

Pūrongo ā-tau Annual Report 2021/22



Rārangi kaupapa

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SECTION 1:

E pā ana ki tō kaunihera

About your council

A te tiamana me te tumu whakarae

Message from the chairperson and chief executive

In 2021/22, we continued our mahi to help make the Waikato the best it can be environmentally, economically and socially – for now and for generations to come.

For 2021/22, we've been particularly mindful of the financial pressures that continued to mount for our communities, driven by forces beyond the control of local government. These forces included continued impacts from COVID-19 and geopolitical tensions such as the war in Ukraine.

Annual inflation hit a 30-year high by year end, pushing up our operating costs at a time when ambitious legislation from central government required us to step up our activities. Labour markets were also particularly tight for skilled roles during the period. Despite these challenges, however, our council remained committed to investing for the future, particularly in essential areas like regional resilience.

Climate resilience is the biggest challenge we currently face. Understanding climate change and its impact, and acting early, is key to the resilience of our region. In 2022, this council completed phase one of a comprehensive climate change risk assessment for the region, bringing together a collective understanding of climate risk across all aspects of our region's environment, people, property and economy. Phase two will see us working with iwi, sector and community representatives to rate and address the greatest risks.

The more intense weather events and higher tides we see with climate change will put pressure on our flood protection infrastructure. Our flood schemes safeguard property worth over \$19 billion and support a thriving agricultural sector that contributes around \$2.3 billion a year to our regional economy. With funding support from the Government's economic recovery response to COVID-19, we progressed a number of climate resilience infrastructure projects in the Waikato. These projects include upgrading stopbanks in Ngātea and along the Firth of Thames, structural and telemetric (remote measurement) upgrades to our Mill Road and Roger Harris pump stations, replacing three ageing floodgates with one new one near the Piako River mouth, and upgrading pumps due for replacement to enable safer fish passage.

In the transport space, we rolled out several improvements to our Waikato to Auckland train service, Te Huia, including an extension to The Strand in central Auckland and a new Puhinui stop to enable access to Auckland Airport. A major refresh for the Hamilton bus network introduced a new

demand-responsive, corner-to-corner rideshare service called Flex. As well as serving the CBD, this service now operates between the Hamilton Transport Centre and Hamilton Airport seven days a week.

We drafted our Regional Public Transport Plan (RPTP) during the 2021/22 financial year, and public consultation took place in July 2022. The RPTP is the roadmap for Waikato transport services over the next decade. It has a long term focus on improving regional accessibility, expanding inter-regional connectivity and driving investment in zero emission services. This will bring some significant benefits, including cutting congestion and reducing greenhouse gas emissions.

Preventing the loss of biodiversity and managing our natural resources are important for regional resilience. Our control of harmful pests provides vital support for native biodiversity and helps our primary industries to thrive. We completed a review of our regulatory Waikato Regional Pest Management Plan and developed our first Waikato Biosecurity Strategy for ensuring we operate and maintain a collaborative, cohesive and comprehensive biosecurity system in the Waikato region over the next 10 years.

Our coastal marine area is vital to the health and wellbeing of our environment, economy and communities. In 2021/22, we continued our review of the Waikato Regional Coastal Plan, the rulebook for activities in the coastal marine area from the high tide mark to 12 nautical miles out at sea. We've been seeking feedback from tangata whenua, coastal residents and users, industry and other key stakeholders to make sure we get our coastal management right.

So much of the work we do is only made possible by working with others. For this reason, we work closely with residents and ratepayers, community groups, central and local government, the primary sector, businesses and iwi. We're particularly focused on growing our capability and confidence to effectively partner with iwi Māori and increasing iwi participation in council decision-making processes to make our Waikato even better.

The council is developing a council-wide Te Ao Māori cultural competency framework to identify specific areas for improvement in this collaboration space. We'll also continue to advocate for the Crown to fully fund Treaty of Waitangi settlements in perpetuity as an outcome of the Future for Local Government Review. This would support even more effective and productive partnerships moving forwards.

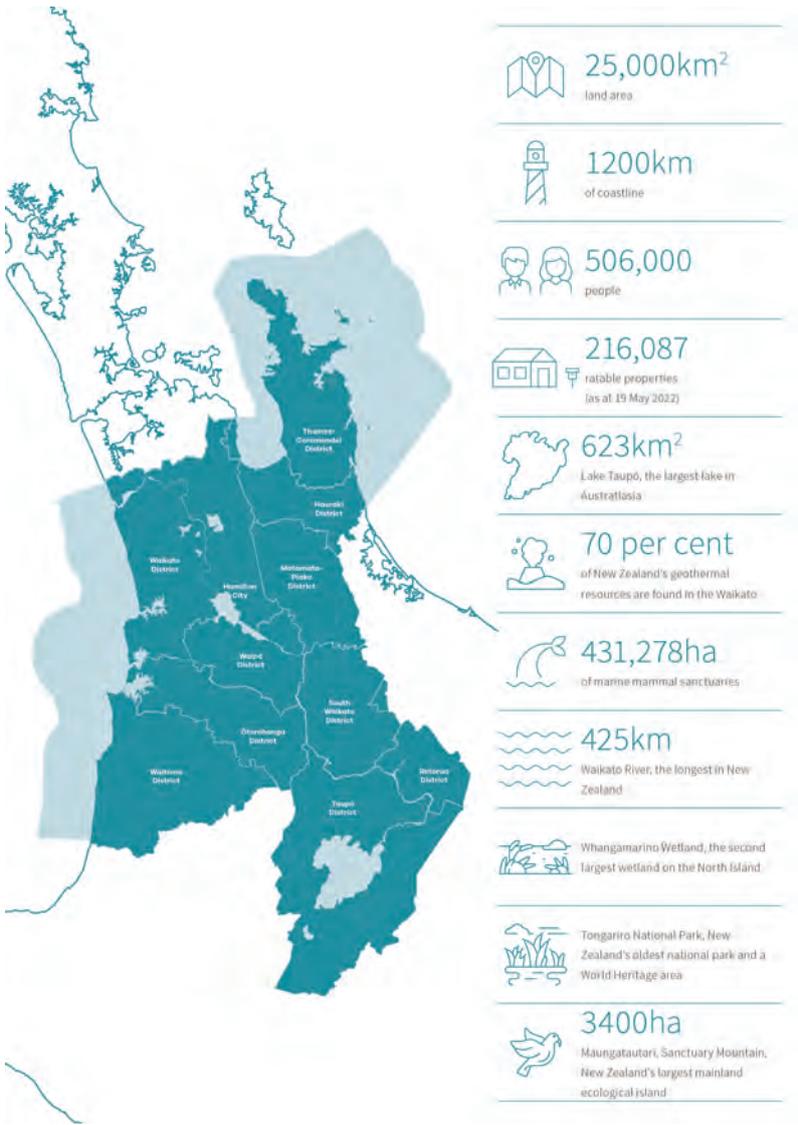
Tō tātou rohe

Your region

The Waikato region occupies the heart of the upper North Island. Our region stretches from the Bombay Hills and Port Waikato in the north to Mokau on the west coast in the south, 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 region’s population is 506,000, making it the fourth most populous region in New Zealand. Almost three quarters of this population lives in our urban areas, the largest urban area being Hamilton city. The people of the Waikato region are represented by 14 elected council members representing two Māori seats and 12 general seats. The council has a chair and a deputy chair who are appointed by the council.



Kaupapa kore pūtea

Unfunded mandates

Unfunded mandates 2021/22

1. Amendments to central government policy and regulations provide stronger national direction, but they also come at a cost. Known as “unfunded mandates”, these cost drivers are out of our control. They come without any funding or with insufficient funding, with the costs of implementation being met by ratepayers. In the last year, unfunded mandates have had the greatest impact on our policy programme and our associated response to new policy, as well as our ability to implement Treaty settlements.
2. 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.
3. The council has identified key areas where it believes that it is undertaking work without the commensurate funding support being received from central government. For 2021/22 these areas of expenditure and costs incurred include:
 - Treaty settlement implementation which comes with one-off funding, but ongoing funding is not provided to cover the costs of this work in perpetuity. This year, Council has incurred total costs of \$371,000 in support of these treaty settlement agreements.
 - We are continuing our commitment to respond to the National Policy Statement on Freshwater Management. This year, Council has incurred total costs of \$1.265 million on furthering the implementation of these new policy regulations.
 - The new National Policy Statement on Urban Development, which came into effect in August 2020, has required the development of future development strategies in high-growth areas and changes to the Regional Policy Statement. This has a flow-on effect of necessitating updates to the Future Proof Strategy. This year, Council has incurred total costs of \$44,000 to support this new policy direction. Further costs (\$236,000) have been incurred in relation to a rezoning appeal and the application of the new national planning standards to the Waikato Regional Policy Statement.
 - Waka Kotahi New Zealand Transport Agency’s funding policy and guidance for public transport authorities (PTAs) is they should maintain services at levels appropriate to the COVID-19 alert level and maintain net contract payments to service providers. However, Waka Kotahi funds just 51 per cent of the fare revenue shortfalls and increased costs associated with implementation of COVID-19 health and safety measures. The net shortfall falls on the PTA. This year, the Council estimates that the maintenance of public transport services across the region in line with Waka Kotahi’s expectations and guidance to regional council has resulted in a net financial cost to Council of \$1.345 million above what we would have expected under normal operating conditions due to lost fare revenue.

SECTION 2:
Ngā whakatutukitanga
Our performance

Ngā putanga ā-hapori

Community outcomes

Our vision

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

Our purpose

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

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 also identifies six strategic priorities

that collectively help us build a resilient Waikato – a region that is prepared and well positioned to respond to new challenges and tough times. Progress against our community outcomes also reflects progress towards these priorities.

We work alongside residents and ratepayers, community groups, central and local government, iwi, the primary sector and businesses to deliver the outcomes identified under each priority. These outcomes have been aligned to the United Nations' Sustainable Development Goals (SDGs) through our local Waikato Wellbeing targets. These targets were used to shape our *2021-2031 Long Term Plan* and this *2021/22 Annual Report*.



He taiao Mauriora

Healthy environment



Climate

Climate change is the biggest challenge we face, affecting infrastructure, services, homes, health and wellbeing. Understanding its impact on our environment, economy and communities, and acting early, is key to the resilience of our region.

In June 2022, we completed the first phase of a comprehensive climate change risk assessment for the region, aiming to develop a collective understanding of climate risk to all aspects of our environment, people, property and our economy. The second phase will see us working with iwi as well as sector and community representatives so that we can effectively prioritise actions to address the highest-ranking risks.

Internally, we're also doing our bit to support New Zealand's move towards a low-emissions economy by publicly committing to reduce our greenhouse gas emissions. Toitū Envirocare confirmed in November 2021 that Waikato Regional Council had been recertified under their *carbonreduce* scheme. Since we began measuring our yearly gross emissions in 2016/17, we've reduced them by 44.4 per cent. In fact, we're now on track to meet our target of a 70 per cent reduction on our base year by 2030.

Reducing carbon emissions from transport has been a key area of focus in the 2021/22 financial year. A Transport Emissions Reduction Working Group has been established to consider how we will address this issue. This work will result in the finalisation of the *Regional Transport Emissions Reduction Plan* in 2022/23, which will provide guidance to stakeholders in our region about how emissions can be reduced.

Waste reduction

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

This year, we worked with Bay of Plenty Regional Council on a cross-regional waste and recycling stocktake. We looked at the tonnage, composition and diversion potential of the waste sent to landfill as well as recycling volumes in the regions. This stocktake will inform our future decision making on regarding waste prevention and reduction.

Education

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. Over the last 12 months, despite schools being closed to visitors during lockdown and in the red traffic light setting, Enviroschools has grown in existing schools and welcomed eight new schools to the programme. This was achieved by connecting with teachers and classes remotely and by sharing more stories through our Waikato network to inspire sustainability initiatives across the region.

Kura Waitī ki Kura Waitā focuses on preparing future kaitiaki through an intergenerational framework. We are working with our iwi partners to support and advance their mātauranga of te ao hurihuri.

Through our advancing Māori workstream we launched a STEMM (science, technology, engineering, maths and mātauranga Māori) event, Ngā Pūrākau Putaiaio, in partnership with University of Waikato in 2022.

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. The appeal process through the Environment Court continued in 2021/22, and we have begun additional water quality monitoring at 34 lakes across the region in preparation for reporting on Plan Change 1 becomes operative.

Amendments to National Environmental Standards

In 2021/22 we undertook a comprehensive State of the Environment reporting programme, with 25 technical reports produced to detail the region’s natural resources. The reports identify pressures on the environment and potential responses to improve environmental outcomes. This reporting programme helps us prepare for amendments to national environmental standards (NES) to improve air quality and fresh water which come into effect in 2022/23.

Training rural professionals

The land management advisory service continues to work with farmers and rural professionals to improve understanding of the central government’s Essential Freshwater requirements and regional Plan Change 1. We have engaged with sector partners Dairy NZ, rural professionals, product resellers and the Foundation for Arable Research. We’ve worked closely with the Ministry for the Environment and other regional and unitary councils to help evolve the delivery mechanisms for pending regulations.

This year we delivered programmes and field days on farm forestry and planning, good farming practices and carbon farming, and we supported a range of industry-driven events across the region. We continue to facilitate sector groups with two meetings run in the past year to support the dairy, dry stock, arable and banking sectors.

Flood events

There have been no significant impacts from flood events this year, although staff across the region responded to several localised flood events. Our flood response platform, Flood Room Live, continues to be used to provide improved real-time information to stakeholders, including the public.

Preserving indigenous biodiversity

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. Work for 2021/22 included:

- landscape-scale feral goat control across the Coromandel, Kaimai, Pirongia, Whareorino and Rangitoto ranges in collaboration with Department of Conservation (DOC)
- implementing our priority possum control programme across 140,769 hectares, including iconic places like the

Rangitoto and Herangi Ranges, and achieving 2 per cent residual trap catch overall

- containing the spread of dama wallabies by working with our partners and using specially trained wallaby detection dogs (a combined distance of 6188 kilometres has been walked in search of wallabies in the Waikato)
- managing infestations of alligator weed in Waharoa, Whitianga, Kāwhia Harbour and the lower Waikato River, and completing surveillance for velvetleaf at 41 high risk properties

Protecting kauri forests

The council has supported an increase in management to protect the region’s kauri forests in preparation for the National (*Phytophthora agathidicida*) Pest Management Plan (NPMP). A kauri disease caused by *Phytophthora agathidicida* is threatening the wellbeing of kauri and kauri forests. Kauri are found among other native trees throughout the upper North Island.

Last year, the council received \$1.28 million from the Government. The funding was used to deliver a range of initiatives, including:

- working with landowners to upgrade fencing to stop stock going into kauri forests
- installing and upgrading cleaning stations for community trapping groups
- helping investigate the use of environmental DNA (eDNA) sampling as another possible tool for determining the presence of *Phytophthora agathidicida*, the soil-borne organism responsible for causing disease in kauri.
- monitoring a trial of kauri stands receiving phosphite treatment, which is showing a promising reduction in disease symptoms.

Coastal Plan review

We’ve continued with our review of the *Waikato Regional Coastal Plan*, the rulebook for activities in the coastal marine area from the high tide mark to 12 nautical miles out at sea. The coastal plan sets the objective, policies, rules and methods the council will use to manage the region’s natural resources in the coastal marine area. We’ve been seeking feedback from tangata whenua, coastal residents and users, industries and other key stakeholders in 2021/22 to help make sure we get this right for our communities. The plan is due to be notified in 2023.

Coastal hazards

The Waikato region's low-lying coastal areas are susceptible to hazards caused by 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 across 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

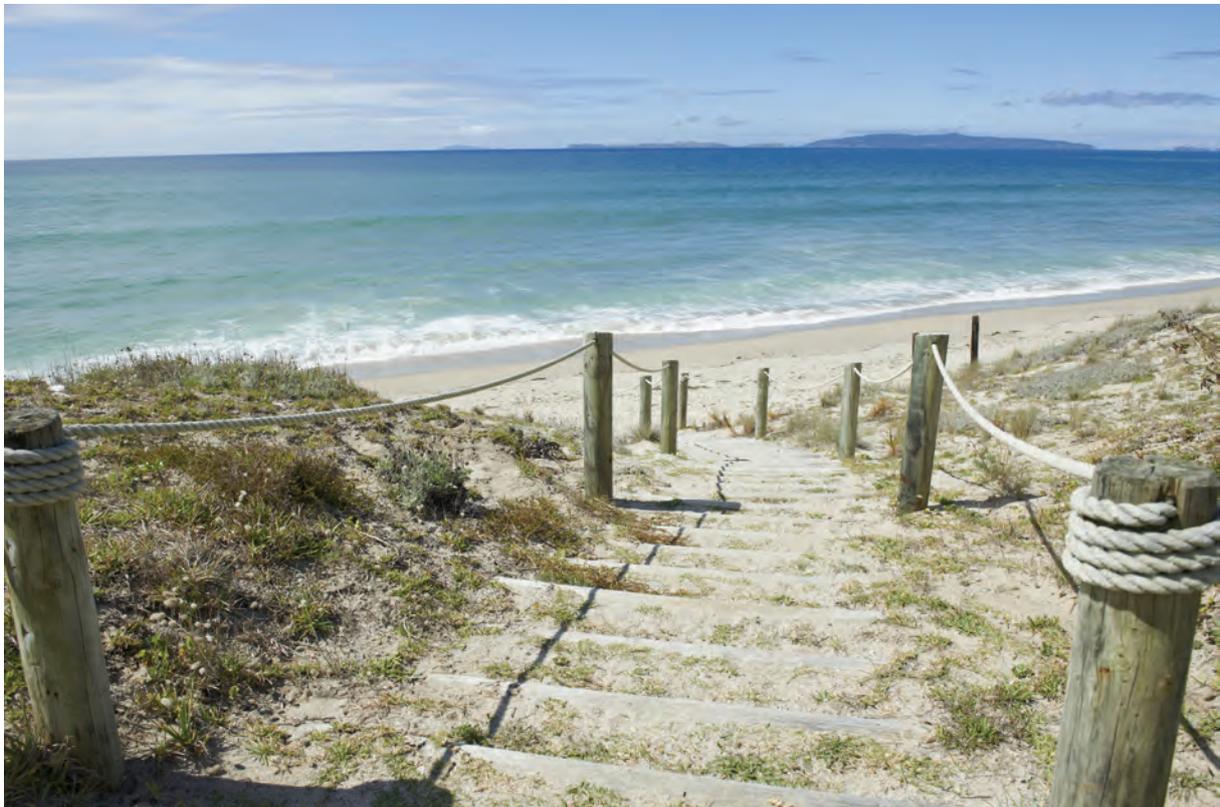
- Waikato District Council on a plan for Port Waikato, and to consider coastal erosion issues.

Each of these plans looks 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.

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 work, we reviewed and updated our *Marine Oil Spill Contingency Plan* and carried out two oil spill exercises.



He ōhanga pakari Strong economy



OUR STRATEGIC PRIORITIES | A mātou aronga nui



The global financial climate during 2021/22 has been challenging. Annual inflation by the end of the financial year was sitting at a 30-year high, driving significant cost pressures on our council and communities.

At the same time, the risks to livelihoods posed by weather extremes caused by climate change have never been greater and will only continue to increase for the foreseeable future. A big part of our remit and our responsibility as a regional council is to protect our communities and our regional economy.

Our flood protection schemes alone protect 3000 square kilometres of land, as well as critical services and infrastructure. Being able to productively use this land boosts our regional economy by \$2.2 billion every year, underscoring the importance of timely infrastructure investment.

Shovel ready

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

As part of this, the council put forward environmental proposals to fast-track projects focused on protecting and enhancing water quality, biodiversity, soils and coastal areas, and to protect communities from flooding. Delivering our Shovel Ready projects in association with all of our funding partners, iwi and communities has been a key area of focus for the council in 2021/22, which represents year two of a five-year funding cycle.

Completion of four projects was achieved this year – the Mill Road Pump Station upgrade, geothermal restoration, aquatic weed control on the Waikato River, and wilding pine control in Taupō and on the Coromandel Peninsula.

We also upgraded the Mangawhero pump station, the first of up to five fish passage pump upgrades and began work on a second site at Churchill East in the Lower Waikato. These pumps will provide safer passage for our native fish species and are the first of their kind in New Zealand.

Te Waka

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

In 2021/22, Te Waka reported a number of successes across its four priority areas, including:

- partnering with industry to champion sector development and key industry impact projects
- supporting growth in Māori and Pasifika enterprise
- driving sub-regional business growth by supporting key priorities
- supporting workforce development.

Key business and industry growth milestones achieved in the three months to the end of June included:

- the successful launch of the Waikato and Bay of Plenty Freight Action Plan
- funding being secured for the ongoing delivery of the Destination Waikato project
- completion of a construction sector talent attraction campaign
- playing a key role in the launch of the Regional Workforce Plan.

Sustainable Infrastructure and Decision Making Framework

We continued work on the Sustainable Infrastructure Decision Making Framework. This framework 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 with iwi partners, and over the coming year will be focusing on engagement with our stakeholders to further refine the framework.

The framework is due to be shared with partners and key stakeholders in 2022/23. We are also identifying how the framework will be used in our next long term plan process to identify and prioritise programmes of work and associated investment in land drainage and flood protection infrastructure.

Greenhouse gas reductions

The council has continued to collaborate with regional partners to achieve community greenhouse gas reduction targets, set through the Waikato Wellbeing Project, and support more climate-resilient communities. The Climate Action Advisory Group continues to work towards the commitments set out in our *Climate Action Roadmap* as we also work to support the delivery of wider scale collaboration through the Waikato Plan Climate Change project and the Upper North Island Strategic Alliance.

We have contributed emissions reduction thinking to the development of the Hamilton-Waikato Metropolitan Spatial Plan Transport Programme Business Case and to a review of the *Future Proof Strategy* as well as coordinating submissions to central government on emissions reduction and climate adaptation.



He hapori hihiri Vibrant communities



Public Transport Improvements

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

Waikato to Auckland connectivity is crucial to the development of our region. It improves community access to essential services and transport for work, education and recreation, helping to improve quality of life. We launched the passenger rail service Te Huia in April 2021, establishing a twice-daily commuter service between the Waikato and Auckland. In January 2022, we rolled out the first of a number of service improvements, including an extension of the service to the Strand Station in central Auckland, establishment of a new stop at Puhinui to enable access to Auckland Airport, and timetable changes to include off-peak trips during the day.

