

SECTION 1 Setting the scene |
Whakaritea te wāhi

Message from the chairperson and chief executive | Kōrero matua a te tiamana me te tumu whakarae

For 2019/20, we've stuck closely to the programme we signalled in the long term plan adopted in June last year.

It's the first time Waikato Regional Council has agreed an annual budget and work programme without seeking additional feedback from the public. That's because we consulted extensively on our 10 year plan and, with no significant changes, the Local Government Act now enables us to set the budget without further consultation.

The \$100.983 million budget means an average rates increase of 4.5 per cent for all properties (excluding targeted rates) - slightly below that proposed in the 2018-2028 Long Term Plan.

As planned through the long term plan, average targeted rates have risen 11.2 per cent, mainly driven by increases to biosecurity, public transport (Hamilton only) and catchment work.

For biosecurity, more funding is being put into pest control, including management of possums, wallabies and kauri dieback.

We're changing gears when it comes to public transport, with the establishment of a passenger rail service between Hamilton and Auckland – a transformational multi-agency project for the Waikato region. The regional council will be collecting rates from Hamilton ratepayers for the service due to rollout by mid-2020.

We're also stepping up investment in our public bus services. This includes providing for increased services into growing parts of Hamilton and to address bus travel time reliability issues caused by increasing congestion. Among other things, this additional investment will also see the long-awaited introduction of a new electronic ticketing system in the 2019/20 year, providing our passengers with some of the features they've been asking for. We have also budgeted to improve bus driver wages and are waiting a government partnership to resolve this issue.

We've been conscious of the financial impact of increasing investment in the Lower Waikato and Waihou-Piako catchments, so decided 12 months ago to spread the burden of rates increases over three years.

Maintaining our ageing flood protection assets comes at an increasing cost. That's because construction costs are continually rising, the climate is changing, land is subsiding and there are health and safety requirements and environmental considerations that didn't exist when the assets were designed and constructed.

Climate change is too important for us to ignore. We recognise that our changing climate will affect just about everything we do into the future and are front footing action on this issue. As part of the journey to reduce greenhouse gas emissions to net zero by 2050, we are measuring and managing our emissions – which will also save you money! We are adjusting our flood risk reduction and catchment management actions to reflect projected changes in sea level and storm occurrences.

Through the long term plan we committed seed funding to support a new regional theatre. Construction is planned to commence in 2019/20, with completion anticipated in 2020/21. Our funding contribution of \$5 million will be paid when all funding conditions have been met. On this basis, there will therefore be no rating impact for 2019/20. Starting in 2020/21, rates will be collected from regional ratepayers excluding those in Hamilton city who will contribute to the project through their Hamilton City Council rates.

In this financial year, we're also beginning an exciting journey to improve the way we work. In turn, this will help make it easier for you to do business with us.

- Construction of our new headquarters is getting underway and, when finished in July 2020, will bring all Hamilton staff together under the one roof in a purpose-built building.
- Project Reboot is a massive project which will see 28 ageing systems replaced by a single platform.
- We're implementing our business intelligence strategy which will give us greater understanding and oversight of our data so we can make better decisions.

There are cost drivers identified in 2018 that still remain – such as central government expecting us to do more, yet we receive no extra national funding. This is especially an issue when it comes to paying for the administrative, planning and implementation costs associated with meeting new and existing Treaty settlement obligations.

The Government is also undertaking reviews of issues such as fresh water, three waters (stormwater, waste water and drinking water), biosecurity and biodiversity, resource management and good farming practices, which all have the potential to affect the way we do our work and add to our costs.

We haven't let these issues hold us back. Where we can, we've looked to other funding sources to enable us to do more and to minimise cost to the ratepayer.

Over the past eight years, funding worth more than \$8.5 million has been provided by the Waikato River Authority (WRA) to partner with Waikato Regional Council to achieve work on the ground. This work – often carried out with landowners, groups or other agencies – goes a long way to achieving the Vision and Strategy for the Waikato River.

The WRA has told us it's one of their largest partnerships and they are incredibly grateful for the amount of support this council has provided.



ALAN LIVINGSTON

Chairperson

Not for the first time, we've had a valuable reminder of the success that comes from collaboration.

And that's why "working together" has been included in our mission – because together we can make the mighty Waikato the best it can be: a healthy and sustainable environment, an economy that's going places, and communities that are as resilient as they are vibrant.



VAUGHAN PAYNE

Chief Executive



Working together with our iwi partners, stakeholders and community, we can make the mighty Waikato the best it can be.

