

Whakarāpopototanga o te Pūrongo ā-Tau **Annual Report 2023/24** **Summary**



Tuatahi ake nei, kia tau iho mai te tauwhiro tangā o te wāhi ngaro ki runga ki te whare kāhui ariki e noho pani nei. Tangi apakuratia rā te ngarohanga o tō tātou kiingi a kiingi Tūheitia Pōtatau te Wherowhero VII, ki te pō. Whakahōhoretia te Arikinui, Kuīni Ngā wai hono i te pō, kātahi anō ka whakawahia hei Kuīni Māori.

Rire, rire, hau – Paimārire!

Tangihia ngā mate o te wā, rātou kua riro ki te pō, haere, haere, haere atu rā.

Kia tau iho mai te manaakitanga o te wāhi ngaro ki runga i a tātou katoa.

E mihi kau atu ana ki ngā tūtohu whenua, me ngā tūtohu wai

Ngā hau marangai ki uta, ngā ngarungaru e papaki ana ki tai.

E ngā reo, e ngā mana, e rau rangatira mā

Tīhei mauri ora ki te whei ao ki te ao mārama.

Tēnā koutou katoa.

May the protection and life force of the spiritual realm reside with the royal family in their state of grieving. May we lament the passing of King Tūheitia, Pōtatau Te Wherowhero VII, into the night. May we honour the raising up of Queen Ngā wai hono i te pō, the Māori Queen.

Goodness and peace!

We mourn those who have passed, as they depart to the next world. We bid them farewell.

May the protection and life force of the spiritual realm reside with us all.

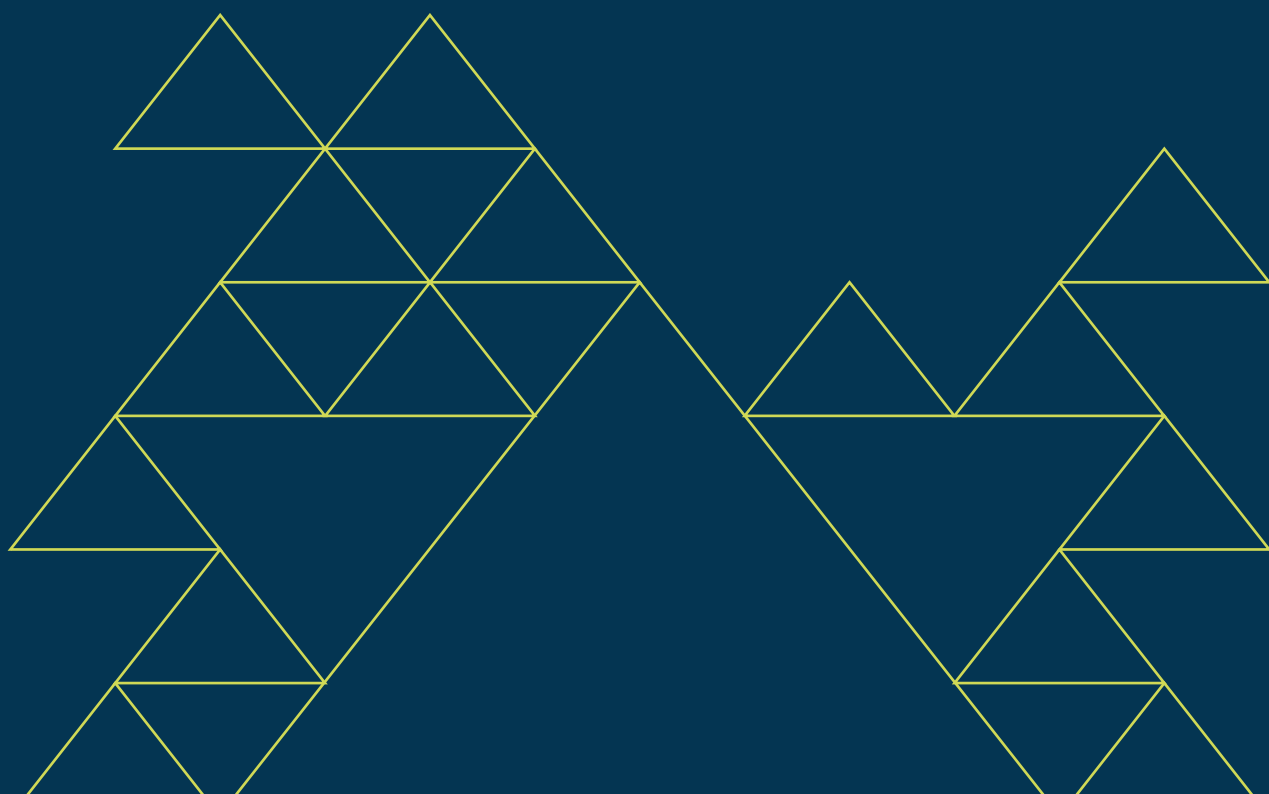
We acknowledge the paramount landscapes and waterscapes

The eastern winds that flow across the land, the coastal waves the crash on the shores.

To one and all, the esteem and the prestige.

Behold, the breath of life, from the dawn to the world of light.

We acknowledge you all.





Rārangi kaupapa

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Kōrero matua

Message from the chairperson and chief executive

In 2023/24, we continued our mahi to help make the Waikato even better – environmentally, economically and socially. We know we can't do it on our own. Working together with iwi, residents and ratepayers, community groups, central and local government, the primary sector and businesses helps ensure we get it right.

This report confirms our finances and service performance for the financial year ended 30 June 2024.

When setting our annual budget for the period, councillors remained mindful of the need to keep costs to ratepayers down in light of the acute pressures on the cost of living and our cost of service delivery, driven by high inflation outside the control of local government. We were also conscious of existing commitments made to our communities and the costs associated with delaying prudent investment, ultimately sticking closely to the programme signalled in our 2021-2031 Long Term Plan (LTP).

While we saw a reprieve from the severe weather events of the previous reporting period, many of our recovery efforts continued into 2023/24. The winds of political change, meanwhile, were a key driver of uncertainty. With a new coalition government taking office in October 2023, the raft of significant policy changes signalled or introduced meant we had to delay, postpone or recalibrate a number of our work programmes. While such delays may result in short term savings, they can also mean projects cost more to deliver in the long run.

This report is the last of the three-year cycle that measures progress against our 2021-2031 Long Term Plan. In 2023/24, we developed, consulted on and set our

work programme for the next 10 years through our new 2024-2034 Long Term Plan. Consultation took place in April 2024. Members of the public made more than 1600 submission points and council adopted our resilience-focused plan on 27 June 2024. Councillors took some tough decisions but ultimately delivered one of the lowest rates rises in the country.