There have been major changes over the past two years in the way we all work, learn and travel due to COVID-19. We have seen more people spending time working and studying from home, and it is likely that some of these habits will continue. During 2021/22, we consulted on a significant refresh for the Hamilton bus network which included a number of proposed changes. The review aims to examine whether the current network is still fit for purpose and how we can improve it. The first phase of improvements will begin to be rolled out during 2022/23.

As part of this we introduced a new demand-responsive transport option to Hamilton in January 2022 called Flex. Flex uses smaller buses to provide an on-demand, corner-to-corner rideshare service. After starting out as a night service to and from Hamilton’s CBD on Friday and

Saturday nights, it now also operates between the Hamilton Transport Centre and Hamilton Airport seven days a week. Flex transports an average of 190 passengers each week and has become a popular option for evening weekend travel.

Regional Public Transport Plan

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

Continuing the Future Proof Strategy with our partners

The *Future Proof Strategy* is a 30-year growth management and implementation plan for the Hamilton, Waipā and Waikato sub-region. The collaboration between councils and Waka Kotahi was set up to consider how the sub-region should develop into the future. The strategy was updated in 2021/22 following public consultation, and the updated strategy was adopted in June 2022.

Settlements and co-governance

The council acknowledges that meaningful collaboration produces a broader range of benefits than are currently being achieved through Treaty settlement implementation and will continue to work with our iwi partners to implement and honour Treaty settlements.

Te Kōpu ā Kānapanapa, a joint committee of Te Kotahitanga o Ngāti Tūwharetoa, Waikato Regional Council and Taupō District Council, is in the process of developing *Te Kaupapa Kaitiaki – Taupō Catchment Plan*, a legislative requirement under the Ngāti Tūwharetoa Claims Settlement Act 2018. The draft plan will go through a process of public consultation prior to adoption in late 2022. The main way *Te Kaupapa Kaitiaki* will be implemented is through local

government statutory and non-statutory plans and activities such as regional and district plans, sub-catchment and zone plans, pest management strategies and action plans. Te Kōpu ā Kānapanapa will develop an implementation plan to identify the planning and activity required to achieve the objectives, measure and desired outcomes of *Te Kaupapa Kaitiaki*.

The council has a number of co-governance and co-management agreements with iwi regarding their participation in natural resource management decision making. The arrangements include five joint management agreements between iwi and the regional council on the way we will work together. All five agreements are due for review.

Ngāti Maniapoto is poised to receive Treaty settlement which includes the development of a new joint management agreement with Waikato Regional Council, Waitomo District Council and Ōtorohanga District Council to recognise Ngā Wai o Maniapoto natural resources redress.

Treaty settlement obligations often overlap with our other legislative requirements so it is important to acknowledge that Treaty settlement arrangements, where they exist, will assist the council to meet existing and new legislative obligations. Working together will also help us adapt to the raft of current and pending central government reform.

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. Embracing kaupapa Māori is outlined within our strategic priorities, with a focus on incorporating a kaupapa Māori perspective in all the work we do to strengthen our ability to work more meaningfully with Māori.

Having appropriate Te Ao Māori competency and capacity is very important to the council. The current raft of central government reforms in relation to the natural and built environments, the Three Waters Reform, as well as the National Policy Statement for Freshwater Management (NPSFM) and the National Policy Statement on Indigenous Biodiversity (NPSIB), all demonstrate the continued and increasing need for iwi participation in council decision-making processes. To meet this need, we require our staff and councillors to have the requisite skills, training and support to fulfil our obligations to our iwi partners now and into the future.

Therefore, in 2021/22, we started the development of a Te Ao Māori cultural competency framework to give the council a more comprehensive understanding of our current cultural competency across the organisation, and our capacity to effectively work with iwi and Māori communities. This framework, which will be completed this year, will enable the council to identify specific areas for improvement, while creating both the benchmarks and the baseline data necessary to measure and track the impact of our internal programmes in increasing ongoing cultural capacity and capability.

Our approach is focused on growing capability and confidence across the organisation to effectively partner with iwi Māori and strengthening relationships through initiatives designed to respond to the challenge of iwi Māori capacity.

Waikato Wellbeing Project

The Waikato has ambitious wellbeing targets based on the United Nations' Sustainable Development Goals (SDGs) These targets were developed and confirmed through a collaborative process run under the banner of the Waikato Wellbeing Project, a joint initiative by Waikato Regional Council and WEL Energy Trust. This focus on wellbeing is integral to the purpose of the Local Government Act and the priorities of the Waikato Regional Council's *2021-2031 Long Term Plan* to promote environmental, economic, social and cultural wellbeing.

The Waikato Wellbeing Project aims to achieve a more sustainable future for the Waikato region by identifying and addressing the causes of our wellbeing challenges.

The Rangatahi Opportunity is the first major SDG-specific project. It aims to better understand the drivers of youth wellbeing in the Waikato, with an initial focus on Kirikiriroa Hamilton. The project is led by rangatahi, for rangatahi, and has seen engagement with young people to better understand what drives their sense of wellbeing. The Waikato Wellbeing Project has recently started a similar process to identify and address issues around poverty and hunger via the Waikato Kai Challenge.

In 2021/22 the project has also supported initiatives focusing on climate change, housing, circular economy and ecological restoration. The project has also co-sponsored – with the University of Waikato, Waikato Tainui and Te Pūkenga – the upcoming Waikato SDG Summit Series.

A multi-stakeholder group is exploring the feasibility of a centre of excellence to guide decisions and investments in the Waikato region regarding the management, collation and dissemination of wellbeing data, information and knowledge.

Eco Retrofit

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

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

The scheme is designed to complement other schemes, such as Energy Efficiency and Conservation Authority grants and the low or no interest loans such as those offered by the banks for sustainable/healthy homes improvements.

Waikato Regional Council, along with a number of other councils, has made a formal submission to the Government seeking exemption from the onerous and costly obligations of the *Credit Contracts and Consumer Finance Act* that took effect from 1 December 2021. The scheme is on hold until government provides a decision regarding this exemption.



Te Ture Whaimana o te Awa o Waikato Vision and Strategy for the Waikato River

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

Our 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 *Te Ture Whaimana*.

Delivering on the objectives

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

Relationships

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

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 have continued work on our Freshwater Policy Review. This aims to stop further degradation of our fresh water and improve its quality and ecosystem health. Work for 2022/23 will include engagement with tangata whenua, farmers, industries and communities to help us determine the best solution to managing our region's fresh water. We expect high-level policy options to be presented to the council and iwi partners in late 2022
- Our review of the Waikato Regional Coastal Plan has continued as we refine our approach to sustainably manage the coasts of the Waikato. The coastal marine area in the lower Waikato River is subject to the provisions of *Te Ture Whaimana*
- We have continued work on the Waikato Regional Plan Change 1, with appeals before the environment court during 2021/22 and resolution actions expected throughout 2022/23. The proposed plan seeks to reduce the level of contaminants entering the Waikato and Waipā catchments to achieve *Te Ture Whaimana*
- *Te Ture Whaimana* guides the way we administer resource consents, with applicants having to consider the potential effects of their consent application on the Waikato River and include how their activity will provide for betterment 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

Key works around protecting and enhancing significant sites, fisheries, flora and fauna in 2021/22 have included the following:

- A significant milestone was achieved with New Zealand's first ever enclosed Archimedes' screw pump being installed in the Mangawhero catchment of the lower Waikato River. This now enables safe downstream passage for migrating tuna (eels) that are heading to sea to breed
- Within the Waikato and Waipā River catchments, we worked with co-funders and landowners to complete 132 kilometres of fencing, retire 480 hectares of grazed land and plant more than 310,000 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 construction of a bund and weir 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 \$682,000 of funding from the Waikato River Clean-up Trust's 2021 contestable fund for restoration improvements and projects.



Te whakaāheitia o Ngāi Māori

Facilitating Māori participation

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 ensure our obligations to iwi partners are well implemented. As part of these arrangements, the council:

- supports existing Waikato and Waipā rivers 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 *Te Ture Whaimana* for the Waikato River and supporting our Māori councillors.

Positive progress is being made to help the Crown recognise the role councils play in implementing effective Treaty settlement outcomes on their behalf.

The Productivity Commission has 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.

Our Tai-ranga-whenua team aims to build capability and confidence within the council to effectively partner with iwi Māori. By strengthening our relationships, we increase the ability of iwi Māori to meaningfully participate in mutually beneficial collaborative initiatives. This activity enables more effective and efficient decision making and aims to create 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:

Ko te hohonutanga o ā tātou mahi
Our activities in depth

Ko ngā mahi-ā-rōpū

Groups of activities

How to read this section

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

How these activities improve wellbeing

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

Why we provide these activities

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

What we achieved this year and looking to the future

Features key highlights, as well as some business as usual activities, for 2021/22 and 2022/23.

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.

Kiritaki, hapori, me ngā ratonga

Customer, community and services

This group of activities includes three activities:

- governance
- iwi Māori participation
- planning and reporting.

How these activities improve wellbeing

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

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

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

Why we provide these activities

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

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

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

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

What we achieved this year and looking to the future

Te kaupapa kaitiaki

Te Kōpu ā Kānapanapa, a joint committee of Te Kotahitanga o Ngāti Tūwharetoa, Waikato Regional Council and Taupō District Council, is in the process of developing *Te Kaupapa Kaitiaki Taupō Catchment Plan*, a legislative requirement under the Ngāti Tūwharetoa Claims Settlement Act 2018. The plan will identify the significant issues, values, objectives and other relevant matters for the Taupō catchment.

Its purpose is to promote the sustainable management of the catchment, provide for the relationship of Ngāti Tūwharetoa and their culture and traditions with their ancestral lands and taonga, and respect their tikanga in the management of the catchment. The draft plan will go through a process of public consultation prior to adoption in late 2022. Te Kōpu ā Kānapanapa will develop an implementation plan to identify the planning and activity required to achieve the objectives and measure the desired outcomes of Te Kaupapa Kaitiaki.

Co-governance

The council has co-governance and co-management agreements with iwi regarding their participation in natural resource management decision making. The arrangements include five joint management agreements between iwi and the regional council on the way we will work together which are due for review. We will also be developing a new joint management agreement with Ngāti Maniapoto (which is poised to receive its Treaty settlement), Waitomo District Council and Ōtorohanga District Council.

Building our internal Māori cultural competency

We are currently developing a Te Ao Māori cultural competency framework to give the council a more comprehensive understanding of our current cultural competency across the organisation, and our capacity to effectively work with iwi and Māori communities. This framework will enable the council to identify specific areas that need improvement, while creating the baseline data necessary to measure and track the impact of our internal programmes in increasing cultural capacity and capability.

Regional approach to public transport

In setting the *2022/23 Annual Plan*, the council identified one significant adjustment and proposed an amendment to the *2021-2031 Long Term Plan (LTP)*, which was taken to public consultation in April 2022. The proposal included Waikato Regional Council pick up rating for public transport services in Thames-Coromandel, Hauraki, and Matamata-Piako districts in place of those district councils, in a first step towards a more regional approach to public transport.

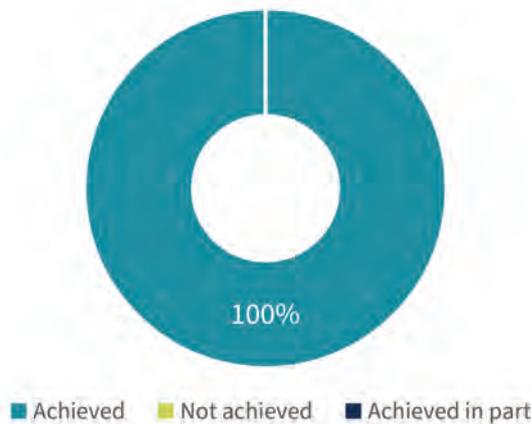
During the consultation, council received 155 responses, which were largely in favour of this proposal. This informed the council's decision to pick up rating for public transport in these districts. The council will continue public engagement and develop service details ready for future deployment.

The *2022/23 Annual Plan* and *Amendment to the 2021-2031 Long Term Plan* was adopted by the council in June 2022.

What we delivered

The total number of customer, community and services performance measures is four. All four measures were achieved (100 per cent). Detailed commentary for these measures can be found in the following tables.

Customer, community and services



Activity: Governance

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

Performance measure	Target	Actual	Commentary
Percentage of official information requests responded to within statutory timeframes	100%	100%, achieved	A total of 141 of 141 (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%	100%, achieved	A total of 121 out of 121 (100%) council agendas were made publicly available two working days before the meeting this year.

Activity: Iwi Māori participation

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

Performance measure	Target	Actual	Commentary
Completion of key actions identified in the Māori Partnership Approach	Number of actions completed as per schedule	100%, achieved	Key actions identified in the Māori Partnership Approach are complete, and an action plan for the next five years has been set.

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.

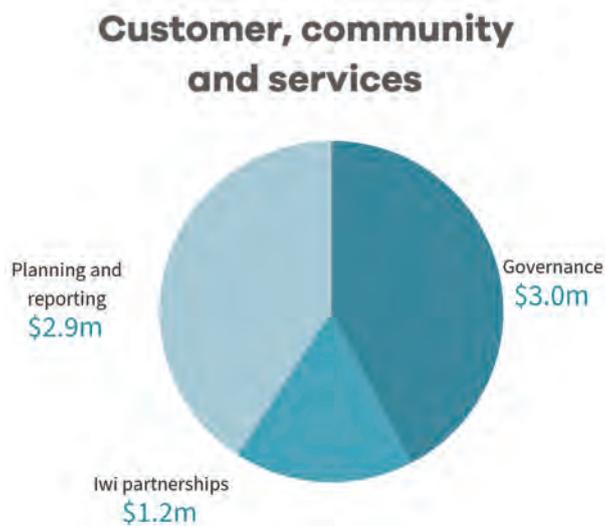
Performance measure	Target	Actual	Commentary
Long term plans and amendments to long term plans receive 'unmodified' audit opinions	Unmodified opinion received	Achieved	The amendment to the 2021-2031 LTP received an unmodified audit opinion. The <i>2022/23 Annual Plan</i> and <i>Amendment to the 2021-2031 LTP</i> were adopted by Council on 20 June 2022.

What it cost

Revenue and expenditure for customer, community and services

	2021/22 Actual \$000	2021/22 Annual Plan \$000	2020/21 Last year \$000
General Rates	-	-	1,180
UAGC	6,121	6,121	9,340
Targeted Rates	889	889	79
Government grants	5	-	426
Fees and charges	1	-	30
Other income	2	-	154
Total income	7,017	7,009	11,209
Operating expenditure	7,170	6,860	10,995
Operating surplus / (deficit)	(152)	149	214
Total funding from / (to) reserves			
General	(367)	(367)	40
Stock truck effluent implementation			(83)
Sustainable Homes Scheme	-	224	
Prior Year Surplus	50	50	50
Total reserve transfers	(317)	(93)	7
Increase / (decrease) in retained earnings	(469)	56	221

Expenditure



Te Rākau Whakamarumarū o Waikato Rohe

Waikato Civil Defence Emergency Management

This group of activities includes one activity:

- Waikato Civil Defence Emergency Management (CDEM) Group

How this activity improves wellbeing

This activity primarily contributes to vibrant communities.

It supports the community's personal security by ensuring people, organisations and businesses are prepared for emergency events, as well as supporting recovery efforts to protect future income and employment opportunities.

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

Why we provide this activity

The Group Emergency Management Office (GEMO) supports operational-level planning to ensure local 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.

What we achieved this year and looking to the future

Activities and responses

The CDEM Group led and supported several emergency responses in 2021/22, including:

- the deployment of staff from across our CDEM Group area to the West Coast floods
- the proactive monitoring of dry summertime conditions and the likely impacts on water supplies across the Waikato
- the activation of our regional CDEM system in monitoring mode, in readiness of emergencies during various weather, tsunami and volcanic threats, and to coordinate public information across the region
- the health-lead response to COVID-19
- a review of the CDEM Group Plan, starting with the review of our hazards and risks
- the coordination and delivery of the CDEM Group's feedback to the Government's review of the CDEM Act.

Reviews and reform

Looking forward, we anticipate ongoing input will be required into wider government reforms that have high relevance to emergency management, including the Resource Management Act, building control, coastal regulation, Three Waters Reform and the Future for Local Government review.

We will continue our review of the CDEM Group Plan and will work towards developing options for partnering with iwi Māori, one of the recommendations of highest priority from the CDEM Group's post-COVID-19 review.

What we delivered

The total number of Waikato CDEM Group performance measures is two. Both measures were achieved (100 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Waikato Civil Defence Emergency Management Group

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

Performance measure	Target	Actual	Commentary
The time taken for the Group Emergency Coordination Centre (GECC) to be activated in response to a civil defence event/emergency	<p>≤30 minutes during business hours</p> <p>≤60 minutes after hours</p>	Achieved	The GECC has not been activated as a lead agency this year. However, it should be noted that the GECC has supported the Ministry of Health led COVID-19 Delta response when New Zealand moved to Alert Level 4 on 17 August 2021 and again when the Waikato moved to Alert Level 3 on 4 October 2021.
The evaluation of our annual exercise as a measure of effectiveness of training delivery* (mandatory measure)	Baseline assessment	Achieved	A High Flow Management Plan Flood Exercise was undertaken on 17 May 2022. The exercise was assessed on the Emergency Response component using the Coordinated Incident Management System framework.

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

What it costs

Revenue and expenditure for Waikato Civil Defence Emergency Management Group

	2021/22 Actual \$000	2021/22 Annual Plan \$000	2020/21 Last year \$000
Targeted Rates	2,448	2,449	1,914
Fees and Charges	83	70	1,489
Other Income	704	689	644
Total income	3,235	3,208	4,047
Operating expenditure	3,093	3,205	4,133
Operating surplus / (deficit)	142	3	(86)
Total funding from / (to) reserves			
Civil defence	(142)	(348)	52
Prior year surplus	345	345	0
Total reserve transfers	203	(3)	52
Increase / (decrease) in retained earnings	345	(0)	(34)

Expenditure

Waikato Civil Defence and Emergency Management



Waikato
CDEM group
\$3.1m

Ngā mahi hei ārai, hei ārahi hoki i ngā waipuke

Flood protection and control works

This group of activities includes three activities:

- flood protection
- land drainage
- river management

How these activities improve wellbeing

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

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

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

Why we provide these activities

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

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

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

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

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 2021/22. Light rainfall meant significant growth occurred, causing many additional spray requests.

Pathways to the Sea

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 our first fish-friendly Archimedes' screw pump in the lower Waikato catchment, which was also the first of its kind in New Zealand. Up to four of these pumps will be installed across our catchments over the next three years, providing safer passage to the sea for our large migrant tuna (eels) and other native species.

Sustainable Infrastructure

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. In 2021/22, we have focused on testing the framework against different scenarios. In 2022/23 we will be focusing on engagement with our stakeholders to further refine the framework, ready for applications through the 2024-2034 Long Term Plan.

Key project milestones included:

- 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.
- a structural and telemetric upgrade of Mill Road pump station
- the first upgrade, at Mangawhero pump station, to allow safe fishing at up to five Waikato pump stations.

Major infrastructure projects:

- Kirikiri stopbank, Construction works were not progressed in 2021/22; these activities were rephased in Q1 2021/22 to enable land purchase requirements to be undertaken, with a construction now proposed to start in summer 2022/23

- Mill Road, pumpstation renewal civil works and electrical upgrades completed
- Roger Harris Pumpstation, commencement of design/build contract to support construction in 2022/23
- Ngatea Left Stopbank, Haywards and Pauls Wharf floodgate decommissioned; completion of Ngatea to Puhunga Canal stopbank upgrade
- Piako Right Bank Asset Rationalisation, design of Civil structures, complete Stage 1 Earthworks
- Foreshore (East and West), sediment trap excavations works to support Earthworks construction planned for 2022/23
- Mangatawhiri and Sandy Muirs pumpstations, Investigation and construction for these sites were not completed and were forecast out of the programme in Q1 of 2021/22.
- Floodgates (lower Waikato), eleven floodgates upgraded
- Lake Waikare Gate, Stage 1 construction works completed with site works paused in May to manage risk of flooding within the catchment. Carryover identified to complete Stage 2 works (provisionally starting no earlier than January 2023)
- Churchill East pumpstation, completion of design stage and procurement for pump. Construction works were not

completed; these were rescheduled to FY2023/24 to align with pump delivery to New Zealand.

- Mangawhero Pumpstation, completion of pumpstation replacement.

Riparian work

Within the Waikato and West Coast catchments, river restoration work for the 2021/22 year has included the following:

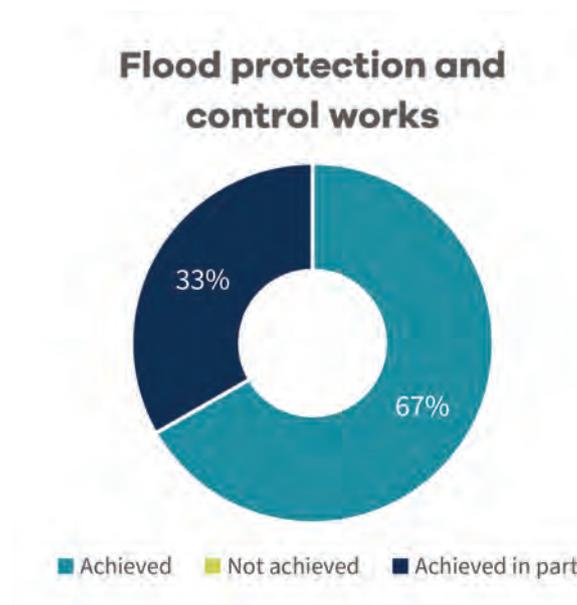
- 141 river management structures completed as part of work to protect 6.8 hectares of erosion prone waterway margins
- 97 tree blockages removed from waterways to prevent riverbank erosion, restore river channel capacity and reduce the potential for localised flooding.

Key projects planned for 2022/23 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.

Work 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 (36).

