

# ANNUAL REPORT

2021  
-22



→ OUR VISION  
LIVEABLE, THRIVING  
+ CONNECTED  
COMMUNITIES

TE RĪPOATA-A-TAU

2 0 2 1 — 2 0 2 2





#### **DIRECTORY**

Waikato District Council's Call Centre and website are your first points of contact for all Council services, including building and resource consents, complaints and queries, liquor licensing, animal control, food safety, parks and recreation facilities, Council meetings and consultation, cemeteries, landfills, transport issues, rubbish and recycling collection, parking, rates, events, archives and community services.

#### **COUNCIL HEAD OFFICE**

Waikato District Council,  
15 Galileo Street, Ngāruawāhia

#### **POSTAL ADDRESS**

Waikato District Council, Private Bag 544,  
Ngāruawāhia, 3742, New Zealand

#### **CALL CENTRE**

Phone: 0800 492 452 Website: [waikatodistrict.govt.nz](http://waikatodistrict.govt.nz)


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# **OVERVIEW** **TIROHANGA** **WHANUI**



**This is Waikato district**

**03**

**Our council**

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**From the Mayor and Chief  
Executive**

**04**

**Who we are**

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# THIS IS WAIKATO DISTRICT

## HOME TO:

**85,900**  
**PEOPLE**

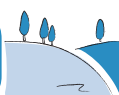


**15,752 dogs**

**280 NEW CITIZENS**

## WAIKATO SPANS:

**Over 450,000**  
**hectares of land**



## IN 2021/22 WE HAVE SUPPORTED:

**102 Community groups**

**The re-homing of 187 dogs**

## WE OPERATE:

**6 Libraries**



that service 19,406 library members

**25 Water reservoirs**  
with a total capacity of 22,813m<sup>3</sup>

**2 Animal SHELTERS**

**21**  
Cemeteries

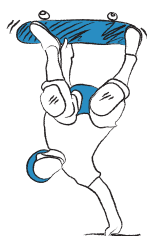
**22 Dog exercise areas**

**7 Water treatment plants**

**9 Wastewater treatment plants**

## WE PROVIDE:

**8,347,000**  
litres of drinking water a day



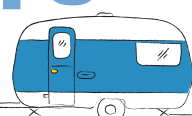
**11 Skate Parks**

**55 Playgrounds and Neighbourhood reserves**



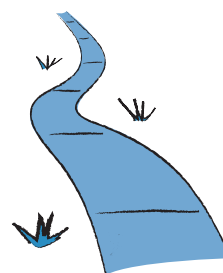
**3 SWIMMING POOLS**

**2 Campgrounds**



## WE MAINTAIN:

**598**<sup>km</sup><sub>s</sub>  
of unsealed roads



**1,872**<sup>km</sup><sub>s</sub> of sealed roads

**295 kms**  
of footpaths



**113 Parks and Reserves**

**38 Community halls**

**60 Public toilets**



used by 4,000 people everyday



# FROM THE MAYOR AND CHIEF EXECUTIVE

## Responding to growth

Our district continued to perform highly and experience significant growth over the past year, despite the impacts of the COVID-19 pandemic only truly beginning to be felt across New Zealand and the globe.

The Waikato district's current population of 86,000 reflects a growth of more than 4,000 people over the past year, and it is predicted we will grow by an additional 14,000 people in the coming decade. Over the year, Council prioritised upgrading existing assets to meet levels of service, whilst preparing for future growth by implementing new infrastructure.

Our Long Term Plan 2021-31 sets out the planning and budget allocation for the coming decade and provides the framework for Council to deliver on outlined projects.

[Our Community Projects Team delivered a range of capital works projects including the extension of the Tuakau Library to provide a warm and welcoming environment for our growing northern population.](#)

Various carparks across the district were upgraded and resurfaced to support increased usage, and additional footpath connections were installed at Waipa Esplanade carpark in Ngāruawāhia and Te Akau carpark for pedestrian safety.

Upgrades were made to our walkways, trails and recreational spaces with a new concrete walkway and cycleway built in Tamahere to support wellbeing initiatives. The Travers Road Walkway was also extended from Moorfield to Wayside Roads with a safer 2.5-metre-wide footpath.

A concrete path now connects the carpark to the courts at the Pōkeno Tennis Club, and Huntly's Brownlie Crescent basketball hoop and concrete pad have been upgraded to a new halfcourt. Our Consents team processed 1311 resource consent and related applications and dedicated significant time to subdivision work with 969 lots being released for titles.

We progressed the work of our aspirational Local Area Blueprints, engaging with the Gordonton and Port Waikato communities to understand the challenges they currently face and to identify future opportunities. The Blueprints provides a high-level picture

of how the area could progress over the next 30 years, addressing the community's social, economic, and environmental needs. Formal adoption is expected in August 2022, meaning we now have 18 unique Local Area Blueprints for our towns and villages across the district.

## Partnering for greater outcomes

Waikato District Council is responsible for more than \$1.7 billion in assets. Therefore, we rely on several invaluable partnerships to support the maintenance and upgrades of assets.

The Waikato District Alliance, a roading partnership between Council and Downer, celebrated its seventh year of partnership. Over the year, The Alliance resurfaced 87km of sealed roads, repaired 2,073 potholes and conducted extensive work on unsealed and high-volume roads across the district.

[The Waikato District Alliance also revised Asset Management Plans through the Long Term Plan 2021-31, creating visual representations of the levels of service and different investment levels. The revisions received praise from Waka Kotahi NZ Transport Agency and the broader roading industry for innovation and offering consistency in understanding of the condition of the overall network.](#)

Our Three Waters partnership with Watercare began in 2019 to improve the delivery of our stormwater, wastewater and drinking water services to the district.





Over the year, the Meremere Wastewater Treatment Plant underwent a major upgrade with the installation of a Membrane Bioreactor (MBR). This has increased efficiency of contaminant removal and delivered a much higher standard of treatment, resulting in Waikato Regional Council lifting its Abatement Notice.

Stormwater maintenance will become more efficient due to the newly developed Stormwater Preferences Guideline. The guideline reduces impacts on the environment from poorly designed or unmaintained assets and increases compliance levels and consistency across stormwater assets.

Other upgrades and renewals were made across the water network including pipe system upgrades in Huntly, Tuakau Dominion Road and Te Kauwhata, and a bulk main was installed in Raglan.

## Building for the future

We enhanced our services and capabilities to offer more to the customer and build resilient systems for the future.

Libraries across the district continued to be a vibrant hub for many residents and visitors to the district and many took advantage of the newly digitised library membership. We waived the penalties for late returned library items and added a click and collect service to offer ease of accessibility for customers.

Our Emergency Management Team continued to develop appropriate responses during the COVID-19 restrictions, including supporting the Waikato District Health Board at testing and vaccination sites. Civil Defence Emergency Management training was offered to staff to support resilience development and leadership in responding to incidents.

The new online portal was implemented by our Organisational Support Team, and upgrades were made to the online payment gateway to enhance customer experience.

The animal control processes were transformed, including digitising annual dog registrations and an increased focus on health and safety to protect staff and our communities.

## Together we achieve more

As a democratically-elected Council, we aim to engage and involve you in the decisions that affect the future of our district and give effect to our vision of 'Liveable, Thriving and Connected Communities - he nōhanga āhuru, he iwi whai ora, he hapori tūhono tahi'.

Over the year we undertook the statutory process of our Representation Review and adopted a final proposal including the establishment of two Māori wards, which will provide better representation of Māori in our decision making. Our Joint Management Agreement (JMA) with Waikato Tainui and Nga Wai o Waipa, strengthened our relationships with iwi and hapū, and work is progressing on the establishment of four mana whenua forums to enable regular connectivity.

Councillor workshops were opened to the public to provide transparency in the planning stages on key decisions and policies. In addition to this, we offered online public meetings and workshops where practical to maximise engagement and involvement.

Waikato 2070, our Growth and Economic Development Strategy, was invigorated through the Proposed District Plan Decisions, which were notified on 17 January 2022, following two publicly-notified stages and ministerial approval for delivery extensions.

Independent commissioners notified their decisions after Council received over 1000 submissions covering more than 10,000 individual submission points and 46 hearings were conducted in person and online.

Appeals were open for 30 working days following the Decisions and Council is now working with the 66 appellants and 85 s274 parties to resolve matters and amend the Proposed District Plan as appropriate.

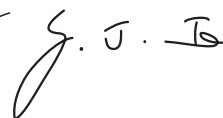
We consulted on a variety of other policies, strategies and bylaws, including the Dog Control Bylaw and Policy, Livestock Movement Bylaw, Speed Limit Bylaw, Stormwater and Water Supply Bylaws and Easter Trading Policy.

We are proud of the work that has been achieved over the year, by working together with you, our communities at the heart of all we do.



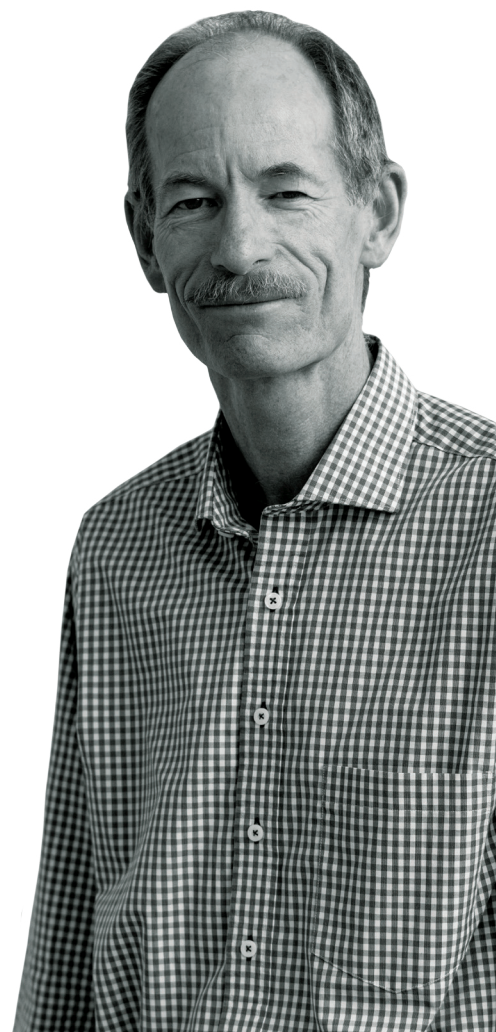
Allan Sanson

**His Worship,  
The Mayor**



Gavin Ion

**Chief  
Executive**





# OUR COUNCIL

The Council is elected by the residents and ratepayers of the Waikato district. Thirteen Councillors are elected from within the ten wards they represent. The Mayor is elected at large. The Councillors and the Mayor make the decisions affecting our communities across the whole district.

## Wards

The district is divided into 10 wards. They are: Awaroa ki Tuakau, Eureka, Hukanui-Waerenga, Huntly, Newcastle, Ngāruawāhia, Onewhero-Te Akau, Raglan, Tamahere and Whangamarino.

## Community boards

Five Community Boards, whose members are elected within the board areas, deal with local issues within their areas. Community boards are established in Huntly, Ngāruawāhia, Onewhero-Tuakau, Raglan and Taupiri.

## Community committees and groups

By advocating on behalf of their local communities, voluntary community committees and groups play an important role within community decision-making. Council works with them and the community boards so it can consider local perspectives as part of its decision-making. They include Aka Aka, Eureka, Glen Afton/Pukemiro, Gordonton, Horsham Downs, Matangi, Meremere, Newstead, Northeast Waikato (including Mangatawhiri, Mangatangi and Maramarua), Pōkeno, Port Waikato, Pukekawa, Rangiriri, Tamahere, Te Kauwhata, Te Kowhai and Whatawhata.

## Māngai Māori

The Council appointed two Māngai Māori (Voice of Māori) to its three major Council Committees with full voting and speaking rights as part of the 2019-2022 governance structure.

