

Annual Report 2018/19

Pūrongo
Ā-tau 2018/19



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SECTION 1: Setting the scene | Whakaritea te wāhi

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

An election year is an especially good time to reflect on the work we do. It gives our residents and voters some insight into what Waikato Regional Council stands for, and it gives them an understanding of some of the issues we face and the decisions that will have to be made.

Over the 2016-2019 triennium, we focused on the seven priorities in our strategic direction: supporting communities to take action, forging and strengthening partnerships, positively influencing future land choices, managing fresh water, increasing communities' understanding of risks and resilience to change, enhancing our coastal and marine areas and supporting quality of life through regional development. We made great progress in some areas, and have set up the incoming council to continue to grow in others.

Every year, hundreds of volunteers and landowners spend thousands of hours working to protect our environment, and we support them where we can. In the last year, we contributed more than \$1.5 million in funding to help landowners tackle erosion and water quality issues, and improve biodiversity, on about 400 individual properties. We also financially supported various environmental initiatives – Maungatautari Ecological Island, Karioi Project and Coromandel Coastal Walkways – and helped fund voluntary emergency services Surf Life Saving, Coastguard, Philips Search and Rescue Trust, Coromandel Rescue Helicopter Trust and LandSAR.

Strategic partnerships have also strengthened for the betterment of the Waikato. The region's mayors have agreed to work together on climate change actions. This includes developing a roadmap of our activities as part of New Zealand's transition to net carbon zero by 2050. Councils can play an important role in this area by working with communities to reduce emissions. As an organisation, we've committed to reduce our emissions by 2 per cent every year. In 2018/19 we successfully achieved a 15 per cent reduction, although this was largely due to less rainfall so our flood pumps didn't operate for as many hours.

The Waikato Mayoral Forum also agreed that a new regional economic development entity should be formed, one which focused on business development, innovation, industry development and investment attraction services. In July 2018, Te Waka: Anga whakamua Waikato was established to support economic development in the region by promoting one set of agreed priorities.

This year has seen the signing of an agreement by iwi, local and central government agencies to develop a Hamilton-Auckland Corridor Plan, which will ensure joined-up

planning between Auckland and the Waikato. A key project of this, which the regional council is leading, is the start-up Hamilton-Auckland passenger rail service. NZ Transport Agency has just confirmed the funding of vital rail infrastructure, and we'll be helping to fund the operating costs of the service.

We have been working very closely with the Government in the last 12 months, particularly on the topic of fresh water as part of the Essential Freshwater review. As a regional council, fresh water is one of our priorities, but we need to acknowledge we are trying to turn around the impacts of over 150 years of land use intensification. That's why our Healthy Rivers/Wai Ora: Proposed Plan Change 1, which has progressed well in the last year, will be implemented over 80 years unless new technology enables us to move quicker.

Understanding environmental, economic and community impacts is a big part of what we do, and things are always changing. That's why we are regularly required to review our plans. We've started a huge project in the past year called Healthy Environments | He Taiao Mauriora. It's the combined review of our Coastal Regional Plan and Waikato Regional Plan, which will then become one plan, the Waikato Resource Management Plan (to be implemented in 2028).

We're now seeing noticeable progress as a result of our new and robust Regional Asset Management Plan. Paeroa has a new mechanical floodgate across State Highway 26, which has vastly improved our level of service to the town, and a new flood protection scheme with fish-friendly pumps is being built near Ngātea. We're developing a strategy to guide the management of flood pump related impediments to native fish as they migrate downstream, and to help with decision making around future investment in flood protection. We have some big decisions to make regarding our flood assets. Many of them are old but they are expensive to replace, with the cost exacerbated by stricter environmental, health and safety and compliance regulations.

Our systems protect properties and infrastructure worth \$31 billion and about \$850 million of agricultural output every year, but it's not always well known where they are or how they work. We have mapped all of our flood assets on the Waikato Regional Hazards Portal, developed this past year. The portal improves access to natural hazard information relating to the region. This fits with our policy to make all our information easily available for the public to support local decision making.

Financially, we've performed well this year and have achieved an operating surplus of \$11,000 compared to the forecast deficit of \$1.643 million set in the annual plan. The council's investment fund returned \$6.596 million for the year, against a budgeted return of \$5.43 million. We have also just sold the last of our Hamilton East properties ahead of our headquarters' move to a new leased site in Hamilton's CBD next year. This

has been a good investment for the council, and proceeds from the sale will be used to repay the remaining debt on the building and to pay for the fit-out of our new space.

Please take the time to read our 2018/19 Annual Report. We're proud of the work we do and our achievements, which would not be possible without our partnerships and collaboration with our communities.

Nā māua,

ALAN LIVINGSTON

Chairperson

VAUGHAN PAYNE

Chief Executive



The Comet is a new bus route successfully launched in Hamilton during the reporting period.

2018/19 year in review | Te arotake o te tau 2018/19

Financial Summary

What we planned	What we delivered
<p>Revenue</p> <p>Projected revenue for the year was \$134.106 million.</p> <p>Of this:</p> <ul style="list-style-type: none"> • \$92.206 million was to come from rates • \$13.898 million from subsidies and grants • \$11.529 million from fees and charges • \$6.643 million from returns on the council's investments. 	<p>Actual revenue was \$135.320 million. The key contributors to the variance from projected revenue levels include:</p> <ul style="list-style-type: none"> • The council's investment fund returned \$7.613 million for the year, against a budgeted return of \$6.643 million. • Contributions for responses to biosecurity, increased maritime activity and additional revenue associated with council's flood schemes contributed to a favourable variance (\$802,000) in other costs. • Partly offsetting the positive variances is lower than planned Subsidies and Grants (\$1.251 million). This was mainly from delays in the Regional Ticketing System and lower public transport contract costs leading to reduced subsidies from the New Zealand Transport Agency.
<p>Cost of services</p> <p>Waikato Regional Council's 2018/19 Annual Plan projected total expenditure of \$135.749 million.</p>	<p>Actual expenditure for the year was \$135.309 million. Non cash valuation adjustments for employee entitlements and derivative financial instruments were collectively over budget by \$1.995 million. In both cases the decreased valuations were the result of lower interest rates.</p> <p>Favourable variances for depreciation, other expenses and lower interest costs more than offset the valuation adjustments. Lower depreciation due to delays with the implementation of the regional ticketing system and fleet replacement resulted in \$1.188 million lower costs. There were savings in interest expenses of \$376,000. Other costs included a variety of savings including the timing of expenditure on pest control, forestry harvest costs and the development of sub catchment plans as part of the Healthy Rivers project. Favourable public transport expenditure was the result of delays in the implementation of new services in North Waikato and timings of a mass transport plan for Hamilton.</p>
<p>Net operating position</p> <p>A net operating deficit of \$1.643 million was projected.</p>	<p>Actual net operating surplus was \$11,000, with \$6.909 million transferred from reserves.</p>
<p>Capital expenditure</p> <p>Operating capital expenditure (including intangible assets) was projected to be \$5.498 million.</p> <p>Infrastructural capital expenditure was projected to be \$12.133 million.</p>	<p>Operational capital expenditure was \$5.054 million. This expenditure includes costs funded through the carryover of capital funding not spent in the previous financial year. \$7.224 million of unspent capital will be carried forward to 2019/20 to allow for the completion of planned capital projects. The major projects included within this budget carryover are the regional integrated public transport ticketing system (\$1.835 million), Lower Waikato barge (\$1.590 million), Healthy Rivers/Wai Ora implementation IT infrastructure (\$889,000), LiDAR (\$726,000) and vehicle replacement (\$705,000).</p> <p>Infrastructural capital expenditure was \$12.951 million. This expenditure includes costs funded through the carryover of capital funding not spent in the previous financial year. \$7.466 million of unspent capital will be carried forward to 2019/20</p>

What we planned	What we delivered
	<p>to allow for the completion of the planned capital works programme. The major projects included within this budget carry over are Mugeridge's pump station (\$4.344 million), Lower Waikato zone capital renewals (\$1.623 million) and Waihou/Piako zone capital renewals (\$1.012 million).</p>



Work on the carriages for the start-up Hamilton-Auckland passenger rail service got underway during the 2018/19 financial year.

Our Strategic Direction

Waikato Regional Council's strategic direction 2016-2019 sets out our role in making our place, the mighty Waikato, the best it can be. It shows the large number of things we continue to do for our community. It also identifies our three long term aims for the region and seven priority areas of work that we will focus on in order to make a real difference in the short term.

Our strategic direction is reviewed at the beginning of each council term to ensure we continue to effectively address current and emerging issues. The current 2016-2019 strategic direction was adopted in December 2016.

Our vision for the region is to care locally, compete globally. It's all about having a sustainable future where we are resilient to changes and can take advantage of global opportunities.

On the ground it's about achieving our three long term community outcomes of a healthy environment, strong economy and vibrant communities. The outcomes are connected, so success in one area cannot be at the expense of another. We're looking to make decisions that provide multiple benefits for the community, now and into the future.

We know that on our own we can't deliver on everything in our strategic direction and achieve the best for our region. That's why we've committed to working in partnership with others: iwi, businesses, industry groups, central and local government, tertiary education and research providers, economic development agencies and you – the people of the Waikato.

VISION FOR THE REGION
THE WAIKATO CARES LOCALLY, COMPETES GLOBALLY

WAIKATO REGIONAL COUNCIL'S MISSION
Working together to build a Waikato region that has a healthy environment, a strong economy and vibrant communities

PRIORITIES

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 freshwater more effectively to maximise regional benefit

Increase communities' understanding of risks and resilience to change

Enhance the value of the region's coasts and marine area

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

EVERYTHING WE DO

COMMUNITY AND SERVICES

RESOURCE USE

FLOOD AND PROTECTION CONTROL WORKS

SCIENCE AND STRATEGY

EMERGENCY AND HAZARD MANAGEMENT

PUBLIC TRANSPORT

INTEGRATED CATCHMENT MANAGEMENT

Long term outcomes

Our long term outcomes are consistent with the three themes from our mission statement – healthy environment, strong economy and vibrant communities.

These are the outcomes we aim to achieve to promote the social, economic, environmental, and culture wellbeing of our communities.

We monitor a dashboard of 32 measures to help track progress towards our outcomes. The measures draw on the independently reviewed and published Waikato Progress Indicators (WPI).

The measures are reported as an improving, stable or worsening trend. If a measure has not been completed or no trend is available, this is indicated in the result section of the table.

For more information on the WPI, please refer to our website: www.waikatoregion.govt.nz/wpi.



Our priorities

Seven strategic priorities guide our work in order to address current and emerging issues and make a real difference in the short term. 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, and support delivering on our long term outcomes.

Support communities to take action on agreed outcomes

The work we do, such as controlling harmful pests, preparing for disasters, delivering road safety programmes and keeping people safe on our waterways, is all geared towards improving the quality of life in the Waikato. But we know we can't do everything alone. People working together is key to the success of our rohe. This is why we focus on supporting landowners and communities to take action on the issues that are most important to them.

Key measure	2018/19 Result
Number of people in the community supported to take action by council	Waikato Regional Council contributed more than \$1.863 million to 129 community groups or individuals across the region. The council was also successful in securing \$1.8 million in grants from the Waikato River Authority to help landowners undertake catchment management work in the Waipā, Lower Waikato and Central Waikato zones over the next two to three years.

*Funding platforms include Natural Heritage Fund, Environmental Initiatives Fund, Enviroschools Fund, Small Scale Community Initiatives Fund, Regional Emergency Services Fund, catchment new works funding, Dr Stella Francis Scholarship, Roger Harris Scholarship, Dame Te Atairangikaahu Scholarship, KuDos Award, Ballance Farm Environment Awards, EDS Conference.

Who we supported

Every year, hundreds of volunteers spend thousands of hours doing good work to protect the Waikato's natural environment. Here are just a few of the groups we supported financially in 2018/19:

- Maungatautari Ecological Island Trust
To help with maintenance of the predator-proof fence.
- Moehau Environment Group
To help with pest control in the northern Coromandel Peninsula.
- A Roacha Aotearoa
To help restore Mt Karioi as a seabird mountain.
- Coromandel Coastal Walkways Society
To help remove wilding pines and for predator control at Rings Beach wetland and Matarangi Bluff Scenic Reserve.
- Tui 2000
To help buy native plants for Waiwhakareke Natural Heritage Park in Hamilton.
- Mahakirau Forest Estate Society
To buy traps for a predator control programme across nearly 600 hectares of protected native forest near Whitianga.
- Project Tongariro
To help with the restoration of the Waiotaka River riparian corridor near Tūrangi.

We also help fund volunteer emergency services and in 2018/19, for the first time, we included funding for LandSAR. This is what we granted in 2018/19:

- \$379,600 to Surf Life Saving
- \$175,400 to Coastguard
- \$50,000 to Philips Search and Rescue Trust
- \$50,000 to Coromandel Rescue Helicopter Trust
- \$40,200 to LandSAR

Forge and strengthen partnerships to achieve positive outcomes for the region

Collaboration and good partnerships, with the heart of our communities in mind, put us at the forefront of best practice among regional councils.

Key measure	2018/19 Result
Number of new partnerships	Fourteen new initiatives were scoped or implemented by Waikato Regional Council in 2018/19. Council focused on strengthening existing relationships with partners on eight of the 11 initiatives established in 2016/17, with the remaining three being disestablished and transitioned into new partnerships.

Vision and Strategy for the Waikato River

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

The vision is for a healthy Waikato River which sustains abundant life and prosperous communities, who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come. Settlement legislation requires us to give effect to the Vision and Strategy, and the work we do often helps to deliver on more than one of its objectives. In 2018/19, we:

- created fish habitat as part of river erosion protection works
- increased monitoring sites for rivers and lakes
- supported the protection of cultural sites of significance
- considered potential effects of resource consents on the Waikato River when processing applications
- investigated alleged breaches to resource consents
- continued to progress Healthy Rivers/Wai Ora: Proposed Regional Plan Change 1, which seeks to reduce the amount

of contaminants entering into the Waikato and Waipā catchments

- supported iwi and community groups with river restoration works.

See Page 15 for more information about how we are delivering on the Vision and Strategy for the Waikato River.

Protecting the mighty kauri

In 2018/19, we worked with Biosecurity New Zealand-Ministry for Primary Industries to review the National Kauri Dieback Programme. An Accelerating Protection of Kauri project was developed, and the National Kauri Protection Strategy was refreshed. The National (Kauri dieback) Pest Management Plan is also being drafted. However, funding will be required to implement the plan and improve the protection of kauri, but no funds have been secured from central government to date. We will continue to advocate for better funding to protect these important taonga.

Positively influence future land use choices to ensure long term sustainability

How we use our land affects soil health, water quality and biodiversity. We need to think about how we use our land best, by considering all potential impacts, benefits and needs, including Māori values and aspirations, to ensure our natural environment can support our economy and communities. We work with landowners and other agencies to provide information, advice and funding to positively influence land use, to improve soil health, water quality and biodiversity.

Key measure	2018/19 result
Kilometres of fencing and/or riparian planting completed	Catchment management staff worked with landowners on 400 individual properties, building 228 kilometres of new fencing, retiring 151 kilometres of streambanks and planting over 720,000 native plants.

Throughout 2018/19 the flood protection and control works activity completed a \$9.4m programme of asset renewals that included major upgrades of two pump stations, two floodgates, and 17.3km of stopbanks.

Results in your backyard

Zone	Fencing (km)	Planting	Retired land (ha)
Central Waikato	14	40,739	24
Coromandel	20	25,217	150
Lake Taupo	4	1,500	150
Lower Waikato	19	24,113	72
Upper Waikato	5	18,522	33
Waihou/Piako	23	53,033	39
Waipā	49	479,365	251

Zone	Fencing (km)	Planting	Retired land (ha)
West Coast	71	72,613	346

Our work with landowners reduces the amount of sediment and other contaminants in our waterways, which leads to improvements in water quality.

Sustainable infrastructure plan

We are working on a sustainable infrastructure plan to explore the various issues that are, or may, affect the sustainability of the council's land drainage and flood protection infrastructure, including looking at options to respond to these issues over the coming decades.

Manage fresh water more effectively to maximise regional benefit

Communities and our economy need water – clean water. Water quality is what the majority of Waikato residents most care about. As demand for fresh water increases, we recognise that change is needed to manage fresh water more effectively in the future.

Key measure	2018/19 result
Percentage of water takes allocated to main sectors	Fifty-one per cent of all consented water over summer is allocated for agriculture, 27 per cent is for domestic and municipal purposes (largest takes are Hamilton and Auckland), and 20 per cent is for industrial use, with the remaining 2 per cent classed as other.

Your environment – what matters?

Every three years we undertake a survey of Waikato residents to understand their environmental awareness, concerns and actions. Between 1998 and 2019, water pollution and quality has remained the top issue for our communities. In 2019, 47 per cent of people rated this as their top concern.

Healthy rivers

Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1 is all about reducing the amount of contaminants entering the Waikato and Waipā rivers. It's the first step in an 80 year journey to make these two rivers swimmable and safe for food gathering – a requirement of Te Ture Whaimana o Te Awa o Waikato (The Vision and Strategy for the Waikato River).

Five independent commissioners began hearing evidence from submitters in March 2019. The hearings are due to conclude in September 2019, with the commissioners expected to provide their recommendations to the council in early 2020.

In the meantime, we are working with farmers in priority one catchments, and with catchment community groups, to support the development of farm environment plans.

Increase communities' understanding of risks and resilience to change

Change is inevitable. Changes can result from sea level rise, natural hazards, technology and increases in population. Change has the potential to increase people's vulnerability and impact on their quality of life. We help communities understand and adapt to change of various kinds, so they can be prepared and remain connected.

Key measure	2018/19 result
Community property and infrastructure protected by flood protection schemes	Our flood protection systems protected community property and infrastructure worth \$31 billion. The direct benefit area of over 300,000 hectares generates \$850 million in agricultural output a year. We also ran a six week campaign on flood protection to help our communities understand their flood risk how they're protected.

Reducing our carbon footprint

We are doing our bit to support New Zealand's move to a low carbon economy by publicly committing to reducing our carbon footprint and by working with others to plan for the introduction of climate change legislation. We have set a target of reducing our emissions by an average of 2 per cent every year. Our latest results show a 15 per cent reduction on the previous year. It's a great start to the journey we want to continue, but the weather helped – less rainfall meant that our flood pumps didn't work so much, saving on electricity.

- 14.19tCO₂e – our corporate greenhouse gas emissions
- 13.8MtCO₂e – regional greenhouse gas emissions

(Due to the time it takes to collate data for these measures, the result is based on performance from the previous year.)

Online hazard portal

The geographic location and diversity of the Waikato region means that it is subject to many natural hazards, such as floods, coastal processes, volcanic activity and earthquakes. Natural hazards can cause disruption, damage properties and take lives. They can also affect the value and insurability of properties. The new online hazards portal, launched at the end of 2018/19, lets Waikato residents discover information on natural hazards in their area so they can be informed and prepared.

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

The council monitors and protects the health of the coastal marine area, which stretches from below the high tide line to 12 nautical miles offshore. This is a public space that is highly valued for its amenity, recreational and ecological values. We have committed to ensuring we have management plans for every harbour and catchment in the region.

Key measure	2018/19 result
Proportion of actively managed area (completed harbor and catchment management plans) in the Thames-Coromandel district*	<p>About 40 per cent of the Thames-Coromandel area is covered by an operative plan to appropriately manage and protect harbours and estuaries. We have plans for Whangamatā, Tairua and Whangapoua, and plans are underway for Whitianga/Mercury Bay and Coromandel/Manaia.</p> <p>Work on the West Coast harbour and catchment management plan has begun.</p>
*Operative plans include Whangamatā, Wharekawa, Tairua, Whangapoua. Whitianga/Mercury Bay, Coromandel/Manaia are under development	

Protecting wetland birds

The Waikato is home to many unique wetland bird species. We take pride in protecting and creating suitable habitat for them so they can thrive. During 2018/19, acoustic surveys for cyptic wetland birds were carried out at four estuarine sites on the Coromandel Peninsula. The surveys confirmed the presence of threatened or at risk wetland bird species at each site. Management plans were made for some of these sites and are being implemented.

Sea Change – Tai Timu Tai Pari

This non-statutory plan outlines a comprehensive range of suggested measures to boost the health of the Hauraki Gulf and make it increasingly productive. Lots of our business as usual work helps us to deliver on the objectives of Sea Change. In 2018/19, we:

- established additional sediment monitoring programmes within Coromandel harbours and estuaries
- carried out coastal water quality monitoring and designed a monitoring programme to examine water quality and ecosystem health in the Firth of Thames
- carried out water quality and groundwater monitoring in the Waihou and Piako river catchments

- started developing two new harbour and catchments plan (Whitianga/Mercury Bay and Mania/Coromandel) and continued delivering on existing Coromandel plans
- carried out wetland restoration, riparian planting and regular stream maintenance work, including removing 80,000 cubic metres of sediment from the Waihou and Piako rivers
- worked with landowners and stakeholders to protect and improve water quality by enhancing and stabilising catchments that enter the Hauraki Gulf Marine Park
- granted an authorisation to Pare Hauraki Kaimoana to apply for resource consents for fin fish farming in the Coromandel Marine Farm Zone
- carried out marine biosecurity monitoring in Coromandel harbours
- convened the Waikato Regional Aquaculture Forum.

Moving forward, proposals from the Sea Change Plan will be embedded in engagement documents to inform the review of the Waikato Regional Coastal Plan.

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

The Waikato region is a place of powerful possibilities. That's why we prioritise regional development – connecting people, ideas and information.

Key measure	2018/19 result
External funding invested in the region	Leveraged funding received this year represents 19.3 per cent a reduction from last year's funding share of 19.8 per cent.

Waikato's wellbeing

During 2018/19, the Waikato Wellbeing Project was established. This project will set targets for environmental, economic and social wellbeing, and be aligned to the United Nations Sustainable Development Goals (SDGs). SDGs is a global call to action to end poverty, protect the planet and ensure peace and prosperity by 2030.

The Waikato Wellbeing Project is governed by the Waikato Plan Leadership Committee. It involves community funders, iwi, government agencies, businesses, non-government organisations and the wider community. Everyone is working together to provide clarity about how each organisation and individual can contribute to the outcomes, and leverage investment and government funds.

Once targets have been agreed, we will identify what we are best placed to take action on to make a difference to wellbeing outcomes in the Waikato.

Improvements to regional transport

The development of the Waikato region is a priority for the council. One way we make sure everyone has access to essential services is by making improvements to regional transport. In 2018/19, this included:

- launching the Comet route, a new high frequency service in Hamilton. The Comet had 766,282 boardings in its first three months of service, making it the second busiest service in the region

- starting a daily bus service between Hamilton and Pukekohe via north Waikato towns
- starting peak services between Te Kauwhata and Hamilton
- expanding the Total Mobility scheme to include Waipā district.

We continued to work on establishing a passenger rail service between Hamilton and Auckland. This project is led by Waikato Regional Council, and we are partnering with KiwiRail, NZ Transport Agency, Hamilton City Council, Waikato District Council and Auckland Transport. The service is expected to start by mid-2020.



Working Together | Mahi ngātahi

Our mission for the region is “Working together to build a Waikato region that has a healthy environment, a strong economy and vibrant communities”. It’s all about caring for people and the world we live in to make the Waikato the best it can be.

Fostering Māori capacity for participation

Fostering Māori capacity to contribute to decision making is part of the way we work.

We have a number of co-governance and co-management agreements with iwi regarding their participation in natural resource management decision making. We are continuing to make progress on incorporating the legislative requirements of Treaty settlements into our day-to-day business processes, aiming for iwi partnerships to become ‘business as usual’.

We’ll continue to work with our iwi partners to implement Treaty settlements including implementing joint management agreements, advancing the Vision and Strategy for the Waikato River, and supporting our two Māori councillors to encourage the Māori community to contribute to decision making.

Our Tai-ranga-whenua team aims to build our council’s capability and confidence to effectively partner with Māori.

By strengthening these relationships we increase the ability of Māori to meaningfully participate in mutually beneficial collaborative initiatives. This activity enables more effective and efficient decisions and creates more robust and lasting solutions that enhance the wellbeing of Māori and the wider community.

We’ll also continue to foster Māori capacity through:

- maintaining Māori representation on our eight catchment liaison subcommittees
- working with mātauranga Māori experts to incorporate aspects of this world view into our processes and practices
- providing strategies, frameworks and education programmes designed to increase staff and councillor capability to effectively engage with Māori
- facilitating council and iwi/Māori relationships
- providing pre and post Treaty settlement advice to council and government agencies.

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

The Vision:

A future where a healthy Waikato River sustains abundant life and prosperous communities, who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.

Background

Te Ture Whaimana o Te Awa o Waikato – the Vision and Strategy for the Waikato River was developed by the Guardians Establishment Committee, which was established under the Waikato-Tainui and Crown Agreement in Principle and legislated in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010. The custodian of this primary direction setting document for the Waikato River 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 responsibility

Settlement legislation requires the council to ensure our Resource Management Act (RMA) planning documents give effect to the Vision and Strategy. The Vision and Strategy is inserted in our Proposed Regional Policy Statement, and therefore must be given effect to through the Waikato Regional Plan.

However, we recognise that giving effect to the Vision and Strategy will take a greater effort than just incorporating it in an RMA context, so we consider it in all the work we do.

Delivering on the objectives

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

In 2018/19, the council supported the restoration and protection of the health and wellbeing of the Waikato River in the following ways.

Relationships

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

- We commissioned a scoping report to test the viability of setting up an iwi-based honorary enforcement officer programme (Āpiha whakaū ture taiao ā-iwi). It is imagined that this Resource Use initiative would see iwi and community based volunteers be the first responders to local environmental incidents and then work alongside our resource use teams. Having rohe-based officers will help staff understand the cultural significance of an incident or the area affected. We see this as a practical example of co-management, where iwi and the council can work together towards the sustainable management of our natural and physical resources. Initially, the focus of this work will be on environmental impacts relating to Lake Taupō and the Waikato River.

- As a result of the five joint management agreements (JMAS) we have with river iwi partners, we:
 - employed iwi interns to undertake river and catchment restoration related work within their rohe (this contributes to iwi capacity building and provides opportunities for employment in the field of natural resource management in the future)
 - developed a joint strategic work programme with Waikato-Tainui, which identifies timeframes and outcomes we both want to achieve
 - started work on designing a training programme to enable effective iwi representation on our catchment committees.
- We supported river iwi with catchment and river restoration works, in particular iwi contractors in the Lower Waikato, Central Waikato and Waipā catchments. This included help with training and technical support.
- Through our catchment, education and Natural Heritage programmes, we gave community groups funding and advice for river restoration projects.
- We also have an advocacy role and when working with others we make sure the Vision and Strategy is front and centre of discussion and the importance and uniqueness of this document to the Waikato is highlighted. Some examples of where we continue to promote the document and its objectives include with the Hamilton to Auckland Corridor project, submissions to local Territorial Authorities on their planning documents, and any relevant engagement we have with central government.

Strategy and policy development

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

- We continued to progress Healthy Rivers/Wai Ora: Proposed Regional Plan Change 1 which seeks to reduce the amount of contaminants entering into the Waikato and Waipā catchments. This is a key piece of work to make the river swimmable and viable for food collection along its entire length, and therefore is critical to achieving the Vision and Strategy for the Waikato River.
- We continued our work on Healthy Environments | He Taiao Mauriora, a project that will review the Waikato Regional Coastal Plan and the Waikato Regional Plan. Parts of these plans do not currently fully implement the Vision and Strategy for the Waikato River, or other statutory documents, and we need to get this updated.
- Part of our business as usual is to consider the potential effects of resource consents on the Waikato River when processing applications.
- Also part of our business as usual is the monitoring of consents and permitted activities, and investigating alleged breaches to rules and regulations; therefore holding people

accountable for non-compliance or undertaking activities which have an adverse effect on the environment, including the Waikato and Waipā Rivers.

- We have implemented a programme of work that will enable us to understand and incorporate mātauranga Māori into council's activities in the areas of natural resource management and policy development. Over the past year we have worked in partnership with Te Arawa River Iwi Trust and Ngati Raukawa Charitable Trust on projects designed to increase our combined knowledge in this area.

Ecological health

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

- As part of river erosion protection works we created fish habitat to improve instream biological diversity.
- We supported iwi and marae to protect cultural sites of significance as part of our work programmes.
- We continued to support community and landowners with fencing, planting and retiring land helping to reduce the amount of sediment and other contaminants entering our waterways. In the Waikato and Waipa river catchments our support enabled 87km of fencing, 562,739 plantings and 38oha of land to be retired. See Page 10 for the work we have supported by zone.

Science

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

- We increased the number of monthly monitoring sites for rivers, and are now collecting data from all 74 sub-catchments identified in Healthy Rivers/Wai Ora: Proposed Regional Plan Change 1.
- We increased the number of lakes we monitor, in some cases taking advice from iwi on which to include.
- Our state of environment monitoring team are working alongside river iwi to develop a cultural markers framework available to both council monitoring staff and river iwi that can serve as an initial interface between Waikato Regional Council's existing freshwater monitoring data and iwi / hapū cultural values. The framework looks to realising the Vision through its application of both mātauranga Māori and the latest available scientific methods.

