

**Summary**

# Annual Report 2018/19

Pūrongo  
Ā-tau 2018/19





# Message from CE and Chairperson

## 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 signalled in the annual plan. The council's investment fund returned \$6.596 million for the year, against a budgeted return of \$5.143 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.



**Alan Livingston**  
Chairperson



**Vaughan Payne**  
Chief Executive

# Key statistics

Tatauranga matua

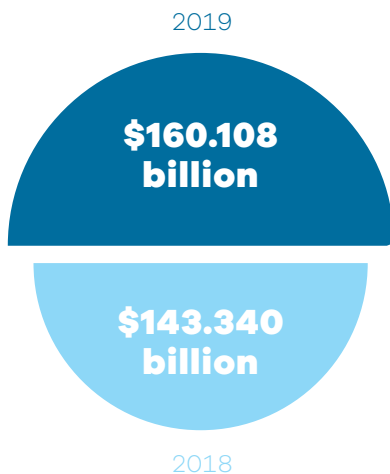
## Rateable properties



## Number of full time equivalent staff



## Capital value of rateable properties



Our vision:

**The Waikato cares locally,  
competes globally.**

Our mission:

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

On the ground we are about delivering on the three outcomes of our mission. Everything is interconnected. The work we do in one area cannot be at the expense of another, and so we look to make decisions which deliver multiple benefits for our communities.

We measure our success in two ways: as outcomes of our priorities that make up the council's strategic direction and as levels of service in the work we do.

Each of our seven priority areas has one measure of success. We track and report against these measures to help us understand how we are performing against our mission to have a healthy environment, a strong economy and vibrant communities.

The work we do is broken into eight groups of activities (GOA), and we have targeted levels of service under each of the activities. There are 51 measures we report on to get a good picture of whether we are delivering services we said we would.











**2018/19 year**

**in review**

Te arotake o te

tau 2018/19

# Our priorities

## O tātāu whakaarotāu

Our strategic direction sets the priorities for the council for the triennium. It is reviewed at the beginning of each council term to ensure we continue to effectively address current and emerging issues.

### Support communities to take action on agreed outcomes

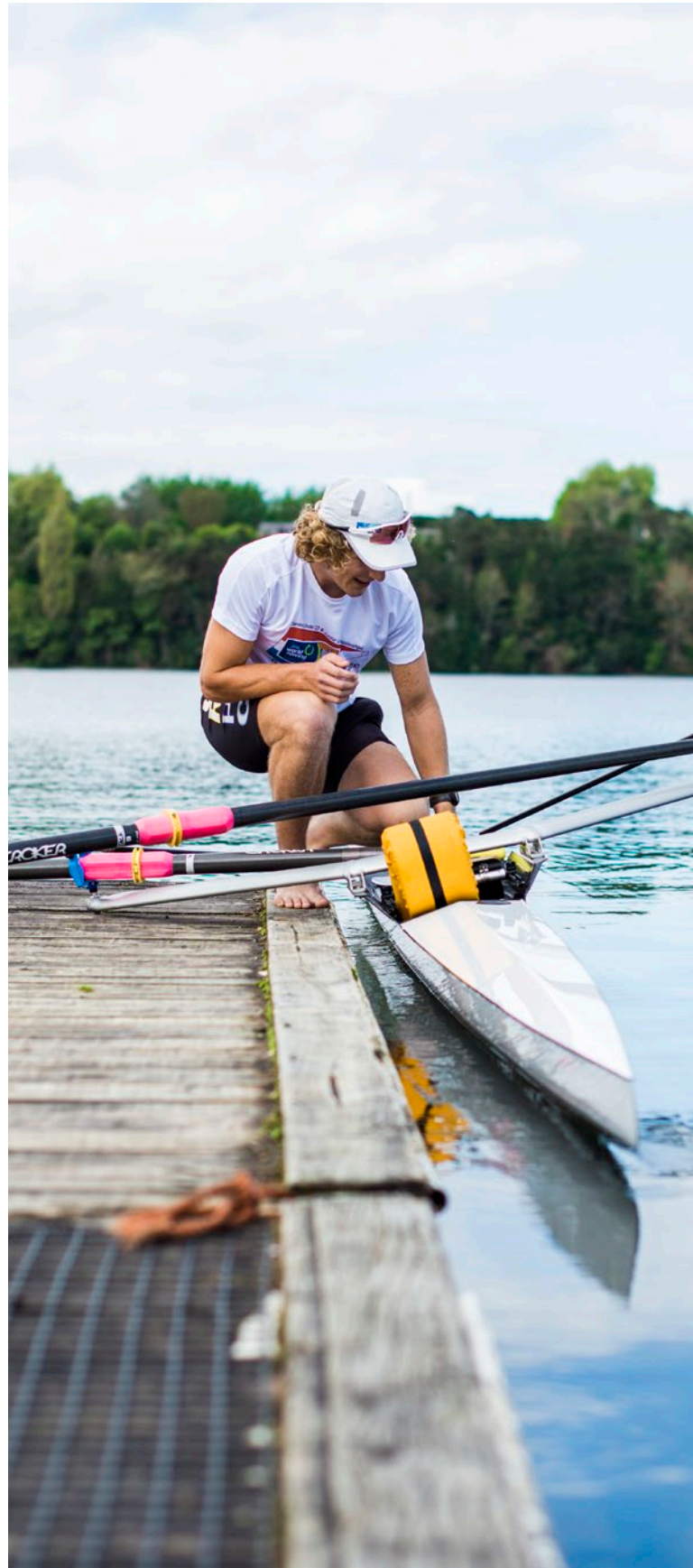
The work we do, such as controlling harmful pests, preparing for disasters, delivering road safety programmes and keeping people safe on our waterways, is all geared towards improving the quality of life in the Waikato. But we know we can't do everything alone. People working together is key to the success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

