	47
Other income	27	-	-
Total income	1,964	2,042	1,854
Operating expenditure	3,697	2,042	4,266
Operating surplus / (deficit)	(1,733)	-	(2,412)
Increase / (decrease) in retained earnings	(1,733)	-	(2,412)

Expenditure



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

This GOA includes three activities:

- Flood protection
- Land drainage
- River management

Why we provide these activities

We provide these activities to reduce the risks to communities from flooding, erosion and other hazards associated with rivers and streams, and their catchments. These activities exist to safeguard people’s lives, property, and economic wellbeing, and reduce impacts on the environment. They also protect vital services such as water supply, telecommunications, transport networks and other infrastructure.

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

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

We also provide advice, maintain and build flood protection and land drainage infrastructure, and work with the community to improve our environment.

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Flood protection	Contributes to	Primary focus	
Land drainage	Contributes to	Primary focus	
River management	Primary focus	Contributes to	

What we achieved this year and looking to the future

Seasonal weather variances had a big influence on vegetation growth rates in our land drainage channels during 2020/21. Light rainfall meant significant growth occurred, causing many additional spray requests from our customers.

We continued the Pathways to the Sea project. This will help improve the downstream migration of fish by resolving or mitigating passage issues through existing flood protection infrastructure. We installed the first fish-friendly Archimedes screw pump in the lower Waikato catchment, the first of its kind in New Zealand. A further four of these pumps will be installed across our catchments over the next three years, providing safer passage to sea for our large migrant tuna (eels) and other native species.

We also 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.

Key project milestones 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

Key projects planned for 2021/22 include the continuation of the river management programme across the whole region to reduce riverbank erosion, maintain channel capacity and support local communities and landowners undertaking restoration works in priority locations.

Working on significant co-funded shovel ready projects will also continue. This activity has contributed to a number of the shovel ready projects outlined in the Integrated Catchment Management GOA on page 45.

What we delivered

The total number of flood protection and control works performance measures is five. A total of three measures were achieved (60 per cent), one measure was achieved in part (20 per cent) and one measure was not achieved (20 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Flood protection

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

Performance measure	Target	Actual	Commentary
Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents (such as the zone management plan, annual works programme or long term plan)	Achieved	Achieved in part	This measure is made up of two parts. The overall result is achieved in part.
Part one: Percentage of planned mandatory maintenance* actions achieved each year	Part one: 85%	2019/20: Achieved in part	Part one
Part two: Percentage of stopbanks maintained to above designed flood height, as agreed within each zone	Part two: Rural: 93% Urban: 98%	Part one: 100%, achieved Part two: Rural: 92.79%, achieved Urban: 93.55%, not achieved	A total of 2554 (100%) of planned mandatory actions were completed. Part two A number of factors impacted these results, including: <ul style="list-style-type: none"> • all stopbanks in Thames Valley, Lower Waikato, Waihou, Piako, and Mangawara had routine data quality checks performed this year which altered the overall length of stopbanks to be maintained • new crest levels surveys were performed on 39.5 kilometers of stopbanks which introduced new areas (4.88 kilometres) that are below the design flood height.
			There is 1.2 kilometres (out of a total of 54.4 kilometres) of urban stopbanks and 29.8 kilometres (out of a total of 475.2 kilometres) of rural stopbanks that don't have surveyed data. These stopbanks are secondary stopbanks to

Performance measure	Target	Actual	Commentary
			support the main stopbanks, and some are detention dam embankments that are captured as stopbanks, and hence not surveyed. The length of these stopbanks without survey data does not impact the overall performance results.
Percentage of flood recovery plans** implemented after all major events	80% compliant	100%, achieved 2019/20: 100%, achieved	In the first quarter (July-September 2020), two flood events occurred in the Waihou/Piako and Coromandel Zones, and the Thames Valley. One flood recovery plan was implemented for both events and the work to implement the plan is on track to be completed by February 2022. These works often take a considerable amount of time to complete due to a number of factors, including gaining resource consent, contractor availability, the need for fine weather and approval of land use by the landowner.
*Maintenance can mean repair, renew or maintain.			
**The plans set out timeframes under which flood response actions are to be completed.			

Activity: Land drainage

Level of service: To provide reliable water table management on land within drainage schemes to maintain pastoral production.

Performance measure	Target	Actual	Commentary
Number of reported incidences where it takes more than three days to remove surface water after events with up to a 10% annual exceedance probability	≤5	0, achieved 2019/20: 0, achieved	Our land drainage infrastructure has performed well and there have been zero reported incidents this year. The low number of incidents has also been influenced by the lower than average rainfall this year.

Activity: River management

Level of service: To maintain channel capacity and stability of priority rivers and streams in each management zone.

Performance measure	Target	Actual	Commentary
Percentage of planned maintenance actions achieved each year	85%	100%, achieved 2019/20: 93%, achieved	A total of 290 (100%) of mandatory actions were completed.
Percentage of enquiries acknowledged within two working days	95%	88%, not achieved 2019/20: 82%, not achieved	A total of 109 out of 124 calls received were responded to within 48 hours (88%). The delay is caused by a combination of reasons, including staff availability, enquiry allocation, and missing caller information meaning staff needed more time to acknowledge requests.

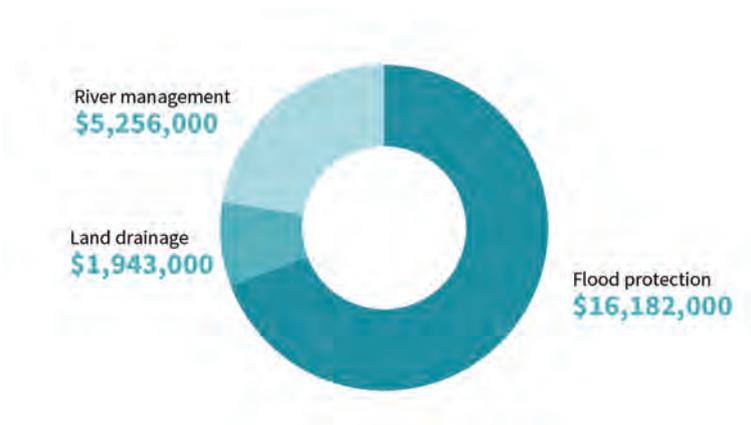


What it cost

Revenue and expenditure for flood protection and control works

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
General rates	2,931	2,931	2,956
Targeted rates	19,927	20,093	19,804
Fees and charges	45	20	38
Government grants	770	-	
Investment income	4	-	6
Other income	871	774	1,042
Total income	24,548	23,817	23,845
Operating expenditure	23,381	24,212	23,308
Operating surplus / (deficit)	1,167	(395)	538
Total funding from / (to) reserves			
Watershed	236	388	(1,025)
Peninsula	(185)	157	(29)
West Coast	(31)	-	(3)
Waihou	(72)	(106)	(130)
Piako	(1,080)	45	394
Drainage	(311)	294	80
Regional disaster recovery	148	(213)	(157)
Zone disaster recovery	(126)	(170)	23
Total reserve transfers	(1,421)	395	(847)
Increase / (decrease) in retained earnings	(254)	0	(309)

Expenditure



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

This GOA includes four activities:

- Biodiversity
- Biosecurity
- Catchment planning and management
- Land management advisory services

Why we provide these activities

These activities seek to preserve, protect and enhance the region’s environment, and help the agricultural sector to meet its freshwater regulatory obligations. Where possible, this work is carried out in collaboration with landowners, community groups, iwi and other agencies.

We aim to:

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

Our biosecurity activities are also a vital component of the national biosecurity system. This is designed to mitigate and prevent the significant impacts of pest species, which can cause great environmental, social, cultural and economic losses.

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Catchment planning and management	Primary focus	Contributes to	Contributes to
Biosecurity	Contributes to	Primary focus	Contributes to
Biodiversity	Primary focus	Contributes to	Contributes to
Land management advisory services	Contributes to	Primary focus	Contributes to

What we achieved this year and looking to the future

In 2020/21, we focused on a range of ecosystems, undertaking more than 30 restoration and pest control projects across geothermal, freshwater wetland, shallow lake, coastal and karst sites.

Management works continue, in collaboration with mana whenua and other stakeholders, at high priority sites, including Marokopa wetland, Te Maika, and the Waitoa, Lake Whangape and Opuatia wetlands. Over 10,000 native trees were planted, over 10,000m of fences were built, and over 40 community volunteers were trained to undertake restoration in these areas.

The establishment of a strategic priority biodiversity site programme has enabled assessments and prioritisation of our key ecosystems to support sustainable biodiversity gains for the region. The Whirinaki Project, co-funded by the

Waikato River Authority, is progressing successfully in conjunction with the Te Arawa River Iwi Trust and local community.

Implementation of the Waipā Catchment Plan continued, with works totalling approximately \$2 million completed for soil conservation within priority catchments and along priority rivers. This work was co-funded by the Waikato River Authority and the Ministry of Primary Industries’ Hill Country Erosion Programme, in partnership with landowners across the Waipā catchment, and will continue next year.

A summary of provisional regional and zone-by-zone catchment management outputs for 2020/21, undertaken on 375 individual properties, are shown in the following table:

Zone	New fencing (m)	Streambank protected (m)	Native plants (#)	Poles planted (#)	Area retired (ha)
Central Waikato	17,820	8735	85,333	430	40
Coromandel	20,800	14,337	45,034	-	608
Lake Taupō/Upper Waikato	13,720	6,112	67,630	1,025	36
Lower Waikato	39,850	26,023	112,570	2,445	230
Waihou/Piako	35,670	28,276	128,256	-	59
Waipā	62,120	41,232	201,226	2,488	122
West Coast	52,855	35,635	82,111	2,267	600
Regional outcome	242,835	160,350	722,160	8,655	1,695

We continued to collaborate with the Department of Conservation (DOC) to undertake landscape-scale feral goat control in the Coromandel, Kaimai, Pirongia, Whareorino and Rangitoto ranges this year. Over the last seven years, this programme has significantly reduced goat numbers in these areas.

The Coastcare programme (formally Beachcare) has evolved, and now covers over 25 beaches. Thames-Coromandel District Council and the community continue to provide a joined-up approach to deliver coastal restoration projects.

We manage possums across more than 125,000 hectares of land, including iconic places like the Rangitoto Ranges, as part of our priority possum control programme. Our priority sites include several former TBfree New Zealand vector control areas, which have transitioned into the council's Priority Possum Control Area (PPCA) programme. In 2020/21, contractors successfully completed control in 11 of these areas, covering approximately 100,148 hectares and achieving 2 per cent residual trap catch overall.

The Dama Wallaby Management Programme is another significant collaborative effort. Staff worked closely with our partners from Bay of Plenty Regional Council, iwi, the Department of Conservation (DOC), forestry, and Biosecurity New Zealand to contain the spread of dama wallabies. Funding from central government has been secured which will now allow for a greater level of management. This year has seen contractors complete:

- 32,236 hectares of farmland and bush surveillance with specially trained wallaby detection dogs
- an additional 820 hectares of surveillance using camera traps
- and a combination ground and aerial control over a further 5,665 hectares.

We continued to help farmers and rural professionals get to grips with central government's Essential Freshwater requirements. We've engaged mostly with our sector partners like DairyNZ and the Foundation for Arable Research, as well as providing advice to central government about some of the issues we identified. We also continued to deliver programmes and field days on farm forestry and carbon farming, and supported a range of industry-driven events across the region.

In the Hauraki and West Coast catchments, we have supported community groups like King Country River Care and the P3 Trust to encourage farmers to develop their Farm Environment Plans. This work has seen these groups receive considerable funding. It allows them to act as a community-focused advocate and supporter, while also making big in roads into enabling the community to deliver almost 500 farm plans in the Hauraki and West Coast zones. This farm planning work is driven by a partnership model where we work closely with other stakeholders like the industry bodies and the Ministry for Primary Industries. This is helping to build strong connections with local landowners and industry bodies.

A review of the Regional Pest Management Plan (RPMP) has started, with over 100 submissions received during public consultation in April 2021. Hearings are scheduled for September 2021, with approval of the new RPMP scheduled for early 2022.

Shovel ready

In response to COVID-19, the Government awarded 'shovel ready' funding to the council for multiple infrastructure and environmental restoration projects, to stimulate the economy and create jobs. In total, \$29 million in grant funding of a total programme of around \$48 million will be delivered over five years. This section provides an overview of the key pieces of work undertaken in 2020/21.

Multiple restoration projects were started in partnership with iwi, community and landowners. These involved retiring and restoring riparian areas to prevent the loss of productive soils resulting in the sedimentation of streams, rivers and lakes. These projects covered the Karāpiro and Mangaonua catchments and Ngā Wai O Waikato in the Waikato River catchment. They also covered the Piako River Green Corridor and Manaia River Restoration in Hauraki/Coromandel. Our Clean Streams 2020 project focused on planting riparian areas fenced off by landowners around West Coast and Coromandel harbours. In total, more than 250,000 plants were planted as part of our Shovel Ready projects.

The region's wilding pine programme received a significant boost in funding from Biosecurity New Zealand, enabling us to start work in the Coromandel and Taupō catchments,

including work on fragile geothermal sites. The focus has been on project planning, stakeholder engagement, managing procurement of contractors, building contractor capacity and capability, and direct control delivery.

Work got underway to control yellow flag iris and alligator weed in the Waikato River, the Te Otamanui Lagoon in Te Kowhai and the Opuatia Wetland.

Activities associated with infrastructure projects included construction of an Archimedes screw pump at Mangawhero pump station. This provides safer passage for our native fish species at this site. It is the first of its kind in New Zealand and one of four to be constructed in the Waikato under this programme. Planning and procurement started for the upgrading of inlet bays, screens and handrails at the Mill Road and Roger Harris pump stations near Paeroa so that work can be carried out this spring/summer. Technical and planning work was also carried out on the Piako River mouth right stopbank asset rationalisation and Firth of Thames foreshore east and west stopbanks projects in preparation for work to start in 2021/22.

Across the programme, 31 contracts were awarded to local businesses, the equivalent of more than 36 full time jobs were created or retained, and 11 people were trained.



What we delivered

The total number of integrated catchment management performance measures is 10. Seven measures were achieved (70 per cent), one was achieved in part (10 per cent) and two were not achieved (20 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Biodiversity

Level of service: To work in partnership with others to maintain and enhance indigenous biodiversity.

Performance measure	Target	Actual	Commentary
Percentage of projects funded through Natural Heritage Partnership Programme that achieved milestones as per the funding agreement	100%	Achieved in part 2019/20: Achieved in part	<p>Projects funded through two out of three funds have met milestones as per the funding agreement. Grants are awarded for projects with differing project lengths. As a result, some projects are treated as active and require reporting back for a number of years after they were awarded. An overview of each fund is noted below.</p> <p>Natural Heritage Fund</p> <p>In 2020/21 this fund gave out five grants. Reporting is due next year. Six projects are currently active that are using funding provided in previous years. Two of these are due to report. Of these two projects, two reports were received.</p> <p>Environmental Initiatives Fund</p> <p>In 2020/21, this fund gave out 20 grants. Reporting is due next year. Eleven projects are currently active that are using funding provided in previous years. Three of these are due to report. Of these three projects, one report was received and two are outstanding with staff following up.</p> <p>Small Scale Community Initiatives Fund</p> <p>In 2020/21, this fund gave out 48 grants. Reporting is due next year. In total, 45 projects are currently active that are using funding provided in previous years. Of these 45 projects, 45 reports were received.</p>
Number of on-the-ground projects in action to protect and restore indigenous biodiversity per zone	≥2 per zone	Achieved 2019/20: Achieved	<p>A total of 33 projects are currently underway, with each zone having a minimum of two projects identified and budgeted for in 2020/21. Nine further projects were put on hold due to consequences of the COVID-19 response putting strain on the stakeholders' and landowners' resources. The current project breakdown for each zone is as follows:</p>

Performance measure	Target	Actual	Commentary
			<ul style="list-style-type: none"> • Taupō - 5 projects • Upper Waikato - 4 projects • Waipā - 2 projects • West Coast - 10 projects • Central - 3 projects • Waihou-Piako - 4 projects • Lower Waikato - 3 projects • Coromandel - 2 projects.

Activity: Biosecurity

Level of service: To reduce animal pest populations in identified sites with assessed biodiversity values.

Performance measure	Target	Actual	Commentary
Increasing long term trend in the number of tūi in Hamilton	Increasing trend	Not achieved 2019/20: Not applicable as measured biennially	Long term trends show tūi numbers in Hamilton are increasing. However, the biennial survey planned for this year and undertaken by Hamilton City Council was cancelled due to budget restraints. As a result, this measure is not achieved.
Average rat tracking index (RTI) for all rat control operations	≤5%	0.83%, achieved 2019/20: 2.26%, achieved	Average RTI to date is 0.83%. Three out of three planned operations have been completed with Tirohanga achieving 2.5% RTI, and Pukemako and Te Miro achieving 0% RTI.
Average number of possums* caught for every 100 traps set for possum operations	≤5% residual trap catch (RTC) for ground control	2%, achieved 2019/20: 1.62%, achieved	<p>The overall result for the year was 2% made up of the following operations:</p> <ul style="list-style-type: none"> • Te Tapui B – 2.22% RTC • Maungakawa –1.03% RTC • Tiroa Farmland - 3.21% RTC • Mangakino Farmland – 3.12% RTC • Mangakino – Tiroa Bush – 0.22% RTC • Mount Karioi North - 2.12% RTC • North West Waikato West (Te Akua, Waikaretu) - 2.44% RTC. • Aria - 1.14% RTC • Pio Pio East - 0.99% RTC • Mokauiti 2 - 2.0% • Waikite Valley farmland - 3.11% <p>Control in Whareorino, Nukuhakari 2, Mt Pirongia West Buffer, Port Waikato Farmland/Bush, Glen Murray Onewhero, Pukekawa and North Waikato East (Waingarō, Glen Murray) were originally planned for this year, however, these were delayed. The delays were largely</p>

Performance measure	Target	Actual	Commentary
			due to the level 3 COVID-19 restrictions put in place for the surrounding Auckland area, which impacted contractors' ability to access land in several of these sectors, which also made it difficult to recruit additional staff. This has had a flow on affect which has impacted the contractors' ability to complete the 2020/21 programme. The results for these sectors will be reported on at the completion of the 2021/22 financial year.

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

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

Performance measure	Target	Actual	Commentary
Reducing trend in the coverage of eradication pest plants** at known sites.	Reducing trend	Achieved 2019/20: Achieved	Inspection and control of eradication pest sites has been completed and required management undertaken with all sites showing a reduction in pest plants.

** Eradication pest plants are those with limited distribution or density. The eventual goal is eradication at known sites in the region, although 'zero density' is more practical to achieve. These plants include; African feather grass, cathedral bells, Chilean flame creeper, evergreen buckthorn, horse nettle, Chinese knotweed, lantana, Manchurian wild rice, mile-a-minute, nassella tussock, fire stemmed needle grass and Chilean needle grass, noogoora bur, purple loose strife, rhododendron ponticum, sagittaria, seaspurge, Senegal tea, spartine, variegated thistle, water poppy and white bryony.

Activity: Catchment planning and management

Level of service: To maintain existing historic scheme works to ensure gains are preserved.

Performance measure	Target	Actual	Commentary
Percentage of sampled catchment works maintained in effective condition to the standards set out in zone plans***	70%	78.5%, achieved 2019/20: 90%, achieved	Property inspections have been undertaken to date as per the schedule in place for each zone. Properties not meeting the required standards are recorded and remedial works programmed in consultation with the property owner. A total of 158 property inspections have been completed, with 78.5% of inspected compartments in effective condition.

*** A sample of at least 10 per cent of all catchment scheme and non-scheme works (individual work agreements legally protected on property title outside schemes) are inspected to assess work conditions every year. Works include fencing, planting and erosion control structures.