See the WRA scorecard for more information.

www.waikatoriver.org.nz

SECTION 2: About your council | E pā ana ki tō kaunihera

Waikato Regional Council | Te Kaunihera ā-rohe o Waikato

Established in 1989, Waikato Regional Council is responsible for a wide range of activities focused on strengthening regional performance and prosperity, which in turn make a significant contribution to New Zealand's overall wellbeing.

Our role includes:

- **governance and management of natural resources** – land, air, fresh water and coastal marine areas – on which our primary sector and export economy is based
- **strategic planning at the regional scale** delivered through statutory instruments such as the Regional Policy Statement, the Regional Land Transport Plan, the Regional Pest Management Plan, Regional Plan and Regional Coastal Plan, Civil Defence and Emergency Management, and non-statutory instruments such as regional economic development strategies
- **provision of regional scale infrastructure**, such as flood protection assets that protect billions of dollars worth of urban areas, roading infrastructure and productive farmland
- **transport planning and provision** to keep our region moving economically and socially
- **regional-scale response** to, and assessment of, natural hazards, including floods, earthquakes and tsunami, to protect communities and assets
- **biosecurity/biodiversity activities** to safeguard the productive and export-earning capacity of the natural environment, and support indigenous biodiversity, a key foundation to a sustainable economy
- **obtaining, storing and evaluating information** so we know how well the region is doing environmentally and economically
- **managing catchments** in a holistic way.

KEY STATISTICS | TATAURANGA MATUA

	This year	Last year
Regional council employees as at 30 June (full time equivalents)	498	496
Rateable properties as at 30 June	209,016 properties	206,374 properties
Total capital value of rating units as at 30 June	\$160.108 billion	\$143.340 billion
Total land value of rating units as at 30 June	\$93.779 billion	\$81.788 billion
Resource consents administered as at 30 June	11,066 consents	10,876 consents
Resource consent applications processed annually	991 consents	946 consents
Annual resource consent hearing days	15 days	5 days
Certificates of compliance (COCs) processed	1	2
Stopbanks	562km	563km
Land benefiting from flood protection	2983.63km ²	2983.63km ²
Land benefiting from land drainage schemes	2263.16km ²	2263.08km ²
Land covered by soil conservation schemes	306.2km ²	292.7km ²
Data collection sites**	1435 sites	1435 sites

	This year	Last year
Total hectares under priority possum control	102,501ha*	211,075ha
Freshwater Strategy webpage	600 unique views	1212 unique views
Coastal inundation tool webpage	4059 unique views	779 unique views

*The reduction in the number of hectares under priority possum control is due to the completion of the three year contracts in the North West Waikato, covering 143,000 hectares.

**Data collection sites.

Environmental monitoring data collection sites for 2018/19 included 1435 sites ranging from recorders collecting continuous data to biannually sampled sites. It does not include any non-routine work such as algae sampling, low flow gaugings or sediment snapshots, which are also part of our annual workload.

The 1435 routine sites include:

- 21 intensity rainfall sites
- 31 daily read rainfall sites
- 45 surface water flow sites
- 6 coastal sites including monitoring of water temperature, sea level, wave amplitude, wind speed, wind direction, wind gust and barometric pressure
- 10 automatic groundwater level sites
- 1 climate site
- 15 lake level sites
- 10 air quality monitoring sites
- 33 coastal erosion profile sites
- 28 estuary water quality monitoring sites
- 15 estuary ecological monitoring sites
- 170 freshwater ecological monitoring sites
- 431 manual groundwater level sites
- 253 groundwater quality sites
- 123 surface water quality sites (including 12 bathing beach sites)
- 24 suspended sediment monitoring sites
- 15 soil monitoring sites
- 8 temporary/portable recorder water quality sites
- 14 clean streams sites
- 24 catchment environmental monitoring sites
- 14 lakes water quality sites
- 69 fisheries monitoring sites
- 75 geothermal sites.

Your regional councillors | Ngā toki kaunihera me o rātou takiwā

WAIKATO



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NGĀ HAU E WHĀ

Pop: 36,100
Seats: 1

WAIKATO

Pop: 56,800
Seats: 2

Port Waikato/
Te Pūaha o Waikato

Raglan/
Whāingaroa

Huntly/Rāhui Pōkeka
Hamilton/
Kirikiriroa

Cambridge/Kemureti

Te Awamutu

Otorohanga

Te Kūiti

WAIKATO

Pop: 133,400
Seats: 4

Mokau

WAIKATO

Pop: 59,900
Seats: 2

TAUPŌ - ROTORUA

Pop: 31,500
Seats: 1

WAIKATO

WAIKATO



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CHAIRPERSON

DEPUTY CHAIRPERSON

Coromandel

Thames/
Hoterenui

Paeroa

Morrinsville

Matamata

Tokoroa

THAMES-COROMANDEL

Pop: 32,200
Seats: 1

Whangamata

WAIHOU

Pop: 57,800
Seats: 2

NGĀ TAI KI UTA

Pop: 31,300
Seats: 1

Taupō

THAMES-COROMANDEL



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WAIHOU



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TAUPŌ-ROTORUA



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Your region | Tō rohe

YOUR REGION

The Waikato region is our home – it's where we live, work and play – and it's also important to New Zealand.

Covering over 35,000km² – approximately 25,000km² (2.5 million ha) of land and 10,000km² of coastal marine area – we're the fourth largest region in New Zealand.

We sit at the heart of the upper North Island, an area important to the national economy because of its scale and contribution to New Zealand's international connections.

The mainland area stretches from the Bombay Hills and Port Waikato in the north, south to Mokau on the west coast, and across to the Coromandel Peninsula and Kaimai Range in the east. In the south, the region extends to the slopes of Mt Ruapehu.

The region is made up of distinct landforms generally found within four areas: the Taupō volcanic zone, Waikato lowland and Hauraki Plains, western and central hill country and the eastern ranges. The Waikato region contains seven local authority districts and parts of three other districts which cross regional boundaries, as well as one city council.

We are a prime location, sharing boundaries with Auckland, Bay of Plenty, Manawatū-Whanganui and Taranaki.

YOUR ENVIRONMENT

The Waikato region has a diverse landscape including wetlands, mountain ranges, rivers, geothermal resources and coastal shorelines.

The region includes:

- the Waikato River, at 425km it's the longest in New Zealand
- Lake Taupō, the largest lake in Australasia at 623km²
- internationally significant wetlands, such as Whangamarino
- over 1200km of coastline
- a total of 70 per cent of New Zealand's geothermal resources
- extensive native and exotic forests
- Tongariro National Park.

The region has more than 100 lakes, including Lake Taupō, more than 20 rivers, including the Waikato, Waipā, Piako, Waihou and Mokau, and about 1420 streams.

The Waikato River effectively spans three regions, winding from the Manawatū-Whanganui region, all the way into Auckland. There are more than 600 different soil types with many being highly productive and fundamental to supporting our economy.

The Waikato region has 1200km of diverse coastline, ranging from the white sands of the eastern Coromandel to the rugged west coast (Port Waikato to Mokau) with its distinctive black sands and windswept shoreline. The marine area is from high tide and extends 22km offshore, covering more than one million hectares (10,239km²) and approximately 30 per cent of the region. Overall, 35.6 per cent of our harbours and open coast are in public ownership and nine per cent of the coastline is used for roads.

Within our coastal marine area is:

- Cathedral Cove Marine Reserve
- Hauraki Gulf Marine Park
- 431,278ha of marine mammal sanctuaries.

There are also areas of significant conservation value, such as Whaingaroa (Raglan) Harbour, and other forms of 'protection' which include areas designated as local fishing grounds under the Māori Fisheries Act 1989 and submarine cable and pipeline zones.

Offshore islands within the regional council boundary include Cuvier Island, Mercury Islands, Alderman Islands and Slipper Island on the east coast, and Gannet Island on the west coast.

YOUR PEOPLE

With 468,800⁽¹⁾ people, the Waikato region has the fourth largest population in New Zealand (after the Auckland, Canterbury and Wellington regions). The region's population increased by an estimated nine per cent between 2013 and 2018,⁽²⁾ the second largest increase behind Wellington. The majority of this growth was in and around Hamilton and northern Waikato.

Almost three quarters of the region's population live in our various urban areas, the largest urban area being Hamilton.⁽³⁾

The region is relatively youthful, with only approximately 16.1 per cent of the population aged 65+ years.⁽⁴⁾

1 Statistics NZ - Sub-national population estimates by age and sex, at 30 June 2018 [accessed 9 August 2019]

2 Statistics NZ - Sub-national population estimates by age and sex, at 30 June 2018 [accessed 9 August 2019]

3 Statistics NZ - Sub-national population estimates 2018 [accessed 1 August 2019]

4 Statistics NZ - Sub-national population estimates 2018 [accessed 1 August 2019]

Approximately 107,000 Māori usually live in the Waikato, which is around 14 per cent of the national Māori population, and ranks second in size out of the 16 regions in New Zealand.⁽⁵⁾ Six rohe or main tribal areas lie within the region – Ngāti Tūwharetoa, Raukawa, Te Arawa River Iwi, Ngāti Maniapoto, Waikato-Tainui and Hauraki.

The median weekly household income in the Waikato grew from \$1486 in 2016 to \$1678 in 2018. Household income was fifth highest of the 12 regions identified in New Zealand.⁽⁶⁾

YOUR ECONOMY

The Waikato region is a medium sized economy, contributing approximately 8.4 per cent to New Zealand’s gross domestic product.⁽⁷⁾

Waikato is an agricultural powerhouse and a key contributor to New Zealand’s dairy industry, as well as enjoying scale and breadth in manufacturing and services.

The region is New Zealand’s most important mineral producing area. Coal, aggregates, iron and limestone are extracted, along with gold and silver.

It is a major producer of energy, with about one-third of New Zealand’s installed generation capacity. We have one large thermal, nine geothermal and more than 10 hydro power stations, along with a number of co-generation plants.

The Māori asset base in the Waikato has been estimated to be worth around \$6.2 billion in 2014, representing 15 per cent of total Māori assets in New Zealand. Agriculture, forestry and fishing (28 per cent); property and business services (23 per cent); and manufacturing (15 per cent) make significant contributions to the overall Māori asset base in the region. It has been estimated that Māori businesses generate \$1.4 billion annually for the regional economy.⁽⁸⁾

Waikato is at the heart of the ‘golden triangle’ connecting Hamilton, Auckland and Tauranga, making it a convenient access point for freight and logistics. Waikato also enjoys a significant array of educational opportunities from early childhood centres to institutes of technology and a highly-rated university.

Waikato is home to popular and award-winning visitor destinations such as Hobbiton, the Waitomo Caves, Hamilton Gardens, Coromandel, Raglan and Lake Taupō.



Waikato is home to popular and award-winning visitor destinations, including Raglan.

5 Statistics NZ - Subnational ethnic population projections, by age and sex, 2013 (base) - 2038 update [accessed 7 August 2019]

6 Statistics New Zealand - NZ.Stat. Household income by region, household type, and source of household income. [accessed 5 August 2019]

7 Infometrics New Zealand <https://ecoprofile.infometrics.co.nz/Waikato%20Region/Gdp/Growth> [accessed 1 August 2019]

8 Ministry of Business, Innovation & Employment report: www.mbie.govt.nz/info-services/business/business-growth-agenda/regions/published-report

About the report | Ko ngā pitopito kōrero e pā ana ki te pūrongo

2018/19 ANNUAL REPORT

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

This annual report identifies highlights and key achievements in activities and levels of performance from 1 July 2018 to 30 June 2019.

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

THE PLANNING AND REPORTING CYCLE

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

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



Testing being carried out by staff as part of our summer coastal water quality monitoring programme.



Our work focus on improving the quality of our region's waterways has continued over this year.



The Waikato region has a diverse landscape including wetlands, mountain ranges, rivers, geothermal resources and coastal shorelines

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

Groups of activities | Ko ngā mahi-ā-rōpū

HOW TO READ THIS SECTION

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

WHAT WE DO

Provides a brief description of what each of the activities within the GOA does.

WHY WE DO IT

Provides a brief description of the purpose of the activity, and why we undertake it.

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

Features key highlights, as well as some business as usual activities for 2018/19 and 2019/20 by activity.

WHAT WE DELIVERED

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

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

WHAT IT COST

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

Community and services | Hapori me ngā ratonga

THIS GROUP OF ACTIVITIES (GOA) INCLUDES FOUR ACTIVITIES:

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

COMMUNITY PARTNERSHIPS

What we do

Community partnerships provide support and advice within council and externally to build awareness, involvement, engagement, and education. Education programmes focus on multi-stakeholder relationships with government agencies, local communities, businesses and organisations to bring about behavioural change to enhance sustainability and road safety.

This activity is also focused on creating clarity, transparency and consistency across our stakeholder relationships and partnerships so the organisation is best placed to identify emerging opportunities and new revenue streams.

Why we do it

We work with others to foster collaboration that supports community led initiatives to achieve shared objectives by providing information, skills, funding and connections. We keep people safe on our roads through effective road safety education and drive behaviour change through key community initiatives.

GOVERNANCE

What we do

The governance activity supports the chairman and councillors in their roles, ensures council processes such as triennial elections and meetings are run correctly, and decision making processes are robust and transparent. This includes working in partnerships and collaboratively by providing for iwi, community and key stakeholder representation on the council's standing subcommittees and councillor representation on other local government, key stakeholder and community groups.

Maintaining the integrity of the council's processes is also supported by the provision of timely and appropriate responses to official information requests and Ombudsman's office enquiries.

Why we do it

This activity aims to support elected members in their roles and to make robust decisions that promote community wellbeing and manage the region's natural resources in a sustainable way. Good decision making requires high quality evidence and open and transparent processes that encourage participation. This activity also ensures the purpose and principles of local government, as prescribed in the Local Government Act 2002, are met.

IWI MĀORI PARTICIPATION

What we do

We build the council's capability and confidence to effectively partner with iwi Māori in order to meaningfully participate in mutually beneficial collaborative initiatives.

Why we do it

This activity enables more effective and efficient decision making and creates more robust and lasting solutions that enhance the wellbeing of Māori and the wider community.

PLANNING AND REPORTING

What we do

This activity includes the development of statutory plans and reports required by the Local Government Act 2002 to improve transparency and accountability to our community. These include long term plans, annual plans and annual reports.

Why we do it

Readily accessible and easily understood information is provided so that communities have the opportunity to participate in decisions about our region. We report back to the community through the annual report which allows the community to assess whether the council's policies and services achieve their intended objectives.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES Key: △ = Primary focus ◇ = Contributes to	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
Community partnerships	△		◇
Governance			△
Iwi Māori participation			△
Planning and reporting			△

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

COMMUNITY PARTNERSHIPS

Our community partnerships have continued to grow throughout the year, with a number of new collaborative initiatives across the region being undertaken, some of these include:

- partnering with Rotorua Lakes Council to deliver the Enviroschools programme to local schools
- working with WINTEC's Design Factory students to come up with innovative solutions for construction and demolition waste, which currently goes to landfill
- starting the development of a Disaster Waste Plan with Bay of Plenty Regional Council and Environment Canterbury
- running a successful campaign/competition with Tokoroa community leaders and agencies to raise awareness of poor burning practices in the town
- signing an MOU with the Department of Corrections, which includes sustainable education packages for offenders and staff
- continuing to work alongside the New Zealand Policy to support its Alcohol Impairment Education Programme.

This year we celebrated 20 years of partnership and delivery of the Enviroschools programme. We successfully grew our Enviroschools programme by increasing both the number of new schools and the amount of funding support we receive from our local territorial authorities.

Two high priority locations were chosen for new stock truck effluent disposal facilities as part of a programme to prevent effluent from being spilt onto the region's roads. These assets will be constructed in 2019/20 and owned and operated by Waikato Regional Council.

We also provided 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 and Para Kore Marae Incorporated.

In 2019/20 we are looking forward to working on the Data Waste Licensing Project. This is a joint project between councils in the Waikato region and Bay of Plenty that will require all waste contractors to collect data on the movement of waste, providing valuable data to inform further waste minimisation activities.

GOVERNANCE

Local authorities are required to conduct a representation review at least every six years. It is an opportunity to review the structure of membership and the way members are elected. A representation review took place in 2018 with the final representation arrangements confirmed at the end of October 2018. The review did not result in any changes to our current membership structure.

Some of the key work this activity will focus on in 2019/20 includes the local government elections and induction of the new council. The council will undertake a robust election process and encourage the community to vote so everyone can have their say in how their Waikato is governed and who best represents their interests.

Work will also go into ensuring that those elected fully understand the intricacies of our business and are properly briefed on all the challenges and opportunities that will face the council, not only in the immediate term but also over the longer term.

IWI MĀORI PARTICIPATION

In 2018/19, this activity continued to maintain a focus on advancing the Vision and Strategy for the Waikato River and making a positive contribution to the region's overall health and wellbeing.

We implemented new engagement strategies that support our aim of investing in partnerships with Māori to enrich the wellbeing of Māori and the wider community.

In response to a new Treaty of Waitangi settlement we are establishing a new co-governance entity, Te Kōpua Kānapanapa, in partnership with Te Kotahitanga o Ngāti

Tuwharetoa and Taupō District Council. A key function of this entity is to prepare and approve 'Te Kaupapa Kaitiaki'. The purpose of this document is to identify the significant issues, values, vision, objectives, desired outcomes and other relevant matters for the Taupō catchment.

Our focus for 2019/20 will be to continue to respond to further Treaty settlements in the region and to enact changes to Māori participation required under an amendment to the Resource Management Act.

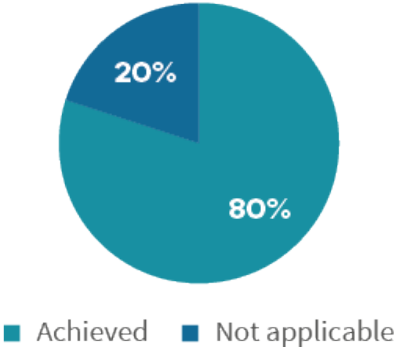
We will also continue to work with the Crown to ensure that additional financial contributions are provided to support the effective implementation of new settlement arrangements.

PLANNING AND REPORTING

For the first time the council agreed to an annual plan budget without seeking feedback from the public as there were no significant changes to what was proposed for 2019/20 in the 2018-2028 Long Term Plan.

WHAT WE DELIVERED

The total number of community and services performance measures is five. A total of four measures were achieved (80 per cent), and one measure was not applicable (20 per cent). Detailed commentary for these measures can be found in the following tables.



ACTIVITY: COMMUNITY PARTNERSHIPS

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

Performance measure	Target	Actual	Commentary
Number of initiatives implemented as a result of working together with our key stakeholders and partners to achieve mutually beneficial outcomes	Maintain or increase the number of initiatives	22 initiatives, achieved New measure, no previous data available.	The number of initiatives implemented in 2017/18 was 12, increasing to 22 this year.

Looking forward to 2019/20, the pre-election report will be published prior to the triennial election to help stimulate informed debate about the challenges council is facing, as well as to tell the community how the council is performing and the major projects it expects to deliver over the next three years.

In April 2019 the purpose of the Local Government Act was amended to reinstate councils' role in promoting the social, economic, environment and cultural wellbeing of their communities.

Following this a Waikato Wellbeing project was initiated. The project involves a number of agencies across the region setting targets for community wellbeing which are aligned to the United Nations Sustainable Development Goals. Once the targets have been agreed, the council will identify which ones we are best placed to take action on.

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 2017/18, 100% achieved	A total of 203 out of 203 requests were received and responded to within statutory timeframes.
Percentage of council agendas that are publicly available two working days or more before the meeting	100%	100%, achieved 2017/18, 100% achieved	A total of 137 out of 137 council agendas were publicly available within statutory timeframes.

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 New measure, no previous data available.	A total of 12 out of 12 actions were completed.

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

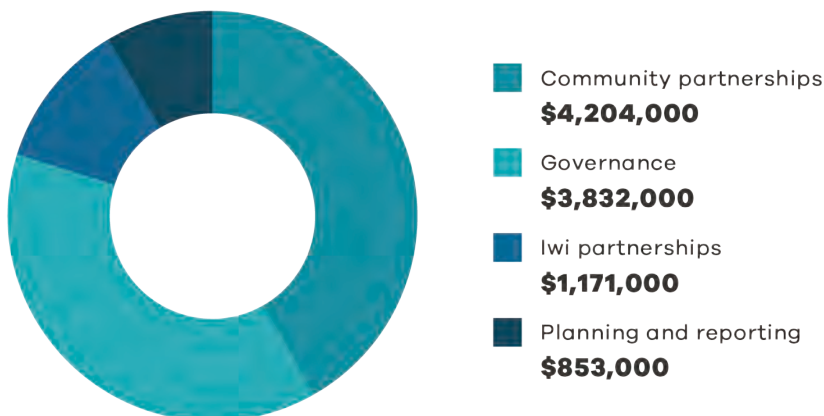
Performance measure	Target	Actual	Commentary
Long term plans and amendments to long term plans receive 'unmodified' audit opinions	Unmodified opinion received	Not applicable 2017/18, achieved	As there was no LTP amendment in relation to the 2019/20 Annual Plan there was no requirement for an audit opinion.

WHAT IT COST

EXPENDITURE FOR COMMUNITY AND SERVICES

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
General rates	1,258	1,258	1,006
UAGC	7,947	7,947	7,596
Targeted rates	837	831	720
Government grants	495	523	481
Fees and charges	1	-	-
Other income	183	200	224
Total income	10,721	10,758	10,027
Operating expenditure	10,061	10,512	9,730
Operating surplus / (deficit)	660	247	297
Total funding from / (to) reserves			
General	(292)	(325)	(8)
Stock truck effluent implementation	(59)	78	(6)
Total reserve transfers	(351)	(247)	(14)
Increase / (decrease) in retained earnings	309	-	283

EXPENDITURE



FUNDING IMPACT STATEMENT - COMMUNITY AND SERVICES

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,834	9,205	9,205
Targeted rates	708	831	837
Subsidies and grants for operating purposes	462	523	495
Fees and charges	208	200	184
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	9,212	10,759	10,721

Applications of operating funding			
Payments to staff and suppliers	6,983	6,646	5,915
Finance costs	-	-	-
Internal charges and overheads applied	2,421	3,866	4,146
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,404	10,512	10,061
Surplus (deficit) of operating funding (A-B)	(192)	247	660

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	(192)	247	660
Increase (decrease) of investments	-	-	-

Total applications of capital funding (D)	(192)	247	660
Surplus (deficit) of capital funding (C-D)	192	(247)	(660)
Funding balance ((A-B)+(C-D))	-	-	-

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

THIS GOA INCLUDES ONE ACTIVITY:

- Waikato Civil Defence Emergency Management (CDEM) Group

What we do

The Waikato CDEM Group is a consortia of local authorities in the region and is responsible for delivering on the 4Rs, readiness, response, reduction and recovery. The Group Emergency Management Office (GEMO), administered by Waikato Regional Council, coordinates all activities but takes direction from the CDEM Joint Committee, a body of representatives from all Waikato councils.

This activity includes facilitation of community, organisational and business readiness; the provision of an appropriate emergency response and coordination capability; identification and promotion of reduction activities that ultimately reduce the impacts on our communities from an emergency; and the coordination of recovery efforts to ensure the best outcome for the community. In addition, the GEMO has an operational role of coordinating the regional response during more complex emergencies.

Why we do it

Through strategic planning and the provision of technical advice and services, the GEMO supports operational level planning to ensure local CDEM organisations and the community have the capacity and capability to respond to and recover from an emergency.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES Key: Δ = Primary focus ◇ = Contributes to	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
Waikato CDEM Group			Δ

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

The CDEM Group supported several activations in 2018/19 including provision of recovery advice to Gisborne flooding and in response to the Nelson/Tasman fires.

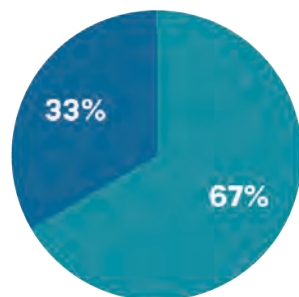
The CDEM Group will begin a review of the Group Plan in November 2019. The review will take into account two significant pieces of work released by the Government: the National Disaster Resilience Strategy and the Emergency Management System reforms.

Other influences from a national level that will affect the group or need to be considered in 2019/20 include:

- the creation of a new national emergency management agency replacing the Ministry of Civil Defence and Emergency Management
- the formation of New Zealand emergency management assistance teams for nationally provided incident management team support from outside the region
- a significantly greater role for iwi in emergency management across the 4Rs, including representation on the Coordinating Executive Group (CEG).

WHAT WE DELIVERED

The total number of Waikato Civil Defence Emergency Management performance measures is three. One measure was not applicable (33 per cent) and the remaining two measures were achieved (67 per cent). Detailed commentary for these measures can be found in the following tables.



■ Achieved ■ Not applicable

ACTIVITY: WAIKATO CDEM GROUP

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

Performance measure	Target	Actual	Commentary
The time taken for the Group Emergency Coordination Centre 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 2017/18, achieved	The GECC activated on Sunday 16 June 2019, in response to a Tsunami Advisory Notice from the Ministry of Civil Defence and Emergency Management. The activation was after hours and achieved within 30 minutes of receiving the first MCDEM advisory.
The operative Group CDEM Plan is reviewed within statutory timeframes	No assessment due	Not applicable New measure, no previous data available	This measure is not applicable for the 2018/19 financial year as no assessment is due.
Annual assessment and, if necessary, revision of Group Plan to ensure it complies with current legislative requirements	Annual assessment conducted	Achieved New measure, no previous data available	An annual assessment of the group plan was undertaken, but no review was undertaken as the plan was revised in 2017/18. Our analysis of the National Disaster Resilience Strategy and analysis of the government response to Emergency Management System Reforms did not indicate the need for any plan changes.

WHAT IT COST

Waikato Civil Defence Emergency Management (CDEM) Group

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
Targeted rates	1,772	1,766	1,538
Fees and charges	64	75	53
Other income	555	571	558
Total income	2,391	2,412	2,149
Operating expenditure	2,328	2,464	2,023
Operating surplus / (deficit)	63	(52)	126
Total funding from / (to) reserves			
Civil defence	(63)	52	(126)
Total reserve transfers	(63)	52	(126)
Increase / (decrease) in retained earnings	-	-	-

EXPENDITURE



■ Waikato CDEM group
\$2,327,000

FUNDING IMPACT STATEMENT - EMERGENCY MANAGEMENT

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1384	1766	1772
Subsidies and grants for operating purposes	0	0	0
Fees and charges	175	646	619
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	1,559	2,412	2,391

Applications of operating funding			
Payments to staff and suppliers	959	1,835	1,678
Finance costs	-	-	-
Internal charges and overheads applied	569	619	629
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,528	2,454	2,307
Surplus (deficit) of operating funding (A-B)	31	(42)	84

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	0	0	0
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	31	(42)	84
Increase (decrease) of investments	-	-	-

Total applications of capital funding (D)	31	(42)	84
Surplus (deficit) of capital funding (C-D)	(31)	42	(84)
Funding balance ((A-B)+(C-D))	-	-	-

Regional hazards and emergency response | Mōreatanga ā rohe me te whakarata ohotata

THIS GOA INCLUDES TWO ACTIVITIES:

- Resilient development
- Waikato Regional Council emergency response

RESILIENT DEVELOPMENT

What we do

Resilient development involves the collection and provision of strategic information and advice to district councils, the Waikato Civil Defence Emergency Management (CDEM) Group and landowners on a range of hazards. The information is used to help identify the region's areas most at risk from hazard events, and to minimise risk and damage to people, homes, businesses and infrastructure. This ensures communities can prepare for or avoid hazards so that risks are reduced over time, and that sound decisions are made about the future development of hazard prone areas.

Why we do it

The provision of natural hazard information allows communities to make better decisions on managing existing and proposed development to minimise risk and damage to people, homes, businesses and infrastructure.

WAIKATO REGIONAL COUNCIL EMERGENCY RESPONSE

What we do

The Waikato Regional Council emergency response activity provides strategic regional hazard information and advice to key stakeholders, as well as preparing for and responding to marine oil spills, flood events and other natural hazard events. Support is provided to the Waikato CDEM Group during a natural hazard.

Why we do it

To ensure that arrangements, standards and processes for emergency response are in place and that emergency management staff have the capability and resources to respond to an emergency event to achieve the best outcome for the community.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
KEY: Δ = Primary focus ◇ = Contributes to			
Resilient development		Δ	◇
WRC emergency response			Δ

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

RESILIENT DEVELOPMENT

The resilient development activity provided hazard advice, information and guidance to territorial authorities, the public and other stakeholders including CDEM. We also supported other areas of council in the implementation of the natural hazards section in the Waikato Regional Policy Statement. This work will continue in 2019/20.

The web based hazards portal was launched at Fieldays in June 2019. The online tool allows users to identify the hazards where they live and work, including flood, seismic, volcanic and geothermal hazards, and coastal inundation and erosion.