Your regional councillors | Ngā toki kaunihera me o rātou takiwā

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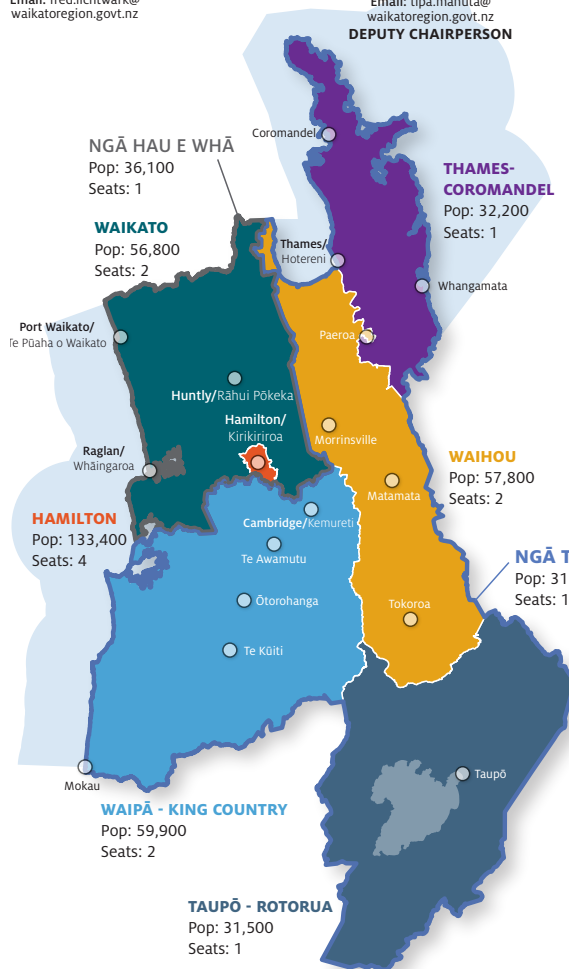


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Our priorities | O mātou whakaarotau

We have seven strategic priorities that guide our work. They are reviewed at the beginning of each council term to ensure we effectively address current and emerging issues. Our priorities are to:

- support communities to take action on agreed outcomes
- forge and strengthen partnerships to achieve positive outcomes for the region
- positively influence future land use choices to ensure long term sustainability
- manage fresh water more effectively to maximise regional benefit
- increase communities' understanding of risks and resilience to change
- enhance the values of the region's coasts and marine areas
- shape the development of the region so it enhances our quality of life.

Here's a snapshot of what we've been doing to achieve our priorities, as well as some of the work we will be doing in 2019/20 to make further gains.

Support communities to take action on agreed outcomes

A lot of what we do is geared towards improving the quality of life in the Waikato, and we know the challenges faced by our community are varied. That's why we are doing work like controlling pest plants and animals which threaten our region's native ecosystems, ensuring we're better prepared for natural disasters, and keeping people safer on our roads and waterways.

However, it's people who are key to the success of our rohe. Typically, local communities know their own issues best and are best placed to do something about them. That's why we focus on supporting landowners and communities to take action. In particular, we have a number of funds that support landowners and community groups to improve their natural environment and catchments.

Working with communities is especially important in our catchment planning and management. By including communities in the development and implementation of catchment plans, and encouraging landowners to take ownership, we get quality environmental outcomes. As a result, we're seeing an increased demand for this type of work.

We also give funding support to other organisations doing good work. Throughout 2019/20, we will continue to support groups such as Maungatautari Ecological Island Trust, Surf Life Saving, LandSAR, Coastguard, Philips Search and Rescue Trust and Coromandel Rescue Helicopter Trust.

Meanwhile, local government elections will be held in 2019. This is your chance to help build on the mighty Waikato, either by voting for the people who you think will make the right decisions to shape the region or by standing for election yourself. During the buildup to the elections, there will be an opportunity to speak to the candidates about what's important to you, your whānau and local community. Make sure you get involved.

Forge and strengthen partnerships to achieve positive outcomes for the region

Delivering on our programme of work requires collaboration and good partnerships. Our partnerships with iwi Māori and various organisations, including in education, community and business, are vital to achieve positive economic, environmental and social outcomes for the region.