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

Performance measure	Target	Actual	Commentary
Percentage of catchment new works undertaken in priority catchments and/or at priority sites across all zones	80%	97%, achieved 2019/20: 91.3%, achieved	A total of 97% of catchment new works costs are located within priority catchments and/or significant natural areas across all zones.

Activity: Land management advisory services

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

Performance measure	Target	Actual	Commentary
Percentage of people (as surveyed) participating in Waikato Regional Council extension programmes, who make a change in agricultural practice within 12 months of attendance	66%	83%, achieved 2019/20: 66.6%, achieved	A total of 83% of farmers who attended an event run by the council made a change in practice as a result of attending the event.
Number of farmers attending farm environment planning workshops (Healthy Rivers) ****	400	340, not achieved 2019/20: 215, not achieved	Council-led workshops had approximately 340 attendees across the region throughout the year. A number of workshops planned were postponed earlier in the year as a result of COVID-19 restrictions. While considerable effort was put into supporting farmers (and industry bodies who support farmers) in understanding and developing farm environment plans (FEP), central government and Plan Change 1 uncertainty meant it was hard to get farmers onboard with FEP development. In the coming 12-18 months, the certainty and clarity that will be provided, by central government and through the Plan Change 1 environment court process, will see a greater increase in demand around FEP development.

**** A total of 3000 farm environment plans must be delivered over 10 years. The first set of plans for priority 1 sub-catchments must be completed by 1 March 2022, with the second set of plans for priority 2 sub-catchments completed by 1 March 2025. Workshops to aid farmers in this process began in 2018/19.

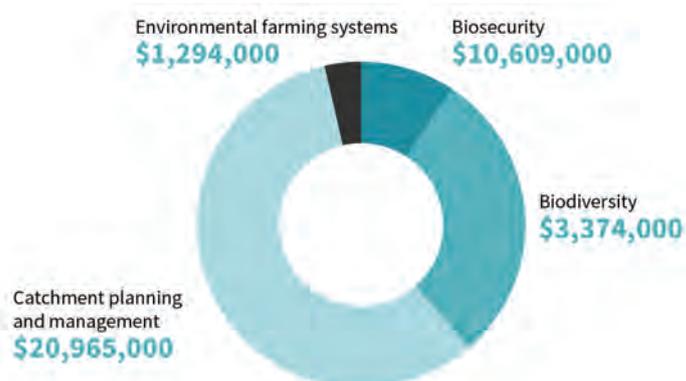
What it cost

Revenue and expenditure for integrated catchment management

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
General rates	7,195	7,195	6,993
UAGC	1,685	1,685	1,640
Targeted rates	17,114	17,176	17,140
Government grants	2,320	-	(0)
Fees and charges	638	1,135	2,084
Investment income	61	30	51
Other income	4,537	824	2,566
Total income	33,550	28,045	30,473

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
Operating expenditure	36,242	30,364	28,872
Operating surplus / (deficit)	(2,693)	(2,319)	1,602
Total funding from / (to) reserves			
Watershed	611	514	(1,222)
Peninsula	(31)	(88)	(252)
West Coast	(81)	-	2
Waihou	(21)	(0)	433
Piako	801	(0)	174
Pathways to the Sea	118	-	(254)
Regional disaster recovery	(37)	(27)	(37)
Zone disaster recovery	(37)	(27)	(37)
Shovel Ready	(93)	-	
Biosecurity	771	1,665	(667)
Natural Heritage	302	-	211
Environmental initiatives	127	-	41
Koi carp digester	-	8	21
Healthy Rivers Internal Loan	-	-	-
Prior Year Surplus	588	-	0
Investment equalisation	39	49	61
Total reserve transfers	3,056	2,094	(1,525)
Increase / (decrease) in retained earnings	363	(225)	77

Expenditure



Public transport | Ngā waka kawē tangata tūmatanui

This GOA includes one activity:

- Public transport

Why we provide this activity

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

also reduce congestion, provide rural communities with better access to essential services, and improve access to special events.

We provide transport planning to meet our obligations under the Land Transport Management Act 2003. Our plans are laid out in the *Regional Land Transport Plan*. We develop this in partnership with local councils and Waka Kotahi NZ Transport Agency.

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Public transport		Primary focus	Contributes to

What we achieved this year and looking to the future

The past year saw significant improvements to the Waikato's public transport network as we navigated the changes in COVID-19 alert levels and physical distancing, face coverings and QR code scanning on board.

The new Bee Card ticketing system was introduced on 6 July 2020. This provided passenger benefits such as online top up and faster boarding. A year on from the successful launch, there are more than 50,000 registered Bee Cards in use within the Waikato region.

A new, frequent, seven-day-a-week bus service was launched in the north Waikato, linking people in Pokeno, Tuakau and Pukekohe to employment, schooling and leisure activities.

The Waikato's free transport accessibility concession for people with disabilities continued to grow. It now has more than 2,500 members. Following its launch in early 2021, 150 of these members now also benefit from the Plus One concession. This improvement to the scheme allows a companion to travel for free with a member who otherwise would be unable to travel independently.

The Te Huia rail service, connecting Waikato and Auckland, launched in April 2021. Trains provide two return services a day, Monday to Friday, and one return service on Saturdays. Improvement work was undertaken at Frankton and Raahui Pookeka Huntly stations. Both stations are owned by KiwiRail and the upgrades to these stations were funded by the local authority and Waka Kotahi. Hamilton City Council also built a new transport hub at Rotokauri, with rail and bus platforms, park and ride facilities and an overbridge connecting to The Base shopping centre. Hamilton City

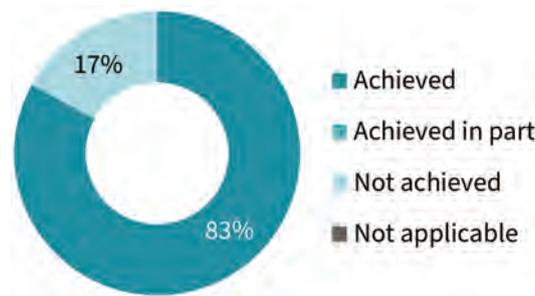
Council owns the Transport Hub. Customer satisfaction on Te Huia is high and patronage is increasing. Improvements to the service, including its extension further into Auckland, and additional off-peak trains, have been brought forward for implementation in 2021/2022.

The next year will also see significant improvements to the transport network, with:

- a new frequent and direct bus route, the Meteor, connecting the east and west of Hamilton
- improvements to other city bus services, including a 15-minute frequency for the Comet on weekends and public holidays
- new regional services being launched to link Matamata with Morrinsville and Hamilton, and plans for increased bus services in the Taupō and South Waikato Districts
- a new on-demand bus service trialled for night and airport services
- expansion of the Total Mobility door-to-door transport scheme to regional towns for people with disabilities.

What we delivered

The total number of public transport performance measures is six. Five measures were achieved (83 per cent) and one measure was not achieved (17 per cent). Detailed commentary for these measures can be found in the following table.



Activity: Public transport

Level of service: To provide the Waikato community with an efficient and reliable public transport system that enables an alternative to private vehicle travel and access to essential services.

Performance measure	Target	Actual	Commentary
Percentage of patronage growth in the region	2%	2.46%, achieved 2019/20: -10.02%, not achieved	<p>Patronage was negatively impacted by COVID-19 during 2019/20 and remained in a recovery phase during 2020/21. During 2019/20 the biggest impact on patronage was during the last quarter of the year when New Zealand was in COVID-19 alert levels 3 and 4, and public transport services were limited to essential trips. As a result of the unusually low level of patronage in 2019/20 our result for 2020/21 may be artificially high.</p> <p>Although the actual percentage growth for the year calculated is 2.46%, it should be noted that the percentage of patronage growth in the region has varied greatly throughout the year. For example the percentage growth for the first 9 months (July 2020 – March 2021) was -16.5%, while the final quarter of the year (April – June 2021) showed a 160.4% increase in patronage on the year before. In light of this, it is very difficult and subjective to compare patronage levels to the previous year.</p>
Percentage of customers surveyed who are 'satisfied' or better with the passenger transport service Source: Customer satisfaction survey	≥95%	96%, achieved 2019/20: 96%, achieved	The customer satisfaction survey was undertaken in October 2020 with 96% of customers 'satisfied' or better with the service. This survey is for bus services and does not include the Te Huia train service.
Percentage of surveyed passengers who believe fares represent good value for money	≥74%	89%, achieved 2019/20: 84%, achieved	The customer satisfaction survey was undertaken in October 2020 with 89% of passengers believing fares represent good value for money.

Performance measure	Target	Actual	Commentary
Source: Customer satisfaction survey			
Percentage of scheduled service trips that depart timing points* on time compared to public timetable	≥95% scheduled service trips depart between 59 seconds before and 4 minutes and 59 seconds after the scheduled departure time	80.14%, not achieved 2019/20: 78.8%, not achieved	Although this measure has not met the target, with 80.14% of trips departing timing points on time, there has been a considerable improvement in this result over the past two years. Further timetable revisions during 2021 should improve performance further. It should be noted that bus service GPS tracking data was only available for 92% of scheduled trips over the 12 month period due to technical issues, which usually occur due to GPS coverage issues on regional roads.
Percentage of households in Hamilton within 800m of public transport bus stop	≥98%	98.69%, achieved 2019/20: 98.75%, achieved	A total of 98.69% households are within 800m of a bus stop.
Rail service is implemented by the agreed date as per agreed levels of service**	Service is up and running as per agreed level of service	Achieved 2019/20: Not achieved	The Te Huia rail service commenced on 6 April 2021 as agreed by the Project Working Group. Attendees included media, politicians, officials and members of the public aboard the first train to Papakura.
<p>*A timing point is defined as a key interval along a route (it is less frequent than a bus stop). The number of timing points varies for each route.</p> <p>** Once the rail service has commenced, the council will be in a better position to set specific targets for agreed levels of service. These metrics are likely to be similar to the metrics currently measured in relation to bus passenger transport services.</p>			

What it cost

Revenue and expenditure for public transport

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Actual \$000
Targeted rates	10,736	10,784	9,266
Government grants	18,898	16,471	14,493
Local share - buses	1,265	1,546	1,074
Other income	4,233	7,442	4,424
Total income	35,132	36,242	29,257
Operating expenditure	33,687	36,673	28,610
Operating surplus / (deficit)	1,445	(431)	647
Total funding from / (to) reserves			
Public transport	(1,943)	(116)	(1,075)
Total reserve transfers	(1,943)	(116)	(1,075)
Increase / (decrease) in retained earnings	(498)	(547)	(428)

Expenditure

Public transport
\$33,687,000



Resource use | Te whakamahinga o te taiao

This GOA includes three activities:

- Consent processing and compliance
- Investigations and incident response
- Maritime services

Why we provide these activities

Waikato Regional Council is responsible for regulating the use of our region's natural resources. We grant and monitor consents, and monitor compliance with rules in our regional

plans, to ensure the environmental impacts of people and businesses are minimised or managed appropriately. We also respond to environmental complaints and pollution incidents, and ensure our waterways and harbours are safely navigable.

These activities enable the council to meet its statutory obligations and protect the Waikato region's unique environment, while allowing for sustainable growth and development.

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Consent processing and compliance	Primary focus	Contributes to	Contributes to
Investigations and incident response	Primary focus	Contributes to	Contributes to
Maritime services			Primary focus

What we achieved this year and looking to the future

In total, 1055 resource consents were processed this year and 99.9 per cent of these were processed in accordance with timeframes laid out in the Resource Management Act (RMA) Discount Regulations.

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

This year, 333 consented sites were identified as "high priority" and 329 (99 per cent) of these sites were monitored for compliance. A further 883 lower priority sites were also monitored, reflecting a total of 1212 sites. At the sites that were monitored, 25 per cent were fully compliant and 5 per cent were significantly non-compliant, with the remainder having varying rates of lesser non-compliance.

We also monitored 1172 farms for compliance with the permitted activity rules most dairy farms operate under for dairy effluent management. Of the farms inspected, seven per cent were found to be significantly non-compliant. This figure has halved from the previous year's result of 12 per cent.

In 2020/21, a total of 2207 calls were taken from members of the public, notifying us of potential breaches of the environmental regulations.

As a result of these calls and our proactive monitoring of consents and plan rules, a range of formal enforcement actions were taken where non-compliance was identified. The most serious instances of non-compliance by resource users were thoroughly investigated and 20 prosecutions were initiated by the council for a range of unlawful activities.

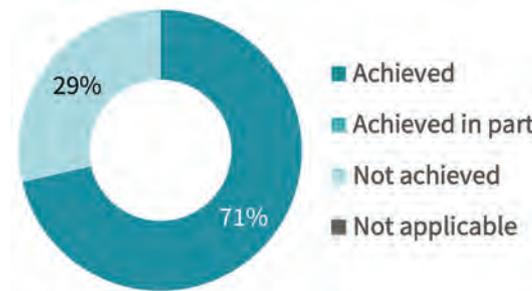
In total, 104 infringement notices and 27 formal warnings were issued for breaches of the Navigation Safety Bylaw. The reviewed Navigation Safety Bylaw was adopted in December 2020.

Throughout the year, the council has also worked with central government in relation to its ongoing review of the Three Waters system (wastewater, stormwater and drinking water). We also spent considerable time engaging with government in relation to the development of its Essential Freshwater programme of work.

We are aware of further regulations that are on the horizon to further improve water quality. The council will have a key role in implementing these regulations. They include the National Environmental Standards for Freshwater and National Policy Statement for Freshwater Management. These regulations are in addition to our preparation for the implementation of *Healthy Rivers/Wai Ora Plan Change 1* when it becomes operative.

What we delivered

The total number of resource use performance measures is seven. Five measures were achieved (71 per cent) and two measures were not achieved (29 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Consent processing and compliance

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

Performance measure	Target	Actual	Commentary
Percentage of resource consents processed in accordance with the RMA timeframe discount regulations	≥95%	99.9%, achieved 2019/20: 99.8%, achieved	Actual compliance with the discount regulation timeframe for the 2020/21 year was 99.9 per cent. In total, 1055 applications were processed to completion in the 2020/21 year. Of these, there were 14 applications that were processed outside the statutory RMA timeframe. However, six of these were subject to the queued priority process. These were applications to take water where the applications need to be processed in priority order, and this meant they did not trigger the discount regulations. Eight applications were processed outside the statutory timeframe and therefore received a discount, three by one day, three by two days, one by five days and one by 18 days.
Percentage of highest priority (P1) consented sites monitored each year	100%	99%, not achieved 2019/20: 100%, achieved	A total of 329 out of the 333 (99%) sites of highest priority were monitored this year. A total of four sites were not monitored due to the need, at short notice, to focus staff time on a higher priority environmental incident involving significant discharges from two major companies. The four sites are closed landfills which are not considered likely

Performance measure	Target	Actual	Commentary
			to have significant or imminent environmental effect. This monitoring has been deferred to the 2021/22 year.
Percentage of significant non-compliance incidents where action is taken	100%	100%, achieved 2019/20: 100%, achieved	Of the 329 high priority sites that were monitored, action is being or will be taken at all 21 sites (100%) where significant non-compliance was identified. At the time of preparing this report, some non-compliance was still being considered through the council's enforcement process and a final decision on action to be taken is yet to be made. Actions are a mixture of punitive measures (for example, formal warnings, infringement notices or prosecution) and directive measures (for example, abatement notices). There are occasional circumstances where, after review of the non-compliance, the actions already initiated by the council and being undertaken by the party are considered appropriate and no formal further enforcement action is required.

Activity: Investigations and incident response

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

Performance measure	Target	Actual	Commentary
Percentage of time the 24 hour 7 day a week response service for reporting environmental incidents is available	100%	93.4%, not achieved 2019/20: 100%, achieved	The environmental incident response (EIR) service has provided a 24-hour, seven-day-a-week service 93.4% of the time this year. Environmental incident calls are monitored by the council during business hours and an external call centre after hours. There are two 0800 numbers, and an online option, that the public can report environmental incidents on. One of the 0800 numbers was not functioning for 23 days due to a system outage, effectively impacting on the ability for public to engage the Environmental Incident Response team outside of business hours in March and April 2021. Staff have updated their processes to ensure regular checks of the 0800 number now occur.

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

Performance measure	Target	Actual	Commentary
Percentage of serious non-compliance incidents that are actioned	100%	100%, achieved 2019/20: 100%, achieved	All 2207 incidents reported to the council were responded to in one form or other, with approximately one third responded to by physical attendance. In all instances where serious non-compliance was identified, appropriate action was taken.

Activity: Maritime services

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

Performance measure	Target	Actual	Commentary
Percentage of time grade 1 aids* to navigation are operational within 24 hours of failure and notified to Maritime New Zealand	100%	100%, achieved 2019/20: 100%, achieved	All grade 1 navigation aids were operational during the year, with no outages.
Maintain a 24 hour, 7 day a week response for navigational incidents**	100%	100%, achieved 2019/20: 100%, achieved	A 24-hour, seven-day-a-week response service was provided during the year.

* Considered to be of primary navigational significance.

** Navigational incidents are those Waikato Regional Council has jurisdiction over, for example an oil spill or debris in a river. Incidents are reported to us by Maritime New Zealand or the New Zealand Police.

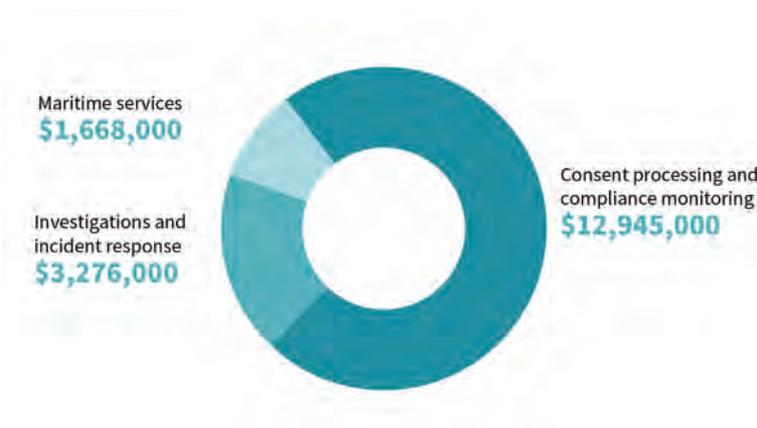


What it cost

Revenue and expenditure for resource use

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
General rates	6,633	6,633	6,696
UAGC	1,701	1,701	1,639
Targeted rates	1,529	1,532	1,517
Fees and charges	8,092	6,628	7,427
Other income	1,295	428	1,308
Total income	19,250	16,922	18,587
Operating expenditure	17,889	17,456	17,441
Operating surplus / (deficit)	1,361	(534)	1,146
Total funding from / (to) reserves			
Permitted activity monitoring	(425)	(137)	(259)
Building act contingency	10	(4)	3
Prior Year Surplus	100	-	0
Total reserve transfers	(315)	(141)	(256)
Increase / (decrease) in retained earnings	1,046	(675)	890

Expenditure



Science and strategy | Pūtaiao me te rautaki

This GOA includes six activities:

- Environmental monitoring
- Environmental science and information
- Social and economic information
- Integration and infrastructure
- Regional strategy and development
- Resource management policy

Why we provide these activities

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

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

We monitor our region's natural and physical resources. We also collect information about our communities and the economy, analysing all of this information to better understand current trends and identify new and emerging issues.