What we delivered

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



Activity: Flood protection

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

Performance measure	Target	Actual	Commentary
<p>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)</p> <p>Part one: Percentage of planned mandatory maintenance* actions achieved each year</p> <p>Part two: Percentage of stopbanks maintained to above designed flood height, as agreed within each zone</p>	<p>Achieved</p> <p>Part one: 85%</p> <p>Part two:</p> <p>Rural: 93%</p> <p>Urban: 95%</p>	<p>Achieved in part</p> <p>Part one: Achieved</p> <p>Part two: not achieved</p>	<p>This measure is made up of two parts. The overall result is achieved in part.</p> <p>Part one: A total of 93.8% of planned mandatory actions were completed.</p> <p>Part two: The urban and rural stopbanks design flood level for the year are as follows:</p> <ul style="list-style-type: none"> Rural: 92.79% Urban: 95.18% <p>The rural stopbanks maintained above the designed flood height as agreed within each zone were slightly below the target of 93% at 92.8%. Multi-year works are underway, which will mean the target will be met in 2022/23.</p> <p>The urban stopbank target was achieved at 95.2% with the completion of the Ngātea township bank upgrades.</p>
Percentage of flood recovery plans** implemented after all major events	100%, compliant	100%, achieved	No flood recovery plans have been required to be implemented this financial year.

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

Performance measure	Target	Actual	
Number of reported incidences where it takes more than three days to remove surface water after events with up to a 10% annual exceedance probability*	≤5	0, achieved 2020/21: 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.

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

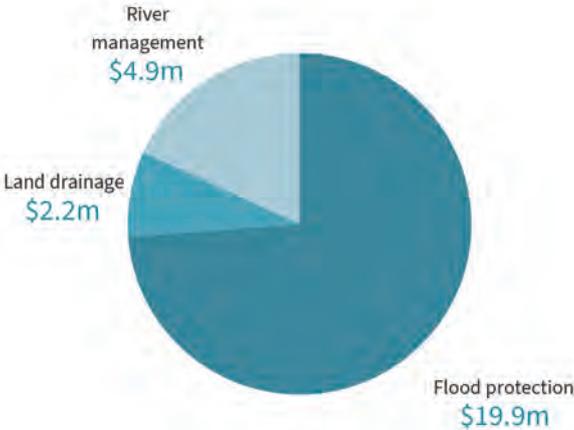
What it cost

Revenue and expenditure for flood protection and control works

	2021/22 Actual	2021/22 Annual Plan	2020/21 Last year
	\$000	\$000	\$000
General Rates	2,868	2,868	2,931
Targeted rates	19,800	19,990	19,927
Fees and charges	23	10	45
Government grants	4,774	7,078	770
Investment income	2	-	4
Other income	800	762	871
Total income	28,267	30,708	24,548
Operating expenditure	26,954	24,365	23,381
Operating surplus / (deficit)	1,314	6,343	1,167
Total funding from / (to) reserves			
Watershed	(950)	(301)	236
Peninsula	42	20	(185)
West Coast	(31)	-	(31)
Waihou	(638)	(1,691)	(72)
Piako	499	(4,484)	(1,080)
Drainage	(363)	291	(311)
Regional disaster recovery	(108)	(103)	148
Zone disaster recovery	(84)	(74)	(126)
Prior year surplus	-	-	0
Total reserve transfers	(1,633)	(6,343)	(1,421)
Increase / (decrease) in retained earnings	(319)	0	(254)

Expenditure

Flood protection and control works



Te whakahaere ā- tōpū i te rauwiringa wai

Integrated catchment management

This group of activities includes four activities:

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

How these activities improve wellbeing

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

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

Why we provide these activities

Through these activities, we aim to:

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

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

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

What we achieved this year and looking to the future

Regional Pest Management Plan

Following extensive community engagement and consultation, our new regional pest management plan (RPMP) for the next 10 years came into force in July. The RPMP is a rulebook with set, cost-effective management programmes for identified pest plants and animals in our region. This RPMP focuses on programmes targeting species where we could make a real difference in the protection of our environment, economy and cultural and social wellbeing.

Alongside the RPMP, we developed the non-regulatory, overarching *Waikato Biosecurity Strategy 2022-2032* which outlines how we will operate and maintain a collaborative, cohesive and comprehensive Waikato biosecurity system. This strategy encompasses all pest species, including those which other organisations take a management lead on or those which are so widespread that a regulatory response (via the RPMP) would be too costly or ineffective.



A summary of provisional regional and zone-by-zone catchment management outputs for 2021/22, undertaken on 350 individual properties, are shown in the following table:

Zone	New fencing (m)	Streambank protected (m)	Native plants (#)	Poles planted (#)	River management structures (#)	Waterway obstruction removal (#)	Area retired (ha)
Central Waikato	21,183	11,273	50,899	1,054	9	0	55
Coromandel	17,618	9,341	78,444	1,100	16	14	46
Lake Taupō/Upper Waikato	15,161	2,341	62,449	250	0	2	28
Lower Waikato	49,339	36,603	101,986	3,227	44	0	225
Waihou/Piako	6,636	1,840	54,906	200	35	52	34
Waipā	60,975	37,895	179,425	3,070	75	86	197
West Coast	51,486	28,766	152,844	4,863	17	11	340
Regional outcome	222,398	128,064	680,953	13,764	196	165	925

Shovel ready

‘Shovel ready’ funding from the Government was received to accelerate projects within our catchment management and environmental restoration work programme and to undertake wilding pine (conifer) control across nine community-led projects. This funding enabled us to complete in 2021/22:

- geothermal restoration control and planning
- aquatic weed control – particularly alligator weed – on land along the Waikato River administered by Land Information New Zealand
- Wilding pine control in Taupō and on the Coromandel Peninsula.

Other shovel ready projects were started or progressed in 2021/22. These included eight restoration projects involving the retirement and planting of riparian areas to prevent the loss of productive soils through sedimentation in streams, rivers and lakes.

Restoration works

Environmental and river restoration works continued in collaboration with mana whenua, external funders, landowners and other stakeholders, including at high priority sites Te Maika, Waitoa, Lake Whangape and Opuatia Wetland, while funding and support was provided for 36 priority ecosystems as part of our priority biodiversity site programme, covering restoration and pest control projects at geothermal, freshwater wetland, shallow lake, coastal and karst sites. The Waikato Coastcare Tiaki Takutai programme in partnership with over 20 community groups, iwi and hapū, district councils and private landowners continued across 52 sites at 35 beaches.

Natural heritage partnership programme

Through the Natural Heritage Partnership Programme, we supported numerous community restoration projects in the last financial year: the Small Scale Initiatives Fund of small (<\$5,000) annual grants for pest plant and animal control funded 59 projects across the region in 2021/22; the Environmental Initiatives Fund awarded funding to 11 projects in 2021/22, bringing the number currently funded projects to 29; and the Natural Heritage Fund awarded funds to five new projects, bringing the total of projects currently funded to 10.

Biosecurity

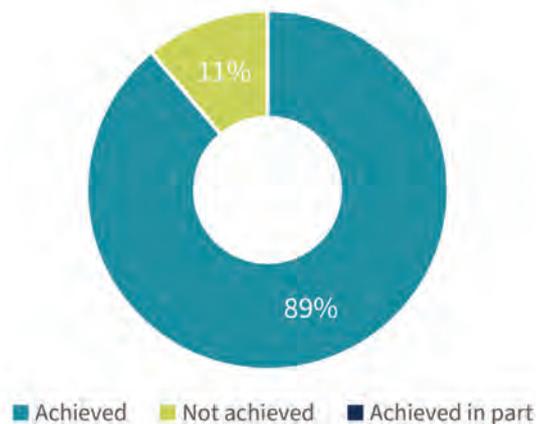
In the biosecurity space, the following gains were made:

- In collaboration with the Department of Conservation (DOC) we undertook landscape-scale feral goat control across the Coromandel, Kaimai, Pirongia, Whareorino and Rangitoto ranges this year.
- We completed priority possum control in 13 areas, covering about 140,769 hectares, achieving 2 per cent residual trap catch overall.
- As part of our Dama Wallaby Management Programme to contain the spread of Dama wallaby, we covered 71,099 hectares of farmland and bush through surveillance activities with specially trained wallaby detection dogs, walking a combined distance of 6188 kilometres in search of wallabies in the Waikato.
- A trained alligator weed detection dog has joined our programme to assist with surveillance.
- We inspected all known velvetleaf sites at least once, and the surveillance of 41 high risk properties was completed by a velvetleaf detector dog and contractor.

What we delivered

The total number of integrated catchment management performance measures is nine. Eight measures were achieved (89 per cent) and one was not achieved (11 per cent). Detailed commentary for these measures can be found in the following tables.

Integrated catchment management



Advisory services

We supported catchment communities with workshops, field days and funding to encourage and assist farmers to develop farm environment plans, delivering almost 500 farm plans in the Hauraki and West Coast zones. One significant milestone this year included securing the commitment of New Zealand's largest independent dairy processor to support and encourage all their suppliers to produce farm environment plans.

Looking ahead, our integrated catchment management activities will focus on implementing several work programmes which give effect to central government's national policy statements for fresh water and indigenous biodiversity. This means increasing the work we are doing in biodiversity and training rural professionals to deliver farm environment plans. Other key pieces of work related to farm environment plans include collaborating with local iwi, hapū and marae to develop a mahinga kai component to enable farmers to meet objectives from *Te Mana o te Wai*.

Activity: Biodiversity

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

Performance measure	Target	Actual	Commentary
Number of community groups and individuals funded through the Natural Heritage Partnership Programme that undertake restoration activities, as per their funding agreement.	60	Achieved	<p>There are currently 94 groups and/or individuals undertaking activities as per their funding agreement. Within the Natural Heritage Partnership Programme there are three funds; Small Scale Community Initiatives Fund, Environmental Initiatives Fund and Natural Heritage Fund as detailed below.</p> <p>Natural Heritage Fund</p> <p>Funds for 2021/22 were awarded to five projects. Five projects are currently active that are using funding provided in the previous years. In total, there are 10 projects now active with current Natural Heritage Fund grants.</p> <p>Environmental Initiatives Fund</p> <p>Funds for 2021/22 were awarded to 11 projects. Reporting will be due next financial year. 18 projects are currently active that are using funding provided in previous years. There are 29 active projects with current Environmental Initiatives Fund grants for restoration and environmental education activities as per their funding agreement. There are two projects from earlier years with outstanding accountability reports that are being followed up.</p> <p>Small Scale Community Initiatives Fund</p> <p>Funds for 2021/22 were awarded to 59 projects that are undertaking restoration activities as per their funding agreement. Reporting will be due next financial year.</p>
Number of on-the-ground projects on private land, within the top 30% of priority ecosystems, delivering biodiversity restoration	14	Achieved	<p>There are currently 36 on-the-ground projects (Environmental Programme Agreements, project management plans, fencing, planting, trapping, site condition assessments) being undertaken.</p>

Activity: Biosecurity

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

Performance measure	Target	Actual	Commentary
Average rat tracking index (RTI) for all rat control operations	≤5%	Achieved	Two sites were the focus of work this year. Operations completed in 2021/22: <ul style="list-style-type: none"> • Pukemako – 3.33% RTI – Pass • Tirohanga Road – 0% RTI – Pass.
Average number of possums* caught for every 100 traps set for possum operations	≤5% residual trap catch (RTC) for ground control	Achieved	Operations completed in 2021/22: <ul style="list-style-type: none"> • Mt Pirongia West Buffer – 0.22% RTC • Pukekawa – 2.35% RTC • Glen Murray – 3.85% RTC • Ngutunui – 1.55% RTC • Nukuhakari sector 2 – 0.42% RTC • Whareorino – 3.37% RTC • North West Waikato, East C – 3.74% RTC • PioPio West – 0% RTC • Honikiwi – 0.71% • Port Waikato farmland – 1.68% RTC • Rangitoto – 0.56% RTC • Onewhero – 1.79% • Nukuhakari sector 1 – 3.09% RTC. <p>The following operations will now be carried over to the 2022/23 year, due to being impacted by COVID-19 restrictions:</p> <ul style="list-style-type: none"> • Port Waikato Bush • Otahu • Mt Pirongia Buffer North • Hauturu farmland • Waipa and North Taupo. • Joint DOC/WRC operations <ul style="list-style-type: none"> • Hauturu aerial • Rangitoto Range aerial. <p>Year to date average: 2.00 % RTC</p>

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

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

Performance measure	Target	Actual	Commentary
Reducing trend in the coverage of eradication pest plants* at known sites.	Reducing trend	Achieved	We are on target to deliver the programme. The programme planning including budgeting and procurement is complete. Control/surveillance activities are underway with contractors completing their final activities for the year.
* Plants included in the operative regional pest management plan (RPMP) eradication category			

Activity: Catchment planning and management

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

Performance measure	Target	Actual	Commentary
Percentage of sampled catchment works maintained in effective condition to the standards set out in zone plans*	80%	Achieved	A total of 200 compartments have been inspected with 82% of the compartments found compliant. Non-compliant properties have been recorded and remedial works programmed in consultation with the property owner.
* A sample of at least 10 per cent of all catchment scheme and non-scheme works (individual work agreements legally protected on property title outside schemes) are inspected to assess work conditions every year. Works include fencing, planting and erosion control structures.			

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

Performance measure	Target	Actual	Commentary
Percentage of catchment new works undertaken in priority catchments and/or at priority sites across all zones	70%	Achieved	89.7 % of catchment new works costs are located within priority catchments and/or significant natural areas across all zones.



Activity: Land management advisory services

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

Performance measure	Target	Actual	Commentary
Percentage of rural professionals that provided a rating of good or excellent after engaging with the council*	90%	Not achieved	The rural professionals' survey had a low response rate. Of the 28 rural professionals that responded, 78% rated their experience with Waikato Regional Council as either good (39%) or excellent (39%); 28% of respondents rated their experience with the council to be 'okay'. No respondents indicated that their interactions were "unsatisfactory".

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

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

Performance measure	Target	Actual	Commentary
Percentage of agricultural community event attendees that are satisfied the event met its intended purpose*	90%	Achieved	During the 2021/22 year, five extension events were held. Based on the combined assessment of the individual extension events, 95% of respondents were satisfied the event met its intended purpose.

*The intended purpose will change according to the event.



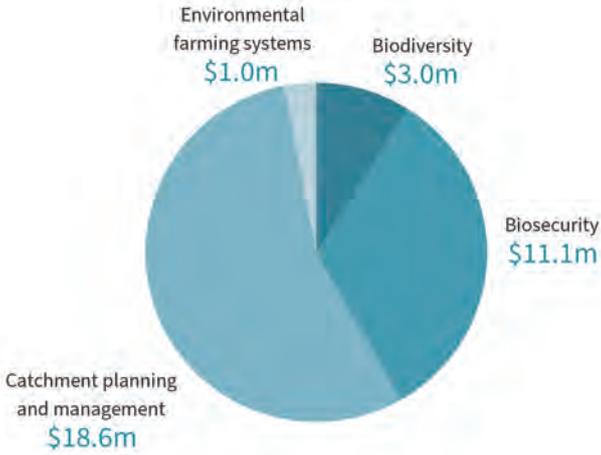
What it cost

Revenue and expenditure for integrated catchment management

	2021/22 Actual	2021/22 Annual Plan	2020/21 Last year
	\$000	\$000	\$000
General rates	8,261	8,299	7,195
UAGC	1,707	1,707	1,685
Targeted rates	18,549	18,639	17,114
Government grants	5,851	1,669	2,320
Fees and charges	901	1,060	638
Investment income	65	-	61
Other income	2,321	5,201	4,537
Total income	37,655	36,575	33,550
Operating expenditure	33,739	37,982	36,242
Operating surplus / (deficit)	3,917	(1,407)	(2,693)
Total funding from / (to) reserves			
Watershed	(712)	595	611
Peninsula	(539)	(179)	(31)
West Coast	(130)	(7)	(81)
Waihou	(517)	93	(21)
Piako	(283)	(0)	801
Pathways to the Sea	77	-	118
Regional disaster recovery	-	-	(37)
Zone disaster recovery	0	-	(37)
Shovel Ready	-	-	(93)
Biosecurity	(754)	751	771
Natural Heritage	421	27	302
Environmental initiatives	(38)	27	127
Stock truck effluent implementation	(54)	100	-
Prior Year Surplus	321	-	588
Investment equalisation	-	-	39
Total reserve transfers	(2,207)	1,407	3,056
Increase / (decrease) in retained earnings	1,709	0	363

Expenditure

Integrated catchment management



Mōreatanga ā rohe me te whakarata ohotata

Regional hazards and emergency response

This group of activities includes two activities:

- Resilient development
- Waikato Regional Council emergency response

How these activities improve wellbeing

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

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

The work we do strengthens community networks and supports businesses and individuals to be more resilient.

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.

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

What we achieved this year and looking to the future

Preparing for regional hazards and emergencies

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 able to support the Waikato CDEM Group.

The Emergency Management Office is looking to implement significant training around emergency response practices in the 2022/23 year. This will consolidate the council's capability and capacity to respond to emergency events that occur locally or nationally.

Informing regional and district plans

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 continued our 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.

Emergency response

The emergency response activity had another busy year. The council's Emergency Response Framework was refined and formally adopted in July 2022 for implementation in 2022/23. The Emergency Management Office has continued to provide support and guidance to many endeavours such as the Waikato Hazardous Substance Committee and CDEM professional networks.

Hazards portal

Our online Hazards Portal, which was launched in July 2019, was updated in 2021/22 with the following enhancements:

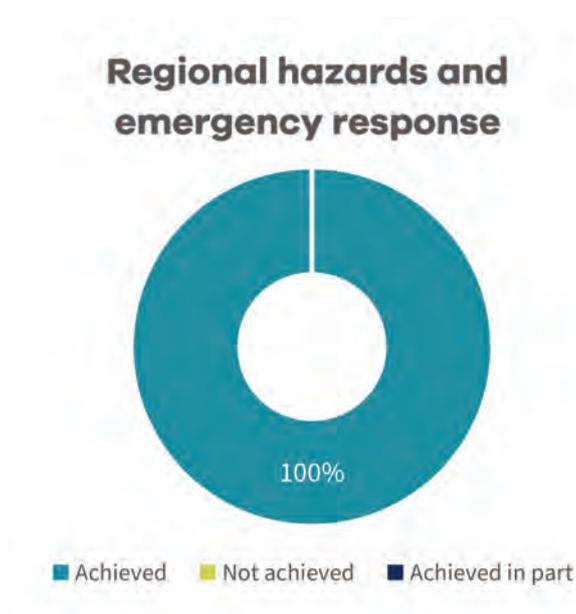
- East Coast Coromandel historical shorelines
- Tsunami safe zones and inundation areas
- Whitianga 1960 tsunami inundation layer added
- inundation extent of January 2018 storm layer updated to show changes around Kaiaua
- Level A liquefaction vulnerability assessment layer added
- an Emergency Management tab that includes the Waikato group’s public information map

- District Councils tab that includes natural hazard spatial information from territorial authorities within the region, for example, Thames-Coromandel District Council’s current coastal erosion lines and Taupō District Council’s fault line information
- historical earthquake epicentre information.

The council’s emergency radio network has been upgraded to ensure essential communications during an emergency event can continue should the mobile network go down or if staff are in areas without cell phone reception. The Marine Oil Spill Contingency Plan has also been reviewed and approved by Maritime New Zealand.

What we delivered

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



Activity: Resilient development

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

Performance measure	Target	Actual	Commentary
Provide relevant and up-to-date hazard information to communities and stakeholders via the online hazards portal	Review the data and update if necessary	Achieved	The hazard portal was updated with data and enhancements. A social media campaign to raise awareness of the tool and the updates was undertaken over January 2022.

Activity: Waikato Regional Council emergency response

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

Performance measure	Target	Actual	Commentary
Percentage of customers satisfied with the Waikato Regional Council's flood warning service (source: contact database survey)	90%	Achieved	A representative sample (62%) of the 238 subscribers resulted in >99% satisfied with Waikato Regional Council's flood warning service.

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

Performance measure	Target	Actual	Commentary
A tier two regional marine oil spill plan is in place and two exercises are undertaken per year	Plan in place and two exercises undertaken	Achieved	<p>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. Iwi engagement has been undertaken, noting that we had a low response from iwi.</p> <p>A combined desktop and field exercise was undertaken at Northgate compound on 21 June 2022 that satisfied Maritime NZ's requirement for two exercises.</p>



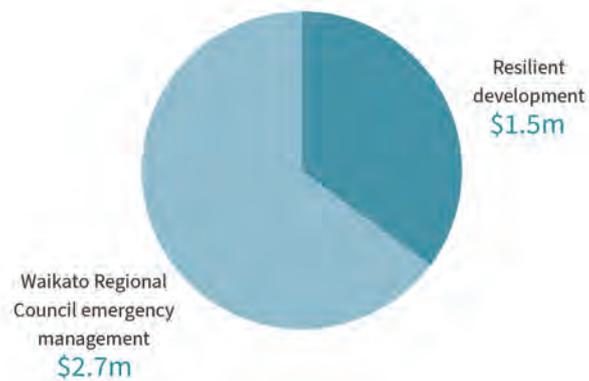
What it cost

Revenue and expenditure for regional hazards and emergency response

	2021/22 Actual \$000	2021/22 Annual Plan \$000	2020/21 Last year \$000
UAGC	1,601	1,601	1,855
Targeted Rates	(0)	-	(2)
Fees and charges	62	217	84
Other income	-	-	27
Total income	1,663	1,817	1,964
Operating expenditure	4,138	1,817	3,697
Operating surplus / (deficit)	(2,475)	-	(1,733)
Total funding from / (to) reserves			
Prior Year Surplus			
Total reserve transfers	-	-	-
Increase / (decrease) in retained earnings	(2,475)	-	(1,733)

Expenditure

Regional hazards and emergency response



Ngā ara hono ā-rohe

Regional transport connections

This group of activities includes three activities:

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

How these activities improve wellbeing

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

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

They also help to ensure that the region's investment in transport infrastructure and services so that together we're creating a safe and sustainable system for people and goods to get to where they need to go - encouraging reductions in the use of single occupancy vehicles and cutting carbon emissions in the process.

Why we provide these activity

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

We also help the region to set its objectives and prioritise for transport investment 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.

Road safety education contributes to the wellbeing of our communities by encouraging behaviours that help reduce crashes, serious injuries and deaths on our roads. We continue to work with and support transport partners such as Waka Kotahi NZ Transport Agency, District councils, ACC, the Police and advocacy groups like Students Against Dangerous Driving (SADD) to deliver road safety education initiatives across the Waikato Region.