#### Priority measure

Number of people in community supported to take action by the council.

#### Outcome

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 over the next two to three years.





## Who we supported

Every year, hundreds of volunteers spend thousands of hours doing good work to protect the Waikato's natural environment.

Here are some of the groups we supported financially in 2018/19:

- **Maungatautari Ecological Island**  
To help with maintenance of the predator-proof fence.
- **Moehau Environment Group**  
To help with pest control in the northern Coromandel Peninsula.
- **A Rocha 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**

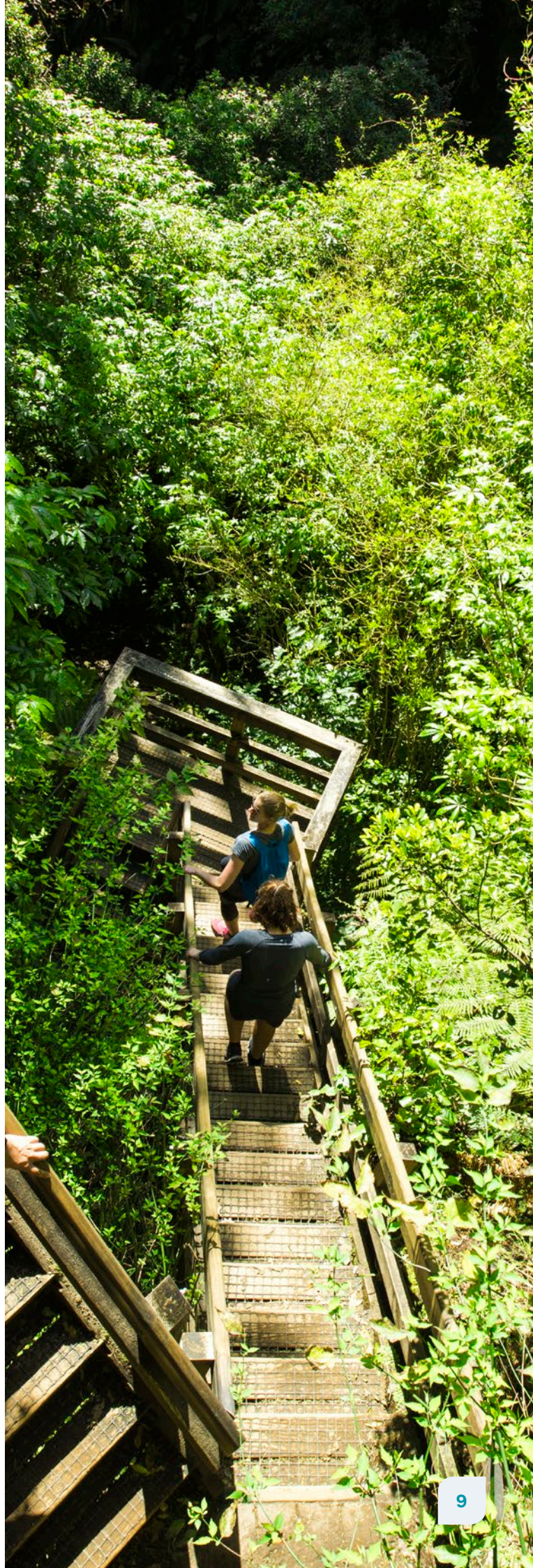
to Philips Search and Rescue Trust

**\$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.

## Priority measure

Number of new partnerships.

## Outcome

Fourteen new initiatives were scoped or implemented by Waikato Regional Council in 2018/19. The 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.

## 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. A national pest management plan for kauri dieback is also being drafted.

Funding will be required to implement the plan and improve the protection of kauri, however no funds have been secured from central government to date. We will continue to advocate for better funding to protect these important taonga.