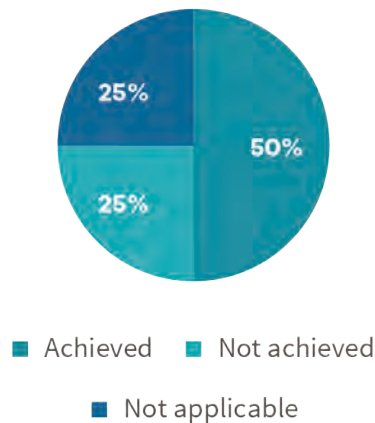
WAIKATO REGIONAL COUNCIL EMERGENCY RESPONSE

Waikato Regional Council responded to a number of localised flood events across the region in 2018/19. Our emergency management platform, Flood Room Live, was used during these flood events. The platform will continue to be enhanced in 2019/20 providing improved real time information to stakeholders and alignment with information from other agencies.

In 2018/19 we responded to a sinking vessel leaking diesel off Kennedy Bay. This situation was successfully managed by staff. We also conducted successful exercises in Coromandel and Raglan to test the compliance of the Waikato Regional Council Marine Oil Spill Tier 2 Contingency Plan for the next three years.

WHAT WE DELIVERED

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



ACTIVITY: RESILIENT DEVELOPMENT

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

Performance measure	Target	Actual	Commentary
Percentage of agreed Waikato CDEM Group requests responded to within specified timeframes	100%	Not applicable New measure, no previous data available	The Waikato CDEM Group, through the CEG, made no formal requests for information or advice from the Regional Hazards Team in this financial year. While there were no formal requests there was ongoing collaboration between the Regional Hazards Team

Performance measure	Target	Actual	Commentary
			and the CDEM Group. The Regional Hazards Team attended CDEM workshops with territorial authorities, provided support for meetings and ongoing technical advice as required.

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

Performance measure	Target	Actual	Commentary
Provide relevant and up-to-date hazard information to communities and stakeholders via the online hazards portal	Data updated quarterly	Not achieved New measure, no previous data available	This measure was not achieved as the Hazards Portal was not live throughout the year. As at 30 June 2019 the portal was live and all relevant available information is up to date. While the portal was not live during the year, information was provided to the community and stakeholders via existing channels such as the council's website, targeted open days, GIS layers, publications, and through our internal and external networks.

ACTIVITY: WAIKATO REGIONAL COUNCIL EMERGENCY RESPONSE

Level of service: To provide the community with timely flood event information and situation reports and to respond effectively to flood events to lessen 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%	97%, achieved 2017/18, 94% achieved	The annual survey was conducted over the summer. Ninety-five people were surveyed with 92 people satisfied.

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

Performance measure	Target	Actual	Commentary
A marine oil spill plan is in place and two exercises are undertaken per year	Plan in place and two exercises undertaken	Achieved New measure, no previous data available	A marine oil spill plan is in place. A successful exercise was held in the Coromandel Peninsula and at our Gordonton Depot. A successful exercise was also completed at Raglan in May 2019.

WHAT IT COST

EXPENDITURE FOR REGIONAL HAZARDS AND EMERGENCY RESPONSE

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
UAGC	1,760	1,760	1,442
Fees and charges	97	177	110
Other income	36	-	-
Total income	1,893	1,937	1,552
Operating expenditure	2,342	1,937	1,871
Operating surplus / (deficit)	(451)	-	(319)
Total funding from / (to) reserves			
Whitianga coastal modelling	120	-	-
Total reserve transfers	120	-	-
Increase / (decrease) in retained earnings	(331)	-	(319)

EXPENDITURE



- Resilient development
\$1,043,000
- Waikato Regional Council emergency management
\$1,300,000

FUNDING IMPACT STATEMENT - REGIONAL HAZARDS AND EMERGENCY

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,385	1,760	1,760
Targeted rates	0	0	0

Subsidies and grants for operating purposes	0	0	0
Fees and charges	158	177	133
Internal charges and overheads recovered	155	155	155
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	1,698	2,092	2,048

Applications of operating funding			
Payments to staff and suppliers	990	1,296	1,328
Finance costs	-	-	-
Internal charges and overheads applied	708	796	1,171
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,698	2,092	2,499
Surplus (deficit) of operating funding (A-B)	0	0	(451)

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	0	0	(451)
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	0	0	(451)

Surplus (deficit) of capital funding (C-D)	0	0	451
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Funding balance ((A-B)+(C-D))	-	-	-
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Flood protection and control works | Ngā mahi hei ārai, hei ārahi hoki i ngā waipuke

THIS GOA INCLUDES THREE ACTIVITIES:

- Flood protection
- Land drainage
- River management

FLOOD PROTECTION

What we do

The flood protection activity reduces the likelihood that flooding will impact our communities by establishing, maintaining and renewing flood protection infrastructure such as stopbanks, floodgates and pump stations. This infrastructure is designed to meet levels of service that are agreed with the community, and is maintained by a programme of regular inspections, routine maintenance and in some cases major renewals.

Why we do it

The activity's objective is to safeguard people's lives and property, reduce impacts on the environment, and protect services such as water supply, power, telecommunication and transport networks that could be damaged as a result of flooding. This enables the productive use of land, while also increasing the resilience of our community and the services that are relied on.

LAND DRAINAGE

What we do

Waikato Regional Council manages a system of natural and built infrastructure to provide adequate land drainage to support pastoral (and other) farming. The council has oversight

of 92 land drainage schemes which were set up based on a historic network of drains. Each scheme is fully funded under its own targeted rate.

Why we do it

Land drainage services safeguard the economic wellbeing of the region by maintaining a network of drains that allows landowners to manage the water table on their properties, to reduce surface flooding, and maintain water levels to support healthy pasture. Without the drainage networks, the areas of land would be less productive.

RIVER MANAGEMENT

What we do

The river management activity is responsible for managing rivers and streams in the Waikato region. This activity includes erosion control, gravel management and management of vegetation, but also seeks to achieve broader environmental outcomes such as habitat restoration and biodiversity enhancement. Programmes are based on priority and the level of risk to people and property.

Why we do it

The main objective of river management is to maintain the stability and capacity of rivers and streams, protect valuable soil from eroding, improve water quality by protecting waterways from sediment entry and protect properties from flooding damage. This, however, also supports the rehabilitation and preservation of our river channel and riparian environments.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES Key: Δ = Primary focus ◇ = Contributes to	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
Flood protection	◇	Δ	
Land drainage	◇	Δ	
River management	Δ	◇	

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

FLOOD PROTECTION

The flood protection and control works activity has completed an annual work programme to operate, maintain and renew the council's flood protection assets across the region. This has included a \$9.4m programme of asset renewals that included major upgrades to two pump stations, two floodgates, and 17.3km of stopbanks so that 93.4 per cent are now above design flood level. This compares with 85 per cent in 2011/12 when this measure was initially reported.

We have also completed a programme of minor asset renewals, along with routine asset maintenance, with 92.4 per cent of our planned mandatory maintenance actions being completed.

Some of the project highlights from across our management zones included:

- **Waihou Valley scheme** – The renewal of the Parawai Road Floodwall and Heale Street Pump Station in Thames, along with a substantial upgrade of the Criterion Bridge stoplogs in Paeroa. A \$410,000 programme of minor asset renewals was also completed. Work to develop a proposed upgrade to stopbanks on the Kirikiri Stream is continuing, alongside the corresponding NZ Transport Agency project to upgrade the SH25 bridge.
- **Piako River Scheme** – The renewal of 12.1km of stopbanks along the Piako River following the completion of the Piako River Scheme review. The performance of Campbells Floodgate was restored, along with the completion of a \$989,000 programme of minor asset renewals. Work has also commenced on the new Muggerridge's Pump Station, including the construction of the canal and stopbanks, and the design and tendering for the pump station and culvert construction.
- **Lower Waikato** – The renewal of the Rutherford, Parish Polder and Furniss stopbanks, along with the first sections of the Aka Aka stopbank, which will continue next year. Patterson's Pump Station and Jolly's Floodgate were renewed, along with the completion of a \$737,000 programme of minor asset renewals. Work has also commenced to implement recent resource consent changes associated with the operation of the Lake Waikare Northern Outlet Control Gate, including stabilisation of 1.1km of the Pungarehu Canal.
- **Lake Taupō** – Extensive maintenance works were completed on the Tauranga Taupō scheme with particular focus on assessing and maintaining the Kiko Spillway.

- **Waipā** – Scheduled maintenance of the Ōtorohanga flood scheme was completed.
- **Coromandel** – The completion of the scheme review for Coromandel town, along with the commencement of a similar review of the flood protection scheme in Te Puru.

The 'Pathways to the Sea' project commenced in 2018/19 which will provide the council with guidance and direction to resolve or mitigate downstream fish passage issues through existing flood protection infrastructure. The focus for 2018/19 was to develop a project plan and engagement strategy, secure co-funding for the research and development supporting the project (\$671,000 confirmed to date), and several parallel work streams focused on confirming legislative requirements, asset research and development and pilot field trials to assist in prioritisation of sites for remediation and mitigation.

Work programmes comprising ongoing operational inspections, maintenance, renewals and new capital works will continue in 2019/20 with activities occurring across all management zones in the region.

LAND DRAINAGE

Seasonal weather variances had a big influence on vegetation growth rates within our drainage channels in 2018/19. The past year has been an exceptional year for light rainfall allowing significant growth to occur and causing many additional spray requests from our customers. The final distances sprayed and cleaned may be a record for this region in a single year culminating in a spray length of 1685km and a machine cleaning length of 458km.

Additional achievements include completing a draft Drainage Management Plan, which provides excellent reference material for future drainage governance, and a draft drainage enhancement plan to be used as a basis for quantifying environmental offsets from drainage activities in natural and modified waterways.

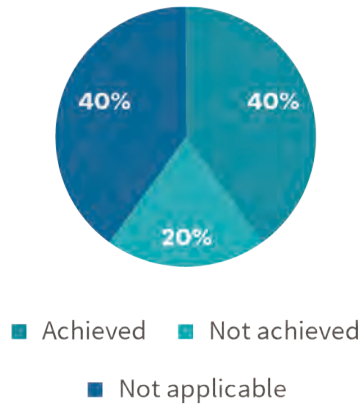
In 2019/20 it is business as usual for this activity which will see continued routine maintenance of the drainage network.

RIVER MANAGEMENT

A range of routine river management activities have occurred within major river catchments, these being directed at achieving stability and capacity of river channels through activities such as bank protection works and removal of obstructions; and where possible to achieve secondary benefits around water quality, creation of fish habitat, biodiversity enhancement and protection of productive soils.

WHAT WE DELIVERED

The total number of flood protection and control works performance measures is five. A total of two measures were achieved (40 per cent). Of the remaining three measures, two were not applicable (40 per cent), and one was not achieved (20 per cent). Detailed commentary for these measures can be found in the following tables.



ACTIVITY: FLOOD PROTECTION

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

Performance measure	Target	Actual	Commentary
Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents (such as zone management plan, annual works programme or long term plan). Note: This measure is split into two parts as outlined below	Achieved	Achieved 2017/18, achieved	2017/18 results: Part one: 93.0% of planned mandatory maintenance actions were completed. Part two: 93.1% of stopbanks above design high. Data was not split into urban and rural.
Part one: Percentage of planned mandatory maintenance* actions achieved each year	Part one: 85%	Part one: 92.4% of planned mandatory maintenance actions have been completed	
Part two: Percentage of stopbanks maintained to above designed flood height as agreed within each zone	Part two: Rural: 93% Urban: 93%	Part two: Rural: 93.37% above design flood level Urban: 93.55% above design flood level	
Percentage of flood recovery plans** implemented after all major events	50% compliant	Not applicable New measure, no previous data available	There have been no floods this financial year that required flood recovery plans.

*Maintenance can mean repair, renew or maintain.

**The plans set out timeframes under which flood response actions are to be completed.

ACTIVITY: LAND DRAINAGE

Level of service: To provide reliable water table management on land within drainage schemes for the purpose of maintaining pastoral production

Performance measure	Target	Actual	Commentary
Number of reported incidences where it takes more than three days to remove surface water after events with up to a 10% annual exceedance probability	≤5	Not applicable 2017/18, achieved	There have been no reported incidents this financial year.

ACTIVITY: RIVER MANAGEMENT

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

Performance measure	Target	Actual	Commentary
Percentage of planned maintenance actions achieved each year	85%	96.8%, achieved New measure, no previous data available.	A total of 247 actions were planned with 239 completed.
Percentage of enquiries acknowledged within two working days	95%	Not achieved New measure, no previous data available.	62% of river management enquiries (69 out of 111) were responded to within two working days. Staff have investigated this issue, and identified a process improvement to ensure customers receive a timely acknowledgement in advance of a fuller response from the appropriate staff member. This process improvement is now being implemented.

WHAT IT COST

EXPENDITURE FOR FLOOD PROTECTION AND CONTROL WORKS

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
General rates	2,607	2,607	2,320
Targeted rates	17,499	17,477	15,654
Fees and charges	22	20	19
Investment income	9		11
Other income	996	774	1,242
Total income	21,133	20,878	19,246
Operating expenditure	22,819	21,846	24,780
Operating surplus / (deficit)	(1,686)	(968)	(5,534)
Total funding from / (to) reserves			
Watershed	(587)	240	4,470
Peninsula	159	136	9
West Coast	3	-	(55)
Waihou	(84)	(29)	(94)
Piako	981	-	1,069
Drainage	581	57	221
Regional disaster recovery	(158)	(194)	(44)
Zone disaster recovery	(128)	(159)	(43)
Total reserve transfers	766	50	5,533
Increase / (decrease) in retained earnings	(919)	(919)	(1)

EXPENDITURE



Flood Protection	\$14,981,000
Land drainage	\$2,644,000
River management	\$5,194,000

FUNDING IMPACT STATEMENT - FLOOD PROTECTION AND CONTROL WORKS

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,277	2,607	2,607
Targeted rates	16940	17477	17499
Subsidies and grants for operating purposes	0	0	0
Fees and charges	844	794	1020
Internal charges and overheads recovered	1,338	2,804	2,744
Local authorities fuel tax, fines, infringement fees, and other receipts			9
Total operating funding (A)	21,399	23,682	23,879
Applications of operating funding			
Payments to staff and suppliers	10,002	12,008	12,458
Finance costs	-	381	86
Internal charges and overheads applied	4,649	6,076	6,954
Other operating funding applications	-	-	-
Total applications of operating funding (B)	14,651	18,465	19,498
Surplus (deficit) of operating funding (A-B)	6,748	5,217	4,381
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	13,565	4,881
Gross proceeds from the sale of assets	-	-	-

Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	13,565	4,881
Applications of capital funding	0	0	0
Capital expenditure	0	0	0
- to meet additional demand	-	-	-
- to improve the level of service	1,778	162	1,805
- to replace existing assets	7,021	13,248	8,581
Increase (decrease) in reserves	(2,051)	5,372	(1,124)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,748	18,782	9,262
Surplus (deficit) of capital funding (C-D)	(6,748)	(5,217)	(4,381)
Funding balance ((A-B)+(C-D))	-	-	-

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

THIS GOA INCLUDES FOUR ACTIVITIES:

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

BIODIVERSITY

What we do

In coordinating biodiversity protection and restoration activities the Natural Heritage Team is focused on three strategic directions:

- Empowering communities – we provide support, funding and advice to environmental projects driven by community groups, iwi and landowners.
- Mainstreaming biodiversity – promoting more cohesive approaches leading to further benefits to biodiversity as a result of Waikato Regional Council activities.
- Advancing restoration – in collaboration with others we are at the “cutting edge” of ecological restoration, developing new approaches and techniques at different sites, yielding significant, long term protection of vulnerable ecosystems.

Why we do it

In line with council strategic directions, biodiversity conservation activities are aimed at preserving, protecting and restoring the natural heritage of the Waikato region.

BIOSECURITY

What we do

The biosecurity activity includes the exclusion, eradication or management of pests and diseases that pose a risk to the economy, environment and cultural and social values, including human health. The council collaborates and works in partnership with a wide range of national, regional and local organisations and communities to deliver pest management throughout the region.

The activity is achieved through direct and biological control of animal and plant pests including community based initiatives, providing information and advice on plant and animal pest control, monitoring of pest animals and plants throughout the region, as well as developing strategy and rules for the protection and enhancement of the environment.

Why we do it

This activity is a vital component in the national biosecurity system which is designed to mitigate and avoid significant impacts of pest species. Pests and diseases can cause great environmental, social, cultural and economic losses.

CATCHMENT PLANNING AND MANAGEMENT

What we do

The catchment planning and management activity provides for the management of catchments throughout the region. Key priorities for this activity include maintaining existing soil conservation schemes, promoting, planning and implementing new catchment protection projects aimed at improving water quality, protecting biodiversity, managing shallow lakes, and planning for zones, catchments and harbours. These activities are undertaken collaboratively with landowners, community groups, iwi and other agencies.

Works are delivered according to priorities established within each management zone or outcome area and include erosion control and prevention, riparian protection through fencing and planting, lake and wetland protection and enhancement, bush fragment protection, and pest plant and animal control.

The council also undertakes zone, catchment and harbour management planning, including the development and review of eight zone management plans.

Why we do it

The catchment planning and management activity is a key function of the council, undertaken in conjunction with other activities such as river management and flood protection. These activities combined with the council's biodiversity and biosecurity programmes form the key components of the council's integrated catchment management approach.

Catchment management aims to achieve:

- reduced sedimentation of rivers, harbours and estuaries
- more stable catchments and rivers
- improvement and protection of the region's harbours, estuaries and shallow lakes
- improvement and maintenance of water quality improvement and protection of biodiversity
- greater awareness of land and water sustainability and integrated catchment planning.

LAND MANAGEMENT ADVISORY SERVICES

What we do

This activity works with others to deliver a range of non-regulatory services to support the agriculture industry, including community engagement and extension programmes aimed at building farmer awareness of good practices and developing capability and capacity within the agricultural industry.

This includes supporting policy implementation by raising awareness of regulatory requirements and providing suitable and sustainable agricultural practices. In particular it coordinates farm environment planning within the Waikato

and Waipā (Healthy Rivers) catchments. It also works in the Hauraki and West Coast catchments to prepare for the implications of its plan change when it arrives.

This service complements other non-regulatory and regulatory functions within the council by engaging with the agriculture sector and ensuring it has the systems, capability and capacity to manage the effect of agriculture on water and soil resources.

Why we do it

The aim of the service is to reduce the effects of agriculture on the environment. The primary benefit is to the agriculture industry in helping it to meet its obligations. The wider community benefits from having cleaner waterbodies and healthier ecosystems, and particularly safeguarding the 'natural capital'.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES Key: △ = Primary focus ◇ = Contributes to	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
Catchment planning and management	△	◇	◇
Biosecurity	◇	△	◇
Biodiversity	△	◇	◇
Land management advisory services	◇	△	◇

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

BIODIVERSITY

A cross-section of Waikato ecosystems have been the focus for more than 30 restoration projects in 2018/19, including geothermal, freshwater wetland, coastal and karst sites. Management works continue in collaboration with mana whenua and others at high priority geothermal sites including Wai-O-Tapu, Otumuheke, Craters of the Moon, Crown Road and Tokaanu geothermal walkway.

The Coastcare programme (formally called Beachcare) continues to receive high levels of community support and engagement on coastal restoration projects around the Coromandel Peninsula and the West coast. Collaboration with the Kāwhia community, iwi and landowners, with the primary objective of restoring cultural and biodiversity values of the Kāwhia coastline, continues as a high priority.

A number of grants to community environmental projects through the Natural Heritage Partnership Programme were awarded or continued in 2018/19:

- Natural Heritage Fund grants totalling \$703,209 to seven community projects*

- Environmental Initiatives Fund grants totalling \$281,880 to 14 projects*
- Small Scale Community Initiatives Fund grants totalling \$142,801 to 49 applicants.

*including progress payments to multi-year projects

BIOSECURITY

We continued to collaborate with the Department of Conservation (DOC) to undertake landscape feral goat control in the Coromandel, Kaimai Range, Mt Pirongia, west coast/Whareorino and Rangitoto Range this year. Over the last six years, this programme has resulted in over 20,000 goats being managed. We are also working closely with DOC to develop a regional goat management strategy.

This collaboration extends to the Wallaby Management Programme, where staff are working closely with our partners from the Bay of Plenty Regional Council, DOC and Biosecurity New Zealand to contain the spread of wallabies into the Waikato region. A containment area has been developed and surveillance is being undertaken outside the perimeter to

detect wallaby populations. The research project will be undertaken with Landcare Research and is anticipated to be completed by 2020/21.

Successful possum control was completed across 102,501 hectares of the Waikato region. Included in this programme are significant areas of possum control previously managed by OSPRI-TBfree. Ongoing possum control in these areas helps to ensure the excellent biodiversity gains made by OSPRI-TBfree, through 30 years of possum control, will continue to be maintained.

In 2018/19 we have been working with Biosecurity New Zealand-Ministry for Primary Industries to review the National Kauri Dieback Programme. An 'Accelerating Protection of Kauri' project has been developed, as well as refreshing the National Kauri Protection Strategy, and drafting a National (Kauri dieback) Pest Management Plan. Outcomes of this work will be implemented in 2019/20.

Staff also assisted the Ministry for Primary Industries in the national *Mycoplasma bovis* response and the Queensland fruit fly response in Auckland.

A full summary of our annual biosecurity programme can be found in the Regional Pest Management Plan Annual report, due for publication in September 2019.

Throughout 2018/19 we worked with community and iwi on managing wilding conifers in geothermal sites. Geothermal sites are of high significance historically and culturally to local iwi, and wilding conifer impact negatively on the native biodiversity in these areas. We will continue this work in 2019/20.

Our regional pest management plan, which helps us to prioritise what pest plants and animals need to be controlled in our region, is out of date, so during 2018/19 we began reviewing it. Our initial focus is on engaging with our stakeholders to get their feedback on what changes they think should be made. This programme of work will continue in 2019/20.

CATCHMENT PLANNING AND MANAGEMENT

A number of zone plans were progressed in 2018/19 including the adoption of the Lower Waikato Zone Plan. Planning for the review of the Waipā Zone Plan, Waipā Catchment Plan and the West Coast Zone Plan commenced. These reviews are anticipated to get underway in 2019/20. Harbour and catchment management planning continued in the Whitianga/Mercury Bay catchment and began in the Coromandel/Manaia and West Coast Zone harbours of Whaingaroa, Aotea and Kāwhia.

Implementation of the Waipā Catchment Plan continued with works of approximately \$1.9 million for soil conservation in priority catchments being completed. This work was co-funded by the Waikato River Authority (WRA) and was delivered in partnership with landowners across the Waipā. Council also

continued implementation of the large WRA part funded soil conservation projects in the Lower Waikato, Central and Upper Waikato zones.

This was the final year of the Hill Country Erosion Fund project successfully delivered in priority catchments in the West Coast zone. Building on the success in the West Coast zone, this programme will (pending final approval by Ministry of Primary Industry) expand into the Waipā, Central, Lower Waikato and Coromandel zones in 2019/20. It will also expand into additional catchments in the West Coast Zone, enabling more landowners to be supported.

Some key highlights from 2018/19:

- In excess of \$1.5 million of (WRC matched) external funding leveraged into priority projects. This funding was used to assist landowners undertaking catchment management works across the region.
- Completion of a detailed ecological survey and impact assessment of forest activity in Kuaioiti Woodlot. This enabled a resource consent to be granted allowing forest harvest in this area.
- Significant progress was made on the Waitekure and Wharekawa Focus Catchments Projects in the Coromandel Zone.
- The successful completion of year 2 of the WRA, TARIT, local community and council supported Whirinaki Project in the Upper Waikato Zone.
- Successful implementation of the WRA supported Lower Waikato catchment projects.
- A high level of compliance achieved across Taupō and Upper Waikato maintenance inspections. Greater than 82 per cent compliance achieved over approximately 258 compartment inspections.

In 2019/20 extensive catchment management and planning work will be undertaken in collaboration with landowners, iwi, community groups and key agencies to reduce soil erosion, protect and enhance biodiversity and improve water quality within priority catchments across the region. These works include fencing, erosion control, bush retirement, afforestation and riparian planting.

In the Waipā, Upper Waikato, Central and Lower Waikato zones, large scale programmes supported by the WRA will continue. These projects align with the recently completed Waikato and Waipā River Restoration Strategy and are focused on reducing soil erosion and improving water quality. These programmes are in part subject to further successful WRA, Hill Country Erosion programme and other third party funding decisions.

LAND MANAGEMENT ADVISORY SERVICES

The main focus for this activity over 2018/19 was engaging farmers and rural professionals and setting up the implementation of the Farm Environment Plan (FEP) provisions for Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1.

In 2018/19, seven sub-catchment profile reports were completed for Priority 1 catchments and conversion of these to 'story maps' (interactive online versions) have been developed and are available on the council website. These will be used to further support farmer engagement in preparation of FEPs.

We successfully delivered a variety of workshops and awareness programmes across the agricultural sector. Highlights include the development and implementation of risk and mitigation workshops to engage farmers and the rural community as part of Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1 implementation project. We also delivered programmes and field days on water quality, farm forestry, riparian management and carbon farming. Other events included a river management and in-stream works field day and the annual Landcare networking day. Across these events, 70.5 per cent of the participants reported that they made good or excellent progress toward the intended changes.

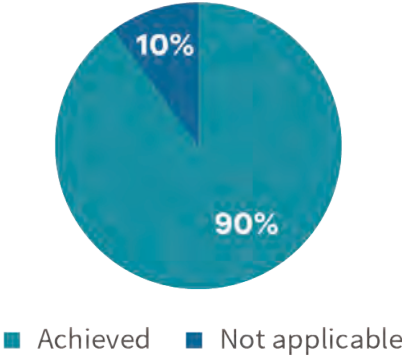
Additionally we held 16 drop-in sessions in regional locations in 2018/19. The sessions provided landowners with the opportunity to come and have a chat to staff about Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1, and were based in Whakamaru, Reporoa, Arapuni and Putaruru. We will be looking to roll these sessions out more widely across the region in 2019/20.

Coordination will continue with Beef + Lamb NZ, Deer Industry NZ and other agricultural industry organisations to engage farmers and provide FEP workshops. We will also contribute to training for rural professionals wishing to become certified to approve FEPs and begin work on the development of sub-catchment planning approaches.

In the Hauraki and the west coast catchments we will encourage and support farmer-led initiatives to improve their environmental performance in anticipation of future plan changes to come over the next few years.

WHAT WE DELIVERED

The total number of integrated catchment management performance measures is 10. There were nine performance measures achieved (90 per cent) and one performance measure not achieved (10 per cent). Detailed commentary for these measures can be found in the following tables.



ACTIVITY: BIODIVERSITY

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

Performance measure	Target	Actual	Commentary
Percentage of projects funded through Natural Heritage Partnership Programme that achieve milestones as per the funding agreement	100%	Achieved 2017/18, not achieved	<p>Natural Heritage Fund</p> <p>Seven Natural Heritage fund projects received grants in 2018/19 (totaling \$703,209).</p> <p>All of these projects are still in progress, as they are multi-year projects and are meeting interim milestones.</p> <p>Environmental Initiatives Fund</p> <p>The council received 18 applications for the Environmental Initiative Fund in 2018/19. Fourteen grants were approved totaling \$281,880. Two of these projects have already been completed, with the remaining project accountability reports due in October 2019.</p> <p>Nine grants were made in 2017/18 totalling \$137,500 (some of these are multi-year projects). Of these, six have submitted their accountability reports as per their funding agreement with four of these projects being fully completed. The remaining three will be submitted by September 2019.</p> <p>Small Scale Community Initiatives Fund (SSCIF)</p> <p>Of the 15 applications received for the March 2019 round, 11 projects were approved for funding – a total of \$39,634 in approved funding. This was the second SSCIF funding round for the year. The first SSCIF funding round was completed in July 2018, with 38 projects approved for a total of \$103,168 in funding. This brings the total number of projects approved for 2018/19 to 49, with \$142,801 in grants approved.</p>
Number of on the ground projects in action to protect and restore indigenous biodiversity per zone	≥2 per zone	Achieved New measure, no previous data available	<p>31 projects are currently underway and all involve collaboration with local staff and other stakeholders.</p> <p>The number of projects per zone includes:</p> <ul style="list-style-type: none"> West Coast Zone – 8 projects Waipā Zone – 4 projects Waihou-Piako Zone – 2 projects Upper Waikato Zone – 4 projects Lower Waikato Zone – 3 projects Lake Taupō Zone – 6 projects Coromandel Zone – 2 projects

Performance measure	Target	Actual	Commentary
			Central Waikato Zone – 2 projects.

ACTIVITY: BIOSECURITY

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

Performance measure	Target	Actual	Commentary
Increasing long term trend in the number of tūi in Hamilton	Increasing trend	Achieved 2017/18, not applicable as measured biennially	The report by Manaaki Whenua-Landcare Research, including analysis, has been received and 2018 counts indicated more than a 25-fold increase in tūi visiting in the city during the winter compared with prior to the Hamilton Halo project being initiated.
Average rat tracking index (RTI) for all rat control operations	≤5%	0.59%, achieved New measure, no previous data available	Five operations have been completed in the Hamilton Halo bush areas this year, achieving 0.59% RTI.
Average number of possums* caught for every 100 traps set for possum operations	≤5% residual trap catch (RTC) for ground control	1.46%, achieved 2017/18, 0.76% achieved	Six operations have been completed this year, achieving 1.46% RTC. Two operations started this year will continue into 2019/20 and be reported on next year. One operation experienced delays due to land access issues, and the size and scale of the other operation meant it could not be financially achieved in one year.