### Mayor



**Allan Sanson**  
2021/22



**Maxine Moana-Tuwhangai**  
(Wāikato, Maniapoto) Māngai Māori



**Brendon Green**  
(Ngāti Hikairo, Waikato Tainui, Ngāpuhi) Māngai Māori

**Cr Lisa Thomson**  
Raglan Ward

**Cr Stephanie Henderson**  
Awaroa ki Tuakau Ward

**Onewhero-Te Akau Ward**

**Cr Carolyn Eyre**  
Onewhero-Te Akau Ward

**Cr Janet Gibb**  
Ngāruawāhia Ward

**Cr Eugene Patterson**  
Ngāruawāhia Ward

**Raglan Ward**

**Cr Jacqui Church**  
Awaroa ki Tuakau Ward



**Awaroa ki Tuakau Ward**

**Cr Shelley Lynch**  
Huntly Ward

**Cr Frank McNally**  
Huntly Ward

**Huntly Ward**

**Ngāruawāhia Ward**

**Newcastle Ward**

**Cr Noel Smith**  
Newcastle Ward



**Cr Chris Woolerton**  
Hukanui-Waerenga Ward



**Hukanui-Waerenga Ward**



**Cr Rob McGuire**  
Eureka Ward

**Tamahere Ward**



**Cr Aksel Bech**  
Tamahere Ward

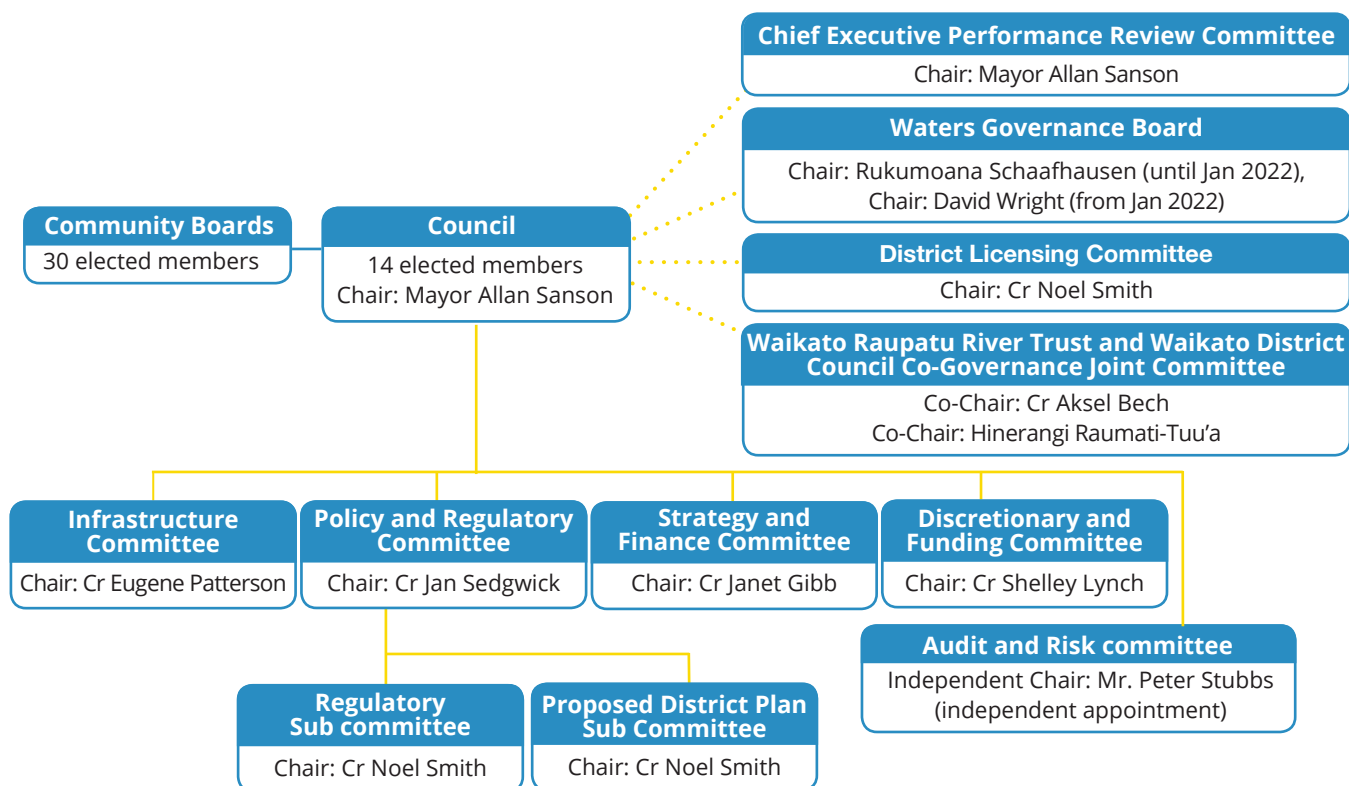
**Whangamarino Ward**



**Cr Jan Sedgwick**  
Whangamarino Ward

# WHO WE ARE 2021/22

## Our Governance Structure



## The Executive Leadership Team



**Gavin Ion**  
Chief Executive



**Tony Whittaker**  
Chief Operating Officer



**Alison Diaz**  
Chief Financial Officer



**Geoff King**  
Chief Information Officer



**Sue O'Gorman**  
General Manager  
Customer Support



**Clive Morgan**  
General Manager,  
Community Growth



**Roger MacCulloch**  
General Manager,  
Service Delivery



**Kurt Abbot**  
Projects and  
Innovation Manager



**Vanessa Jenkins**  
People and  
Capability Manager



**Emma Edgar**  
Communications,  
Marketing &  
Engagement Manager



# STATEMENT OF SERVICE PROVISION

# TAUĀKI RATONGA WHAKARITENGA

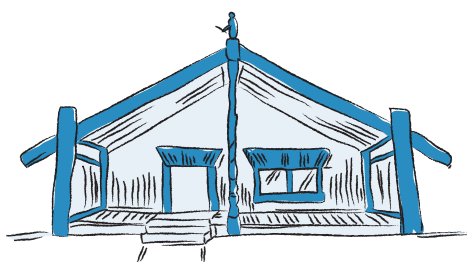
<b>Governance</b>	<b>12</b>	<b>Roading</b>	<b>38</b>
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- Customer and partnership focus	16	<b>Wastewater</b>	<b>46</b>
- Economic development	18	<b>Water supply</b>	<b>50</b>
- Emergency management	19	<b>Organisational support</b>	<b>54</b>
- Grants and donations	20	<b>Progress towards community outcomes</b>	<b>57</b>
- Community Connections	22	<b>What you got for \$1</b>	<b>61</b>
<b>Sustainable environment</b>	<b>27</b>		
- Animal control	28		
- Building quality	29		
- Environmental health	31		
- Strategic and district planning	32		
- Solid waste	35		

# STATEMENT OF SERVICE PROVISION

## What we did

This Annual Report reviews our progress from the intentions we set out to achieve in year one of our 2021-31 Long Term Plan (LTP).

The LTP sets out our strategic direction for the 10 years ahead and is reviewed every three years. It establishes our goals and outlines the work we need to carry out to achieve the community outcomes identified. Our work programmes and associated budgets are divided into eight groups of activities that contribute to the community outcomes we're seeking.



## SUPPORTING OUR COMMUNITIES

Kia tautoko ki a tātou Hāpori

We consider the wellbeing of all our people in all our planning and activities. We have supported and plan for the development of complete and connected communities.

In the 2021-31 LTP our community outcomes were encapsulated by the Council's vision of liveable, thriving, connected communities – he nōhanga āhuru, he iwi whai ora, he hapori tūhono tahi.

## BUILDING OUR ECONOMY

Ka hanga a tātou Ōhanga



We attract diverse enterprises/business: creating jobs and opportunities for our community. We continue to support our existing industry. We have others who leverage our location to ensure tourism brings benefits to a range of people in our communities.

## WORKING TOGETHER WITH YOU

Kai mahi tahi tātou



Our communities work with us, so we are collectively focused on the right things at the right time.

## SUSTAINING OUR ENVIRONMENT

Kai taitū to tātou Taiao



We are a community that believes in environmental sustainability; we pursue and promote related ideas and manage regulatory processes to safeguard and improve our district.

## PROVIDING VALUE FOR MONEY

Ka whai painga mo te pūtea



Residents and ratepayers get value for money because we find innovative ways to deliver strategic, timely and fit-for-purpose infrastructure and services at the most effective cost. Each group of activities contribute to one or more of our community outcomes.



## STATEMENT OF SERVICE PROVISION

Activity	Outcome				
	Supporting our communities	Building our economy	Sustaining our environment	Working together with you	Providing value for money
Governance	✓	✓	✓	✓	✓
Sustainable Communities • Customer and partnership focus • Economic development • Emergency management • Grants and donations • Parks and facilities	✓	✓	✓	✓	✓
Sustainable Environment • Animal control • Building quality • Environmental health • Strategic and district planning • Solid waste	✓	✓	✓	✓	✓
Roading	✓	✓		✓	✓
Stormwater	✓		✓	✓	✓
Wastewater	✓		✓	✓	✓
Water supply	✓		✓	✓	✓
Organisational support				✓	✓

✓ = primary contribution

✓ = minor contribution

## Our approach

When considering the financial picture, Council's overall approach continues to be:

- Support growth in targeted areas
- Maintain existing assets
- Modernise infrastructure where it is prudent to do so
- Do more with existing budgets
- Move the cost of providing a service to those who use them ie: user pays

## How we did

We have established performance measures for our work programmes to gauge our progress towards the community outcomes identified. In the following pages, you'll see we have shown how we're doing against our performance measures. We've used the 'traffic light' system to indicate whether:



We've achieved the target



We're on track towards the target but haven't quite made it (within 5%)



We've not met the target (variance greater than 5%)

Where we did not have a corresponding measure from last year to report on, we have indicated this as "N/A" for 2020/21.

We conclude with a tabular presentation of our progress towards our community outcomes.

# FUNDING IMPACT STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

### - WHOLE OF COUNCIL

	2020/21 Annual Plan \$'000	2020/21 Annual Report \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	67,330	67,594	73,494	76,375
Targeted rates	30,709	30,556	32,119	33,673
Subsidies and grants for operating purposes	8,355	12,804	17,236	13,526
Fees and charges	10,415	13,705	14,887	14,384
Interest and dividends from investments	130	59	50	266
Local authorities fuel tax, fines, infringement fees, and other receipts	7,885	9,266	10,432	10,862
<b>Total operating funding (A)</b>	<b>124,824</b>	<b>133,984</b>	<b>148,218</b>	<b>149,086</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	92,818	102,752	118,516	113,304
Finance costs	5,497	4,706	4,506	4,773
Other operating funding applications	2,664	2,861	2,834	3,275
<b>Total applications of operating funding (B)</b>	<b>100,979</b>	<b>110,319</b>	<b>125,856</b>	<b>121,352</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>23,845</b>	<b>23,665</b>	<b>22,362</b>	<b>27,734</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	13,315	15,402	15,875	15,078
Development and financial contributions	6,393	13,158	8,271	15,347
Increase (decrease) in debt	15,661	(15,000)	46,871	19,033
Gross proceeds from the sale of assets	521	2,105	3,914	230
Lump sum contributions	-	-	-	-
Other dedicated capital funding	124	1,232	199	1,489
<b>Total sources of capital funding (C)</b>	<b>36,014</b>	<b>16,897</b>	<b>75,130</b>	<b>51,177</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	5,361	6,802	22,777	14,964
- to improve the level of service	14,607	19,516	32,912	19,708
- to replace existing assets	30,893	32,317	45,370	31,416
Increase (decrease) in reserves	(581)	(16,098)	(4,276)	(2,365)
Increase (decrease) in investments	9,579	(1,975)	709	15,188
<b>Total applications of capital funding (D)</b>	<b>59,859</b>	<b>40,562</b>	<b>97,492</b>	<b>78,911</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(23,845)</b>	<b>(23,665)</b>	<b>(22,362)</b>	<b>(27,734)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# GOVERNANCE

## What we did

**Our Long Term Plan 2021-2031 included an ambitious capital programme to match the growth and changes we face in the decade ahead. It is important that we work together as a district to develop liveable, thriving and connected communities. Due to COVID-19 ramifications and supply chain issues, the capital programme was not fully delivered in Year 1 as anticipated.**

### Customer perception survey

Our goal as a democratically-elected Council is to involve you in the decisions that affect the future of our district.

### Representation Review and establishment of Maaori wards

We undertook the statutory process of our Representation Review, which determines the number and size of wards, the total number of councillors, and the number of councillors per ward. Following our formal consultation on the initial proposal, we received 250 submissions from the community, encouraging revisions to be made and a final proposal to be developed.

The final and adopted proposal included eight general wards and the establishment of two Maaori wards. We will now have six Community Boards across the district, with the previously known Onewhero-Tuakau changing boundaries. The now renamed Tuakau Community Board will represent the urban Tuakau areas, with the establishment of the Rural and Port Waikato Community Board representing rural communities.

### Open workshops

Councillor workshops were opened to Community Board and Committee chairpersons and the wider public, providing transparency with the planning stages on key decisions and policies.

### Building on the use of technology for public meetings during Covid-19

The COVID-19 pandemic required innovative approaches for public engagement and meetings. Building on the success of online public meetings during COVID-19 restrictions, we continued to hold online public meetings and workshops where practical. Hearings for our Representation Review and a number of bylaws were held online to ensure that legislative timeframes continued to be met.

### Engagement with communities

Engagement continued for our Proposed District Plan (PDP), which sets the rules for how the district's land can be used, developed and subdivided. The final PDP was adopted in early 2022, and the appeals are working to be resolved with the PDP Subcommittee and the court.

We engaged with our communities on a range of other initiatives, plans, strategies and bylaws including the Local Area Blueprints for Gordonton and Port Waikato, reserve management, dog control, easter trading, speed limits, livestock movement, stormwater and water supply. To enhance our connectivity, we have engaged through a range of media, surveys, public meetings and market days and we added to our range of online services. Our Facebook page has attracted more than 20,000 followers who engage on a variety of our posts, and our website received 349,598 visitors, which is a 2.56% decrease from the previous year.






### Maintaining Iwi partnerships

Our relationship with iwi and hapū was strengthened through our Joint Management Agreement (JMA) with Waikato Tainui and Nga Wai o Waipa which contributed to engagement across key projects including the PDP, Long Term Plan and Representation Review.

The Iwi and Community Partnerships Team are strengthening capability by establishing four mana whenua forums which will enable regular connectivity with hapū and marae and support continued engagement on council-led projects.

Māori representation in Council decision making has increased through collaboration with Waikato-Tainui and Māori representatives appointed to the three major committees of Council. Māori views and representation are demonstrated in growth and infrastructure projects, community development and social procurement.

## How we did

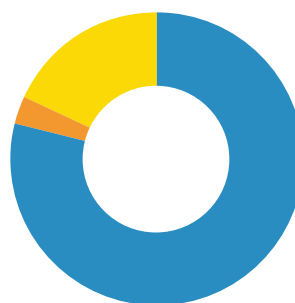
Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
Percentage of customers satisfied with the availability of their Councillor.	73%	80%	47%		Community expectations regarding accessibility to Councillors via digital channels were not met. We continue to focus on improving the public's perception of availability of their Councillor, including ensuring contact details are easily accessible via our digital channels and searchable through platforms people would expect.
Number of formal hui held with iwi, mana whenua and hapu groups.	5	9	29		Target met.
Percentage of agendas and minutes of all open meetings that are made publicly available via the Council's website within the legislative time frames.	100%	98%	100%		Target met.
Percentage of customers satisfied that council consults with the community regarding the right issues	42%	50%	32%		Although many issues covering a range of topics have been consulted on, further work needs to be undertaken to understand the disconnect.
Percentage of customers satisfied with the ease of access and clarity of information regarding key community issues.	49%	50%	39%		Further work will be undertaken to better understand customer's expectations.

## What this tells us

Your feedback through our regular customer satisfaction survey is giving us the information we need to improve the way we work with you. We have not met all our targets for the year overall, but we are making positive progress in working with you to ensure our district continues to develop as an attractive place to live and work.

*There are no potential significant risks associated with this activity.*

## How we paid for it



### Operational Funding

<b>79%</b>	General rates, uniform annual general charge, rates penalties
<b>18%</b>	Internal charges and overheads recovered
<b>3%</b>	Targeted rates



# FUNDING IMPACT STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

### - FOR GOVERNANCE

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	5,725	6,884	6,203
Targeted rates	268	268	272
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	1,082	1,570	1,421
Local authorities fuel tax, fines, infringement fees, and other receipts	5	2	(8)
<b>Total operating funding (A)</b>	<b>7,080</b>	<b>8,724</b>	<b>7,888</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,714	3,471	2,722
Finance costs	-	-	-
Internal charges and overheads applied	4,326	5,221	4,625
Other operating funding applications	2	2	3
<b>Total applications of operating funding (B)</b>	<b>7,042</b>	<b>8,694</b>	<b>7,350</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>38</b>	<b>30</b>	<b>538</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	38	30	538
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>38</b>	<b>30</b>	<b>538</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(38)</b>	<b>(30)</b>	<b>(538)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# SUSTAINABLE COMMUNITIES

This group of activities includes economic development, grants and donations, parks and facilities, emergency management and customer and partnership focus. We provide these services to address social and economic wellbeing to support the development of 'communities' and not just discrete sets of towns and villages. It's about the provision of employment, leisure options, improved quality of life and the protection of enduring communities.

## Customer and partnership focus

We want to make it easy for you to contact us about issues and questions regarding the services we provide. Key contact points include staff in our libraries and service centres and our call centre. In order for our customers to feel supported outside of normal working hours, we encourage you to contact us online through our website, or through the after-hours service provided by Hamilton City Council.

## Economic development

We are continually providing infrastructure to support businesses and residents and updating the district plan to attract industry to our district, along with many other initiatives. The goal is to ensure our district has longevity by bringing more employment opportunities. The Economic and Community Development team leads, supports and co-ordinates economic development activities, plans and initiatives across the district's growth nodes to help build a local environment that attracts and sustains new and existing business investment, residential development and visitor experiences.

## Emergency management

Public safety and emergency management activities are fundamental to the protection of life and property in the community. We have a key role in disaster and emergency response, management and recovery.

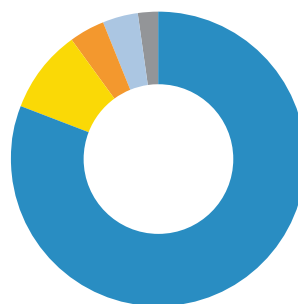
## Grants and donations

Every year we provide grants and donations to various organisations and charities throughout the district, which otherwise might not have access to funding for their work.

## Community connections (parks and facilities)

We provide many parks and open spaces, playgrounds and public facilities, including aquatic centres and libraries, walkways and sports grounds. Providing these facilities and amenities supports a healthy and thriving community.