Our long term plan included a 50-year infrastructure strategy which seeks to change the way we invest in and manage infrastructure to meet our strategic priorities. The strategy was also informed by ongoing work on our Sustainable Infrastructure Decision Making Framework, which is designed to help us make sound, long-term investments in infrastructure assets. Our flood management schemes protect land as well as critical services and infrastructure. The land protected by our flood infrastructure makes an important contribution to the region's agriculture sector, which contributes \$2.5 billion to the region's GDP. The sustainability and affordability of these assets are major issues for us and the communities they protect, particularly as climate change and growth pressures continue to mount. We know we need to do things differently and this is something the strategy acknowledges: identifying the need for more nature-based and intergenerational solutions.



Our shovel ready projects have already been delivering some of the solutions we need. In 2023/24, work was completed or nearing completion on a wide range of environmentally and economically significant works, including floodgates, stopbank and pump station upgrades, and river restoration initiatives. These multi-year projects include environmental restoration, biosecurity and climate resilience works. They received around \$29 million in central government funding and have resulted in around \$48 million of works across the Waikato region. Completion of the Churchill East pump station, home to our second enclosed Archimedes screw pump for the safer passage of native fish, was a major milestone. And results from our first screw pump, installed at the Mangawhero pump station near Waiuku, showed 99 per cent of tuna (eels) were able to pass through safely.

As well as completing ambitious projects that helped bring central government funding into our region, we've been focusing on the fundamentals. Prioritising our core functions helps us respond to cost-of-living pressures while continuing to deliver on the things that matter most to our communities. Our consenting and compliance work enables us to strike the balance between supporting the proactive use of the land and water for the benefit of our communities and economy, and protecting our valuable natural resources for generations to come. In total, there were 809 resource consents processed this year, of which 98 per cent were processed to completion in accordance with the Resource Management Act timeframe discount regulations. We also responded to all 1675 notifications from the public relating to environmental incidents and went out to 561 incidents that needed physical attendance.

Whether it's sustainable development and infrastructure, delivering biodiversity and biosecurity, achieving clean water and healthy ecosystems, fostering community connections or transitioning to a low-emissions economy, people working together is key. For us, that's partnering with iwi and working with many others in our communities.

We have a number of longstanding co-governance and co-management agreements with iwi regarding their participation in natural resource management decision making as a result of the Waikato and Waipā River Treaty settlements. The most recent is the joint management agreement with iwi authority Te Nehenehenui and other councils, signed in 2023.

In addition to our formal agreements, we acknowledge that iwi entities often face capacity constraints when engaging with local and central government institutions in their rohe. To address limitations faced by the iwi Māori entities we work with, we allocated funding to support iwi capacity. We've also been investing in the ability of our staff to engage effectively with iwi Māori through a range of internal support programmes. We're committed to continued investment in these partnerships because, together, we know we can achieve more for everyone who calls the Waikato region home.

Enabling everyone who calls the Waikato home to interact with us in ways that work for them, accommodating busy schedules and a range of communication and technology preferences, is so important. That's why we've started a programme of work to improve our touchpoints with our residents and ratepayers. The first tranche was completed in 2023/24, including a new integrated triaging system to better manage requests across a range of channels. Further improvements are also planned to enable more personalised, standardised and centralised support as we move towards an increasingly self-service oriented model. This investment in technology will help save residents, ratepayers and staff time, and create more seamless, positive interactions to meet growing demand and expectations.





Technology is helping us drive efficiencies in our science and catchment management work too, particularly when it comes to environmental monitoring. During the reporting period, we worked with Waikato River Authority, National Institute of Water and Atmospheric Research (NIWA) and other partners, developing modelling tools to improve our understanding and management of the Waikato River catchment, including flow patterns, contaminant sources and restoration outcomes. We also investigated the use of emerging spatial technology to see whether it can improve the way we do business. This involved testing airborne laser image detection (LiDAR) over the stop banks that help protect homes and businesses from flooding to determine crest levels. The work is already generating efficiencies in the time it takes to capture data by reducing the need to make physical assessments. Looking to the future, using the technology to map, model and mitigate things like flood risk could help safeguard livelihoods and even save lives.

Science also had an important part to play in informing the review of the regional coastal plan to respond to issues that have emerged since it was developed almost 30 years ago and to address legislative changes and national and regional policy direction. In August 2023, we reached a significant milestone, notifying our proposed regional coastal plan.

The near three-month consultation period resulted in 1359 submissions. Then, in June 2024, three independent commissioners were appointed alongside two regional councillors to the hearings panel. The hearings process is expected to get underway in late 2024, with the substantive hearings of submissions to commence in February 2025.

We're improving the options available for people to connect with each other and access the amazing opportunities our region has to offer. Our public transport services provide access to education, employment, recreation, healthcare and more, while also helping to cut congestion and reduce carbon emissions. The number of bus trips people are taking has normalised following COVID-19-related declines, up 18 per cent in Hamilton and 14 per cent region wide over the financial year. In August 2023, we launched the Meteor, a new, high-frequency bus service linking east and west Hamilton. During the reporting period, the service carried an average of 9124 passengers each week, 85 per cent more than the combined Silverdale and Frankton services it replaced. Waikato's first electric buses were deployed on Taupō and Waipā services in 2023/24, replacing diesel vehicles. These new services are cleaner, quieter and a sign of things to come.



We're pleased to report funding has been secured to keep Te Huia – the passenger rail service connecting the Waikato and Auckland – on track. NZ Transport Agency Waka Kotahi announced in May 2024 that the subsidy provided for Te Huia would progressively reduce – from 90 per cent down to the current 75.5 per cent (from 1 July), with a further reduction to 60 per cent in 2025/26. Councillors supported using reserve funds to bridge the funding gap this created and enable the service to complete its five-year trial with no rating impact. With annual patronage of 69,230 for Te Huia in 2023 – up 17 per cent on the previous year – and our 2024 customer satisfaction survey showing 99 per cent of passengers were satisfied, we know lots of people rely on and value this service. Our communities can rest assured that we plan to consult with ratepayers before the end of the trial to gauge support and propose options for the continuation of the service.

Finally, the council's performance was independently assessed this financial year through Te Korowai, the local government continuous improvement programme formerly known as CouncilMARK. We're proud to report that we're at the top end of the scale. This result means we are performing well, and our efforts focus on the areas that matter, with a plan for further positive change. Looking ahead as we deliver our new long term plan, we'll seek to build on those foundations, continuing to invest in our people and partnerships, leveraging technology and finding efficiencies to help make the Waikato even better for those here now and generations to come.