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

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

Performance measure	Target	Actual	Commentary
Reducing trend in the coverage of eradication pest plants** at known sites	Reducing trend	Achieved New measure, no previous data available.	Inspection and control of eradication sites has been completed and all sites show a reduction in pest plants.

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

ACTIVITY: CATCHMENT PLANNING AND MANAGEMENT

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

Performance measure	Target	Actual	Commentary
Percentage of sampled catchment works maintained in effective condition to the standards set out in zone plans***	70%	82%, achieved 2017/18, 90.6% achieved	A total of 89 property inspections have been completed with 82 per cent of inspected compartments in effective condition. Property inspections are undertaken during the year according to the schedule in place for each zone. Properties not meeting the required standards are recorded and remedial works programmed in consultation with the property owner.

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

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

Performance measure	Target	Actual	Commentary
Percentage of catchment new works undertaken in priority catchments and/or at priority sites across all zones	70%	76%, achieved New measure, no previous data available.	76% of all catchment new works costs were located within priority catchments and/or significant natural areas across all zones.

ACTIVITY: LAND MANAGEMENT ADVISORY SERVICES

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

Performance measure	Target	Actual	Commentary
Percentage of people (as surveyed) participating in Waikato Regional Council extension programmes who make a change in agricultural practice within 12 months of attendance	66%	70%, achieved 2017/18, 70% achieved	The surveys were undertaken by an independent consultant and results show that over 70 per cent of farmers who attend our events are then making changes to agricultural practice within 12 months of the attendance. The survey looked at 11 different events that we ran around the region.
Number of farmers attending farm environment planning workshops**** (Healthy Rivers)	200	170, not achieved New measure, no previous data available.	Approximately 170 farmers attended workshops. This was less than anticipated due to: - A change in focus which meant significant time has been spent building farmers' understanding of on-farm risks and

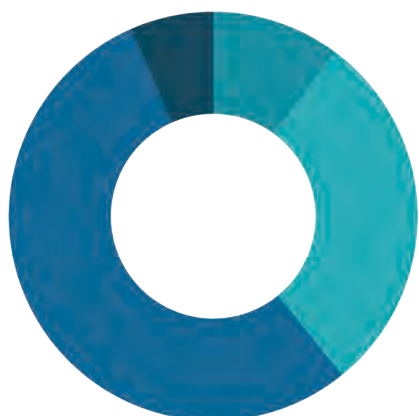
Performance measure	Target	Actual	Commentary
			<p>potential mitigations. This ensures that people getting into the workshops are better prepared</p> <p>- A shortage of staff which meant less time was spent on engaging the farmers to get attendance at the FEP workshops.</p> <p>Farmers also may not want to commit before decisions on Healthy Rivers are made, thereby reducing the number of farmers who were willing to attend these workshops</p> <p>Whilst the target has not being met, the events designed to lead farmers to FEP workshops have very good participation. If the two were combined we would have had over 370 farmers through both sets of workshops collectively.</p>
<p>**** A total of 3000 farm environment plans must be delivered over 10 years. The first set of plans for priority 1 sub-catchments must be completed by 1 March 2022 with the second set of plans for priority 2 sub-catchments completed by 1 March 2025. Workshops to aid farmers in this process began over 2018/19.</p>			

WHAT IT COST

EXPENDITURE FOR INTEGRATED CATCHMENT MANAGEMENT

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
General rates	6,346	6,346	5,477
UAGC	1,554	1,554	1,318
Targeted rates	15,562	15,533	13,758
Government grants	247	274	270
Fees and charges	1,459	1,005	1,179
Investment income	41	-	32
Other income	1,065	753	752
Total income	26,274	25,465	22,786
Operating expenditure	25,816	27,316	23,474
Operating surplus / (deficit)	457	(1,851)	(688)
Total funding from / (to) reserves			
Watershed	(711)	44	114
Peninsula	134	72	(129)
West Coast	(54)	-	112
Waihou	289	-	(238)
Piako	295	-	45
Regional disaster recovery	(36)	(37)	(37)
Zone disaster recovery	(36)	(37)	(37)
Biosecurity	(176)	921	1,037
Natural Heritage	83	44	220
Environmental initiatives	5	-	(112)
Koi carp digester	16	14	16
Healthy Rivers Internal Loan	-	-	88
Prior Year Surplus	-	-	23
Investment equalisation	365	365	-
Total reserve transfers	174	1,386	1,102
Increase / (decrease) in retained earnings	631	(465)	414

EXPENDITURE



■ Biosecurity	\$7,493,000
■ Biodiversity	\$2,614,000
■ Catchment planning and management	\$14,012,000
■ Environmental farming systems	\$1,697,000

FUNDING IMPACT STATEMENT - INTEGRATED CATCHMENT MANAGEMENT

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,308	7,901	7,901
Targeted rates	14,618	15,533	15,562
Subsidies and grants for operating purposes	-	274	247
Fees and charges	1,240	1,758	2,523
Internal charges and overheads recovered	693	1,015	771
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	41
Total operating funding (A)	22,859	26,481	27,045
Applications of operating funding			
Payments to staff and suppliers	16,298	19,867	17,579
Finance costs	-	(82)	(91)
Internal charges and overheads applied	7,035	8,505	8,955
Other operating funding applications	-	-	-
Total applications of operating funding (B)	23,333	28,290	26,443
Surplus (deficit) of operating funding (A-B)	(474)	(1,809)	602
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	465	276

Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	465	276

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(474)	(1,344)	878
Increase (decrease) of investments			
Total applications of capital funding (D)	(474)	(1,344)	878

Surplus (deficit) of capital funding (C-D)	474	1,809	(602)
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Funding balance ((A-B)+(C-D))	-	-	-
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Public transport | Ngā waka kawe tangata tūmatanui

THIS GOA INCLUDES ONE ACTIVITY:

- Public transport

WHAT WE DO

Waikato Regional Council provides comprehensive public bus services within Hamilton and between Hamilton and neighbouring towns. The council also provides services more broadly within the region in partnership with district councils. Areas serviced include Taupō, Tokoroa, Thames and multiple north Waikato towns.

In addition, the council provides Total Mobility services in Hamilton, Tokoroa, Taupō, and Waipā which provides door to door subsidised taxi travel for people with disabilities.

WHY WE DO IT

We provide public transport services to enhance the wellbeing of our communities. Public transport enables access to employment, education, healthcare and social opportunities. It also provides an alternative to private vehicle travel, improves environmental outcomes, supports urban growth objectives and provides rural communities with better access to essential services.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES Key: △ = Primary focus ◇ = Contributes to	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
Public transport		△	◇

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

In 2018/19, total patronage on council's public transport network exceeded 4 million passenger boardings. Over the past two years:

- First boardings (where passengers pay a fare) increased 3 per cent across the network.
- Child patronage increased by 4 per cent. This includes a 5 per cent increase during off peak periods and a 7 per cent increase during weekends.
- Total weekend patronage increased by 14 per cent with a 26 per cent increase on Sundays.
- Patronage on council's busiest bus route, the Orbiter, increased 21 per cent – with 923,836 boardings in 2018/19 compared to 766,282 in 2016/17.

2018/19 saw the implementation of service improvements, including:

- The launch of the Comet route, a new high frequency service in Hamilton. In the first three months of operation, Comet patronage increased by 32 per cent, making it the second busiest service in the region since its launch in April 2019.
- Establishment of a daily bus service between Hamilton and Pukekohe via north Waikato towns.

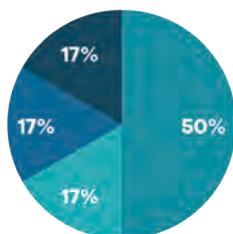
- Establishment of peak services between Te Kauwhata and Hamilton.
- Expansion of the Total Mobility scheme to include Waipā district.

Looking forward to 2019/20, the council in partnership with others is working towards:

- Implementation of a new public transport ticketing system in partnership with eight other regions in New Zealand.
- Launching a start-up passenger rail service between Auckland and Hamilton.
- Establishing new public bus services between:
 - Tokoroa and Hamilton
 - Matamata and Hamilton
 - Tūākau/Pokeno and Auckland
- Increased services into growing parts of Hamilton and improving travel time reliability issues caused by increasing congestion.
- Improving services between Hamilton, Cambridge and Te Awamutu.

WHAT WE DELIVERED

The total number of public transport performance measures is six. Three measures were achieved (50 per cent) and one measure was not achieved (17 per cent), one measure was not applicable (17 per cent), and there was no result available for the last measure (17 per cent). Detailed commentary for these measures can be found in the following table.



ACTIVITY: PUBLIC TRANSPORT

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

Performance measure	Target	Actual	Commentary
Percentage of patronage growth in the region	2%	1.96%, not achieved New measure, no previous data available	Patronage was negatively affected by strike action in November 2018.
Percentage of customers surveyed who are 'satisfied' or better with the passenger transport service Source: Customer satisfaction survey	≥95%	96%, achieved 2017/18, 96% achieved	The customer satisfaction survey was undertaken in October 2018 and achieved 96 per cent satisfaction.
Percentage of surveyed passengers who believe fares represent good value for money Source: Customer satisfaction survey	≥74%	84%, achieved New measure, no previous data available	The customer satisfaction survey was undertaken in October 2018 and 84 per cent of passengers believed fares represented good value for money.
Percentage of scheduled service trips that depart timing points* on time compared to public timetable	≥95% scheduled service trips depart between 59 seconds before and 4 minutes and 59 seconds after the scheduled departure time	No result New measure, no previous data available	Staff are working through a number of technical issues with the systems which are used to report on this measure. As a result of these issues staff cannot confirm the reliability of the data and therefore cannot determine a result for this measure for the full year.

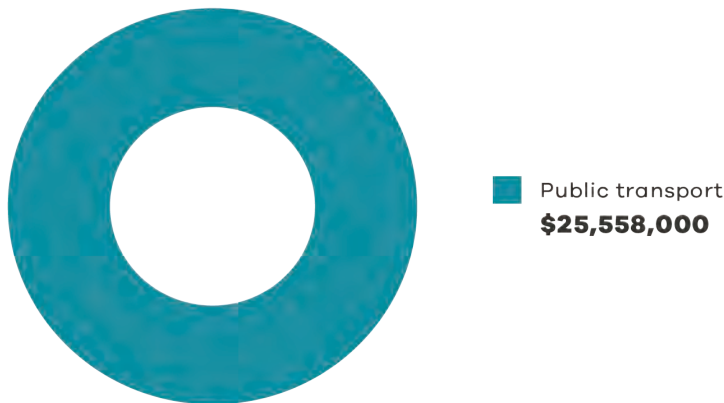
Performance measure	Target	Actual	Commentary
			<p>Measures have been implemented with the real time provider to increase tracking rates. The roll out of the hardware updates will be completed in August 2019. In addition to improving tracking rates, the council is working to significantly improve the reliability of bus services across the network with revised timetables programmed to start being deployed in January 2020 and completed by April 2020.</p> <p>In addition to this measure information is collected through our customer satisfaction survey which was undertaken in October 2018. The survey results identify that 87 per cent of passengers are satisfied or very satisfied with the timeliness of bus services.</p>
Percentage of households in Hamilton within 800m of public transport bus stop	≥97%	98.2%, achieved New measure, no previous data available	98.2% of households are within 800m of a bus stop in Hamilton.
Rail service is implemented by the agreed date as per agreed levels of service**	Not applicable	Not applicable New measure, no previous data available	When this measure was developed, it was decided a target would be set once the rail service commenced and the council is in a better position to set specific targets for agreed levels of service. These metrics are likely to be similar to the metrics currently used in relation to bus passenger transport services.
<p>*A timing point is defined as a key interval along a route (it is less frequent than a bus stop). The number of timing points varies for each route.</p> <p>** Once the rail service has commenced, the council will be in a better position to set specific targets for agreed levels of service. These metrics are likely to be similar to the metrics currently measured in relation to bus passenger transport services.</p>			

WHAT IT COST

EXPENDITURE FOR PUBLIC TRANSPORT

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
Targeted rates	8,034	7,969	7,031
Government grants	11,245	12,519	10,773
Local share - buses	846	1,101	750
Other income	6,026	6,605	6,085
Total income	26,152	28,193	24,639
Operating expenditure	25,558	26,773	24,262
Operating surplus / (deficit)	594	1,420	377
Total funding from / (to) reserves			
Public transport	(930)	(1,757)	(376)
Total reserve transfers	(930)	(1,757)	(376)
Increase / (decrease) in retained earnings	(337)	(337)	1

EXPENDITURE



FUNDING IMPACT STATEMENT - PUBLIC TRANSPORT

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	6740	7969	8034

Subsidies and grants for operating purposes	9,232	12,519	11,245
Fees and charges	8001	7706	6873
Internal charges and overheads recovered	15	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	15	-	-
Total operating funding (A)	24,003	28,194	26,152

Applications of operating funding			
Payments to staff and suppliers	22,721	25,079	24,159
Finance costs			-
Internal charges and overheads applied	1,019	1,034	1,341
Other operating funding applications	-	-	-
Total applications of operating funding (B)	23,740	26,113	25,500
Surplus (deficit) of operating funding (A-B)	263	2,081	652

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	-	160	1,460
- to replace existing assets	-	-	-
Increase (decrease) in reserves	263	1,921	(808)
Increase (decrease) of investments			
Total applications of capital funding (D)	263	2,081	652

Surplus (deficit) of capital funding (C-D)	(263)	(2,081)	(652)
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Funding balance ((A-B)+(C-D))	-	-	-
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Resource use | Te whakamahinga o te taiao

THIS GOA INCLUDES THREE ACTIVITIES:

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

CONSENT PROCESSING AND COMPLIANCE

What we do

The consent processing and compliance activity is responsible for both the issuing of resource consents under the Resource Management Act, which allow people to use the region's natural resources, and subsequent compliance monitoring of those consents. Consents typically contain a number of conditions to ensure the effects of the activity are appropriately controlled.

The large number of operative consents within the region mean that they are monitored by the council on a prioritised basis. The council also proactively monitors compliance with some activities that are only permitted under the Waikato Regional Plan, subject to compliance with a range of conditions.

This activity is also responsible for processing resource consent applications under the Building Act for large dams on behalf of all North Island regional councils, and responding to identified non-compliance with Building Act requirements as these relate to large dams within the Waikato region.

Why we do it

Implementing the council's responsibilities to process consents and monitor both consented activity and priority permitted activities not only enables the council to meet its statutory obligations, it importantly helps protect the Waikato's unique environment while allowing for growth and development in a sustainable way. This ensures the region's resources are managed sustainably for current as well as future generations.

The council's dam safety responsibility ensures that potential risks to people and property are minimised, while meeting the council's obligations under the Building Act.

INVESTIGATIONS AND INCIDENT RESPONSE

What we do

Waikato Regional Council runs a 24 hour 7 day a week response service to ensure the environment, people or property are not seriously affected by pollution incidents or activities that are non-compliant with environmental regulation. The council also investigates serious breaches of environmental or maritime regulation and, where significant non-compliance has been found to occur, formally investigates the incident to enable decisions to be made on appropriate action, including enforcement.

Why we do it

This activity safeguards the community and environment against activities and incidents that could cause unsustainable damage to our air, water, soils, geothermal and coastal marine areas.

MARITIME SERVICES

What we do

This activity safeguards the community and environment against activities and incidents that could cause damage to their personal safety or to property, within our lakes, rivers and harbours.

Why we do it

Maritime services has the delegated responsibility from Maritime NZ to ensure the region's waterways have an operative bylaw and navigable waterways.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES Key: Δ = Primary focus ◇ = Contributes to	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
Consent processing and compliance	Δ	◇	◇
Investigations and incident response	Δ	◇	◇
Maritime services			Δ

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

CONSENT PROCESSING AND COMPLIANCE

A total of 991 resource consent applications were processed to completion in 2018/19. Of these, all but four were processed in accordance with the timeframes set out in the Resource Management Act 1991 (RMA) discount regulations.

We administered over 10,000 resource consents across the region at approximately 4800 sites. Some sites have just one relatively minor consent, whilst others have a large number of consents given the size of the operation. We monitor these consented activities on a prioritised basis to ensure resources are used in the most effective way.

This year we identified 524 priority one sites to monitor and completed compliance assessments at 521 (99.6 per cent) of these sites. Where these compliance assessments identified non-compliance that was of a seriousness that either directive or punitive actions were required, such action was initiated. This was the case at 59 of the 521 priority one sites that were monitored.

A further 250 lower priority consented sites were also monitored for compliance.

In addition, 1024 farms were monitored for compliance with the permitted activity rule under which most operate in relation to disposal of dairy effluent. Of these farms, 13 per cent were found to be significantly non-compliant. Whilst undertaking visits to these farms, 355 farms that hold consent to take water were also monitored for compliance.

Of the 1024 farms monitored, 497 were identified as high risk through the effluent monitoring programme and 20 per cent of these high risk farms were found to be significantly non-compliant.

In 2018/19 the council worked with central government in relation to its ongoing review of the regulatory oversight of the three waters (wastewater, stormwater and drinking water). The outcomes of this review are expected to be released by the Government in the second half of 2019.

In 2019/20 it will largely be business as usual in the consenting space, with a particular focus on the development of consent processing systems and processes to implement the new rules that are anticipated when Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1 becomes operative. The council will also continue to follow a risk-based monitoring programme targeting dairy farms that have inadequate effluent storage.

INVESTIGATIONS AND INCIDENT RESPONSE

Waikato Regional Council continued to offer a 24/7 0800 number to hear from the public. In 2018/19, a total of 1838 calls were taken from members of the public notifying us of potential breaches of environmental regulation. All calls were responded to. Resulting from these calls and proactive monitoring, a range of formal enforcement actions were taken for breaches of the Resource Management Act aimed at bringing about positive behaviour change.

The most serious instances of non-compliance by resource users were thoroughly investigated and 28 prosecutions were initiated by the council for varied activities, including unlawful earthworks, human sewage and animal effluent discharges to land and streams, objectionable odour and discharging sediment into the coastal marine area.

In 2019/20 we will maintain our response to the growing number of notifications from members of the public about environmental incidents and, where appropriate, investigate and respond to instances of non-compliance.

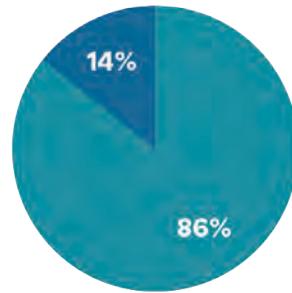
MARITIME SERVICES

In 2018/19, a total of 68 infringement notices and 43 formal warnings were issued for breaches of the Navigation Safety Bylaw. Two formal investigations into boating incidents (collisions) resulted in two infringements and one formal warning being issued.

In 2019/20 the MarineMate smartphone app that allows users to access information on tide times, boat ramp locations, VHF channels and local boating rules for the whole country will be refreshed with funding from Maritime NZ and other regional councils.

WHAT WE DELIVERED

The total number of resource use performance measures is seven. Six measures were achieved (86 per cent), the remaining measure was not achieved (14 per cent). Detailed commentary for these measures can be found in the following tables.



■ Achieved ■ Not applicable

ACTIVITY: CONSENT PROCESSING AND COMPLIANCE

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

Performance measure	Target	Actual	Commentary
Percentage of resource consents processed in accordance with RMA timeframe discount regulations	≥95%	99.5%, achieved 2017/18, 99.8% achieved	Five consents were processed outside the statutory RMA timeframe. However, two of these were subject to the queued priority process (i.e. they were applications to take water where the applications needed to be processed in priority order) and so do not trigger the discount regulations. Three applications were processed outside of the statutory timeframes and therefore received a discount. In total, 991 applications were processed to completion. Note - applicants are informed of the result of consent request by email or post. Where an applicant has been notified of the result by letter, the timeframe is based on the exact date of the letter.
Percentage of highest priority (P1) consented sites monitored each year	100%	99.2%, not achieved 2017/18, 100% achieved	520 P1 sites were monitored out of a target of 524. The high number of monitoring sites meant four did not get monitored this year.

Performance measure	Target	Actual	Commentary
Percentage of significant non-compliance incidents where action is taken	100%	100%, achieved New measure, no previous data available	Of the 520 P1 consented sites monitored in the 2018/19 year, 46 were found to have non compliance that was considered significant. Actions were taken in relation to all of these identified non compliances. At some sites, both punitive (e.g. formal warnings, infringement notices, prosecution) and directive actions (e.g. abatement notices, letters of direction) were taken. In addition, there were a range of enforcement actions (including a number of prosecutions) that were taken for breaches of the Resource Management Act that were not related specifically to non compliance with a resource consent.

ACTIVITY: INVESTIGATIONS AND INCIDENT RESPONSE

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

Performance measure	Target	Actual	Commentary
Percentage of time the 24 hour 7 day a week response service for reporting environmental incidents is available	100%	100%, achieved 2017/18, 96% not achieved	24/7 response service maintained consistently over this period.

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

Performance measure	Target	Actual	Commentary
Percentage of serious non-compliance incidents that are actioned	100%	100%, achieved 2017/18, 100% achieved	All incidents of serious non-compliance are actioned and in keeping with our enforcement policy.

ACTIVITY: MARITIME SERVICES

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

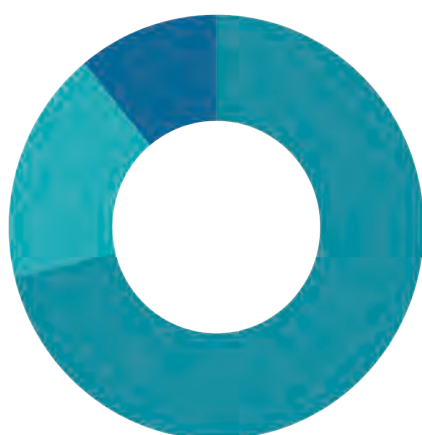
Performance measure	Target	Actual	Commentary
Percentage of time grade 1 aids* to navigation are operational within 24 hours of failure and notified to Maritime NZ	100%	100%, achieved 2017/18, 100% achieved	100% of grade 1 aids operational within 24 hours of failure and notified to Maritime NZ.
Maintain a 24 hour 7 day a week response for navigational incidents**	100%	100%, achieved 2017/18, 100% achieved	24/7 response service maintained consistently over this period, during which time we responded to one incident. The incident occurred on 31 May 2019 when the vessel Karamu went aground and broke up overnight. Sixty litres of diesel was lost to the environment and our response was to clean up debris.
* Considered to be of primary navigational significance.			
** Navigational incidents are those Waikato Regional Council has jurisdiction over, for example an oil spill or debris in a river. Incidents are reported to us from Maritime NZ or NZ Police.			

WHAT IT COST

EXPENDITURE FOR RESOURCE USE

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
General rates	6,171	6,171	5,307
UAGC	1,587	1,587	1,575
Targeted rates	1,410	1,416	1,339
Fees and charges	6,756	6,161	5,487
Other income	1,055	428	675
Total income	16,979	15,763	14,383
Operating expenditure	16,616	16,139	15,537
Operating surplus / (deficit)	363	(376)	(1,154)
Total funding from / (to) reserves			
Permitted activity monitoring	(163)	(156)	6
Healthy Rivers Internal Loan	-	-	414
Building act contingency	-	-	-
Total reserve transfers	(163)	(156)	420
Increase / (decrease) in retained earnings	200	(532)	(734)

EXPENDITURE



- Consent processing and compliance monitoring
\$11,824,000
- Investigations and incident response
\$2,975,000
- Martime services
\$1,818,000

FUNDING IMPACT STATEMENT - RESOURCE USE

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,414	7,758	7,758
Targeted rates	1059	1416	1410
Subsidies and grants for operating purposes	-	-	0
Fees and charges	6445	6244	7038
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	345	345	774
Total operating funding (A)	14,263	15,763	16,980

Applications of operating funding			
Payments to staff and suppliers	7,839	9,504	9,727
Finance costs	-	96	59
Internal charges and overheads applied	6,320	6,539	6,829
Other operating funding applications	-	-	-
Total applications of operating funding (B)	14,159	16,139	16,615
Surplus (deficit) of operating funding (A-B)	104	(376)	365

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	2,479	1,811
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	2,479	1,811

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	459
- to replace existing assets	117	140	133
Increase (decrease) in reserves	(13)	1,963	1,584
Increase (decrease) of investments	-	-	-

Total applications of capital funding (D)	104	2,103	2,176
Surplus (deficit) of capital funding (C-D)	(104)	376	(365)
Funding balance ((A-B)+(C-D))	-	-	-

Science and strategy | Pūtaiao me te rautaki

THIS GOA INCLUDES SIX ACTIVITIES

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

ENVIRONMENTAL MONITORING

What we do

This activity focuses on the collection, storage, management and analysis of quality-assured data on the current state of air, water, land, coastal resources and ecosystems. Data is collected to support the operation of flood warning systems, use and allocation of surface and ground freshwater resources, setting water quality limits, identifying changes in water quantity and quality, soil, fresh water ecology, coastal ecology and air quality. Data is used to support the setting of policies and rules and inform resource consent decisions.

Why we do it

Environmental monitoring enables the public to understand how the environment is changing over time. It ensures high quality and consistent data is collected, often reducing the need for the public to undertake their own monitoring.

ENVIRONMENTAL SCIENCE AND INFORMATION

What we do

This activity works closely with the environmental monitoring activity to gather, analyse and communicate environmental information related to air, biodiversity, coasts, existing and emerging contaminants, geothermal resource, groundwater, lakes, rivers and streams, wetlands, soils and the cumulative impacts of past and present land use.

Why we do it

The collective knowledge we develop and hold helps us understand how natural resources respond to past, present and future pressures. It informs the management and mitigation of existing and potential impacts on natural resources as well as the development and monitoring of consent processes.

The information also tracks effectiveness of restoration work and co-management programmes, and informs the development, implementation and review of regional policies and plans.

SOCIAL AND ECONOMIC INFORMATION

What we do

This activity supports evidence based planning and decision making by gathering, analysing and reporting on social and economic data and information and linking that to environmental knowledge. These functions provide the council with a better understanding of the social and economic qualities, opinions and aspirations of our communities, which contributes to informed decision-making about the allocation of natural resources.

The activity also undertakes research and advises on best practice engagement and consultation processes and monitors people's understanding, awareness and attitudes in regards to the work that the council does.

Why we do it

The collection and management of quality information on the community and economy in relation to sustainable management of natural resources enables the council to effectively respond to emerging issues and new challenges. This activity ensures that a rounded approach to resource management is undertaken. It complements natural and physical science so decisions are made in a manner that takes account of the inter-relationships that exist between environment, economy and society/communities. This is critical to sustaining growth and maintaining, or improving, the environmental and ecological health and the use of resources for future generations.

INTEGRATION AND INFRASTRUCTURE

What we do

This activity supports the development and implementation of policy, ensuring there is a connector between the science information, strategy and policy developed by the organisation and the community. It focuses on strengthening internal and external relationships and ensures key stakeholders throughout the region are aware of current science, strategy and policy projects, and are able to effectively contribute.

The activity also provides oversight for the development of transport and infrastructure policy and implementation, supports stakeholders to understand implementation responsibilities and ensures there is multi-agency consistency with regional policy.

Why we do it

We work to align regional and district council regulatory environments and coordinate land use and infrastructure provision to improve certainty for communities, allow for coordinated investment and create efficiencies. We also play a similar role in ensuring investment in our region's transport systems is delivering improvements in safety and has a positive impact on economic, community and environment outcomes.

The activity's business support and corporate library services enable the council to be efficient, collaborative, meet statutory requirements, and ensure our work is informed by the best available evidence.

REGIONAL STRATEGY AND DEVELOPMENT

What we do

This activity involves working together to lead the Waikato region to be more strategic and future focused. Waikato Regional Council determines its role and priorities via its strategic direction and undertakes strategic thinking with key regional stakeholders.

The activity supports collaborative regional and inter-regional development issues, including Upper North Island Strategic Alliance, the Waikato Mayoral Forum, the Waikato Plan, regional economic development, and responding to a changing climate.

The activity is also about building relationships and collaborating with other agencies including iwi, local and central government, and the private sector to inform sector and inter-regional strategies and national policy and regulation.

Why we do it

High quality strategic advice and information enables the direction of key issues to be influenced, the region to be strategically positioned, and the council to develop and deliver on its strategic direction. Specifically, the activity delivers on the council's regional development priority.

RESOURCE MANAGEMENT POLICY

What we do

This activity is responsible for the development and review of resource management plans and the regional policy statement under the Resource Management Act 1991. These documents ensure natural resources are sustainably managed while enabling economic development and growth, and communities, to thrive.

This activity also provides future focused, effective resource management policy and planning information, advice, analysis and solutions under other relevant legislation.

Why we do it

Resource management policies and plans are developed to deliver quality policy direction to ensure a sustainable environment and a viable regional economy.

Credible and evidence-based policy analysis and advice is central to the successful management of scarce, limited or competing resources, and enables our regional communities to make informed decisions about the use of our region's natural resources and respond to emerging challenges.