## How we paid for it



### Operational funding

<b>80%</b>	General rates, uniform annual general charge, rates penalties
<b>8%</b>	Local authorities fuel taxes, infringement fees and other receipts
<b>4%</b>	Internal charges and overheads recovered
<b>4%</b>	Fees and charges
<b>2%</b>	Targeted rates



### Capital funding

<b>41%</b>	Increase (decrease) in debt
<b>31%</b>	Development and financial contributions
<b>15%</b>	Other dedicated capital funding
<b>13%</b>	Subsidies and grants for capital expenditure



# CUSTOMER AND PARTNERSHIP FOCUS

## What we did

### Customer perception survey

Results from our customer perception survey demonstrated satisfaction levels of 70% for services and facility usage across the district. The most utilised services included our libraries, parks and reserves, solid waste and recycling services and wastewater services. The quality of life in the Waikato District is recorded as 'good' or 'very good' from 72% of survey respondents, with 51% feeling satisfied with the way rates are spent on the services and facilities provided by Council.

Key research was commissioned to undertake our customer satisfaction survey and utilises a mixed method approach consisting of a postal invitation to an online survey, followed by a hard copy survey back up.

### Customer engagement

We conducted robust community engagement on our plans, strategies and bylaws despite the COVID-19 impacts, and this provided an opportunity for innovation through online technologies. Some notable consultation included our Proposed District Plan, Local Area Blueprints, Dog Control Bylaw, Easter Trading Bylaw and the Stormwater and Water Supply Bylaws.

We consulted with communities on unique issues, including high pedestrian traffic areas in Ngāruawāhia, Huntly and Te Kauwhata and food waste and the Whāingaroa Wharf development in Raglan. We are continuing discussions with the Huntly community and Museum Committee to support the relocation of the historic rail building back to its original site.

We continued to enjoy strong online engagement with our communities. Compared with 2020/21 there was a 2.5 % decrease in website visits during 2021/22, and a 2.36 % decrease in website users (to nearly 345,000 unique visitors during the year).

We manage three Facebook pages as well as Instagram, Linked-In and Twitter accounts. Our main Facebook page receives an average 'organic' (unpaid) monthly reach of 230,000 and we receive an average of 2500 'engagements' per month (reactions, comments and 'shares'). This brings our monthly average engagement rate to 4.39% - more than double the Facebook average.

### Library services

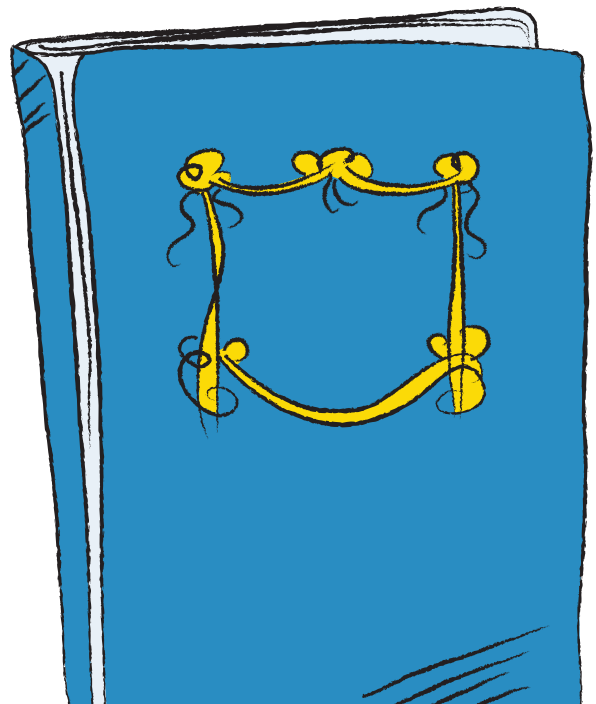
Our libraries continue to be a vibrant hub for community activity, hosting community group meetings as well as regular reading programmes and other learning opportunities. We operate six libraries in the district, including two dedicated public facilities, and four which double as council service centres.

Despite COVID-19 impacts, we have continued to deliver reliable services to customers, which was positively reflected in the 97% customer satisfaction result captured in our inhouse survey. We introduced the COVID-19 Protection Framework which enhances staff and customer protection through the use of appropriate PPE (personal protective equipment) and social distancing in our libraries.





We have enhanced our services through the removal of penalties for late returned items and added a click and collect service for ease to customers. We continue to provide 'cool' spaces for recreation, engagement, creativity and learning, and continue to deliver popular events such as Lego Club and Matariki celebrations.

Our library co-ordinators are continuing to build our digital library membership, deliver books to classrooms and provide advice on how to navigate the New Zealand national library system. This is possible through the foundational work undertaken by three temporary staff who scoped the digital system development.

We have continued delivering on our library strategy by implementing Radio Frequency Identification (RFID) technology to replace our existing barcode system. This will allow our customers to check out and return items in a more efficient manner.



## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
Average level of effort to conduct business with council. (On a scale of 1 - 5 (5 being high effort) how much effort did it take to conduct your business with council?)	2.4	Less than 2.60	2.40		Target met.
Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go)	98%	90%	99%		Target met.
Level of customer satisfaction that the quality of libraries resources meets their needs	99%	90%	97%		Target met.
The percentage of customers satisfied with the overall service received when contacting the council.	New Measure	70%	69%		We consider this is a reasonable result given the COVID-19 operating challenges experienced.

*There are no potential significant risks associated with this activity.*

# ECONOMIC AND COMMUNITY-LED DEVELOPMENT

## What we did

### Strategy

Waikato 2070's release has continued to drive economic development across the district, including an increase in investor enquiries. A new Account Management Framework and investment tool have been developed to support effective enquiries with investors and promote the Waikato district as a place to invest in.

Despite the increased economic activity across the district, it has been a challenge to meet some of the infrastructure requirements investors seek. Through collaboration with regional and national agencies to identify ways to improve local or regional infrastructure, our team will be able to better support these investor requirements.

We are just beginning to experience the impacts of the continued COVID-19 pandemic across the business sectors. With businesses facing challenges to supply products, secure staff and make financial gains, our team will offer business sustainability support and investor engagement opportunities.

The Blueprint and Community Aspirations Budget now homes all discretionary funding programmes managed by Council, following a review and consolidation process.

The new budget will support communities to manage and lead important projects that have been identified as a priority for their community.

The Economic and Community-Led Development Team continue to work alongside regional partners to support community groups in developing good governance, funding processes, and project management. The relationship cultivates community capability and resilience, with varied training programmes being made available to many communities across the district.


### Regional approach

We continue to promote the Waikato district and its communities through connectivity with regional agencies and other stakeholders.

We contributed \$60,000 to the Regional Economic Development Agency [Te Waka], to enhance regional and national representation of the Waikato district. We also contributed \$150,000 to Hamilton and Waikato Tourism to support the re-build of our tourism sector.

As members of the Waikato Wellbeing Plan, we collaborated with regional partners to promote the four aspects of community wellbeing [economic, social, cultural and environmental], as identified in the Local Government (Community Well-Being) Amendment Act 2019.

## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
Business perception survey average rating is above target	8.50	8.50	8.68		Target met.

*There are no potential significant risks associated with this activity.*

## What this tells us

The Waikato district leads the way in economic and community-led development. The work of the Economic and Community-Led Development Team underpins some of the work that will be required of councils under the local government reform.

Economic and community-led development has a reputation for driving economic activity and community capacity building.

# EMERGENCY MANAGEMENT

## What we did

Our team has diversified skills and knowledge through the changes we have experienced over the last year. Contributing to our focus of resilience, we also deliver incident and emergency management, risk management and business continuity planning, to better support our communities in crisis or emergencies.

The COVID-19 impacts have been significant for territorial authorities' operations and supporting disaster recovery. It has also offered opportunities for learning and innovation, which we have applied to our organisational business continuity planning and disaster recovery responses.

An incident management approach has been applied to best support our Council's understanding and response to the changing national requirements for COVID-19.

We continue to collaborate with partner agencies to deliver a coordinated response for our communities during these events. During the COVID-19 outbreak, we partnered with regional agencies, including the



Waikato District Health Board, to support testing and vaccination locations. We also supported Here to Help U, a welfare service provider, to become established in the district.

Several legislative changes are expected in emergency management, with intent to modernise the overall national system and we are prepared to respond to and implement the necessary changes.

We recently we undertook our annual emergency management exercise as part of our legislative requirements. We received a score of 69% from two external evaluators, indicating we are in an advancing stage of training capability.

We continue to deliver Civil Defence Emergency Management training for our staff to effectively respond to incidents and emergencies in our district. We are also focusing on developing leadership expertise to better respond in emergencies or incidents.

## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The evaluation of annual exercise as a measure of effectiveness of training delivery	New measure	50%	69%		Target met.
Council maintains a minimum number of trained staff to intermediate level, to fulfil core Emergency Operations Centre roles	79	50	66		Target met.

*There are no potential significant risks associated with this activity.*



# GRANTS AND DONATIONS

## What we did

Council-owned or administered funds helped to support the work of 102 organisations and charities throughout the district this year with grants and donations.

From Council-owned funds, we committed more than \$574,000 towards 68 local groups. This included \$150,000 to support the work of Hamilton and Waikato Tourism, which is being utilised in joint research and planning to promote the growing tourist industry sector in Raglan.

On behalf of the Creative Communities Scheme Fund, we distributed \$65,628 towards 34 local creative arts and project groups across the district. We also distributed \$99,556 on behalf of the Waikato District Community Wellbeing Trust towards the work of two community groups.

Council committed \$295,000 to 15 local groups and projects through pledges in the Long Term Plan 2021-31. In addition, our Council Committees and Community Boards committed a further \$279,000 of discretionary grants and other funding to 53 local groups.

Description	Funds committed through year 1 of LTP 2021/2031	Amount paid 2021/2022
Twin Arts information centre	5,000	5,000
Raglan Museum	20,000	20,000
Waikato district sports award	5,000	-
Life Education Trust	5,000	5,000
Ecosourced Waikato in the district	2,000	-
Waikato district crime prevention	10,000	-
Bush Tramway	1,000	-
Te Akau community	7,000	-
Tamahere Community Committee	4,000	9,200
Hamilton and Waikato Tourism	150,000	150,000
Tuakau and District Museum Society Inc.	10,000	10,000
Para Kore	5,000	5,000
Te Kauwhata and Districts Information and Support Centre	10,000	-
Waikato Coalfields Museum	50,000	50,000
Waikato Biodiversity Forum	3,450	-
Franklin tourism	2,500	2,500
Matariki festival	5,000	6,848
Matariki festival	5,000	-
<b>Sub-total / total</b>	<b>299,950</b>	<b>263,548</b>
<b>A total of 95 other groups benefited from:</b>		
Heritage assistance fund	20,051	11,399*
Conservation fund grants	34,419	16,595*
Heritage project fund	40,000	6,500*
Community administration funding	20,000	1,947*
Discretionary grants	164,795	69,317
<b>Total Council funds committed 2021/2022</b>	<b>579,215</b>	<b>369,306</b>

\*The tables above are run together as a single table as total funds committed are totalled at the bottom.

\*\*Amount paid out from committed funds relies on groups securing alternative funding required, or meeting other similar criteria, and this can mean funding may be held over for one or two financial years.







# COMMUNITY CONNECTIONS

## What we did

### Community facilities

#### Facilities maintenance

The Community Facilities Team continue to work collaboratively and proactively in maintenance of assets with Cushman and Wakefield, our facilities maintenance contractors. The partnership has significantly improved asset data capturing which enhances planning for budget and asset replacement.

#### Fleet management

Council is transitioning to a more environmentally friendly fleet and purchasing hybrids or Plug-in-Hybrid Electric Vehicles (PHEV) wherever possible to lower carbon emissions. The PHEV vehicles match performance and specifications of our traditional diesel vehicles, making them fit for purpose.

#### Health and safety

The Facilities Team engaged Cushman and Wakefield to complete remedial works at the Raglan and Ngāruawāhia libraries to improve safety for staff and customers.

#### Community venues and events

Events and venues across the country have been significantly impacted by COVID-19, reducing hosting opportunities and external bookings. Safety protocols have been implemented at venues to better protect staff and customers.

#### Cemeteries

COVID-19 restricted attendance numbers at funerals and encouraged more families to opt for ash burials which offers the delaying of gatherings for longer. Our Cemeteries Bylaw is currently under review and will progress next financial year.

#### Events and volunteers

An Event Capacity study is underway which will assist in determining the size and type of events which can take place on reserves throughout the district. The team have implemented commercial event fees and charges which have been utilised for a commercial filming event this year. This was successful and ensured that any damage to reserves, caused by a commercial event, didn't financially impact ratepayers.

#### Camps

Raglan Holiday Park Papahua and Lake Hakanoa Motor Caravan Park were both significantly impacted by COVID-19 mandates. Health and safety risks were addressed at both camps and supported by our team to adapt to the changes in protocol.

### Woodlands

The annual judging of the Garden of National Significance was postponed due to COVID-19. Collaborative works with the Woodlands team continues to maintain high standards of the Woodlands Gardens and retain national significant recognition.

### Open Spaces

The Open Spaces Team experienced significant staff changes. This has included a replacement team leader, two new technical support officers and the introduction of the new Open Spaces Project Co-ordinator role approved through the LTP.

### Raglan Airfield

A safety check was conducted at Raglan Airfield following a request from the Civil Aviation Authority (CAA). A further commissioning of an independent review on the airfield highlighted 18 necessary safety improvements including building a fence around the boundary. Ongoing vandalism to the fence required police intervention and discussions with iwi have continued to determine longer term use of the land. The airfield has been reopened in the interim and is well utilised by pilots locally and nationally.

### Tree maintenance

Tree maintenance services and asset data capturing is being undertaken by our new contractor, Asplundh Ltd.

Dutch Elm Disease was recently detected in the district, after previously being contained in Auckland for three decades. We collaborated with Auckland Council to determine and implement monitoring and protection protocols.

### Reserve planning

The newly established Reserve Planning Team are focusing on a more streamlined approach to strategic document review and creation.

### Reserve Management Plans

The Raglan Coastal Reserve Management Plan was adopted in August 2021 following COVID-19 related delays impacting public consultation. This plan acknowledges site significance for mana whenua at Wainui, Papahua and Manu Bay in Raglan.

The General Policies Reserves Management Plan is undergoing consultation and will contain district-wide regulations.

## Capital works

The Community Projects Team delivered a range of capital works projects with some notable examples including:

### Tuakau Library extension

The extension of the Tuakau Library, providing the growing population in the North with a spacious, welcoming environment for library collections.

### Cemeteries

- The Rangiriri Cemetery has been upgraded to include new kerbing and asphalt, as well as a water fountain at the entranceway
- The Whangarata Cemetery is now completed offering more burial capacity, parking bays and a safe turning bay
- New interlocking post and rail fencing was installed at the Whatawhata Cemetery Carpark.