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

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

This GOA contributes to the following community outcomes:

Activities	Community outcomes		
	Healthy environment	Strong economy	Vibrant communities
Environmental monitoring	Primary focus		
Environmental science and information	Primary focus	Contributes to	Contributes to
Social and economic information		Contributes to	Primary focus
Integration and infrastructure		Primary focus	Contributes to
Regional strategy and development		Primary focus	Contributes to
Resource management policy	Primary focus	Contributes to	

What we achieved this year and looking to the future

The Healthy Rivers/Wai Ora Plan Change 1 process continued in 2020/21 with the appeals process working its way through the Environment Court. Staff have begun additional water quality monitoring of 34 lakes across the region for reporting on Plan Change 1. These lakes were specifically chosen to represent lakes across the region.

Plan Change 2 – Taupō Overseer Version was developed with Tūwharetoa Māori Trust, Te Kotahitanga, farmers and the wider Taupō community to allow the use of the updated Overseer versions for modelling nitrogen leaching. A streamlined planning process was used for the plan change. The Minister for the Environment directed the process and made the final decision. The Minister approved the plan change in September 2020. It became operative in October 2020.

The National Policy Statement for Freshwater Management came into effect in September 2020 and has an impact on many activities across the council. One of the pieces of work we are developing in response is a Water Quality Accounting System that will improve our ability to communicate water quality state information across the region. Development of this system will be completed in 2021/22. It will provide important baseline information for consultation with iwi partners and the community during our regional plan review.

Looking forward, we will continue to give effect to the National Policy Statement for Freshwater by reviewing the Waikato Regional Policy Statement and Waikato Regional

Plan. This will include giving effect to Te Mana o te Wai and improving freshwater and coastal water quality, supported by catchment-based resource use limits.

Work has started on a comprehensive regional State of the Environment Report. This is due to be published in 2022/23 once data for next year is confirmed. The report will identify critical drivers of the environmental state and trends across the region, as well as the effects on our regional responses to these issues.

Further website development will be undertaken, creating a 'directory' to enable the public to easily find all the environmental monitoring data we have collected. We are also testing new technology to enable video measurement of river flood flows. This will enable measurement even if staff are unable to safely access the river.

We continued to provide expertise and advice to our stakeholders, including Te Waka. We provide them with regular updates to graphically track the region's progress during the COVID-19 pandemic response as well as quarterly economic updates on topics of interest to the region.

We carried out a number of social and economic research projects to support continuous improvement and cost-benefit analysis for policy and decision makers. These included social impact assessments related to land use consents and climate change action; cost-benefit analysis of regional pest management planning options; population

and economic projections for the Waikato (2018-2068) using census information; and internal surveys to help understand and support staff wellbeing.

The council is collaborating with regional partners to achieve community greenhouse gas reduction targets from the Waikato wellbeing project and promote community resilience. A climate action advisory group has been developed to deliver on the pathway commitments in our *Climate Action Roadmap*. We are also supporting delivery of wider scale collaboration such as the Waikato Plan Climate Change project and the Upper North Island Strategic Alliance.

The Regional Land Transport Plan was developed in 2020/21 and endorsed by council in June 2021. It sets out how we intend to develop the region's land transport system over the next 30 years. It also identifies proposed regional transport activities for investment (by both local and central government) over the next six years.

Next year we will review the Regional Public Transport Plan. This sets out the priorities for public transport services and infrastructure to be delivered in the Waikato in the next 10 years.

Looking forward, we will complete our update of the Future Proof Strategy with our partners. The urban growth management component of the Waikato Regional Policy Statement and the review of our Regional Coastal Plan will continue, with public notification scheduled for mid-2022.

What we delivered

The total number of science and strategy measures is 11. Seven measures were achieved (64 per cent), one measure was achieved in part (9 per cent) and three measures were not achieved (27 per cent). Detailed commentary for all these measures can be found in the following tables.



Activity: Environmental monitoring

Level of service: Provide high quality and timely data to key decision makers and the public.

Performance measure	Target	Actual	Commentary
External audit of one environmental domain each year shows good quality control of data collection and analysis	1 domain audited	Achieved 2019/20: Achieved	An audit of the lake water quality monitoring was completed. The review resulted in minor process change recommendations which are currently being evaluated.

Level of service: To provide high quality, independent and timely information on the allocation and management of natural resources to key decision makers and the community.

Performance measure	Target	Actual	Commentary
During flood events, the maximum contiguous period without data is 70 minutes for flood alarmed hydrology sites	<70 minutes without data	Not achieved 2019/20: Not achieved	Contiguous data was provided within 70 minutes 97.87% of the time for all sites during flood events. The data outages were primarily from one site in the Lower Waikato, which was down for nearly a day due to technical errors.

Activity: Environmental science and information

Level of service: To provide high quality, independent and timely information on the allocation and management of natural resources to key decision makers and the community.

Performance measure	Target	Actual	Commentary
Percentage of indicators on the changes and trends in natural resource availability are analysed and reported on as per the indicator monitoring schedule	100%	95%, not achieved 2019/20: 91%, not achieved	A total of 19 out of 20 (95%) of the environmental indicators were updated as required by the monitoring schedule. Peat subsidence was not updated as a new state of the art sampling regime was initiated in April 2021.

Level of service: To provide a policy framework that leads to better swimming water quality in rivers and lakes.

Performance measure	Target	Actual	Commentary
Positive annual progress is made toward the regional target for swimmable lakes and rivers, as required by the NPS freshwater management	Increasing trend Baseline: Rivers: 32% Lakes: 73%	No change in trend, not achieved Rivers: 29% Lakes: 73% 2019/20: Decreasing trend, not achieved Rivers: 29% Lakes: 73%	There has been no change to the trends in swimmable rivers or lakes from the previous year. This result has been consistent for number of years for swimmable lakes, however, the previous four years saw a reducing trend in swimmable rivers (32% in 2017/18, 30% in 2018/19 and 29% in 2019/20). As a result, The National Institute of Water and Atmospheric Research (NIWA) has been commissioned to investigate the potential causes of this trend.

Activity: Social and economic information

Level of service: To provide high quality and timely social and economic research expertise and advice to support the council's decision making processes.

Performance measure	Target	Actual	Commentary
Percentage of indicators on the changes and trends in social and economic indicators analysed and reported on as per the indicator monitoring schedule	100%	100%, achieved 2019/20:100%, achieved	Three indicators have been updated on the council website in accordance with the indicator schedule.

Activity: Integration and infrastructure

Level of service: To provide certainty to the regional community through robust and integrated land use and infrastructure planning.

Performance measure	Target	Actual	Commentary
Update the Regional Policy Statement (RPS) as per the scheduled programme	RPS updated as per NPS Urban Development Capacity requirements	Achieved 2019/20: Achieved	The RPS is on schedule as per the programme. However it should be noted that the Future Proof Strategy is planned to be released for community engagement and submissions through a Special Consultative Procedure in the second half of 2021.
Actively engage with district plan change processes to ensure RPS is given effect to	Formal participation in district plan change processes to ensure RPS is given effect to	Achieved 2019/20: Achieved	Active engagement occurred with Waikato District Council throughout their District Plan review. We are working proactively with Waitomo and Taupō District Councils in advance of Plan review notification. Contribution to multiple active plan changes in Hamilton, Waipā, Hauraki, Thames Coromandel, and Matamata-Piako is ongoing.

Activity: Regional strategy and development

Level of service: To ensure the council is making progress towards its strategic direction priorities.

Performance measure	Target	Actual	Commentary
Report annually on progress made against the council's strategic direction priorities	Progress reported in the WRC annual report	Achieved 2019/20: Achieved	Progress on the council's strategic direction is reported in the 2020/21 Annual Report.

Activity: Resource management policy

Level of service: To provide certainty to the regional community through a robust, integrated and consistent environmental planning framework.

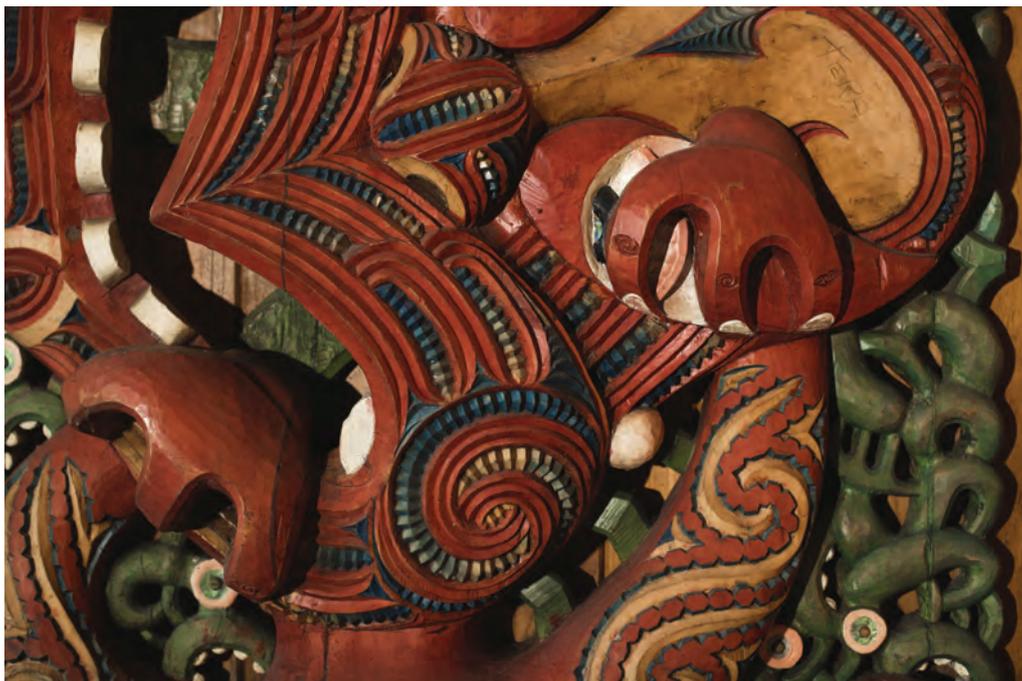
Performance measure	Target	Actual	Commentary
Compliance with Resource Management Act (RMA) and Treaty settlement legislative planning requirements	All legislative requirements are met	Achieved in part 2019/20: Not achieved	Compliant with all requirements except for parts of the New Zealand Coastal Policy Statement not implemented through the Regional Coastal Plan. This is being resolved through the Regional Coastal Plan review.

Level of service: To provide opportunities to be involved in planning processes.

Performance measure	Target	Actual	Commentary
Percentage of Resource Management Act (RMA) planning documents made available for consultation that meet RMA legislative requirements	100%	Achieved 2019/20: Achieved	This is undertaken as part of our standard procedures and we are fully compliant. Compulsory changes to Regional Policy Statement and Waikato Regional Plan have been made in compliance with National Policy Statement for Freshwater Management.

Level of service: To provide a Regional Policy Statement and Regional Plan(s) that ensure natural and physical resources are managed sustainably

Performance measure	Target	Actual	Commentary
State of the Environment reporting is undertaken annually	Reported annually	Achieved 2019/20: Achieved	Environmental indicators were included as part of the 32 Waikato Progress Indicators that were published in June 2021 on the council website.

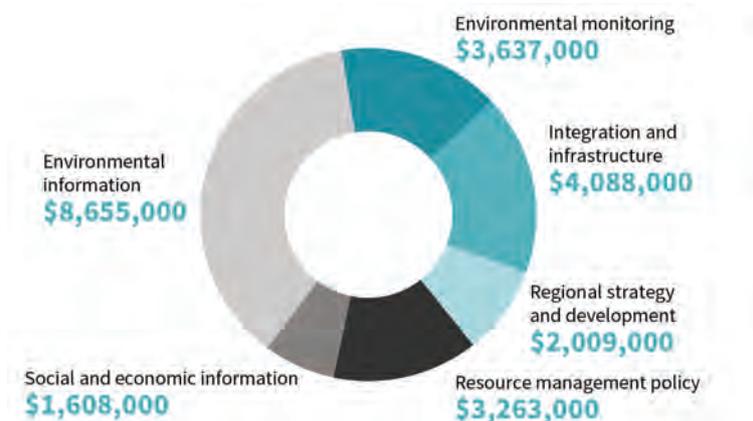


What it cost

Revenue and expenditure for science and strategy

	2020/21 Actual \$000	2020/21 Annual Plan \$000	2019/20 Last year \$000
General rates	19,852	19,852	20,458
UAGC	1,452	1,451	1,535
Government grants	768	927	534
Fees and charges	2,818	3,109	2,678
Other income	909	201	86
Total income	25,799	25,540	25,291
Operating expenditure	23,260	30,270	22,822
Operating surplus / (deficit)	2,539	(4,730)	2,469
Total funding from / (to) reserves			
Hauraki Plan Change 2	100	100	50
Contaminated land fund	-	-	(60)
Investment Equalisation	270	270	500
Prior year surplus	100	-	-
Regional development fund	0	4,638	0
Total reserve transfers	470	5,008	490
Increase / (decrease) in retained earnings	3,009	278	2,959

Expenditure





SECTION 4: Finances | Pūtea

Financial statements

The accompanying notes form part of these financial statements. The financial statements from page 69 to page 74 are to be read in conjunction with the notes to the financial statements from page 77 to page 134.

Statement of Compliance

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

The financial statements of the Council are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 28 October 2021.



Russ Rimmington

Chairperson



Chris McLay

Chief Executive



Statement of comprehensive revenue and expense for the year ended 30 June 2021

		2020/21 Actual	2020/21 Annual plan	2019/20 Last year
	Note	\$'000	\$'000	\$'000
Revenue				
Rates revenue	3	101,885	101,742	100,741
Fees and charges	4	14,476	12,709	13,491
Subsidies and grants	5	23,183	17,907	15,376
Other revenue	6	13,252	10,885	10,791
Investment revenue	7	350	920	664
Investment fund capital protection revenue	8	2,782	1,804	1,234
Change in market value of investments	8	6,227	3,567	2,885
Unrealised Gain on Interest rate derivatives	8	1,227	-	-
Total revenue		163,382	149,534	145,182
Expenditure				
Employee benefit expenses	12	51,718	51,481	53,489
Depreciation and amortisation expense	25,28,26	9,976	11,155	9,294
Other losses	17	415	-	2,914
Interest expense	7	840	1,602	659
Other expenses	10	95,596	97,615	81,442
Total operating expenditure		158,545	161,853	147,798
Net surplus/(deficit) after tax		4,837	(12,319)	(2,616)
Surplus/(deficit) attributable to Waikato Regional Council				
Other comprehensive revenue and expenditure		4,837	(12,319)	(2,616)
Gain/(Loss) on revaluation of property, plant and equipment	36	224	-	40,395
Total other comprehensive income		224	-	40,395
Total comprehensive income		5,061	(12,319)	37,779
Surplus is attributable to:				
Total comprehensive revenue and expenditure comprised of:				
Funds transferred to council-created reserves	36	8,777	(4,865)	1,525
Funds transferred from asset revaluation reserves		(503)	-	38,767
General operating surplus		(3,213)	(7,454)	(2,513)
Other comprehensive income		5,061	(12,319)	37,779

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2021

		2020/21 Actual	2020/21 Annual plan	2019/20 Last year
	Note	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	19	24,607	6,384	19,965
Trade and other receivables	24	15,969	12,289	18,187
Prepayments		1,656	1,281	880
Inventories	30	619	466	507
Work in progress	30	1,173	1,065	1,432
Other financial assets	20	12,446	14,042	2,193
Non-current assets held for sale		-	-	12,250
Total current assets		56,470	35,527	55,414
Non-current assets				
Financial assets	20	108,496	100,382	101,885
Other financial assets	20	20	64	65
Investments in CCO*	20	2,216	1,686	2,198
Biological assets	27	113	1,422	755
Intangible assets	26	6,715	5,648	6,367
Property, plant and equipment	25	562,182	587,105	555,590
Total non-current assets		679,742	696,307	666,860
Total assets		736,212	731,834	722,274
Current liabilities				
Trade and other payables	32	30,816	21,039	20,723
Employee benefits liabilities	13	6,751	7,826	6,633
Derivative financial instruments	31	-	7	-
Borrowings	33	7,026	7,000	2,009
Total current liabilities		44,593	35,872	29,365
Non-current liabilities				
Employee benefits liabilities	13	2,581	2,601	2,714
Derivative financial instruments	31	1,170	1,250	2,397
Borrowings	33	25,141	44,831	30,132
Total 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

		2020/21 Actual	2020/21 Annual plan	2019/20 Last year
	Note	\$'000	\$'000	\$'000
EQUITY				
Accumulated funds	36	221,239	204,805	224,451
Other reserves	36	441,488	442,475	433,215
Total equity		662,727	647,280	657,666

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

Explanations of major variances against budget are provided on pages 75-76 The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2021

		2020/21 Actual	2020/21 Annual plan	2019/20 Last year
	Note	\$'000	\$'000	\$'000
Opening Equity		657,666	659,599	619,887
Surplus/(deficit)		4,837	(12,319)	(2,616)
Other comprehensive revenue		224	-	40,395
Balance at 30 June	36	662,727	647,280	657,666
COMPONENTS OF EQUITY				
Council created reserves				
Council created reserves at beginning of the year		56,452	55,118	54,927
Net transfer (to) / from retained earnings		8,777	(4,865)	1,525
Council created reserves at end of year		65,229	50,253	56,452
Asset revaluation reserves				
Asset revaluation reserves at beginning of the year		376,762	392,222	337,995
Net transfer to retained earnings		(727)	-	(1,628)
Net gain/(loss) on revaluation of PPE		224	-	40,395
Asset revaluation reserves at end of the year		376,259	392,222	376,762
Retained earnings				
Retained earnings at beginning of the year		224,451	212,259	226,964
Net surplus/(deficit) for the year		4,837	(12,319)	(2,616)
Net transfer (to) / from council created reserves		(8,777)	4,865	(1,525)
Net transfer to/(from) Asset revaluation reserve		727	-	1,628
Retained earnings at end of the year		221,239	204,805	224,451
EQUITY AT END OF THE YEAR		662,727	647,280	657,666

Explanations of major variances against budget are provided on pages 75-76. The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2021

		2020/21 Actual	2020/21 Annual plan	2019/20 Last year
	Note	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from customers		133,497	125,033	118,914
Grants		25,473	17,907	15,299
Interest revenue received		422	920	736
Receipts of funding held on behalf of third parties		604	-	442
Goods and services tax		(409)	-	(386)
Payments to suppliers and employees		(140,506)	(136,599)	(131,838)
Payments of funding held on behalf of third parties		(28)	-	(27)
Interest paid		(814)	-	(651)
Net cash flow from operating activities	18	18,239	7,261	2,489
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		12,521	-	206
Receipts from sale of investments		61,985	3,916	70,847
Receipt of loan repayments		42	41	46
Purchase of investments		(69,028)	(9,648)	(65,442)
Purchase of property, plant and equipment		(17,996)	(7,312)	(10,489)
Purchase of intangible assets		(1,121)	(1,796)	(2,753)
Net cash flow from investing activities		(13,597)	(14,799)	(7,585)
Cash flows from financing activities				
Proceeds from borrowings		2,000	26,109	12,000
Repayment of borrowings		(2,000)	(18,492)	(2,000)
Net cash flow from financing activities		-	7,617	10,000
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		4,642	79	4,904
Cash, cash equivalents and bank overdrafts at the beginning of the year		19,965	6,305	15,061
Cash, cash equivalents, and bank overdrafts at the end of the year	19	24,607	6,384	19,965

As per Public Benefit Entry (PBE) IPSAS (International Public Sector Accounting Standards) 2 the receipt and purchase of long term deposit (greater than 3 months) is not able to be offset in the Statement of Cash Flow. The variance between this year actual and the budget arises because the budget shows the receipt and purchase of long term deposit as a net figure. The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanations of major variances against budget are provided on pages 75-76. The accompanying notes form part of these financial statements.

Explanation of major variances against budget

Explanations for major variations from Waikato Regional Council's estimated figures for 2020/21 Annual Plan are as follows.