THIS GROUP OF ACTIVITIES CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

ACTIVITIES Key: △ = Primary focus ◇ = Contributes to	COMMUNITY OUTCOMES		
	Healthy environment	Strong economy	Vibrant communities
Environmental monitoring	△		
Environmental science and information	△	◇	◇
Social and economic information		◇	△
Integration and infrastructure		△	◇
Regional strategy and development		△	◇
Resource management policy	△	◇	

HIGHLIGHTS FROM 2018/19 AND LOOKING FORWARD TO 2019/20

ENVIRONMENTAL MONITORING

In 2018/19 this activity started implementing additional environmental monitoring of 10 new river water quality sites for Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1. We also identified 38 lakes to be part of a new sampling regime starting in 2019/20.

We are focusing on helping customers to more easily find where and what we monitor. This is a two year project to develop ways of showing our data visually on our website and developing a portal where customers can extract data themselves. Customers will receive the benefit of being able to identify and access the data they want, when they want, removing the reliance on our staff to process requests.

ENVIRONMENTAL SCIENCE AND INFORMATION

In 2018/19, we initiated a peat subsidence monitoring programme in partnership with Manaaki Whenua - Landcare Research and the University of Waikato. The Waikato region has 94,000ha of peat soils, with about 80 per cent drained for productive land uses. The programme will help us to better understand the impacts of draining peat soils, enable us to provide advice for the future management of peat soils and provide us with improved information on how existing peat soil management influences subsidence rates.

In 2019/20, we will work out the best the way to undertake this research so that sampling can start in 2020/21.

Throughout 2018/19 and continuing into 2019/20 we will maintain our work with Manaaki Whenua – Landcare Research to expand the coverage of soil map (S-map) information across the region. S-maps can help set nitrogen reference points and will support the development of farm environment plans. Our focus has been on the Waipā/Waikato catchment to align with the requirement for Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1.

Using data from our long-term Regional Ecological Monitoring System, we have identified the extent of wadeable streams across the region that are in ‘poor’ ecological health and the critical factors we need to improve to support better ecological health. This information has allowed us to provide insights to the Government’s Essential Freshwater package and has been critical for supporting Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1.

SOCIAL AND ECONOMIC INFORMATION

In 2018/19, economic considerations were incorporated into activities right across Waikato Regional Council, including:

- evaluating our biosecurity activities for pest plant control,
- creating a framework to support policy development for the review of the regional plan and regional coastal plan
- providing information to Te Waka – the new regional economic development agency for the Waikato.

An ongoing research project is underway to assess the economic value of freshwater ecosystem services. This is done by identifying and characterising waterbodies and estimating their benefits to Waikato communities. The project will help us identify the demand for the benefits provided by fresh water resources and to understand the ecological, cultural and economic values of freshwater and the way those values are interrelated.

Waikato Regional Council carries out the ‘Your Environment - What matters?’ survey of Waikato residents every three years to understand people’s environmental awareness, concerns and actions. The 2018/19 survey showed a strong shift towards more environmental awareness about future concerns including climate change. We use the results to evaluate the effectiveness of current policies, understand barriers to people undertaking environmentally beneficial behaviours, and to inform future programme planning.

INTEGRATION AND INFRASTRUCTURE

Through the Regional Land Transport Plan, \$595 million of investment was made in the region’s transport system in 2018/19. A review of the plan will be initiated in 2019/20.

The Regional Public Transport Plan was reviewed during 2018/19. Key activities that we will be implementing in 2019/20 include developing a mass transit plan in conjunction with Hamilton City Council and NZ Transport Agency, and making public transport more affordable and accessible for our diverse communities across the region.

Through 2018/19 we have driven significant regional collaboration, particularly on speed management. The next steps during 2019/20 will be to ensure that territorial authorities have what they need to undertake their speed management work and to finalise the speed management plan in light of changes anticipated to national policy.

We worked with NZ Transport Agency, Hamilton City Council and Waikato District Council to prepare a business case for the first stage of the start-up passenger rail service. This was approved by NZ Transport Agency and we have continued working with our partners towards having the service running by mid-2020.

We have been involved in the Hamilton to Auckland Corridor Plan. The plan is an expanded partnership that builds on Future Proof and includes Auckland Council, iwi and central government. The partnership has developed a statement of shared spatial intent for the corridor to inform more detailed spatial planning which should be largely concluded through 2019/20. These plans will feed into the Future Proof Strategy review and a future change to the Regional Policy Statement (RPS). This future change to the RPS will also help align the plan with changes made to the RPS over the past year to include housing capacity targets.

We have contributed to the preparation of around 22 national and local policy proposals through reviewing and providing commentary on these proposals. Through 2019/20 this will continue with a raft of national and local policy proposals and changes expected this year. We will also be strengthening our systems and processes for informing territorial authorities' consenting, land use planning and other policies that relate to our functions.

REGIONAL STRATEGY AND DEVELOPMENT

The Waikato Plan is driven by the Waikato Mayoral Forum and the Waikato Plan Leadership Committee and identifies long-term regional priorities to ensure challenges that don't sit neatly with one agency are captured and planned for. During 2018/19 Waikato Regional Council was tasked with overseeing implementation of the action plan given our position and ability to work across the whole region. This coordination role will continue in 2019/20 with us ensuring agencies are supported through collaborative efforts to deliver on commitments under the plan, and providing regular reporting to the Waikato Plan Leadership Committee and Mayoral Forum.

The Waikato Progress Indicators (WPI) were updated in 2018/19. WPIs measure the Waikato region's progress by identifying our current situation and trends of 32 key economic, environmental and social aspects. Together, these provide a 'dashboard' picture of the 'health' of the Waikato region and the wellbeing and quality of life of its people and communities. See Page 9 for more information.

In 2019/20, we will be preparing a consistent set of population, land use and economic projections for the next 50 years for the region based on the 2018 Census results. We will do this jointly with territorial authorities, NZ Transport Agency and other organisations. The projections will be used for strategic, infrastructure and regional and district planning.

We will also begin developing an organisation-wide climate change response roadmap which will be rolled out 2019/20.

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.

RESOURCE MANAGEMENT POLICY

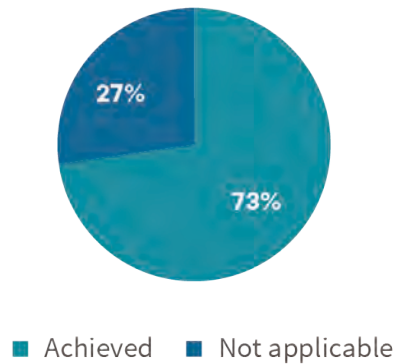
In 2018/19, this activity continued to implement Sea Change - Tai Timu Tai Pari (Hauraki Gulf Marine Spatial Plan) and support the Hauraki Gulf Forum as the statutory agency overseeing the sustainable integrated management of the Hauraki Gulf Marine Park. This work will roll on into 2019/20.

Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1 for the Waikato and Waipā river catchments remains a priority for this activity. Five independent commissioners began hearing evidence from submitters in March 2019. Hearings are due to conclude in September 2019 with the commissioners expected to provide their recommendations to the council by the end of 2019. As part of the induction of the newly elected council, councillors will learn more about the development of the proposed rules, what was notified in October 2016, and the changes recommended by the commissioners. This will enable a decision to be made in early February 2020 – ahead of the 30 April 2020 deadline.

We have continued the review of the Waikato Regional Coastal Plan, with scoping of coastal topics and identification of issues that need to be considered as part of the plan review. We expect that initial consultation on the 'Phase 1' review topics will be well advanced by the end of 2019/20.

WHAT WE DELIVERED

The total number of science and strategy measures is 11. Eight measures were achieved (73 per cent), the remaining three measures were not achieved (27 per cent). Detailed commentary for all these measures can be found in the following tables.



ACTIVITY: ENVIRONMENTAL MONITORING

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

Performance measure	Target	Actual	Commentary
External audit of one environmental domain each year shows good quality control of data collection and analysis	1 domain audited	Achieved 2017/18, achieved	An auditor has inspected our air quality sites and reviewed our processes. Their report recommends some editing of our manuals but no major changes to our sites or operations. These recommendations are being implemented.

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

Performance measure	Target	Actual	Commentary
During flood events the maximum contiguous period without data is 70 minutes for flood alarmed hydrology sites	<70 minutes without data	Achieved New measure, no previous data available	All regional council's alarmed sites have provided continuous data during flood events.

ACTIVITY: ENVIRONMENTAL SCIENCE AND INFORMATION

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

Performance measure	Target	Actual	Commentary
Percentage of indicators on the changes and trends in natural resource availability are analysed and reported on as per the indicator monitoring schedule	100%	Not achieved 2017/18, achieved	Nine of 11 indicators scheduled for reporting in 2018/19 were updated and reported through the council's website. Carbone Monoxide and Nitrogen dioxide were not reported as they are part of a review that is underway, therefore had not been scheduled for updating this year (they are on a five-yearly frequency). The environmental indicator review will be completed in 2019/20.

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

Performance measure	Target	Actual	Commentary
Positive annual progress is made toward the regional target for swimmable lakes and rivers, as required by the NPS freshwater management	Increasing trend Baseline: Rivers: 32% Lakes: 73%	Not achieved 2018/19: Rivers: 30% Lakes: 73% New measure, no previous data available.	Based on these results we have not observed an improving trend in rivers or lakes. The results are based on a five year window of annual calendar year data collected, in line with the guidance around implementing the NPS freshwater management. We expect to see these trends increase over a longer term and increases may not occur in any given year. The results measured in lakes and rivers are affected by the activities undertaken on land, and are a result of our current policies, consent conditions and work with landowners in the catchments. To see big shifts in these results would require big shifts in the way land is managed.

ACTIVITY: SOCIAL AND ECONOMIC INFORMATION

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

Performance measure	Target	Actual	Commentary
Percentage of indicators on the changes and trends in social and economic indicators analysed and reported on as per the indicator monitoring schedule	100%	Achieved 2017/18, achieved	All indicators updated as per schedule.

ACTIVITY: INTEGRATION AND INFRASTRUCTURE

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

Performance measure	Target	Actual	Commentary
Update the Regional Policy Statement (RPS) as per the scheduled programme	RPS updated as per NPS Urban Development Capacity requirements	Achieved New measure, no previous data available	The RPS was updated on 12 December to include development capacity targets.
Actively engage with district plan change processes to ensure RPS is given effect to	Formal participation in district plan change processes to ensure RPS is given effect to	Achieved New measure, no previous data available	Engagement is occurring with key activities including Waikato District Plan Review (submission lodged September 2018 plus further section on natural hazards in 2019), Thames-Coromandel District Council hearings, and private plan changes including Te Awa Lakes. Staff are also working upfront with Waitomo, Taupō, Hauraki and others

ACTIVITY: REGIONAL STRATEGY AND DEVELOPMENT

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

Performance measure	Target	Actual	Commentary
Report annually on progress made against the council's strategic direction priorities	Progress reported in the WRC annual report	Achieved 2017/18, achieved	Progress on strategic direction is reported in the 2018/19 Annual Report.

ACTIVITY: RESOURCE MANAGEMENT POLICY

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

Performance measure	Target	Actual	Commentary
Compliance with Resource Management Act and Treaty settlement legislative planning requirements	All legislative requirements are met	Not achieved New measure, no previous data available	Compliant with all requirements except for: <ul style="list-style-type: none"> • Parts of the NZCPS not implemented through the coastal plan (resolved through the Healthy Environments project). • S35(2A) five yearly review of the results of efficiency and effectiveness of RMA plans (project has commenced to prepare a summary report).

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

Performance measure	Target	Actual	Commentary
Percentage of Resource Management Act (RMA) planning documents made available for consultation that meet RMA legislative requirements	100%	Achieved New measure, no previous data available.	Waikato Regional Plan Change 1 is the only RMA plan change in progress and it is fully compliant.

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

Performance measure	Target	Actual	Commentary
State of the Environment reporting is undertaken annually	Reported annually	Achieved New measure, no previous data available.	Ten environmental indicators were included as part of the 32 Waikato Progress Indicators that were published in June 2019.

WHAT IT COST

EXPENDITURE FOR SCIENCE AND STRATEGY

	2018/19 Actual \$000	2018/19 Annual Plan \$000	2017/18 Last year \$000
General rates	19,065	19,065	19,766
UAGC	1,464	1,464	1,430
Government grants	660	583	984
Fees and charges	2,642	2,990	2,180
Investment income			250
Other income	222	85	429
Total income	24,053	24,187	25,039
Operating expenditure	24,301	24,592	22,130
Operating surplus / (deficit)	(248)	(405)	2,909
Total funding from / (to) reserves			
Cycling Centre of Excellence	-	-	(508)
River restoration strategy	-	-	75
Contaminated land fund	(133)	(133)	(133)
Investment Equalisation	630	630	-
Prior year surplus	146	-	54
Total reserve transfers	643	497	(512)
Increase / (decrease) in retained earnings	395	92	2,397

EXPENDITURE



■ Environmental monitoring	\$3,467,000
■ Intergration and infrastructure	\$3,409,000
■ Regional strategy and development	\$2,304,000
■ Resource management policy	\$5,816,000
■ Social and economic information	\$1,151,000
■ Environmental information	\$8,154,000

FUNDING IMPACT STATEMENT – SCIENCE AND STRATEGY

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	20,467	20,529	20,529
Targeted rates	-	-	-
Subsidies and grants for operating purposes	750	583	660
Fees and charges	2856	3074	2863
Internal charges and overheads recovered	683	814	814
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	24,756	25,000	24,866

Applications of operating funding			
Payments to staff and suppliers	18,619	15,360	14,874
Finance costs	-	172	172
Internal charges and overheads applied	9,165	9,874	10,070
Other operating funding applications			-
Total applications of operating funding (B)	27,784	25,406	25,116
Surplus (deficit) of operating funding (A-B)	(3,028)	(406)	(250)

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	4,549	4,399
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	4,549	4,399

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	329	581	
- to replace existing assets	929	550	735
Increase (decrease) in reserves	(4,286)	3,012	3,414
Increase (decrease) of investments	-	-	-

Total applications of capital funding (D)	(3,028)	4,143	4,149
Surplus (deficit) of capital funding (C-D)	3,028	406	250
Funding balance ((A-B)+(C-D))	-	-	-

FUNDING IMPACT STATEMENT – CORPORATE, SELF FUNDING AND OTHER

	2018 LTP (\$000)	2019 LTP (\$000)	2019 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(2,333)	(1,994)	(2,345)
Targeted rates	-	-	(1)
Subsidies and grants for operating purposes	-	-	-
Fees and charges	261	416	505
Internal charges and overheads recovered	29,965	34,488	36,924
Local authorities fuel tax, fines, infringement fees, and other receipts	6,842	6,643	7,562
Total operating funding (A)	34,735	39,553	42,645

Applications of operating funding			
Payments to staff and suppliers	27,255	34,571	36,484
Finance costs	-	291	256
Internal charges and overheads applied	962	814	814
Other operating funding applications	-	-	-
Total applications of operating funding (B)	28,217	35,676	37,554
Surplus (deficit) of operating funding (A-B)	6,518	3,877	5,091

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	9,217	10,633
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	9,217	10,633

Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	74	1,200	2,413
- to replace existing assets	1,861	1,590	1,335
Increase (decrease) in reserves	4,583	10,304	11,976
Increase (decrease) of investments	-	-	-

Total applications of capital funding (D)	6,518	13,094	15,724
Surplus (deficit) of capital funding (C-D)	(6,518)	(3,877)	(5,091)
Funding balance ((A-B)+(C-D))	-	-	-

FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

	2018 Annual Plan (\$000)	2018 Annual Report (\$000)	2019 Annual Plan (\$000)	2019 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	45,393	44,749	47,765	47,415
Targeted rates	40,076	40,038	44,991	45,113
Subsidies and grants for operating purposes	10,747	12,508	13,898	12,647
Fees and charges	18,708	19,847	21,014	21,757
Interest and dividends from investments	6,784	7,908	6,643	7,612
Local authorities fuel tax, fines, infringement fees, and other receipts	351	500	345	774
Total operating funding (A)	122,059	125,550	134,656	135,318
Applications of operating funding				
Payments to staff and suppliers	115,230	117,021	125,012	123,703
Finance costs		-	858	482
Other operating funding applications				
Total applications of operating funding (B)	115,230	117,021	125,870	124,185
Surplus (deficit) of operating funding (A-B)	6,829	8,529	8,786	11,133
Sources of capital funding				
Subsidies and grants for capital expenditure				
Development and financial contributions				
Increase (decrease) in debt			30,276	22,000
Gross proceeds from sale of assets				
Lump sum contributions				
Other dedicated capital funding				
Total sources of capital funding (C)	-	-	30,276	22,000
Applications of capital funding				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service	4,347	932	2,103	6,137
- to replace existing assets	15,662	14,434	15,528	10,784
Increase (decrease) in reserves	(14,990)	(8,036)	21,431	16,212
Increase (decrease) of investments	1,810	1,199		

Total applications of capital funding (D)	6,829	8,529	39,062	33,133
Surplus (deficit) of capital funding (C-D)	(6,829)	(8,529)	(8,786)	(11,133)
Funding balance ((A-B)+(C-D))	-	-	-	-

SECTION 4: Finances | Pūtea

Financial statements

The accompanying notes form part of these financial statements. The financial statements from page 93 to page 99 are to be read in conjunction with the notes to the financial statements from page 100 to page 158.

STATEMENT OF COMPLIANCE

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



Alan Livingston

Chairperson



Vaughan Payne

Chief Executive



WAIKATO REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual \$'000	Annual plan \$'000	Last year \$'000
Revenue				
Rates revenue	3	92,530	92,206	84,788
Fees and charges	4	11,898	11,529	9,787
Subsidies and grants	5	12,647	13,898	12,508
Other revenue	6	10,632	9,830	10,560
Investment revenue	7	1,017	1,500	1,114
Investment fund capital protection revenue	8	1,379	1,727	1,199
Change in market value of investments	8	5217	3,416	5596
Total revenue		135,320	134,106	125,552
Expenditure				
Employee benefit expenses	12	48,931	48,468	44,685
Depreciation and amortisation expense	25,26,28	9,199	10,387	9,195
Other losses	17	1,785	43	38
Interest expense	7	482	858	-
Other expenses	10	74,912	75,993	72,320
Total operating expenditure		135,309	135,749	126,238
Net surplus/(deficit) after tax		11	-1,643	-686
Surplus/(deficit) attributable to Waikato Regional Council		11	-1,643	-686
Other comprehensive revenue and expenditure				
Gain/(Loss) on revaluation of property, plant and equipment	38	-405	-	-6
Total other comprehensive income		-405	-	-6
Total comprehensive income		-394	-1,643	-692
Surplus is attributable to:				
Total comprehensive revenue and expenditure comprised of:				
Funds transferred to council-created reserves	38	7,254	3,317	-3,733
Funds transferred from asset revaluation reserves		-750	-	-42
General operating surplus		-6,898	-4,960	3,083
Other comprehensive income		-394	-1,643	-692

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Actual \$'000	Annual plan \$'000	Last year \$'000
Current assets				
Cash and cash equivalents	19	15,061	5,205	10,365
Trade and other receivables	24	11,773	11,618	10,318
Prepayments		1,505	1,008	949
Inventories	30	466	150	413
Work in progress	30	985	967	1,094
Other financial assets	20	4,040	23,735	4,238
Non-current assets held for sale	32	12,250	-	-
Total current assets		46,080	42,683	27,377
Non-current assets				
Financial assets	20	101,484	95,988	88,335
Other financial assets	20	108	146	148
Investments in CCO*	20	2,038	1,741	1,757
Biological assets	27	1,422	1,348	1,516
Intangible assets	26	4,122	2,389	3,044
Property, plant and equipment	25	515,422	534,348	522,379
Total non-current assets		624,596	635,960	617,179
Total assets		670,676	678,643	644,556
Current liabilities				
Trade and other payables	33	17,650	18,968	15,587
Employee benefits liabilities	13	7,219	7,368	6,430
Derivative financial instruments	31	7	-	-
Borrowings	34	2,012	11,520	-
Total current liabilities		26,888	37,856	22,017
Non-current liabilities				
Employee benefits liabilities	13	2,530	2,704	2,258
Derivative financial instruments	31	1,250	-	-
Borrowings	34	20,121	18,755	-
Total non-current liabilities		23,901	21,459	2,258
Total liabilities		50,789	59,315	24,275
Net assets		619,887	619,328	620,281
EQUITY				
Accumulated funds	38	226,964	227,366	233,862

Other reserves	38	392,923	391,962	386,419
Total equity		619,887	619,328	620,281

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

Explanations of major variances against budget are provided Page 98. The accompanying notes form part of these financial statements.

WAIKATO REGIONAL COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual \$'000	Annual plan \$'000	Last year \$'000
		-	-	-
Opening Equity		620,281	620,971	620,973
Comprehensive revenue		-	-	-
Surplus/(deficit)		11	-1,643	-686
Other comprehensive revenue		-405	-	-6
Balance at 30 June	38	619,887	619,328	620,281
COMPONENTS OF EQUITY				
Council created reserves				
Council created reserves at beginning of the year		47,673	54,484	51,406
Net transfer (to) / from retained earnings		7,254	-1,308	-3,733
Council created reserves at end of year		54,927	53,176	47,673
Asset revaluation reserves				
Asset revaluation reserves at beginning of the year		338,745	338,786	338,787
Net transfer to retained earnings		-345	-	-36
Net gain/(loss) on revaluation of PPE		-405	-	-6
Asset revaluation reserves at end of the year		337,995	338,786	338,745
Retained earnings				
Retained earnings at beginning of the year		233,862	227,701	230,779
Net surplus/(deficit) for the year		11	-1,643	-686
Net transfer (to) / from council created reserves		-7,254	1,308	3,733
Net transfer to/(from) Asset revaluation reserve		345	-	36
Retained earnings at end of the year		226,964	227,366	233,862
EQUITY AT END OF THE YEAR		619,887	619,328	620,281

Explanations of major variances against budget are provided on Page 98.

The accompanying notes form part of these financial statements.

WAIKATO REGIONAL COUNCIL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual \$'000	Budget \$'000	Last year \$'000
Cash flows from operating activities				
Receipts from customers		114,830	112,483	106,874
Grants		12,151	13,898	12,216
Interest revenue received		1,004	4,916	1,435
Receipts of funding held on behalf of third parties		77	-	14
Goods and services tax		-12	-	-1,152
Payments to suppliers and employees		-120,917	-122,885	-115,020
Payments of funding held on behalf of third parties		-13	-	-197
Interest paid		-349		
Net cash flow from operating activities	18	6,771	8,412	4,170
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		209	-	587
Receipts from sale of investments		82,698	1,357	112,078
Receipt of loan repayments		39	1	38
Purchase of investments		-89,405	-23,392	-94,300
Purchase of property, plant and equipment		-15,889	-17,201	-17,188
Purchase of other investments		-	-	-
Purchase of intangible assets		-1,727	-430	-1,738
Net cash flow from investing activities		-24,075	-39,665	-523
Cash flows from financing activities				
Proceeds from borrowings		22,000	36,433	-
Repayment of borrowings		-	-6,157	-
		22,000	30,276	-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		4,696	-977	3,647
Cash, cash equivalents and bank overdrafts at the beginning of the year		10,365	6,182	6,718
Cash, cash equivalents, and bank overdrafts at the end of the year	19	15,061	5,205	10,365

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.

As per PBE IPSAS 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.

Explanations of major variances against budget are provided on 'Explanation of major variances against budget'

Explanation of major variances against budget

Explanations for major variations from Waikato Regional Council's estimated figures for 2018/19 in the 2018/28 Long Term Plan are as follows.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

Rates revenue is \$324,000 more than budget, reflecting higher regional growth than had been anticipated by the council at the time that the rates were set in June 2018.

Fees and charges revenue is \$369,000 above budget. This reflects additional revenue in both compliance monitoring revenue (\$563,000) and unbudgeted cost recovery of council time spent to support biosecurity work programmes such as Alligator weed control and surveillance, *Mycoplasma bovis* response and Queensland fruit fly response (\$454,000). Delays in the commencement of additional public transport services in north Waikato resulted in reduced cost recovery (\$250,000). Revenue generated through annual consent holder charges to fund the council's state of the environment monitoring programme was \$343,000 lower than budget.

Subsidies and grants are \$1.251 million below budget. Key contributors to this outcome include:

- additional revenue for a number of business and community based initiatives under the Waikato Means Business programme (\$184,000)
- additional funding from the New Zealand Transport Agency (NZTA) for the Hamilton to Auckland Commuter Rail project (\$300,000)
- delays in the implementation of the regional integrated ticketing system, and various work programmes such as bus shelter maintenance has resulted in lower revenue from NZTA (\$862,000). Lower public transport contract costs due to delays in the implementation of planned service improvements has led to lower than budgeted subsidy required from NZTA (\$724,000)
- lower resourcing requirements to support the Regional Land Transport Plan as the plan transitions from the development phase into implementation (\$80,000).

Other revenue is \$802,000 favourable to budget. Key contributors to this include:

- unbudgeted contributions for Manchurian wild rice control, Queensland fruit fly response, kauri dieback and contribution to the council's Pest Fish Management Plan (\$249,000)
- additional revenue associated with the council's flood schemes (\$207,000), for Waipā, Lower Waikato and

Coromandel zones, including landowner contributions for river management works

- more jet ski registrations and bylaw activities in the Maritime Services activity as well as unbudgeted recoveries for attendance at investigations and erosion and sediment courses run by the council resulted in additional revenue of \$199,000
- increased fines revenue (\$429,000) as the result of increased investigations and incident response, and Maritime Services activity.

These increases in revenue were partially offset by unfavourable revenue variance due to:

- delays in the finalisation of a policy in relation to bus back advertising and progress with the development of a mass transit plan in conjunction with Hamilton City Council (\$352,000).

Investment income is \$970,000 favourable to budget. Lower working capital funds on hand over the course of the year, combined with reducing interest rates, have resulted in lower interest income. This is offset by the positive performance of the council's investment fund. The fund achieved a return of 7.6 per cent for the year, in line with the benchmark return for similar funds.

Employee benefit expenses are \$463,000 higher than budget. Total employee salary costs for the year are \$48.185 million against an annual plan budget of \$48.468 million. Actual costs include an increase in the actuarial valuation of employee benefit entitlements (\$746,000). This increase reflects the impact of lower interest rates applied to the valuation of long service leave and retirement gratuity entitlements.

Depreciation and amortisation is \$1.188 million lower than budget. Delays with the implementation of the regional integrated ticketing solution for public transport has resulted in depreciation expense of \$601,000 not being incurred. The timing of vehicle fleet replacement capital expenditure has also resulted in reduced depreciation expense of \$180,000.

Other losses are \$1.742 million higher than budget. The main contributor was a loss on valuation of financial instruments (\$1.249) due to lower interest rates. Other losses include adjustments (\$200,041) required to be made in relation to the council's property at 401 Grey St, Hamilton East to reflect the difference between the last valuation of this property and the value that the council has been able to realise through its sale.

Interest expense is \$376,000 lower than budget. The annual plan anticipated a borrowing programme of up to \$30 million this financial year. Actual borrowings at 30 June 2019 were \$22 million. This resulted in lower interest costs being incurred.

Integrated catchment management expenditure is \$1.5 million favourable to the annual plan. The timing of regional priority possum control contracts has meant that budgets are underspent by \$695,000. This funding has been transferred to the biosecurity reserve to ensure that it is available to meet future contract commitments. Delays with the planned harvest of a forestry block in the Waihou Piako zone has meant that planned costs of \$240,000 have not yet been incurred. Expenditure on the development of sub-catchment plans as part of the Healthy Rivers project is also below budget by \$369,000 this year.

Public transport expenditure is \$1.215 million favourable to the annual plan. Delays with the implementation of new services in north Waikato have resulted in costs being lower by \$576,000. Additional costs have been incurred to support the Hamilton to Auckland commuter rail service (\$300,000), offset by reduced expenditure for the development of a mass transit plan for Hamilton city (\$500,000). The new electronic ticketing system has not yet been implemented, meaning that budgeted depreciation expense of \$602,000 has not been incurred.

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents are \$9.856 million higher than budget, offset by the lower value of financial assets (\$19.695 million lower than budget). Financial assets include term deposits with a maturity of 3 months or greater. The council has utilised working capital funds that it holds instead of taking on borrowings to the level anticipated in the annual plan to meet the infrastructure capital works programme.

The favourable fund performance over the last year as noted above, combined with a higher fund value at 30 June 2018, has resulted in non-current financial assets being favourable to budget (\$5.496 million).

Intangible assets are \$1.733 million higher than budget. This reflects expenditure incurred to date in relation to the development of a software solution to support the Healthy Rivers Wai Ora project, and the new electronic ticketing system for public transport.

Property, plant and equipment is \$18.926 million lower than budget. This reflects the sale of council's two properties in Hamilton East. The sale of the council's premises will be completed in the next financial year. At 30 June 2019, the value of these assets have been restated to align with the sales prices, and they have been reclassified as "non current assets held for sale" (\$12.25 million). Infrastructure capital works undertaken this year cost \$11.228 million compared to the annual plan budget of \$12.127 million. Other key projects that have been delayed this year include:

- electronic ticketing system for public transport (\$1.835 million)
- replacement barge to support river management works (\$1.59 million)
- planned vehicle fleet replacements (\$705,000).