### Carparks

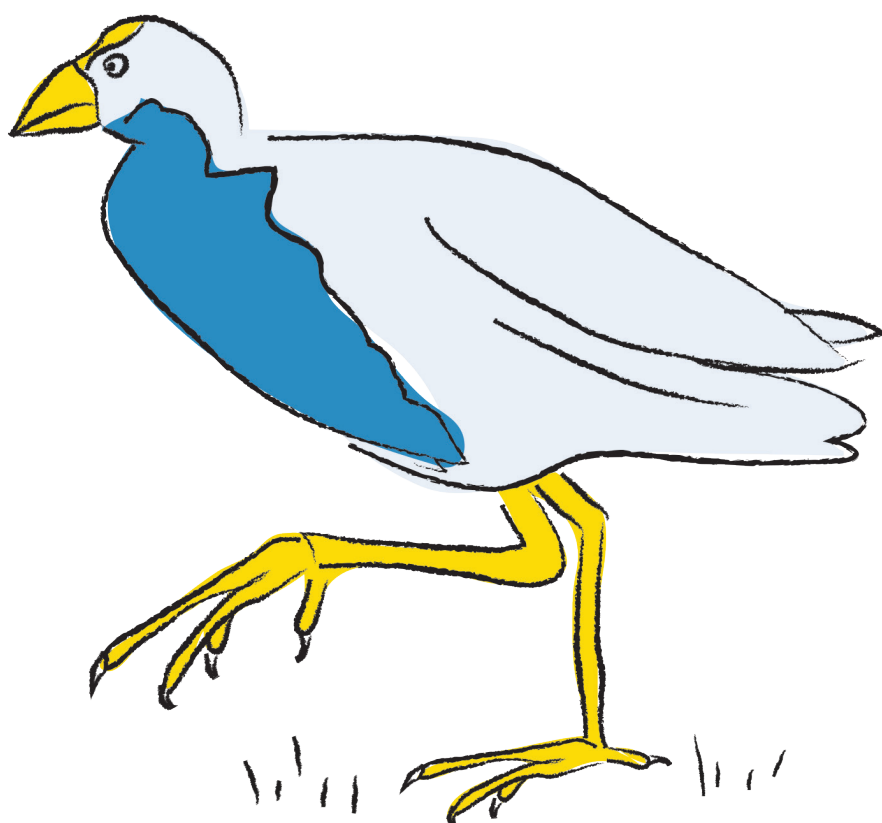
- The Waipa Esplanade carpark in Ngāruawāhia has been surfaced with asphalt and clear carpark markings, with an added concrete pathway to connect to the riverside walkway
- The Green Cathedral carpark adjacent to Lake Hakanoa in Huntly was upgraded with an asphalt
- Surface and speedhumps to improve safety for pedestrians
- Te Akau carpark has been resealed with an added retaining wall and concrete path.

## Walkways and trails

- Tamahere Park has a new concrete walkway and cycleway path to support community wellbeing initiatives
- The Travers Road Walkway has been extended from Moorfield to Wayside Roads with a safer 2.5-metre-wide footpath.






## Recreation spaces

- The Pōkeno Tennis Club carpark has been upgraded to chipseal and includes a mobility parking space. There is now a connecting concrete path between the carpark to the courts
- Huntly's Brownlie Crescent basketball hoop and small concrete pad have been replaced with a new halfcourt
- Hakanoa Playground has been upgraded to a more modern and engaging facility.





## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
<b>Community venues and events</b> The number of events workshops held each year to support event organisers	New measure	2	0		The COVID operating environment, including gathering restrictions, compromised delivery of this target.
<b>Property and Facilities</b> Waikato District Council Carbon road map shows an improving trend in energy efficiency / emission reduction*	New measure	5% reduction per annum	11%		Target met.
<b>Open spaces</b> Percentage of customers who are satisfied with parks and reserves, including sports fields and playgrounds overall	89%	85%	79%		Comments suggest the level of dissatisfaction relates particular to only parts of the district. Further development of our park assets at these locations may increase satisfaction levels.
<b>Open spaces</b> Percentage of customers who are satisfied with public toilets in the residents satisfaction survey.	67%	75%	56%		Cleaning contractors have met the agreed levels of service. We will continue to explore opportunities to increase satisfaction levels.
<b>Open spaces</b> Percentage of customers who are satisfied with the presentation of WDC cemeteries	93%	85%	72%		Significant improvement and maintenance works have been undertaken during the year. Further opportunities to improve will be identified.

\*The energy efficiency/emissions measured are Council facilities (excluding streetlighting and roading), natural gas used at one aquatic centre, and diesel and petrol used by the Council vehicle fleet. Compared to the previous financial year emissions from electricity reduced by 12%, natural gas increased by 7%, and diesel and petrol reduced by 23% and 21% respectively. Overall there was a 11% reduction in emissions. Quantification of GHG emissions is subject to inherent uncertainty because scientific knowledge and methodologies to determine the emission factors and processes to calculate and estimate quantities of GHG sources are still evolving.

## Potential significant risks

Potential risk	How we are addressing this
Damage to property and harm to people from falling trees and branches	Tree maintenance programme is delivered in accordance with industry standards. Increased asset data to capture age and condition of trees to allow proactive maintenance.
Noise and disorderly behaviour issues from events and general use of reserves.	Events applications are managed in alignment with Council's terms and conditions of hire. Bollards and signage installed to discourage undesirable behaviour such as motorbikes and vehicles on reserves.
Higher cost or reduced level of service delivered due to increasing costs and inflation	Monitor cost of delivery of both operational and capital projects. Consult with the community on all costs and options for levels of service through the Long Term Plan process.







# FUNDING IMPACT STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

### - SUSTAINABLE COMMUNITIES

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	22,193	25,386	28,461
Targeted rates	716	817	848
Subsidies and grants for operating purposes	60	127	143
Fees and charges	1,843	1,388	1,561
Internal charges and overheads recovered	359	2,443	1,577
Local authorities fuel tax, fines, infringement fees, and other receipts	1,793	3,409	3,008
<b>Total operating funding (A)</b>	<b>26,964</b>	<b>33,570</b>	<b>35,598</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	15,114	23,545	21,438
Finance costs	-	-	-
Internal charges and overheads applied	6,397	6,216	6,288
Other operating funding applications	561	633	923
<b>Total applications of operating funding (B)</b>	<b>22,072</b>	<b>30,394</b>	<b>28,649</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,892</b>	<b>3,176</b>	<b>6,949</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	400	-	1,212
Development and financial contributions	2,730	1,311	2,855
Increase (decrease) in debt	2,270	14,488	3,789
Gross proceeds from the sale of assets	522	3,914	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	1,379
<b>Total sources of capital funding (C)</b>	<b>5,922</b>	<b>19,713</b>	<b>9,235</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	977	490	2,719
- to improve the level of service	3,328	11,260	5,432
- to replace existing assets	4,695	8,654	5,814
Increase (decrease) in reserves	1,814	4,566	2,219
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,814</b>	<b>24,970</b>	<b>16,184</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,892)</b>	<b>(5,257)</b>	<b>(6,949)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Other dedicated capital funding for the Sustainable Communities group of activities represents insurance proceeds to fund replacement of toilets at Tuakau, capital revenue for lighting upgrades at Dr John Lightbody Reserve and NZTA contributions to the Te Awa Cycleway.

# SUSTAINABLE ENVIRONMENT

This group of activities includes animal control, building quality, strategic and district planning, solid waste and environmental health. Our strategic focus is to develop and maintain an integrated approach to providing sustainable, attractive, affordable and safe options for living, in a way that's in tune with what ratepayers want. We need to provide more streamlined processes that cost less while still delivering required results for our community and Council.

## Animal control

The Animal Control Team provides animal control services through dog registration, complaint response, and impounding wandering stock and animals as required by the Dog Control Act 1996, Impounding of Stock Act 1955, and Council's Dog Control Policies and Bylaws. This is achieved through active enforcement of requirements and via the education of dog owners and the general public.

- Improving our kerbside recycling collections;
- Considering ways to reduce the amount of rubbish we collect and how much it costs; and
- Improving transfer stations to recover and recycle more material than we do now.

## Building quality

We protect the community by ensuring that buildings in our district comply with legislation, including the fencing of swimming pools. We process building consent applications and carry out construction inspections.

## Environmental health

We provide a range of services to ensure food outlets maintain high food safety standards, alcohol outlets operate to the conditions of their licences, and that noise and nuisance complaints, hazardous substances and contaminated sites are all managed.

## Strategic and district planning

Land use and growth management planning ensures the district can grow and develop in a sustainable manner and in accordance with the principles contained in the Resource Management Act (RMA) 1991. Resource Consents are issued and monitored in accordance with the RMA and our planning frameworks.

## Solid waste

As set out in the Waste Minimisation and Management Plan (WMMP), Council has adopted an aspirational vision of 'Working towards zero waste for the Waikato district.'

**The goals of the WMMP are summarised as:**

- Working more closely with our communities in managing waste;
- Working more closely with the growing waste management industry in the district and the other councils around us;

## How we paid for it



### Operational Funding

<b>33%</b>	Fees and charges
<b>31%</b>	General rates, uniform annual general charge, rates penalties
<b>18%</b>	Targeted rates
<b>16%</b>	Local authorities fuel taxes, infringement fees and other receipts
<b>2%</b>	Internal charges and overheads recovered



# ANIMAL CONTROL

## What we did

Despite a challenging year and the continued impacts of COVID-19, the Animal Control Team continues to prioritise public safety incidents and respond to all requests for service promptly. Our officers are rostered on a 24-hour, 7-day a week schedule to respond quickly to urgent situations involving aggressive dogs or livestock on roads.





The COVID-19 restrictions impacted our ability to provide education and engagement visits to schools and libraries, with reduced bookings and increased precautions from education providers.

During the year, an increased number of dogs passed their temperament test and were added into our adoption programme. By advertising through the Waikato Pound Pups Facebook page and leveraging our relationships with rescue groups and wider networks, we have re-homed 187 dogs. The pound is still housing 30 pups and dogs impounded, who wait for adoption.

The Animal Control Team successfully held three open-air events including our two Pound Pups Pool Parties, with over 160 dogs attending. Our 2022 Dirty Dog Challenge held early in July attracted 520 humans and 390 dogs, with all proceeds returned to the community to assist with dog desexing.

We have 14,351 registered dogs across the district, which represents 91% of the 15,752 dogs known to Council. The continued education and encouragement from our team to dog owners will be at the forefront of our priorities, aiming to have as many dogs registered as possible. The implementation of our new online portal has simplified the dog registration process and allows dog owners to complete and pay registration online.

## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within 1 hour	98.6%	95%	95.5%		Target met.
The percentage of complaints regarding stray stock that has council personnel on site within 1 hour	99.6%	95%	96.7%		Target met.
Complete engagement and education visits throughout the district	116	120 per annum/10 per month	24		COVID-19 restrictions prevented school visits and dogs in libraries for much of Pool Parties, with over 160 dogs attending, were held once conditions allowed.
The percentage of known dogs currently registered	New measure	95%	91%		1,401 of 14,351 known dogs in the district are unregistered. The KPI was not met due to COVID-19 resourcing challenges and restrictions.

## Potential significant risks

Potential risk	How we are addressing this
Attacking of Animal Control Officers resulting in injury, by dogs and their owners and livestock	Continue to provide ongoing training and ensure the correct and required personal protection equipment is provided.
Dog owners disgruntled by enforcement action taken against them	Professional and courteous enforcement.
Public injury risk from dog attacks	Ensure animal control services are maintained at a level to ensure stray dogs are impounded and attacks responded to quickly.

# BUILDING QUALITY

## What we did

### Building consents

Due to the COVID-19 outbreak we experienced a 7.4% decrease in lodged building consents.

We were unable to meet our 20-day statutory timeframe for processing applications, despite using contractors to support our reduced staff numbers. Contractor support will continue to be utilised while we recruit for additional staff.

### Inspections

Workload increases also impacted inspection timeframes, resulting in utilising contractors to support the team. Two additional permanent Building Inspectors have been approved and employed to resolve this issue.

Increases in workloads and reductions in staffing availability meant a temporary pause of Territorial Authority work such as pool and building warrant of fitness inspections and duty inspector services. Two additional pool inspectors were employed to help maintain our legislative requirement; however, these roles have become vacant again and will not be filled at this time.

### Consent's processing

Our online digital consenting system is undergoing continuous improvements for ease of lodging and tracking for both customers and consent processing staff.

We processed 2,246 building consents and 966 new dwelling consents, a 7.4% and 49.5% reduction from the previous year. The decline in these consent applications highlights the COVID-19 impacts on the building sector.

### Assessment of earthquake-prone buildings

The 2017 legislation requiring us to identify potential earthquake-prone buildings by the end of 2022 has seen all assessments completed across our district. We have advised affected owners and supported them to undertake an initial seismic assessment (ISA). High pedestrian areas were also identified through a consultation process, and these have now been formally adopted within the statutory timeframe.





### Accreditation

Our International Accreditation New Zealand (IANZ) assessment in February identified nine General Non-Compliances (GNCs) and zero Serious Non-Compliances (SNCs). The general non-compliances have been resolved and now meet IANZ standards, retaining our accreditation for another year.

## Issues

Continued competition from the private sector challenged our ability to recruit the staff needed for processing applications within statutory timeframes.

## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually.	13%	33%	7%		COVID-19 restrictions and a conscious decision to focus the limited resources on processing building consents and swimming pool inspections meant this measure was not met.
The percentage of buildings that provide sleeping care or paid accommodation which are audited for compliance annually	48%	100%	64%		COVID-19 restrictions and the conscious decision to focus the limited resources on processing building consents and swimming pool inspections meant this measure was not met.
The percentage of swimming pools that are inspected for compliance annually	14%	33%	36.8%		Target met.
The percentage of building consent applications which are processed within 20 working days	88.2%	98%	56.8%		COVID-19 operating challenges and unprecedented demand meant this measure was not met.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Legislation is requiring more Council input into plan review and building inspection, which increases costs	Council has to react to new legislation but tries to limit the cost increase as much as possible.
Non-compliance requires Council to take offenders before the court	Prosecution of blatant offences against the Building Act is necessary to reinforce compliance, maintain equity for those who obtain consents and fulfil statutory duty.
The time to process applications might be regarded as a delay to construction	We are simplifying the consent process.

# ENVIRONMENTAL HEALTH

## What we did

### Food Act 2014

We continue to support food operators in the district to register under the Food Act 2014 (Act).

The Act allows food businesses to manage food safety in a way that suits their individual level of complexity and food safety risk. Businesses are audited by approved verifiers and any areas requiring improvement are identified as part of the audit process.

Our Environmental Health Team have maintained their status as a recognised agency by the Ministry for Primary Industries (MPI), allowing us to provide verification services to food operators within the district. The audit by JAS-ANZ in May 2022 demonstrated Council compliance with MPI requirements, and three additional Food Safety Officers have been approved by MPI to enforce these standards across the district.

There was an increased demand in the past year for guidance and support from new and existing food operators to adapted to the COVID-19 environment and economy.

### Sale and Supply of Alcohol Act 2012

Working alongside the Ministry of Health and the New Zealand Police, we continue to process alcohol applications within the statutory deadlines to support the District Licencing Committee (DLC) in their role. There has been an increasing demand for information and assistance across the district over the past year.





### Investigative work and contamination

Our out-of-hours service operators attended approximately 1300 noise complaints in the past year, delivering on contingency planning that enable appropriate response during COVID-19 restrictions.

We responded to another surge in requests for potential land contamination assessments as part of the resource consent process. A variety of health issues and multi-agency events were also responded to, including contaminated land and 'P labs', agricultural activities, and spillages.

Through our participation with the Waikato Regional Council water quality programme, we provided appropriate health warning signage at any impacted recreational water locations in the district.

## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The percentage of food operations that are required to be verified annually that are verified.	100%	95%	92%		COVID-19 restrictions meant not all inspections were able to be completed during the year.
The percentage of medium or higher risk category licensed premises inspected annually.	100%	95%	100%		Target met.
Percentage of excessive noise complaints responded to within agreed timeframes	85%	85%	87%		Target met.
The percentage of hazardous land use information (hail) reports that will be completed within 10 working days.	100%	90%	100%		Target met.

*There are no potential significant risks associated with this activity.*



# STRATEGIC AND DISTRICT PLANNING

## What we did

### Giving effect to Council's vision

Over the past year, planning efforts continued to give effect to our vision of creating 'liveable, thriving and connected communities'.

We have helped inform the review for the future of Local Government by producing an internal resource document for elected members and staff. We also helped inform the regional perspective on this matter by working with Colab (previously the Waikato Local Authority Shared Services) to produce a community needs analysis on local government reform.