We play a vital role in the implementation of Treaty settlement arrangements. We already have five joint management agreements with iwi throughout the region, and these mean we work together to ensure mutually beneficial environmental and resource management outcomes. Co-governance committees have been set up for collaborative decision making on our environmental issues and challenges. Central government expects us to do more in this space, but meeting the obligations of current and new Treaty settlements comes with administrative and planning costs. Of course we want to be successful in co-governance, so we are currently working with the Crown for appropriate financial contributions to achieve long term effective implementation.

Waikato Regional Council is one of 12 councils who own the company Waikato Local Authority Shared Services (Waikato LASS). This company promotes the sharing of services between local authorities in the region to gain efficiencies, reduce costs and remove duplication of effort. Waikato LASS has recently launched the Waikato Data Portal, a public platform on which we share data with each other and our ratepayers. Having this data freely available promotes progress, unlocks innovation and results in economic value for the region.

In the coming year, we will also continue to foster our relationship with Beef + Lamb NZ by holding workshops for farmers to support the completion of farm environment plans, we'll continue working with territorial authorities in our region to encourage and support them in giving effect to the Waikato Regional Policy Statement through their district plans, and we'll work with schools to implement our Enviroschools programme to encourage sustainable habits in children.

Positively influence future land use choices to ensure long term sustainability

Soil health, erosion, biodiversity and water quality are all interconnected when it comes to land use. Communities want the best from our land use, both environmentally and economically. Our natural resources support our economy and

communities in the long term, so we need to think about the potential impacts and benefits of land use and everyone's needs, including iwi Māori values and aspirations.

We have a number of policies and rules to improve management of land use and ensure the preservation of our natural resources for future generations, while also sustaining a strong economy. Two of these plans, the *Waikato Regional Coastal Plan* and the *Waikato Regional Plan*, are currently being reviewed in a process called Healthy Environments. This long term project is expected to be completed in 2028. It has to take into account changes to the Resource Management Act, which are yet to be proposed by central government, and updated or new national policy directives.

On the ground, there are many landowners, community groups and other agencies working to restore our region's environment so native plants and animals can thrive, or improving the quality of our waterways. We give them all the support we can, and we want to bring attention to the projects they're working on. Therefore, we're looking at ways to publicly promote the scale and investment of the work being done.

Waikato River Authority, a major funder of works to improve the Waikato River, is one such organisation doing good mahi to improve our natural environment. We partner with them to support communities and landowners undertaking work to protect our natural resources and improve water quality in the Waikato River catchment. Joint projects we're working on include realising the *Waipā Catchment Plan*, improving the Whirinaki catchment in the Upper Waikato Zone, and working alongside landowners in the Central Waikato Zone and Lower Waikato Zone (particularly to reduce erosion and improve water quality in the Matahuru, Mangapiko, Naike, Mangawara and Lake Waahi catchments). Partnering with Waikato River Authority means we can achieve more together.

Since 2015, the council has accessed funding from the Ministry for Primary Industries to distribute to landowners undertaking hill country erosion work. The programme initially focused on the western hill country of the Waikato, however, another \$3.7 million over four years has been secured from 2019/20. This funding will go towards riparian and reversion work, willow and poplar pole planting, retirement and forestry/mānuka planting in the Lower Waikato, Central, West Coast, Waipā and Coromandel zones.

Manage fresh water more effectively to maximise regional benefit

Communities and our economy need water. Clean water. So it's hardly surprising that water quality is what the majority of our communities tell us they care most about. In response to this, we worked with our communities to develop the *Waikato Freshwater Strategy*, a roadmap to achieve an integrated water management regime which will enable us to deliver the best use of fresh water over the next 30-50 years.

We've also undertaken a lot of work prioritising where in our various catchments we will get the best return on investment to improve water quality, biodiversity and soil stabilisation. Such mapping is informing both our regulatory and non-regulatory interventions.

Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1 is one way we are trying to make noticeable improvements to water quality. The proposed plan seeks to reduce the amount of contaminants entering the Waikato and Waipā catchments and achieve the *Vision and Strategy for the Waikato River/Te Ture Whaimana o Te Awa o Waikato*, which is making the river swimmable and viable for food collection along its entire length. The regional council's hearing and decisions process for *Healthy Rivers* is likely to be completed in 2019/20, and then submitters will have the opportunity to lodge any appeals. *Plan Change 1* is essential for implementing the *National Policy Statement for Freshwater Management*.

The management of water is certainly a hot topic for central government. Among its initiatives, the Government has released a paper, *Essential Freshwater*, which outlines its plan to restore and protect fresh water in New Zealand. The Government is also reviewing how improvements can be made to the regulation and supply of drinking water, waste water and stormwater. The outcome of these reviews may have an impact on our business, therefore we are actively involved in the review process in order to have a good understanding of how any changes will affect our functions and communities.