Borrowings reflect the council's external borrowing through the Local Government Funding Agency. The annual plan anticipated the need to borrow \$30 million by the end of the 2018/19 financial year. Actual borrowing at 30 June 2019 was \$22 million, reflecting both a lower than budgeted capital works programme (\$7.068 million) well as greater utilisation of working capital funds that the council had on hand to meet expenditure needs. As noted above, the value of cash, cash equivalents and financial assets is \$9.839 million lower than the annual plan as a consequence of this.

Derivative financial instruments reflect interest rate swaps that the council has entered to manage the interest rate risk associated with its borrowing programme.

Explanations of major variances against budget are provided on Page 98.

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2018

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 provide local infrastructure, local public services, and to perform regulatory functions for the community. 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 2019. The financial statements were authorised for issue by Council on 26 September 2019.

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.

These financial statements have been prepared on the historical cost basis, except where modified by the revaluation of land, buildings, infrastructural assets and biological assets.

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 generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements of the Council have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE Standards.

Presentation currency and rounding

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

Changes in accounting policies

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

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

Impairment of revalued assets.

In April 2017, the XRB issued Impairment of Revalued Assets, which now clearly scopes revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment measured at cost were scoped into the impairment accounting standards. Under the amendment, a revalued asset can be impaired without having to revalue the entire class of asset to which the asset belongs. This is effective for financial years beginning on or after January 2019. The council has not adopted this amendment in preparing its 30 June 2019 financial statements.

Financial instruments.

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for financial years beginning on or after January 2021, with earlier application permitted. The main changes under the standard relevant to the 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 losses, which might result in the earlier recognition of impairment losses.

The council has not adopted this new standard in preparing its 30 June 2019 financial statements.

Interests in other entities.

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after January 2019, with early application permitted.

The council plans to apply the new standards in preparing the 30 June 2020 financial statements. The council has not yet assessed the effects of these new standards.

Statement of cash flows.

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021. This amendment is effective for annual periods

beginning on or after 1 January 2021, with early application permitted. The council does not intend to early adopt the amendment.

Service performance reporting.

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The council has not yet determined how application of PBE FRS 48 will affect its statement of performance

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 2018/28 Long Term 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.

Critical judgements in applying Waikato Regional Council's accounting policies

Management has exercised the following critical judgment in applying Waikato Regional Council's accounting policies for the period ended 30 June 2019.

As at 30 June 2019, the council's property at 401 and 319 Grey Street, Hamilton East are classified as non current assets held for sale - see note 32.

2 SUMMARY OF COST OF SERVICES

	Actual \$'000	Budget \$'000	Last year \$'000
Revenue			
Community and Services	10,721	10,759	10,027
Civil Defence and Emergency Management	2,391	2,412	2,149
Regional hazards and emergency response	1,893	1,937	1,552
Flood protection and control works	21,133	20,878	19,246
Integrated Catchment Management	26,274	25,465	22,786
Public Transport	26,152	28,194	24,639
Resource use	16,979	15,763	14,383
Science and Strategy	24,053	24,187	25,039
Corporate and self-funding	5,494	4,308	5,550
Council controlled organisations	230	160	181
Total income from activities	135,320	134,063	125,552
Expenditure			
Community and Services	10,061	10,512	9,730
Civil Defence and emergency management	2,327	2,464	2,023
Regional hazards and emergency response	2,343	1,937	1,871
Flood protection and control works	22,819	21,847	24,780
Integrated Catchment Management	25,816	27,316	23,474
Public Transport	25,558	26,773	24,262
Resource Use	16,616	16,140	15,537
Science and Strategy	24,301	24,593	22,130
Corporate and self-funding	5,150	3,964	2,063
Council controlled organisations	318	160	368
Total operating expenses	135,309	135,706	126,238
Net Total	11	-1,643	-686

3 RATES REVENUE

	Actual \$'000	Last year \$'000
General rates	47,111	44,496
Total general rates revenue	47,111	44,496
Targeted rates attributable to activities		
Biodiversity	1,017	1,017
Biosecurity	6,745	6,025
Permitted activity monitoring	1,410	1,340
River and catchment services	25,298	22,373
Transport	8,036	7,028
Stock Truck Effluent	113	70
Civil defence and emergency management	1,772	1,538
Regional Services	725	650
Total targeted rates	45,116	40,041
Less rates remissions	-549	-498
Plus rate penalties	852	749
Total rates, excluding targeted water supply rates	92,530	84,788

Revenue is measured at fair value.

Rates revenue

The following policies for rates have been applied:

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

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

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

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 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

	Actual \$'000	Last year \$'000
Compliance monitoring direct charges	2,234	1,823
Consent application fees	3,242	2,396
Consent holder charges	3,760	3,255
Other direct charges	2,662	2,313
Total fees and charges	11,898	9,787

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

	Actual \$'000	Last year \$'000
Land transport government grants	12,216	11,873
Other grants	431	635
Total subsidies and grants	12,647	12,508

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2018 nil).

Land Transport Government grants

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs 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

	Actual \$'000	Last year \$'000
Bus fare revenue	5,897	5,950
Rental	851	895
Royalties	130	192
Other revenue	3,754	3,523
Total other revenue	10,632	10,560

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

	Actual \$'000	Last year \$'000
Community loans	9	11
Statutory land charges	41	32
Term deposits and call accounts	967	1,071
Total investment revenue	1,017	1,114
Interest expense:		
Interest on borrowings	458	-
Interest rate swaps	24	-
Total finance costs	482	-

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

	Actual \$'000	Last year \$'000
Unrealised gains on assets at fair value through surplus or deficit		
Fixed interest	3,148	1,027
Equities	1,349	4,062
Property	755	452
	5,252	5,541

Realised gains on assets at fair value through surplus or deficit

Fixed interest	207	345
Equities	692	909
Property	445	-
	1,344	1,254
Total change in market value of investments	6,596	6,795
Investment fund capital protection revenue	1,379	1,199
Net change in market value	5,217	5,596
Total change in market value of investments	6,596	6,795

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 24 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 and other revenue. Total non-exchange revenue for the 2018/19 financial year is \$121.251 million (2018: \$112.336 million).

The total revenue from exchange transactions includes the revenue from interest, rental, royalties, fees and charges and other revenue. Total exchange revenue for the 2018/19 financial year is \$14.069 million (2018: \$13.216 million).

10 OTHER EXPENSES

	Actual	Last year
<i>Other expenses</i>	\$'000	\$'000
Insurance premiums	689	525
Subscriptions and levies	328	268
Debts written off	229	306
Impairment of receivables	125	-54
Fees paid to auditors: Audit of Annual Report	135	134
Fees paid to auditors: Audit of debenture trust deed	6	
Fees paid to auditors: Audit of LTP	-	84
Donations	5	5
Minimum lease payments under operating leases	1,363	1,192
Other operating expenses	49,249	47,906
Inventory consumption	365	105
Property, plant and equipment losses / (gains) on disposal	357	185
Councillors' remuneration: Meeting attendance fees and salary	1,067	1,063
Councillors' remuneration: Expenses	94	65
Investment fund management fees	312	323
Contracted services - pest control	973	1,032
Contracted services - buses	19,615	19,181
Total other expenses	74,912	72,320

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

	Actual \$	Last year \$
Chief Executive		
Salary	342,845	328,354
Vehicle (value per contract)	8,899	8,899
Total Chief Executive remuneration	351,744	337,253

Elected representatives

	Salary \$	Travel time allowance \$	Total remuneration \$
This Year			
J Hayman	61,465	2,929	64,394
J Hennebry	74,065	131	74,196
K Hodge	61,465	559	62,024
S Husband	74,065	484	74,549
S Kneebone	74,065	244	74,309
F Lichtwark	61,465	7,161	68,626
A Livingston	154,870	-	154,870
T Mahuta	86,666	647	87,313
D Minogue	61,465	7,551	69,016
B Quayle	61,465	375	61,840
R Rimmington	74,065	-	74,065
B Simcock	74,065	-	74,065
H Vercoe	74,065	1,425	75,490
K White	74,065	4,765	78,830
Total	1,067,316	26,271	1,093,587
Last Year			
J Hayman	61,203	2,974	64,177
J Hennebry	73,750	-	73,750
K Hodge	61,203	837	62,040
S Husband	73,750	659	74,409
S Kneebone	73,750	281	74,031
F Lichtwark	61,203	5,025	66,228
A Livingston	153,963	-	153,963
T Mahuta	86,297	707	87,004

D Minogue	61,203	8,036	69,239
B Quayle	61,203	175	61,378
R Rimmington	73,750	9	73,759
B Simcock	73,750	-	73,750
H Vercoe	73,750	836	74,586
K White	73,750	4,481	78,231
Total	1,062,525	24,020	1,086,545

In addition to the salary payments above, Chairman Alan Livingston had the full private use of a motor vehicle valued at \$3,447 (2018: \$3,447).

The figures presented above exclude mileage expenses paid to councillors.

EMPLOYEE REMUNERATION

At balance date, the council employed 477 (2018: 445) full-time employees, with the balance of staff representing 63 (2018: 51) 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:

	Actual \$'000	Last year \$'000
< \$60,000	116	134
\$60,000-\$79,999	142	153
\$80,000-\$99,999	155	113
\$100,000-\$119,999	84	65
\$120,000-\$139,999	39	29
\$140,000-\$159,999	11	9
\$160,000-\$179,999	8	9
\$180,000-\$279,999	8	6
\$320,000-\$339,999	-	1
\$340,000-\$359,999	1	-
Total employees	564	519
Severance payments		

SEVERANCE PAYMENTS

For the year ended 30 June 2019, Waikato Regional Council made two severance payments (2018: three severance payments). The value of the two severance payments was \$656.25 and \$17,749.99. (2018: \$44,000, \$8,000 and \$5,000).

12 EMPLOYEE BENEFIT EXPENSES

	Actual \$'000	Last year \$'000
Salaries and wages	46,870	43,425
Defined contribution plan employer contributions	1,315	1,201
Increase/(decrease) in employee benefit liabilities	746	59
Total employee benefit expenses	48,931	44,685

The impact of the actuarial valuation of long service leave and retirement gratuity liability has been to increase the employee benefit expense by \$353,000 in total (2018: \$89,000 increase). The retirement gratuity liability increased by \$51,000 and the long service leave liability increased by \$302,000, both mainly due to a reduction in the discount rates used for the valuation. The reduction in discount rates is reflective of current low interest rates.

Employer contributions to defined contribution plans include contributions to KiwiSaver.

13 CURRENT LIABILITIES - EMPLOYEE BENEFITS LIABILITIES

	Actual \$'000	Last year \$'000
Current		
Annual leave	3,658	3,321
Long service leave	201	186
Retirement gratuities	523	477
Sick leave	267	191
Other employee benefits	1,210	1,059
Accrued pay	1,360	1,196
Total current portion	7,219	6,430

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

	Actual \$'000	Last year \$'000
Non-current		
Long service leave	1,973	1,706
Gratuities	557	552
Total non-current	2,530	2,258

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary growth rate. Any changes in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities

that match, as closely as possible, the estimated future cash outflows. The salary growth assumed for an employee is the salary inflation component plus the promotional salary scale for that employee's age. The 10 year discount rate of 2.42 per cent (2018: 3.7 per cent) and a long-term salary growth rate of 1.72 per cent (2018: 1.71 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.

	Actual	Last year	Actual \$'000	Last year \$'000
<i>Councillors</i>			-	-
Remuneration			1,094	1,087
Full-time equivalent members	14	14	-	-
<i>Senior management team, including the Chief Executive</i>			-	-
Remuneration and post-employment benefits			1,589	1,550
Full-time equivalent members	6	6	-	-
Balance at 30 June			2,683	2,637
<i>Total full-time equivalent personnel</i>	20	20		

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

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

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

The former CFO of Waikato Regional Council Mike Garrett was a Director of Regional Software Holdings Limited but resigned in December 2018. No directors fees were paid to Directors.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2018 nil).

16 TAX

	Actual \$'000	Last year \$'000
Components of tax expense		
Current tax expense	-	-
Adjustment to current tax in prior years	-	-
Deferred tax liability	-	-
Net surplus (deficit) before tax	11	-686
Tax at 28%	3	-192
Plus (less) tax effect of:		
Non-deductible expenditure	-	192
Non-taxable revenue	-3	-
Non-taxable revenue	-	-
Add: Revenue taxable to council	80	92
Less: Expenses deductible to council	-81	-93
Less: Tax expense over/understated prior period	-	-
Less: Payments reclassified to other expenditure	-	-
Tax loss not recognised	1	1
Tax expense	0	0

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

A deferred tax asset of \$24,610 (2018: \$20,897) has not been recognised in relation to tax losses.

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

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

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

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

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

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

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

17 OTHER GAINS/(LOSSES)

	Actual \$'000	Last year \$'000
Gain/(loss) on changes in fair value of biological assets	-94	168
Gain/(loss) on changes in fair value of other investments	-71	-71
Gain/(loss) on changes in fair value of property, plant and equipment	-364	-135
Unrealised loss on revaluation of forward foreign exchange contracts	-7	-
Unrealised loss on revaluation of interest rate swaps	-1,249	-
	-1,785	-38

18 RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Actual \$'000	Last year \$'000
Surplus/(deficit)	11	-686
Add/(less) non-cash items:		
Depreciation and amortisation expense	9,199	9,195
Asset adjustments relating to disposals	928	3,499
Other gains and losses	165	-97
Bad and doubtful debts	275	252
(Gains)/losses on derivative financial instruments	1,256	-
Total non-cash items	11,823	12,849
Add/(less) items classified as investing or financing activities:		
Change in market value of investments	-6,596	-6,795
Net loss/(gain) on disposal of property, plant and equipment	364	135
Total items classified as investing or financing activities	-6,232	-6,660
Add (less) items movements in working capital items		
Creditors and other payables	2,063	-1,116
Current employee entitlements	789	75
Non-current employee entitlements	272	-74
Prepayments	-556	-10
Work in progress and inventory	56	131
Debtors and other receivables	-1,455	-339
Other investments	-	-
Net cash inflow/(outflow) from operating activities	6,771	4,170

19 CASH AND CASH EQUIVALENTS

	Actual \$'000	Last year \$'000
Cash at bank and in hand	5,054	3,497
Term deposits maturing three months or less from date of acquisition	10,000	6,000
Investments under management	7	868
Total cash and cash equivalents	15,061	10,365

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

The reported balance includes \$588,000 (2018 \$524,000) 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 2019 range from 1.80 - 3.69 per cent. (2018: 2.75 - 3.85 per cent).

COLLATERAL

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

CURRENCY RISK

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

FOREIGN CURRENCIES

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

IMPAIRMENT

The value of the council's investments in the Shared Valuation Database service (SVDS) and the Waikato Transportation Model (WRTM) have been impaired this year. Waikato Local Authority Shared Services have assessed the remaining useful life of SVDS as five years from 1 July 2013 and WRTM as four years from 1 July 2015. On this basis, Waikato Regional Council has revised the value of its investments.

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 2019 the investment fund was invested with the following fund managers:

	Actual \$'000	Last year \$'000
Equity		
Harbour Asset Management (Trans Tasman)	8,852	9,810
AMP Capital - Hedged	9,368	10,177
Colonial First State - Unhedged	9,574	10,600
At 30 June	27,794	30,587
Fixed Interest Fund		
AMP Capital (Cash)	24,856	19,259
Fisher Funds (Global bonds)	23,296	17,947
Term deposits managed internally	9,409	9,867
Harbour NZ Short Duration	5,114	-
Less working capital held in fund	-7	-868
Net book amount	62,668	46,205
Property Fund		
Fisher NZ Direct Property	5,400	6,207
Colonial First State (\$NZ)	5,622	5,336
Net book amount	11,022	11,543
Net book amount	101,484	88,335

At 30 June 2019, the following investments were held by the council's fund managers.

	Actual \$'000	Last year \$'000
Investment Fund and Term deposits		
NZ local authority investments	1,984	862
NZ Government guaranteed investments	5,538	3,800
Corporate investments	9,278	4,884
NZ cash/short term deposits	24,093	20,837
Overseas bonds	23,296	19,953
Equity investments	31,895	31,792
Property	5,400	6,207
Net book amount	101,484	88,335
Other Investment		
Term deposits with maturities greater than 3 months	4,000	4,200
NZ Local Government Insurance Corporation shares	20	20
Other investments	128	166
	4,148	4,386
Investments in CCO		
Integrated Regional Information System shares	1,686	1,686
NZ Local Government Funding Agency Ltd (LGFA) - borrower notes	352	-
Shared Valuation Database Service shares	-	44
Waikato Regional Transportation Model shares	-	27
	2,038	1,757
Total Financial Assets	107,670	94,478
Financial assets (investment fund)	101,484	88,335
Other investments	6,186	6,143
	107,670	94,478

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

Borrower notes are required to be held by each local authority that borrows from LGFA. The borrower notes are amounts equal to 1.6 per cent of council's borrowing from LGFA. The borrowing notes are repaid to the council as the underlying debt matures.

Actual	Last year
\$'000	\$'000

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

Current portion

Term Deposits	4,000	4,200
Community loans	40	38

Non-current portion

Financial assets (investment fund)	101,484	88,335
Community loans	88	128
NZ Local Government Insurance Corporation shares	20	20
Investments in CCOs	2,038	1,757
	107,670	94,478

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

	Actual	Last year
	\$'000	\$'000
0-1 year	26,286	23,804
1-3 years	7,761	3,582
Greater than three years	35,357	27,152
No specified maturity date	32,080	33,797
	101,484	88,335

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

0-1 year	4,040	4,238
1-3 years	88	82
Greater than three years	2,058	1,823
	6,186	6,143

FAIR VALUE

Unlisted investments

The fair value of the investment in NZ Government Insurance Corporation Limited is \$20,000 (2018: \$20,000).

The fair value of council's equity investment in Waikato Local Authority Shared Services Limited has not been disclosed because its fair value cannot be reliably measured as there is no quoted market price in an active market for these shares.

The fair value of council's equity investment in Regional Software Holdings Limited has not been disclosed because its fair value cannot be reliably measured as there is no quoted market price in an active market for these shares.

The fair value of other loans is \$128,000 (2018:\$166,000)

Other financial assets

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

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

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

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

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

Financial assets at fair value through surplus or deficit

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

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

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

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

Loans and receivables

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

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

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

Held to maturity investments

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

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

Loans and receivables, and held to maturity investments

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

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

21 INVESTMENT POLICY

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

The council's investments made a gain of \$7.301 million against an Annual Plan budget of \$6.643 million. 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 adopted in January 2018. 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 2019				
Cash and cash equivalent	15,061	-	-	15,061
Receivables	11,773	-	-	11,773
Other financial assets:				
Term Deposits	4,000	-	-	4,000
Community loans	128	-	-	128
Investment fund	-	-	101,484	101,484
Investment in CCOs	-	2,038	-	2,038
Unlisted shares	-	20	-	20
Total	30,962	2,058	101,484	134,504
30 June 2018				
Cash and cash equivalent	10,365	-	-	10,365
Receivables	10,318	-	-	10,318
Other financial assets:				
Term Deposits	4,200	-	-	4,200
Community loans	166	-	-	166
Investment fund	-	-	88,335	88,335
Investment in CCOs	-	1,756	-	1,756
Unlisted shares	-	20	-	20
Total	25,049	1,776	88,335	115,160

Liabilities	Liabilities at fair value through surplus or deficit	Measured at amortised cost	Total
	\$'000	\$'000	\$'000
30 June 2019			
Payables and accruals	-	17,650	17,650
Derivative financial instruments - not hedge accounted	1,257	-	1,257
Borrowing - secured loans	-	22,133	22,133
Total liabilities	1,257	39,783	41,040
30 June 2018			
Payables and accruals	-	15,587	15,587

Derivative financial instruments - not hedge accounted	-	-	-
Borrowing - secured loans	-	-	-
Total liabilities	-	15,587	15,587

(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 Colonial First State Fund (30 June 2019 AUD \$9,163,379 converted to NZD \$9,574,037: exchange rate NZD/AUD: 0.9571). (30 June 2018 AUD \$9,713,077 converted to NZD \$10,599,671: exchange rate NZD/AUD: 0.9164)

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 2019 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 \$383,340 (2018: \$441,675).

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 2019	Interest rate risk			
	-100bps		+100bps	
	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
Interest rate risk				
Financial assets				
Cash and cash equivalents	-51	-	51	-
Derivatives - non hedge accounting	-1220	-	1123	-
Total sensitivity	-1271	-	1174	-

30 June 2019	Equity price risk			
	-100bps		+100 bps	
	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
Equity price risk				
Financial assets				
Other financial assets	-277	-	277	-
Total sensitivity to equity price risk	-277	-	277	-

30 June 2018	Interest rate risk			
	-100bps		+100bps	
	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
Interest rate risk				
Financial assets				
Cash and cash equivalents	-35	-	35	-
Derivatives - non hedge accounting	-	-	-	-
Total sensitivity	-1271	-	1174	-

30 June 2018	Equity price risk			
	-100bps		+100bps	
	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
Equity price risk				
Financial assets				
Other financial assets	-88	-	88	-
Total sensitivity to equity price risk	-88	-	88	-

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 \$5.05 million (2018: \$3.50 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 \$50,500 (2018: \$35,500)

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 (2018 -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 LGFA's borrowings. Information about this exposure is explained in note 37.

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:

	Actual \$'000	Last year \$'000
Cash at bank and term deposits	19,061	10,365
Debtors and other receivables	11,773	10,318
Community loans	128	166
LGFA borrower notes	352	-
Total credit risk	31,314	20,849

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.

	Actual \$'000	Last year \$'000
Counterparties with credit ratings		
Cash at bank and term bank deposits		
A+	-	19,061
AA-	19,061	23,564
Total	19,061	42,625
LGFA borrower notes		
AA+	352	-
Total	352	-

Counterparties without credit ratings

Community and related party loans:

Existing counterparty with no defaults in the past	128	166
Total cash at bank, term deposits and loans	128	166

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.

The council utilises funding through the Local Government Funding Agency Ltd (LGFA). As at 30 June 2019 the council had borrowed \$22 million (2018 \$nil) and held borrower notes of with a face value of \$352,000 (2018 \$nil).

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 37.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES EXCLUDING DERIVATIVES

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

30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying
	\$'000	\$'000	\$'000	\$'000	contractual cash flows \$'000	Amount (assets)/ liabilities \$'000
Trade and other payables	17,650	-	-	-	17,650	17,650
Secured borrowing	2,558	2512	9188	10693	24,951	22,133
Total financial liabilities	20,208	2512	9188	10693	42,601	39,783

30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying
	\$'000	\$'000	\$'000	\$'000	\$'000	Amount (assets)/ liabilities \$'000
Trade and other payables	15,587	-	-	-	15,587	15,587
Secured borrowing	-	-	-	-	-	-
Total financial liabilities	15,587	-	-	-	15,587	15,587

CONTRACTUAL MATURITY ANALYSIS OF DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES

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

30 June 2019	Liability carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net settled derivative liabilities	1,257	1,314	154	246	598	316
Total	1,257	1,314	154	246	598	316
30 June 2018						
Net settled derivative liabilities	-	-	-	-	-	-
Total	-	-	-	-	-	-

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

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

30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying
	\$'000	\$'000	\$'000	\$'000	\$'000	Amount \$'000
Cash and cash equivalents	15,061	-	-	-	15,061	15,061
Debtors and other receivables	11,773	-	-	-	11,773	11,773
Other financial assets:	-	-	-	-	-	-
- term deposits	4,000	-	-	-	4,000	4,000
- community and related party loans	40	43	45	-	128	128
Investment fund	26,286	7,761	35,357	32,080	101,484	101,484

Investment in CCO	32	32	96	1,878	2,038	2,038
Unlisted shares	-	-	-	20	20	20
Total financial assets	57,192	7,836	35,498	33,978	134,504	134,504

30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	10,365	-	-	-	10,365	10,365
Debtors and other receivables	10,318	-	-	-	10,318	10,318
Other financial assets:	-	-	-	-	-	-
- term deposits	4,200	-	-	-	4,200	4,200
- community and related party loans	38	40	88	-	166	166
Investment fund	23,804	3,582	27,152	33,797	88,335	88,335
Investment in CCO	-	-	-	1,757	1,757	1,757
Unlisted shares	-	-	-	20	20	20
Total financial assets	48,725	3,622	27,240	35,574	115,161	115,161

(e) Fair value hierarchy disclosures

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

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

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

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2019	\$'000	\$'000	\$'000	\$'000
Derivatives	1,907	-	1,907	-
NZ local authority investments	1,984	1,984	-	-
Corporate investments	9,167	9,167	-	-
NZ cash/short term deposits	23,355	23,355	-	-
Overseas bonds	23,296	23,296	-	-
NZ Government guaranteed investments	5,649	5,649	-	-
Equity investments	32,633	32,633	-	-
Property	5,400	5,400	-	-
Total financial assets	103,391	101,484	1,907	-
Financial liabilities				
Derivatives	-3,164	-	-3,164	-
Total financial liabilities	-3,164	-	-3,164	-

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2018	\$'000	\$'000	\$'000	\$'000
Derivatives	-	-	-	-
NZ local authority investments	862	862	-	-
Corporate investments	4,884	4,884	-	-
NZ cash/short term deposits	20,837	20,837	-	-
Overseas bonds	19,953	19,953	-	-
NZ Government guaranteed investments	3,800	3,800	-	-
Equity investments	31,792	31,792	-	-
Property	6,207	6,207	-	-
Total financial assets	88,335	88,335	-	-

Financial liabilities				
Derivative financial instruments	-	-	-	-
Total financial liabilities	-	-	-	-

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

24 RECEIVABLES

	Actual \$'000	Last year \$'000
Exchange		
Net trade receivables		
Other receivables	5,074	3,897
Provision for doubtful receivables	-613	-538
Net debtors	4,461	3,359
Receivables from exchange transactions	4,461	3,359
Non-exchange		
Rates receivables	5,423	5,007
Other receivables	2,635	2,623
Provision for doubtful receivables	-746	-671
Net debtors	7,312	6,959
Receivables from non-exchange transactions	7,312	6,959
Total receivables	11,773	10,318

Fair value

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

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

Impairment

Waikato Regional Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the court's judgement, then the council can apply to the Registrar of the High Court to have judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options. Where such repayment plans are in place, debts are discounted to their present value of future repayments if the effect of the discounting is material. The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated, are \$281,000 (2018: \$248,000).

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

	Actual \$'000	Last year \$'000
Past due > 120 days	4,002	4,115
Less impairment	-1,359	-1,209

Balance as at 30 June	2,643	2,906
The ageing profile of gross receivables not impaired is as follows:		
	Actual	Last year
	\$'000	\$'000
Not past due	8,743	5,212
Past due 1-60 days	295	1,984
Past due 61-120 days	92	216
Balance as at 30 June	9,130	7,412
Grand total	11,773	10,318

All receivables greater than 30 days in age are considered to be past due.

Waikato Regional Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

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.