We adopted the updated Future Proof Strategy - a 30-year growth management and implementation plan for the Hamilton, Waipā and Waikato sub-region following a two-year review process. Council continued to provide support to the future proof partnership at the governance, strategic and technical programme management and implementation.

### Sub-regional and regional

The updated Future Proof Strategy retained the core elements of the 2009 and 2017 Strategy and also incorporates the Hamilton to Auckland (H2A) Corridor Plan and the Hamilton-Waikato Metropolitan Spatial Plan. It factors in key national documents and initiatives such as the National Policy Statement on Urban Development (NPS-UD) and the Government's Urban Growth Agenda.

Council adopted the Southern Hamilton-Waikato Metropolitan Wastewater detailed business case which provides for a servicing solution for Matangi, Tauwhare Pa and the Tamahere Business Hub.

We progressed the Hamilton-Waikato Metropolitan Transport Programme business case to determine which transport options could achieve equitable access, reduce emissions and embrace kaitiakitanga across the sub-region.

Collaboratively with rail partners and the Ministry for Transport, we supported the development of an indicative business case for rapid rail between Hamilton and Auckland.

We supported the development of a housing affordability scorecard and further understanding of housing challenges through the Waikato housing initiative.

## District wide

### Annual Plan, policies and bylaws

Council's Annual Plan was adopted on 30 June 2022 and maintained the 3.5% rates increase as identified in the Long Term Plan 2021-31.

A number of bylaws and policies were reviewed and adopted, including the Dog Control Bylaw and Policy, Livestock Movement Bylaw, Speed Limit Bylaw, Stormwater and Water Supply Bylaws, Gambling Policy and Easter Trading Policy.

### Blueprints

Our Blueprints programme was progressed to incorporate Local Area Blueprints in Gordonton and Port Waikato, undergoing consultation with the community to identify priority initiatives. Both Local Area Blueprints were adopted in August 2022.

The blueprint and community aspirations budget has been established and includes all previous discretionary funding programmes managed by Council, following a review and consolidation process. The new budget will support communities to manage and lead important projects that have been identified as a priority for their community.

### Waikato 2070

The Waikato 2070: District Growth and Economic Development Strategy, has been invigorated through the LTP, Proposed District Plan Decisions, sub-regional Future Proof Strategy and the Pōkeno Public Realm Concept Plan. Waikato 2070 guides growth in the district over the next 50 years in and around existing settlements in order to enhance social, cultural, economic and environmental wellbeing.

### An organisation-wide implementation programme included:

- Long Term Plan 2021-31 funding for detailed structure planning, town centre design, asset management planning and infrastructure funding
- Proposed District Plan (PDP) hearings support, with respect to the rezoning proposals
- Collaboration and development of the Pōkeno Public Realm Concept Plan (PRCP) with mana whenua. The PRCP supports the rapidly growing residential community by transforming its town centre into a vibrant, people-focused community destination.

## Proposed Waikato District Plan

### Decisions on the PDP

Waikato District Council notified its decisions on the Proposed Waikato District Plan on 17 January 2022, following two publicly notified stages and ministerial approval for delivery extensions.

Council received over 1000 submissions, covering more than 10,000 individual submission points on the PDP, and conducted 46 hearings in person and online.

Council appointed a hearings panel of independent commissioners to hear submissions and make decisions on the PDP. The Independent Hearings Panel concluded the hearings process and prepared their decisions which have now been formally notified.

### Appeals to the PDP

The appeal period for the decision on the PDP was open for 30 working days and closed on 1 March 2022. 66 appeals were received and a further 85 parties joined the appeals as s274 parties.

We are working with the appellants and s274 parties to resolve matters and amend the PDP as appropriate.

### The Ōhinewai Provisions and Appeal






In May 2021, the Independent Hearings Panel made decisions on the provisions of the submission to the Proposed Waikato District Plan to rezone 178 hectares at Ōhinewai. Four appeals and five notices from s274 parties were received, and these were resolved in the Environment Court. The Ōhinewai provisions were made operative in March 2022.

### Consents

The consents team processed 1311 resource consent and related applications and a significant portion of time was dedicated to subdivision work, with 969 lots being released for titles. We processed 1283 LIMs, 1849 property information requests and our Duty Planners handled 3904 enquiries, which are all reductions from the previous year.

All resource consent applications are currently required to be assessed against the existing Operative Waikato District Plan and the Decisions version of the PDP. This cross-assessment has caused added workload to the team and delays to evaluations and determinations of applications.

## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The percentage of resource consent applications which are processed within statutory timeframes	99.5%	98%	96.74%		Issuing resource consents within statutory timeframes has been impacted by COVID-19 restrictions, staff turnover and additional assessment times against provisions of the Operative Waikato District Plan and the Decisions version of the Proposed District Plan.
The percentage of current land use consents that are older than two years which have been monitored in the past two years.	65%	75%	53%		As this data set measures monitoring conducted over the last two years, the full effect of COVID-19 restrictions are now visible. Covid operating challenges have impacted our ability to conduct site visits.
The number of parking patrols which are carried out in individual communities under the Public Places Bylaw.	140	168	101		COVID-19 restrictions meant that routine parking patrols were not able to be conducted at all times during the year. An increase in service requests relating to litter and abandoned vehicles placed additional pressure on resourcing.
The percentage of bylaws and policies, which are required by legislation, are reviewed within their statutory timeframes	New measure	95%	96%		Target met.
Adequate land supply (right type in right location) exists to cater for the growth and development of the district. Sufficient development capacity (as required by the National Policy Statement – Urban Development) is provided to meet expected short- and medium-term demand	New measure	100% compliance with NPS-UD land supply requirements	100%		Target met.

What this tells us

The number of resource consents and related applications handled by the Council remains high and reflects continued growth across the district. However, issuing of resource consents within statutory timeframes has been impacted by a number of factors: the additional time involved to assess applications against provisions in both the Operative

Waikato District Plan and the Decisions version of the Proposed District Plan; difficulty recruiting to vacancies due to national shortage of experienced planners and engineers, and lack of capacity with staff and consultants created by turnover, training, COVID-19 and other illnesses.

Potential significant risks

Potential negative effect	How we are addressing this
Planning may increase development costs, through compliance costs, development levies or financial contributions	Benefits flow back to developers from improved environmental quality, and provision and co-ordination of services such as infrastructure, and any net negative effect is not significant.
Non-compliance with statutory requirements for the issuing of resource consents may cause delays	Improvement of systems is ongoing to ensure continual improvement in services.
Inadequate or harsh monitoring of District Plan requirements may discourage development, affecting the economy in the district	Apply a reasonable, concise, consistent monitoring process.

# SOLID WASTE

## What we did

Despite the COVID-19 impacts on staffing, we were able to maintain regular kerbside services with minimal disruption across the district.

Our district's kerbside refuse and recycling collections and transfer stations operate under the renewed contract with our three partners, Xtreme Zero Waste, Smart Environmental and Metro Waste from 1 July 2021. These contracts have been updated to align to our Waste Management and Minimisation Plan (WMMP) objectives.

### Raglan food waste

Funds from the Waste Minimisation reserve were used to support the Raglan food waste collection, which will now be funded through a targeted rate, beginning in July 2022.

### Community resource recovery centres

Feasibility studies have commenced for a community resource recovery centre in Tuakau, with negotiations also underway for one in McVie Road in Huntly. The Huntly site will remain as a refuse and recycling drop-off point for the public.

We have leased a building in Rotowaro, Huntly which will house a new recycling sorting plant.

### Truck cameras

Refuse and recycling collection vehicles operating in Pōkeno and Tuakau have been fitted with live-feed cameras and GPS tracking in a trial to improve accuracy, enhance customer service and deliver better management of recycling collections.

### Closed landfills

There are no issues of erosion or subsidence in the six closed landfills we monitor across the district, which operates under consent from Waikato Regional Council.

### Waikato and Bay of Plenty Waste Liaison group

As a member of the Waikato and Bay of Plenty Territorial Authority Waste Liaison Group, we collaborate with other territorial authorities to share waste minimisation objectives. Through shared infrastructure and programmes, we collectively prevent and divert waste from landfill.

### Zero waste education

We are continuing to educate to schools across the district who participate in our Zero Waste Education Programme.



### Para Kore

The Council continued to support Para Kore, a waste minimisation education programme delivered from a Māori perspective and which aims to normalise living without waste on marae.

### Enviroschools

We supported the Enviroschools programme, which empowers young people to plan, design and implement sustainability actions that are important to them and their communities.

## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
Meet actions set within Waste Minimisation Management Plan (WMMP)	New Measure	30	54		Target met.
Customer satisfaction with waste collection services.	New Measure	75%	72%		The satisfaction levels at our transfer stations are lower than those of our kerbside collection. Limited access for parts of the district, particularly Tamahere and Tuakau, may be contributing to the low result.

*There are no potential significant risks associated with this activity.*







# FUNDING IMPACT STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

### - SUSTAINABLE ENVIRONMENT

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	8,792	9,111	8,725
Targeted rates	5,750	4,790	4,909
Subsidies and grants for operating purposes	-	80	-
Fees and charges	6,708	9,303	9,179
Internal charges and overheads recovered	804	615	604
Local authorities fuel tax, fines, infringement fees, and other receipt	4,516	4,335	4,608
<b>Total operating funding (A)</b>	<b>26,570</b>	<b>28,234</b>	<b>28,025</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	18,826	23,545	23,384
Finance costs	-	-	-
Internal charges and overheads applied	6,710	6,509	6,131
Other operating funding applications	57	56	81
<b>Total applications of operating funding (B)</b>	<b>25,593</b>	<b>30,110</b>	<b>29,596</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>977</b>	<b>(1,876)</b>	<b>(1,571)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	2,265	96
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>2,265</b>	<b>96</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve the level of service	52	2,265	43
- to replace existing assets	68	135	149
Increase (decrease) in reserves	857	(2,011)	(1,667)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>977</b>	<b>389</b>	<b>(1,475)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(977)</b>	<b>1,876</b>	<b>1,571</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ROADING

## What we did

### Waikato District Alliance

Roading maintenance is undertaken by the Waikato District Alliance (WDA), a collaborative partnership between Council and Downer NZ established seven years ago to deliver a 'best-for-network' solution.

To enhance delivery, we developed a Network Safety Plan, a delivery management methodology system, updated the safety deficiency database and refined capital works processes.

A revised Asset Management Plan (AMP) was delivered through the Long Term Plan, receiving praise from Waka Kotahi NZ Transport Agency and the broader roading industry for its innovation. The AMP offers a visual representation of the Levels of Service (LOS) and supports consistent understanding of the network condition.

Business Intelligence reports have now connected the level of service required in the Asset Management Plan to the WDA Performance Framework. This supports all teams involved in delivery to understand their contribution to the overall network outcomes.

### Connected communities and alternative transport modes

The WDA delivered new rehabilitation and urbanisation solutions in Orini, Raglan and Pōkeno, to accommodate for expected growth.

New footpaths were completed to improve pedestrian links and safety in communities in Pōkeno, Te Kauwhata, Raglan and Huntly.

Shared walking and cycling paths were completed in Raglan, connecting the town with the beach to reduce vehicle use impacts.

### Best for network

We resurfaced 87 kilometres of sealed roads, rehabilitated three kilometres of roading and repaired 2,073 potholes across the district. An extensive upgrade to our unsealed roads including re-sheeting of high volume or vulnerable roads was also undertaken.

74,590 m<sup>2</sup> of stabilisation repairs were completed across the district, advancing pre-reseal repairs nine months ahead of planning and offering annual resealing flexibility.

Box culvert replacements were completed on Jeff Road and State Highway 22 to maintain our bridge structures over small streams.

### Emergency work

Our emergency services operate 24/7 and have responded to a number of fallen trees due to storms and high winds, as well as emergency slip repairs. We responded to 63 slips and 26 road dropouts, whilst also continuing the replacement of failed bearings on the Tainui Bridge to enhance safety for users.

### COVID-19 response

Our northern teams supported the police with traffic management checkpoints during COVID-19 restrictions in the Auckland region.

### Planning for growth

Strategic developments have improved traffic flow and network configuration, and new infrastructure supports residential growth associated with the construction of the Waikato Expressway.

We built new infrastructure in Pōkeno, Tamahere and Raglan, supported developers with roading projects in Raglan, Horotiu and Ngāruawāhia and continued works on the industrial development in Horotiu.

### Waikato expressway

With the Waikato Expressway now complete, remaining sections of the old State Highway will be added to our network in the coming months. Roding maintenance was factored into our Long Term Plan budgets and strategising with Waka Kotahi NZ Transport Agency continued to minimise the change impact for our communities.

### Capital projects

We continued work on the next stage of the Te Awa cycleway project from Cambridge to Hamilton, including completing the boardwalk section to complete the entire link. The Pōkeno urban upgrade near the primary school was completed and is delivering enhanced safety for pedestrians and vehicles.

### Network safety

As part of the national approach to tackling unsafe driving speeds, we are implementing the next stage of speed limit changes in our district. These changes will be predominantly in populous areas, business and school zones, and on high-risk local roads.

Our team is involved in a regional response to speed management with other councils and agencies, to implement consistent and appropriate speeds for safety. Our leadership on the Speed Bylaw has also supported other councils to implement changes.

In collaboration with Waka Kotahi NZ Transport Agency, investment into safety projects is being prioritised through the Road to Zero Programme, which aims to reduce Deaths and Serious Injuries (DSIs) by 40% in the next 10 years.

### Supporting freight movement







Investment into bridge maintenance to support freight moving continues, with Tainui Bridge at Huntly requiring considerable works. Further analysis into increasing capacity at Mercer Ferry Bridge has been completed, and solution works are underway after a capacity reduction on the Tahuna route due to a structural bridge fault.

### Road safety and education

The Road to Zero related projects were delayed due to budgeting allocations and will progress in the coming year.

We collaborated with the NZ Police, Waka Kotahi NZ Transport Agency and the community to deliver a tailored road safety education programme. Although impacted by COVID-19 restrictions, we adapted delivery through community workshops, roadside education approaches and social media. The programme offered a focus on driver licensing to improve road safety awareness and job awareness, sober driving and driving to the conditions, plus raised awareness on fatigue and distractions.