## 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 set up 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.



# 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.

## Priority measure

Kilometres of fencing and/or riparian planting completed.

## Outcome

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.

## Results in your backyard



### Fencing



### Planting



### Retired land

	Fencing	Planting	Retired land
<b>Central Waikato</b>	14km	40,739	24ha
<b>Coromandel</b>	20km	25,217	150ha
<b>Lake Taupō</b>	4km	1,500	10ha
<b>Lower Waikato</b>	19km	24,113	72ha
<b>Upper Waikato</b>	5km	18,522	33ha
<b>Waihou/Piako</b>	23km	53,033	39ha
<b>Waipā</b>	49km	479,365	251ha
<b>West Coast</b>	71km	72,613	346ha

## 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.

## Priority measure

Percentage of water takes allocated to main sectors.

## Outcome

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?

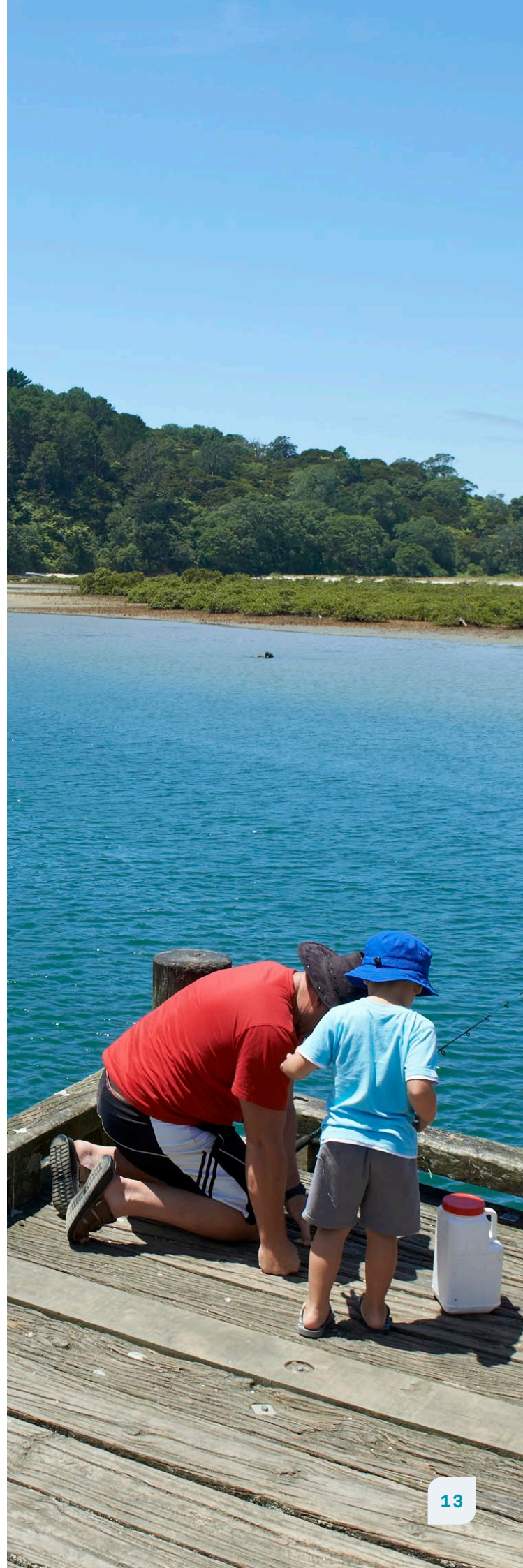
Every three years we undertake a survey of Waikato residents to understand their environmental awareness, concerns and actions. Between 1998 and 2019, water pollution and water quality have remained the top issues for our communities. In 2019, 47 per cent of people rated this as their top concern.