What we achieved this year and looking to the future

Te Huia

Our Te Huia passenger rail service launched in April 2021, establishing a twice-daily commuter service between the Waikato and Auckland. Due to an escalation of COVID-19 and the introduction of regional travel boundaries, Te Huia services were paused between August 2021 and January 2022.

During 2021/22, we approved the extension of Te Huia in response to public feedback on *the 2021-2031 Long Term Plan*. This has seen:

- an extension of the service to the Strand in central Auckland on weekdays
- a new stop included at Puhinui, enabling access to Auckland Airport
- timetable changes to include off-peak trips during the day.

These changes have seen steady growth in patronage and further improvements to the service are scheduled for 2022/23.

Regional Public Transport Plan

Our RPTP was developed and consulted on. The RPTP sets out the priorities and requirements of public transport services and infrastructure to be delivered in the Waikato over the next 10 years. It is due to be adopted in September 2022 and implementation is expected to begin in 2022/23. Reducing carbon emissions from transport has been a key area of focus in 2021/22. A Transport Emissions Reduction Working Group has been established to consider how the region will address this issue. The Working Group will provide guidance to stakeholders in our region about how emissions can be reduced.

Impacts of COVID-19 on transport

The last two years have seen some major changes in public transport delivery. We've made continual improvements to ensure the safety of our passengers and drivers as we've navigated changes in COVID-19 alert levels and public health requirements. COVID-19 has also changed the way we all work, learn and travel. More people have spent time working and studying from home and we've seen these habits continue. Like many other industries, transport has been hit by critical staff shortages, impacting our ability to deliver scheduled services. These challenges have required us to

be agile to prioritise the needs of our communities and the safety of our passengers. Where we have had to reduce services because of driver shortages, we have focused on continuing to operate our busiest and most essential services.

These changes have given us cause to re-evaluate our current network. We want to make sure it remains relevant, efficient and reliable. We consulted on several proposals for the Hamilton bus network during 2021/22 and we will be consulting on further proposals to help shape the future of public transport in our region during 2022/23.

Transport delivery

Our new demand-responsive Flex transport service rolled out in 2021/22. Flex addresses our communities' changing transport needs and expectations by using smaller buses to provide an on-demand, corner-to-corner rideshare service. After starting out as a night service to and from Hamilton's CBD on Friday and Saturday nights, it now also operates between the Hamilton Transport Centre and Hamilton Airport seven days a week. We plan to extend Flex to service Rotorotuna and Flagstaff in 2022/23.

We're continuing to give people with disabilities door-to-door transport options through Total Mobility, a nationwide scheme for delivering subsidised taxi fares. In 2021/22, the scheme was rolled out to three new districts: Matamata-Piako, Thames-Coromandel and Waikato.

Looking ahead, in 2022/23, we'll be launching a new east-west bus route in Hamilton, called the Meteor. This will link Silverdale and Rotokauri Rise via the University of Waikato and the CBD. The service will run every 15 minutes in both directions on weekdays, and every half hour on evenings and weekends.

Reduce the risk and road safety

Our Ruben the Road Safety Bear programme was severely impacted by COVID-19 in 2021/22 and we were unfortunately unable to deliver face-to-face visits. However, Ruben remains in high demand and now that restrictions have eased, we have lots of requests for school visits lined up over the year ahead.

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

We co-funded an impaired driver education programme delivered in the community by the police and Māori wardens to rehabilitate those caught driving under the influence. Those that attend the programme are tracked for 5 years by the police and show a low rate of reoffending. This helps to improve road safety outcomes and reduce the likelihood of incarceration.

We also continued to collaborate with ACC and accredited coaches to boost the uptake of Ride Forever motorcycle coaching, over 6000 riders have benefited from the programme to date.

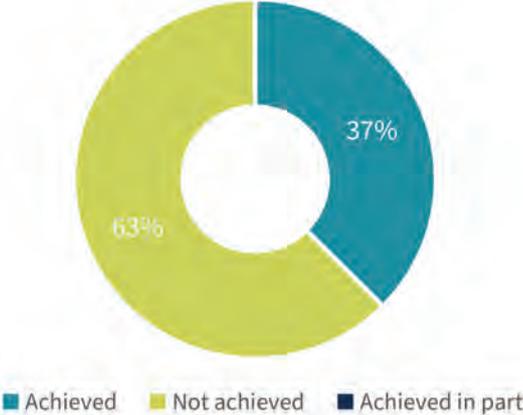
Social media has been a valuable tool which we utilise to educate through challenging thinking, dispelling myths, creating a sense of community and changing conversations across all areas of road safety and transport related issues.



What we delivered

The total number of regional transport connections performance measures is eight. A total of three measures were achieved (37 per cent) and five measures were not achieved (63 per cent). Detailed commentary for these measures can be found in the following tables.

Regional transport connections



Activity: Interregional rail

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

Performance measure	Target	Actual	Commentary															
Year on year passenger rail patronage growth	Develop baseline	Achieved	<p>Te Huia has been impacted by COVID-19 a number of times, with a delay to the original launch and a cessation of services between August 2021 and January 2022. Since Te Huia's most recent restart, demand levels have been impacted by COVID-19.</p> <p>Baseline data captures the average number of passengers per weekday and the average number of passengers per Saturday. Results to date are as follows:</p> <table border="1"> <thead> <tr> <th>Date range</th> <th>Weekday average patronage</th> <th>Weekend average patronage</th> </tr> </thead> <tbody> <tr> <td>Apr-21 to Aug-21</td> <td>135</td> <td>282</td> </tr> <tr> <td>Sep-21 to Dec-21</td> <td colspan="2">Services ceased due to COVID-19 lockdowns</td> </tr> <tr> <td>Jan-22 to Jun-22</td> <td>156</td> <td>191</td> </tr> <tr> <td>All operational days Apr-21 to Jun-22</td> <td>146</td> <td>236</td> </tr> </tbody> </table> <p>The baseline figure which will be the future target for the year on year passenger rail patronage growth is 146 passengers per weekday and 236 passengers per weekend day.</p>	Date range	Weekday average patronage	Weekend average patronage	Apr-21 to Aug-21	135	282	Sep-21 to Dec-21	Services ceased due to COVID-19 lockdowns		Jan-22 to Jun-22	156	191	All operational days Apr-21 to Jun-22	146	236
Date range	Weekday average patronage	Weekend average patronage																
Apr-21 to Aug-21	135	282																
Sep-21 to Dec-21	Services ceased due to COVID-19 lockdowns																	
Jan-22 to Jun-22	156	191																
All operational days Apr-21 to Jun-22	146	236																
Percentage of customers who are 'satisfied' or better with passenger rail	>90%	Achieved	<p>Inaugural Customer Satisfaction Survey completed in June 2022.</p> <p>Over-all result is 94%.</p> <p>This KPI is measured through the annual public transport customer satisfaction survey. This survey uses the Waka Kotahi approved templates. This survey is filled in by passengers whilst on-board the train.</p>															

Activity: urban and rural transport delivery

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

Performance measure	Target	Actual	Commentary
Number of public bus trips per capita (Hamilton)	Number of first boardings per capita increase year-on-year	Not Achieved	2021/22 saw 10.49 bus trips per capita in Hamilton compared to 14.51 bus trips in 2020/21. Bus patronage has continued to suffer from the effects of COVID-19. This has had significant impacts during periods of lockdown, but also in the latter half of the year with more people across the region working and learning remotely. In addition, driver shortages have meant a reduced timetable has been in operation since February, with most Hamilton suburban routes operating on a weekend timetable (hourly). Service frequency has had a significant impact on bus patronage.

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

Performance measure	Target	Actual	Commentary
Number of public bus trips per capita (regional total outside of Hamilton)	Number of first boardings per capita increase year-on-year	Not Achieved	2021/22 saw 0.43 bus trips per capita across the region (excluding Hamilton) compared to 0.45 bus trips in 2020/21. As with bus trips within Hamilton, patronage across the region has continued to be negatively impacted from the effects of COVID-19, in particular during periods of lockdown and the continuing impact with more people across the region working and learning remotely.

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

Performance measure	Target	Actual	Commentary
Percentage of arrivals at bus stops that are on time in accordance with the timetable	75%	Not Achieved	Bus arrival times have been negatively impacted by driver shortages, an indirect consequence of COVID-19. Due to staffing issues, a high number of trips failed to run or ran late compared to the timetable, resulting in 63.89% of buses arriving at their stops on time for the year. This was significantly improved following the implementation of reduced timetables to adapt to driver shortages. It should be noted that bus service data was only available for 83.32% of scheduled trips over the 12-month period due to technical issues such as GPS tracking coverage on regional roads.

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

Performance measure	Target	Actual	Commentary
Percentage of customers who are 'satisfied' or better with the bus transport service	>95%	Not Achieved	The annual Bus Customer Satisfaction Survey was delayed in 2021 due to COVID-19 lockdowns. As a result, Waka Kotahi guidance has been to delay the survey until September 2022. As the survey was not conducted this year, the measure is reported as not achieved.

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

Performance measure	Target	Actual	Commentary
Percentage of surveyed passengers who believe bus fares represent good value for money	>80%	Not Achieved	The annual Bus Customer Satisfaction Survey was delayed in 2021 due to COVID-19 lockdowns. As a result, Waka Kotahi guidance has been to delay the survey until September 2022. As the survey was not conducted this year, the measure is reported as not achieved.

Activity: Transport policy and planning

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

Performance measure	Target	Actual	Commentary
Regional transport plans are reviewed and submitted within statutory timeframes, and implemented.	Complete a review of the Regional Public Transport Plan	Achieved	<p>The RPTP is being reviewed and will be recommended to the council for adoption in September 2022.</p> <p>The reviewed RPTP will be an enhancement of the operative plan with particular focus on transport emission reductions, future vision for regional services, and alignment to the Hamilton Waikato Metropolitan Spatial Plan and related Transport Programme Business Case.</p>



What it cost

Revenue and expenditure for regional transport connections

	2021/22 Actual \$000	2021/22 Annual Plan \$000	2020/21 Last year \$000
General rates	1,096	1,096	-
UAGC	518	518	-
Targeted rates	12,413	12,432	10,736
Government grants	19,624	21,813	18,898
Fees and Charges	1,880	1,982	1,265
Other income	4,524	7,069	4,233
Total income	40,055	44,912	35,132
Operating expenditure	40,647	45,390	33,687
Operating surplus / (deficit)	(593)	(478)	1,445
Total funding from / (to) reserves			
Public transport	161	(490)	(1,943)
Prior year surplus	300	300	-
Total reserve transfers	461	(190)	(1,943)
Increase / (decrease) in retained earnings	(131)	(668)	(498)

Expenditure



Te whakamahinga o te taiao

Resource use

This group of activities includes four activities:

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

How these activities improve wellbeing

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

They enable the use of natural resources to support the generation of income and employment, providing financial security to our communities.

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

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

Why we provide these activities

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 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.

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

What we achieved this year and looking to the future

Consents

In total, 945 resource consents were processed this year and 98.42 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, 340 consented sites were identified as "high priority" and all those sites were monitored for compliance. A total of 15 were found to have significant non-compliance and all had further action taken to address the non-compliance. A further 708 lower priority sites were also monitored, resulting in a total of 1048 sites monitored in 2021/22.

Compliance

We also monitored 775 farms for compliance with the permitted activity rules most dairy farms operate under for dairy effluent management. Of the farms inspected, 7 per cent were found to be significantly non-compliant.

In 2021/22, a total of 2212 calls were taken from members of the public, notifying us of potential breaches of environmental regulations. As a result of these calls and 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, with six prosecutions concluded by the council for a range of unlawful activities.

Navigation safety

In total, 208 infringement notices and 49 formal warnings were issued for breaches of the Navigation Safety Bylaw. The bylaw sets out safe practices for people using the lakes, rivers and harbours in our region for water-based activities like boating and kayaking.

Essential Freshwater

We continue to spend considerable time engaging with the Government in relation to the development of its Essential Freshwater programme of work. There are some new regulations now in place, with more to come. The council will have a key role in implementing these regulations and continue to refine our understanding of their requirements and how these may be practically enforced. The regulations

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.

Youth and education

Our Enviroschools programme, based on the principle of sustainability, continues to grow. We will be launching our first Climate Action Camp targeting Waikato secondary Enviroschools in September 2022.

In the advancing Māori medium workstream, we formed a partnership with Te Toki Voyaging Trust to deliver the Kura Waiti ki Kura Waitā/River Schools to Moana Schools project. Kura Waiti ki Kura Waitā focuses on preparing future kaitiaki by supporting and advancing mātauranga of te ao hurihuri (our changing world). This work supports students to learn about, spend time on and reconnect with their tupuna awa or moana. Alongside their teachers, they actively engage in practices of kaitiakitanga, manaakitanga, whanaungatanga and tuakiritanga. Students research, investigate and gather data about the quality of the awa or moana, learning ways to protect their mana and restore mauri (life force) for future generations. We've also worked to spark the curiosity of rangatahi in other areas, launching a STEM (science, technology, engineering, maths and mātauranga Māori) event, Ngā Pūrākau Putaiao, in partnership with University of Waikato in 2022.

We continue to support a region-wide youth forum (Rangatahi Voices). This forum works to co-design youth participation in council activities and engages youth in local

government to help drive positive change. Rangatahi Voices and Enviroschools supported the Impact Hub's Waikato community Climathon event in 2022. Our youth and secondary workstream has also included the development of an NCEA-based education resource for teachers this year, ready for use in 2023. This resource empowers and supports secondary teachers to integrate sustainability into the school curriculum and achievement standards.

Waste reduction and management

The waste workstream was awarded funding from the Ministry for the Environment's Waste Minimisation Fund to research how the principles of a circular economy can be applied to organic waste in our region. The project aims to support local government, community and Māori to make the best use of organics, while also diverting waste from landfill and reducing greenhouse gases. The project was informed by the report *The Journey toward a Circular Economy in the Waikato Region*, which was published in the 2021/22 financial year.

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

What we delivered

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



Activity: Regional consents processing

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

Performance measure	Target	Actual	Commentary
Percentage of resource consents processed in accordance with the RMA timeframe discount regulations	≥95%	Achieved	<p>Actual compliance with the discount regulation timeframe for the 2021/22 year was 98.42 per cent.</p> <p>In total, 945 applications were processed to completion in the 2021/22 year.</p> <p>Of these, there were 18 applications that were processed outside the statutory RMA timeframe. However, three 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. 15 applications were processed outside the statutory timeframe.</p>
Percentage of highest priority (P1) consented sites monitored each year	100%	Achieved	<p>100% of highest priority sites that required monitoring for the 2021/22 period were monitored. This year 343 out of the 343 (100%) sites that required monitoring were monitored, with 15 high priority sites having monitoring requirements deferred as the activity was not being undertaken during the 2021/22 period.</p>
Percentage of significant non-compliance* incidents where action is taken	100%	Achieved	<p>Fifteen sites were identified as having significant non-compliance, and further action was taken for each one.</p>

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

Activity: Regional compliance

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

Performance measure	Target	Actual	Commentary
Percentage of time the 24 hour 7 day a week response service for reporting environmental incidents is available	100%	Not Achieved	<p>A fault in the call diversion for the Freephone (0800) service occurred during the year. This resulted in a period during the weekend of 22/23 January 2022 when calls weren't diverted and so weren't able to be responded to. Subsequently, the 24/7 response service was not maintained for the entire year, and the measure not achieved.</p>

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

Performance measure	Target	Actual	Commentary
Percentage of serious non-compliance* incidents that are actioned**	100%	Achieved	All serious breaches have been actioned as per the council enforcement policy.
Percentage of notifications, related to potential breaches of environmental regulation, that are assessed as requiring and then receive physical attendance	>90%	Achieved	A total of 1,849 notifications were received from the public relating to environmental incidents in the 2021/22 year. All calls were responded to, however 445 of those were ultimately assessed as requiring physical attendance, of those 100% were subsequently attended.
<p>* There are a number of factors that are relevant in determining whether a breach of the RMA is 'serious', these include (but are not limited to) what the actual or potential adverse environmental effects of the breach are, sensitivity of the receiving environment, whether the parties involved have a history of non-compliance, whether the breach was as a result of careless, negligent, or deliberate behaviour, what efforts at mitigation have been made.</p> <p>** These include: no further enforcement action, letter of direction, abatement notice, formal warning, infringement notice, prosecution.</p>			

Activity: Maritime services

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

Performance measure	Target	Actual	Commentary
Percentage of time Category 1 aids* to navigation are operational within 24 hours of failure or notified to Maritime NZ	100%	Achieved	There was no failure of grade 1 aids to navigation during this period.
Maintain a 24 hour, 7 day a week response for navigational incidents**	100%	Not achieved	A fault in the call diversion for the Freephone (0800) service occurred during the year. This resulted in a period during the weekend of 22/23 January 2022 when calls weren't diverted and so weren't able to be responded to. Subsequently, the 24/7 response service was not maintained for the entire year, and the measure not achieved.
<p>* Considered to be of primary navigational significance including leading lights, outer channel markers, isolated danger marks and wreck marks.</p> <p>** Maritime incidents are those Waikato Regional Council has jurisdiction over that include, but are not limited to, serious boating mishaps or obstruction of navigable waterways.</p>			

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

Performance measure	Target	Actual	Commentary
Percentage increase in one-on-one contacts with recreational boaties	20% increase from baseline	Achieved	No less than 1080 one on one contacts were achieved with recreational boaties in the 21/22 year, compared with 813 in the year prior – a 32.8% increase.

Activity: Community education

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

Performance measure	Target	Actual	Commentary
Number of education programmes* evaluated for their effectiveness	1	Achieved	The Advancing Maori Medium Environmental Education Programme has received the final evaluation report from the Waikato Tainui College for Research and Development on 18 August 2021. The report commends the council’s commitment to this work and proposed 12 recommendations for consideration. These include short, medium, and long term actions. A plan is being developed to respond to these recommendations.

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

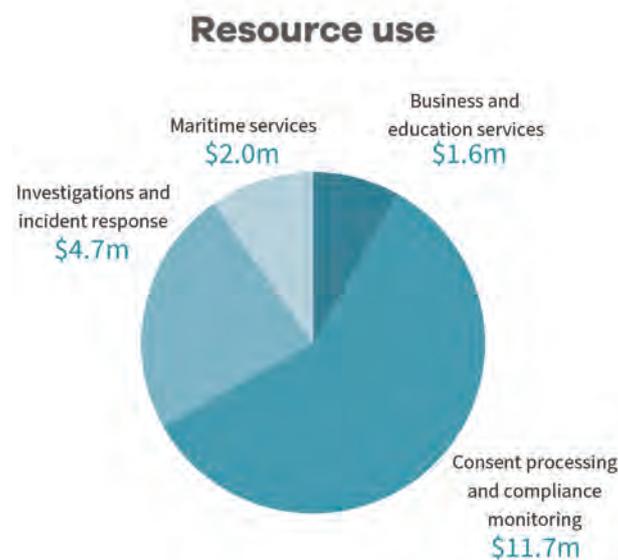


What it cost

Revenue and expenditure for resource use

	2021/22 Actual \$000	2021/22 Annual Plan \$000	2020/21 Last year \$000
General rates	7,729	7,729	6,633
UAGC	2,470	2,470	1,701
Targeted rates	1,394	1,443	1,529
Fees and charges	7,774	7,606	8,092
Other income	693	665	1,295
Total income	20,060	19,912	19,250
Operating expenditure	19,952	20,300	17,889
Operating surplus / (deficit)	108	(388)	1,361
Total funding from / (to) reserves			
Permitted activity monitoring	(43)	3	(425)
Building act contingency	0	-	10
Prior Year Surplus			100
Total reserve transfers	(43)	3	(315)
Increase / (decrease) in retained earnings	65	(385)	1,046

Expenditure



Pūtaiao, kaupapahere, me te mōhiohio

Science, policy and information

This group of activities includes six activities:

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

How these activities improve wellbeing

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

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

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

Working with our residents allows for their customs, beliefs and identities to be recognised in the way we work, acknowledging our heritage and the values of those who choose to call the Waikato home.

Why we provide these activities

This group of activities covers the collection and interpretation 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 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 the 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 communities and key decision makers in more accessible ways, to help improve wellbeing of the Waikato.

What we achieved this year and looking to the future

Plan Change 1

The *Healthy Rivers | Wai Ora – Proposed Waikato Regional Plan Change 1* process remains at the appeals stage and continued to work its way through the Environment Court in 2021/22. Court assisted mediations and further possible Environment Court hearings are likely to occur during 2022/23. The plan change represents the first step in an 80-year journey to improve water quality in our region. Staff continue to undertake additional water quality monitoring at 34 representative lakes in preparation for meeting the reporting requirements for Plan Change 1.

Responding to regulatory change

Giving effect to this National Policy Statement for Freshwater Management (NPSFM) has required significant engagement with iwi, the community and stakeholders through a series of community workshops, individual hui and stakeholder meetings in 2021/22. Following our comprehensive State of the Environment reporting programme in 2021/22, further necessary analysis has been undertaken, which is due to be published in early 2023. This will help to inform our *Waikato Regional Plan* review, which will also play an important role in giving effect to the NPSFM 2020. We expect work will be required to give effect to the proposed National Policy Statement on Indigenous Biodiversity, which is due to be published in late 2022.

Coastal plan

For the Regional Coastal Plan there have been delays to timeline due to COVID-19 lockdowns and delays in iwi engagement. Staff have undertaken 14 workshops with Council on the key themes of the plan development, including Outstanding Natural Character, Seascapes and Biodiversity. Additional engagement has occurred with iwi and key stakeholders on a draft plan. Staff have held specific consultation with tangata whenua and stakeholders on the incorporation of Further Marine Protected Areas into the draft Plan. A legal review of the draft plan has occurred with a more detailed review to occur early in the new financial year. Staff are now proposing to deliver a final draft version

to council for approval to undertake RMA Schedule 1 clause 4A consultation with tangata whenua in early 2023 with public notification to occur in the second quarter of 2023.

We worked with territorial authorities and other regional partners to promote policy alignment in relation to the *Waikato Regional Policy Statement*. The policy statement provides an overview of the resource management issues in the Waikato region and the ways in which integrated management of the region's natural and physical resources will be achieved. Our work in this area also involved the coordination of the council's submissions on government policy and legislative proposals.