## How we did

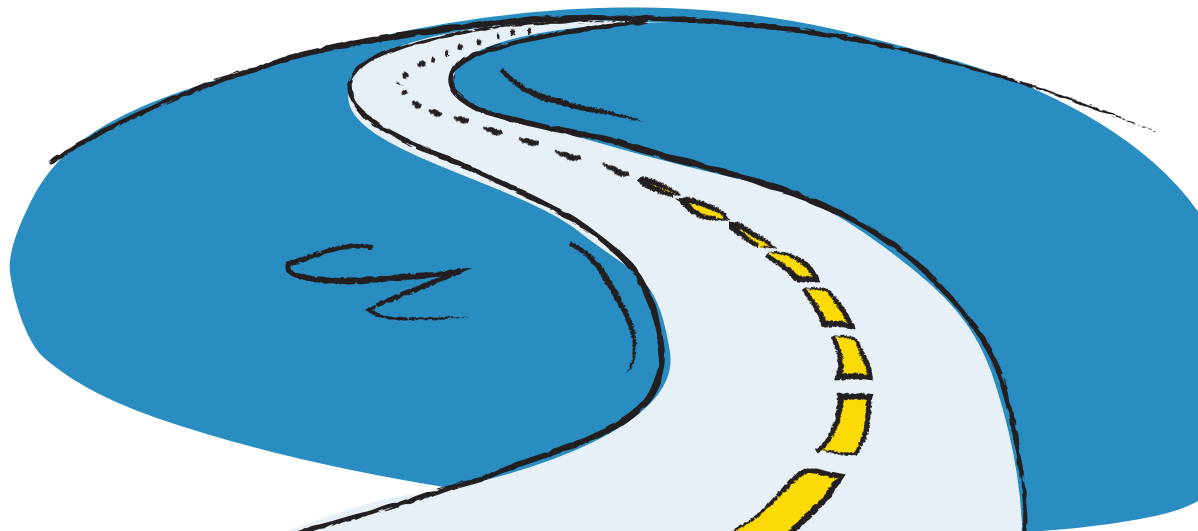
Performance measures	2020/21 result	2021-22 Target	2021/22 Result	Rating	Explanation
The change from the previous financial year in the number of fatal and serious injury crashes on the local road network, expressed as a number.	+6	Reduction by 2 on the previous year	+2		2021/22 has been one of the worst years in recent times for fatal crashes, nationally. For the Waikato district there has been a significant increase in motorcycle crashes accounting for nearly 40%. This could be attributed to more affordable ways of travelling and an increase in motorcyclists on the roads
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	97%	95%	96%		Target met.
The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP.	96.4%	95%	0%		This KPI was not achieved as the annual survey was not completed in 2022.
The percentage of the sealed local road network that is resurfaced.	6.4%	Min 5%	4.7%		This target was not met due to increased costs and the need to reduce the resurfacing program to stay within budget.
The percentage of customer service requests relating to roads to which we respond within the timeframes specified in LTP.	96.2%	95%	97.6%		Target met.
The percentage of customer service requests relating to footpaths responded to within the timeframes specified in LTP.	93.8%	95%	96.1%		Target met.

## What this tells us

We surpassed our targets for the quality of our roading and for our responsiveness to customer requests. We made good progress on improving our levels of service, even though ongoing responses to COVID-19 disrupted our annual programmes. Planning for new developments remains a challenge and changes are required to accommodate new proposals in order to respond in a coordinated way to the requirements for water, power, and telco infrastructure as well as our renewal projects.

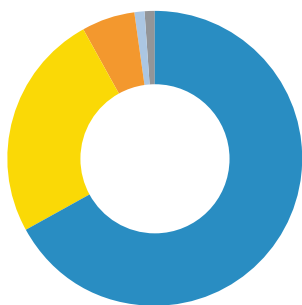
## Potential significant risks

Potential negative effect	How we are addressing this
Road and environmental factors can contribute to crashes, particularly those that involve loss of control	NZTA monitors and records through the Crash Analysis System (CAS) the percentage of accidents caused by loss of control. Identifying surface degradations early (SCRIM) to ensure timely interventions. Prioritised programs under NZTA's Safer Network Programme (SNP) that align with Road to Zero National Strategy.
Increased traffic congestion on existing transport network	Roading contributions imposed under consent conditions contribute to road upgrading.
The needs of cyclists and pedestrians and their conflicts with other forms of traffic	Implement the recommendations of the Walking and Cycling Strategy, continue linkages within townships and communities. Continue 3 year programme of new footpaths and shared cycleways.
Speed restrictions imposed on inappropriate locations causing speed limits to be ignored	Implement speed management and speed limit reviews in accordance with Speed Management guidelines 2016 and Waka Kotahi's Megamaps tool.
If effect is not given to the Livestock Movement Bylaw 2011 then existing crossings will remain with resulting traffic hazards and public nuisance	Stock bylaw review is nearly complete and will be implemented early in the next Long Term Plan period.
Economically, the cost of desired infrastructure improvements may exceed the community's ability to pay	Consult with the community on all costs and options for levels of service through the Long Term Plan process.
The quality of surface runoff from roads that discharges into adjacent coastal or other waters	Compliance with resource consents and Council's engineering standards and guidelines. Environmental controls.
Dust nuisance	Track and record complaints and comply with resource consent conditions during construction activities.
Danger to people and property and high social cost from crashes	Continuing the programme of road safety improvements and speed limit changes.
Main roads can divide communities	Continuing to advocate for by-passes around urban centres.
Potential for negative impacts from traffic noise and vibration to properties adjoining roads	High use roads are usually surfaced with asphalt to improve useful life and level of service. Traffic calming will avoid use of speed humps. Specific issues will be investigated and mitigation measures undertaken as appropriate.
Potential for air pollution from traffic fumes to affect health	Continuing to advocate for by-passes around urban centres.
Heavy traffic volumes can lead to loss of amenity in urban areas	Continuing to advocate for by-passes around urban centres. A review of some roads that the community has raised concerns and address changes through the Public Spaces Bylaw schedules.
Provides easier access to sites that are culturally sensitive	Continuing to better identify sites of cultural significance.
Potential for road construction to disturb sites of cultural significance, including wāhi tapu	Continuing to invest in good relationships with tangata whenua.



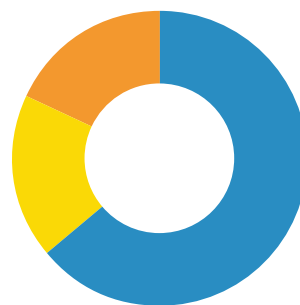


## How we paid for it



### Operational Funding

<b>67%</b>	General rates, uniform annual general charge, rates penalties
<b>25%</b>	Subsidies and grants for operating purposes
<b>6%</b>	Local authorities fuel taxes, infringement fees and other receipts
<b>1%</b>	Fees and charges
<b>1%</b>	Internal charges and overheads recovered



### Capital

<b>64%</b>	Subsidies and grants for capital expenditure
<b>18%</b>	Development and financial contributions
<b>18%</b>	Increase (decrease) in debt

# FUNDING IMPACT STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

### - ROADING

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	22,736	23,435	24,242
Targeted rates	-	-	-
Subsidies and grants for operating purposes	8,330	9,800	9,010
Fees and charges	175	296	204
Internal charges and overheads recovered	2,433	751	465
Local authorities fuel tax, fines, infringement fees, and other receipts	2,654	2,009	2,123
<b>Total operating funding (A)</b>	<b>36,328</b>	<b>36,291</b>	<b>36,044</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	21,144	22,616	20,304
Finance costs	-	-	-
Internal charges and overheads applied	5,344	4,017	3,442
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>26,488</b>	<b>26,633</b>	<b>23,746</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>9,840</b>	<b>9,658</b>	<b>12,298</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	12,776	15,875	9,426
Development and financial contributions	1,048	1,133	2,661
Increase (decrease) in debt	851	2,097	2,573
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>14,675</b>	<b>19,105</b>	<b>14,660</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	2,426	4,854	2,157
- to improve the level of service	2,990	6,014	5,294
- to replace existing assets	19,773	17,534	15,595
Increase (decrease) in reserves	(674)	361	3,912
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>24,515</b>	<b>28,763</b>	<b>26,958</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(9,840)</b>	<b>(9,658)</b>	<b>(12,298)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# STORMWATER

## What we did

We developed a preferences guideline which aims to standardise the design of stormwater assets across the district, provide consistency in the way they are managed, reduce maintenance costs and enhance environmental outcomes.

The guideline provides best practice designs for developers and Land Development Engineers and outlines Councils preferred approach for future developments to ensure compliance with stormwater discharge consents.

As well clarifying and improving these requirements, it will help Council prepare for the proposed Three Waters Reform programme. In developing the document, we conducted workshops with Waikato Regional Council and other key stakeholders to confirm the best approach to manage this issue.

### Stormwater delineation

We held regular internal stormwater collaboration workshops to facilitate a better understanding of ownership of assets. Due to the complexities of our stormwaters assets which have responsibilities tagged to various stakeholders, these workshops served as an opportunity to review and agree the delegation of key responsibilities.

Internal workshops were conducted to ensure efficient allocation of responsibilities and resources.

External workshops were also conducted with Waikato Regional Council who are responsible for maintaining several stormwater assets across the Waikato District.

We developed user-friendly diagrams to demonstrate the delineation of responsibilities as well as the journey of rural systems to urban systems and finally to discharging. By having a clear delineation of responsibilities, capital works and asset management are better informed.

### Other






We hosted a tour of the Drury South Wetland, designed for stormwater treatment, flood protection and amenity asset for various owners. The wetland contains a walking track and abundant bird life and is an example of a successful treatment device. Asset owners applied learnings from the wetland to enhance our treatment devices in the district.

Following a consultation period, the Stormwater Bylaw 2021 was finalised and adopted. This bylaw allows Council to enforce new regulations to protect stormwater assets and waterways

### Abatement Notice

Resolution works are being undertaken in response to an Abatement Notice served by Regional Council for the Raglan urban area in 2018/19.

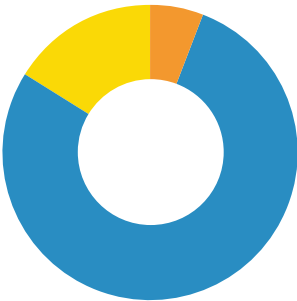
## How we did

Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The number of flooding events that occurs in the district.	0	Less than 5 events per annum	0		Target met.
For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system).	0	0.3 affected per 1,000 properties per event	0		Target met.
The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	0	Less than or equal to 2 hours	0		Target met.
The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system	1.7	Less than 4 per 1,000 properties per year	0.42		Target met.
Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of the following notices, orders or convictions received in relation to those consents: <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions</li> </ul>	0	0	0		Target met.

Potential significant risks

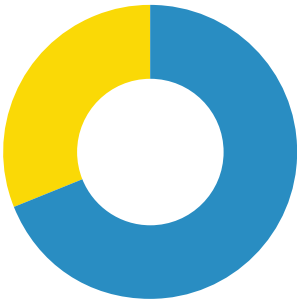
Potential risk	How we are addressing this
Discharges to land and waterways not complying with resource consents	Improve processes (may be capital related) and continue to monitor discharges.
Discharge of contaminants to waterways and streams impacting on public health and the environment (includes but not limited to wastewater overflows and stormwater runoff containing sediments, oils, greases and heavy metals)	Implement improvements (capital related) and ensure compliance with Council's Development Manual Guidelines for new developments.
Erosion of streams and riverbeds	Implement Development Manual Guidelines.
Chemical spills affecting waterways	Establish procedures and emergency response plans with Waikato Regional Council.
Health and safety risks associated with the operation, maintenance, or construction of stormwater infrastructure	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Potential impacts on customer satisfaction due to service failure/ delays/responsiveness	Monitor customer requests for service and report on Levels of Service. Ensure customer complaints are resolved.
Disruption during the implementation of works	Works will be implemented under resource consent or contract conditions dictating how the service will be maintained (case by case basis).
Individuals can affect the stormwater network and neighbouring properties by altering natural flow paths	Monitor new developments to ensure natural flow paths are maintained.
Flooding can affect public health and safety	Continue to advise landowners of potential flood-prone areas.
Stormwater can cause public health issues through bacterial contamination of beaches	Establish procedures and emergency response plans with Waikato Regional Council.
Contamination of the receiving environment is unacceptable to tangata whenua	Continuing to better identify sites of cultural significance.

How we paid for it



Operational Funding

78%	Targeted rates
16%	Internal charges and overheads recovered
6%	General rates, uniform annual general charge, rates penalties



Capital

69%	Development and financial contributions
31%	Increase (decrease) in debt



# FUNDING IMPACT STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022 -

### STORMWATER

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	105	195	174
Targeted rates	1,897	2,226	2,261
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	7
Internal charges and overheads recovered	254	378	459
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>2,256</b>	<b>2,799</b>	<b>2,901</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,082	2,556	1,063
Finance costs	-	-	-
Internal charges and overheads applied	559	312	283
Other operating funding applications	6	7	12
<b>Total applications of operating funding (B)</b>	<b>1,647</b>	<b>2,875</b>	<b>1,358</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>609</b>	<b>(76)</b>	<b>1,543</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	354	155	484
Increase (decrease) in debt	986	1,339	213
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,340</b>	<b>1,494</b>	<b>697</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	100	784	954
- to improve the level of service	986	1,339	102
- to replace existing assets	166	410	6
Increase (decrease) in reserves	697	(1,115)	1,178
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,949</b>	<b>1,418</b>	<b>2,240</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(609)</b>	<b>76</b>	<b>(1,543)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WASTEWATER

## What we did

### Wastewater treatment plant upgrades

We completed a major upgrade of the Meremere Wastewater Treatment Plant, including installing a Membrane Bioreactor (MBR) plant. The now fully operational plant efficiently removes contaminants and the abatement notice from Waikato Regional Council was lifted in May.

The Te Kauwhata Wastewater Treatment Plant is undergoing the installation of a Membrane Aeration Bioreactor (MABR) to comply with consent and support the predicted population growth. Treated wastewater land discharge options are also being assessed and further decisions will be made in the coming year.

We are working on the renewal of the Raglan Wastewater Treatment Plant consent and assessing upgrade options to enhance treatment quality. Discussions with mana whenua and the wider community are ongoing to explore appropriate land-based discharge options.

### Desludging programme

The Ngāruawāhia, Huntly and Meremere wastewater treatment plants have undergone works to reduce the level of sludge impacting the biological processes in the ponds. Desludging increases the capacity of pond volume for wastewater treatment and increases chances for natural biological processes to occur. This results in higher quality treated wastewater being discharged.

### Tauwhare wastewater pump systems

We completed the Tauwhare Pa low pressure wastewater scheme, which involved replacing 46 pumps with efficient low pressure pump systems. Installation of these pump systems reduces the risk of non-compliance and damage to the environment, as well as reducing callout requests and unplanned maintenance costs.







We provided education materials to residents to inform them of materials that should not be flushed into the system.

### Other achievements:

- We regularly engaged with iwi groups on key workstreams and are committed to take into consideration Kaitiakitanga and Te Ture Whaimana, the vision and strategy for the Waikato River, in our decision making.
- Construction of the Ports of Auckland pump station commenced in Horotiu, which will become the primary pump station delivering wastewater flows to Ngāruawāhia.
- Stage 1 (bridge crossing) of the Ngāruawāhia pipeline from Waikato Esplanade to the Ngāruawāhia treatment plant was completed.
- We completed the renewal of Wainui Road rising main in Raglan.
- Continued collaboration with neighbouring councils to improve wastewater service delivery in the Waikato region.
- Cross-organisational collaboration is being conducted to assess options for the Huntly Wastewater Treatment Plant upgrades and renewal of resource consent.
- Continued consultation and engagement on issues and projects with iwi, hapū and community groups.