Statement of comprehensive revenue and expenditure

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 with services being available for travel to / from essential services only. This travel was provided free 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 of funds has been committed to projects by the council, however, this has not yet been distributed. Offsetting these savings was 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 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).

Notes to the financial statements

1 Statement of accounting policies for the year ended 30 June 2021

Reporting entity

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

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

The financial statements of the Council are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 28 October 2021.

Basis of preparation

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

Statement of compliance

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

The financial statements of the Council have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards.

These financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and severance payment disclosures in note 11. The remuneration and severance transaction disclosures are rounded to the nearest dollar.

Changes in accounting policies

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

Accounting standards issued and not yet effective that have not been early adopted

PBE International Public Sector Accounting Standards (IPSAS) 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE International Financial Reporting Standards (IFRS) 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 is effective for the financial years beginning on or after January 2021, with early application permitted. The main changes under the standard relevant to Council are:

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

The council has not adopted this new standard in preparing its 30 June 2021 financial statements.

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. The Council will not early adopt this amendment.

PBE Financial Reporting Standards (FRS) 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

Summary of significant accounting policies

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

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

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the council in its 2020/21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the council for the preparation of the financial statements.

Costs allocation

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

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

Foreign currency transactions

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

Critical accounting estimates and assumptions

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

- estimating the fair value of land, buildings, and infrastructural assets - see note 25.
- estimating the retirement and long service leave obligations - see note 13 and 14.

2 Summary of cost of services

	2020/21 Actual	2020/21 Annual plan	2019/20 Last year
	\$'000	\$'000	\$'000
Revenue			
Community and Services	11,209	11,324	10,766
Civil Defence and Emergency Management	4,047	2,678	2,609
Regional hazards and emergency response	1,964	2,042	1,854
Flood protection and control works	24,548	23,817	23,845
Integrated Catchment Management	33,550	28,045	30,473
Public Transport	35,132	36,242	29,257
Resource use	19,250	16,922	18,587
Science and Strategy	25,799	25,540	25,291
Corporate and self-funding	7,750	2,760	2,260
Council controlled organisations	134	163	240
Total income from activities	163,382	149,534	145,182
Expenditure			
Community and Services	10,995	14,217	9,336
Civil Defence and emergency management	4,133	2,618	3,726
Regional hazards and emergency response	3,697	2,042	4,266
Flood protection and control works	23,381	24,212	23,308
Integrated Catchment Management	36,242	30,364	28,872
Public Transport	33,687	36,673	28,610
Resource Use	17,889	17,456	17,441
Science and Strategy	23,260	30,270	22,822
Corporate and self-funding	5,081	3,838	9,072
Council controlled organisations	179	163	345
Total operating expenses	158,545	161,853	147,798
Net Total	4,837	(12,319)	(2,616)

The total number of rateable properties in the region in 2020/21 was 214,609 (compared with 212,301 in 2019/20, the total capital value of rateable properties was \$183.1 billion (compared with \$170.5 billion in 2019/20) and the total land value of rateable properties was \$107.8 billion (compared with \$100.2 billion in 2019/20).

3 Rates revenue

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
General rates	49,424	49,944
Total general rates revenue	49,424	49,944
Targeted rates attributable to activities		
Biodiversity	1,048	1,030
Biosecurity	7,633	7,579
Permitted activity monitoring	1,529	1,517
River and catchment services	28,359	28,330
Transport	10,737	9,270
Stock Truck Effluent	79	114
Civil defence and emergency management	1,912	1,887
Regional Services	721	718
Total targeted rates	52,018	50,445
Less rates remissions	(619)	(642)
Plus rate penalties	1,062	994
Total rates, excluding targeted water supply rates	101,885	100,741

Revenue is measured at fair value.

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates, and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The council considers that the effect of payment of rates by instalment is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when the council has received an application that satisfies its rates remission policy.

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

- Land protected for conservation purposes.
- Lake Taupō lakebed.
- Māori freehold land.
- Urban land in areas classified as rural, commercial or industrial.
- Biosecurity rate on fenced indigenous bush and wetland areas.
- Rating units with a capital value of \$1000 or less.
- Sporting and recreational organisations.
- Community organisations.
- Undeveloped land, native bush or swamp areas charged the Waihou/Piako Catchment rate.

The council is required to disclose any rates that have been written off during the period of these financial statements by the Chief Executive under powers granted by section 90A (Chief Executive may write off rates that cannot be recovered) and 90B (Chief Executive may write off rates of deceased owners of Maori freehold land) of the Local Government (rating) act 2002. These powers came into force on the 12 April 2021 through the Local Government (Rating of Whenua Maori) Amendment Act 2021. For the period covered by these financial statements no amounts were written off by the Chief Executive.

Non-rateable land

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

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

4 Fees and charges

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Compliance monitoring direct charges	2,277	2,368
Consent application fees	4,400	3,622
Consent holder charges	4,033	3,917
Other direct charges	3,766	3,584
Total fees and charges	14,476	13,491

Building and resource consent revenue

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

5 Subsidies and grants

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Land transport government grants	18,828	14,590
Other grants	4,355	786
Total subsidies and grants	23,183	15,376

Land Transport Government grants

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2020 nil).

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

Other grants

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

6 Other revenue

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Bus fare revenue	3,983	4,185
Rental	732	861
Royalties	152	191
Other revenue	8,385	5,554
Total other revenue	13,252	10,791

Provision of services

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

7 Finance revenue and costs

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Community loans	4	6
Statutory land charges	61	51
Term deposits and call accounts	285	607
Total investment revenue	350	664
Interest expense:		
Interest on borrowings	419	406
Interest rate swaps	421	253
Total finance costs	840	659

Interest revenue

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

Borrowing costs

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

8 Change in market value of investments

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
<i>Unrealised gains on assets at fair value through surplus or deficit</i>		
Fixed interest	302	1,937
Equities	7,258	1,273
Property	1,383	(554)
Unrealised gain on revaluation of interest rate swaps	1,227	-
	10,170	2,656
<i>Realised gains on assets at fair value through surplus or deficit</i>		
Fixed interest	66	541
Equities	-	853
Property	-	69
	66	1,463
	10,236	4,119
Investment fund capital protection revenue	2,782	1,234
Net change in market value	6,227	2,885
Unrealised Gain on Interest rate derivatives	1,227	-
Total change in market value of investments	10,236	4,119

Financial risk management strategies

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

9 Exchange and non-exchange revenue

The total revenue from non-exchange transactions includes the revenue from rates, government grants, bus revenue, fines, fees and charges and other revenue. Total non-exchange revenue for the 2020/21 financial year is \$145.235 million (2020: \$133.342 million).

The total revenue from exchange transactions includes the revenue from interest, rental, royalties, fees and charges and investment revenue. Total exchange revenue for the 2020/21 financial year is \$18.146 million (2020: \$11.840 million).

10 Other expenses

	2020/21 Actual	2019/20 Last year
Other expenses	\$'000	\$'000
Insurance premiums	1,100	931
Subscriptions and levies	232	294
Debts written off	303	248
Impairment of receivables	(68)	164
Fees paid to auditors: Audit of Annual Report	150	139
Fees paid to auditors: Audit of debenture trust deed	7	6
Fees paid to auditors: Audit of LTP	91	-
Donations	5	5
Minimum lease payments under operating leases	1,886	1,570
Other operating expenses	64,580	53,130
Inventory consumption	549	384
Property, plant and equipment losses / (gains) on disposal	1,591	254
Councillors' remuneration: Meeting attendance fees and salary	1,092	1,087
Councillors' remuneration: Expenses	111	79
Investment fund management fees	411	399
Contracted services - pest control	802	823
Contracted services - buses	22,754	21,929
Total other expenses	95,596	81,442

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

Grant expenditure

Discretionary grants are those grants where Waikato Regional Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the council and the approval has been communicated to the applicant.

11 Remuneration

	2020/21	2019/20
	\$	\$
Chief Executive		
Salary		
Vaughan Payne	137,298	359,248
Chris McLay	244,442	-
Total salary paid	381,740	359,248
Vehicle (value per contract)		
Vaughan Payne	2,225	8,899
Chris McLay	11,812	-
Total vehicle value	14,037	8,899
Total	395,777	368,147

On 25 September 2020, Mr Vaughan Payne resigned from his position as Chief Executive. The salary he received is inclusive of holiday pay. Mr Chris McLay was appointed Chief Executive on 28 September 2020.

Elected representatives

	Salary	Travel time allowance	Total remuneration
	\$	\$	\$
This Year			
K Hodge	86,228	1,035	87,263
S Husband	73,860	739	74,599
S Kneebone	70,301	308	70,609
F Lichtwark	68,249	5,891	74,140
A McPherson	64,160	384	64,544
T Mahuta	64,160	-	64,160
J Nickel	73,860	113	73,973
B Quayle	73,860	-	73,860
R Rimmington	157,410	-	157,410
P Storey	73,860	2,288	76,148
A Strange	73,860	109	73,969
D Tegg	64,160	3,812	67,972
H Vercoe	73,860	518	74,378
K White	73,860	4,856	78,716
Total	1,091,689	20,053	1,111,741

	Salary	Travel time allowance	Total remuneration
	\$	\$	\$

Last Year

K Hodge	79,095	418	79,513
S Husband	73,839	534	74,373
S Kneebone	67,795	188	67,983
F Lichtwark	69,946	5,569	75,515
A McPherson	44,912	291	45,203
T Mahuta	71,689	171	71,860
J Nickel	50,956	169	51,125
B Quayle	69,946	206	70,152
R Rimmington	132,191	-	132,191
P Storey	50,956	760	51,716
A Strange	50,956	115	51,071
D Tegg	44,912	1,425	46,337
H Vercoe	73,839	525	74,364
K White	73,839	3,323	77,162
* J Hayman	18,990	1,463	20,453
* J Hennebry	22,883	-	22,883
* A Livingston	47,917	-	47,917
* D Minogue	18,990	2,325	21,315
* B Simcock	22,883	-	22,883
Total	1,086,534	17,482	1,104,016

Chairman Russ Rimmington has the full private use of a motor vehicle valued at \$3,590 (2020: \$2,437 from 23 October 2019)

The figures presented above exclude mileage expenses paid to councillors.

* Councillors in the 2016-2019 triennium of council.

Employee remuneration

At balance date, the Council employed 475 (2020: 498) full-time employees, with the balance of staff representing 60 (2020: 64) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
< \$60,000	117	130
\$60,000-\$79,999	151	152
\$80,000-\$99,999	139	144

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
\$100,000-\$119,999	89	95
\$120,000-\$139,999	34	34
\$140,000-\$159,999	10	10
\$160,000-\$179,999	9	11
\$180,000-\$279,999	7	8
\$280,000-\$359,999	1	1
Total employees	557	585

Severance payments

For the year ended 30 June 2021 Waikato Regional Council made one severance payment (2020: two severance payments). The value of the severance payment was \$1,550. (2020: \$31,000 and \$25,500).

12 Employee benefit expenses

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Employee benefit expenses		
Salaries and wages	50,431	51,564
Defined contribution plan employer contributions	1,416	1,445
Increase/(decrease) in employee benefit liabilities	(129)	480
Total employee benefit expenses	51,718	53,489

The impact of the actuarial valuation of long service leave and retirement gratuity liability has been to decrease the employee benefit expense by \$135,000 in total (2020: \$348,000 increase). The retirement gratuity liability decreased by \$90,000 and the long service leave liability decreased by \$45,000, both are mainly due to a reduction in the discount rates used for the valuation. The reduction in discount rates is reflective of current low interest rates.

Employer contributions to defined contribution plans include contributions to KiwiSaver.

13 Current liabilities - employee benefits liabilities

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Current		
Annual leave	3,911	3,936
Long service leave	300	272
Retirement gratuities	408	438
Sick leave	331	300
Other employee benefits	1,212	1,272
Accrued pay	589	415

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Total current portion	6,751	6,633

Short term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

14 Non-current liabilities - employee benefits liabilities

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Non-current		
Long service leave	2,144	2,217
Gratuities	437	497
Total non-current	2,581	2,714

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary growth rate. Any changes in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary growth assumed for an employee is the salary inflation component plus the promotional salary scale for that employee's age. The 10 year discount rate of 2.98 per cent (2020: 1.47 per cent) and a long-term salary growth rate of 1.88 per cent (2020: 1.62 per cent) was used.

Long term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

15 Related party transactions

Transactions with key management personnel

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

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

	2020/21 Actual	2019/20 Last year	2020/21 Actual	2019/20 Last year
			\$'000	\$'000
<i>Councillors</i>			-	-
Remuneration			1,117	1,104
Full-time equivalent members	14	14	-	-
<i>Senior management team, including the Chief Executive</i>			-	-
Remuneration and post-employment benefits			1,752	1,626
Full-time equivalent members	6	6	-	-
Balance for the year ended 30 June			2,869	2,730
Total full-time equivalent personnel	20	20	2,869	2,730

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

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

Waikato Regional Council provides financial administration services to Waikato Local Authority Shared Services Ltd.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2020 nil).

16 Tax

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Components of tax expense		
Current tax expense	-	-
Adjustment to current tax in prior years	-	-
Deferred tax liability	-	-
Net surplus (deficit) before tax	4,837	(2,616)
Tax at 28%	1,354	(732)
Plus (less) tax effect of:		
Non-deductible expenditure	-	732
Non-taxable revenue	(1,354)	-
Add: Revenue taxable to council	10	61

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Less: Expenses deductible to council	(11)	(62)
Less: Tax expense over/understated prior period	-	-
Less: Payments reclassified to other expenditure	-	-
Tax loss not recognised	1	1
Tax expense	0	(732)

Generally local authorities are exempt from income tax, except for any revenue derived from any Council Controlled Organisation or port activity as per Section CW39 of the Revenue Tax Act 2007.

A deferred tax asset of \$32,935 (2020: \$28,535) has not been recognised in relation to tax losses.

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

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

17 Other gains/(losses)

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Gain/(loss) on changes in fair value of biological assets	(128)	(305)
Gain/(loss) on changes in fair value of property, plant and equipment	(287)	(1,468)
Unrealised loss on revaluation of interest rate swaps	-	(1,141)
	(415)	(2,914)

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Surplus/(deficit)	4,837	(2,616)
Add/(less) non-cash items:		
Depreciation and amortisation expense	9,976	9,294
Asset adjustments relating to disposals	98	19
Other gains and losses	415	1,773
Bad and doubtful debts	(109)	349
(Gains)/losses on derivative financial instruments	(1,227)	1,141
Total non-cash items	9,153	12,576
Add/(less) items classified as investing or financing activities:		
Change in market value of investments	(9,009)	(4,119)
Net loss/(gain) on disposal of property, plant and equipment	1,591	254
Total items classified as investing or financing activities	(7,418)	(3,865)
Add (less) items movements in working capital items		
Creditors and other payables	10,093	3,073
Current employee entitlements	118	(586)
Non-current employee entitlements	(133)	184
Prepayments	(776)	625
Work in progress and inventory	147	(488)
Debtors and other receivables	2,218	(6,414)
Other investments	-	-
Net cash inflow/(outflow) from operating activities	18,239	2,489

19 Cash and cash equivalents

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Cash at bank and in hand	23,434	19,965
Term deposits maturing three months or less from date of acquisition	-	-
Investments under management	1,173	-
Total cash and cash equivalents	24,607	19,965

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

The reported balance includes \$1.179 million (2020 \$1.003 million) which is held on behalf of other parties that Waikato Regional Council is administering. Funds are paid out once expenditure is approved by the relevant party.

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

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

20 Other financial assets

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

Investment fund and term deposits

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

Interest rate risk

In making its investments, the council adopts a conservative risk profile, while aiming to maximise its returns. The range of interest rates receivable on financial instruments at 30 June 2021 range from 0.865 - 1.15 per cent. (2020: 2.75 - 3.10 per cent)

Collateral

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

Currency risk

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

Foreign currencies

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

Investment fund

The investment fund is invested with a number of fund managers whose performance is monitored by Mercer (N.Z.) Ltd who provide investment strategy advice to the council. At 30 June 2021 the investment fund was invested with the following fund managers:

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Equity		
Harbour Asset Management (Trans Tasman)	10,532	9,090
AMP Capital - Hedged	12,752	9,278
Colonial First State - Unhedged	12,091	9,784
At 30 June	35,375	28,152
Fixed Interest		
AMP Capital (Cash)	24,392	24,790
Fisher Funds (Global bonds)	23,152	22,891
Term deposits managed internally	9,749	10,435
Harbour NZ Short Duration	5,983	5,920
Less working capital held in fund	(1,173)	-
Net book amount	62,103	64,036
Property		
Fisher NZ Direct Property	5,689	5,069
Colonial First State (\$NZ)	5,329	4,628
Net book amount	11,018	9,697
Net book amount	108,496	101,885

At 30 June 2021, the following investments were held by the council's fund managers.

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Listed securities - held for trading		
NZ local authority investments	2,363	2,688
NZ Government guaranteed investments	5,122	5,991
Corporate investments	8,990	10,819
NZ cash/short term deposits	23,561	22,343
Overseas bonds	23,152	23,063
Equity investments	39,619	31,847
Property	5,689	5,134
Net book amount	108,496	101,885
Other Investment		

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Term deposits with maturities greater than 3 months	12,401	2,151
NZ Local Government Insurance Corporation shares	20	20
Other investments	45	87
	12,466	2,258
Investments in CCO		
Integrated Regional Information System shares	1,686	1,686
NZ Local Government Funding Agency Ltd (LGFA) - borrower notes	530	512
	2,216	2,198
Total Financial Assets	123,178	106,341
Financial assets (investment fund)	108,496	101,885
Other investments	14,682	4,456
	123,178	106,341

Borrower notes

The council has a 32 per cent holding in Regional Software Holdings Limited (RSHL). This ownership percentage was derived as an agreed cost sharing formula by the six participating councils, based on each council's relative size, to fund the Integrated Regional Information System software development. Integrated Regional Information System has been developed in a collaborative manner and all six shareholding councils get to appoint one director to the RSHL Board and one representative to the advisory and user governance groups that will maintain the Integrated Regional Information System. RSHL operates on a cost recovery basis with the participating shareholders and there will be no distributable profits retained in the business. Given the governance structure of RSHL and the nature of its activities, council does not believe it holds "significant influence" and accordingly has not accounted for the RSHL investment as an associate.

Borrower notes are required to be held by each local authority that borrows from Local Government Funding Agency (LGFA). The borrower notes are amounts equal to 1.6 per cent of \$30.000 million (\$480,000) and 2.5 per cent of \$2.000 million (\$50,000) of council's borrowing from LGFA. The borrowing notes are repaid to council as the underlying debt matures.

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
The Council's investments are included in the balance sheet as follows:		
Current portion		
Term Deposits	12,401	2,151
Community loans	45	42
Non-current portion		
Financial assets (investment fund)	108,496	101,885
Community loans	-	45
NZ Local Government Insurance Corporation shares	20	20
Investments in CCOs	2,216	2,198
	123,178	106,341

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
2021		
0-1 year	29,656	26,559
1-3 years	4,589	6,648
Greater than three years	34,632	36,831
No specified maturity date	39,619	31,847
	108,496	101,885

Fair value

Unlisted investments

The fair value of the investment in NZ Government Insurance Corporation Limited is \$20,000 (2020: \$20,000).

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

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

The fair value of other loans is \$45,000 (2020:\$87,000)

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the council commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit
- loans and receivables
- held to maturity investments
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading or is designated as such on initial recognition.

The council's investment fund was designated as such a financial asset on initial recognition as the primary goal of the council's investment strategy is to maximise investment returns within an acceptable level of risk, to both protect the capital base of the investment fund, and allow withdrawals to subsidise the required level of rates demands. The council is assisted by external advisors in this regard.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets.