## 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 catchment community groups and farmers in priority one catchments 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.

### Priority measure

Community property and infrastructure protected by flood protection schemes.

### Outcome

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 and 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 operate for as many hours, saving on electricity.

**1,419tCO<sub>2</sub>e**

**our corporate greenhouse gas emissions**

**13.8MtCO<sub>2</sub>e**

**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.)*





# Enhance the values of the region's coastal 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 having management plans for every harbour and catchment in the region.

## Priority measure

Proportion of actively managed area (completed harbour and catchment management plans) in the Thames-Coromandel district.

## Outcome

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 Wharekawa, Whangamatā, Tairua and Whangapoua, and plans are underway for Whitianga/Mercury Bay and Coromandel/Manaia.

## 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. A lot 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 catchment plans (Whitianga/Mercury Bay and Coromandel/Manaia) and continued delivering on existing Coromandel Peninsula 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.

## Priority measure

External funding invested in the region.

## Outcome

Leveraged funding received this year represents 19.3 per cent of operating expenses, 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 to 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 also 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. This service is expected to start by mid-2020.



# Our groups of activities

Ko a tātou mahi-ā-rōpū

## 51 measures overall

-  **36 measures achieved**
-  **8 measures not achieved**
-  **6 measures not applicable**
-  **1 measure no result**

## Communities and Services



### 4 out of 5 performance measures achieved

We lead, enable and help deliver community partnerships, education programmes, robust decision making processes, planning and reporting back to the community, and support partnerships with iwi Māori.

Our mission is “working together”. As part of this, we work with key stakeholders and partners to set up initiatives for mutually beneficial outcomes. We aim to maintain or increase, every year, the number of community initiatives we work on with others. In 2018/19, we achieved this with 22 initiatives, up from 12 the previous year.

### Some new initiatives 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 winter fire heating 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 Police to support its Alcohol Impairment Education Programme.

## Waikato Civil Defence and Emergency Management



### 2 out of 3 performance measures achieved

We administer and support the Group Emergency Management Office, which is responsible for coordinating regional emergencies.

The aim is to activate the Group Emergency Coordination Centre (GECC), as the result of a civil defence event or emergency, within 30 minutes during business hours or 60 minutes afterhours. On Sunday, 16 June 2019, afterhours, the GECC was set up and ready to respond to a Tsunami Advisory Notice from the Ministry of Civil Defence and Emergency Management within 30 minutes.

One of the measures was not applicable this year as we were not due to undertake an assessment of the Group CDEM Plan in 2018/19.

## Regional Hazards and Emergency Response



### 2 out of 4 performance measures achieved

We provide strategic regional hazard information, and prepare for and respond to marine oil spills and flood events.

The geographic location and diversity of the Waikato region means 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. We aimed to have the new hazards portal available at the start of the year, however it wasn’t launched until the end of 2018/19 so the measure was not achieved. The council did, however, continue to provide hazard information through its usual channels, e.g. its website, at open days, in GIS layers, publications and internal and external networks.



## Flood Protection and Control Works



**4 out of 7 performance measures achieved**

We work to reduce risks to our communities from flooding and other impacts associated with rivers, streams and their catchments.

We aim to achieve 85 per cent of planned mandatory maintenance, repair and renewal of flood protection and control works, and maintain 93 per cent of stopbanks to above design flood level as agreed within each zone. We achieved or succeeded these targets. Our work included \$9.4 million worth of asset renewals to keep our assets working and up to spec. Two pump stations (Heale St and Pattersons) had major upgrades, two major floodgates (Jolly's and Campbell's) were upgraded, and 17.3 kilometres of stopbanks were renewed to make sure they stay above design flood level heights.