Elsewhere, with the help of other funders, we've started a three-year project to improve fish passage through our flood pumps. We need flood protection infrastructure to support the economic activities in our communities but they pose a barrier to native fish migration.

Increase communities' understanding of risks and resilience to change

Change is inevitable. It has the potential to increase people's vulnerability and impact on quality of life. We're facing declining and ageing populations in some areas, changes to jobs and technology, and climate change.

We are aware of the many challenges these may present going forward. As populations decline we may see issues with access to services; as sea levels rise and we get more frequent and intense weather patterns, we'll need to address that in flood management.

To ensure you're prepared, we're working to improve the quality of information and advice that we provide, and make it more accessible. This includes making it easy to find out what the hazards and risks are for all properties in the Waikato, and increasing our understanding of what climate change means for our region.

Part of this is investigating the sustainability of our flood protection and drainage infrastructure, and the ability of communities to continue to pay for this required service.

However, this is not just in response to climate change but also to address increasing expectations that our assets be environmentally sustainable.

Enhance the values of the region's coasts and marine areas

We monitor and protect the health of our marine environment to 12 nautical miles offshore. What happens on the land has an effect on this environment, with things like pollutants in run off, sedimentation and erosion causing negative impacts. Intensification of land use exacerbates these problems.

That's why our work to positively influence land use choices is extremely important. Healthy Environments, the review of both the *Regional Coastal Plan* and the *Waikato Regional Plan*, will consider the regulatory framework we use to ensure we protect our natural resources such as the marine environment.

We're also working with communities in a non-regulatory space to improve our harbour and catchments. We're fast-tracking non-statutory harbour and catchment plans for across the region. These plans, which are developed with the communities of our catchments, identify the issues and priorities to guide the work that we, other agencies, iwi and landowners do to improve freshwater quality, reduce sedimentation, stabilise river and catchment systems and enhance biodiversity.

We already have plans for Tairua, Whangamatā, Whangapoua and Wharekawa. In 2019/20 we will be working on completing plans for Whitianga/Mercury Bay and Coromandel/Manaia. We'll also be developing sub-catchment plans for the west coast harbours of Aotea, Kāwhiā and Whaingaroa.

Shape the development of the region so it enhances our quality of life

The Waikato region is a place of powerful possibilities. To harness all our potential, we connect people, ideas and information to be as strong as we can be. We make sure development happens within environmental limits and not at the expense of our quality of life.

As part of this priority, we signed up to support the development and implementation of the *Waikato Plan*. The *Waikato Plan*, a collaborative effort by local government, central government, iwi, businesses and communities, is a region wide overarching strategic plan to address the challenges we all face. It has a 30 year focus and supports a coordinated approach to plan for population and demographic change and investment in infrastructure such as rail, key roading networks, walkways and cycleways. It focuses on partnerships with iwi/Māori, protecting ecosystems, responding to climate change and addressing water allocation and quality issues. The plan seeks to advance the four wellbeings – social, economic, environmental and cultural – by championing regional economic development through attracting visitors.

Elsewhere, we're supporting a startup rail service between Hamilton and Auckland. Hamilton City Council asked us to rate for the new service in our 2018-2028 Long Term Plan and, after consultation with the community and confirmation of a

significant subsidy from NZTA, we've agreed to support this venture. The service is in response to congestion on the state highway between Hamilton and Auckland. It is anticipated to start in mid-2020.

The regional council has also, through the development of our 2018-2028 Long Term Plan, agreed to support a community initiative driven by Momentum Waikato to build a new theatre and creative precinct in Hamilton for the Waikato region. Having a regional theatre supports our goals of promoting social connections, enhancing the quality of life of Waikato residents, fostering economic development and attracting visitors to our region. Construction of the theatre is planned to begin in 2019/20, and it is anticipated that the new theatre will open in 2020/21. The council has committed to a funding contribution of \$5 million, which will be paid when all funding conditions have been met.

As a council, we are always looking to improve the quality of life of our communities. We keep this priority fresh by developing a new three-year strategic direction after every new council is formed. This will happen again after the local government elections in October 2019. Our new councillors will set their priorities for the triennium, taking into consideration the challenges and opportunities faced by the current council and the work that is already underway to respond to these challenges.



Double decker buses rolled out on Waikato Regional Council's public bus network for the first time in April 2018.