Pamela R. Storey

Pamela Storey
Chair



Chris McLay

Chris McLay
Chief Executive

Waikato



Pamela Storey
Chairperson



Noel Smith

Hamilton



Bruce Clarkson
Deputy Chairperson



Chris Hughes



Jennifer Nickel



Angela Strange

Thames-Coromandel



Warren Maher

Ngā Hau e Whā



Tipa Mahuta

Ngā Tai ki Uta



Kataraina Hodge

Waihou



Robert Cookson



Ben Dunbar-Smith

Taupō-Rotorua



Mich'eal Downard



Waipā-King Country



Clyde Graf



Stu Kneebone

Ngā whakatutukitanga

Performance summary

The work we do is carried out under 26 activity areas, which are sorted into eight groups. These groups of activities deliver services, infrastructure and functions that enable us to achieve community outcomes. Service levels and budgets were set through our *2021-2031 Long Term Plan* (LTP), and these are what we report against.

Service delivery

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

- All 142 official information requests received were responded to within statutory timeframes.
- All 59 current projects funded through the Natural Heritage Partnership Programme achieved their milestones. The target of 65 programmes funded through the partnership programme was not met due to an increase in the scale and complexity of projects funded, which has resulted fewer small-scale projects and more large-scale projects being awarded funding this year.
- The inaugural Te Huia customer survey showed 99 per cent of passengers were satisfied or better with the passenger rail service.

PASSENGER RAIL SERVICE

99%  **SATISFACTION RATE**

- We responded to all 1,675 notifications from the public relating to environmental incidents and attended 561 that we determined needed physical attendance.
- In total, there were 809 resource consent processed this year, of which 98 percent were processed to completion in accordance with RMA timeframe discount regulations.
- A total of 451 highest priority consented sites were monitored.
- A total of 12 possum control operations were completed.
- The number of public bus trips first boarding for both Hamilton (18 per cent) and regional (14 per cent) services increased this year.
- The percentage of rural professionals that provide a rating of good or excellent after engaging with the council in the development of farm environment plans was 91 per cent.

- The Civil Defence Group Emergency Coordination Centre (GECC) was activated on 30 December 2023 for a potential weather/flood event, and again on the 12 June 2024 for the national earthquake response and recovery test exercise Rū Whenua. Both activations were afterhours and the afterhours target was achieved for both activations.

FLOOD WARNING SERVICE

98%  **SATISFACTION RATE**

- One-on-one contacts with recreational boaters increased by 58 per cent to 1380 from a baseline of 800 contacts in 2021/22.
- The Freshwater Accounting Framework – necessary to measure water quality and quantity, and understand existing use and pressures in line with the National Policy Statement for Freshwater Management – has not yet been completed. However, key components of the overall framework have. A water quality accounting framework has been developed and analysis of low flows in rivers completed. We are now working on a revision of our Water Allocation Calculator. Development of the overall framework is more complex than originally outlined in our 2021-2031 Long Term Plan timeline and is tightly linked to the Freshwater Policy Review.
- 98 per cent of our customers were satisfied with our flood warning service.
- All nine key MPA Māori Partnership Approach actions identified for 2023/24 were completed.
- We achieved 99.9 per cent of our 3099 planned mandatory maintenance actions.
- The State of the Environment Report was updated and published.
- We completed 91 per cent of catchment new works.
- The 2024-2034 Long Term Plan was adopted by council on 27 June 2024 and received an unmodified audit opinion.

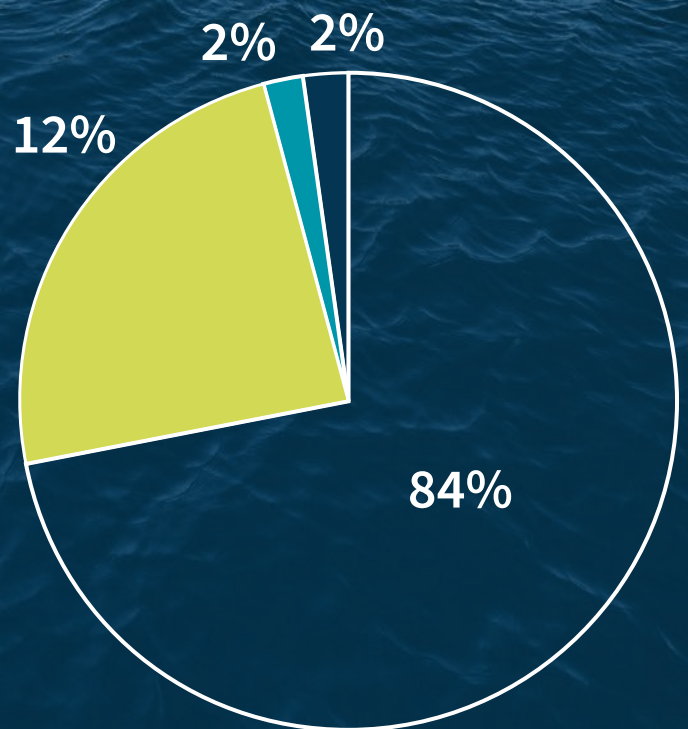


Non-financial measures

For the 2023/34 year, there were 51 non-financial measures to be monitored and reported on.

The overall results were that we

- Achieved 43 measures
- Partially achieved 1 measure
- Did not achieve 6 measures
- And one measure was not applicable



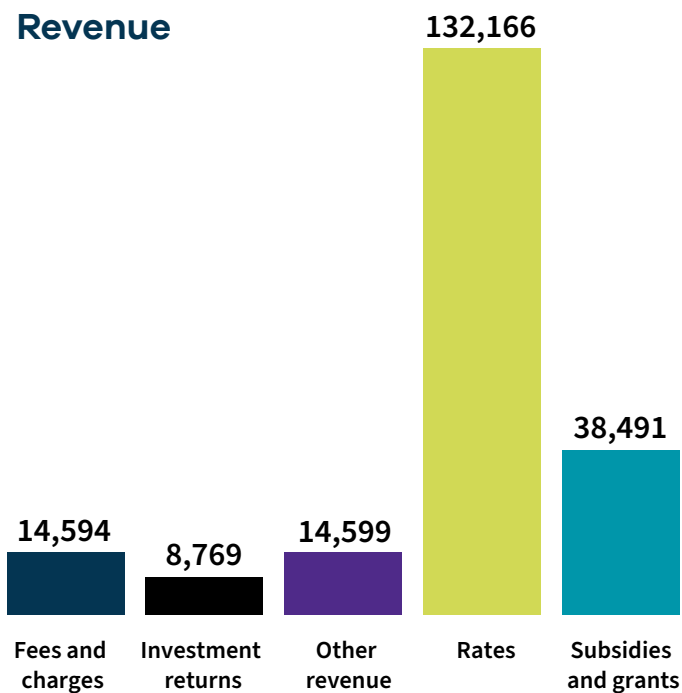
Financial performance

We are required, under section 98(7) of the *Local Government Act 2002* to complete our audited financial statements and service performance information for the year ended 30 June 2024 no later than 31 October 2024.