A review of our coastal plan is in progress, with public notification scheduled to occur in early 2023.

Regional growth planning

We led regional growth management thinking. This work included collaborative initiatives focused on advancing regional and inter-regional integration, including Future Proof and the Upper North Island Strategic Alliance (UNISA). It also involved supporting and informing the growth management and infrastructure planning activities of district councils and promoting sustainable solutions to land use, development and infrastructure. We completed an update of the Future Proof Strategy with our partners in June 2022. This strategy will guide the growth of the Waikato and Waipā districts and Hamilton city for the next 30 years.

Spatial information

The Envirohub, where we map and publicise key environmental data on our website, was enhanced in 2021/22 to make common data of higher public interest (like rainfall and river flows) easier to find. We also upskilled our staff to undertake large river flow measurements for the Waikato River, reducing the cost of the service. Some

large-scale monitoring site upgrades were completed, including the replacement of the Thames tide monitoring tower.

During the year we collaborated with the other councils in the region to produce Waikato OneView, a viewer to see maps containing 3 waters, property and community, and recreation data from across the region. We also continued to provide data for the Waikato Data Portal so that customers could self serve varying needs for data. An achievement of note was the addition of a Story Map containing all our LiDAR extents so that customers can view what we have and consume for themselves.

Social and economic planning

We carried out social and economic research projects to support continuous improvement and cost-benefit analysis for policy and decision makers. These included:

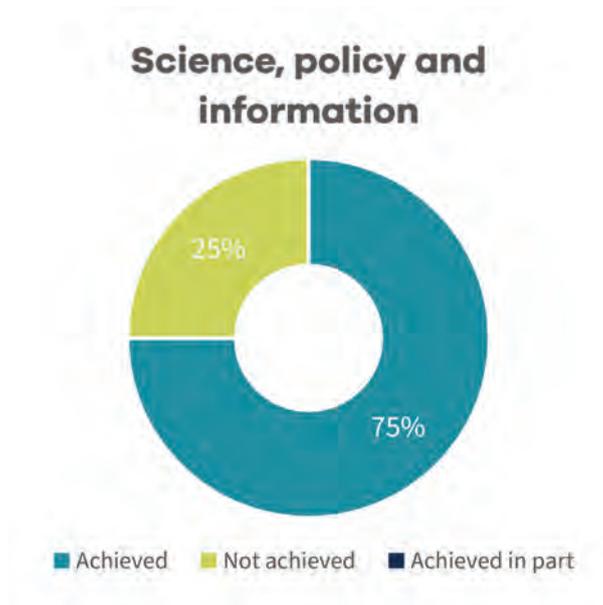
- social impact assessments related to land use consents and climate change action
- cost-benefit analysis of regional pest management planning options
- population and economic projections for the Waikato (2018-2068)
- internal surveys to help better understand and support staff wellbeing.

Climate change

Climate change continues to be a priority for the council. We continue to collaborate with regional partners to achieve the community greenhouse gas reduction targets set through the Waikato Wellbeing Project, and to support our communities to become more resilient to climate change. Our Climate Action Advisory Group continues to work towards the commitments set out in our Climate Action Roadmap and supports wider scale collaboration through the Waikato Plan Climate Change project and the Upper North Island Strategic Alliance.

What we delivered

The total number of science, policy and information performance measures is 12. A total of nine measures were achieved (75 per cent) and three measures were not achieved (25 per cent). Detailed commentary for these measures can be found in the following tables.



Activity: Environmental monitoring

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

Performance measure	Target	Actual	Commentary
External audit of one environmental domain each year shows good quality control of data collection and analysis	1 domain audited	Achieved	Audit found we have good processes and recommended some minor improvements.
The percentage of time (during flood events) when data isn't available for more than 70 continuous minutes	<2% of the time	Achieved	Over the last 12 months, data was unavailable for 1.5% of the time.



Activity: Environmental science and information

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

Performance measure	Target	Actual	Commentary
State of the Environment reporting is completed and made available to the public through the WRC website	Full regional SOE report completed and published	Not achieved	All technical reports have been drafted and the synthesis report is in draft. Technical reports will go through peer a review process, concluding at the end of October 2022. A complete draft of the synthesis report (main public-facing document) will be completed in September and finalised by December prior to final council sign-off early in 2023.

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

Performance measure	Target	Actual	Commentary
Develop a freshwater accounting framework	Fresh water accounting framework under development	Achieved	A water quality accounting framework has been developed and is being used to populate baseline state information for the freshwater planning process. Work has also progressed on a water quantity accounting framework. Both elements require additional work to finalise them, and we expect to have these completed by December 2022.

Activity: Strategic and spatial planning

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

Performance measure	Target	Actual	Commentary
Actively engage in national policy reforms to promote high quality, well-informed national direction	Submissions made to relevant national resource management policy and reform proposal	Achieved	Submissions made this year include water policy reform, natural hazards and emissions trading/climate change. Staff have been actively engaged in networks and reference groups to support local government input to reforms, such as through Taituara and LGNZ SIG groups.
Actively engage with district plan change processes to ensure RPS is given effect to	Formal participation in local TAs' district plan development and plan changes	Achieved	Work continues on the submission to Waitomo's district plan review pre-consultation. In addition, staff have responded to other plan changes throughout the region, such as for Hamilton City, Rotorua Lakes and Hauraki, with following appeals to aspects of plan changes by Rotorua Lakes District Council and Hauraki District Council. This is to ensure the Regional Policy Statement is sufficiently given effect to. Significantly, staff continue to be approached proactively by district councils in advance of their formal notice of plan changes, requesting our views to smooth out any issues in advance.

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

Performance measure	Target	Actual	Commentary
Annual Trends and Implications report delivered	Technical report updated	Achieved	Following desktop research and workshops with subject matter experts early in the quarter, draft strategic issues and implications were workshopped with councillors on 27 June 2022. This work remains on track to inform the pre-election report, and also the strategy development process with the new council in late 2022, seeking to deliver a final strategy by March 2023.

Activity: Resource management policy

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

Performance measure	Target	Actual	Commentary
Preparation, changes or reviews of policies and plans will be carried out in accordance with statutory processes	Compliant with RMA and other legislation	Achieved	Preparation, changes and reviews of policies and plans are being carried out in accordance with statutory processes.

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

Performance measure	Target	Actual	Commentary
Our policy programme will be delivered as per our prescribed planning schedule	Notification of Regional Coastal Plan	Not achieved	<p>There are delays to timeline of the Regional Coastal Plan review due to COVID-19 lockdowns and delays in iwi engagement. Additional engagement is occurring with iwi and targeted stakeholders on a draft plan.</p> <p>Due to disruptions, digital engagement tools have been adopted for community engagement.</p> <p>A final draft version is on track to be provided to the council for approval to undertake RMA Schedule 1 clause 4A consultation with tangata whenua in late September 2022, with notification to follow in early 2023.</p>

Activity: Social and economic information

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

Performance measure	Target	Actual	Commentary
Percentage of indicators on the changes and trends in social and economic indicators analysed and reported on as per the indicator monitoring schedule	100%	Achieved	All indicators have been updated as required in the schedule.

Activity: spatial information

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

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

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

Level of service: We provide quality customer service.

Performance measure	Target	Actual	Commentary
Rolling annual average net promoter score [for the Spatial Information section]	>82%	Not achieved	The financial year rolling annual average NPS score was 67.5%. This result came from 53 responses for Spatial Information, with 38 promoter scores and only 3 detractors.



What it cost

Revenue and expenditure for science, policy and strategy

	2021/22 Actual	2021/22 Annual Plan	2020/21 Last year
	\$000	\$000	\$000
General rates	21,673	21,635	19,852
UAGC	2,253	2,252	1,452
Government grants	35	-	768
Fees and charges	3,369	3,256	2,818
Investment income	750	750	-
Other income	1,245	863	909
Total income	29,325	28,757	25,799
Operating expenditure	26,211	28,645	23,260
Operating surplus / (deficit)	3,114	112	2,539
Total funding from / (to) reserves			
Hauraki Plan Change 2	-	-	100
Contaminated land fund	-	-	-
Investment Equalisation	-	-	270
Prior year surplus	200	200	100
General	45	-	-
Regional development fund		-	-
Total reserve transfers	245	200	470
Increase / (decrease) in retained earnings	3,359	312	3,009



Expenditure

Science, policy and information



SECTION 4:
Pūtea
Finances

Tauākī ahumoni

Financial statements

The accompanying notes form part of these financial statements. The financial statements from page 71 to page 74 are to be read in conjunction with the notes to the financial statements from page 76 to page 135.

Statement of Compliance

The 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 except that Waikato Regional Council was required under section 98(7) of the Local Government Act 2002 to complete its audited financial statements and service performance information for the year ended 30 June 2022 no later than 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

The financial statements of the Council are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 29 June 2023.

Responsibility

The Council and management of Waikato Regional Council accept:

Responsibility for the preparation and completion of the annual report and the related assumptions, estimates and judgements.

Responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the opinion of Council and management of Waikato Regional Council, the annual report for the year ended 30 June 2022 fairly reflect the financial performance, financial position, cash flows and service performance of the Waikato Regional Council.



Chris McLay
Chief Executive



Pamela Storey
Chair

Statement of comprehensive revenue and expense for the year ended 30 June 2022

		2021/22 Actual	2021/22 Annual plan	2020/21 Last year
	Note	\$'000	\$'000	\$'000
Revenue				
Rates revenue	3	111,367	111,404	101,885
Fees and charges	4	14,093	14,200	14,476
Subsidies and grants	5	30,287	30,561	23,183
Other revenue	6	10,861	16,369	13,252
Investment revenue	7	573	300	350
Investment fund capital protection revenue	8	6,276	1,362	2,782
Change in market value of investments	8	(11,648)	3,077	6,227
Unrealised Gain on Interest rate derivatives	8	2,316	-	1,227
Total revenue		164,125	177,273	163,382
Expenditure				
Employee benefit expenses	12	53,532	54,143	51,718
Depreciation and amortisation expense	28,25,26	11,139	11,312	9,976
Other losses	17	393	-	415
Interest expense	7	764	921	840
Other expenses	10	103,873	105,875	95,596
Total operating expenditure		169,701	172,251	158,545
Net surplus/(deficit) after tax		(5,576)	5,022	4,837
Surplus/(deficit) attributable to Waikato Regional Council				
Other comprehensive revenue and expenditure				
Gain/(Loss) on revaluation of property, plant and equipment	36	72,601	-	224
Total other comprehensive income		72,601	-	224
Total comprehensive income		67,025	5,022	5,061
Surplus is attributable to:				
Total comprehensive revenue and expenditure comprised of:				
Funds transferred to council-created reserves	36	(3,946)	6,168	8,777
Funds transferred to / (from) asset revaluation reserves		71,456	-	(503)
General operating surplus		(485)	(1,146)	(3,213)
Other comprehensive income		67,025	5,022	5,061

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2022

		2021/22 Actual	2021/22 Annual plan	2020/21 Last year
	Note	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	19	2,834	4,851	24,607
Trade and other receivables	24	20,902	22,207	15,969
Prepayments		2,165	1,144	1,656
Inventories	30	1,421	507	619
Work in progress	30	934	1,208	1,173
Other financial assets	20	20,405	11,126	12,446
Total current assets		48,661	41,043	56,470
Non-current assets				
Financial assets	20	100,441	104,196	108,496
Other financial assets	20	20	763	20
Investments in CCO*	20	1,648	2,198	2,216
Biological assets	27	177	755	113
Intangible assets	26	6,626	7,552	6,715
Property, plant and equipment	25	632,515	584,723	562,182
Derivative financial instruments	31	1,148	-	-
Total non-current assets		742,575	700,187	679,742
Total assets		791,236	741,230	736,212
Current liabilities				
Trade and other payables	32	27,264	26,940	30,816
Employee benefits liabilities	13	6,850	6,714	6,751
Derivative financial instruments	31	2	-	-
Borrowings	33	7,028	3,706	7,026
Total current liabilities		41,144	37,360	44,593
Non-current liabilities				
Employee benefits liabilities	14	2,250	2,747	2,581
Derivative financial instruments	31	-	2,397	1,170
Borrowings	33	18,090	47,587	25,141
Total non-current liabilities		20,340	52,731	28,892
Total liabilities		61,484	90,091	73,485
Net assets		729,752	651,139	662,727
EQUITY				

Accumulated funds	36	220,754	219,436	221,239
Other reserves	36	508,998	431,703	441,488
Total equity		729,752	651,139	662,727

* 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 76 The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2022

		2021/22 Actual	2021/22 Annual plan	2020/21 Last year
	Note	\$'000	\$'000	\$'000
Opening Equity		662,727	646,117	657,666
Surplus/(deficit)		(5,576)	5,022	4,837
Other comprehensive revenue				
Net transfer to/(from) Asset revaluation reserve		72,601	-	224
Balance at 30 June	36	729,752	651,139	662,727
COMPONENTS OF EQUITY				
Council created reserves				
Council created reserves at beginning of the year		65,229	55,849	56,452
Net transfer (to) / from retained earnings	36	(3,946)	(908)	8,777
Council created reserves at end of year	36	61,283	54,941	65,229
Asset revaluation reserves				
Asset revaluation reserves at beginning of the year		376,259	376,762	376,762
Net transfer to retained earnings	36	(1,145)	-	(727)
Net gain/(loss) on revaluation of PPE	36	72,601	-	224
Asset revaluation reserves at end of the year	36	447,715	376,762	376,259
Retained earnings				
Retained earnings at beginning of the year		221,239	213,506	224,451
Net surplus/(deficit) for the year		(5,576)	5,022	4,837
Net transfer (to) / from council created reserves		3,946	908	(8,777)
Net transfer (to) / from Asset revaluation reserve		1,145	-	727
Retained earnings at end of the year		220,754	219,436	221,239
EQUITY AT END OF THE YEAR		729,752	651,139	662,727

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

Statement of cash flows for the year ended 30 June 2022

		2021/22 Actual	2021/22 Annual plan	2020/21 Last year
	Note	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from customers		142,735	138,498	133,497
Grants		29,349	30,561	25,473
Interest revenue received		458	300	422
Receipts of funding held on behalf of third parties		680	-	604
Goods and services tax		381	-	(409)
Payments to suppliers and employees		(172,282)	(158,633)	(140,506)
Payments of funding held on behalf of third parties		(341)	-	(28)
Interest paid		(764)	-	(814)
Net cash flow from operating activities	18	216	10,726	18,239
Cash flows from investing activities				
Repayments of loans to subsidiaries		-	(825)	-
Receipts from sale of property, plant and equipment		520	-	12,521
Receipts from sale of investments		76,113	3,624	61,985
Receipt of loan repayments		-	42	42
Purchase of investments		(81,221)	(8,849)	(69,028)
Purchase of property, plant and equipment		(9,430)	(35,056)	(17,996)
Purchase of intangible assets		(923)	(1,156)	(1,121)
Net cash flow from investing activities		(14,941)	(42,221)	(13,597)
Cash flows from financing activities				
Proceeds from borrowings		-	24,277	2,000
Repayment of borrowings		(7,048)	(5,235)	(2,000)
Net cash flow from financing activities		(7,048)	19,042	-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(21,773)	(12,453)	4,642
Cash, cash equivalents and bank overdrafts at the beginning of the year		24,607	17,304	19,965
Cash, cash equivalents, and bank overdrafts at the end of the year	19	2,834	4,851	24,607

As per Public Benefit Entity (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 76. The accompanying notes form part of these financial statements.

Mō ngā rerekētanga matua ki te tahua

Explanation of major variances against budget

Explanations for major variations from Waikato Regional Council's estimated figures in the 2021/22 Annual Plan are as follows.

Statement of comprehensive revenue and expenditure

Other revenue is \$5.508 million unfavourable to budget. The main contributors to this were

- The contribution from other parties (central government) for shovel ready projects for catchment management and flood infrastructure projects was \$2.394 million below budget as at the time of budgeting it was uncertain of the contribution that would be received.
- Lower bus patronage, reflecting impacts of the COVID-19 pandemic and associated lockdowns, together with bus driver shortages leading to the need for reduced services have resulted in a reduction in fares revenue of \$2.637 million.

Overall the return from the investment fund this year was (\$5.3 million) against a budgeted return of +\$4.4 million reflecting increased market volatility over the course of the year.

With higher inflation (7.1%), \$6.276 million has been set aside in the investment preservation reserve to protect the real value of the fund. This compares to a budgeted provision for inflation proofing of \$1.362 million based on assumed inflation of 1.6%.

Employee benefit expenses are \$611,000 favourable to budget, reflecting the employment market conditions that has resulted in vacancies being held for longer. The actuarial valuation of long service leave and retirement gratuity liability has also decreased the expense by \$300,000 as the benefits were realised and paid out within the year. The retirement gratuity liability decreased by \$106,000 and the long service leave liability decreased by \$194,000.

Other expenses are \$2.002 million lower than budget. A delay in the Waikato Regional Theatre has delayed the payment of the Council's second tranche of funding towards this project. (\$2.5 million) Payment of these funds was made in July 2022.

The annual plan budget assumed that funds accumulated in the Regional Development Fund would be applied to qualifying projects this year (\$4.638 million). While two applications to the fund have been approved, or approved in principle, no funds have yet been distributed. After

accounting for the applications approved to date, \$4.544 million remains available within the Regional Development Fund at 30 June 2022.

Statement of Financial Position

Cash and cash equivalents are \$2.017 million lower than budget. This reflects a lower balance of working capital being held on call due to the timing of maturing term deposits at the financial year end. This is offset by a higher value of financial assets (reflecting term deposits with a duration of more than 3 months) than budgeted by \$9.279 million.

Trade and other Receivables is \$1.305 million lower than budget reflecting the better than planned collection of rates and other charges with less overdue at year end.

Prepayments are \$1.021 million higher than budget. This is due to the timing of the payment for the new system software licenses of \$907,000 being made within the financial year where they are budgeted as expenses (and payment) in the 2022/23 financial year.

Inventories are \$914,000 higher than budget due to the inventory held for distribution being higher at year end as some of the planned works where this inventory was to be consumed has been delayed.

Investments in CCO's is \$550,000 lower than budget due to the impairment of the councils investment in Regional Software Holdings Limited (RSHL). RSHL has determined that a new version of the software system IRIS is required and therefore the existing version will be retired sooner than planned. Council has impaired its investment in accordance with RSHL's scheduled retirement time-frame.

Intangible Assets are \$926,000 lower than budget due to the planned spend on new software and systems that would be treated as an intangible asset not materialising.

Non-current financial assets are \$3.755 million lower than budget, reflecting the decrease in value of the Council's investment fund due to market volatility this year.

Biological assets are \$578,000 lower than budget. This reflects the harvesting of trees from the Council's forestry blocks earlier than planned (\$514,000) and a reduction in the annual valuation of the remaining forestry from a fall in the compounded value of log prices that are used to value these assets (\$64,000).

Property, plant and equipment is \$47.792 million higher than budget, this is due to the \$73.214 million revaluation gain partly offset by a lower opening asset value than projected at the time the budget was set, as well as lower capital expenditure for the year than projected in the budget. \$6.126 million of budgeted infrastructure capital expenditure and \$6.011 million of budgeted operating capital expenditure has been signaled to be carried over to 2022/23 to allow planned works to be completed.

Borrowing reflects the council's external borrowing through the Local Government Funding Agency. The Annual Plan anticipated total borrowings of \$51.293 million by the end of the 2021/22 financial year. Actual borrowing at 30 June 2022 was \$25 million, reflecting a lower than budgeted capital works programme and a higher operating reserves balance (\$9 million). The Regional Theatre project delays has driven \$3.75 million of borrowings being not required yet. The sustainable homes program, the planned Pungarehu canal and the planned Mugeridges project all have not commenced yet leading to \$4.0 million of borrowings be un-required.

Total Derivative financial instruments are \$3.545 million favourable to budget. These are interest rate swaps the council has entered into to manage the interest rate risk associated with its borrowing program. The increase in market borrowing rates over the year has made all of these swaps more effective compared to the assumption in the annual plan.

Other reserves are \$77.295 million favourable to the plan. The gain on revaluation of \$72.601 was not budgeted and the annual plan assumed that funds accumulated in the Regional Development Fund would be applied to qualifying

projects within the year of \$4.638 million. While two applications to the fund have been approved, or approved in principle, no funds have yet been distributed. After accounting for the applications approved to date, \$4.544 million remains available within the Regional Development Fund at 30 June 2022.

Statement of Cash Flows

Receipts from Customers is \$4.240 million higher than budget as our collections of rates and other charges was better than budgeted. A surge of payments were received post the end of the 2021 calendar year as the effect of Covid-19 and the associated lockdowns were removed.

Payments to employees and suppliers is \$13.649 million higher than budget due to the increased costs across the board as suppliers passed on labour, material and fuel price increases. as inflation soared to 7.1% over the year. Councils timing of payments meant that a corresponding increase in the trade payables balance at year end did not occur.

Receipts from sale of investments is \$72.489 higher than budget and the purchase of investments is \$72.372 higher than budget. These represent the moving of investments from one fund to another within the portfolio. The net impact on cash was an inflow of \$117,000.

The purchase of property plant and equipment is \$25.626 million lower than budget. This reflects the significantly lower than planned level of capital expenditure over the year.

The proceeds from borrowings is \$24.277 million lower than budget which reflects the lower than planned level of capital expenditure.

Ngā pitopito tuhinga mō ngā tauākī ahumoni

Notes to the financial statements

1 Statement of accounting policies for the year ended 30 June 2022

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 2022. The financial statements were authorised for issue by Council on 29 June 2023.

Basis of preparation

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

Statement of compliance

The financial statements 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 effective in preparing 30 June 2022 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 and results in additional disclosures. The Council has adopted this amendment in preparing these financial statements.

Amendments to PBE IPSAS 29, PBE IPSAS 30, PBE IPSAS 41, PBE IFRS 9 – PBE Interest Rate Benchmark Reform – Phase 2

The amendments address the accounting issues that arise when financial instruments that reference interbank offered rates (IBOR) transition to nearly risk-free rates. The Council believes it will not have any impact on its financial statements as the council does not hold any financial instruments that reference IBOR.