	Actual	Last year
	\$'000	\$'000
Individual impairment	78	78
Collective impairment	1,281	1,131
Total provision for impairment	1,359	1,209

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:

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

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

	Actual	Last year
	\$'000	\$'000
At 1 July	1,209	1,272
Additional provisions made during the year	379	243
Receivables written off during the period	-229	-306
Total gross trade receivables	1,359	1,209

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

2018/19	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Discontinued \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000
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Operational assets
At cost & valuation

Land	9,743	-	9,743	-	-	-9,415	-	-	369	697	-	697
Buildings	6,080	-1,718	4,362	2,947	-187	-4,473	-291	1,952	-925	3,442	-57	3,385
Vehicles	4,649	-1,664	2,985	370	-708	-	-630	567	-	4,311	-1,727	2,584
Plant and equipment	10,367	-7,250	3,117	209	-3,066	-	-593	2,750	-	7,510	-5,093	2,417
EDP	10,408	-7,678	2,730	1,248	-1,527	-	-944	1,548	-	10,129	-7,074	3,055
Office furniture and fittings	776	-461	315	105	-57	-	-85	50	-	824	-496	328
Capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-
- EDP	42	-	42	-	-	-	-	-	-	42	-	42
Total operational assets	42,065	-18,771	23,294	4,879	-5,545	-13,888	-2,543	6,867	-556	26,955	-14,447	12,508

Infrastructural assets
At cost & valuation

Land	57,092	-	57,092	-	-	-	-	-	-	57,092	-	57,092
Bridges	1,595	-201	1,394	-	-	-	-46	-	-	1,595	-247	1,348

Channels	34,182	-685	33,497	56	-26	-	-163	-	-	34,212	-848	33,364
Control gates	1,577	-187	1,390	-	-	-	-67	-	-	1,577	-254	1,323
Culverts	1,686	-120	1,566	-	-	-	-29	-	-	1,686	-149	1,537
Debris traps	215	-12	203	-	-	-	-3	-	-	215	-15	200
Detentions	3,339	-383	2,956	-	-	-	-89	-	-	3,339	-472	2,867
Drop structures	17	-4	13	-	-	-	-1	-	-	17	-5	12
Fencing	3,925	-1,059	2,866	-	-16	-	-240	-	-	3,909	-1,299	2,610
Floodgates	38,744	-2,919	35,825	1,910	-423	-	-1,128	-	-	40,231	-4,047	36,184
General structures	2,888	-495	2,393	-	-	-	-118	-	-	2,888	-613	2,275
Plantings	305	-	305	-	-14	-	-	-	-	291	-	291
Pump stations	44,158	-6,274	37,884	2,165	-25	-	-1,527	-	-	46,298	-7,801	38,497
Retaining structures	15,650	-1,823	13,827	-	-	-	-499	-	-	15,650	-2,322	13,328
River training works	1,652	-123	1,529	62	-	-	-25	-	-	1,714	-148	1,566
Stopbanks	300,541	-8,436	292,105	966	-	-	-2,069	-	-	301,507	-10,505	291,002
Weirs	304	-14	290	-	-	-	-3	-	-	304	-17	287
Total	507,870	-22,735	485,135	5,159	-504	-	-6,007	-	-	512,525	-28,742	483,783

Work in progress

- Bridges	100	-	100	269	-	-	-	-	-	369	-	369
- Channels	121	-	121	396	-78	-	-	-	-	439	-	439
- Control gates	2,182	-	2,182	16	-	-2,126	-	-	-	72	-	72
- Culverts	58	-	58	19	-26	-	-	-	-	51	-	51
- Debris traps	4	-	4	-	-	-	-	-	-	4	-	4

	33	-	33	37	-9	-	-	-	61	61
- Detentions										
- Floodgates	2,681	-	2,681	1,133	-2,564	-	-	-	1,250	-
- General structures	45	-	45	4	-	-	-	-	49	-
- Pump stations	6,012	-	6,012	2,720	-2,303	-	-	-	6,429	-
- River training works	917	-	917	1,038	-62	-	-	-	1,893	-
- Stopbanks	1,797	-	1,797	5,636	-1,045	2,126	-	-	8,514	-
Total infrastructure work in progress	13,950	-	13,950	11,268	-6,087	-	-	-	19,131	-
Total property, plant and equipment	563,885	-41,506	522,379	21,306	-12,136	-13,888	-8,550	6,867	558,611	-43,189

2017/18

	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Depreciated \$'000	Write back depreciation on disposal / valuation \$'000	Revaluation \$'000	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000

Operational assets

At cost & valuation

Land	7,125	-	7,125	-	-	-	-	-	2,618	9,743	-	9,743
Buildings	8,036	-1,241	6,795	668	-	-	-477	-	-2,624	6,080	-1,718	4,362
Vehicles	4,270	-1,649	2,621	1,184	-805	-	-584	569	-	4,649	-1,664	2,985
Plant and equipment	9,542	-6,799	2,743	975	-150	-	-590	139	-	10,367	-7,250	3,117
EDP equipment	9,188	-6,867	2,321	1,220	-	-	-811	-	-	10,408	-7,678	2,730
Office furniture and fittings	674	-444	230	168	-66	-	-68	51	-	776	-461	315

Capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- EDP	20	-	20	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42	42
- EDP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operational assets	38,855	-17,000	21,855	4,237	-1,021	-	-2,530	759	-6	42,065	-18,771	23,294									

Infrastructural assets

At cost & valuation

Land	57,092	-	57,092	-	-	-	-	-	-	57,092	-	57,092	-	57,092
Bridges	1,595	-155	1,440	-	-	-46	-	-	-	1,595	-201	1,394	-	1,394
Channels	34,108	-524	33,584	94	-20	-161	-	-	-	34,182	-685	33,497	-	33,497
Control gates	1,577	-120	1,457	-	-	-67	-	-	-	1,577	-187	1,390	-	1,390
Culverts	1,686	-91	1,595	-	-	-29	-	-	-	1,686	-120	1,566	-	1,566
Debris traps	215	-9	206	-	-	-3	-	-	-	215	-12	203	-	203
Dententions	3,339	-294	3,045	-	-	-89	-	-	-	3,339	-383	2,956	-	2,956
Drop structures	17	-3	14	-	-	-1	-	-	-	17	-4	13	-	13
Fencing	3,925	-817	3,108	-	-	-242	-	-	-	3,925	-1,059	2,866	-	2,866
Floodgates	38,707	-1,844	36,863	125	-88	-1,078	-	3	-	38,744	-2,919	35,825	-	35,825
General structures	2,888	-378	2,510	-	-	-117	-	-	-	2,888	-495	2,393	-	2,393
Plantings	305	-	305	-	-	-	-	-	-	305	-	305	-	305
Pump stations	41,350	-4,789	36,561	2,969	-161	-1,495	-	10	-	44,158	-6,274	37,884	-	37,884
Retaining structures	15,526	-1,327	14,199	124	-	-496	-	-	-	15,650	-1,823	13,827	-	13,827
River training works	1,652	-98	1,554	-	-	-25	-	-	-	1,652	-123	1,529	-	1,529
Stopbanks	298,836	-6,360	292,476	1,891	-186	-2,076	-	-	-	300,541	-8,436	292,105	-	292,105

Weirs	304	-11	293	-	-	-3	-	-	304	-14	290
Total	503,122	-16,820	486,302	5,203	-455	-5,928	13	-	507,870	-22,735	485,135
Work in progress											
- Bridges	30	-	30	70	-	-	-	-	100	-	100
- Channels	50	-	50	165	-94	-	-	-	121	-	121
- Control gates	1,561	-	1,561	621	-	-	-	-	2,182	-	2,182
- Culverts	11	-	11	47	-	-	-	-	58	-	58
- Debris traps	4	-	4	-	-	-	-	-	4	-	4
- Detentions	28	-	28	5	-	-	-	-	33	-	33
- Floodgates	572	-	572	2,234	-125	-	-	-	2,681	-	2,681
- General structures	18	-	18	27	-	-	-	-	45	-	45
- Pump stations	4,327	-	4,327	5,024	-3,339	-	-	-	6,012	-	6,012
- River training works	690	-	690	227	-	-	-	-	917	-	917
- Stopbanks	2,410	-	2,410	4,531	-5,144	-	-	-	1,797	-	1,797
Total infrastructure work in progress	9,701	-	9,701	12,951	-8,702	-	-	-	13,950	-	13,950
Total property, plant and equipment	551,678	-33,820	517,858	22,391	-10,178	-8,458	772	-6	563,885	-41,506	522,379

Infrastructural assets - further disclosures

This year	Additions		
	Closing book value \$'000	Additions: constructed by council \$'000	Most recent replacement cost estimate for revalued assets \$'000
Infrastructural assets			
Flood protection and control works	483,783	5,159	602,725
Total infrastructural assets	483,783	5,159	602,725

Last year	Additions		
	Closing book value \$'000	Additions: constructed by council \$'000	Most recent replacement cost estimate for revalued assets \$'000
Infrastructural assets			
Flood protection and control works	485,135	5,203	598,070
Total infrastructural assets	485,135	5,203	598,070

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 2019 is work in progress in the following asset classes: buildings \$510,000 (2018 \$369,000), vehicles \$39,000 (2018 \$115,000), plant and equipment \$314,000 (2018 \$565,000) and EDP \$363,000 (2018 \$181,000).

Valuation

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

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

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Operational land

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

The most recent valuation was performed by P Smith, independent registered valuer of SGHU Valuations, and the valuation is effective as at 30 June 2018.

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 2018.

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 Colin Gerrard of AECOM New Zealand Limited, and the valuation is effective as at 31 December 2016.

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 Paul Scown, independent registered valuer of QV Valuations, and the valuation is effective as at 31 December 2016.

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 2019.

Impairment

Impairment losses of \$Nil have been recognised by council during 2019 (2018: \$Nil).

Collateral

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

Depreciation

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

Class of asset depreciated	Estimated useful life (Years)
Operational assets	
Buildings	25-75
Motor vehicles	7.5
Computer equipment	4-5
Office furniture	7.5
Plant items	7.5-10
Air conditioning	20
Infrastructural assets	
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.

Critical judgement in applying Waikato Regional Council's accounting policies

Classification of property

As at 30 June 2019, the council's properties at 319 and 401 Grey Street, Hamilton East have been classified as non-current assets held for sale, and have been derecognised as property, plant and equipment.

26 INTANGIBLE ASSETS

	Computer software \$'000	Total \$'000
Year ended 30 June 2019		
Opening net book amount	3,044	3,044
Additions	175	175
Disposals	-1,704	-1,704
Work in progress	1,552	1,552
Amortisation charge	-649	-649
Write back amortisation on disposal	1,704	1,704
Closing net book amount	4,122	4,122
Cost	12,613	12,613
Accumulated amortisation and impairment	-8,491	-8,491
Net book amount	4,122	4,122

	Computer software \$'000	Total \$'000
Year ended 30 June 2018		
Opening net book amount	2,099	2,099
Additions	228	228
Disposals	-56	-56
Work in progress	1,510	1,510
Amortisation charge	-737	-737
Closing net book amount	3,044	3,044
At 30 June 2018		
Cost	12,590	12,590
Accumulated amortisation and impairment	-9,546	-9,546
Net book amount	3,044	3,044

Intangible asset additions

	Actual \$'000	Last year \$'000
Asset additions developed in-house	-	-
Assets additions purchased	175	228
Net book amount	175	228

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

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

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

Amortisation and impairment

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

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

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

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

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

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

There are no restrictions over the title of intangible assets, nor are any intangible assets pledged as security for liabilities (2018: nil)

27 Forestry assets

Waikato Regional Council's forestry asset comprises approximately 91 hectares of Pinus radiata forest split between Ryan's block and Kuaotiti Forest. The plantations range in age between 3 and 32 years.

	Actual \$'000	Last year \$'000
Balance as at 1 July	1,516	1,348
Gains/(losses) arising from changes attributable to physical changes	-	18
Purchases	-	-
Sales	-	-
Harvest	-	-
Gains/(losses) arising from changes attributable to price changes	-94	150
Carrying amount at 30 June	1,422	1,516

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 2019. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8.0 per cent has been used in discounting the present value of expected cash flows
- 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:

	Actual \$'000	Last year \$'000
Community and services	-	-
Civil defence and emergency management	20	2
Regional hazards and emergency response	-	-
Flood protection and control works	6,104	5,959
Integrated catchment management	50	22
Public transport	58	-
Resource use	-	-
Science and strategy	-	-
Council controlled organisations	-	-
Corporate and self funding	2,967	3,212
Depreciation and amortisation not directly related to group of activities	-	-

Total depreciation and amortisation expense	9,199	9,195
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29 ASSET INSURANCE

As at 30 June 2019, 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 \$16.630 million (2018 \$26.131 million).
- Total insurance contracts to the value of \$300 million in relation to infrastructure assets having a book value of \$502.914 million (2018: \$499.071 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 per cent of costs.
- An insurance contract to the value of \$12 million in relation to infrastructure assets having a book value of \$502.914 million (2018: \$499.071 million). 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 2019 the balance of these reserves was \$7.969 million (2018: \$7.337 million).

30 INVENTORIES AND WORK IN PROGRESS

	Actual \$'000	Last year \$'000
<i>Inventory held for distribution</i>		
Raw materials at cost	466	413
Inventory held for use in the provision of services		
Work in progress	985	1,094
Total inventory and work in progress	1,451	1,507

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 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 first-in first-out (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.

	Actual \$'000	Last year \$'000
Current liability portion		
Forward foreign exchange contracts	7	-
Total current liability portion	7	-
Non-current liability portion		
Interest rate swaps	1,250	-
Total non-current liability portion	1,250	-
Total derivative financial instrument liabilities	1,257	-

Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts totalled \$18 million (2018 \$nil). 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.

Information about forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts in NZ\$ were \$403,000 (2018 \$nil). The foreign currency principal amounts were GBP 209,000.

32 NON-CURRENT ASSETS HELD FOR SALE

Accounting policy

An asset is held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the statement of comprehensive revenue and expenditure.

Waikato Regional Council owned properties on 401 and 319 Grey Street have been presented as held for sale following the approval by the council to sell the premises. The council has approved the sale of the properties, as it will relocate to new premises. The completion date of the sale is expected to be in 2020.

	Actual \$'000	Last year \$'000
Non-current assets held for sale are:		
Land and buildings	12,250	-
Total non-current assets held for sale	12,250	-

The value of the non-current assets held for sale is measured at fair value.

33 CREDITORS AND OTHER PAYABLES

	Actual \$'000	Last year \$'000
Non-exchange		
Funds held on behalf of third parties	588	524
Total creditors and other payables from non-exchange transactions	588	524
Exchange		
Trade payables	10,296	8,964
Deposits and bonds	695	-
Accrued expenses	2,402	2,783
Other payables	3,669	3,316
Total creditors and other payables from exchange transactions	17,062	15,063
Total current creditors and other payables	17,650	15,587

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.

Short-term creditors and other payables are recorded at their face value.

34 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.

	Actual \$'000	Last year \$'000
Secured borrowing	2,012	-
Total secured current interest bearing borrowings	2,012	-
Total current portion	2,012	-
Secured borrowing	20,121	-
Total secured non-current interest bearing borrowings	20,121	-
Total non-current portion	20,121	-

Interest terms for secured loans

The council's secured debt of \$22.133 million (2018 \$nil) is issued at a floating rate of interest, with interest rates reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. The council has eight swap contracts in place (2018 nil). These swap contracts have a notional value of \$18 million dollars (2018 \$nil). The swaps convert part of the council's borrowing from floating to fixed rates. All the swaps were put in place in the 2018/19 financial year and there were no maturities during the year.

At 30 June 2019, total borrowings from the Local Government Funding Agency Ltd were \$22 million (2018 \$nil). The average cost of interest was 2.55 per cent (2018 nil).

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.

35 INTERNAL BORROWING

2019	Opening principal	Loans raised	Repayment	Closing principal	Interest charged
Description	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Lower Waikato zone	297	-	-297	-	-
Lake Taupō zone	464	-	-464	-	-
Coromandel zone	2,408	-	-2,408	-	-
Total	3,169	-	-3,169	-	-
Corporate	3,648	-	-3,648	-	-
Total	3,648	-	-3,648	-	-
Strategic and integrated planning (Home of Cycling)	4,640	-	-4,640	-	-
Total	4,640	-	-4,640	-	-
Total internal borrowing	11,457	-	-11,457	-	-
2018					
Description	Opening principal	Loans raised	Repayment	Closing principal	Interest charged
	\$'000	\$'000	\$'000	\$'000	\$'000
Flood protection and control works					
Lower Waikato zone	353	-	-56	297	19
Lake Taupō zone	564	-	-100	464	32
Coromandel zone	1,912	600	-104	2,408	176
Total	2,829	600	-260	3,169	227
Corporate	3,887	-	-239	3,648	220
Total	3,887	-	-239	3,648	220
Strategic and integrated planning (Home of Cycling)	4,863	-	-223	4,640	285
Total	4,863	-	-223	4,640	285
Total internal borrowing	11,579	600	-722	11,457	732

As part of the 2018-2028 Long Term Plan, the council established an external borrowing program. In accordance with this decision, and in line with the revised Treasury Risk Management Policy, existing internal loans were transferred to the new external borrowing programme in July 2018.

In accordance with the Treasury Risk Management Policy, the council is permitted to borrow internally from the investment fund to meet the costs of the expansion or renewal of assets and community infrastructure, and to address short term cashflow timing issues.

36 CAPITAL COMMITMENTS AND OPERATING LEASES

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

	Actual \$'000	Last year \$'000
Capital commitments		
Vehicles	264	120
Other plant and equipment	301	338
Intangible assets	110	236
Flood protection and control	1,355	1,500
Total capital commitments	2,030	2,194

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.

	Actual \$'000	Last year \$'000
Not later than one year	1,190	1,096
Later than one year and not later than five years	11,603	2,560
Later than five years	30,886	165
Total non-cancellable operating leases	43,679	3,821

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2018 \$nil).

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

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

Operating leases as lessor

Waikato Regional Council leases property it owns under operating leases. Both leases have a non-cancellable term of 36 months. Waikato Regional Council further subleases part of a property it leases. This sublease has a non-cancellable term of six years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	Actual \$'000	Last year \$'000
Not later than one year	331	180
Later than one year and not later than five years	455	560
Later than five years	-	35
Total non-cancellable operating leases	786	775

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.

37 Contingent liabilities

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

No material exposures related to any legal matters has been estimated (2018: \$Nil)

Local Government Funding Agency

Waikato Regional Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

The council is one of 45 local authority guarantors of the LGFA. The aggregate amount of uncalled shareholder capital (\$20 million) is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the council is a guarantor of all of LGFA's borrowings. At 30 June 2019, LGFA had borrowings totaling \$9.531 billion (2018 \$8.271 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.

38 EQUITY

	Actual \$'000	Last year \$'000
Accumulated funds	226,964	233,862
Other reserves	392,923	386,419
Balance at 30 June 2019	619,887	620,281

Accumulated funds

Balance at 1 July	233,862	230,779
Transfer to reserves	-6,909	3,769
Surplus/(deficit) for the year	11	-686
Balance 30 June	226,964	233,862

Reserve	Activities to which the reserve relates	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
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2019

Regional disaster recovery	Integrated catchment management; Flood protection and control works	4,209	725	-531	4,403
Waihou/Piako zone	Integrated catchment management; Flood protection and control works	1,162	11,222	-12,218	166
Lower Waikato main channel	Flood protection and control works	2,402	-	-	2,402
Project Watershed	Integrated catchment management; Flood protection and control works	4,043	19,691	-16,993	6,741
Coromandel Peninsula	Integrated catchment management; Flood protection and control works	3,627	577	-870	3,334
West coast	Integrated catchment management; Flood protection and control works	20	1,983	-1,932	71
Zone disaster recovery	Integrated catchment management; Flood protection and control works	3,133	566	-400	3,299
Drainage boards	Flood protection and control works	-1,258	11,487	-12,112	-1,883
Civil defence	Emergency management	506	7,884	-7,974	416
Whitianga coastal modelling	Science and strategy	120	120	-240	-
Heritage	Integrated catchment management	1,387	195	-231	1,351
Biosecurity	Integrated catchment management	3,096	1,423	-1,126	3,393
Environmental initiatives	Integrated catchment management	164	184	-182	166
Koi carp digester	Integrated catchment management	37	-	-16	21
General reserves	Community and services	163	3,433	-3,034	562
Permitted activity monitoring	Resource use	-409	359	-206	-256
Building Act contingency	Resource use	94	3	-	97
Complaints and enforcement	Resource use	72	-	-	72

Stock truck effluent	Science and strategy	430	734	-657	507
Home of Cycling	Science and strategy	-4,640	4,640	-	-
Public transport	Public transport	1,870	16,393	-16,826	1,437
Integrated Regional Information System (IRIS)	Corporate (council controlled organisations)	430	-	-41	389
Motor vehicle and plant	Corporate	392	787	-669	510
Computer	Corporate	67	1,096	-1,163	-
Operational fixed asset depreciation	Corporate	1,357	-	-110	1,247
Communications network	Corporate	550	-	-	550
Investment fund equalisation	Corporate (Treasury)	13,973	17,665	-19,102	12,536
Investment fund capital protection	Corporate (Treasury)	7,698	1,700	-321	9,077
Healthy Rivers internal loan	Science and strategy	-953	1,068	-115	-
River Restoration Strategy	Science and strategy	-	-	-	-
Hauraki plan change	Science and strategy	243	-	-	243
Regional Development Fund		3,483	1,512	-	4,995
Contaminated land investigation		205	134	-1	338
Derivative financial instruments		-	-	-1,257	-1,257
		47,673	105,581	-98,327	54,927

Reserve	Activities to which the reserve relates	Balance 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June \$'000
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2018

Regional disaster recovery	Integrated catchment management; Flood protection and control works	4,898	1,928	-2,617	4,209
Waihou/Piako zone	Integrated catchment management; Flood protection and control works	1,858	8,142	-8,838	1,162
Lower Waikato main channel	Flood protection and control works	2,402	-	-	2,402
Project Watershed	Integrated catchment management; Flood protection and control works	7,809	20,846	-24,612	4,043
Coromandel Peninsula	Integrated catchment management; Flood protection and control works	3,704	1,268	-1,345	3,627
West coast	Integrated catchment management; Flood protection and control works	73	921	-974	20
Zone disaster recovery	Integrated catchment management; Flood protection and control works	2,843	767	-477	3,133
Drainage boards	Flood protection and control works	-1,066	4,531	-4,723	-1,258
Civil defence	Emergency management	365	1,234	-1,093	506
Whitianga coastal modelling	Science and strategy	120	-	-	120
Heritage	Integrated catchment management	1,562	462	-637	1,387

Biosecurity	Integrated catchment management	4,030	2,048	-2,982	3,096
Environmental initiatives	Integrated catchment management	44	300	-180	164
Koi carp digester	Integrated catchment management	53	-	-16	37
General reserves	Community and services	232	1,173	-1,242	163
Permitted activity monitoring	Resource use	-386	262	-285	-409
Building Act contingency	Resource use	91	4	-1	94
Complaints and enforcement	Resource use	72	-	-	72
Stock truck effluent	Science and strategy	392	409	-371	430
Home of Cycling	Science and strategy	-4,863	223	-	-4,640
Public transport	Public transport	2,829	2,842	-3,801	1,870
Integrated Regional Information System (IRIS)	Corporate (council controlled organisations)	592	831	-993	430
Protecting Lake Taupō	Corporate (council controlled organisations)	-	-	-	-
Motor vehicle and plant	Corporate	440	1,127	-1,175	392
Computer	Corporate	178	-	-111	67
Operational fixed asset depreciation	Corporate	1,357	-	-	1,357
Communications network	Corporate	550	-	-	550
Investment fund equalisation	Corporate (Treasury)	12,339	8,937	-7,303	13,973
Investment fund capital protection	Corporate (Treasury)	6,499	1,199	-	7,698
Healthy Rivers internal loan	Science and strategy	-	618	-1,571	-953
River Restoration Strategy	Science and strategy	75	-	-75	-
Hauraki plan change	Science and strategy	243	-	-	243
Regional Development Fund	Science and strategy	2,000	1,483	-	3,483
Contaminated land Investigation		73	132	-	205
		51,408	61,687	-65,422	47,673

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

Asset revaluation reserve 2019

Operational buildings	848	-	-774	74
Operational land	3,071	369	-	3,440
Infrastructural assets				
- Bridges	917	-	-	917
- Channels	3,811	45	-	3,856
- Control gates	208	-	-	208
- Culverts	1,262	-	-	1,262
- Debris traps	170	-	-	170
- Detentions	2,843	-	-	2,843
- Fencing	4,231	-	-3	4,228
- Floodgates	28,098	-	-428	27,670
- Land	40,441	-	-	40,441
- Plantings	115	-	-14	101
- Pump stations	19,754	55	-	19,809
- Remaining structures	10,469	-	-	10,469
- River training works	275	-	-	275
- Stopbanks	220,900	-	-	220,900
- Structures	1,152	-	-	1,152
- Weirs	180	-	-	180
Balance at 30 June	338,745	469	-1,219	337,995

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

Asset revaluation reserve 2018

Operational buildings	3,472	-	-2,624	848
Operational land	453	2,618	-	3,071
Infrastructural assets				
- Bridges	917	-	-	917
- Channels	3,811	-	-	3,811
- Control gates	208	-	-	208
- Culverts	1,262	-	-	1,262
- Debris traps	170	-	-	170

- Detentions	2,843	-	-	2,843
- Drop structures	-	-	-	-
- Fencing	4,231	-	-	4,231
- Floodgates	28,150	-	-52	28,098
- Land	40,441	-	-	40,441
- Plantings	115	-	-	115
- Pump stations	19,640	114	-	19,754
- Remaining structures	10,469	-	-	10,469
- River training works	275	-	-	275
- Stopbanks	220,998	-	-98	220,900
- Structures	1,152	-	-	1,152
- Weirs	180	-	-	180
Balance at 30 June	338,787	2,732	-2,774	338,745

	Actual \$'000	Last year \$'000
Balance 1 July	338,745	338,787
Revaluation adjustment	-405	-6
Transfer to accumulated funds on disposal of assets	-345	-36
Balance 30 June	337,995	338,745

Disaster recovery (regional and zone)

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

Waihou/Piako zone

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

Project watershed (including lower Waikato main channel)

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

Coromandel peninsula

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

West coast

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

Drainage boards

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

Civil defence

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

Whitianga coastal modelling

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

Natural Heritage

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

Biosecurity

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

Environmental Initiatives

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

Koi carp digester

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

General reserves

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

Permitted activity monitoring

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

Building act contingency

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

Complaints and enforcement

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

Stock truck effluent

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

Home of cycling

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

Public transport

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

Integrated Regional Information System (IRIS)

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

Protecting Lake Taupō

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

Motor vehicle and plant

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

Computer

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

Operational fixed asset depreciation

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

Communications network

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

Investment fund equalisation reserve

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

Investment fund capital protection

To recognise the provision for the investment fund inflation proofing.

Healthy Rivers internal loan

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

River Restoration Strategy

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

Hauraki plan change

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

Regional Development Fund

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

Asset revaluation reserve

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

Derivative financial instruments

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

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.

39 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.

40 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.

41 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no events after balance date that need to be reported.

42 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.

Financial reporting and prudence regulations

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

WHAT IS THE PURPOSE OF THIS STATEMENT?

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

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

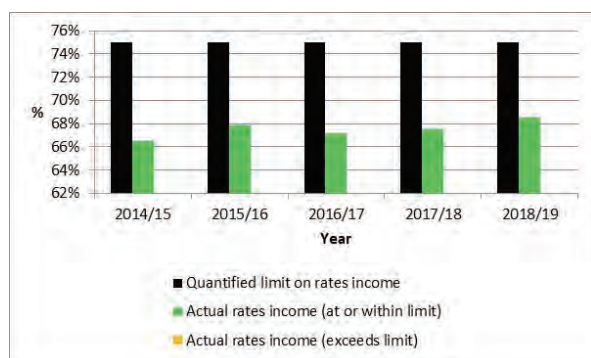
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if:

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

RATES (INCOME) AFFORDABILITY

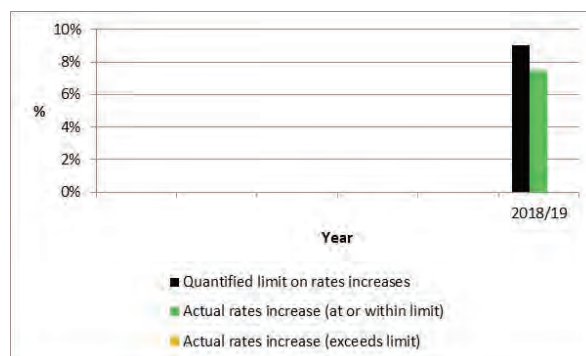
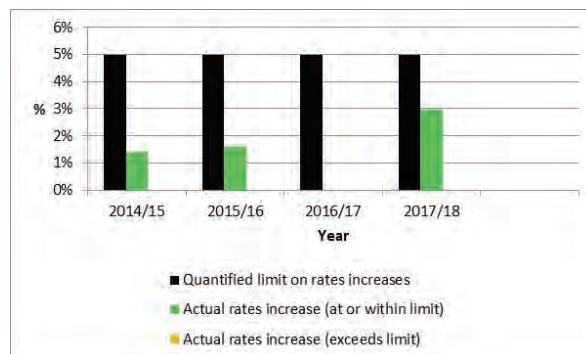
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is that total rates revenue will comprise up to 75 per cent of the council's annual revenue requirements.



RATES (INCREASES) AFFORDABILITY

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

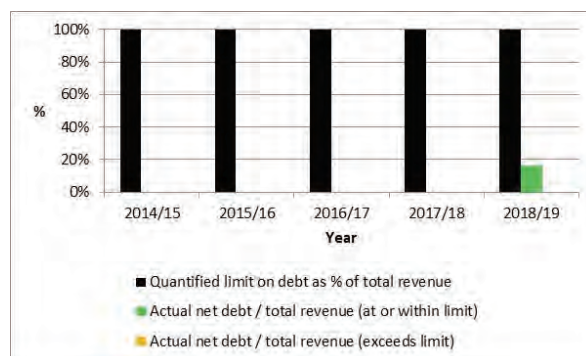
expenditure requirements. For the 2018-2028 long term plan the quantified limit is that increases in the annual rate revenue requirement will be limited to a 9 per cent increase in revenue from current ratepayers.



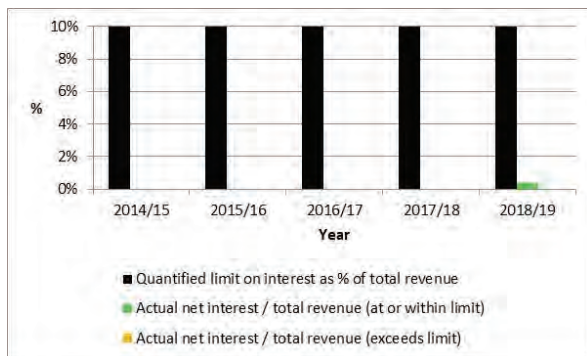
DEBT AFFORDABILITY BENCHMARK

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

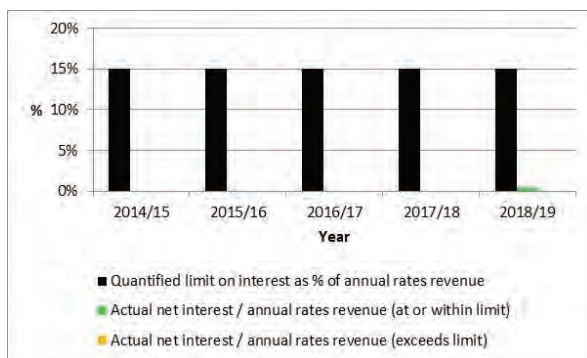
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net debt/total revenue is <100 per cent.