We finished 2023/24 with a net surplus of \$14.632 million. Our total revenue for the year was \$11.651 million more than budgeted in our annual plan. Our operating expenditure was \$7.956 million underspent.

The main reason for the surplus was higher revenue received from subsidies and grants – \$38.491 million was received in the year compared to \$29.242 million budgeted in the annual plan. In addition, other operating expenses were \$7.120 million less than budgeted in the annual plan.

Revenue



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

Capital expenditure

The annual plan had provided for capital expenditure of \$28.674 million in relation to Property, Plant and Equipment. Actual expenditure for the year was \$24.937 million, reflecting the following.

- Lower expenditure in relation to infrastructure assets (\$5.894 million). Carry-over to 2024/25 of \$7.795 million in capital expenditure (inclusive of underspend in previous financial years) to allow for planned works to be completed.
- Development of public transport depot facilities in Waipā was ongoing at the end of the financial year. Spend at that time was \$689,000 less than budgeted, with this funding carried over to the 2024/25 financial year to provide for the project's completion.
- Planned expenditure on transport centre charging infrastructure as well as the purchase of two small vehicles for public transport trials did not occur, resulting in lower capital expenditure of \$963,000.



Ā mātou mahi

Our work

Our *Strategic Direction 2023-2025, Takatū Waikato | Making a Stand for the Waikato* guides our work, setting out strategic priorities and goals for success.

We work alongside residents and ratepayers, iwi, community groups, central and local government, the primary sector and businesses to achieve the goals identified under each of our strategic priorities. A focus on wellbeing and how we respond to climate change is woven through all our priorities.

Progress against our community outcomes also reflects progress towards these priorities. These outcomes have been aligned to the United Nations' Sustainable Development Goals (SDGs). Here in the Waikato, we became the first region in New Zealand to localise the SDGs through a community-led process to agree wellbeing targets that achieve relevant SDGs. These targets were also used to shape our *2021-2031 Long Term Plan* and this *2023/24 Annual Report*.

Ngā aronga nui **Our strategic priorities**



Wai
Water



Rerenga rauropi, tiakitanga taiao
Biodiversity and biosecurity



Takutai moana
Coastal and marine



Hononga hapori
Community connections



Hanganga tauwhiro
**Sustainable development
and infrastructure**



Whakaheke tukunga
**Transition to a low emissions
economy**

Matawhānui **Our vision**

Waikato mārohirohi: Manaaki whenua, whakamana tangata.

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



Aronga **Our purpose**

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

He taiao mauriora ▲ **Healthy environment**



He hāpori hihiri ▲ **Vibrant communities**



He ōhanga pakari ▲ **Strong economy**



He taiao mauriora

Healthy environment

He hapori hihiri

Vibrant communities

He ōhanga pakari

Strong economy



He taiao mauriora

Healthy environment

Protecting our water, land and air

In 2023/24, we continued to work with our project partners, iwi and communities to improve biodiversity and water quality. We support community environmental project groups through three funds managed under the Natural Heritage Partnership Programme.

The programme provides funding to approximately 65 groups undertaking restoration activities across the region. We also work with landowners to fence off and plant out riparian areas and wetlands, and retire steep hill country. Using additional funding sourced through the [2021-2031 Long Term Plan](#), we invested more in biodiversity programmes, including:

- the delivery of a biodiversity inventory for the Waikato region
- working towards a draft biodiversity accord with iwi and stakeholders
- increasing community and landowner-led land restoration efforts by providing more technical advice, coordination and operational support
- increasing financial support to community groups undertaking environmental initiatives
- developing our capability in marine biosecurity.

Implementation of resource consent requirements for Lake Waikare as part of flood scheme operations has continued, with a focus on reducing the sediment discharged from the lake and into the Whangamarino Wetland. Following a consent review, concluded in 2018, additional requirements are now in place that include increased monitoring, reporting and technical assessment.

We drafted a regional fish passage strategy for our flood protection infrastructure. This strategy was informed by the research and projects of our Pathways to the Sea programme of works, which was started in 2018 and has included the installation and monitoring of an enclosed Archimedes screw pump (the first of its kind in New Zealand) at Aka Aka, near Waiuku. It outlines how we will act on our research and provide for safe downstream fish passage when considering the renewal of our pump stations.

Two education campaigns were undertaken to encourage the reduction of air pollution from domestic wood burners in the Tokoroa and Te Kūiti communities. We worked closely with South Waikato and Waitomo District Councils to identify community partners and enable effective local campaigns.



Healthy Rivers | Wai Ora Proposed Waikato Regional Plan Change 1 (PC1)

While we await the Environment Court's final decision on Proposed Waikato Regional Plan Change 1, staff are preparing for the implementation of the Farm Environment Plan (FEP) requirements that are contained in PC1. Freshwater farm plans rolled out in parts of our region during 2023/24, and staff developed regional certifier and auditor training and catchment context, challenges and values (CCCV) to meet the council's statutory obligations.

Planning for the future

During 2023/24, we continued our work with the Upper North Island Strategic Alliance (UNISA) to discuss mutual areas of interest such as climate change, transport systems and networks, and joint data sets and information to contribute to spatial planning.

Future Proof, a growth strategy and local/central government partnership specific to the Hamilton, Waipā, Waikato and Matamata-Piako sub-regions, will continue its focus on creating a Future Development Strategy as required by the [National Policy Statement for Urban Development](#). We will also be working together to implement an agreed long-term transport programme for the inner metropolitan area. Part of this work will involve developing the detailed plans to implement place-shaping initiatives such as rapid transit for buses on key routes over the next decade.



Waste reduction and management

Research was undertaken to understand what might support environmental and social wellbeing as we transition towards a circular economy. This was supported by additional funding from the Ministry for the Environment's Waste Minimisation Fund and the Waikato Wellbeing Project. The Circularising Organics project provided insights to help eliminate contamination, provide collections and processing options for organics and incorporate te ao Māori perspectives. It also considered the various markets and use cases that might exist for compost products to help support decision making around organics management.

Research was undertaken into reuse systems. This included a stocktake of reuse systems already in place to identify barriers and opportunities to support waste reduction. The study also considered waste reduction in the agricultural sector.

We continued to be a conduit for waste-related networking and education in the region. This included ongoing coordination of the Central North Island Waste Liaison Group (attended by territorial authorities from across the region) and the Community Enterprise Peer Support programme, which supports community resource recovery initiatives.



He taiao mauriora
Healthy environment

He hapori hihiri
Vibrant communities

He ōhanga pakari
Strong economy



He hāpori hihiri

Vibrant communities

Settlements and co-governance

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

The council has a number of longstanding co-governance and co-management agreements with iwi regarding their participation in natural resource management decision making as a result of the Waikato and Waipā River Treaty settlements. The arrangements include agreements between iwi and the council on the way we will work together.