Software-as-a-Service (SaaS) arrangements: In April 2021, the International Financial Reporting Interpretations Committee (IFRIC), a committee supporting profit-oriented reporting, published an agenda decision clarifying how configuration and customization costs incurred in implementing SaaS should be accounted for. The IFRIC concluded that SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customize software in a cloud computing arrangement, can be recognized as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognized as intangible software assets and amortised over the useful

life of the software on a straight-line basis. The useful lives are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. The New Zealand Accounting Standards Board has not issued similar guidance, however, in the absence of a PBE standard dealing with these costs, Council considers the IFRIC decision relevant to the accounting for SaaS arrangements the Council is undertaking in accordance with PBE IPSAS 31 Intangible assets.

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

PBE IPSAS 41 Financial Instruments

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

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

The council has not adopted this new standard in preparing its 30 June 2022 financial statements.

PBE FRS 48 Service Performance Reporting

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

The council has not adopted this new standard in preparing its 30 June 2022 financial statements.

Summary of significant accounting policies

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

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the council in its 2021/22 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the council for the preparation of the financial statements.

Costs allocation

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

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

Foreign currency transactions

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

Critical accounting estimates and assumptions

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

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

2 Summary of cost of services

	2021/22 Actual	2021/22 Annual plan	2020/21 Last year
	\$'000	\$'000	\$'000
Revenue			
Community and Services	7,017	7,009	11,209
Civil Defence and Emergency Management	3,235	3,208	4,047
Regional hazards and emergency response	1,663	1,817	1,964
Flood protection and control works	28,267	30,708	24,548
Integrated Catchment Management	37,655	36,575	33,550
Regional Transport Connections	40,055	44,912	35,132
Resource use	20,060	19,912	19,250
Science and Strategy	29,325	28,757	25,799
Corporate and self-funding	(3,389)	5,125	7,750
Council controlled organisations	237	237	134
Total income from activities	164,125	178,260	163,382
Expenditure			
Community and Services	7,170	6,860	10,995
Civil Defence and emergency management	3,093	3,205	4,133
Regional hazards and emergency response	4,138	1,817	3,697
Flood protection and control works	26,954	24,365	23,381
Integrated Catchment Management	33,739	37,982	36,242
Regional Transport Connections	40,646	45,390	33,687
Resource Use	19,954	20,300	17,889
Science and Strategy	26,211	28,645	23,260
Corporate and self-funding	7,682	4,439	5,081
Council controlled organisations	116	237	179
Total operating expenses	169,701	173,240	158,545
Net Total	(5,576)	5,020	4,837

The total number of rateable properties in the region in 2021/22 was 217,533 (compared with 214,609 in 2020/21), the total capital value of rateable properties was \$217.7 billion (compared with \$183.1 billion in 2020/21) and the total land value of rateable properties was \$128.2 billion (compared with \$107.8 billion in 2020/21).

3 Rates revenue

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
General rates	55,176	49,424
Total general rates revenue	55,176	49,424
Targeted rates attributable to activities		
Biodiversity	1,077	1,048
Biosecurity	9,094	7,633
Permitted activity monitoring	1,394	1,529
River and catchment services	28,129	28,359
Transport	12,414	10,737
Stock Truck Effluent	47	79
Civil defence and emergency management	2,448	1,912
Community partnership	173	-
Regional Services	717	721
Total targeted rates	55,493	52,018
Less rates remissions	(408)	(619)
Plus rate penalties	1,106	1,062
Total rates, excluding targeted water supply rates	111,367	101,885

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 \$1,000 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 and 90B of the Local Government (Rating) Act 2002. These powers came into force on 12 April 2021 through the Local Government (Rating of Whenua Maori) Amendment Act 2021. For the period covered by these financial statements \$469,000 was written off by the Chief Executive (2020/21 nil).

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Compliance monitoring direct charges	1,942	2,277
Consent application fees	4,387	4,400
Consent holder charges	4,596	4,033
Other direct charges	3,168	3,766
Total fees and charges	14,093	14,476

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Land transport government grants	19,626	18,828
Other grants	10,661	4,355
Total subsidies and grants	30,287	23,183

Land Transport Government grants

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2020/21 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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Bus fare revenue	3,824	3,983
Rental	695	732
Royalties	66	152
Other revenue	6,276	8,385
Total other revenue	10,861	13,252

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Community loans	2	4
Statutory land charges	65	61
Term deposits and call accounts	506	285
Total investment revenue	573	350
Interest expense:		
Interest on borrowings	468	419
Interest rate swaps	296	421
Total finance costs	764	840

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
<i>Unrealised gains on assets at fair value through surplus or deficit</i>		
Fixed interest	864	302
Equities	(7,083)	7,258
Property	847	1,383
Unrealised gain on revaluation of interest rate swaps	2,316	1,227
	(3,056)	10,170
Fixed interest	-	66
Equities	-	-
Property	-	-
	-	66
	(3,056)	10,236
Investment fund capital protection revenue	6,276	2,782
Net change in market value	(11,648)	6,227
Unrealised Gain on Interest rate derivatives	2,316	1,227
Total change in market value of investments	(3,056)	10,236

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 2021/22 financial year is \$159.517 million (2021: \$145.235 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 2021/22 financial year is \$4.608 million (2021: \$18.146 million).

10 Other expenses

	2021/22 Actual	2020/21 Last year
Other expenses	\$'000	\$'000
Insurance premiums	1,393	1,100
Subscriptions and levies	224	232
Debts written off	572	303
Impairment of receivables	(28)	(68)
Fees paid to auditors: Audit of Annual Report	163	150
Fees paid to auditors: Audit of debenture trust deed	7	7
Fees paid to auditors: Audit of LTP	38	91
Donations	4	5
Minimum lease payments under operating leases	3,140	1,886
Other operating expenses	68,361	64,580
Inventory consumption	670	549
Property, plant and equipment losses / (gains) on disposal	1,050	1,591
Councillors' remuneration: Meeting attendance fees and salary	1,093	1,092
Councillors' remuneration: Expenses	30	111
Investment fund management fees	356	411
Contracted services - pest control	815	802
Contracted services - buses	25,985	22,754
Total other expenses	103,873	95,596

Grant expenditure

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.

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

	2021/22	2020/21
	\$	\$
Chief Executive		
Salary		
Vaughan Payne	-	137,298
Chris McLay	341,670	244,442
Total salary paid	341,670	381,740
Vehicle (value per contract)	-	-
Vaughan Payne	-	2,225
Chris McLay	16,816	11,812
Total vehicle value	16,816	14,037
Total key management personnel remuneration	358,487	395,777

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 from 28 September 2020.

Elected representatives

	Salary	Travel time allowance	Total remuneration
	\$	\$	\$
This Year			
K Hodge	86,228	240	86,468
S Husband	73,860	159	74,019
S Kneebone	73,860	75	73,935
F Lichtwark	64,160	630	64,790
A MacPherson	64,160	-	64,160
T Mahuta	64,160	-	64,160
J Nickel	73,860	19	73,879
B Quayle	86,880	150	87,030
R Rimmington	143,580	-	143,580
P Storey	73,860	572	74,432
A Strange	73,860	349	74,209
D Tegg	64,160	604	64,764
H Vercoe	73,860	450	74,310
K White	73,860	1,730	75,590
Total	1,090,348	4,978	1,095,326
Last 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 MacPherson	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	1,091,688	20,053	1,111,741

Chairman Russ Rimmington had the full private use of a motor vehicle valued at \$3,590 until 10 May 2022 (2021: \$3,590)

The figures presented above exclude mileage expenses paid to councillors.

Employee remuneration

At balance date, the Council employed 488 (2021: 475) full-time employees, with the balance of staff representing 55 (2021: 60) 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:

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
< \$60,000	91	117
\$60,000-\$79,999	161	151
\$80,000-\$99,999	141	139
\$100,000-\$119,999	93	89
\$120,000-\$139,999	43	34
\$140,000-\$159,999	10	10
\$160,000-\$179,999	14	9
\$180,000-\$279,999	10	7
\$280,000-\$359,999	1	1
Total employees	564	557

Severance payments

For the year ended 30 June 2022 Waikato Regional Council made nil severance payments (2021: one severance payment value of \$1,550).

12 Employee benefit expenses

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Employee benefit expenses		
Salaries and wages	51,978	50,431
Defined contribution plan employer contributions	1,461	1,416
Increase/(decrease) in employee benefit liabilities	93	(129)
Total employee benefit expenses	53,532	51,718

The impact of the actuarial valuation of long service leave and retirement gratuity liability has been to decrease the employee benefit expense by \$300,000 in total (2021: \$135,000 decrease). The retirement gratuity liability decreased by \$106,000 and the long service leave liability decreased by \$194,000. Long service leave liabilities reduced as a result of employees using this leave throughout the year.

Employer contributions to defined contribution plans include contributions to KiwiSaver.

13 Current liabilities - employee benefits liabilities

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Current		
Annual leave	4,206	3,911
Long service leave	311	300
Retirement gratuities	428	408
Sick leave	428	331
Other employee benefits	685	1,212
Accrued pay	792	589
Total current portion	6,850	6,751

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Non-current		
Long service leave	1,939	2,144
Gratuities	311	437
Total non-current	2,250	2,581

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary growth rate. Any changes in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary growth assumed for an employee is the salary inflation component plus the promotional salary scale for that employee's age. The 10 year discount rate of 4.31 per cent (2021: 2.98 per cent) and a long-term salary growth rate of 1.76 per cent (2021: 1.88 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.

	2021/22 Actual	2020/21 Last year	2021/22 Actual \$'000	2020/21 Last year \$'000
<i>Councillors</i>			-	-
Remuneration			1,095	1,117
Full-time equivalent members	14	14	-	-
<i>Senior management team, including the Chief Executive</i>			-	-
Remuneration and post-employment benefits			1,791	1,752
Full-time equivalent members	7	6	-	-
Balance at 30 June			2,886	2,869
Total full-time equivalent personnel	21	20	2,886	2,869

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

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

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2021 nil).

16 Tax

	2021/22 Actual	2020/21 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	(5,576)	4,837
Tax at 28%	(1,561)	1,354
Plus (less) tax effect of:		
Non-deductible expenditure	1,561	-
Non-taxable revenue	-	(1,354)
Add: Revenue taxable to council	-	10
Less: Expenses deductible to council	(1)	(11)
Less: Tax expense over/understated prior period	-	-
Less: Payments reclassified to other expenditure	-	-
Tax loss not recognised	1	1
Tax expense	-	-

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

A deferred tax asset has not been recognised in relation to tax losses of \$37,760 (2021: \$32,935).

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)

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Gain/(loss) on changes in fair value of biological assets	63	(128)
Gain/(loss) on changes in fair value of other investments	(456)	-
Gain/(loss) on changes in fair value of property, plant and equipment	-	(287)
Unrealised loss on revaluation of interest rate swaps	-	-
Total	(393)	(415)

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Surplus/(deficit)	(5,576)	4,837
Add/(less) non-cash items:		
Depreciation and amortisation expense	11,139	9,976
Asset adjustments relating to disposals	-	98
Other gains and losses	393	415
Bad and doubtful debts	(56)	(109)
(Gains)/losses on derivative financial instruments	(2,316)	(1,227)
Total non-cash items	9,160	9,153
Add/(less) items classified as investing or financing activities:		
Change in market value of investments	5,372	(9,009)
Net loss/(gain) on disposal of property, plant and equipment	1,050	1,591
Total items classified as investing or financing activities	6,422	(7,418)
Add (less) items movements in working capital items		
Creditors and other payables	(3,552)	10,093
Current employee entitlements	98	118
Non-current employee entitlements	(331)	(133)
Prepayments	(509)	(776)
Work in progress and inventory	(563)	147
Debtors and other receivables	(4,933)	2,218
Other investments	-	-
Net cash inflow/(outflow) from operating activities	216	18,239

19 Cash and cash equivalents

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.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Cash at bank and in hand	2,834	23,434
Term deposits maturing three months or less from date of acquisition	-	-
Investments under management	-	1,173
Total cash and cash equivalents	2,834	24,607

The reported balance includes \$1.523 million (2021 \$1.179 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 2022 range from 0.86 - 1.90 per cent. (2021: 0.86 - 1.15 percent)

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 2022 the investment fund was invested with the following fund managers:

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Equity		
Harbour Asset Management (Trans Tasman)	6,999	10,532
Macquarie (AMP Capital) - Hedged	8,318	12,752
Stewart Investors (Colonial First State) - Unhedged	7,795	12,091
Net book amount	23,112	35,375
Fixed Interest		
Macquarie (AMP Capital) (Cash)	25,017	24,392
Fisher Funds (Global bonds)	21,004	23,152
Term deposits managed internally	10,143	9,749
Harbour NZ Short Duration	9,348	5,983
Less working capital held in fund	-	(1,173)
Net book amount	65,512	62,103
Property		
Fisher NZ Direct Property	6,321	5,689
First Sentier (Colonial First State) (\$NZ)	5,496	5,329
Net book amount	11,817	11,018
Total Net book amount	100,441	108,496

At 30 June 2022, the following investments were held by the council's fund managers.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Listed securities - held for trading		
NZ local authority investments	3,629	2,363
NZ Government guaranteed investments	6,703	5,122
Corporate investments	16,585	8,990
NZ cash/short term deposits	18,329	23,561
Overseas bonds	21,625	23,152
Equity investments	27,868	39,619
Property	5,702	5,689
Net book amount	100,441	108,496
Other Investment		
Term deposits with maturities greater than 3 months	20,405	12,401
NZ Local Government Insurance Corporation shares	20	20
Other investments	-	45
Net book amount	20,425	12,466
Investments in CCO		
Integrated Regional Information System shares	1,230	1,686
NZ Local Government Funding Agency Ltd (LGFA) - borrower notes	418	530
Net book amount	1,648	2,216
	122,514	123,178
Total Financial Assets		
Financial assets (investment fund)	100,441	108,496
Other investments	22,073	14,682
	122,514	123,178

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 \$23 million (\$368,000) and 2.5 per cent of \$2 million (\$50,000) of council's borrowing from LGFA. The borrowing notes are repaid to council as the underlying debt matures.

2021/22 Actual	2020/21 Last year
\$'000	\$'000

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

Current portion		
Term Deposits	20,405	12,401
Community loans	-	45
Non-current portion		
Financial assets (investment fund)	100,441	108,496
Community loans	-	-
NZ Local Government Insurance Corporation shares	20	20
Investments in CCOs	1,648	2,216
	122,515	123,178

It is the councils 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:

2021/22 Actual	2020/21 Last year
\$'000	\$'000

2022

0-1 year	22,440	29,656
1-3 years	15,513	4,589
Greater than three years	34,587	34,632
No specified maturity date	27,901	39,619
	100,441	108,496

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

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 (2021: \$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 nil (2021:\$45,000)

Other financial

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

The council's investment fund made a loss of \$5.372 million against an Annual Plan budgeted return of \$4.739 million reflecting market volatility over the year. The council continues to take external advice as to changes to be made to any asset class mix.

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

22 Treasury risk management policy

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

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

23 Financial instruments

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 2022				
Cash and cash equivalent	2,834	-	-	2,834
Receivables and prepayments	23,067	-	-	23,067
Other financial assets:				
Term Deposits	20,405	-	-	20,405
Community loans	-	-	-	-
Investment fund	-	-	100,441	100,441
Investments in CCOs	-	1,649	-	1,649
Unlisted shares	-	20	-	20
Derivative financial instruments - not hedge accounted	1,148	-	-	1,148
Total	47,454	1,669	100,441	149,564
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

Liabilities	Liabilities at fair value through surplus or deficit	Measured at amortised cost	Total
	\$'000	\$'000	\$'000
30 June 2022			
Payables and accruals	-	27,264	27,264
Derivative financial instruments - not hedge accounted	2	-	2
Borrowing secured loans	-	25,119	25,119
Total liabilities	2	52,383	52,385
30 June 2021			
Payables and accruals	-	30,814	30,814
Derivative financial instruments - not hedge accounted	1,170	-	1,170
Borrowing secured loans	-	32,167	32,167
Total liabilities	1,170	62,981	64,151

(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 2022 AUD \$7,047,924 converted to NZD \$7,794,652: exchange rate NZD/AUD: 0.904). (30 June 2021 AUD \$11,253,290 converted to NZD \$12,091,211: exchange rate NZD/AUD: 0.931)

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 2022 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 \$331,000 (2021:\$373,000).

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 2022	Interest rate risk			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
Financial assets	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	(28)	-	28	-
Derivatives - non hedge accounting	(872)	-	802	-
Total sensitivity	(900)	-	830	-

30 June 2022	Equity price risk			
	-100bps		+100 bps	
	Surplus	Equity	Surplus	Equity
Financial assets				
Other financial assets	(231)	-	231	-
Total sensitivity to equity price risk	(231)	-	231	-

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

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 \$2.834 million (2021: \$24.607 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 \$28,000 (2021 \$246,000)

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:

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Cash at bank and term deposits	23,239	37,008
Debtors and other receivables	23,067	15,969
Community loans	-	45
LGFA borrower notes	418	530
Total credit risk	46,724	53,552

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.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Counterparties with credit ratings		
Cash at bank and term bank deposits		
A	-	-
AA-	23,239	37,008
Total	23,239	37,008
stock and government bonds		
AAA	418	530
Total	418	530
Counterparties without credit ratings		
Community and related party loans:		
Existing counterparty with no defaults in the past	-	45
Total cash at bank, term deposits and loans	-	45

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 2022 council had borrowed \$25 million (2021 \$32 million) and held borrower notes with a face value of \$418,000 (2021 \$530,000).

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.

	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

30 June 2022

Trade and other payables	27,264	-	-	-	27,264	27,264
Secured borrowing	7,114	6,203	7,774	5,869	26,960	25,119
Total financial liabilities	34,378	6,203	7,774	5,869	54,224	52,383

	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

30 June 2021

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

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.

	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

30 June 2022

Net settled derivative liabilities	2	2	2	-	-	-
Total	2	2	2	-	-	-

30 June 2021

Net settled derivative liabilities	1,170	1,197	403	282	399	113
Total	1,170	1,197	403	282	399	113

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.

	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

30 June 2022

Cash and cash equivalents	2,834	-	-	-	2,834	2,834
Debtors and other receivables	23,067	-	-	-	23,067	23,067
Other financial assets:	-	-	-	-	-	-
- term deposits	20,405	-	-	-	20,405	20,405
- community and related party loans	-	-	-	-	-	-
Investment fund	33,280	5,620	33,584	27,957	100,441	100,441
Investment in CCO	113	96	112	1,328	1,649	1,649
Unlisted shares	-	-	-	20	20	20
Total financial assets	79,699	5,716	33,696	29,305	148,416	148,416

	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

30 June 2021

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

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

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000

30 June 2021

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				
Derivative financial instruments	(1,170)	(1,170)	-	-
Total financial liabilities	(1,170)	(1,170)	-	-

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

24 Receivables

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Exchange		
Net trade receivables		
Other receivables	11,366	7,690
Provision for doubtful receivables	(661)	(657)
Net debtors	10,705	7,033
Receivables from exchange transactions	10,705	7,033
Non-exchange		
Rates receivables	7,958	6,339
Other receivables	3,049	3,430
Related party receivables	4	13
Provision for doubtful receivables	(814)	(846)
Net debtors	10,197	8,936
Receivables from non-exchange transactions	10,197	8,936
Total receivables	20,902	15,969

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 receivables 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 rates receivables that would otherwise be past due or impaired, whose terms have been renegotiated, are \$755,000 (2021: \$466,000).

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Past due > 120 days	5,165	4,169
Less impairment	(1,475)	(1,503)
Balance as at 30 June	3,690	2,666

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Not past due	14,811	12,997
Past due 1-60 days	2,281	285
Past due 61-120 days	120	21
Balance as at 30 June	17,212	13,303
Grand total	20,902	15,969

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.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Individual impairment	-	78
Collective impairment	1,475	1,425
Total provision for impairment	1,475	1,503

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:

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Past due 1-60 days	-	-
Past due 61 - 120 days	-	-
Past due >120 days	-	78
Total individual impairment	-	78

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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
At 1 July	1,503	1,544
Additional provisions made during the year	544	262
Receivables written off during the period	(572)	(303)
Total gross trade receivables	1,475	1,503

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

2021/22	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 22	Accumulated depreciation and impairment charges 30 June 22	Carrying amount 30 June 22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Operational assets

At cost &
valuation

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

Infrastructural assets

At cost &
valuation

Land	61,412	-	61,412	-	-	-	-	-	-	-	13,359	74,771	-	74,771
Bridges	1,804	(335)	1,469	-	-	(44)	-	-	-	-	-	1,804	(379)	1,425
Channels	35,328	(247)	35,081	8	(25)	(168)	-	-	-	-	9,406	44,717	(415)	44,302
Control gates	1,067	(396)	671	41	(14)	(91)	-	-	-	8	-	1,094	(479)	615
Culverts	1,894	(216)	1,678	98	-	(36)	-	-	-	-	-	1,992	(252)	1,740
Debris traps	224	(21)	203	15	-	(3)	-	-	-	-	-	239	(24)	215
Detentions	4,567	(682)	3,885	131	(2)	(116)	-	-	-	1	-	4,696	(797)	3,899
Drop structures	17	(8)	9	12	-	(2)	-	-	-	-	-	29	(10)	19
Fencing	4,049	(1,906)	2,143	11	-	(327)	-	-	-	-	-	4,060	(2,233)	1,827
Floodgates	42,699	(6,533)	36,166	169	(428)	(1,309)	-	-	-	43	-	42,440	(7,799)	34,641
General structures	3,178	(892)	2,286	-	(15)	(147)	-	-	-	-	-	3,163	(1,039)	2,124
Plantings	304	-	304	-	-	-	-	-	-	-	-	304	-	304
Pump stations	54,982	(11,582)	43,400	5,285	(511)	(2,153)	-	-	-	66	(613)	59,143	(13,669)	45,474
Retaining structures	15,074	(3,252)	11,822	15	(5)	(458)	-	-	-	4	-	15,084	(3,706)	11,378
River training works	2,596	(209)	2,387	-	(15)	(36)	-	-	-	-	-	2,581	(245)	2,336
Stopbanks	333,068	(14,434)	318,634	3,200	(308)	(2,062)	-	-	-	4	50,449	386,409	(16,492)	369,917
Weirs	344	(25)	319	-	-	(4)	-	-	-	-	-	344	(29)	315
Total	562,607	(40,738)	521,869	8,985	(1,323)	(6,956)	-	-	-	126	72,601	642,870	(47,568)	595,302
Work in progress														
- Bridges	101	-	101	-	-	(100)	-	-	-	-	-	1	-	1
- Channels	472	-	472	-	(1)	33	-	-	-	-	-	504	-	504

- Control gates	268	-	268	716	(3)	(100)	-	-	-	-	881	-	881
- Culverts	34	-	34	58	-	31	-	-	-	-	123	-	123
- Debris traps	4	-	4	-	(4)	-	-	-	-	-	-	-	-
- Detentions	315	-	315	39	-	(329)	-	-	-	-	25	-	25
- Drop structures	-	-	-	-	-	-	-	-	-	-	-	-	-
- Fencing	-	-	-	7	-	3	-	-	-	-	10	-	10
- Floodgates	263	-	263	625	(3)	31	-	-	-	-	916	-	916
- General structures	23	-	23	1	-	(18)	-	-	-	-	6	-	6
- Plantings	-	-	-	-	-	-	-	-	-	-	-	-	-
- Pump stations	8,801	-	8,801	4,617	(2,473)	(5,297)	-	-	-	-	5,648	-	5,648
- Retaining structures	-	-	-	-	-	19	-	-	-	-	19	-	19
- River training works	2,378	-	2,378	355	-	(96)	-	-	-	-	2,637	-	2,637
- Stopbanks	6,158	-	6,158	3,266	(34)	(3,132)	-	-	-	-	6,258	-	6,258
- Weirs	14	-	14	51	-	-	-	-	-	-	65	-	65
Total infrastructure work in progress	18,831	-	18,831	9,735	(2,518)	(8,955)	-	-	-	-	17,093	-	17,093
Total property, plant and equipment	615,773	(53,591)	562,182	20,933	(6,712)	(8,955)	-	(10,128)	2,594	72,601	693,640	(61,125)	632,515

2020/21	Cost / revaluation \$'000	Accumulated depreciation and impairment charges	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
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
Computer equipment	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
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
Dententions	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
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
- Weirs	-	-	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-	14
Total infrastructure work in progress	16,691	0	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							

Infrastructural assets - further disclosures

30-June-2022	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	595,302	8,985	623,311
Total infrastructural assets	595,302	8,985	623,311

30-June-2021	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

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 2022 is work in progress in the following asset classes: Buildings \$17,000 (2021 Nil), Vehicles \$218,000 (2021 Nil), Plant and equipment \$617,000 (2021 \$1,467,000) and Computer Equipment \$179,000 (2021 \$346,000).