After initial recognition loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gain and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are classified as non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The council includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held to maturity investments

Impairment is established when there is evidence that the council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock and community loans, and impairment losses are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

21 Investment policy

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

The council's investments made a gain of \$8.634 million against an Annual Plan budget of \$6.291 million.

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

22 Treasury risk management policy

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

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

23 Financial instruments

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

(a) Financial instrument categories

Assets	Loans and receivables	Fair value through other comprehensive revenue	Fair value through surplus or deficit	Total
	\$'000	\$'000	\$'000	\$'000

30 June 2021

Cash and cash equivalent	24,607	-	-	24,607
Receivables and prepayments	15,969	-	-	15,969

Other financial assets:

Term Deposits	12,401	-	-	12,401
Community loans	45	-	-	45
Investment fund	-	-	108,496	108,496
Investments in CCOs	-	2,216	-	2,216
Unlisted shares	-	20	-	20
Total	53,022	2,236	108,496	163,754

30 June 2020

Cash and cash equivalent	19,965	-	-	19,965
Receivables and prepayments	18,187	-	-	18,187

Other financial assets:

Term Deposits	2,151	-	-	2,151
Community loans	87	-	-	87
Investment fund	-	-	101,885	101,885
Investment in CCOs	-	2,198	-	2,198
Unlisted shares	-	20	-	20
Total	40,390	2,218	101,885	144,493

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

30-June-2021

Payables and accruals	-	30,814	30,814
Derivative financial instruments	1,170	-	1,170
Borrowing secured loans	-	32,167	32,167
Total liabilities	1,170	62,981	64,151

Liabilities	Liabilities at fair value through surplus or deficit	Measured at amortised cost	Total
	\$'000	\$'000	\$'000
30-June-2020			
Payables and accruals	-	20,723	20,723
Derivative financial instruments - not hedge accounted	2,397	-	2,397
Borrowing secured loans	-	32,141	32,141
Total liabilities	2,397	52,864	55,261

(b) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The investment fund is a fully hedged asset apart from the Stewart Investors Fund (30 June 2021 AUD \$11,253,290 converted to NZD \$12,091,211: exchange rate NZD/AUD: 0.931). (30 June 2020 AUD \$9,148,106 converted to NZD \$9,784,033: exchange rate NZD/AUD: 0.935)

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

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

Price risk

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

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

If interest rates on the council's fixed interest financial instruments at 30 June 2021 had fluctuated by plus or minus 0.5 per cent, the effect would have been to decrease/increase the fair value through comprehensive revenue reserve by \$373,000 (2020:\$331,000).

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

Cash flow interest rate risk

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

Generally, the council raises long term borrowing at floating rates and swaps them into fixed rates using interest rate swaps to manage the cash flow interest rate risk. The council enters into interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed

rates that are generally lower than those available if the council borrowed at fixed rates directly. Under the interest rate swaps, the council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Sensitivity analysis

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

30 June 2021	Interest rate risk			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
	\$'000	\$'000	\$'000	\$'000
Interest rate risk				
Financial assets				
Cash and cash equivalents	(246)	-	246	-
Derivatives - non hedge accounting	(881)	-	532	-
Total sensitivity	(1,127)	-	778	-

30 June 2021	Equity price risk			
	-100bps		+100 bps	
	Surplus	Equity	Surplus	Equity
Equity price risk				
Financial assets				
Other financial assets	(354)	-	354	-
Total sensitivity to equity price risk	(354)	-	354	-

30 June 2020	Interest rate risk			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(200)	-	200	-
Derivatives - non hedge accounting	(1,153)	-	1,066	-
Derivatives - non hedge accounting	-	-	-	-
Total sensitivity	(1,353)	-	1,266	-

30 June 2020	Equity price risk			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
Equity price risk				
Financial assets				
Other financial assets	(282)	-	282	-

Total sensitivity to equity price risk	(282)	-	282	-
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Explanation of sensitivity analysis

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1 per cent.

Cash and cash equivalents include deposits at call totalling \$24.607 million (2020: \$19.965 million) which are at floating rates. A movement in interest rates of plus or minus 100bps (1.0 per cent) has an effect on interest revenue of \$246,000 (2020 \$200,000)

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2020 -100bps/+100bps).

(c) Credit risk

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

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

The council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and the council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

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

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

Maximum exposure to credit risk

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Cash at bank and term deposits	37,008	22,116
Debtors and other receivables	15,969	18,187
Community loans	45	87
LGFA borrower notes	530	512
Total credit risk	53,552	40,902

Credit quality of financial assets

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Counterparties with credit ratings		
Cash at bank and term bank deposits		
A	-	2,151
AA-	37,008	19,965
Total	37,008	22,116
Stock and government bonds		
AAA	530	512
Total	530	512
Counterparties without credit ratings		
Community and related party loans:		
Existing counterparty with no defaults in the past	45	87
Total cash at bank, term deposits and loans	45	87

Debtors and other receivables mainly arise from Waikato Regional Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

(d) Liquidity risk

Liquidity risk is the risk that Waikato Regional Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The council aims to maintain flexibility in funding by keeping committed credit lines available.

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

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

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2021 council had borrowed \$32 million (2020 \$32 million) and held borrower notes with a face value of \$530,000 (2020 \$512,000).

The council is also exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is contained in note 35.

Contractual maturity analysis of financial liabilities excluding derivatives

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

30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	30,815	-	-	-	30,815	30,815
Secured borrowing	7,372	7,293	10,409	8,164	33,238	32,167
Total financial liabilities	38,187	7,293	10,409	8,164	64,053	62,982

30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	20,723	-	-	-	20,723	20,723
Secured borrowing	2,403	7,399	15,622	8,214	33,638	32,141
Total financial liabilities	23,126	7,399	15,622	8,214	54,361	52,864

Contractual maturity analysis of derivative financial instrument liabilities

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

30 June 2021	Liability carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net settled derivative liabilities	1,170	1,197	403	282	399	113
Total	1,170	1,197	403	282	399	113

30 June 2020	Liability carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Net settled derivative liabilities	2,397	2,427	420	450	1,004	553
Total	2,397	2,427	420	450	1,004	553

Contractual maturity analysis of financial assets

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

30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	24,607	-	-	-	24,607	24,607
Debtors and other receivables	15,969	-	-	-	15,969	15,969
Other financial assets:	-	-	-	-	-	-
- term deposits	12,401	-	-	-	12,401	12,401
- community and related party loans	45	-	-	-	45	45
Investment fund	29,656	4,589	34,632	39,619	108,496	108,496
Investment in CCO	112	112	160	1,832	2,216	2,216
Unlisted shares	-	-	-	20	20	20
Total financial assets	82,790	4,701	34,792	41,471	163,754	163,754

30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	19,965	-	-	-	19,965	19,965
Debtors and other receivables	18,187	-	-	-	18,187	18,187
Other financial assets:	-	-	-	-	-	-
- term deposits	2,151	-	-	-	2,151	2,151
- community and related party loans	42	45	-	-	87	87
Investment fund	26,559	6,648	36,831	31,847	101,885	101,885
Investment in CCO	32	112	240	1,814	2,198	2,198
Unlisted shares	-	-	-	20	20	20
Total financial assets	66,936	6,805	37,071	33,681	144,493	144,493

(e) Fair value hierarchy disclosures

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

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets.

· Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

· Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2021	\$'000	\$'000	\$'000	\$'000
NZ local authority investments	2,363	2,363	-	-
Corporate investments	8,990	8,990	-	-
NZ cash/short term deposits	23,561	23,561	-	-
Overseas bonds	23,152	23,152	-	-
NZ Government guaranteed investments	5,122	5,122	-	-
Equity investments	39,619	39,619	-	-
Property	5,689	5,689	-	-
Total financial assets	108,496	108,496	-	-
Financial liabilities				
Derivatives	(1,170)	(1,170)	-	-
Total financial liabilities	(1,170)	(1,170)	-	-

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2020	\$'000	\$'000	\$'000	\$'000
NZ local authority investments	2,688	2,688	-	-
Corporate investments	11,056	11,056	-	-
NZ cash/short term deposits	22,343	22,343	-	-
Overseas bonds	22,891	22,891	-	-
NZ Government guaranteed investments	5,991	5,991	-	-
Equity investments	31,847	31,847	-	-
Property	5,069	5,069	-	-
Total financial assets	101,885	101,885	-	-
Financial liabilities				
Derivative financial instruments	(2,397)	-	(2,397)	-
Total financial liabilities	(2,397)	-	(2,397)	-

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

24 Receivables

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Exchange		
Net trade receivables		
Other receivables	7,690	12,235
Provision for doubtful receivables	(657)	(722)
Net debtors	7,033	11,513
Receivables from exchange transactions	7,033	11,513
Non-exchange		
Rates receivables	6,339	4,460
Other receivables	3,430	3,021
Related party receivables	13	15
Provision for doubtful receivables	(846)	(822)
Net debtors	8,936	6,674
Receivables from non-exchange transactions	8,936	6,674
Total receivables	15,969	18,187

Fair value

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

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

Impairment

Waikato Regional Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the court's judgement, then the council can apply to the Registrar of the High Court to have judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options. Where such repayment plans are in place, debts are discounted to their present value of future repayments if the effect of the discounting is material. The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated, are \$466,000 (2020: \$251,000).

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Past due > 120 days	4,169	5,686
Less impairment	(1,503)	(1,544)
Balance as at 30 June	2,666	4,142

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Not past due	12,997	13,607
Past due 1-60 days	285	238
Past due 61-120 days	21	200
Balance as at 30 June	13,303	14,045
Grand total	15,969	18,187

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

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

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Individual impairment	78	78
Collective impairment	1,425	1,466
Total provision for impairment	1,503	1,544

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Past due 1-60 days	-	-
Past due 61 - 120 days	-	-
Past due >120 days	78	78
Total individual impairment	78	78

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

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
At 1 July	1,544	1,359
Additional provisions made during the year	262	433
Receivables written off during the period	(303)	(248)
Total gross trade receivables	1,503	1,544

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

25 Property, plant and equipment

2020/21	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers	Previous Years Adjustments	Depreciation/ Impairment	Write back depreciation on disposal / valuation	Revaluation	Cost / revaluation 30 June 21	Accumulated depreciation and impairment charges 30 June 21	Carrying amount 30 June 21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operational assets													
<u>At cost & valuation</u>													
Land	697	-	697	-	-	-	-	-	-	298	995	-	995
Buildings	5,078	(126)	4,952	226	(73)	(2,409)	-	(71)	3	(361)	2,461	(194)	2,267
Leasehold improvements	-	-	-	3,909	-	2,409	-	(49)	-	-	6,318	(49)	6,269
Vehicles	4,415	(1,914)	2,501	696	(539)	-	-	(595)	441	-	4,572	(2,068)	2,504
Plant and equipment	7,281	(4,743)	2,538	3,085	(544)	-	-	(699)	491	-	9,822	(4,951)	4,871
EDP	8,299	(5,243)	3,056	452	(874)	-	-	(1,011)	861	-	7,877	(5,393)	2,484
Office furniture and fittings	771	(502)	269	1,949	(430)	-	-	(72)	376	-	2,290	(198)	2,092
Total operational assets	26,541	(12,528)	14,013	10,317	(2,460)	-	-	(2,497)	2,172	(63)	34,335	(12,853)	21,482
Infrastructural assets													
<u>At cost & valuation</u>													
Land	61,412	-	61,412	-	-	-	-	-	-	-	61,412	-	61,412

2020/21	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Previous Years Adjustments \$'000	Depreciation/ Impairment \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 21 \$'000	Accumulated depreciation and impairment charges 30 June 21 \$'000	Carrying amount 30 June 21 \$'000
Bridges	1,804	(291)	1,513	-	-	-	-	(44)	-	-	1,804	(335)	1,469
Channels	34,896	(86)	34,810	439	(7)	-	-	(161)	-	-	35,328	(247)	35,081
Control gates	1,067	(324)	743	-	-	-	-	(72)	-	-	1,067	(396)	671
Culverts	1,855	(181)	1,674	39	-	-	-	(35)	-	-	1,894	(216)	1,678
Debris traps	224	(18)	206	-	-	-	-	(3)	-	-	224	(21)	203
Detentions	4,568	(567)	4,001	-	(1)	-	-	(115)	-	-	4,567	(682)	3,885
Drop structures	17	(6)	11	-	-	-	-	(2)	-	-	17	(8)	9
Fencing	4,009	(1,581)	2,428	40	-	-	-	(325)	-	-	4,049	(1,906)	2,143
Floodgates	42,182	(5,281)	36,901	1,187	(670)	-	-	(1,302)	50	-	42,699	(6,533)	36,166
General structures	3,161	(745)	2,416	17	-	-	-	(147)	-	-	3,178	(892)	2,286
Plantings	304	-	304	-	-	-	-	-	-	-	304	-	304
Pump stations	54,004	(9,595)	44,409	1,185	(207)	-	-	(2,009)	22	-	54,982	(11,582)	43,400
Retaining structures	14,774	(2,796)	11,978	307	(7)	-	-	(457)	1	-	15,074	(3,252)	11,822
River training works	1,935	(175)	1,760	661	-	-	-	(34)	-	-	2,596	(209)	2,387
Stopbanks	332,448	(12,451)	319,997	1,388	(768)	-	-	(1,996)	13	-	333,068	(14,434)	318,634
Weirs	344	(21)	323	-	-	-	-	(4)	-	-	344	(25)	319
Total	559,004	(34,118)	524,886	5,263	(1,660)	-	-	(6,706)	86	-	562,607	(40,738)	521,869

2020/21	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Previous Years Adjustments \$'000	Depreciation/ Impairment \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 21 \$'000	Accumulated depreciation and impairment charges 30 June 21 \$'000	Carrying amount 30 June 21 \$'000
Work in progress													
- Bridges	101	-	101	-	-	-	-	-	-	-	101	-	101
- Channels	652	-	652	259	(439)	-	-	-	-	-	472	-	472
- Control gates	72	-	72	126	-	70	-	-	-	-	268	-	268
- Culverts	98	-	98	45	(39)	(70)	-	-	-	-	34	-	34
- Debris traps	4	-	4	-	-	-	-	-	-	-	4	-	4
- Detentions	100	-	100	215	-	-	-	-	-	-	315	-	315
- Drop structures	-	-	-	-	-	-	-	-	-	-	-	-	-
- Fencing	3	-	3	-	(40)	37	-	-	-	-	-	-	-
- Floodgates	1,017	-	1,017	490	(1,266)	22	-	-	-	-	263	-	263
- General structures	49	-	49	-	(16)	(10)	-	-	-	-	23	-	23
- Plantings	-	-	-	-	-	-	-	-	-	-	-	-	-
- Pump stations	6,815	-	6,815	3,188	(1,190)	(12)	-	-	-	-	8,801	-	8,801
- Retaining structures	-	-	-	1	(307)	306	-	-	-	-	-	-	-
- River training works	2,642	-	2,642	697	(661)	(300)	-	-	-	-	2,378	-	2,378
- Stopbanks	5,138	-	5,138	2,466	(1,403)	(43)	-	-	-	-	6,158	-	6,158

2020/21	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Previous Years Adjustments \$'000	Depreciation/Impairment \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 21 \$'000	Accumulated depreciation and impairment charges 30 June 21 \$'000	Carrying amount 30 June 21 \$'000
- Weirs	-	-	-	14	-	-	-	-	-	-	14	-	14
Total infrastructure work in progress	16,691	-	16,691	7,501	(5,361)	-	-	-	-	-	18,831	-	18,831
Total property, plant and equipment	602,236	46,646	555,590	23,081	(9,481)	-	-	(9,203)	2,258	(63)	615,773	(53,591)	562,182

2019/20	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Previous Years Adjustments \$'000	Depreciation / Impairment \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 2020 \$'000	Accumulated depreciation and impairment charges 30 June 2020 \$'000	Carrying amount 30 June 2020 \$'000
Land	697	-	697	-	-	-	-	-	-	-	697	-	697
Buildings	3,442	(57)	3,385	1,636	-	-	-	(69)	-	-	5,078	(126)	4,952
Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	4,311	(1,727)	2,584	608	(504)	-	-	(588)	401	-	4,415	(1,914)	2,501

Operational assets

At cost & valuation

Land	697	-	697	-	-	-	-	-	-	-	697	-	697
Buildings	3,442	(57)	3,385	1,636	-	-	-	(69)	-	-	5,078	(126)	4,952
Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	4,311	(1,727)	2,584	608	(504)	-	-	(588)	401	-	4,415	(1,914)	2,501

2019/20	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Previous Years Adjustments \$'000	Depreciation / Impairment \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 2020 \$'000	Accumulated depreciation and impairment charges 30 June 2020 \$'000	Carrying amount 30 June 2020 \$'000
Plant and equipment	7,510	(5,093)	2,417	732	(961)	-	-	(573)	923	-	7,281	(4,743)	2,538
EDPequipment	10,129	(7,074)	3,055	1,086	(2,916)	-	-	(1,085)	2,916	-	8,299	(5,243)	3,056
Officefurniture and fittings	824	(496)	328	23	(76)	-	-	(82)	76	-	771	(502)	269
Capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-
- EDP	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operational assets	26,913	(14,447)	12,466	4,085	(4,457)	-	-	(2,397)	4,316	-	26,541	(12,528)	14,013
Infrastructural assets													
<u>At cost & valuation</u>													
Land	57,092	-	57,092	-	-	-	-	-	-	4,320	61,412	-	61,412
Bridges	1,595	(247)	1,348	268	-	-	-	(44)	-	(59)	1,804	(291)	1,513
Channels	34,212	(848)	33,364	-	-	-	-	(169)	-	1,615	34,896	(86)	34,810
Control gates	1,577	(254)	1,323	-	-	-	-	(70)	-	(510)	1,067	(324)	743
Culverts	1,686	(149)	1,537	23	(10)	-	-	(32)	-	156	1,855	(181)	1,674
Debris traps	215	(15)	200	-	-	-	-	(3)	-	9	224	(18)	206
Dententions	3,339	(472)	2,867	1,025	-	-	-	(95)	-	204	4,568	(567)	4,001

2019/20	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Previous Years Adjustments \$'000	Depreciation / Impairment \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 2020 \$'000	Accumulated depreciation and impairment charges 30 June 2020 \$'000	Carrying amount 30 June 2020 \$'000
Drop structures	17	(5)	12	-	-	-	-	(1)	-	-	17	(6)	11
Fencing	3,909	(1,299)	2,610	-	-	-	-	(282)	-	100	4,009	(1,581)	2,428
Floodgates	40,231	(4,047)	36,184	799	(275)	-	-	(1,265)	31	1,427	42,182	(5,281)	36,901
General structures	2,888	(613)	2,275	-	-	-	-	(132)	-	273	3,161	(745)	2,416
Plantings	291	-	291	-	-	-	-	-	-	13	304	-	304
Pump stations	46,298	(7,801)	38,497	2,438	(116)	-	-	(1,845)	51	5,384	54,004	(9,595)	44,409
Retaining structures	15,650	(2,322)	13,328	22	-	-	-	(474)	-	(898)	14,774	(2,796)	11,978
River training works	1,714	(148)	1,566	3	-	-	-	(27)	-	218	1,935	(175)	1,760
Stopbanks	301,507	(10,505)	291,002	4,303	-	-	-	(1,946)	-	26,638	332,448	(12,451)	319,997
Weirs	304	(17)	287	-	-	-	-	(4)	-	40	344	(21)	323
Total	512,525	(28,742)	483,783	8,881	(401)	-	-	(6,389)	82	38,930	559,004	(34,118)	524,886
Work in progress													
- Bridges	369	-	369	-	(268)	-	-	-	-	-	101	-	101
- Channels	439	-	439	213	-	-	-	-	-	-	652	-	652
- Control gates	72	-	72	-	-	-	-	-	-	-	72	-	72
- Culverts	51	-	51	70	(23)	-	-	-	-	-	98	-	98

2019/20	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Previous Years Adjustments \$'000	Depreciation / Impairment \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation 30 June 2020 \$'000	Accumulated depreciation and impairment charges 30 June 2020 \$'000	Carrying amount 30 June 2020 \$'000
- Debris traps	4	-	4	-	-	-	-	-	-	-	4	-	4
- Detentions	61	-	61	66	(1,025)	998	-	-	-	-	100	-	100
- Fencing	-	-	-	3	-	-	-	-	-	-	3	-	3
- Floodgates	1,250	-	1,250	575	(799)	(9)	-	-	-	-	1,017	-	1,017
- General structures	49	-	49	-	-	-	-	-	-	-	49	-	49
- Pump stations	6,429	-	6,429	2,825	(2,439)	-	-	-	-	-	6,815	-	6,815
- River training works	1,893	-	1,893	753	(4)	-	-	-	-	-	2,642	-	2,642
- Stopbanks	8,514	-	8,514	1,955	(4,342)	(989)	-	-	-	-	5,138	-	5,138
Total infrastructure work in progress	19,131	-	19,131	6,460	(8,900)	-	-	-	-	-	16,691	-	16,691
Total property, plant and equipment	558,569	(43,189)	515,380	19,426	(13,758)	-	-	(8,786)	4,398	38,930	602,236	(46,646)	555,590

Infrastructural assets - further disclosures

This year	Additions		
	Closing book value	Additions: constructed by council	Most recent replacement cost estimate for revalued assets
	\$'000	\$'000	\$'000
Infrastructural assets			
Flood protection and control works	521,869	5,263	655,744
Total infrastructural assets	521,869	5,263	655,744

Last year	Additions		
	Closing book value	Additions: constructed by council	Most recent replacement cost estimate for revalued assets
	\$'000	\$'000	\$'000
Infrastructural assets			
Flood protection and control works	524,886	8,881	652,141
Total infrastructural assets	524,886	8,881	652,141

Property, plant and equipment consists of:

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

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

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

Work in progress

Included in the operational fixed asset balances as at 30 June 2021 is work in progress in the following asset classes: buildings \$Nil (2020 \$2,057,000), vehicles \$Nil (2020 \$3,000), plant and equipment \$1,467,000 (2020 \$204,000) and Electronic data processing (EDP) \$346,000 (2020 \$208,000).