**562km**

**Total length of stopbanks**

**2983.63km<sup>2</sup>**

**Area of land benefiting from flood protection**

**2263.16km<sup>2</sup>**

**Area of land benefiting from drainage schemes**

**306.2km<sup>2</sup>**

**Land covered by soil conservation schemes**

We also aim to respond to 95 per cent of river management enquiries within two working days. This year, we responded to 62 per cent (69 out of 111) of enquiries within two working days. A new process has now been set up to acknowledge requests earlier and get them to the right person for a full response. Next year we will improve in this area.

## Integrated Catchment Management



**9 out of 10 performance measures achieved**

We manage the Waikato's catchments in partnership with local communities to reduce the risk of erosion and flooding, reduce the amount of sediment getting into waterways, and improve water quality, river stability and biodiversity. We also have a role in eradicating and controlling pests and diseases that pose a risk to our economy and environment.

We aim for 70 per cent of our new works to be undertaken in priority catchments or sites, and this measure was achieved. We also completed a programme providing funding to hill country landowners in priority catchments in the West Coast Zone to stabilise, plant and fence steep slopes, to help prevent soil from being washed away and ending up in our waterways. We have applied for more funding from the Government's Hill Country Erosion Fund to expand the programme in the Waipā, Central, Lower Waikato and Coromandel zones in 2019/20.

We supported farmers with workshops to develop farm environment plans for Healthy Rivers Wai Ora. Our aim was to get 200 attendees but we only got 170.

We did not meet our target because:

- we changed our focus to increasing farmers' understanding of on-farm risks and potential mitigations so they'd be better prepared for the workshops (the events designed to lead farmers to farm environment planning workshops were well attended)
- we had a shortage of staff, so we had less time to engage farmers and encourage attendance.

Farmers were also possibly waiting for decisions on the proposed plan change to be made before attending workshops.

## Public Transport



### 3 out of 6 performance measures achieved

We are responsible for contracting and providing bus services in Hamilton and for some of the region's communities.

In 2018/19 we had 1.95 per cent growth in bus patronage, which did not meet our target of 2 per cent. Strikes in November 2018 by bus drivers over a pay dispute with the bus company negatively affected overall patronage. However, we did see some large increases in popular bus routes such as the Orbiter, and 96 per cent of passengers surveyed in October 2018 said they were satisfied or better with the public transport service.

This year we introduced a new performance measure: for 95 per cent or more of our scheduled service trips to depart locations on time. Unfortunately, there were technical issues with the reporting system so the data collected was unreliable. We have addressed the issues so we will be able to report on this in 2019/20. This will help us to be confident that the bus services across the network are reliable and dependable for users.





## Resource Use



**5 out of 6 performance measures achieved**

We have consenting and compliance responsibilities under the Resource Management Act 1991 and the Building Act 2004, and provide maritime services.

Part of this is monitoring compliance of resource consents to ensure our natural sites and physical resources are protected. We aim to monitor, every year, all of our highest priority consented sites. In 2018/19, we missed this target by four sites, monitoring 99.2 per cent (520 of 524) of our high priority sites.

**991**

**consent applications processed in 2018/19**

**10,000**

**resource consents administered at over 4800 sites across the region**

**1024**

**farms monitored for compliance, particularly disposal of dairy effluent**

We are also responsible for responding to water safety incidents in our coastal and inland waterways, as well as environmental incidents in any environment. In 2018/19 we had someone available 24/7 to respond to any notifications.

**68**

**Navigational Safety infringement notices issued**

**43**

**Navigational Safety formal warnings**

## Science and Strategy



**8 out of 11 performance measures achieved**

We gather, analyse, interpret and translate information on the Waikato's natural resources, communities and economy in order to achieve positive regional outcomes. We also build relationships with external organisations, stakeholders and communities to influence key region wide issues and develop resource policies and plans.

We aim to see positive progress being made every year towards the regional target for swimmable rivers and lakes, as required by the National Policy Statement for Freshwater. This is the first year we have had this performance measure, therefore our results were compared with baselines. The percentage of monitored rivers rated swimmable was 30 per cent, down from the baseline of 32 per cent. The percentage of monitored lakes rated swimmable was 73 per cent, the same as the baseline. When it comes to water quality, improvements are expected as trends over time, rather than occurring in any given year.