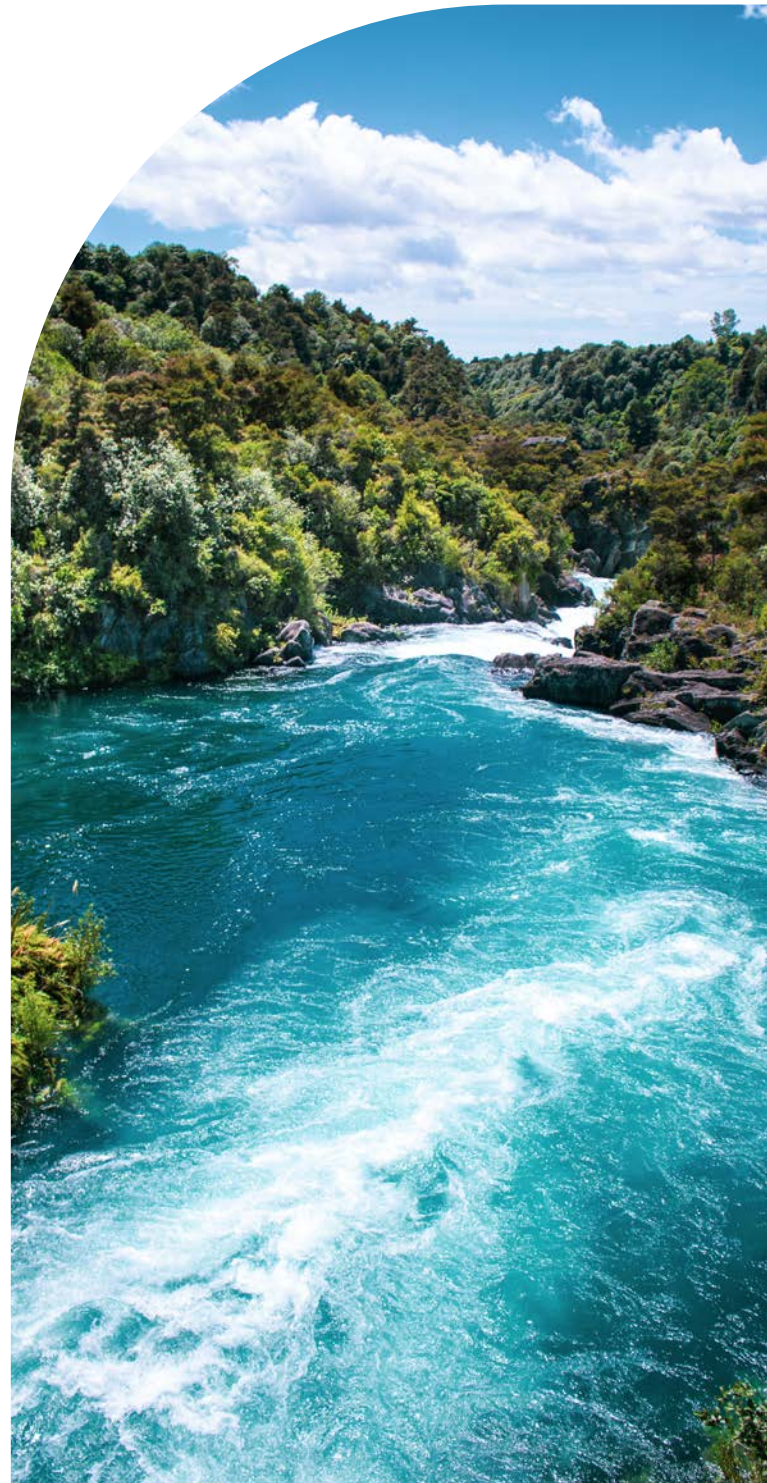
Five agreements are still due for review. The most recent is the Joint Management Agreement with iwi authority Te Nehenehenui and other councils, which was signed late last year. This agreement follows the Ngāti Maniapoto comprehensive Treaty settlement in 2022 and aims to recognise Ngā Wai o Maniapoto Natural Resources Redress. The Joint Management Agreement (JMA) includes a requirement to develop additional schedules, which will be a central focus for the JMA committee in the coming year.

Te Kōpu ā Kānapanapa, a joint committee of Te Kotahitanga o Ngāti Tūwharetoa, Waikato Regional Council and Taupō District Council, previously adopted *Te Kaupapa Kaitiaki*, a strategy for the Taupō Catchment, following a public consultation process. This was a legislative requirement under the *Ngāti Tūwharetoa Claims Settlement Act 2018*. It is acknowledged that a key intention of the Act is to enhance Ngāti Tūwharetoa capability and capacity to achieve beneficial environmental and resource management outcomes for the Taupō catchment. To achieve this, it is necessary to ensure that the kawa, tikanga, values and mātauranga of Ngāti Tūwharetoa are respected within the policies and plans that shape decisions relating to the Taupō catchment.

Although a primary focus of *Te Kaupapa Kaitiaki* is the environmental restoration, protection and enhancement of the catchment, its purpose is wide ranging and also includes supporting the cultural and spiritual health and wellbeing of the catchment for the benefit of Ngāti Tūwharetoa and all people, including future generations.

The council will continue to work with Te Kotahitanga o Ngāti Tūwharetoa and Taupō District Council to co-develop an implementation plan designed to give effect to the vision of *Te Kaupapa Kaitiaki*.

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





Raising the bar – Te Korowai

The council's excellence was independently assessed through Te Korowai, the local government continuous improvement programme that used to be known as CouncilMARK. Our performance is at the top end of the scale and is defined as *Mauri tū – Active*. This result reflects that we are performing well, and we are on track, putting our efforts into the areas that matter, with a plan for further positive change.

The Te Korowai report noted that, at a high level Waikato Regional Council has a comprehensive understanding of our region, and the risks posed by environmental limits and climate change, and we are already taking steps to address this in our strategies and service delivery. The report also identifies that there is an opportunity to translate this into greater clarity for the region's catchments and communities, integrating climate change implications with future pest scenarios as well as water and infrastructure management.

Customer experience

We've started a programme of work to improve our touchpoints with customers. The programme seeks to ensure customers have easy access to our services and that we are able to consistently meet growing demand and expectations. The first tranche of this programme was completed in 2023/24, including a new phone system to allow improved triaging and management of requests from a variety of channels. Further improvements are also planned to enable more personalised, standardised and centralised customer support as we transition towards a self-service-focused model.