Valuation

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

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

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Operational land

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

The most recent valuation was performed by P Smith, independent registered valuer of SGHU Valuations, and the valuation is effective as at 30 June 2021.

Operational buildings

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

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

- the replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information
- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

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

The most recent valuation was performed by P Smith, independent registered valuer of SGHU Valuations, and the valuation is effective as at 30 June 2021.

Infrastructural assets

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

The most recent valuation was performed by independent valuer Brittney Hill of WSP, and the valuation is effective as at 31 December 2019.

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

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

- the replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information
- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Infrastructural land

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

The most recent valuation was performed by Chris Coakley, independent registered valuer of QV Valuations, and the valuation is effective as at 31 December 2019.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

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

Disposals

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

No significant disposals have been made during 2021.

Impairment

Impairment losses of \$Nil have been recognised by council during 2021 (2020: \$Nil).

Collateral

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

Depreciation

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

Class of asset depreciated	Estimated useful life (Years)
<i>Operational assets</i>	
Buildings	25-75
Motor vehicles	7.5
Computer equipment	4-5
Office furniture	7.5
Plant items	7.5-10
Air Conditioning	20
<i>Infrastructural Assets</i>	
Bridges	50-100
Channels	100

Class of asset depreciated	Estimated useful life (Years)
Control gates	50
Culverts	50-80
Debris traps	100
Detentions	80
Drop structures	50-80
Fencing	30
Floodgates	20-80
General structures	20-80
Plantings	Not depreciated
Pump stations	20-80
Retaining structures	30-100
River training works	50-100
Stopbanks	20-100
Weirs	100

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

26 Intangible assets

	Computer software	Total
	\$'000	\$'000
Year ended 30 June 2021		
Opening net book amount	6,367	6,367
Additions	1,121	1,121
Disposals	(220)	(220)
Work in progress	-	-
Amortisation charge	(773)	(773)
Write back amortisation on disposal	220	220
Closing net book amount	6,715	6,715
Cost	15,628	15,628
Accumulated amortisation and impairment	(8,913)	(8,913)
Net book amount	6,715	6,715

	Computer software	Total
	\$'000	\$'000
Year ended 30 June 2020		
Opening net book amount	4,122	4,122
Additions	333	333
Disposals	(644)	(644)
Work in progress	2,425	2,425
Amortisation charge **	(513)	(513)
Write back amortisation on disposal	644	644
Closing net book amount	6,367	6,367
At 30 June 2020		
Cost	14,727	14,727
Accumulated amortisation and impairment	(8,360)	(8,360)
Net book amount	6,367	6,367

Intangible asset additions

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Asset additions developed in-house	-	-
Assets additions purchased	1,121	332
Net book amount	1,121	332

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

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the council's website are recognised as an expense when incurred.

Amortisation and impairment

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

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

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

There are no restrictions over the title of intangible assets, nor are any intangible assets pledged as security for liabilities (2020: nil)

27 Forestry assets

Waikato Regional Council's forestry asset comprises approximately 91 hectares of Pinus radiata forest split between Ryan's block and Kuaioiti Forest. The Kuaioiti Forest was completely harvested during the 2020/21 year however Ryan's Block remains unchanged. The plantations are between five and six years.

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Balance as at 1 July	755	1,422
Gains/(losses) arising from changes attributable to physical changes	-	7
Purchases	-	-
Sales	-	-
Harvest	(514)	(362)
Gains/(losses) arising from changes attributable to price changes	(128)	(312)
Carrying amount at 30 June	113	755

Standing forestry assets are independently revalued annually to fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs and takes into consideration environmental, operational and market restrictions. Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the statement of comprehensive revenue and expenditure.

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

Carl Hanna, a member of New Zealand Institute of Forestry from Wood Marketing Services Ltd, has independently valued the forestry assets as at 30 June 2021. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- the forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis
- the value of the land has been treated as zero because forestry is currently the best use of the land from an environmental and management perspective. The planted forest is part of an integrated land use pattern that mitigates soil erosion.
- both buyer and seller are registered for GST and the impact on the transaction would be neutral.

The following taxation assumptions are made in respect of the forest purchaser:

- rate of taxation is 28 per cent

- tax losses and tax liability are assumed to be claimable/payable in the year costs are incurred or revenue received,
- a value of Cost of Bush Account equal to the estimated tree crop value is included in the cashflow to be deducted against future revenue,
- the forest is retained by the prospective purchaser through to maturity,
- the new ownership of the forest is effected by equity funding only,
- no change in the New Zealand tax law for the cashflow period considered.

Financial risk management strategies

Waikato Regional Council is exposed to financial risks arising from changes in timber prices. The council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future and therefore has not taken any measures to manage the risks of a decline in timber prices. The council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

28 Depreciation and amortisation expense by group of activity

Directly attributable depreciation and amortisation expense by group of activity were:

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Community and services	-	-
Civil defence and emergency management	20	20
Regional hazards and emergency response	-	-
Flood protection and control works	6,737	6,422
Integrated catchment management	2	46
Public transport	738	103
Resource use	-	-
Science and strategy	-	-
Council controlled organisations	-	-
Corporate and self funding	2,478	2,703
Depreciation and amortisation not directly related to group of activities	-	-
Total depreciation and amortisation expense	9,975	9,294

29 Asset insurance

As at 30 June 2021, the council held insurance contracts in relation to its property, plant and equipment, and Intangible Assets on the following basis:

- Total insurance contracts to the value of \$150 million in relation to operational assets and intangible assets having a book value of \$28.565 million (2020 \$20.380 million).
- Total insurance contracts to the value of \$300 million in relation to infrastructure assets having a book value of \$540.700 million (2020: \$541.577 million). These insurance contracts provide for the recovery of 40 per cent of the costs of loss or damage to declared assets. The council assumes that, in the event of a major disaster, Central Government will meet the other 60 percent of costs.
- An Insurance contract to the value of \$12 million in relation to infrastructure assets having a book value of \$540.700 million (2020: \$541.577). This insurance provides for the recovery of 100 per cent of the costs of loss or damage to declared assets in excess of the insurance policy deductible of \$500,000.

The council's infrastructure and material damage insurance policies are held collectively with other councils in the region. In the case of a major event affecting the assets of more than one council, the insurance cover would respond to costs incurred by all councils impacted up to the maximum level of cover.

In addition to the insurance contracts noted above, the council maintains disaster recovery reserves to meet the costs of damage to flood protection schemes that may not be recoverable through insurance (for example, costs associated with channel clearance). At 30 June 2021 the balance of these reserves was \$7.956 million (2020: \$7.905 million).

30 Inventories and work in progress

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
<i>Inventory held for distribution</i>		
Raw materials at cost	619	507
<i>Commercial inventories</i>		
<i>Inventory held for use in the provision of services</i>		
Work in progress	1,173	1,432
Total inventory and work in progress	1,792	1,939

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the first-in first-out (FIFO) method) adjusted when applicable, for any loss of service potential. Inventory acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

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

Work in progress represents unbilled costs associated with consent processing and compliance monitoring. This balance is reduced as costs are invoiced and become a debtor.

31 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from the council's financing activities. In accordance with its treasury policy, the council does not hold or issue derivative financial instruments for trading purposes. The council has elected not to apply hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of forward foreign exchange derivatives is classified as non-current. The portion of the fair value of an interest rate derivative that is expected to be realised or settled within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Non-current liability portion		
Interest rate swaps	1,170	2,397
Total non-current liability portion	1,170	2,397
Total derivative financial instrument liabilities	1,170	2,397

Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts totaled \$18 million (2020 \$18 million). The fixed interest rates of interest rate swaps varied from 2.28 per cent to 2.98 per cent.

The council currently has no fair value hedges.

32 Creditors and other payables

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Non-exchange		
Funds held on behalf of third parties	1,579	1,003
Total creditors and other payables from non-exchange transactions	1,579	1,003
Exchange		
Trade payables	12,111	11,353
Deposits and bonds	38	1,263
Accrued expenses	7,756	2,546
Other payables	9,332	4,558
Total creditors and other payables from exchange transactions	29,237	19,720
Total current creditors and other payables	30,816	20,723

Short-term creditors and other payables are recorded at their face value. Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

33 Borrowing

Accounting policy

Borrowings are initially recognised at their fair value plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Secured borrowing	7,026	2,009
Total secured current interest bearing borrowings	7,026	2,009
Total current portion	7,026	2,009
Secured borrowing	25,141	30,132
Total secured non-current interest bearing borrowings	25,141	30,132
Total non-current portion	25,141	30,132

Interest terms for secured loans

Council's secured debt of \$32.167 million (2020 \$32.141 million) is issued at a mixture of floating rates, with interest rates reset quarterly based on the 90-day bank bill rate plus a margin for credit risk, and fixed rates of interest. Council has eight swap contracts in place (2020 eight). These swap contracts have a notional value of \$18 million dollars (2020 \$18 million). The swaps convert part of council's borrowing from floating to fixed rates. All the swaps were put in place in the 2018/19 and 2019/20 financial years and there were no maturities during the year.

At 30 June 2021 total borrowings from the Local Government Funding Agency Ltd were \$32 million (2020 \$32 million). The average cost of interest was 2.62 per cent (2020 2.51 per cent).

Security

The council's secured loans are secured over either targeted or general rates of the council.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

34 Capital commitments and operating leases

Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Capital commitments		
Vehicles	65	531
Other plant and equipment	671	887
Intangible assets	778	322
Flood protection and control	1,671	1,782
Total capital commitments	3,185	3,522

Capital commitments relate to property, plant, equipment and intangibles. There are no commitments at balance date for forestry assets.

Operating leases as lessee

Waikato Regional Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 12 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
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

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2020 \$nil).

Leases can be renewed at Waikato Regional Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on Waikato Regional Council by any of the leasing arrangements.

Operating leases as lessor

Waikato Regional Council sub-leases part of a property it leases. This sublease has a non-cancellable term of six years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
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

No contingent rents have been recognised during the period.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

35 Contingent liabilities

Legal Proceedings and Disputes

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.

Unquantified claims

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.

No unquantifiable material exposures related to any legal matters has been estimated (2020: \$Nil)

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 AA+.

Council is one of 63 local authority guarantors of the LGFA as at 30 June 2021. The aggregate amount of uncalled shareholder capital (\$20 million) is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the council is a guarantor of all of LGFA's borrowings. At 30 June 2021, LGFA had borrowings totaling \$14.420 billion (2020 \$11.908 billion).

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 has therefore not recognised a liability. The council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

36 Equity

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Accumulated funds	221,239	224,451
Other reserves	441,488	433,215
Balance at 30 June 2021	662,727	657,666

Accumulated funds

Balance at 1 July	224,451	226,964
Transfer to reserves	(8,049)	103
Surplus/(deficit) for the year	4,837	(2,616)
Balance 30 June	221,239	224,451

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$'000	\$'000	\$'000	\$'000

2021

Regional disaster recovery	Integrated catchment management; Flood protection and control works	4,592	784	(896)	4,483
Waihou/Piako Zone	Integrated catchment management; Flood protection and control works	(706)	8,477	(8,581)	(810)
Lower Waikato main channel	Flood protection and control works	2,402	-	-	2,402
Project Watershed	Integrated catchment management; Flood protection and control works	8,988	15,641	(15,837)	8,792
Coromandel Peninsula	Integrated catchment management; Flood protection and control works	3,615	877	(661)	3,831
West coast	Integrated catchment management; Flood protection and control works	72	2,640	(2,528)	184
Zone disaster recovery	Integrated catchment management; Flood protection and control works	3,312	630	(467)	3,475
Drainage boards	Flood protection and control works	(1,963)	6,120	(5,809)	(1,652)
Civil defence	Emergency management	(135)	8,541	(8,593)	(187)
Heritage	Integrated catchment management	1,139	498	(800)	837
Biosecurity	Integrated catchment management	4,059	5,340	(6,191)	3,208
Environmental initiatives	Integrated catchment management	126	474	(601)	(1)
General reserves	Community and services	148	4,444	(3,108)	1,484

Permitted activity monitoring	Resource use	3	2,933	(2,508)	428
Building Act contingency	Resource use	94	25	(35)	84
Complaints and enforcement	Resource use	72	-	-	72
Stock truck effluent	Science and strategy	362	597	(514)	445
Public transport	Public transport	1,437	30,661	(30,285)	1,813
Integrated Regional Information System (IRIS)	Corporate (council controlled organisations)	389	-	-	389
Motor vehicle and plant	Corporate	643	662	(557)	748
Operational fixed asset depreciation	Corporate	1,247	-	-	1,247
Communications network	Corporate	550	-	-	550
Investment fund equalisation	Corporate (Treasury)	11,705	8,556	(6,615)	13,646
Investment fund capital protection	Corporate (Treasury)	10,310	2,947	(165)	13,092
Hauraki plan change	Science and strategy	193	150	(250)	93
Regional development fund	Science and strategy	5,539	1,580	-	7,119
Contaminated Land Investigation	Integrated catchment management	398	-	-	398
Derivative Financial Instrument	Corporate (Treasury)	(2,397)	1,227	-	(1,170)
Pathways to the sea	Integrated catchment management; Flood protection and control works	254	-	(118)	136
Shovel Ready Reserve	Integrated catchment management	-	93	-	93
		56,452	103,897	(95,120)	65,229

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$'000	\$'000	\$'000	\$'000

2020

Regional disaster recovery	Integrated catchment management; Flood protection and control works	4,403	963	(769)	4,592
Waihou/Piako Zone	Integrated catchment management; Flood protection and control works	166	12,063	(12,934)	(705)
Lower Waikato main channel	Flood protection and control works	2,402	-	-	2,402
Project Watershed	Integrated catchment management; Flood protection and control works	6,741	24,842	(22,595)	8,988
Coromandel Peninsula	Integrated catchment management; Flood protection and control works	3,334	2,621	(2,340)	3,615
West coast	Integrated catchment management; Flood protection and control works	71	1,248	(1,247)	72

Zone disaster recovery	Integrated catchment management; Flood protection and control works	3,299	716	(703)	3,312
Drainage boards	Flood protection and control works	(1,883)	5,657	(5,737)	(1,963)
Civil defence	Emergency management	416	8,315	(8,866)	(135)
Heritage	Integrated catchment management	1,351	161	(373)	1,139
Biosecurity	Integrated catchment management	3,393	2,802	(2,136)	4,059
Environmental initiatives	Integrated catchment management	166	158	(198)	126
Koi carp digester	Integrated catchment management	21	25	(47)	(1)
General reserves	Community and services	562	2,197	(2,611)	148
Permitted activity monitoring	Resource use	(256)	800	(541)	3
BuildingAct contingency	Resource use	97	19	(22)	94
Complaints and enforcement	Resource use	72	-	-	72
Stock truck effluent	Science and strategy	507	973	(1,118)	362
Public transport	Public transport	1,437	12,259	(12,259)	1,437
Integrated Regional Information System (IRIS)	Corporate (council controlled organisations)	389	-	-	389
Motor vehicle and plant	Corporate	510	2,181	(2,048)	643
Operational fixed asset depreciation	Corporate	1,247	-	-	1,247
Communications network	Corporate	550	-	-	550
Investment fund equalisation	Corporate (Treasury)	12,536	8,308	(9,139)	11,705
Investment fund capital protection	Corporate (Treasury)	9,077	1,652	(419)	10,310
Derivative financial instruments	Corporate (Treasury)	(1,257)	7	(1,147)	(2,397)
Pathways to the sea	Integrated catchment management; Flood protection and control works	-	254	-	254
Hauraki plan change	Science and strategy	243	-	(50)	193
Regional development fund	Science and strategy	4,995	1,553	(1,010)	5,539
Contaminated Land Investigation	Integrated catchment management	338	60	-	398
		54,927	89,834	(88,309)	56,452

	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
	\$'000	\$'000	\$'000	\$'000

Asset revaluation reserve 2021

Operational buildings	74	(74)	-	0
Operational Land	3,440	298	-	3,738

Infrastructural assets

- Bridges	858	-	-	858
- Channels	5,471	-	-	5,471
- Control gates	-	-	-	-
- Culverts	1,418	-	(545)	873
- Debris traps	178	-	-	178
- Detentions	3,047	-	-	3,047
- Fencing	4,328	-	-	4,328
- Floodgates	28,866	-	(70)	28,796
- Land	44,761	-	-	44,761
- Plantings	114	-	-	114
- Pump stations	24,959	-	(112)	24,847
- Retaining structures	9,570	-	-	9,570
- River training works	493	-	-	493
- Stopbanks	247,540	-	-	247,540
- Structures	1,425	-	-	1,425
- Weirs	220	-	-	220
Balance at 30 June	376,762	224	(727)	376,259

	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
	\$'000	\$'000	\$'000	\$'000

Asset revaluation reserve 2020

Operational buildings	74	-	-	74
Operational Land	3,440	-	-	3,440

Infrastructural assets

- Bridges	917	-	(59)	858
- Channels	3,856	1,615	-	5,471
- Control gates	208	-	(208)	-
- Culverts	1,262	156	-	1,418
- Debris traps	170	8	-	178
- Detentions	2,843	204	-	3,047

- Fencing	4,228	100	-	4,328
- Floodgates	27,670	1,427	(231)	28,866
- Land	40,441	4,320	-	44,761
- Plantings	101	13	-	114
- Pump stations	19,809	5,384	(234)	24,959
- Retaining structures	10,469	-	(899)	9,570
- River training works	275	218	-	493
- Stopbanks	220,900	26,640	-	247,540
- Structures	1,152	273	-	1,425
- Weirs	180	40	-	220
Balance at 30 June	337,995	40,398	(1,631)	376,762

	2020/21 Actual	2019/20 Last year
	\$'000	\$'000
Balance 1 July	376,762	337,995
Revaluation adjustment	224	40,395
Transfer to accumulated funds on disposal of property	(727)	(1,628)
Balance 30 June	376,259	376,762

Disaster recovery (regional and zone)

To provide funding to respond to natural disaster events, including the funding of insurance excesses.