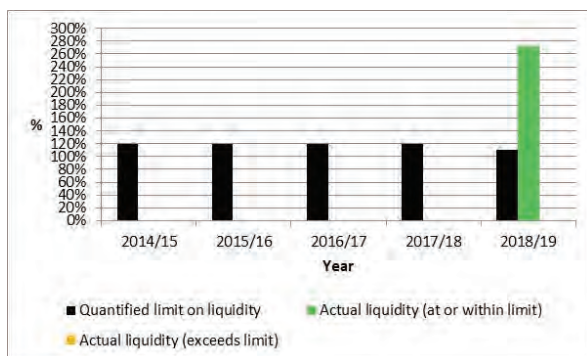
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net interest/total revenue is <10 per cent



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



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

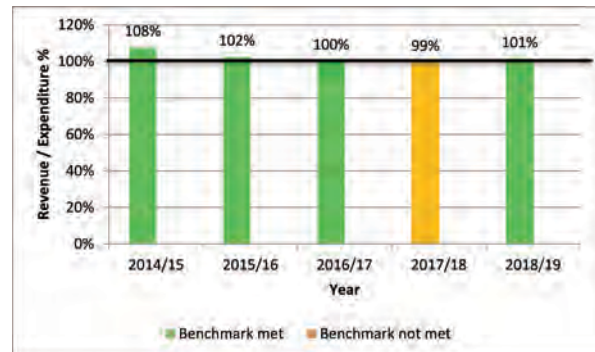


BALANCED BUDGET BENCHMARK

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and

revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

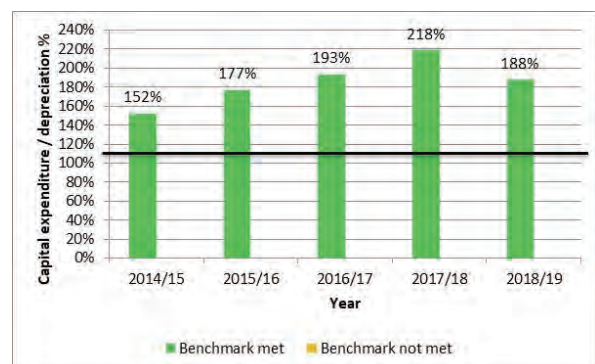
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



ESSENTIAL SERVICES BENCHMARK

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

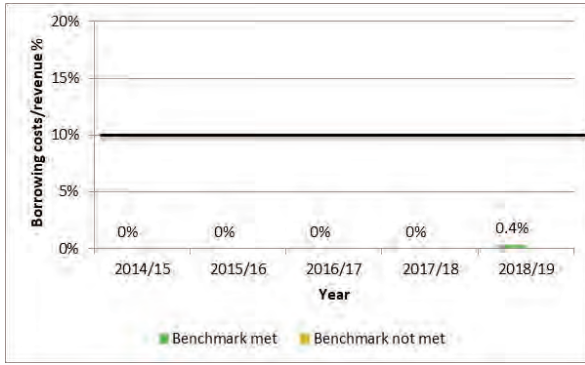
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



DEBT SERVICING BENCHMARK

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

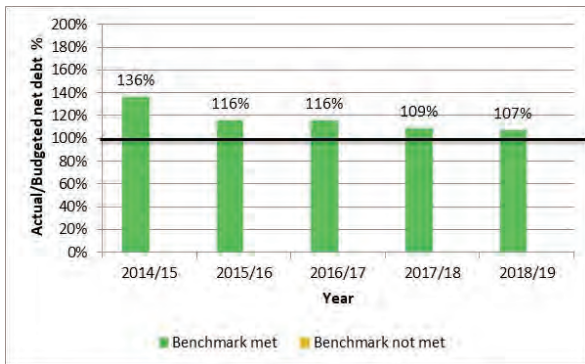
Because Statistics New Zealand projects the council's population will grow more slowly than the national population's growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 per cent of its revenue.



DEBT CONTROL BENCHMARK

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

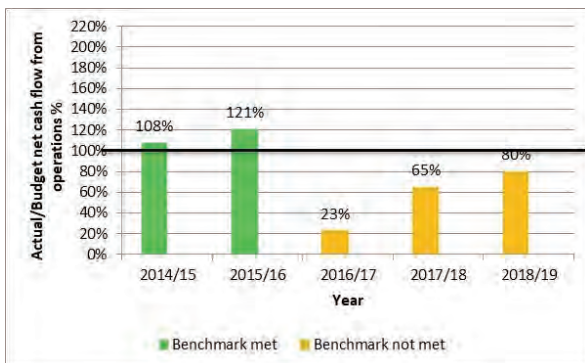
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONS CONTROL BENCHMARK

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

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



ADDITIONAL INFORMATION AND COMMENT

OPERATIONS CONTROL BENCHMARK

Actual returns from the council's investment fund have been classified as revenue from investing activities since the 2016/17 financial year, whereas the budgeted cashflow statement has since 2013/14 treated this as revenue from operating activities. This change in classification has had the effect of reducing the operations control benchmark percentage for the previous three financial years. If the budgeted cash flow statement for 2018/19 is corrected by removing the budgeted returns from the investment fund then council would meet the benchmark in the 2018/19 financial year. Overall, the balance of cash and cash equivalents at the end of the financial year was \$15.061 million compared to an annual plan budget position of \$5.205 million.

SECTION 5: Audit opinion | Arotake

Independent Auditor's Report
To the readers of Waikato Regional Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Waikato Regional Council (the Regional Council). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 26 September 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 91 to 158:
 - present fairly, in all material aspects
 - the Regional Council's financial position as at 30 June 2019; 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 pages 88 to 89, 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;
- the service performance information, referred to as "Our activities in depth" on pages 25 to 87:
 - presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2019, 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; and
- the statement about capital expenditure for each group of activities on pages 32 to 87, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's long-term plan; and
- the funding impact statement for each group of activities on pages 32 to 87, 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 159 to 161, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's 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 service of performance information, referred to as "Our activities in depth", as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 24 and 165 to 179, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

Independence

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

In addition to our audit of the audited information and our report on the disclosure requirements, we performed a limited assurance engagement related to the Regional Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the Regional Council.



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

SECTION 6: Supplementary material | Ko ētehi atu kōrero/mea

Search and Surveillance Act reporting

Pursuant to Section 171 of the Search and Surveillance Act 2012 it is confirmed, for the purpose of annual reporting on behalf of the Waikato Regional Council, that in the period 1 July 2018 to 30 June 2019:

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

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

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

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

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

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

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

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

WAIKATO LOCAL AUTHORITY SHARED SERVICES

Local Authority Shared Services Limited (LASS) was incorporated in December 2005. On 4 April 2016, the name registered with the Companies Office was changed to Waikato Local Authority Shared Services Ltd (WLASS), to distinguish it from other local authority shared services companies around New Zealand.

INTRODUCTION

The local authorities of the Waikato region have worked together closely over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained, both in terms of outcomes achieved and reduction of costs to the community.

Local authorities of the Waikato region have established WLASS as a council controlled organisation (CCO) by way of a company in which each local authority has a single share. This company will be used as an umbrella for future development of shared services throughout the region.

COMPANY OBJECTIVES

The objectives of WLASS are to:

- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government’s confidence in the Waikato region, and to encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- make it easier for customers to engage with councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers’ experiences.

PERFORMANCE RESULTS FOR 2018/19

Target	Method	Measure	Outcome
Procurement			
Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.	The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year.	<i>Achieved:</i> The regional procurement framework and toolkit were completed, with training provided to participating councils across three workshops held in March 2019. <i>[New measure]</i>
		New suppliers are awarded contracts through a competitive tender process.	<i>Achieved:</i> The professional services panel was re-tendered during the year (contracts take effect from 1 August 2019). Any new suppliers are procured in line with the company's procurement policy <i>[2018: Achieved]</i> In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply. 24 supplier contracts were entered into (five relating to joint procurement).

Target	Method	Measure	Outcome
Collaborative Projects			
Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum. If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	<p><i>Achieved:</i> Projects identified and progressed through the year were:</p> <ul style="list-style-type: none"> • LiDAR: A project to establish regional LiDAR supported by PGF funding. Business case approved in principle • Professional Services Panel: A project to re-market and establish a panel of consultants across eight disciplines under an agreed framework to streamline procurement of their services • Energy & Carbon Management: A programme to support councils in energy and carbon management. Business case approved. • A regional Health and Safety Management Framework and best practice documents were implemented • Regional reporting indicators for safety performance were approved <p>Business cases were prepared where Board approval and council funding was required</p> <p>The customer interface group was established to provide council staff engaging with customers with a forum to collaborate and consider opportunities to use digital technology to improve the customer experience.</p> <p>In addition, nine collaborative opportunities are at various stages of development. <i>[2018: Achieved]</i></p>
Existing WLASS Contracts			
Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed. Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.	<p><i>Achieved:</i> <i>[2018: Achieved]</i></p> <p><i>Achieved:</i> Any new suppliers are procured in line with the company's procurement policy.</p> <p>In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply and if so, renegotiated. 24 supplier contracts were entered into <i>[2018: Achieved]</i></p>
Cashflow			
The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly, and the WLASS Board reviews the financial statements quarterly.	The WLASS Board reviews the financial statements at least quarterly.	<p><i>Achieved:</i> Management accounts were presented to each of the six board meetings held during the year. The company remains in a strong cash position (funds on hand at 30 June 2019 are \$1.46m <i>[2018: \$1.57m]</i>). It is currently actively seeking to manage down cash reserves that have arisen from revenue received in advance. <i>[2018: Achieved]</i></p>

Target	Method	Measure	Outcome
Cost Control			
Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	<i>Achieved:</i> Actual spend (\$440,000) exceeded budget (\$300,000) but was less than the reforecasted spend of \$446,000 approved by the Board (and shareholding councils) to support the transformation of the company and was met by prior year cash reserves and additional shareholder contributions. [2018: <i>Achieved</i>]
Reporting			
Six monthly reports provided to shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.	<i>Achieved:</i> Half-yearly report and annual report delivered to shareholders within required timelines. [2018: <i>Achieved</i>]
	One 6-monthly and one Annual Report are prepared for shareholders.	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	<i>Achieved</i> [2018: <i>Achieved</i>]
Waikato Mayoral Forum			
The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20 th of the month following their receipt.	<i>Achieved</i> [2018: <i>Achieved</i>]
Shared Valuation Data Services (SVDS)			
The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.	The SVDS is available to users at least 99% of normal working hours.	<i>Achieved:</i> The SVDS has been available 100% for users during normal business hours. [2018: <i>Achieved</i>]
	The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	The SVDS Advisory Group meets at least 6-monthly.	<i>Achieved:</i> Four meetings held in August, November, March and May [2018: <i>Achieved</i>]
	Risks associated with the SVDS are well managed.	The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.	<i>Achieved</i> [<i>New measure</i>]
	The long-term provision of SVDS services is achieved.	The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.	<i>Not achieved:</i> The project has begun. However, data load issues and complexities has caused project delays of approx. 6 months. There is no increase in total project cost, but the delay has meant that the existing SVDS support is needed longer than anticipated, with associated cost increases. The revised end date is now March 2020. [<i>New measure</i>]

Target	Method	Measure	Outcome
Insurance			
Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	<i>Achieved:</i> Of the 11 councils who responded, 3 were partially satisfied, 7 satisfied and 1 very satisfied. [2018: <i>Achieved</i>]
		The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	<i>Achieved:</i> Of the 11 councils who responded, 1 was dissatisfied, 3 were partially satisfied, 6 satisfied and 1 very satisfied. [2018: <i>Achieved</i>]
Road Asset Technical Accord (RATA)			
Deliver better data for decision making across the Waikato Region, enabling more consistent best practice.	Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.	Reports are presented to stakeholders in October/January/April and July each year.	<i>Achieved:</i> All four reports provided on time [<i>New measure</i>]
		Reports on progress presented to WLASS Board as at 30 December and 30 June.	<i>Achieved:</i> Both reports provided within the required timeframe [2018: <i>Achieved</i>]
Data supplied by contractors is of good quality and meets all of the participating councils' requirements.	Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.	All data is reviewed for compliance and all good practice requirements are met.	<i>Achieved:</i> All data supplied met compliance requirements [<i>New measure</i>]
		Procurement of services complies with WLASS and NZTA's procurement requirements.	<i>Achieved:</i> All procurement was completed in accordance with policy requirements [<i>New measure</i>]
Leadership: Lead engagement and increase capability within the sector.	Present to a national conference on RATA innovations at least once per year.	RATA Forums are held 2-monthly to share learnings and experience.	<i>Achieved:</i> Papers presented at IPWEA conference and Sydney Road Maintenance Conference
	At least two RATA guidance documents detailing good practice are produced each year.		<i>Achieved:</i> RATA benchmarking report and Regional MIS report delivered <i>Achieved:</i> All RATA Forum presented and well attended by RCAs [<i>New measure</i>]
Waikato Regional Transportation Model (WRTM)			
The WRTM is reliable, well maintained and available to all users.	RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Stantec).	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	<i>Achieved:</i> All reports received and shared with WRTM User Group [2018: <i>Achieved</i>]
		A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	<i>Achieved:</i> Bi-annual reports provided to WLASS Board [2018: <i>Achieved</i>]
	RATA reports quarterly to the WRTM Project Advisory Group.	The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	<i>Achieved:</i> Model endorsed by NZTA. Peer review recommendations being progressed (scenario testing of medium land use) [2018: <i>Achieved</i>]

Target	Method	Measure	Outcome
Waikato Building Consent Group			
Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.	Milestones for the five strategic review work streams are achieved for:	
		- Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons.	<i>Achieved:</i> On track with both Thames-Coromandel District Council and Waipa District Council having successfully implemented the preferred online Alpha One System. Waitomo District Council is committed to implementing in the 2019/20 year and Matamata-Piako District Council and Hauraki District Council are finalising their procurement process with Alpha One in the mix. Otorohanga District Council is also committed to implementing Alpha One and this will probably be in 2020/21 financial year. Well on track with achieving a common processing system. Works are programmed for 2019/20 to revitalise our web site to enhance the digital experience. <i>[New measure]</i>
		-People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 - 11.	<i>Partially achieved:</i> We have scoped a programme of work to approach secondary schools and tertiary students before the end of the 2019/20 year looking at a cadet type scheme <i>[New measure]</i>
		-Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys.	<i>Achieved:</i> On track with successful IANZ audits for both WDC and MPDC with good feedback on the cluster quality assurance overall. A review of our quality assurance offering will be undertaken in 19/20. <i>[New measure]</i>
		-Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection.	<i>Partially achieved:</i> Work has been scoped for a programme to engage industry in the 2019/20 year. The Tech Committee will be continuing to work on consistency across councils on RFIs to enhance a consistent customer experience. <i>[New measure]</i>
		Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes.	<i>Achieved:</i> Cluster submission to Building Reform Act was delivered - was very similar to that put together by LGNZ. <i>[New measure]</i>
Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.		There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:	<i>Partially achieved:</i> Good participation in the projects when required but could improve <i>[New measure]</i>
		i. Full participation in WBCG projects and programmes	<i>Achieved</i> <i>[New measure]</i>
		ii. Audits demonstrating implementation and compliance with the agreed QA systems	<i>Not achieved:</i> No customer survey this year - customer experience will be a key focus for 2019/20 <i>[New measure]</i>
			<i>Not achieved:</i> Lack of awareness of risk register - will be in the programme of work for the new Strategic Manager

Target	Method	Measure	Outcome
		iii. Consistency in service delivery, measured by customer surveys.	<i>[New measure]</i> <i>Achieved:</i> Requested funding received in a timely manner by participating council
		Risk management is visible through regular reviews of the risk register.	<i>[New measure]</i>
		All funding requirements are met by each of the participating councils.	<i>Achieved:</i> Activity reported to the Board in September and December 2018 and February 2019.
		Minimum of two reports presented to the WLASS Board on the Group's activities.	<i>[2018: Achieved]</i>
Future Proof			
Planning for growth in the sub-region is coordinated and collaborative.	Joint preparation and input into Phase 2 of the Strategy update.	Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.	<i>Not achieved:</i> The draft Future Proof Strategy (phase 2) was reported to the Future Proof Implementation Committee and submitted to Ministry for the Environment in December 2018. However, work has been deferred due to other processes currently underway, namely the Hamilton to Auckland Corridor Plan, review of NPS on Urban Development Capacity, Waikato Proposed District Plan, and sub-regional industrial land study. The phase 2 Strategy is expected to be completed in 2020.
The Future Proof budget is well managed and monitored.	Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group, and six monthly and annual reports to WLASS Board.	The overall Future Proof work programme is delivered within the approved budget.	<i>[New measure]</i> <i>Not achieved:</i> The Future Proof work programme to the end of 2018/19 ran slightly over budget. However, this was as a result of an approved increase in scope associated with the Hamilton to Auckland Corridor Plan. The deficit is covered by the cash reserves from the previous year.
Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.	Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.	Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTP's, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.	Future Proof made a submission on the Proposed Waikato District Plan in 2018 and has been working closely with Waikato District on their District Plan and supporting strategic planning documents. Future Proof has also been working with the Waikato Regional Council on upcoming changes to the Regional Policy Statement.
Aligned Resource Consent Planning Project			
Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.	Progress on implementation of common forms and other initiatives is reported to shareholders on a regular basis.	Common forms are in place for all Councils involved by December.	<i>Achieved:</i> The suite of initial forms has been completed and is live. The forum continues to meet on a 3-monthly basis to discuss planning issues. Two additional forms are being prepared and the group is considering next steps in the implementation and action plan.
			<i>[New measure]</i>

Target	Method	Measure	Outcome
Shareholder survey			
Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	<i>Achieved:</i> The survey was undertaken in the second half of the year with response received from all shareholders [2018: five respondents - 42%]. Results of the survey are included in this annual report for shareholders. [2018: <i>Achieved</i>]
Review of benefits			
Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	<i>Achieved:</i> Benefits and achievements have been reported in the half-yearly report, this annual report and the statement of intent published in June 2019. [2018: <i>Achieved</i>]
		The WLASS website is regularly maintained and updated.	<i>Achieved:</i> Relevant information and publications are included on the website. [<i>New measure</i>]

LAKE TAUPŌ PROTECTION TRUST

The Lake Taupō Protection Trust (the trust or LTPT) CCO was settled on 9 February 2007. The information below covers the activities of the trust for the period 1 July 2018 to 30 June 2019.

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 had shown that the quality of Lake Taupō had begun to reduce for a number of reasons. The Lake Taupō Protection Trust was established as a CCO to administer a public fund to maintain lake water quality.

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 maintain Lake Taupō's water quality by reducing manageable nitrogen leaching into the lake by 20 per cent. Originally estimated to be 153,000kg, after a review of the project in 2011 the project's nitrogen reduction target was increased to 170,300kg.

The revised nitrogen reduction target required additional funding. Additional Crown funding was received in April 2013 which enabled the two local authorities to subsequently release additional funds to enable the project to progress to the revised target.

The trust has now achieved the projects overall 'contracted' nitrogen reduction target of 170,300 kg. A variation to the agreement between the project funders has extended this first phase of the project until 30 June 2021. This extension allows time for long term governance and management arrangements to be resolved and for transition to the next phase of the project – protecting the investments made by the trust on behalf of the public.

PERFORMANCE RESULTS FOR 2018/19

Actions	Performance measures	Performance against target
Oversee the financial position of the trust to meet and maintain a positive projected cash flow projection.	Cash flow projection in place and being operated to achieve a positive outcome at 30 June 2019.	Achieved The cash flow projection was extended out to match the project 'term' extension up to 30 June 2021 or when the trust winds up, whichever comes first.
Ensure that all LTPT nitrogen reduction contracts are being complied with to achieve the overall nitrogen reduction target of 170,300kg and where relevant in conjunction with Waikato Regional Council.	Nitrogen reduction contracts are being met and any contractual failure is addressed to achieve repatriation of any loss of nitrogen reduction.	Achieved Two contractual breaches requiring partial remedial planting were reported on as to status. One party commenced remedial in June 2019; the other party has remedial planting agreements in place and communication with this party is ongoing. Both breach parties are compliant with their 'total annual nitrogen discharge' caps as monitored and confirmed by Waikato Regional Council on an annual basis.
Monitor/track that compliance monitoring results are received on an ongoing basis for LTPT N reduction deals.	Monitoring compliance results received in accordance with monitoring plan timelines; Audit NZ notified.	Achieved

Actions	Performance measures	Performance against target
Report to trustees on compliance monitoring results (received from Waikato Regional Council) for LTPT N reduction purchases.	Trustees up to date with compliance monitoring results.	Achieved
Manage trust funded research projects that have been previously approved by the trust.	Research outcomes reported on.	Achieved
Participation and assistance in the annual audit of the trust.	Positive audit result.	Achieved
Carry out trust responsibilities identified in the Taupō Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties, which includes the trust's support of the Lake Taupō Protection Project's Communication Plan.	Trust actions completed and the Taupō Catchment Compliance Monitoring Plan supported on an ongoing basis.	Achieved; ongoing
Provide ongoing support as required in the operation of the Lake Taupō Catchment Compliance Framework.	Support provided as requested to achieve the aims of the Lake Taupō Catchment Compliance Framework.	Ongoing
Undertake any trust actions arising from the joint committee's consideration of the draft project, review report recommendations, and work with project partners as required on any other related matters where trust assistance or input is required, including any transitional planning and action requirements.	Trust actions arising from the project review report (as approved by the joint committee) are achieved.	Achieved through involvement and discussions in the project transition planning process throughout the year.

REGIONAL SOFTWARE HOLDINGS LIMITED

INTRODUCTION

Regional Software Holdings Limited (RSHL) is a major shared services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. Hawke's Bay Regional Council is also a customer of Regional Software Holdings Ltd. The primary objective of the company is to provide a framework for collaboration between the shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own.

RSHL is responsible for the long term maintenance and development of the Integrated Regional Information System (IRIS) product as developed for and by the shareholding councils. Over several years, the six regional councils have developed a leading edge software solution (IRIS) for specific functions undertaken by those regional councils.

This information below covers the activities of RSHL for the period from 1 July 2018 to 30 June 2019.

ITEMS OF INTEREST

2018/19 was a year of growth and development for RSHL.

For the flagship IRIS product, the year was one of consolidation of the existing product and preparation for the next generation of IRIS development. Two releases of new functionality were delivered over the year with a total of four major enhancements and 29 minor enhancements. The focus during 2018/19 was addressing design flaws affecting performance in the long term, removing the dependency on Silverlight (mapping component).

It was noted in last year's annual report that there is a need to undertake a reinvestment in the IRIS product to ensure the underlying technology remains current and fit for purpose. RSHL has identified development of the roadmap for the next generation of IRIS as a key strategic priority.

RSHL has a number of opportunities going forward. In particular, the company continues to look to grow the number of IRIS users in other regional councils and RSHL has continued to work with other regional councils to attract them as either shareholders or customers.

RSHL has worked throughout the year with the regional council sector to establish how the company vehicle can be used for the betterment of the regional council community. This has resulted in the Regional Council Collaboration (ReCoCo) initiative. ReCoCo facilitates unitary and regional councils entering into collaboration initiatives where there are overlapping or shared objectives, covering areas of common interest or joint responsibility. RSHL is the delivery vehicle used to facilitate and administer ReCoCo. This year saw the implementation of ReCoCo commence with the first projects delivered to the benefit of the wider regional council community.

The board has recognised that the growth in the scope of activities and initiatives for RSHL requires additional resource commitment and consequently decided to appoint and employ its first full-time general manager. Mark Donnelly has been appointed to this position.

Mike Garrett stepped down from the board after being Waikato's representative since the company's inception and John Crane has been appointed to replace Mr Garrett as Waikato Regional Council's representative on the board.

Financially, the company is in a sound position as planned. RSHL's revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. Therefore, the company does not trade to make a profit. Rather, it charges to cover its planned level of expenditure. The continuing investment in the development and enhancement of IRIS ensures that the product maintains its value within the company's balance sheet. The growth in the user base of IRIS allows the company to reduce the licence charges and fees. This is a real tangible financial benefit to the regional councils involved in IRIS.

PERFORMANCE RESULTS FOR 2018/19

Performance measure	Result	Commentary
Non-financial		
Undertake an annual survey of users and shareholder/customer	In progress	The customer and users surveys are currently underway with results expected in August.

Performance measure	Result	Commentary
Councils in relation to product performance, Datacom support and RSHL support. Baseline to be developed following the completion of the first survey.		
Develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects. Draft annual roadmap presented to the board by 31 December of each year for the following year. Adoption by the board by 30 June of each year.	Achieved	The major enhancements roadmap for 2018/19 was developed and approved by the advisory group, under the management of RSHL. The 2018/19 draft annual roadmap was presented to the board at the 22 November board meeting. It was included in the general manager's report and adopted.
Major enhancement projects identified on the annual roadmap are all completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Achieved	There were nine enhancements on the roadmap for 2018/19. Three were delivered in the 3.07 data release, and four will be delivered in 3.08 data release – scheduled for release in July. All are expected to come in under budget and as scheduled. One additional development is in progress for a future release, having been reprioritised by the advisory group, and one other was closed after further evaluation. 3.05 was released in June 2018 and capitalised at the end of warranty in August. This is normal practice as bug fixes during the warranty period is included in the cost of the release.
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.	Achieved	The minor enhancements and support budgets were fully consumed under the direction of the advisory group.
User groups and business representatives are engaged in the development of the Major Enhancement Annual Roadmap.	Achieved	Users continue to collaborate and participate in RSHL through the user groups. Fortnightly user group meetings have continued and been well attended. Different users from RSHL councils have participated in the development of major initiatives on this year's roadmap.
Financial		
RSHL will operate within 5% (plus or minus) of its overall annual budget	Not achieved	The overall result was less than 6% variance from budget with a net deficit of \$(6,351) compared to a budgeted surplus/(deficit) of \$Nil. The balance sheet showed closing equity of \$5,198,684 compared to budget of \$5,339,939 a variance of \$(141,255) which is -2.64%.
Annual charges will be kept to a maximum of 2% increase year on year	Achieved	The annual charges stated in the Statement of Intent has been achieved. (The budget for 2017/18 \$1,098, 534 2018/19 budget \$1,117,579 and the actual increase was 1.7%).

Performance measure	Result	Commentary
Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Achieved	In the past year RSHL won a competitive process to implement IRIS at Environment Canterbury, who subsequently chose not to proceed. Information was also provided to Gisborne District Council.
Consider, evaluate and, if appropriate, implement new service areas or areas outside of the current scope of IRIS	Achieved	ReCoCo is RSHL's main focus outside of the core IRIS platform and this continues to grow. ReCoCo is established as a delivery vehicle for collaborative initiatives involving regional and unitary councils. ReCoCo has MOUs in place with the Regional CEOs Group and councils. An advisory group has been established which is supported by the Corporate Services SIG. A regular reporting cycle has been put in place.
Be a service delivery agent for wider regional 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 Regional Council Corporate Services SIG.	Achieved	RSHL has been established as the 'delivery vehicle' for collaborative and cross-sector projects as part of the Regional Council Collaboration initiative (ReCoCo). ReCoCo is established as a delivery vehicle for collaborative initiatives involving regional and unitary councils. ReCoCo has MOUs in place with the Regional CEOs Group and councils. An advisory group has been established which is supported by the Corporate Services SIG. Project management is in place for all projects. A regular reporting cycle has been put in place. Twelve projects are in the ReCoCo portfolio. All are operating within agreed budgets and timetables.

MARTHA TRUST

INTRODUCTION

The Martha Trust (the trust) was established in 2001 by a joint venture known as the Waihi Gold Company, setting the sum of \$10 to create the trust fund. The purpose of the trust is to take the title to land currently part of the Martha Mine operation following completion of mining and closure of the site and to monitor and maintain that land so it can be used for recreational purposes by the general public.

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 LGA. The Martha Trust was exempted from being a CCO by resolution of the council in May 2007. This exemption was reconfirmed by the council in February 2018.

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 was reviewed at the February 2018 Finance Committee meeting due to it being three years since the last exemption was granted. The Finance Committee granted another exemption and resolved that the exemption is reviewed and reassessed either when the mine closes or on the receipt of further funds and at least within three years from granting the second exemption.

TRUSTEES

In April 2019, a capital sum of \$50,000 was introduced to the trust by the settlor. This had the effect of activating the trust. Although the supporting mechanisms of the Martha Trust exist, such as the trust structure and bond, the trust will not become a fully operative entity until such time as the closure and rehabilitation conditions are finalised in the future.

He taiao mauriora

Healthy environment

He ōhanga pakari

Strong economy

He hapori hihiri

Vibrant communities

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