He taiao mauriora

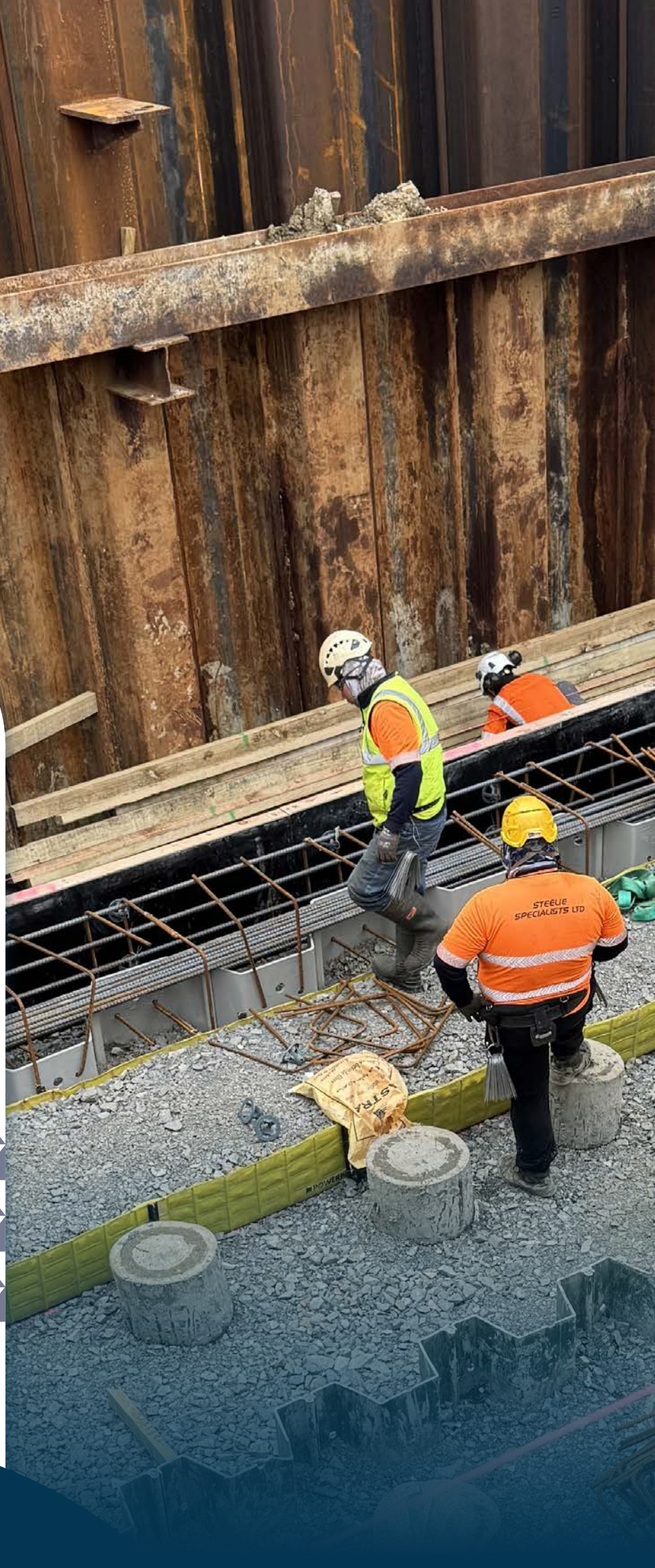
Healthy environment

He hapori hihiri

Vibrant communities

He ōhanga pakari

Strong economy



He ōhanga pakari

Strong economy

Shovel ready programme

We completed year four of our shovel ready programme of works. The programme started after government funding was received for multiple infrastructure and environmental projects to help stimulate the economy and create jobs in response to COVID-19.

Firth of Thames foreshore east and west stopbanks

We upgraded 9.7km of stopbank, including additional foundation width to support future increases in design height. These upgrades – to stopbanks which were first constructed in 1961 – are critical for protecting the Hauraki Plains from flooding.

Piako river mouth right bank asset rationalisation

We continued with earthworks, construction of a new floodgate and the creation of a wading bird habitat. Final works, including the decommissioning of three ageing floodgates, will be completed in early 2024/25.

Replacement vessel

Construction of a replacement vessel for the Tamahere 94 barge, which was used as a work platform on the Waikato and Waipā rivers over the last 50 years, was largely completed in 2023/24. The vessel will be a key asset for future maintenance to support the stability and capacity of the river channels and to remove obstructions. The associated upgrade of an existing mooring at Meremere and the development of a dry dock facility were also completed.

Piako River green corridor

Ongoing fencing and planting have taken place along the Piako River and foreshore drain to create a riparian corridor between the Kopuatai Wetland and the Firth of Thames. More than 225,000 native plants have been planted to date and work will continue until end of June 2025.



Upper Waiomou Stream restoration

We have continued important work with landowners to selectively remove poplars and willow trees, and plant riparian margins along the Tukutāpere, Rapurapu and Waiomou streams. More than 225,000 native plants have been planted and almost 50km of fencing completed.

Lake Kimihia restoration

We completed our efforts with landowners and partners to restore the lake catchment, including the construction of a bund, weir and culverts to maintain water levels. We also worked with iwi on other cultural and ecological activities in the area such as the carving and erection of a pou.

Opuatia Wetland restoration

Ongoing weed management has continued in this ecologically important wetland. The key focus is on controlling yellow flag iris, willow, royal fern, honeysuckle and pampas. The work will conclude in early 2024/25.

Karāpiro and Mangaonua catchments

Work was completed with landowners to mitigate erosion of steep hill country through retirement of 67 hectares and planting of more than 111,000 native plants, and with the fencing and planting of wetland and riparian areas. River erosion protection has included enhancing the instream environment through the installation of fish habitat structures.

Clean Streams 2020

This project, to plant out areas already retired from grazing, ended in 2023/24. Altogether, around 333,000 mixed native plants have been planted on 88 hectares of land across 27 sites.

Ngā Wai o Waikato

This project to help landowners retire steep hill country and stream, lake and wetland margins in the lower Waikato catchments concluded in 2023. Over 158,000 native plants were planted, 665 hectares of land retired, and more than 413,000 native and exotic afforestation species planted to stabilise land with high erosion risk.