Waihou/Piako zone

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

Project watershed (including lower Waikato main channel)

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

Coromandel peninsula

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

West coast

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

Pathways to the sea

To hold funds set aside for the council's contribution to developing a strategy for the management of downstream fish passage impediments associated with council owned flood protection schemes in the Waikato region.

Drainage boards

To recognise the difference between actual and budgeted expenditure in relation to the council's land drainage functions. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure

Civil defence

To recognise the difference between actual and budgeted expenditure in relation to civil defence function. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure

Whitianga coastal modelling

To hold funds set aside for the council's contribution to coastal erosion modelling and information.

Natural Heritage

To recognise the difference between actual and budgeted natural heritage expenditure. Applications to the Natural Heritage fund occur in an ad hoc manner. Maintenance of a reserve ensures that funds can be accumulated across financial years, and made available once suitable applications for funding are received.

Biosecurity

To recognise the difference between actual and budgeted biosecurity expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.

Environmental Initiatives

To recognise the difference between actual and budgeted expenditure in relation to the Environmental Initiatives Fund. Expenditure from the Environmental Initiatives Fund is dependent on applications received each financial year. The use of a reserve ensures that unspent funds can be accumulated across financial years.

Koi carp digester

To manage application of the external funding over the life of this asset.

General reserves

To smooth the costs of the triennial elections over the three year term of the council.

Permitted activity monitoring

To recognise the difference between actual and budgeted permitted activity monitoring expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.

Building act contingency

A legal contingency fund in relation to the council's responsibilities under the Building Act 2004. Waikato Regional Council acts as the consenting authority on behalf of a number of other local authorities.

Complaints and enforcement

The compliance and enforcement reserve is held to manage variability in the annual revenue generated from this activity. While a budget provision for revenue recoveries is made, actual revenue received may vary from this amount due to matters outside of the control of the council.

Stock truck effluent

To recognise the difference between actual and budgeted expenditure in relation to this activity.

Home of cycling

To manage the grant payments to the Home of Cycling and its annual repayments by the annual targeted rates.

Public transport

To recognise the difference between actual and budgeted passenger transport expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve balance will be held at a level that provides some mitigation against increasing costs for these services. This reserve will also be used for the electronic ticketing system.

Integrated Regional Information System (IRIS)

To allow funding for the IRIS project to be smoothed over the development period. The reserve is expected to be fully expended once the project is completed.

Protecting Lake Taupō

To recognise the difference between rates revenue received and payments made to the Lake Taupō Protection Trust.

Motor vehicle and plant

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of vehicle and plant capital expenditure.

Computer

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of information technology capital expenditure.

Operational fixed asset depreciation

To recognise the difference between budgeted and actual operational fixed asset depreciation. To ensure that depreciation funding is not applied to general council expenditure.

Communications network

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of communications network capital expenditure.

Investment fund equalisation reserve

To provide a smoothing of the impact of variable investment fund returns over time. The investment equalisation reserve tracks the difference between the budgeted fund return and the actual fund return each year.

Investment fund capital protection

To recognise the provision for the investment fund inflation proofing.

Healthy Rivers internal loan

To allow the funding for costs incurred through the Healthy Rivers Wai Ora implementation plan to be spread over the agreed funding period.

River Restoration Strategy

To track funding managed on behalf of the council and project partners for the development of the Waikato River Restoration Strategy.

Hauraki plan change

To track funding set aside for the development of the change to the Regional Plan for the Hauraki Catchment area.

Regional Development Fund

To track funding set aside to form the council's regional development fund.

Asset revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Derivative financial instruments

To recognise the fluctuations in the value of derivative financial instruments. As financial instruments are held to maturity, movements in the value of the instruments at 30 June 2020 are not realised.

Shovel ready reserve

To recognise the difference between actual and budgeted revenue and expenditure in relation to shovel ready projects.

Accounting Policy

Equity is the community's interest in the council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- property revaluation reserves
- restricted reserves.

Restricted reserves

The council created reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the council.

Restricted reserves include those subject to specific conditions accepted as binding by the council and which may not be revised by the council without reference to the courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by council decision. The council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the council.

Property revaluation reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

37 Capital management

The council's capital is its equity (or ratepayer's funds), which comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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

The Act requires the council to make adequate and effective provision in its long term plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and the levels of funding are set out in the funding and financial policies in the LTP.

Waikato Regional Council has the following council created reserves:

- reserves for different areas of benefit
- self-insurance reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the payers of general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by the council.

38 Compliance with the council's policies

The Local Government Act 2002 requires all local authorities to prepare the following policies and plans:

- long term plan
- revenue and financing policy
- treasury risk management policy (incorporating liability and investment management policies)
- development contributions or financial contributions policy
- remission and postponement of rates on Maori freehold land.

In addition, local authorities may adopt a rates remission policy and a rates postponement policy.

39 Events occurring after the balance sheet date

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.

40 Statements of service performance

Under the Local Government Act 2002, the council is required to report on its performance as it relates to measures established in the annual plan. Elements of cost, quality, quantity, timeliness and location (where applicable) must be built into each service performance area. These elements have been covered. Quality processes (which affect the quality of output) are also a standard feature of the internal management control systems, in particular as follows.

Preparation of internal reports

Internal reports are prepared by suitably qualified and experienced staff. Significant reports are subject to a peer review process/consultation review.

Capital works

Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers.

Maintenance works

Maintenance works are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with the maintenance programme.

Performance review

As part of the annual planning and reporting cycle, the organisation's performance is formally assessed by the council three times during the financial year. At these reviews, progress with the achievement of the performance measures stated in the Annual Plan is evaluated. Where circumstances have changed, adjustments are made to the budget through a resolution of the council.

Group of activity funding impact statements

Community and services

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,878	10,362	9,798
Targeted rates	1035	1235	800
Subsidies and grants for operating purposes	536	536	426
Fees and charges	210	220	183
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	11,659	12,353	11,207

Applications of operating funding			
Payments to staff and suppliers	10,106	10,066	5,979
Finance costs	93	182	-
Internal charges and overheads applied	4,205	4,546	5,014
Other operating funding applications	-	-	-
Total applications of operating funding (B)	14,404	14,794	10,993
Surplus (deficit) of operating funding (A-B)	(2,745)	(2,441)	214

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,413	2,324	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,413	2,324	-

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Increase (decrease) in reserves	(332)	(117)	214
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(332)	(117)	214
Surplus (deficit) of capital funding (C-D)	2,745	2,441	(214)
Funding balance ((A-B)+(C-D))	-	-	-

Waikato Civil Defence Emergency Management Group

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,878	1,922	1,914
Subsidies and grants for operating purposes			-
Fees and charges	615	617	2,133
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	2,492	2,539	4,047

Applications of operating funding			
Payments to staff and suppliers	1,853	1,869	3,342
Finance costs			-
Internal charges and overheads applied	651	682	772
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,504	2,551	4,114
Surplus (deficit) of operating funding (A-B)	(12)	(12)	(67)

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			-
- to meet additional demand			-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(12)	(12)	(67)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(12)	(12)	(67)
Surplus (deficit) of capital funding (C-D)	12	12	67
Funding balance ((A-B)+(C-D))	-	-	-

Regional hazards and emergency response

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,801	1,882	1,855
Targeted rates	-	-	(2)
Subsidies and grants for operating purposes	-	-	-
Fees and charges	182	190	112
Internal charges and overheads recovered	155	155	155
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	2,138	2,227	2,120
Applications of operating funding			
Payments to staff and suppliers	1,316	1,337	1,417
Finance costs	-	-	-
Internal charges and overheads applied	822	890	2,438
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,138	2,227	3,855
Surplus (deficit) of operating funding (A-B)	-	-	(1,735)

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(1,735)
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	-	-	(1,735)

Surplus (deficit) of capital funding (C-D)	-	-	1,735
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Funding balance ((A-B)+(C-D))	-	-	-
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Flood protection and control works

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,914	3,449	2,931
Targeted rates	19,867	23,153	19,927
Subsidies and grants for operating purposes	-	-	770
Fees and charges	806	806	915
Internal charges and overheads recovered	2,999	3,048	3,270
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	4
Total operating funding (A)	26,586	30,456	27,817

Applications of operating funding			
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	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Payments to staff and suppliers	12,757	13,030	11,208
Finance costs	659	841	87
Internal charges and overheads applied	6,355	6,757	7,047
Other operating funding applications	-	-	-
Total applications of operating funding (B)	19,771	20,628	18,342
Surplus (deficit) of operating funding (A-B)	6,815	9,828	9,475

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	5,205	4,934	(1,072)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,205	4,934	(1,072)

Applications of capital funding	-	-	-
Capital expenditure			-
- to meet additional demand	-	-	-
- to improve the level of service	70	2,540	507
- to replace existing assets	11,825	12,173	7,026
Increase (decrease) in reserves	125	49	870
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	12,020	14,762	8,403

Surplus (deficit) of capital funding (C-D)	(6,815)	(9,828)	(9,475)
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Funding balance ((A-B)+(C-D))	-	-	-
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Integrated catchment management

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,532	9,504	8,880
Targeted rates	17,454	19,614	17,114
Subsidies and grants for operating purposes	-	-	2,320
Fees and charges	1,158	1,160	5,171
Internal charges and overheads recovered	1,038	1,083	673
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	61
Total operating funding (A)	28,182	31,361	34,219

Applications of operating funding			
Payments to staff and suppliers	20,266	22,799	27,040
Finance costs	(56)	(49)	(85)
Internal charges and overheads applied	9,161	9,796	9,829
Other operating funding applications	-	-	-
Total applications of operating funding (B)	29,371	32,546	36,784
Surplus (deficit) of operating funding (A-B)	(1,190)	(1,185)	(2,565)

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	472	232	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	472	232	-

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(717)	(953)	(2,565)
Increase (decrease) of investments	-	-	

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Total applications of capital funding (D)	(717)	(953)	(2,565)
Surplus (deficit) of capital funding (C-D)	1,189	1,185	2,565
Funding balance ((A-B)+(C-D))	-	-	-

Public transport

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	9,615	10,580	10,737
Subsidies and grants for operating purposes	15,641	17,657	18,898
Fees and charges	9,706	10,281	5,499
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	34,962	38,518	35,134

Applications of operating funding			
Payments to staff and suppliers	33,376	36,900	31,594
Finance costs	-	-	-
Internal charges and overheads applied	1,097	1,149	1,353
Other operating funding applications	-	-	-
Total applications of operating funding (B)	34,473	38,049	32,947
Surplus (deficit) of operating funding (A-B)	489	469	2,187

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	79	52	1,435
- to replace existing assets	-	-	-
Increase (decrease) in reserves	410	417	752
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	489	469	2,187

Surplus (deficit) of capital funding (C-D)	(489)	(469)	(2,187)
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Funding balance ((A-B)+(C-D))	-	-	-
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Resource use

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,149	8,551	8,335
Targeted rates	1,450	1,470	1,529
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,421	6,850	8,271
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	345	345	1,120
Total operating funding (A)	16,365	17,216	19,255

Applications of operating funding			
Payments to staff and suppliers	9,691	9,842	10,552
Finance costs	187	262	121
Internal charges and overheads applied	6,840	7,356	7,238
Other operating funding applications	-	-	-
Total applications of operating funding (B)	16,718	17,460	17,911
Surplus (deficit) of operating funding (A-B)	(353)	(244)	1,344

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,758	1,898	430
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,758	1,898	430

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,198	1,513	
- to replace existing assets	142	145	180
Increase (decrease) in reserves	66	(4)	1,594
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	1,406	1,654	1,774

Surplus (deficit) of capital funding (C-D)	352	244	(1,344)
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Funding balance ((A-B)+(C-D))	-	-	-
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Science and strategy

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	22,735	23,535	21,304
Targeted rates	-	-	-
Subsidies and grants for operating purposes	858	871	768
Fees and charges	3,451	3,557	3,722
Internal charges and overheads recovered	776	819	708
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	27,820	28,782	26,502

Applications of operating funding			
Payments to staff and suppliers	17,695	22,163	14,238
Finance costs	162	152	152

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Internal charges and overheads applied	10,306	11,097	9,579
Other operating funding applications	-	-	-
Total applications of operating funding (B)	28,164	33,412	23,969
Surplus (deficit) of operating funding (A-B)	(344)	(4,630)	2,533

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(98)	(278)	(278)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(98)	(278)	(278)

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	920	595	773
- to replace existing assets	559	568	786
Increase (decrease) in reserves	(1,920)	(6,071)	696
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(441)	(4,908)	2,255

Surplus (deficit) of capital funding (C-D)	343	4,630	(2,533)
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Funding balance ((A-B)+(C-D))	-	-	-
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Corporate, self funding and other

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(2,899)	(3,173)	(3,283)
Targeted rates			-
Subsidies and grants for operating purposes			2
Fees and charges	416	190	597

	2020 LTP (\$000)	2021 LTP (\$000)	2021 Actual (\$000)
Internal charges and overheads recovered	36,101	38,891	39,530
Local authorities fuel tax, fines, infringement fees, and other receipts	6,756	6,871	9,294
Total operating funding (A)	40,373	42,779	46,140

Applications of operating funding			
Payments to staff and suppliers	34,441	34,253	40,735
Finance costs	442	328	564
Internal charges and overheads applied	776	819	708
Other operating funding applications	-	-	-
Total applications of operating funding (B)	35,660	35,400	42,007
Surplus (deficit) of operating funding (A-B)	4,714	7,379	4,133

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(344)	(590)	920
Gross proceeds from the sale of assets	10,880	-	12,521
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	10,536	(590)	13,441

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	8,825	-	6,720
- to replace existing assets	1,656	1,427	1,512
Increase (decrease) in reserves	4,769	5,362	9,342
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	15,250	6,789	17,574

Surplus (deficit) of capital funding (C-D)	(4,714)	(7,378)	(4,133)
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Funding balance ((A-B)+(C-D))	-	-	-
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Whole of council

	2020 Annual Plan (\$000)	2020 Actual (\$000)	2021 Annual Plan (\$000)	2021 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	51,136	50,297	50,582	49,867
Targeted rates	50,726	50,446	52,284	52,019
Subsidies and grants for operating purposes	15,782	15,375	17,907	23,183
Fees and charges	21,949	23,139	23,250	26,607
Interest and dividends from investments	6,456	4,799	6,291	9,359
Local authorities fuel tax, fines, infringement fees, and other receipts	345	1,126	345	1,120
Total operating funding (A)	146,394	145,182	150,658	162,155
Applications of operating funding				
Payments to staff and suppliers	140,171	134,513	150,220	145,791
Finance costs	1,341	659	1,602	840
Other operating funding applications				
Total applications of operating funding (B)	141,512	135,172	151,822	146,631
Surplus (deficit) of operating funding (A-B)	4,882	10,010	(1,164)	15,524

Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt	20,142	10,000	16,667	
Gross proceeds from sale of assets	10,880		-	12,521
Lump sum contributions				
Other dedicated capital funding				
Total sources of capital funding (C)	31,022	10,000	16,667	12,521

Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	11,968	4,762	2,756	9,435
- to replace existing assets	14,109	8,522	13,816	9,504
Increase (decrease) in reserves	9,827	6,726	(1,069)	9,106
Increase (decrease) of investments	-	-	-	
Total applications of capital funding (D)	35,904	20,010	15,503	28,045

	2020 Annual Plan (\$000)	2020 Actual (\$000)	2021 Annual Plan (\$000)	2021 Actual (\$000)
Surplus (deficit) of capital funding (C-D)	(4,882)	(10,010)	1,164	(15,524)
Funding balance ((A-B)+(C-D))	-	-	-	-

Financial reporting and prudence regulations

Annual report disclosure statement for the year ending 30 June 2021

What is the purpose of this statement?

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

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

Rates affordability benchmark

The council meets the rates affordability benchmark if:

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

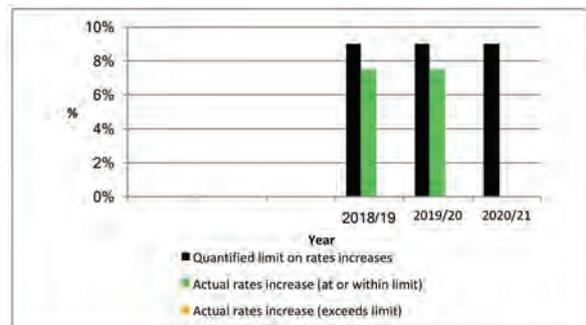
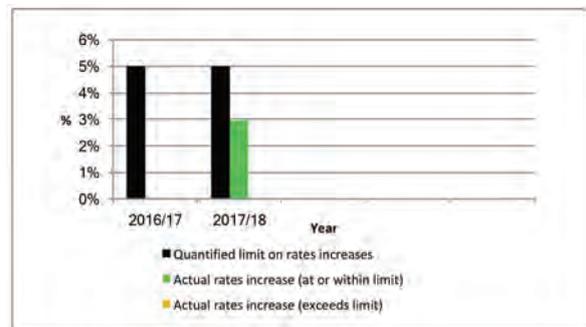
Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is that total rates revenue will comprise up to 75 per cent of the council's annual revenue requirements.



Rates (increases) affordability

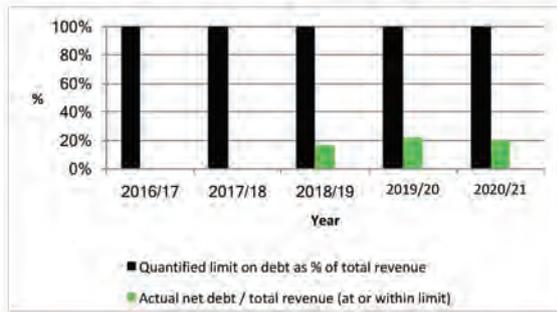
The following graphs compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long term plan. For the 2015-2025 long term plan the quantified limit was that increases in the annual rate revenue requirement will be limited to 5 per cent of the council's annual operating expenditure requirements. For the 2018-2028 long term plan the quantified limit is that increases in the annual rate revenue requirement will be limited to a 9 per cent increase in revenue from current ratepayers.



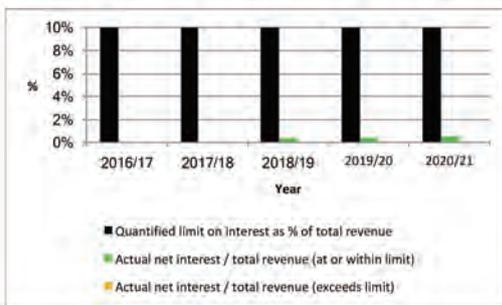
Debt affordability benchmark

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

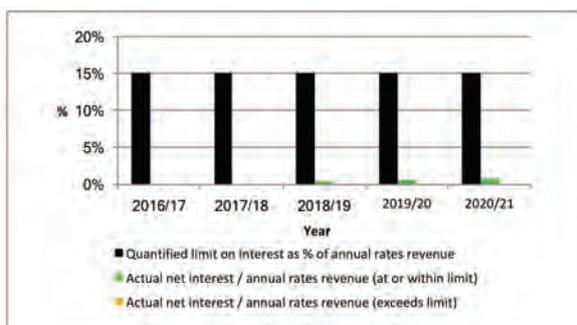
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net debt/total revenue is <100 per cent.