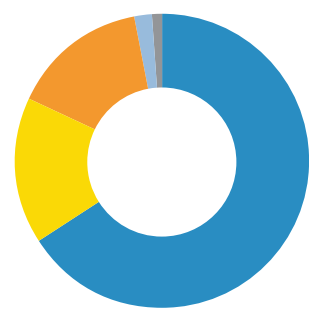
## How we did

Performance measures		2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system.		1.8	Less than or equal to 3 per 1,000 connections	1.8		Target met
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured:	Attendance time: from the time that Council receives notification to the time that service personnel reach the site	41 minutes	Less than or equal to 1 hour (60 minutes)	48 minutes		Target met
	Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault	143 minutes	Less than or equal to 4 hours (240 minutes)	110 minutes		Target met
The total number of complaints received by Council about any of the following (expressed per 1,000 connections to the sewage system):	Sewage odour	8.1 per 1000 connections	Less than or equal to 10 per 1,000 connections	6.63 per 1000 connections		Target met
	Sewage system faults					
	Sewage system blockages					
	Council's response to issues with its sewage system					
Council's level of compliance with resource consents for discharge from its wastewater system, measured by the number of:	Abatement notices	0	Equal or less than 2	0		Target met.
	Infringement notices					
	Enforcement Orders					
	Convictions	0	0	0		Target met

Potential significant negative effects

Potential negative effect	How we are addressing this
Discharges to land and waterways not complying with resource consents	Improve processes (may be capital related) and continue to monitor discharge.
Odour from manholes, pump stations and at treatment plants	Improve process and implement improvements (capital related).
Discharges from manholes	Investigate and take remedial measures.
Health and safety risks associated with the operation, maintenance, or construction of wastewater infrastructure	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Pump station overflows	Investigate causes and provide additional storage if required.
Chemical spills at treatment plants	Ensure procedures are in place for correct identification, storage and handling of chemicals. Ensure appropriate funded areas and storage facilities are in place.
The cost of providing, operating and maintaining the schemes is high due to energy requirements	When looking for solutions for small communities, consider alternatives to traditional public wastewater systems.
Unless properly maintained there can be problems with foul odour	We will continue to investigate alternatives for the sustainable disposal of sewage sludge.
Creates an ongoing need for the disposal of sewage sludge	We will continue to encourage households to reduce the amount of wastewater they produce, for example through re-use of grey water for garden irrigation.

How we paid for it



Operational Funding

66%	Targeted rates
16%	Subsidies and grants for operating purposes
15%	Fees and charges
2%	Internal charges and overheads recovered
1%	General rates, uniform annual general charge, rates penalties



Capital

43%	Increase (decrease) in debt
35%	Development and financial contributions
22%	Subsidies and grants for capital expenditure



# FUNDING IMPACT STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

### - WASTEWATER

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	244	388	305
Targeted rates	11,819	12,860	13,412
Subsidies and grants for operating purposes	-	-	3,190
Fees and charges	1,319	3,792	2,991
Internal charges and overheads recovered	133	225	355
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	31
<b>Total operating funding (A)</b>	<b>13,515</b>	<b>17,265</b>	<b>20,284</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,692	7,198	12,159
Finance costs	-	-	-
Internal charges and overheads applied	5,189	2,667	2,513
Other operating funding applications	347	372	174
<b>Total applications of operating funding (B)</b>	<b>10,228</b>	<b>10,237</b>	<b>14,846</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,287</b>	<b>7,028</b>	<b>5,438</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	3,777
Development and financial contributions	904	4,013	5,912
Increase (decrease) in debt	10,019	11,793	7,287
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>10,923</b>	<b>15,806</b>	<b>16,976</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	9,102	12,731	6,250
- to improve the level of service	10,019	6,581	5,553
- to replace existing assets	1,962	11,546	4,994
Increase (decrease) in reserves	(6,873)	(8,024)	5,617
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>14,210</b>	<b>22,834</b>	<b>22,414</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,287)</b>	<b>(7,028)</b>	<b>(5,438)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WATER SUPPLY

## What we did

### New water services regulator

We have prioritised updating our old systems and implementing solutions to empower staff and enhance efficiency in delivering services to customers, ratepayers, and stakeholders.

### Water treatment plant upgrades

A variety of upgrades and improvements are being made to our water treatment plants across the district, including the installation of filters in Raglan to mitigate water quality issues.

We are in the process of installing a new Ultraviolet (UV) treatment system at the Ngāruawāhia water treatment plant. The technology is designed to eliminate pathogens (bacteria and viruses) from the treated wastewater.

As part of the Whangamarino Treatment Plant upgrade, we completed the desludging of the ponds, installed new pumps and installed a Biological Activated Carbon (BAC) filter.

### Infrastructure planning

Water supply network models are being updated for several areas around the district including southern districts, Tuakau, Raglan and central districts.

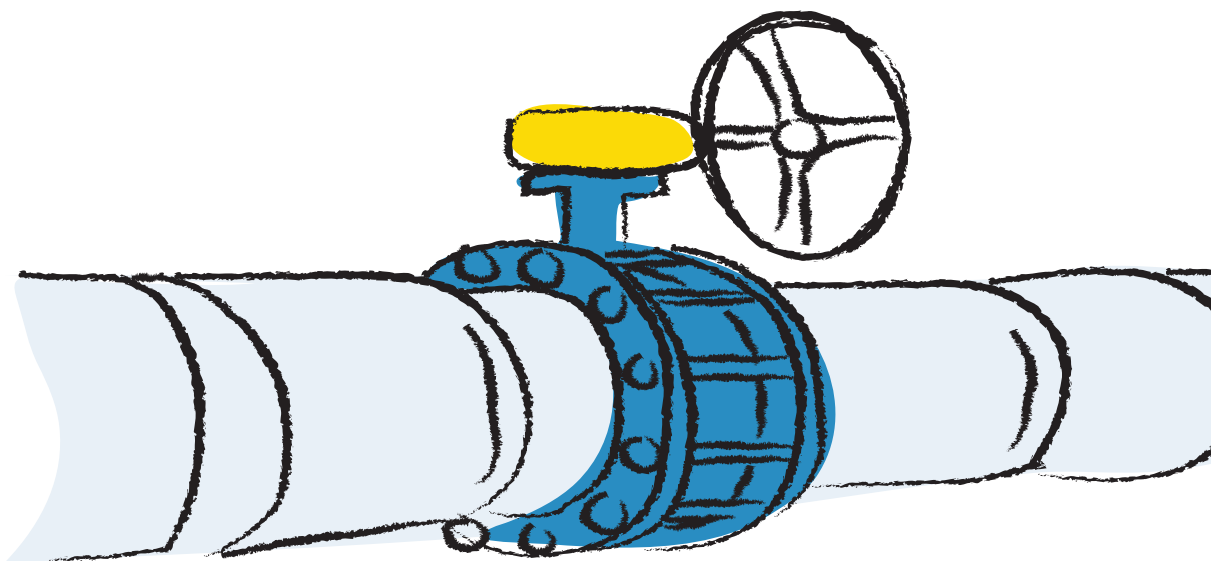
### Small water schemes

We have been assessing the options for our three small water schemes [Port Waikato, Onewhero and Te Akau] to continue to provide residents with safe, reliable drinking water that meets standards set out by Taumata Arowai.










We have been collaborating with Horongara community group to investigate various solutions for the Te Akau water supply and we are in the final stages of identifying a preferred option.

### Other achievements:

- Commenced new Te Kauwhata Reservoir, currently preload remains until the settlement of site is complete.
- Our water network is undergoing renewals and upgrades across the district, including pipe system upgrades in Huntly, Tuakau Dominion Road and Te Kauwhata and a bulk main installation in Raglan.
- The Waikato District Council Water Supply Bylaw 2014 (with 2021 amendments) was reviewed and adopted on 20 September 2021.
- Council adopted the Water Leak Remission Policy on 20 September 2021 to assist when water usage increases and may be attributed to an undetected leak.



## How we did

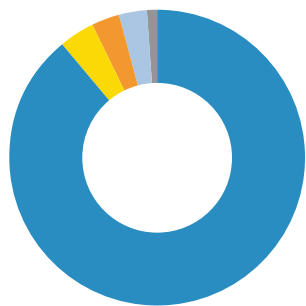
Performance measures		2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The extent to which Council's drinking water supply complies with:	Part 4 of the drinking water standards for zones (bacteria compliance criteria).	18	18 (no. of zones that comply out of 18)	18		Target met.
	Part 5 of the drinking water standards (protozoal compliance criteria)	4	15 (no. of zones that comply out of 18)	4		
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:	Attendance for urgent callouts: from the time that Council receives notification to the time that service personnel reach the site	112.50 minutes	Less than or equal to 60 minutes	88 minutes		Target met.
	Resolution of urgent callouts: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	1 day	Less than or equal to 240 minutes	1 day		
	Attendance for non-urgent callouts: from the time that Council receives notification to the time that service personnel reach the site	1 day	Less than or equal to 5 days	1 day		
	Resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	1 day	Less than or equal to 5 days	1 day		
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the networked reticulation system)	Drinking water clarity	15.5 per 1000 connections	Less than or equal to 25.00 per 1000 connections	14.62 per 1000 connections		Target met.
	Drinking water taste					
	Drinking water odour					
	Drinking water pressure or flow					
	Continuity of supply					
	The local authority's response to any of these issues					
The average consumption of drinking water per day per resident within the Waikato district.		180 L	250L or less per person per day	190 L		Target met.
The percentage of real water loss from Council's networked reticulation system*		24%	28%	27%		Target met.

\*Of the 17,539 connections that make up Councils Water Supply Network, 99% are metered.

Potential significant risks

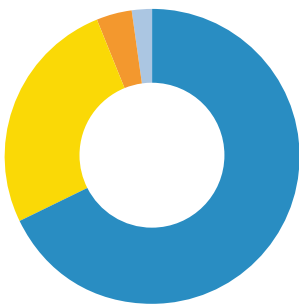
Potential risk	How we are addressing this
Potential contamination of the raw water supply	Emergency response plans, operational procedures and monitoring of the raw water supply as per the Water Safety Plan (WSP) are all in place.
Discharges of backwash water from treatment plants and chlorinated water from maintenance activities or pipe failures	Compliance with resource consents, Council's engineering standards and guidelines and maintenance programme.
Effects on river ecology caused by river water extraction during low flows	Compliance with resource consents.
Depletion of aquifer resources	Compliance with resource consents.
Health and safety risks associated with the operation, maintenance, or construction of water supply infrastructure	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Insufficient water supplies during times of drought or emergency	Ensure water sources security and identify potential new sources and back up supplies as per WSP.
Drinking water not meeting Drinking Water Standard 2005 (Revised 2018)	Continue to monitor water quality and improve process if necessary, as per WSP. (May be capital related).
Inadequate pressure and flow to fight fires remedial works.	Carry out modelling/pressure testing and implement
Water abstraction from streams and rivers can have an adverse effect on the mauri of the water body	Continuing to better identify the cultural significance of water catchments through resource consent conditions
Insufficient water available during times of drought and emergencies	Implement conservation measures and prioritise use for public health requirements.

How we paid for it



Operational Funding

89%	Targeted rates
4%	Internal charges and overheads recovered
3%	General rates, uniform annual general charge, rates penalties
3%	Fees and charges
1%	Subsidies and grants for operating purposes



Capital

68%	Development and financial contributions
26%	Increase (decrease) in debt
4%	Subsidies and grants for capital expenditure
2%	Other dedicated capital funding



# FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 - WATER SUPPLY

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	186	338	340
Targeted rates	10,729	11,158	11,971
Subsidies and grants for operating purposes	-	-	174
Fees and charges	97	108	414
Internal charges and overheads recovered	303	402	474
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	10
<b>Total operating funding (A)</b>	<b>11,315</b>	<b>12,006</b>	<b>13,383</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,575	9,558	11,003
Finance costs	-	-	-
Internal charges and overheads applied	4,406	2,502	2,519
Other operating funding applications	38	66	140
<b>Total applications of operating funding (B)</b>	<b>9,019</b>	<b>12,126</b>	<b>13,662</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,296</b>	<b>(120)</b>	<b>(279)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	230
Development and financial contributions	1,357	1,659	3,435
Increase (decrease) in debt	1,587	3,875	1,303
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	125	199	111
<b>Total sources of capital funding (C)</b>	<b>3,069</b>	<b>5,733</b>	<b>5,079</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	6,451	3,917	2,629
- to improve the level of service	1,587	4,135	1,977
- to replace existing assets	2,440	2,756	3,221
Increase (decrease) in reserves	(5,113)	(5,195)	(3,027)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,365</b>	<b>5,613</b>	<b>4,800</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,296)</b>	<b>120</b>	<b>279</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Other dedicated capital funding for the Water Supply group of activities represents capital revenue from fees charged to fund capital works for new connections.

# ORGANISATIONAL SUPPORT

## What we did

### Business improvements

We have prioritised updating our old systems and implementing solutions to empower staff and enhance efficiency in delivering services to customers, ratepayers, and stakeholders.

#### Among this year's achievements we:

- Implemented an online portal and digitised annual dog registrations
- Upgraded the speed of data connection to all of our office and library sites and also upgraded Wi-Fi within all buildings
- Upgraded or replaced several of our core systems including our finance system, project management tools and our internal and external websites
- Invested in new cyber security solutions to improve our security position in response to the rapidly evolving cyber security risks
- Upgraded our Online Payment Gateway to enhance customer experience
- Automated Service Request and Fault ticket integration with Watercare and automated email notifications to our customers
- Transformed our animal control processes, focusing on health and safety to protect staff and the community
- Implemented a new pay, performance, and recognition system for staff
- Developed a customer experience strategy to improve processes and systems to meet the needs of our customers and community
- Upgraded and transitioned project management and strategic planning software to the cloud to enable enhanced features and improve remote access.

We continued iterating our Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRPs) with adaptations to respond COVID-19 impacts and the increased threats of cyber attacks.

### Procurement and contract management

Procurement has worked on multiple strategic areas to improve outcomes and processes to enable best practice. We are prioritising developing user-friendly procurement processes, whilst gearing towards delivery outcomes that speak to the four well-beings (social, cultural, environmental, and economic).

We have strengthened internal relationships across the organisation and are developing external partnerships designed with Te Ao Māori principles of ngākau tapatahi and mātauranga – integrity and wisdom.

To broaden procurement options, we are investigating the capabilities of our small and medium sized businesses across the district and understand how we can further develop these businesses.



### Zero Harm “Mahi Tika Kāinga Ora” (Work Safe Home Safe) programme

Along with managing the health, safety and wellbeing impacts of the COVID-19 pandemic, our Zero Harm programme has continued to focus on three key areas:


- Our people, including safety leadership and staff engagement;
- Effective safety management systems, and;
- Managing our critical risks.

Our month long “Work Safe Home Safe” initiative provided education to staff on managing the risks associated with remote and flexible working and offered support on prioritising mental health and wellbeing.

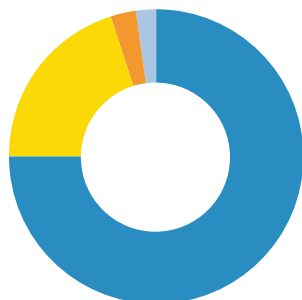
We continue to implement and monitor critical health and safety risk controls, including how we work safely with animals.

We eliminated and managed risks to health and safety in the office by working with other PCBU's (person conducting a business or undertaking) with whom we share duties.

## How we did

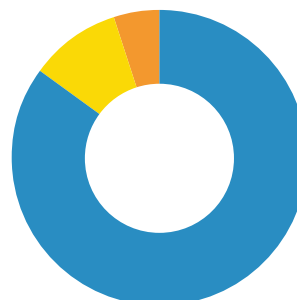
Performance measures	2020/21 result	2021/22 target	2021/22 result	Rating	Explanation
The number of total recordable injuries (TRI) at WDC.	New measure	2	2		Target met.