Whakarāpopototanga pūtea

Financial summary

Statement of compliance

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

Financial summary for the year ended 30 June 2024:

	Actual (\$'000)	Annual plan (\$'000)	Last year (\$'000)
Statement of comprehensive revenue and expenditure			
Total revenue	208,619	196,968	190,322
Depreciation and amortisation expense	11,129	13,330	12,888
Interest expense	1,760	3,491	1,183
Other operating costs	181,098	185,122	178,578
Total operating expenditure	193,987	201,943	192,649
Surplus / (deficit) before income tax	14,632	(4,975)	(2,327)
Income tax expense	-	-	-
Net surplus	14,632	(4,975)	(2,327)
Gain / (loss) on revaluation of property, plant and equipment	(888)	-	359,486
Total comprehensive income	13,744	(4,975)	357,159
Statement of financial position			
Total current assets	53,078	51,992	52,986
Non-current assets	1,117,708	1,378,787	1,106,528
Total assets	1,170,786	1,430,779	1,159,514
Total current liabilities	41,202	47,486	50,963
Non-current liabilities	28,813	57,415	21,525
Total liabilities	70,015	104,901	72,488
Net assets	1,100,771	1,325,878	1,087,026
Statement of changes in equity			
Opening equity	1,087,026	1,330,853	729,752
Total comprehensive revenue and expense	13,744	(4,975)	357,275
Closing equity	1,100,771	1,325,878	1,087,026
Components of equity			
Accumulated funds	212,361	222,132	212,877
Other reserves	888,410	1,103,746	874,149
Total equity	1,100,771	1,325,878	1,087,026
Statement of cash flow			
Net from operating	11,750	4,044	10,532
Net from investing	(17,445)	(26,557)	382
Net from financing	2,384	8,854	4,972
Net (decreased) / increase in cash held	(2,295)	(13,659)	15,886
Closing cash balance	16,426	5,360	18,721

Accounting policies

Waikato Regional Council is a regional local authority, governed by the *Local Government Act 2002*.

The full financial statements of Waikato Regional Council have been prepared in accordance with the requirements of the *Local Government Act 2002* and with New Zealand's generally accepted accounting practice. They comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for public benefit entities.

Waikato Regional Council's summary annual report complies with the *Financial Reporting Standard 43 (FRS 43) Summary Financial Statements* and the financial statements have been prepared in New Zealand dollars. All values in these financial statements have been rounded to the nearest thousand dollars (\$000).

Information provided in this annual report summary has been extracted from the full financial statements. It does not include all disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding of the council's financial performance. To find the full financial report, visit waikatoregion.govt.nz/annual-report.

The council's full financial statements have been audited and an unmodified opinion has been given by Audit New Zealand.

The full financial statements on which this summary is based were authorised for issue by the council on 28 November 2024.

Section 98 of the *Local Government Act 2002* requires that the council adopts its annual report within four months of the end of the financial year (30 June 2024). The council was unable to meet this requirement and the annual report was not adopted until 28 November 2024.

Commitments

Capital expenditure commitments for property, plant and equipment and intangible assets amounted to \$6.196 million at 30 June 2024 (30 June 2023: \$8.935 million).

Operating lease commitments

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

	2023/24 Actual (\$'000)	2022/23 Last year (\$'000)
Operating leases as lessee		
Not later than one year	3,621	3,272
Later than one year and not later than five years	14,013	12,146
Later than five years	24,960	23,552
Total non-cancellable operating leases	42,594	38,970

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

Operating leases as lessor

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

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

	2023/24 Actual (\$'000)	2022/23 Last year (\$'000)
Operating leases as lessor		
Not later than one year	102	37
Later than one year and not later than five years	460	-
Later than five years	-	-
Total non-cancellable operating leases	562	37

Contingent liabilities

Waikato Regional Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The scheme is in wind down. However, the council has an ongoing obligation to contribute to it should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in *Napier City Council v Local Government Mutual Funds Trustee Limited*, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point, any potential liability cannot be quantified.

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

We are one of 72 local authority guarantors of the LGFA as at 30 June 2024. The aggregate amount of uncalled shareholder capital (\$20 million) is available in the event that an imminent default is identified, but the council is not a shareholder. Together with the other shareholders and guarantors, the council is a guarantor of all of LGFA's borrowings. At 30 June 2024, LGFA had borrowings totalling \$23.030 billion (2023 \$17.68 billion).

PBE (public benefit entity) accounting standards require the council to initially recognise the guarantee liability by applying the 12-month ECL (expected credit loss) model – as fair value could not be reliably measured at initial recognition – and subsequently to recognise it at the higher end of the provision for impairment at the balance date determined by the ECL model and the amount initially recognised. The council has assessed the 12-month ECL of the guarantee liability based on market information on the underlying assets held by the LGFA (Local Government Funding Agency). The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, The council has not recognised this as a liability.

TAHĀROA - Bond arbitration

The council is currently awaiting an arbitration date – settlement was attempted previously but not accepted by the application (TAHĀROA). Both Waikato Regional Council and the applicant will be liable for a half share of the cost of arbitration, following arbitration. The estimated financial settlement is \$50,000 (inc GST).

DM & MA Gleeson Family Trust

The claimant alleges that the insured party's failure to maintain its drainage infrastructure resulted in his land being inundated for approximately 10 days following the Auckland Anniversary weekend floods, resulting in the destruction of his pasture. The allegations are being investigated. The estimated financial settlement is \$50,000 (inc GST).



Notable budget variations

Explanations for major variations from Waikato Regional Council's estimated figures for the 2023/24 Annual Plan are as follows.

Statement of comprehensive revenue and expenditure

Rates collection continued in line with previous years, reaching 96.6 per cent. Total rates revenue for the year is favourable to budget due to higher rates penalty income (\$1.506 million) and lower rates remissions granted (\$87,000). This is partially offset by marginally lower general and targeted rate revenue than planned (\$132,000).

Marine oil spills response activity not being required this year has resulted in emergency management revenue being lower than budgeted in the annual plan by \$607,000. This is offset by lower expenditure. The revenue (and associated costs) is only recognised when a marine oil spill response is activated.

Integrated catchment management fees and charges revenue is \$916,000 unfavourable following the reduction in catchment management works within the Waipā zone, agreed in conjunction with funding partners. This reduced revenue is offset by lower expenditure.

A number of planned new trial public transport services were not launched as a result of reduced NZTA funding. This has a flow-on effect of lower recoveries of from district councils. Overall recoveries in relation to the council's regulatory services was \$630,000 favourable compared to the annual plan. Additional compliance monitoring activity and associated charges contributed \$365,000 to this favourable result.

Materially higher than planned government grants were received over the course of the year. Over \$3 million of additional funding was received from NZTA for the development of EV depot facilities in Waipā (\$1.683 million), Te Huia service improvements (\$818,000) and SuperGold card subsidies (\$1.621 million). In addition, central government funding for various catchment (\$2 million) and flood control and protection works (\$4 million) was higher than budgeted.

Other revenue includes public transport fare revenue. This is \$3.251 million unfavourable to budget, although partially offset by SuperGold card subsidies of \$1.621 million reflected in government grants revenue. Lower than planned average fare rates following central government's Community Connect programme are a key contributor to this reduced revenue (\$1.8 million).

Higher than budgeted third party revenue, fines and additional funding received broadly offset the lower than planned fare revenue.