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.

To perform the assessment Council uses indexing to capture the increased fair values. The New Zealand Capital Goods Price Index is used to calculate the increase for the relevant period of time since the last full revaluation. The index is applied on an asset class basis and applies the index category that best matches our asset class type. The fair value assessment is performed internally by management and then an independent external valuer is engaged to perform a peer review of the assessment.

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. A desktop valuation was performed to determine the fair value of the Infrastructural Assets as at 30 June 2022, the valuation used Capital Price Good Indices published by Statistics New Zealand. The valuation was then reviewed by an independent registered valuer. Due to the rising costs since the last valuation the asset fair values differed materially from their carrying values and a gain on revaluation was recognised in the Statement of Comprehensive Revenue and Expenditure.

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. A desktop valuation was performed by QV New Zealand to determine the fair value of the Infrastructural Land Assets as at 30 June 2022. Comparable sales data was used to perform the valuation. Due to increased land prices since the last valuation the land fair values differed materially from their carrying values and a gain on revaluation was recognised in the Statement of Comprehensive Revenue and Expenditure.

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 2022.

Impairment

Impairment losses of \$615,000 have been recognised by council during 2022 (2021: \$Nil). This impairment is due to the Churchill East pump station being partially impaired as replacement parts are no longer available. Full replacement of the pump station is expected to be completed late 2023.

Collateral

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

Depreciation

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

Class of asset depreciated	Estimated useful life (Years)
<i>Operational assets</i>	
Buildings	25-75
Leasehold Improvements	15
Vehicles	7.5
Plant and Equipment	7.5-10
Computer Equipment	4-5
Office Furniture and Fittings	7.5
<i>Infrastructural Assets</i>	
Bridges	50-100
Channels	100
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 2022		
Opening net book amount	6,715	6,715
Additions	533	533
Disposals	(1,730)	(1,730)
Work in progress	390	390
Amortisation charge	(1,012)	(1,012)
Write back amortisation on disposal	1,730	1,730
Closing net book amount	6,626	6,626
Cost	14,821	14,821
Accumulated amortisation and impairment	(8,195)	(8,195)
Net book amount	6,626	6,626

	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

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.

Councils current Software as a Service (Saas) project does not meet the criteria for capitalisation and therefore has been expensed throughout the project life.

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 (2021: nil)

27 Forestry assets

Waikato Regional Council's forestry asset comprises approximately 78 hectares (2021 91 hectares) of Pinus radiata forest split between Ryan's block and Kuaoititi Forest. The Kuaoititi Forest was completely harvested during the 2020/21 year and had approximately 17 hectares replanted this financial year. The Ryan's Block remains unchanged with the plantation aged six to seven years.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Balance as at 1 July	113	755
Gains/(losses) arising from changes attributable to physical changes	64	-
Purchases	-	-
Sales	-	-
Harvest	-	(514)
Gains/(losses) arising from changes attributable to price changes	-	(128)
Carrying amount at 30 June	177	113

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 2022. 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:

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Community and services	-	-
Waikato civil defence and emergency management group	38	20
Regional hazards and emergency response	-	-
Flood protection and control works	6,974	6,737
Integrated catchment management	2	2
Regional transport connections	1122	738
Resource use	-	-
Science, policy and information	-	-
Council controlled organisations	-	-
Corporate and self funding	3,003	2,478
Depreciation and amortisation not directly related to group of activities	-	-
Total depreciation and amortisation expense	11,139	9,975

29 Asset insurance

As at 30 June 2022, 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 \$26.748 million (2021 \$28.565 million).
- Total insurance contracts to the value of \$300 million in relation to infrastructure assets having a book value of \$539.795 million (2021: \$540.700 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 \$539.795 million (2021: \$540.700). 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 2022 the balance of these reserves was \$8.148 million (2021: \$7.956 million).

30 Inventories and work in progress

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
<i>Inventory held for distribution</i>		
Raw materials at cost	1,421	619
<i>Commercial inventories</i>		
<i>Inventory held for use in the provision of services</i>		
Work in progress	934	1,173
Total inventory and work in progress	2,355	1,792

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.

2021/22 Actual	2020/21 Last year
\$'000	\$'000

Interest rate swaps

Interest rate swaps - non current assets	1,148	-
Interest rate swaps - current liabilities	2	-
Interest rate swaps - non current liabilities	-	1,170
Total net derivative financial instruments	1,146	(1,170)

Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts totalled \$23 million (2021 \$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

2021/22 Actual	2020/21 Last year
\$'000	\$'000

Non-exchange

Funds held on behalf of third parties	1,918	1,579
Total creditors and other payables from non-exchange transactions	1,918	1,579

Exchange

Trade payables	12,647	12,111
Deposits and bonds	38	38
Accrued expenses	4,211	7,756
Other payables	8,450	9,332
Total creditors and other payables from exchange transactions	25,346	29,237
Total current creditors and other payables	27,264	30,816

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.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Secured borrowing	7,028	7,026
Total secured current interest bearing borrowings	7,028	7,026
Total current portion	7,028	7,026
Secured borrowing	18,090	25,141
Total secured non-current interest bearing borrowings	18,090	25,141
Total non-current portion	18,090	25,141

Interest terms for secured loans

Council's secured debt of \$25.118 million (2021 \$32.167 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 11 swap contracts in place (2021 8). These swap contracts have a notional value of \$23 million dollars (2021 \$18 million). The swaps convert part of council's borrowing from floating to fixed rates. The majority of swaps were entered into in the 2018/19 and 2019/20 financial years with three new swaps being entered into in this financial year. There were no maturities during the year.

At 30 June 2022 total borrowings from the Local Government Funding Agency Ltd were \$25 million (2021 \$32 million). The average cost of interest was 3.06 per cent (2021 2.62 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:

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Capital commitments		
Vehicles	65	65
Other plant and equipment	1,046	671
Intangible assets	126	778
Flood protection and control	1,905	1,671
Total capital commitments	3,141	3,185

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.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Not later than one year	3,570	3,592
Later than one year and not later than five years	12,765	13,257
Later than five years	30,240	30,269
Total non-cancellable operating leases	46,575	47,118

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.

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Not later than one year	140	140
Later than one year and not later than five years	35	175
Later than five years	-	-
Total non-cancellable operating leases	175	315

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 balance date council is involved in one legal proceeding where a statement of claim has been made to us. The matter is regarding a dispute over a resource use consent previously issued by council. The councils insurers have engaged legal representation to defend the proceeding and given that the value of the claim is uncertain and that the likelihood of any adverse outcome will be covered by our insurance no provision for this has been made in these accounts.

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 (2021: \$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 AAA.

Council is one of 68 local authority guarantors of the LGFA as at 30 June 2022. The aggregate amount of uncalled shareholder capital (\$20 million) is available in the event that an imminent default is identified, the council is not a shareholder. Together with the other shareholders and guarantors, the council is a guarantor of all of LGFA's borrowings. At 30 June 2022, LGFA had borrowings totaling \$16.826 billion (2021 \$14.390 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

	2021/22 Actual	2020/21 Last year
	\$'000	\$'000
Accumulated funds	220,754	221,239
Other reserves	508,998	441,488
Balance at 30 June 2022	729,752	662,727

Accumulated funds

Balance at 1 July	221,239	224,451
Transfer to reserves	5,091	(8,049)
Surplus/(deficit) for the year	(5,576)	4,837
Balance 30 June	220,754	221,239

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

2022

Regional disaster recovery	Integrated catchment management; Flood protection and control works	4,480	789	(681)	4,588
Waihou Piako Scheme	Integrated catchment management; Flood protection and control works	(809)	13,073	(12,134)	130
Lower Waikato main channel	Flood protection and control works	2,402	-	-	2,402
Watershed	Integrated catchment management; Flood protection and control works	8,793	18,078	(16,418)	10,453
Coromandel	Integrated catchment management; Flood protection and control works	3,831	4,201	(3,704)	4,328
West coast	Integrated catchment management; Flood protection and control works	184	3,016	(2,855)	345
Zone disaster recovery	Integrated catchment management; Flood protection and control works	3,475	635	(551)	3,559
Drainage	Flood protection and control works	(1,652)	7,999	(7,636)	(1,289)
Civil defence	Waikato civil defence and emergency management group	(187)	10,243	(9,756)	300
Natural heritage	Integrated catchment management	837	2,468	(2,875)	430
Biosecurity	Integrated catchment management	3,208	28,922	(28,017)	4,113
Environmental initiatives	Integrated catchment management	(1)	391	(351)	39
General	Community and services	1,484	766	(1,418)	832
Permitted activity monitoring	Resource use	428	2,000	(1,941)	487

Building Act contingency	Resource use	84	27	(24)	87
Complaints and enforcement	Resource use	72	-	-	72
Stock truck effluent	Science, policy and information	445	285	(213)	517
Public transport	Public transport	1,814	18,769	(19,110)	1,473
Integrated Regional Information System (IRIS)	Corporate (council controlled organisations)	389	211	(252)	348
Motor vehicle and plant	Corporate	748	689	(536)	901
Operational fixed asset depreciation	Corporate	1,247	-	(500)	747
Communications network	Corporate	550	-	-	550
Investment fund equalisation	Corporate (Treasury)	13,646	9,338	(24,112)	(1,128)
Investment fund capital protection	Corporate (Treasury)	13,092	7,508	(1,232)	19,368
Pathways to the sea	Flood protection and control works	136	77	(155)	58
Derivative Financial Instruments	Corporate (Treasury)	(1,170)	1,678	(638)	(130)
Shovel Ready Reserve	Integrated catchment management; Flood protection and control works	93	-	-	93
Hauraki plan change	Science, policy and information	93	-	-	93
Regional development fund	Science, policy and information	7,119	-	-	7,119
Contaminated Land Investigation	Science, policy and information	398	-	-	398
		65,229	131,163	(135,109)	61,283

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)	4,480
Waihou Piako Scheme	Integrated catchment management; Flood protection and control works	(706)	8,477	(8,580)	(809)
Lower Waikato main channel	Flood protection and control works	2,402	-	-	2,402
Watershed	Integrated catchment management; Flood protection and control works	8,988	15,641	(15,836)	8,793
Coromandel	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	Flood protection and control works	(1,963)	6,120	(5,809)	(1,652)
Civil defence	Waikato civil defense and emergency management group	(135)	8,541	(8,593)	(187)
Natural 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	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, policy and information	362	597	(514)	445
Public transport	Public transport	1,437	30,661	(30,284)	1,814
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
Pathways to the sea	Flood protection and control works	254	-	(118)	136
Derivative financial instruments	Corporate (Treasury)	(2,397)	1,227	-	(1,170)
Shovel Ready Reserve	Integrated catchment management	-	93	-	93
Hauraki plan change	Science, policy and information	193	150	(250)	93
Regional development fund	Science, policy and information	5,539	1,580	-	7,119
Contaminated Land Investigation	Science, policy and information	398	-	-	398
		56,448	103,897	(95,116)	65,229

	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
Asset revaluation reserve 2022				
Operational buildings	-	-	-	-
Operational Land	3,738	-	-	3,738
Infrastructural assets				0
- Bridges	858	-	-	858
- Channels	5,471	9,406	(26)	14,851
- Control gates	-	-	-	0
- Culverts	873	-	-	873
- Debris traps	178	-	-	178
- Detentions	3,047	-	-	3,047
- Fencing	4,328	-	-	4,328
- Floodgates	28,796	-	(385)	28,411
- Land	44,761	13,359	-	58,120
- Plantings	114	-	-	114
- Pump stations	24,847	(613)	(446)	23,788
- Retaining structures	9,570	-	(2)	9,568
- River training works	493	-	-	493
- Stopbanks	247,540	50,449	(285)	297,704
- Structures	1,425	-	-	1,425
- Weirs	220	-	(1)	219
Balance at 30 June	376,259	72,601	(1,145)	447,715

	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
Asset revaluation reserve 2021				
Operational buildings	74	(74)		-
Operational Land	3,440	298	-	3,738
Infrastructural assets				
- Bridges	858	-	-	858
- Channels	5,471	-	-	5,471
- 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

	2021/22 Actual \$'000	2020/21 Last year \$'000
Balance 1 July	376,259	376,762
Revaluation adjustment	72,601	224
Transfer to accumulated funds on disposal of property	(1,145)	(727)
Balance 30 June	447,715	376,259

Disaster recovery (regional and zone)

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

Waihou Piako Scheme

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

Watershed (including lower Waikato main channel)

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

Coromandel

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

West coast

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

Drainage

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

Civil defence

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

Natural Heritage

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

Biosecurity

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

Environmental Initiatives

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

General

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

Permitted activity monitoring

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

Building Act contingency

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

Complaints and enforcement

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

Stock truck effluent

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

Public transport

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

Integrated Regional Information System (IRIS)

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

Motor vehicle and plant

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

Computer

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

Operational fixed asset depreciation

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

Communications network

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

Investment fund equalisation

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

Investment fund capital protection

To recognise the provision for the investment fund inflation proofing.

Pathways to the sea

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

Derivative financial instruments

To recognise the fluctuations in the value of derivative financial instruments. As financial instruments are held to maturity, movements in the value of the instruments 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.

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.

Accounting Policy

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

- accumulated funds
- property revaluation reserves
- restricted reserves.

Restricted reserves

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

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

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

Property revaluation reserve

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

37 Capital management

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

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

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

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

Waikato Regional Council has the following council created reserves:

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

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

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

38 Compliance with the council's policies

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

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

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

39 Events occurring after the balance sheet date

No significant events have occurred after balance date that would impact these financial statements.

40 Statements of service performance

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

Preparation of internal reports

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

Capital works

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

Maintenance works

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

Performance review

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

Ngā tahua ā-wāhanga

Group of activity funding impact statements

Community and services	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,362	6,121	6,121
Targeted rates	1235	889	890
Subsidies and grants for operating purposes	536	0	5
Fees and charges	220	0	3
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	12,353	7,009	7,019
Applications of operating funding			
Payments to staff and suppliers	10,066	4,639	4,848
Finance costs	182	130	-
Internal charges and overheads applied	4,546	2,092	2,322
Other operating funding applications	-	-	-
Total applications of operating funding (B)	14,794	6,860	7,171
Surplus (deficit) of operating funding (A-B)	(2,441)	149	(152)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,324	983	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,324	983	-
Applications of capital funding			
Capital expenditure			

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(117)	1,132	(152)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(117)	1,132	(152)
Surplus (deficit) of capital funding (C-D)	2,441	(149)	152
Funding balance ((A-B)+(C-D))	-	-	-

Waikato Civil Defence Emergency Management Group

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,922	2,449	2,448
Subsidies and grants for operating purposes	-	-	-
Fees and charges	617	759	787
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	2,539	3,208	3,235
Applications of operating funding			
Payments to staff and suppliers	1,869	2,317	2,086
Finance costs	-	-	-
Internal charges and overheads applied	682	868	969
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,551	3,185	3,055
Surplus (deficit) of operating funding (A-B)	(12)	23	180
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
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	-	-	1
Increase (decrease) in reserves	(12)	23	179
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(12)	23	180
Surplus (deficit) of capital funding (C-D)	12	(23)	(180)
Funding balance ((A-B)+(C-D))	-	-	-

Regional hazards and emergency response

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,882	1,601	1,601
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	190	217	62
Internal charges and overheads recovered	155	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	2,227	1,817	1,663
Applications of operating funding			

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Payments to staff and suppliers	1,337	974	1,163
Finance costs	-	-	-
Internal charges and overheads applied	890	844	2,976
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,227	1,817	4,138
Surplus (deficit) of operating funding (A-B)	-	-	(2,475)

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	-	-	(2,475)
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	-	-	(2,475)

Surplus (deficit) of capital funding (C-D)	-	-	2,475
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Funding balance ((A-B)+(C-D))	-	-	-
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Flood protection and control works

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,449	2,868	2,868

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Targeted rates	23,153	19,990	19,800
Subsidies and grants for operating purposes	-	-	89
Fees and charges	806	772	822
Internal charges and overheads recovered	3,048	4,818	4,331
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	2
Total operating funding (A)	30,456	28,448	27,912

Applications of operating funding			
Payments to staff and suppliers	13,030	12,388	12,127
Finance costs	841	327	45
Internal charges and overheads applied	6,757	10,105	10,983
Other operating funding applications	-	-	-
Total applications of operating funding (B)	20,628	22,820	23,155
Surplus (deficit) of operating funding (A-B)	9,828	5,628	4,757

Sources of capital funding			
Subsidies and grants for capital expenditure	-	7,078	4,684
Development and financial contributions	-	-	-
Increase (decrease) in debt	4,934	17,377	(1,080)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,934	24,456	3,604

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,540	2,930	
- to replace existing assets	12,173	27,262	7,435
Increase (decrease) in reserves	49	(109)	926
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	14,762	30,083	8,361

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Surplus (deficit) of capital funding (C-D)	(9,828)	(5,628)	(4,757)

Funding balance ((A-B)+(C-D))	-	-	-
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Integrated catchment management

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,504	10,005	9,968
Targeted rates	19,614	18,639	18,549
Subsidies and grants for operating purposes	-	1,669	5,850
Fees and charges	1,160	6,261	3,222
Internal charges and overheads recovered	1,083	2,062	1,133
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	65
Total operating funding (A)	31,361	38,636	38,787

Applications of operating funding			
Payments to staff and suppliers	22,799	29,633	25,760
Finance costs	(49)	(52)	(82)
Internal charges and overheads applied	9,796	10,456	9,417
Other operating funding applications	-	-	-
Total applications of operating funding (B)	32,546	40,037	35,095
Surplus (deficit) of operating funding (A-B)	(1,185)	(1,401)	3,692

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

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	78	-
- to replace existing assets	-	-	351
Increase (decrease) in reserves	(953)	(1,479)	3,341
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	(953)	(1,401)	3,692
Surplus (deficit) of capital funding (C-D)	1,185	1,401	(3,692)
Funding balance ((A-B)+(C-D))	-	-	-

Public transport

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	1,615	1,615
Targeted rates	10,580	12,432	12,413
Subsidies and grants for operating purposes	17,657	21,813	19,624
Fees and charges	10,281	9,052	6,403
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	38,518	44,912	40,055
Applications of operating funding			
Payments to staff and suppliers	36,900	41,059	36,136
Finance costs	-	-	-
Internal charges and overheads applied	1,149	3,036	3,477
Other operating funding applications	-	-	-
Total applications of operating funding (B)	38,049	44,095	39,613
Surplus (deficit) of operating funding (A-B)	469	817	442

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 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	52	2,014	153
- to replace existing assets	-	-	-
Increase (decrease) in reserves	417	(1,197)	289
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	469	817	442
Surplus (deficit) of capital funding (C-D)	(469)	(817)	(442)
Funding balance ((A-B)+(C-D))	-	-	-

Resource use

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,551	10,199	10,198
Targeted rates	1,470	1,443	1,394
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,850	7,848	8,169
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	345	422	299
Total operating funding (A)	17,216	19,912	20,060

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Applications of operating funding			
Payments to staff and suppliers	9,842	11,531	11,097
Finance costs	262	120	126
Internal charges and overheads applied	7,356	8,649	8,841
Other operating funding applications	-	-	-
Total applications of operating funding (B)	17,460	20,300	20,064
Surplus (deficit) of operating funding (A-B)	(244)	(388)	(4)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,898	585	143
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,898	585	143
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,513	200	72
- to replace existing assets	145	140	113
Increase (decrease) in reserves	(4)	(143)	(46)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,654	197	139
Surplus (deficit) of capital funding (C-D)	244	388	4
Funding balance ((A-B)+(C-D))	-	-	-

Science and strategy

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	23,535	23,888	23,925
Targeted rates	-	-	-
Subsidies and grants for operating purposes	871	0	35
Fees and charges	3,557	4,119	4,615
Internal charges and overheads recovered	819	155	155
Local authorities fuel tax, fines, infringement fees, and other receipts	-	750	750
Total operating funding (A)	28,782	28,912	29,480