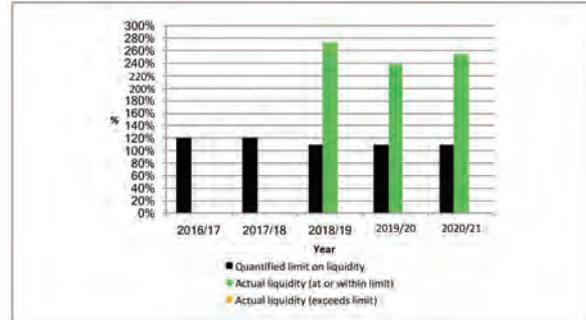
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net interest/total revenue is <10 per cent.



The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net interest on external debt/annual rates revenue is <15 per cent.



The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. For the 2015-2025 long term plan the quantified limit was that liquidity was >120 per cent. For the 2018-2028 long term plan the quantified limit is that liquidity is >110 per cent. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.



Balanced budget benchmark

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

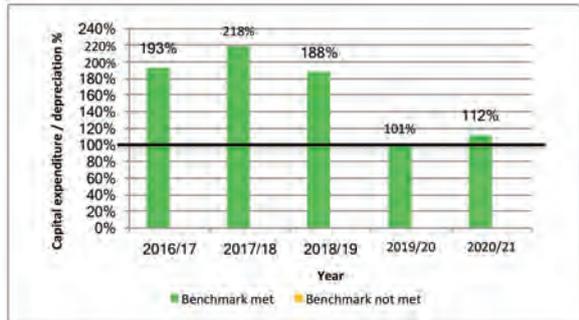
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

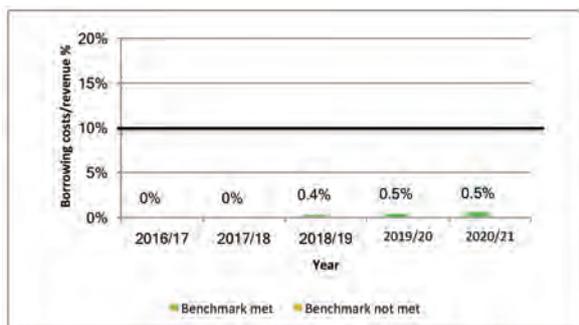
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

Because Statistics New Zealand projects the council's population will grow more slowly than the national population's growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 per cent of its revenue.



Debt control benchmark

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

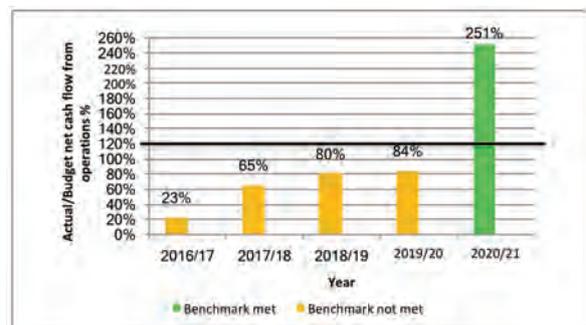
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

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

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flows from operations.



Additional information and comment Debt control benchmark

The benchmark displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). For all of the financial years shown, councils financial assets exceed its financial liabilities for both actual and budget figures. This means that where actual net debt over budgeted net debt equals or exceeds 100 per cent, our actual net debt position is more favourable than planned and council meets the debt control benchmark.

Operations Control Benchmark

The benchmark displays actual net cash flow from operating activities as a proportion of planned net cash flow from operating activities. In the 2020/21 financial year, planned contributions for the Waikato Regional Theatre (\$2.5 million) and planned expenses for regional development projects (\$4.6 million) were delayed, and part of the funding received for shovel ready projects, the Waikato Wellbeing project, and the future proof project remained unspent (\$3 million); all contributing to the high proportion of actual net cash flow from operating activities against planned.

Actual returns from the council's investment fund have been classified as revenue from investing activities since the 2016/17 financial year, whereas the budgeted cashflow statement has since 2013/14 treated this as revenue from operating activities. This change in classification has had the effect of reducing the operations control benchmark percentage for the four financial years to 2019/20.

SECTION 5: Supplementary material

| Ko ētehi atu kōrero/mea

Search and Surveillance Act reporting

Pursuant to Section 171 of the Search and Surveillance Act 2012 it is confirmed, for the purpose of annual reporting on behalf of the Waikato Regional Council, that in the period 1 July 2020 to 30 June 2021:

(a) the number of occasions on which entry or search powers were exercised without a warrant in the period covered by the report: **NIL**

(b) the number of occasions on which warrantless surveillance powers were exercised in the period covered by the report that involved the use of a surveillance device: **NIL**

(c) in respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used—

(i) for a period of no more than 24 hours: **NIL**

(ii) for a period of more than 24 hours but no more than 48 hours: **NIL**

(d) the number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power in the period covered by the report: **NIL**

(e) the matters set out in Section 27 in relation to surveillance device warrants and declaratory orders: **NIL**.

Council controlled organisations | Ngā rōpū e whai mana ai Te Kaunihera

Due to COVID-19, Parliament passed legislation on 12 July 2021 to extend the statutory reporting time frames by up to two months for local authorities and council-controlled organisations with 30 June 2021 balance dates that report under the Local Government Act 2002. This means that some of the council-controlled organisations' audits were not finalised at the time of writing the Waikato Regional Council's annual report. Council is satisfied that information provided by the council-controlled organisations used for consolidation purposes is sufficient.

Waikato Local Authority Shared Services

Waikato Local Authority Shared Services (WLASS) is a council controlled organisation (CCO) owned by the 12 Waikato local authorities – Waikato Regional, Hamilton City, Hauraki District, Matamata-Piako District, Ōtorohanga District, Rotorua District, South Waikato District, Taupō District, Thames-Coromandel District, Waikato District, Waipā District and Waitomo District councils.

It was established in 2005 as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis. More recently, shareholders embarked on a transformation of the company. The purpose of that transformation was to move the company to a true service delivery agent for, and strategic partner of, the councils. The structural changes of that transformation were completed in late 2019 and bedded in throughout 2020.

The outcomes the company is seeking are to:

- reduce council costs and improve performance, without increasing costs
- improve the experiences of the councils' communities
- influence increased central government investment into and engagement with the Waikato.

The company fulfils the roles of:

- think tank - taking ideas that have the potential to create value from concept to business case
- and service provider to councils.

Member councils currently pay an annual levy, depending on their size, to support the operating costs of WLASS. Services provided to councils are funded on a user-pays basis.

The WLASS board has six directors – five council-representative directors (including one appointed by Waikato Regional Council) and an independent Chair.

More detailed information about WLASS can be found at waikatolass.co.nz.

Performance measure results for 2020/21

The following performance measures noted in the table below were included in the 2020 Statement of Intent covering the financial years ended 30 June 2021-2023. The company has assessed whether each target has, or has not, been achieved.

Priority	Performance measure	Target	Outcome (progress towards target)
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+	Achieved The WLASS Water Services Business Case was delivered in September 2020. The benefits are linked to all three of the outcomes sought. In particular, key performance indicators (KPI's) will measure improvements in trade waste management, water usage and regulatory compliance. Although these will provide a measure of the realized benefits, it is difficult to readily quantify this in dollar terms.

Priority	Performance measure	Target	Outcome (progress towards target)
			<p>The business case for WLASS Learning & Development Shared Services (LDSS) was approved by the Board in June 2021. Collectively, the projected savings (including monetised time savings), to Waikato councils from the opportunity are ~\$2.4m over the first three years.</p> <p>Other projects are at various stages of development. While indicatively, on some, the quantifiable benefits to councils are potentially significant, further work is required before the company can confidently state a projected saving.</p>
	Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	<p>Achieved</p> <p>Following consultation with council Chief Executives and General Managers in April, the BCSS project has progressed under an increased scope and changed focus.</p> <p>9 of 10 councils have engaged WLASS to undertake one or more of the service offerings contained in the WLASS Water Services business case.</p> <p>The opportunity assessment for LDSS was presented to the Board in June 2021. The project was approved to progress to the next stage on the back of 9 councils indicating they wish to participate.</p>
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines	80%	<p>Not achieved</p> <p>63%: Three of the eight projects under development that had a milestone during the year, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.</p> <p>The transition of all councils across to the new waters services has taken three months longer than anticipated. While most councils had transitioned, some had to be deferred as Hamilton City Council recruited the required resources to meet expected service delivery levels.</p>
	Opportunities / projects are developed / delivered, within approved budget	90%	<p>Achieved</p> <p>100%: The five completed projects all came within budget.</p>
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly	<p>Achieved</p> <p>Project benefit assessments are now being presented to the Audit & Risk Committee. These assessments report on whether the benefits noted in project business cases have been realised. They also contain 'lessons learnt' to take forward to future projects.</p> <p>The first such assessment related to the Waikato Data Portal (WDP) and was considered by the Committee in June 2021.</p> <p>As these assessments are completed the measurable benefits will then be monitored ongoing.</p>
	Audit & Risk Committee undertake an assessment of projects following	For \$200k+ Projects (based on cost of opportunity)	<p>Achieved</p> <p>Project benefit assessments are now being undertaken at each Audit & Risk Committee meeting. The first of these, which considered the WDP, took place in June 2021.</p>

Priority	Performance measure	Target	Outcome (progress towards target)
	implementation (which will include an assessment of whether projected benefits have been realised)	development and ongoing investment) Within 15 months	
		90% of projected quantifiable benefits are realised	Unable to currently measure 10 of the 15 stated benefits of the Waikato Data Portal (WDP) are assessed as having been realised. A further 4 are considered difficult to measure, and 1 has not been achieved. The original business case did not include projected quantifiable benefits, or at least baselines for these to measure against. For that reason, we are unable to attribute a percentage to the extent to which the benefits have been achieved, although evidence shows that there have been time and cost savings for councils because of the WDP.
Ensure existing services are meeting the needs of councils	The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> • Regional Asset Technical Accord (RATA) – roading & waters • Waikato Building Cluster • Regional Infrastructure Technical Specifications • Energy & Carbon Management • Professional Services Panel • Health & Safety pre-qualification 	80% of councils	Achieved A stakeholder survey was undertaken in May 2021. The survey was sent to 220 council staff with 68 responses (~31%). 81% of respondents said that the services they received either met or exceeded their expectations. The 80% target was also met for each of the services individually, other than the Waikato Building Consent Group. While the result for that service offering was disappointing, it was not unexpected. The prospect of change from the Building Consent Shared Services project has been unsettling for some council staff and this is reflected in the feedback on Waikato Building Consent Group.
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Six per annum	Achieved Initiatives have arisen during the year from the Shared Services Working Party (SSWP), Waikato IT Managers, Procurement Managers and Legal Services groups. Discussion at the SSWP led to the priority project “Customer Digital Enablement”. The Procurement Managers group have commenced a review of the Professional Services Panel, and the tender for the data, print and mailhouse contract (awarded in August 2021). The performance measure was established to ensure that the working groups: 1. were action-orientated; and 2. acted as a feeder for WLASS priority projects.

Priority	Performance measure	Target	Outcome (progress towards target)
			<p>Various other smaller initiatives have also come from the working parties (e.g. critical roles stocktake, development of a psychological wellbeing best practice document).</p> <p>The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p> <p>Meetings of the groups also play an important role in fostering relationships and learning from the experience of their colleagues at other councils. They are therefore fulfilling the priority area of 'fostering and promoting cross-council collaboration and networking'</p>

Lake Taupō Protection Trust

The Lake Taupō Protection Trust (the Trust) CCO was settled on 9 February 2007.

Introduction

Lake Taupō is recognised as a national icon. Its importance, not only as an attraction for locals and people living in the Waikato region but nationally and as an attraction for international tourists, has been recognised. Work undertaken by a number of organisations has shown that the quality of Lake Taupō has begun to degrade for a number of reasons. The Lake Taupō Protection Trust was established as a CCO to administer a public fund to protect Lake Taupō.

The purpose of the trust (as set out in the draft deed) is the maintenance of water quality in Lake Taupō through reducing nitrogen levels in the lake's catchment. The trust is jointly administered by four organisations: Waikato Regional Council, Taupō District Council, Tūwharetoa Māori Trust Board and the Crown.

Company objectives

The Trust's role is to protect Lake Taupō's water quality by reducing manageable nitrogen leaching into the lake by 20 per cent or approximately 153,000 kilograms. After a review of the project in 2011 and on consideration of the final figures on the total nitrogen obtained from the benchmarking exercise undertaken by Waikato Regional Council, the project's nitrogen reduction target was increased to 170,300kg.

The effect of this increase was that the remaining project funds were not sufficient to achieve this new nitrogen reduction target. Additional Crown funding was received in April 2013. This enabled the two local authorities to subsequently release additional funds to enable the project to progress towards the new nitrogen reduction target.

The term of the project agreement signed by the Crown, Waikato Regional Council and Taupō District Council, establishing the Lake Taupō Protection Project, was due to come to an end on 30 June 2021. However, after joint 2021-2031 Long Term Plan public consultation by Taupō District Council and Waikato Regional Council and subsequent discussion of the future of the project, both councils agreed that the Trust would continue to oversee the nitrogen discharge agreements into the future. However, the settlors (Waikato Regional Council, Taupō District Council and the Crown) will undertake and complete a review of the arrangement within 24 months' to consider whether the new governance and management structures remain the most efficient and cost-effective ways to manage the agreements.

Regional Software Holdings Limited

Introduction

Regional Software Holdings Limited (RSHL) was formed in October 2012 by Northland, Taranaki, Horizons, West Coast and Waikato regional councils, and Environment Southland. The six councils worked closely together over a number of years to develop and maintain a software application suite for use by the councils in the delivery of their activities. This application suite is called Integrated Regional Information Software (IRIS). In recent years, RSHL has extended its scope to provide a framework for collaboration and delivery of shared services across the regional council sector, supporting the procurement or development of shared solutions.

Company objectives

The objective of RSHL is to deliver shared solutions to the regional council sector along with collaborative outcomes, through sector special interest groups, to achieve:

- consistent, good-practice, regional-council-specific processes and functions
- value through economies of scale
- greater influence for the sector with central government through cohesion and collaboration
- reduced risk by ensuring continuity of supply, and control of the destiny of regional-sector-specific software.

Performance measure results for 2020/21

Performance measure	Commentary for the period ending 31 July 2021
Non-financial	
Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Complete. The first annual survey was undertaken in July 2019. The second was conducted in September 2020 and showed improvements in user feedback in all categories.
Develop, approve, communicate and refine the product strategy for IRIS and IRIS Next Gen. Draft strategy presented to the Board by 31 December 2020.	Complete. The product roadmap for IRIS was presented, discussed and agreed at the board meeting in November 2020. The Programme Plan for IRIS Next Gen was approved in August 2020.
Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Complete. The IRIS Product Roadmap has a 3 year timeframe. It is regularly updated by the Advisory Group. The roadmap was updated by the AG in January 2021 and again in April 2021.
Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	<p>Complete. 4 Major Projects that were carried over from 2019/20 were completed:</p> <ul style="list-style-type: none"> • BI Solution Discovery and Planning • Entity Framework Upgrade Investigation • Session Management Implementation • IRIS v4 deployment assistance <p>Two new 2020/21 major projects were completed:</p> <ul style="list-style-type: none"> • IRIS User Experience (UX)/User Interface (UI) refresh • IRIS Search Enhancement • There is one 2020/21 Major Project that is being carried over to 2021/22 • BI Implementation for IRIS Applications Module <p>Projects are being managed within scope and budget. Progress reports are regularly provided to the RSHL Advisory Group and Board.</p>

Performance measure	Commentary for the period ending 31 July 2021
Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	Complete. Representatives from all IRIS councils have been actively involved in developing the enhancement roadmap. Support and Minor Enhancement Costs are under budget.
Financial	
RSHL will operate within approved budget, with any material variations approved by the Board.	Complete. Expenditure and Income for RSHL Management & Overhead and IRIS continue to be within budgets. The Sector Financial Management System Agreement has driven significant variances in income and expenditure for the Regional Council Collaboration (ReCoCo). This does not impact on the RSHL balance sheet.
Annual charges for shareholders and customers to be at level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	Complete. Charges to RSHL Shareholders and IRIS Customers were as agreed in the SOI. The Sector Financial Management System Agreement has driven significant variances in income and expenditure for ReCoCo.
Growth	
Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholders base of RSHL.	Complete. Bay of Plenty Regional Council has advised RSHL of their intention to become a shareholder of RSHL and participate fully in the IRIS Next Gen Programme. The Sector Financial Management System has markedly increased
Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	Complete. 11 Councils participated in the RFP process to find the eventual replacement for IRIS. These were the 7 "IRIS" councils plus Bay of Plenty RC, Otago RC, Tasman DC and Nelson CC.
Be a service delivery vehicle for wider regional council sector and related council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	<p>Complete. The ReCoCo programme continues with 5 active high-profile projects.</p> <p>In June 2020 the RCEIs Group approves a proposal for RSHL to manage the financials for sector wide programmes:</p> <ul style="list-style-type: none"> • Regional Sector Office • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • Environmental Monitoring and Reporting Programme • Bio Managers Programme • Bio Control Programme <p>Under this agreement, RSHL is responsible for management of a budget of \$2.5M of funds collected from the 16 councils, and contract management of the suppliers providing the services to the sector.</p>

Martha Trust

Introduction

The Martha Trust (the Trust) was established in 2001 by a joint venture known as the Waihi Gold Company, settling the sum of \$10 to create the trust fund. The main purpose of the Trust is to monitor and maintain in perpetuity the tailings storage areas and mine pit lake so that it can be used for recreational or leisure purposes by the general public following completion of mining and closure of the site.

The Company provided further funds to the Trust in 2019 to enable the Trust to undertake amendments to the Trust Deed. This task was completed in mid 2021 and the Trust is now largely in abeyance with minimal ongoing activities.

Exemption of Martha Trust as a CCO

The Local Government Act 2002 (LGA) section 7(3) provides for the exemption of a small organisation that is not a council controlled trading organisation from being a CCO and from the accountability requirements of the Local Government Act. The Martha Trust was originally exempted from being a CCO by resolution of the council in May 2007 and more recently this was further confirmed by council in June 2021. It is not practical for accountability requirements and performance monitoring of the Martha Trust to take place until such a time as it becomes operative. Therefore, by granting an exemption, the council has provided a dispensation from any form of accountability and monitoring processes.

In accordance with section 7(3) of the LGA, the exemption of the Martha Trust as a CCO will again be reviewed in three years, or earlier, if either the mine closes or the settlor settles the capitalisation sum on the Trust.

Trustees

In April 2019 a capital sum of \$50,000 was settled on the Trust by the Settlor. This had the effect of activating the Trust. Trustees to the Trust (representing Waikato Regional Council, Hauraki District Council and Ngati Tamatera) have been appointed. Although the supporting mechanisms of the Martha Trust exist, such as the governance structure and bond, the Trust will not become a fully operative entity until such time as the closure and rehabilitation conditions are achieved. In April 2021 further funds were received from the Settlor to fund the Trusts operations for its 2021/22 financial year.

SECTION 6: Audit opinion | Arotake

Independent Auditor's Report

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

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

We are also required to report on:

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

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

We completed our work on 28 October 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 69 to 134:
 - present fairly, in all material respects:
 - the Regional Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 146 to 147, present fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the statement of service performance (referred to as "Our activities in depth") on pages 25 to 65:
 - presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 135 to 145, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 135 to 145, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 148 to 151, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's annual plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 24, 66 to 68 and 152 to 162, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

Independence

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

Other than the audit and our report on the disclosure requirements, we will perform a limited assurance engagement related to the Regional Council's debenture trust deed and have performed 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

He taiao mauriora

Healthy environment

He ōhanga pakari

Strong economy

He hapori hihiri

Vibrant communities

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