We also aim to comply with all RMA, Treaty settlement legislation and planning requirements.

**In 2018/19, we complied with all legislative requirements, apart from:**

- parts of the New Zealand Coastal Policy Statement not implemented through our coastal plan; however, our coastal plan is currently under review
- completing our five-yearly review of the efficiency and effectiveness of our RMA plans, which has commenced.

Every year we also report on a number of indicators on the changes and trends in natural resources. This information gives our communities an up-to-date snapshot of the state of the environment. Our staff also use it to help inform policies, action plans and education programmes. In 2018/19, we aimed to report on 11 indicators and achieved all with the exception of carbon monoxide and nitrogen dioxide. These two require changes as part of the environment indicator review that is underway and which will be completed in 2019/20.









# Financial summary

He kōrero

whakapopoto

pūtea

# Financial summary for the year ended 30 June 2019

	Actual \$000	Annual Plan \$000	Last year \$000
<b>Statement of comprehensive revenue and expenditure</b>			
<b>Total revenue</b>	<b>135,320</b>	<b>134,106</b>	<b>125,552</b>
Depreciation and amortisation	9,199	10,387	9,195
Finance costs	482	858	-
Other operating costs	125,628	124,504	117,043
<b>Total expenditure</b>	<b>135,309</b>	<b>135,749</b>	<b>126,238</b>
Surplus/(deficit) before income tax	11	(1,643)	(686)
Income tax expense	-	-	-
Net surplus	11	(1,643)	(686)
Other comprehensive revenue and expense			
Gain/(loss) on revaluation of property, plant and equipment	(405)	-	(6)
<b>Total comprehensive revenue and expense</b>	<b>(394)</b>	<b>(1,643)</b>	<b>(692)</b>
<b>Statement of financial position</b>			
Current assets	46,080	42,683	27,377
Non current assets	624,596	635,960	617,179
<b>Total assets</b>	<b>670,676</b>	<b>678,643</b>	<b>644,556</b>
Current liabilities	26,888	37,856	22,017
Non current liabilities	23,901	21,459	2,258
Total liabilities	50,789	59,315	24,275
<b>Net assets</b>	<b>619,887</b>	<b>619,328</b>	<b>620,281</b>
<b>Statement of changes in equity</b>			
Opening equity	620,281	620,971	620,973
Total comprehensive revenue and expense	(394)	(1,643)	(692)
<b>Closing equity</b>	<b>619,887</b>	<b>619,328</b>	<b>620,281</b>
<b>Components of equity</b>			
Accumulated funds	226,964	227,366	233,862
Other reserves	392,923	391,962	386,419
<b>Total equity</b>	<b>619,887</b>	<b>619,328</b>	<b>620,281</b>
<b>Statement of cashflows</b>			
Net from operating	6,771	8,412	4,170
Net from investing	(24,075)	(39,665)	(523)
Net from financing	22,000	30,276	-
Net increase / (decrease) in cash held	4,696	(977)	3,647
<b>Closing cash balance</b>	<b>15,061</b>	<b>5,205</b>	<b>10,365</b>



## 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 is in compliance with Financial Reporting Standard 43 (FRS 43) Summary Financial Statements and the financial statements have been prepared in New Zealand dollars. All values have been rounded to the nearest thousand dollars (\$000).

The summary annual report 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 as the full financial statements.

The full financial statements on which this summary is based were authorised for issue by the council on 26 September 2019.

### Commitments

Capital expenditure commitments for property, plant and equipment and intangible assets amounted to \$2.030 million at 30 June 2019 (30 June 2018: \$2.194 million).

## Contingent liabilities

NZ Mutual Liability Riskpool (Riskpool) provides public liability and professional indemnity for its members. The council was a member of Riskpool until 30 June 2017. The Trust Deed of Riskpool provides that if there is a 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.

The council is one of 45 local authority guarantors of the Local Government Funding Agency (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 totalling \$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.

### Events after balance date

There were no events after balance date that need to be reported.