Applications of operating funding			
Payments to staff and suppliers	22,163	17,840	15,832
Finance costs	152	84	95
Internal charges and overheads applied	11,097	10,876	10,439
Other operating funding applications	-	-	-
Total applications of operating funding (B)	33,412	28,800	26,366
Surplus (deficit) of operating funding (A-B)	(4,630)	112	3,114

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(278)	(312)	(312)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(278)	(312)	(312)

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	595	951	591
- to replace existing assets	568	711	658
Increase (decrease) in reserves	(6,071)	(1,862)	1,553

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(4,908)	(200)	2,802
Surplus (deficit) of capital funding (C-D)	4,630	(112)	(3,114)
Funding balance ((A-B)+(C-D))	-	-	-

Corporate, self funding and other

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(3,173)	254	(422)
Targeted rates		-	-
Subsidies and grants for operating purposes		-	-
Fees and charges	190	1,120	570
Internal charges and overheads recovered	38,891	41,088	44,317
Local authorities fuel tax, fines, infringement fees, and other receipts	6,871	3,989	(5,972)
Total operating funding (A)	42,779	46,450	38,493

Applications of operating funding			
Payments to staff and suppliers	34,253	41,511	47,493
Finance costs	328	311	581
Internal charges and overheads applied	819	314	(2)
Other operating funding applications	-	-	-
Total applications of operating funding (B)	35,400	42,137	48,072
Surplus (deficit) of operating funding (A-B)	7,379	4,313	(9,579)

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(590)	410	(5,799)
Gross proceeds from the sale of assets	-	-	1,133
Lump sum contributions	-	-	-

	2021 LTP (\$000)	2022 LTP (Amended) (\$000)	2022 Actual (\$000)
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(590)	410	(4,666)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	225	
- to replace existing assets	1,427	1,701	753
Increase (decrease) in reserves	5,362	2,797	(14,998)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,789	4,723	(14,245)
Surplus (deficit) of capital funding (C-D)	(7,378)	(4,313)	9,579
Funding balance ((A-B)+(C-D))	-	-	-

Whole of council

	2021 Annual Plan (\$000)	2021 Actual (\$000)	2022 Annual Plan (\$000)	2022 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	50,582	49,867	56,550	55,874
Targeted rates	52,284	52,019	55,843	55,492
Subsidies and grants for operating purposes	17,907	23,183	23,483	25,603
Fees and charges	23,250	26,607	30,148	24,655
Interest and dividends from investments	6,291	9,359	4,739	(5,155)
Local authorities fuel tax, fines, infringement fees, and other receipts	345	1,120	422	299
Total operating funding (A)	150,658	162,155	171,185	156,768
Applications of operating funding				
Payments to staff and suppliers	150,220	145,791	161,008	156,028
Finance costs	1,602	840	921	764
Other operating funding applications			-	
Total applications of operating funding (B)	151,822	146,631	161,929	156,792

	2021 Annual Plan (\$000)	2021 Actual (\$000)	2022 Annual Plan (\$000)	2022 Actual (\$000)
Surplus (deficit) of operating funding (A-B)	(1,164)	15,524	9,256	(24)
Sources of capital funding				
Subsidies and grants for capital expenditure			7,078	4,684
Development and financial contributions			-	
Increase (decrease) in debt	16,667		19,042	(7,048)
Gross proceeds from sale of assets	-	12,521	-	1,133
Lump sum contributions			-	
Other dedicated capital funding			-	
Total sources of capital funding (C)	16,667	12,521	26,120	(1,231)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	2,756	9,435	6,398	816
- to replace existing assets	13,816	9,504	29,814	9,312
Increase (decrease) in reserves	(1,069)	9,106	(837)	(11,383)
Increase (decrease) of investments	-		-	
Total applications of capital funding (D)	15,503	28,045	35,376	(1,255)
Surplus (deficit) of capital funding (C-D)	1,164	(15,524)	(9,255)	24
Funding balance ((A-B)+(C-D))	-	-	-	-

Te tāhura ā ahumoni me ngā ritenga matawhāit

Financial reporting and prudence regulations

Annual report disclosure statement for the year ending 30 June 2022

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.

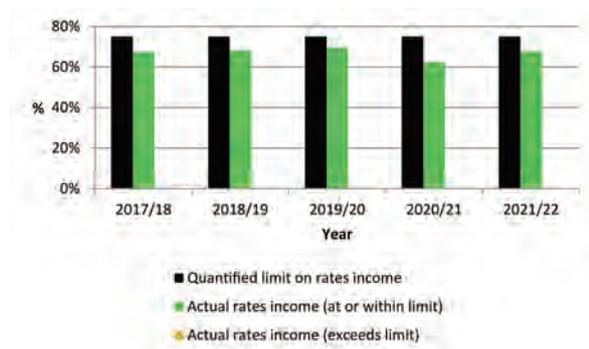
Rates affordability benchmark

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

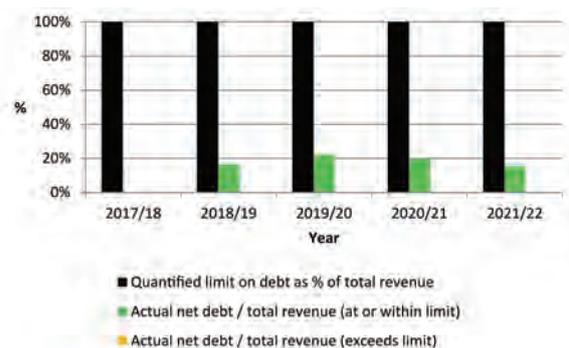
The following graphs compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long term plan. For the 2015-2025 long term plan the quantified limit was that increases in the annual rate revenue requirement will 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 and in the 2021-2031 long term plan an increase of 10% from current ratepayers.



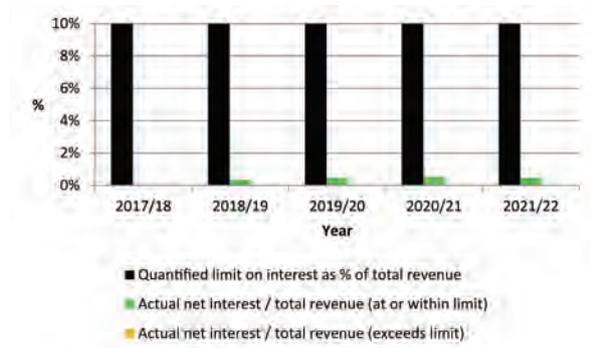
Debt affordability benchmark

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

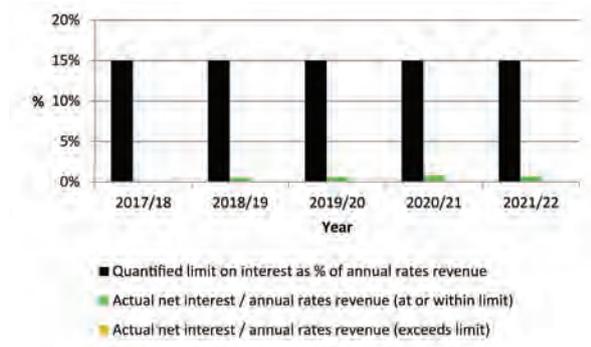
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net debt/total revenue is <100 per cent.



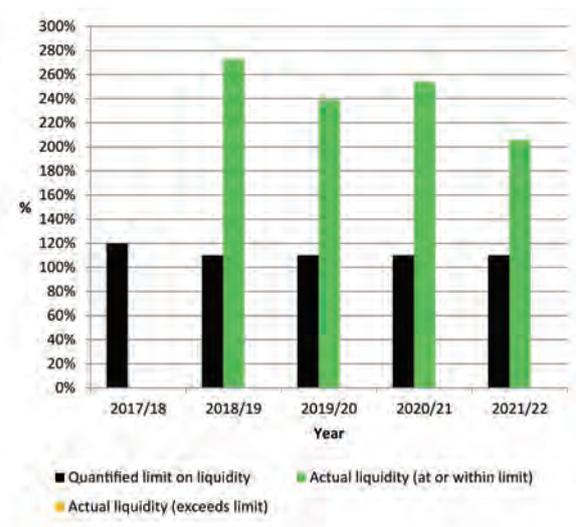
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net interest/total revenue is <10 per cent.



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.



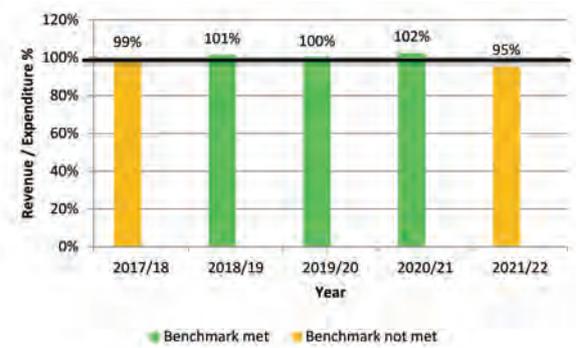
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. For the 2015-2025 long term plan the quantified limit was that liquidity was >120 per cent. For the 2018-2028 long term plan the 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.

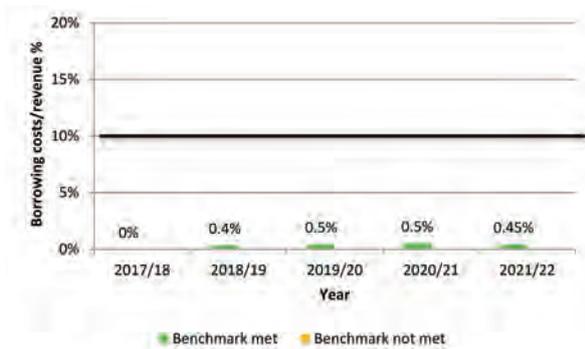
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

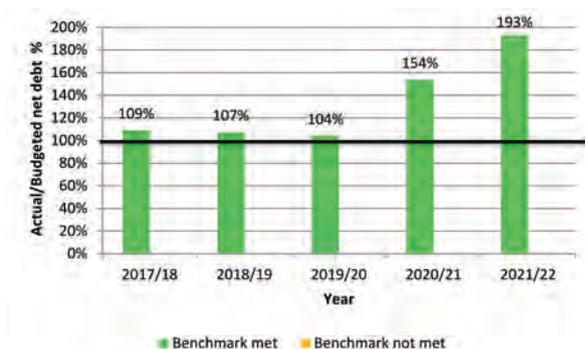
Because Statistics New Zealand projects the council's population will grow more slowly than the national population's growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 per cent of its revenue.



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).

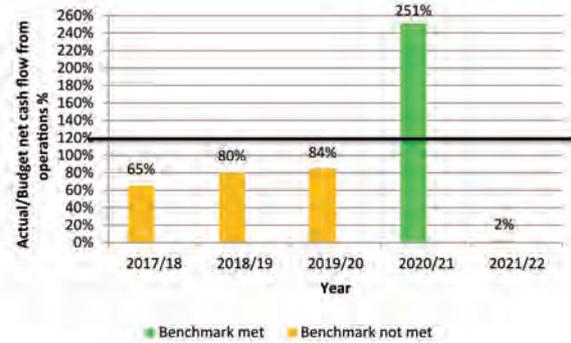
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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, council's financial assets exceed its financial liabilities for both actual and budget figures. This means that where actual net debt over budgeted net debt equals or exceeds 100 per cent, our actual net debt position is more favourable than planned and council meets the debt control benchmark.

Balanced budget Benchmark

The council did not meet this benchmark due to the reduced level of operating income driven by the investment income net loss of \$5.4 million and the lower than planned other income of \$5.5 million. The operating expenditure was lower than planned to offset this but only by \$2.5 million. The net impact of this \$8.4 million difference is that the councils operating income was only 95% of its operating expenditure.

Operations Control Benchmark

The benchmark displays actual net cash flow from operating activities as a proportion of planned net cash flow from operating activities. In the 2021/22 financial year, the council did not meet this measure as payments to suppliers and employees was \$13.6 million higher than planned reflecting the higher costs of activities faced by the council. This was partially offset by a \$4.2 million favourable difference of receipts from customers. The net impact of this unfavourable difference of \$9.4 million is that cash flow from operating activities was a mere 2% of the planned cash flow.

SECTION 5:
Ko ētehi atu kōrero/mea
Supplementary material

Te tāhura mō te Ture Rapu me te Tūteinga

Search and Surveillance Act reporting

Pursuant to Section 171 of the Search and Surveillance Act 2012 it is confirmed, for the purpose of annual reporting on behalf of the Waikato Regional Council, that in the period 1 July 2021 to 30 June 2022:

- (a) the number of occasions on which entry or search powers were exercised without a warrant in the period covered by the report: **NIL**
- (b) the number of occasions on which warrantless surveillance powers were exercised in the period covered by the report that involved the use of a surveillance device: **NIL**
- (c) in respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used—
 - (i) for a period of no more than 24 hours: **NIL**
 - (ii) for a period of more than 24 hours but no more than 48 hours: **NIL**
- (d) the number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power in the period covered by the report: **NIL**
- (e) the matters set out in Section 27 in relation to surveillance device warrants and declaratory orders: **NIL**.



Ngā rōpū e whai mana ai Te Kaunihera

Council controlled organisations

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 2022 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 2021/22

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+	Unable to currently measure. No business cases were presented to the Board during the last financial year but there were various Discovery reports for initiatives and expansive resourcing required to develop Co-Lab Learning. By their nature, some of these opportunities do not lend to readily quantifiable benefits. An example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the Future for Local Government review.
	Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	Achieved. 9 councils (out of 12 shareholding councils) have agreed to participate in Co-Lab Learning following proposals in May 2022.8 Councils chose to participate (and invest in) the Community Needs Analysis (CAN) project.
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines	80%	Not achieved. 43%: Five of the eight projects under development that had a major milestone during the year, had some delays in their progress. The most significant of these was the completion of the development of Co-Lab Learning. Although COVID-19 pressure in late 2021 contributed to the delays, the main cause was the length of time taken to reach agreement with key council stakeholder. It is easy to underestimate how long this will take. Completed on time were the Community Needs Analysis project, the Building consent Cadetship discovery project and the project to establish the Co-Lab Geospatial Services Unit.
	Opportunities / projects are developed / delivered, within approved budget	90%	Not achieved. 71%: Five of seven projects were completed within budget. The main exception was the Learning & Development Shred Services project where the cost of the project team went slightly over budget. This was a result of delays, and therefore extension of effort that is explained above.
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly	Achieved. During the last financial year, we presented the following to the Audit & Risk Committee: <ul style="list-style-type: none"> • Waikato Data Portal • PSP • Waters Collaboration • Insurance

Priority	Performance measure	Target	Outcome (progress towards target)
	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months	Achieved. 90% of projected quantifiable benefits are realised Unable to currently measure. A stakeholder survey was undertaken in May 2022 as noted above. 80% of respondents said that the services they received either met or exceeded their expectations.
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 2022 as noted above. 80% of respondents said that the services they received either met or exceeded their expectations.
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	Achieved. Ideas for future consideration and/or initiatives identified include: <ul style="list-style-type: none"> • Redesign of WBCG Quality Manual – In progress • Cadet Project – In progress • New Build Waikato website delivered – Completed • Water Data Quality dashboard • Fortnightly P&C response group for COVID-19 • The Insurance Advisory Group engaged Aon to undertake an assessment of potential losses to Waikato councils’ three-waters reticulation networks and flood protection assets due to earthquake damage • Procurement Managers have been involved in a few joint procurements

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 a 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 to extend the Trust's role of overseeing the nitrogen discharge agreements for a limited time. The future funders and settlors (Waikato Regional Council, Taupō District Council, and the Crown) will undertake and complete a review of the arrangement before the end of June 2023 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.

RSHL is in the process of restructuring to become the shared services organisation for the regional sector with an increased number of shareholding councils and a revised shareholding structure.

Company objectives

The objective of RSHL is to deliver shared solutions to the regional council sector along with collaborative outcomes, through sector special interest groups, to achieve:

- consistent, good-practice, regional-council-specific processes and functions
- value through economies of scale
- greater influence for the sector with central government through cohesion and collaboration
- reduced risk by ensuring continuity of supply, and control of the destiny of regional-sector-specific software.

Performance measure results for 2021/22

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 IRIS user survey was completed in November 2022. Results were reported to the board in February 2022 and reflected overall improvements in the performance of RSHL, Datacom and the IRIS Product.
Develop, approve, communicate and refine the product strategy for IRIS and IRIS Next Gen. Draft strategy presented to the Board by 31 December 2020.	<p>Complete. The IRIS NextGen Product Strategy consists of outputs created during the Discovery phase of the programme. These outputs support the product strategy framework of Vision, Programme Goals, SWOT analysis. Product Goals and Product Initiatives.</p> <p>Through the Discovery Phase, outputs were developed that will provide a framework to guide the development and implementation of the IRIS NextGen product:</p> <ul style="list-style-type: none"> • Good Practice Operating Model Baseline • Datascape solution mapping • Prioritised requirement backlog • Requirements Gap Analysis • Datascape development backlog • Integration approach • Stakeholder success assurance report • Organisational change strategy • Risk plan and mitigations • Implementation and transition priorities
Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Complete. The IRIS Development roadmap extends for 3 years. It is refined by the Advisory Group as required. The roadmap was presented to the board in November.

Performance measure	Commentary for the period ending 31 July 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. The total budget for major enhancements to IRIS was \$460,000 including \$110,000 for enhancements to the core product, \$150,000 for Business Intelligence Implementation and \$200,000 for data migration tools.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Budget Item</th> <th>SOI Budget</th> <th>Expenditure</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>BI Initiative</td> <td>\$150,000</td> <td>\$70,200</td> <td>\$79,800</td> </tr> <tr> <td>Data Migration</td> <td>\$200,000</td> <td>\$0</td> <td>\$200,000</td> </tr> <tr> <td>MAJs</td> <td>\$110,000</td> <td>\$61,539</td> <td>\$48,461</td> </tr> <tr> <td>TOTAL</td> <td>\$460,000</td> <td>\$131,739</td> <td>\$328,261</td> </tr> </tbody> </table> <p>MAJ Costs: MAJ057 “IRIS Advanced Search Enhancement was completed under budget for \$45,500. The balance of the costs being for releases.</p> <p>BI Initiative: The IRIS BI Application Module Implementation had a budget of \$70,200 and was completed exactly on budget.</p> <p>Data Migration: The Data Migration project did not progress as a MAJ in FY22. Scoping activity was funded from the MIN budget.</p>	Budget Item	SOI Budget	Expenditure	Variance	BI Initiative	\$150,000	\$70,200	\$79,800	Data Migration	\$200,000	\$0	\$200,000	MAJs	\$110,000	\$61,539	\$48,461	TOTAL	\$460,000	\$131,739	\$328,261
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Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	<p>Complete. In FY2022 \$236,040 was allocated for minor enhancements and \$263,000 had been spent. \$260,000 was allocated for minor enhancements and \$240,000 was spent.</p> <p>This minor overspend was offset by a significant underspend on Major Projects.</p>																				
Financial																					
RSHL will operate within approved budget, with any material variations approved by the Board.	Complete. RSHL operated within approved budget overall.																				
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 shareholders were exactly on budget at \$1,196,928.																				
Growth																					
Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholders base of RSHL.	Complete. RSHL expects that up to 4 additional councils will participate in IRIS NextGen, subject to approval of the Partnership agreement. They are BOPRC, ORC, TDC and NCC. Through the Sector Financial Management System all 16 regional sector organisations are customers of RSHL, MFE, MPI and LINZ also fund and receive benefit from our programmes.																				
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.	<p>Complete. Datacom have been selected as our partner for the implementation of IRIS NextGen, with an offering based on their ERP platform “Datascap” and professional services to support the development of good practice process.</p> <p>Up to 11 councils are expected to participate in IRIS NextGen.</p>																				
Be a service delivery vehicle for regional council sector shared programmes under the sector Financial Management System (Or similar).	<p>Complete. In FY2023 RSHL managed the funding for Te Uru Kahika work programmes with a total value of \$3.8 million. In the same time period \$3.6 million in funding was collected. The following programmes were included in the Sector Financial Management System:</p> <ul style="list-style-type: none"> ● ReCoCo Technology Projects ● Regional Sector Office ● EMAR ● Bio Managers 																				

Performance measure	Commentary for the period ending 31 July 2021
	<ul style="list-style-type: none"> • Bio Control • River Managers Projects • Shovel Ready Projects • Science Programme • Sector Business Plan • Essential Freshwater MFE Fund • Sector Special Projects
<p>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>	<p>Complete. Under the ReCoCo Programme RSHL supported the delivery of the following projects:</p> <ul style="list-style-type: none"> • Environmental Data Mobility Implementation • Environmental Data Programme • WellsNZ Implementation • Sector Reference Model Engagement Project • N-Cap Implementation <p>Appropriate project management controls were in place for each project.</p> <p>In addition, RSHL was responsible for the upgrade of Sectors collaboration portal to a modern Teams environment.</p> <p>RSHL also managed the funding for the follow sector programmes:</p> <ul style="list-style-type: none"> • LIDAR PGF Programme Manager • Retrolens <p>\$543,000 was collected in funding to support the ReCoCo Programme.</p>
<p>Work with the RCEOs Group to develop a business case for the Regional Sector Shared Services Organisation. Business Case to be considered by December 2021 to allow for the development of a new Statement of Intent in early 2022.</p>	<p>Complete. The business case for the Regional Sector Shared Services organisation was approved by the RCEOs on 3 August 2021.</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 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 Trust's operations for its 2021/22 financial year.

SECTION 6:
Arotake
Audit opinion

Independent Auditor's Report

To the readers of Waikato Regional Council's annual report for the year ended 30 June 2022

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.

Our audit was completed late

We completed our work on 29 June 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by Section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of COVID-19, including lockdowns.

Opinion on the audited information

In our opinion:

- the financial statements on pages 71 to 138:
 - present fairly, in all material respects:
 - the Regional Council's financial position as at 30 June 2022; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 150 to 151, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the statement of service performance (referred to as "Our activities in depth") on pages 21 to 68:
 - presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2022, 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 139 to 150, 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 on pages 139 to 150, 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 152 to 154, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's long-term plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council'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 auditor's report. However, future events or conditions may cause the Regional Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 20 and 155 to 164 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

Independence

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

Other than the audit and our report on the disclosure requirements, we carry out a limited assurance engagement related to the Regional Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



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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