Higher inflation this year has resulted in additional funds being transferred to the investment fund capital protection reserve to maintain the real value of the fund. This has resulted in an increased drawdown from the investment equalisation reserve in order to meet the budgeted rates subsidy that the investment fund is required to provide for the year. No fund returns have been set aside for the Regional Development Fund – reflecting both the lower available return available for distribution, as well as the council's decision, through its 2024-2034 Long Term Plan, to close this fund.

As a result of delays in project completion and capitalisation, lower capital expenditure and subsequently lower than forecast borrowing, both interest costs and depreciation were favourable to plan (by \$1.731 million and \$2.201 million respectively).

Other expenses were lower than planned, largely due to lower contracted services expenditure across the organisation. Significant savings were seen in Regional Transport Connections because of reduced NZTA funding approvals driving lower Total Mobility expenses (\$243,000) and \$1.9 million lower bus operation costs following rationalisation of the Low Cost, Low Risk programme to match available subsidies.

In addition, a number of activities and work programmes were delayed in the biosecurity and spatial planning areas due to a range of factors including poor weather and contractor availability. The funding for this work has been carried over to the 2024/25 financial year to allow planned activities to be completed.

In our annual plan budget, we had anticipated that the remaining funds in the Regional Development Fund would be fully distributed this year, however, the council made the decision to close applications to the fund while it undertook consultation through the 2024-2034 Long Term Plan on the future of the fund. With the decision taken to close the fund, provision has been made in 2024/25 to meet the existing funding commitments that have been made through previous decisions of the council.

Statement of financial position

Cash and cash equivalents reflects cash held by the council to meet its operating cashflow requirements. The value at the end of the financial year includes \$1.692 million of funds held on behalf of third parties by way of consent bonds. Cash held at 30 June 2024 is \$11.046 million favourable to budget. This is offset by the lower level of other financial assets (which includes term deposits with a maturity date of greater than three months) held at the end of the year (\$13.079 million). This reflects that the council's cash balances at balance date were largely of short duration. Maturity dates of investments held at the end of the financial year are difficult to ascertain when setting the budget due to the timing of cashflow needs.

Borrowing reflects the council's external borrowing through the Local Government Funding Agency. The annual plan projected a total borrowing programme of \$62.662 million by the end of the 2023/24 financial year. Actual borrowing at 30 June 2023 was \$32.384 million. This reflects both a lower opening balance (\$30.39 million against a budgeted \$60.055 million) as well as a lower than budgeted capital works programme (\$6.88 million favourable to the annual plan budget). Other planned borrowing associated with funding for projects such as the Waikato Regional Theatre has also been deferred (\$1.25 million). It is expected that the council's final contribution to this project will be made by June 2025.

Trade and other receivables are \$2.595 million higher than the annual plan budget. Included within the balance are amounts owed by key agencies with whom the council partners for the delivery of services. Payment of these amounts will be a matter of timing or meeting the requirements of funding deeds.

Investments in council controlled organisations (CCOs) reflects the council's investment in the IRIS software product through Regional Software Holdings Ltd (RSHL), as well as the value of borrower notes held in relation to borrowing from the Local Government Funding Agency (LGFA). The council's investment in IRIS has continued to be impaired this year in line with the judgements made by the RSHL Board which reflect the estimated remaining useful life of this investment. As a result, the value of the investment in RSHL has reduced from \$774,000 to \$554,000. The council's interest in the LGFA arises by way of borrower notes associated with the council's borrowing. Total borrower notes held have increased this year from \$481,000 to \$710,000.

The value of intangible assets held by the council is \$3.895 million unfavourable to the annual plan budget. This reflects the pause that has been placed on any further work associated with the information systems to support the Healthy Rivers project, pending central government direction (2022/23: \$1.8 million and 2023/24: \$1.635 million). For the update of the Waikato Regional

Transportation Model, \$1.016 million was provided. This project has been placed on hold, pending completion of a procurement process.

The annual plan had provided for capital expenditure of \$28,674 million in relation to Property, Plant and Equipment. Actual expenditure for the year was \$24.937 million, reflecting the following.

- Lower expenditure in relation to infrastructure assets (\$5.894 million). Capital expenditure of \$7.795 million (inclusive of underspend in previous financial years) was carried over to 2024/25 to allow planned works to be completed.
- Development of public transport depot facilities in Waipā was ongoing at the end of the financial year. Spend at that time was \$689,000 less than budgeted, with this funding carried over to the 2024/25 financial year to provide for the project's completion.
- Planned expenditure on transport centre charging infrastructure as well as the purchase of two small format vehicles for public transport trials did not occur, resulting in lower capital expenditure of \$963,000.

Total derivative financial instruments are \$510,000 less than budgeted. Derivative financial instruments are interest rate swaps the council has entered to manage the interest rate risk associated with its borrowing programme. By having these swaps in place, the council has mitigated the effect of increases in market borrowing rates over the year. The value of these derivatives takes account of the future estimated floating rate receivables due under the contract against estimated future fixed liabilities.

Trade and other payables are \$3.648 million less than the annual plan budget. This balance includes \$1.692 million held on behalf of third parties. This balance is driven by the timing of the council's expenditure.

Employee benefit liabilities are \$1.402 million higher than the annual plan budget. Key changes compared to last financial year include the following.

- An increase in the provision for annual leave (\$257,000), reflecting both increases in the average salary payable to council staff as well as changes to annual leave hours owing.
- A decrease in the provision for long service leave (\$697,000) and gratuities on retirement (\$123,000), reflecting a reduction in the salary growth rate assumptions that underpin the actuarial valuation of future entitlements.
- A reduction in the provision for sick leave (\$263,000), reflecting a reduction in the number of staff taking leave in excess of their annual entitlement as well as an adjustment to the number of staff for which the liability is calculated.

Independent auditor's report

To the readers of Waikato Regional Council's summary of the annual report for the year ended 30 June 2024

The summary of the annual report was derived from the annual report of the Waikato Regional Council (the Regional Council) for the year ended 30 June 2024.

The summary of the annual report comprises the following information on pages 9 to 10 and 25 to 29:

- the summary statement of financial position as at 30 June 2024;
- the summaries of the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended 30 June 2024;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as "performance summary" in the document).

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2024 in our auditor's report dated 28 November 2024.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

Other than in our capacity as auditor, we have no relationship with, or interests in the Regional Council.

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
28 November 2024

Disclaimer

The specific disclosures included in this summary have been extracted from the full annual report. These summary financial statements do not include all of the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as is provided by the full annual report. The summary of financial and service performance, financial position and cash flows also cannot be expected to provide as complete an understanding as is provided by the full annual report.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. Audit New Zealand has issued a standard unmodified opinion on the full annual report. The full annual report can be found on our website at waikatoregion.govt.nz/annualreport.





He taiao mauriora ▲ **Healthy environment**

He hapori hihiri ▲ **Vibrant communities**

He ōhanga pakari ▲ **Strong economy**

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