## Operating lease commitments

	This year \$000	Last year \$000
<b>Operating lease commitments as lessee</b>		
Not later than one year	1,190	1,096
Later than two years and not later than five years	11,603	2,560
Later than five years	30,886	165
<b>Total non-cancellable operating leases</b>	<b>43,679</b>	<b>3,821</b>
<b>Operating lease commitments as a lessor</b>		
Lease commitments under non-cancellable leases:		
Not later than one year	331	180
Later than two years and not later than five years	455	560
Later than five years	-	35
<b>Total non-cancellable operating leases</b>	<b>786</b>	<b>775</b>

## Notable budget variations

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, the *Mycoplasma bovis* response and the 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) and funding from the New Zealand Transport Agency (NZTA) for the Hamilton to Auckland start-up passenger rail project (\$300,000)
- delays in the implementation of the regional integrated ticketing system and various work programmes, such as bus shelter maintenance, resulting in lower revenue from NZTA (\$862,000); and lower public transport contract costs due to delays in the implementation of planned service improvements leading to a lower than budgeted subsidy required from NZTA (\$724,000).

**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) and more jet ski registrations and bylaw activities in the Maritime Services (\$199,000)
- an increase in fines revenue (\$429,000) as a result of increased investigations and incident response activity.

**These increases in revenue were partially offset by delays with the development of the mass transit plan for Hamilton.**

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 due to 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. This valuation change was partly offset by lower than budgeted employee salary costs for the year.

Depreciation and amortisation is \$1.188 million lower than budget. This is due to delays with the implementation of the regional integrated ticketing solution for public transport along with timing of vehicle fleet replacements.

Other losses are \$1.742 million higher than budget. The main contributor was a loss on valuation of financial instruments (\$1.249 million) due to lower interest rates.

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 are \$22 million.

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. Delays with the planned harvest costs of forestry (\$240,000) and the Healthy Rivers/Wai Ora project (\$369,000) also contribute to the favourable budget position.

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 passenger rail service (\$300,000), offset by reduced expenditure for the development of a mass transit plan for Hamilton (\$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 other financial assets (\$19.695 million).

The favourable fund performance over the last year, as noted, 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 the council's two properties in Hamilton East. The sale of these premises will be completed in the next financial year.

### 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).

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) as well as greater utilisation of working capital funds.

## Investment fund returns

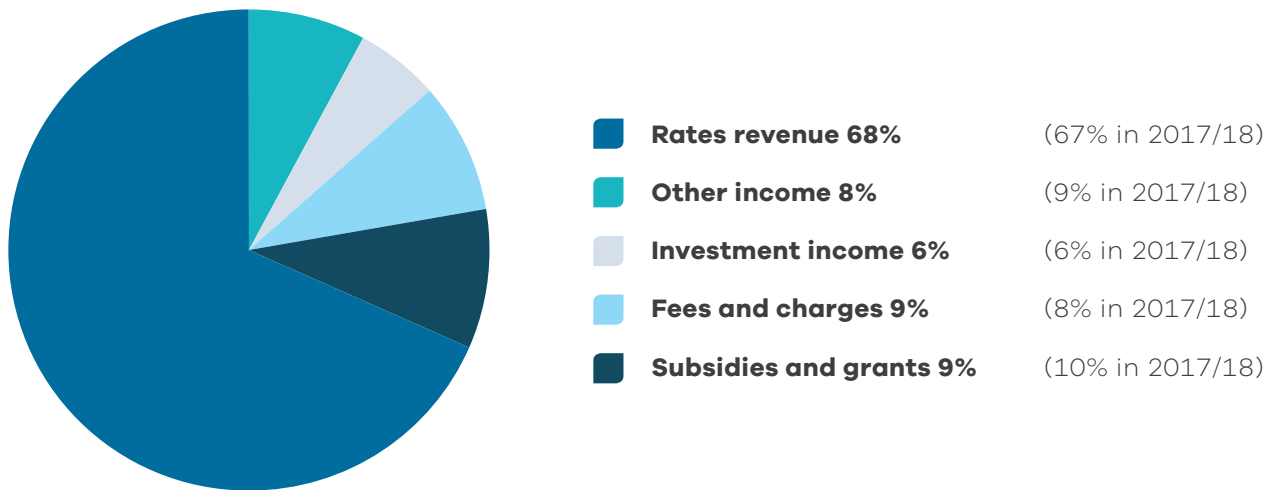
The return from the investment fund has been applied to:

	This year \$000	Last year \$000
Inflation proofing	1,379	1,199
Rates subsidy	1,903	1,862
Regional Development Fund	1,512	1,483
Investment equalisation reserve	1,802	2,251
<b>TOTAL</b>	<b>6,596</b>	<b>6,795</b>

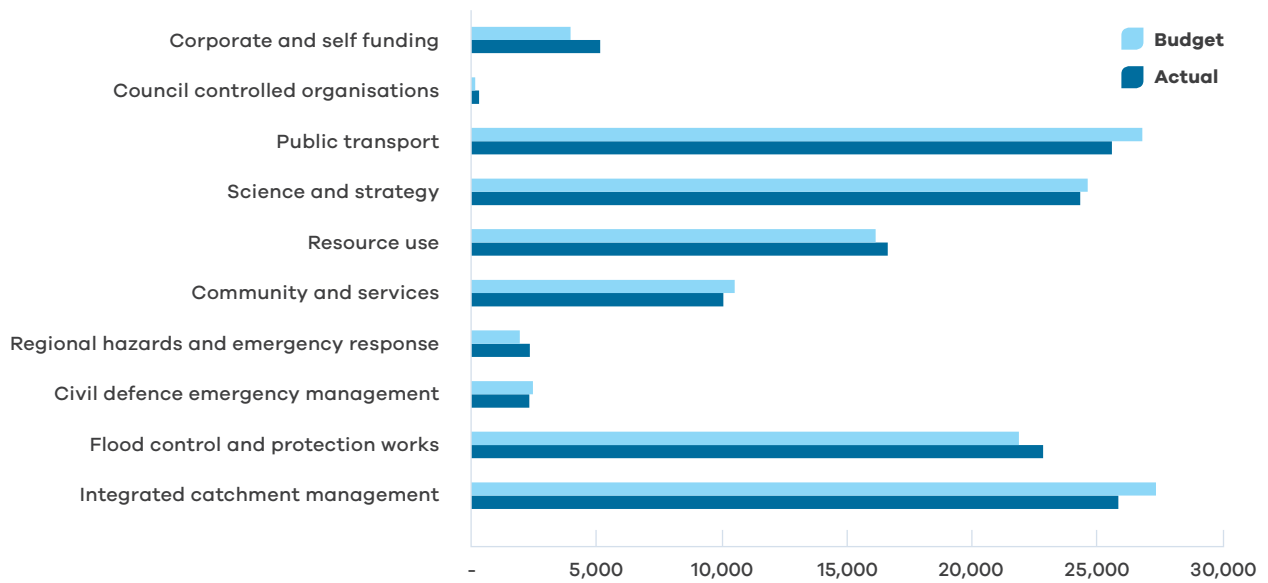
**Explanations of key variances between actual and planned financial performance can be found in the full annual report available online:**

**[www.waikatoregion.govt.nz.govt/annual-report](http://www.waikatoregion.govt.nz.govt/annual-report)**

## Where our funding came from



## Expenditure by group of activities (\$'000)







# Independent auditor's report

To the readers of Waikato Regional Council's summary of the annual report for the year ended 30 June 2019

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 2019.

The summary of the annual report comprises the following summary statements on pages 7 to 28:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- 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 "2018/19 year in review").

## 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 2019 in our auditor's report dated 26 September 2019.

## 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.



**David Walker**  
Audit New Zealand

On behalf of the Auditor General  
Auckland, New Zealand  
26 September 2019

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa



## **Disclaimer**

*The specific disclosures included in this summary annual report have been extracted from the full annual report, dated 26 September 2019.*

*The summary cannot be expected to provide as complete an understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Waikato Regional Council.*

*The summary has been examined by the auditor for consistency with the full annual report audited by Audit New Zealand on behalf of the Auditor-General. An unmodified audit opinion was issued on 26 September 2019. This annual report summary was adopted by the council on 26 September 2019.*

**He taiao mauriora**

Healthy environment

**He ōhanga pakari**

Strong economy

**He hapori hihiri**

Vibrant communities

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