## How we paid for it



### Operational Funding

<b>75%</b>	Internal charges and overheads recovered
<b>20%</b>	General rates, uniform annual general charge, rates penalties
<b>3%</b>	Local authorities fuel taxes, infringement fees and other receipts
<b>2%</b>	Subsidies and grants for operating purposes



### Capital

<b>85%</b>	Increase (decrease) in debt
<b>10%</b>	Subsidies and grants for capital expenditure
<b>5%</b>	Gross proceeds from the sale of assets

# FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 - ORGANISATIONAL SUPPORT

	2020/21 Long Term Plan \$'000	2021/22 Long Term Plan \$'000	2021/22 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	5,691	7,757	7,924
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	7,229	1,010
Fees and charges	-	-	28
Internal charges and overheads recovered	37,464	25,407	30,270
Local authorities fuel tax, fines, infringement fees, and other receipts	675	727	1,356
<b>Total operating funding (A)</b>	<b>43,830</b>	<b>41,120</b>	<b>40,588</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	23,363	23,383	22,467
Finance costs	5,602	4,506	4,772
Internal charges and overheads applied	8,422	9,072	8,589
Other operating funding applications	1,614	1,699	1,943
<b>Total applications of operating funding (B)</b>	<b>39,001</b>	<b>38,660</b>	<b>37,771</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,829</b>	<b>2,460</b>	<b>2,817</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	432
Development and financial contributions	-	-	-
Increase (decrease) in debt	10,314	11,014	3,772
Gross proceeds from the sale of assets	232	-	230
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>10,546</b>	<b>11,014</b>	<b>4,434</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	-	-	257
- to improve the level of service	2,768	1,318	1,306
- to replace existing assets	2,935	4,335	1,636
Increase (decrease) in reserves	9,514	7,112	(11,136)
Increase (decrease) in investments	158	709	15,188
<b>Total applications of capital funding (D)</b>	<b>15,375</b>	<b>13,474</b>	<b>7,251</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,829)</b>	<b>(2,460)</b>	<b>(2,817)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# PROGRESS TOWARDS COMMUNITY OUTCOMES

The following tables outline the progress we've made towards the community outcomes we seek as a result of the Council's work programmes.

## Governance

Community outcomes		Progress
<b>Supporting our communities</b>	To ensure that our diverse community is represented in a democratically accountable and respectful manner.	We consulted on our initial proposal of the Representation Review and received 250 submissions that informed the final adopted proposal. The final and adopted proposal includes eight general wards and the establishment of two Māori wards. We now have six Community Boards, with Onewhero-Tuakau changing boundaries.
<b>Working together with you</b>	To ensure that decisions are underpinned by sound financial governance.	All minutes of open meetings were made available to the public via our website.
<b>Providing value for money</b>	To ensure that decisions and processes take into account both short- and long-term impacts on our customers and partners.	We collaborate with Waikato-Tainui to develop a joint decision-making process on a number of initiatives, such as infrastructure, community development and Māori representation. The Iwi and Community Partnerships team have also strengthened capability through the addition of four mana whenua forums.

## Sustainable communities

Community outcomes		Progress
<b>Supporting our communities</b>	To provide our customers and partners with opportunities for engagement thereby providing input to the decision-making process.	We continue to engage with our communities on plans, bylaws, projects and initiatives in a range of ways from formal submission procedures to public meetings and through social media.
<b>Sustaining our environment</b>	To ensure Council and our communities are resilient and have the capability to respond, manage and recover from emergencies.	We now have a total of 153 staff trained in civil defence emergency management.
<b>Building our economy</b>	To build community capacity by encouraging voluntary and community-based organisations to provide activities and services.	We supported the work of 102 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds.
<b>Sustaining our environment</b>	To ensure that our open spaces are safe and well maintained and offer opportunities for a wide range of recreational, cultural and community activities.	We upgraded the walkways for Tamahere Park and Travers Road Walkway and updated Hakanoa Playground, Huntly. We extended the Tuakau library to a more spacious and welcoming space for the expanding population in the North.
<b>Providing value for money</b>	To ensure the Council provides safe, accessible and well-maintained community and leisure facilities and general properties which contribute to the community's recreational, economic and cultural needs.	Our ongoing customer satisfaction survey recorded satisfaction levels of 70% with some of our largest and most widely used services such as our libraries.
<b>Supporting our communities</b>	To ensure that a seamless consistent quality service is provided to our customers via a range of channels.	We use a range of engagement methods including social media, our website, letter drops, public meetings and our new e-newsletter called Waikato District News.

<b>Building our economy</b>	Tourism in the district is enhanced and Council's processes and infrastructure support and facilitate new and existing business.	We made an annual contribution of \$60,000 to the Regional Economic Development Agency, Te Waka, and an annual grant of \$150,000 to Hamilton & Waikato Tourism. We collaborated with regional partners to promote the four well beings (economic, social, cultural and environmental).
<b>Working together with you</b>	To ensure that we are accountable to our customers for our outcomes.	We opened many of the Councillor workshops to the public, providing transparency and connecting our communities with the early planning stages on key decisions and policies, including the Representation Review and Proposed District Plan. Building on the success of online public meetings during COVID-19 restrictions, we continued to hold virtual/online public meetings and workshops whenever practical.
<b>Sustaining our environment</b>	Restoration, protection and enhancement of natural areas in the district to increase natural habitat and biodiversity.	We allocated around \$34,400 in Conservation Fund grants. We also are involved in the Future Proof partnership, which includes the Biodiversity Offset and Environmental Credit workstream.

## Sustainable environment

Community outcomes		Progress
<b>Sustaining our environment</b>	To ensure that animals are kept in a way that protects their well-being and minimises danger and public nuisance and provide animal owners with education regarding their responsibilities.	We responded to 2,832 service requests over the last year. We have been proactively patrolling the district to reduce numbers of wandering dogs and work closely with the community when these jobs are called through.
<b>Supporting our community</b>	To ensure that building regulations and standards are met so that people living and working in buildings are safe.	Currently we are processing 96.74% of standard consents within the statutory timeframe. Out of 2246 Building Consents processed this year, 38 have gone over the 20-working day timeframe.
<b>Working together with you</b>	To ensure that development enhances the wellbeing and safety of the community, and that people have the opportunity to participate in the strategic and district planning process.	We progressed our next Local Area Blueprints in Gordonton and Port Waikato, undergoing consultation with the community to identify priority initiatives. Both Local Area Blueprints are due for adoption in August 2022.
<b>Sustaining our environment</b>	To ensure communities are well informed about the effects of waste and opportunities they have to reduce waste.	We continue to present classroom sessions to primary and area schools participating in our Zero Waste Education programme. Council also continues to support Para Kore, a waste minimisation education programme delivered from a Māori perspective, and which aims to normalise living without waste on marae.
<b>Sustaining our environment</b>	To ensure that activities are managed so that our communities are healthy and safe, legislative requirements are met and nuisance is managed.	Our out-of-hours service operators attended about 1,300 noise complaints in the past year. The service has contingency plans that enable it to respond appropriately during COVID-19 restrictions.
<b>Providing value for money</b>	To ensure that timely and accurate information and efficient processes and provides to people planning to build on or purchase a property.	We continue to improve our new digital online consenting system, which allows for more seamless processing and provides an easier and more affordable customer experience. We now receive about 92% of our building consents online.
<b>Supporting our communities</b>	To ensure sustainable growth is encouraged in appropriate locations supported by well-planned essential services.	We progressed our next Local Area Blueprints in Gordonton and Port Waikato, undergoing consultation with the community to identify priority initiatives. Decisions on the Proposed Waikato District Plan were notified on the 17 January 2022.
<b>Supporting our communities</b>	To ensure that planning controls assist in protecting cultural heritage and the natural and physical environment.	Decisions on the Proposed District Plan (PDP) were notified on 17 January 2022, and provided updated guidelines for development of our communities, including rules for protecting the district's environment and heritage.
<b>Supporting our environment</b>	To ensure that our waste and recycling services are efficient and effective and protect our natural environment.	We renewed contracts with three operators we partner with to provide kerbside refuse and recycling collections and to operate transfer stations and rural drop-off points. These contracts have been amended for alignment with the objectives of our Waste Management and Minimisation Plan.

## Roading

Community outcomes		Progress
<b>Sustaining our environment</b>	To ensure that the district is easy and safe to get around and alternative transport options are available.	Projects included the completion of new footpaths in Pōkeno, Te Kauwhata, Raglan and Huntly, the new boardwalk section of the Te Awa Cycleway. Shared walking and cycling paths were completed in Raglan, connecting the town with the beach to reduce vehicle use impacts.
<b>Providing value for money</b>	To ensure that transport infrastructure is planned at a rate to consider growth and demand in a cost-effective manner.	We re-surfaced 87 kilometres of sealed roads, undertook extensive upgrading to our unsealed roads and repaired 2,073 potholes.
<b>Supporting our communities</b>	To ensure that the network is well maintained, and negative environmental effects are mitigated.	Waikato District Alliance also completed 74,590 m2 of stabilisation repairs, advancing pre-reseal repairs nine months ahead of schedule and providing much greater flexibility for annual resealing.

## Stormwater

Community outcomes		Progress
<b>Sustaining our environment</b>	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	We completed an updated hydraulic model for the Travers Road Catchment in Te Kauwhata to assist with further catchment development whilst ensuring the downstream flooding risk is not increased.
<b>Providing value for money</b>	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable and meets water industry best practice.	We developed a stormwater preferences document to standardised stormwater assets across the district, increase maintenance efficiencies and reducing maintenance costs.
<b>Supporting our communities</b>	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	We visited facilities in Pokeno, Te Kauwhata, Huntly, Raglan, Onewhero, Horotiu and Matangi that were identified as high risk for contaminating stormwater if not maintained. The main inspection checks were to confirm that oil and water separators were being regularly serviced, chemical storage was designed to stop spills entering the waterways/stormwater network and that spill kits were readily available.

## Wastewater

Community outcomes		Progress
<b>Sustaining our environment</b>	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	In line with our Long Term Plan, we completed a programme of work to upgrade our wastewater systems around the district with a focus on improving compliance.
<b>Providing value for money</b>	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable and meets water industry best practice.	We completed the Tauwhare Pa low pressure wastewater scheme and replaced 46 individual efficient low pressure pump systems. These systems reduce the risk of non-compliance and damage to the environment, as well as reducing callout requests and unplanned maintenance costs.
<b>Supporting our communities</b>	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	We completed a major upgrade of the Meremere wastewater treatment plant, which included the installation of a Membrane Bioreactor (MBR) plant to efficiently remove contaminants. A Membrane Aeration Bioreactor (MABR) is due to be installed in Te Kauwhata to comply with consent and support the predicted population growth.

## Water supply

Community outcomes		Progress
<b>Providing value for money</b>	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	Water supply network models are being updated for several areas around the district including southern districts, Tuakau, Raglan and central districts.
<b>Sustaining our environment</b>	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable and meets water industry best practice.	We established a positive working relationship with Taumata Arowai, the new independent water services regulator for Aotearoa. We have also been collaborating with Horongara Community Group to investigate various solutions for the Te Akau water supply.
<b>Working together with you</b>	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	We completed the desludging of the ponds at Whangamarino and installed new pumps and installed a Biological Activated Carbon (BAC) filter. Installation of a new Ultraviolet (UV) treatment system has begun at in Ngāruawāhia.



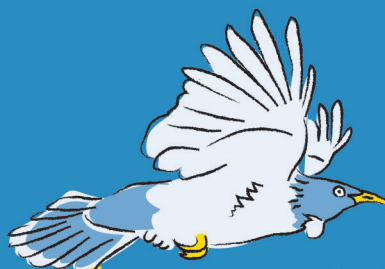
# WHAT YOU GOT FOR \$1



We deliver a broad range of services to our diverse district of residents, business owners and visitors. Here's how we spent every \$1 we received from general rates \*



**ANIMAL  
CONTROL**  
1.5 CENTS



**Environmental  
health** 1.7 cents

**BUILDING  
CONTROL** 0.1 cents



**Roading** 32.3 cents



**AREA OFFICES AND  
OTHER PROPERTIES**  
8.4 CENTS

**GRANTS  
AND  
donations**  
2.3 cents



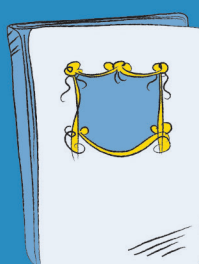
**Resource  
MANAGEMENT**  
5.1 cents



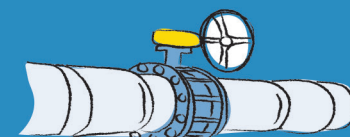
**Community and  
SAFETY**  
2.4 CENTS



**WASTE  
WATER**  
0.5 cents



**Libraries**  
2.5 cents



**Water supply**  
0.5 cents

**CORPORATE  
COUNCIL  
Leadership**  
21.6 CENTS

**19.9  
CENTS**  
Parks and reserves



**STORM WATER** 0.3 cents  
**SOLID WASTE** 1.0 cents

\* This does not include targeted rates. A targeted rate funds a specific Council activity or group of activities rather than general Council services. For example, those who receive a refuse collection pay for it through a targeted rate. Those who don't receive it, don't pay for it.

# FINANCIAL PATHWAY

## TE ARA PŪTEA



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# FROM THE CHAIR OF THE STRATEGY & FINANCE COMMITTEE

**I am pleased with Council's Annual Report results, which demonstrate accurate financial planning in the Long Term Plan 2021-31.**

Despite the COVID-19 pandemic effects only truly beginning to be felt in the economy, our Council and district performed strongly which is gratifying for the Strategy and Finance Committee.

The demand for Council's services continued to grow, and we continued to face challenges in retaining and attracting qualified staff. This made maintaining service levels challenging, resulting in increased costs and some service levels being adversely affected.

Council supported flexible working arrangements across different areas of the business to retain the high calibre of staff we have and support wellbeing. The demands of unprecedented growth across our district on increased workloads were planned for across all areas of the organisation, without affecting Council's strong financial position. Council has also continued to deliver on our Three Waters services ahead of any future reform.

The Council's income for the 2021/22 financial year was \$230 million, a negative variance of only \$2 million compared to budget. Above budget revenue from growth in development contributions was mostly offset by lower revenue from vested assets due to delays outside Council's control.

The Council's operational expenditure amounted to \$158 million, in line with budget. Depreciation and amortisation costs were higher than budget because of higher revaluations in the prior year and this adverse variance was offset by savings in employee costs resulting from vacancies.

Council's operating surplus was \$72 million compared to a budgeted surplus of \$73 million, attributed to above reasons.

Council's capital programme includes 2021/22 projects as well as projects from the previous year still to be completed. It should be noted, therefore, that the Annual Report depicts actual progress against the 2021/22 budget only.

In real terms, the \$65 million spend delivered 40% per cent of the entire work programme.



Cr. Janet Gibb

**Chair Strategy & Finance**

# COUNCIL-CONTROLLED ORGANISATIONS

The Council operates four Council-Controlled Organisations (CCO's). These organisations independently manage facilities and deliver services, with the exception of Strada Corporation Limited which wound up activities during the 2016/17 financial year. The following information explains what the organisations do and how their performance is measured.

## Strada Corporation Limited

Strada Corporation Limited (formerly Tanlaw Corporation prior to 1 July 2009) was established in 1992 as a wholly owned Council-Controlled Organisation (CCO). The Council wished to separate the planning and development of its work programme from the physical works. Strada was established to achieve this and to operate as a profitable business for the Council's benefit, and ultimately Waikato district ratepayers'.

The company generally traded profitably and provided significant dividends that supplemented Council's income. However, in recent years in a more competitive market Strada had difficulty securing maintenance contract work and when the opportunity arose during 2015/16 to sell Strada's joint venture the decision was made to wind up operations.

The operational assets were sold during 2016/17 and liabilities extinguished.

Strada is no longer trading and has been registered as non-active with the Inland Revenue.

## Waikato Regional Airport Limited

In December 1995, the Council along with four other local authorities purchased the Crown's 50 per cent shareholding in the Waikato Regional Airport Limited. The purchase increased the Council's shareholding to 15.625%. At the time the Council considered the airport to be a significant infrastructural asset for the region and important to economic growth and development.

The Council's shareholding is considered a strategic asset. The airport also operates a tourism subsidiary which aims to promote the region to tourists. The Council contributes separately to this entity.

The airport has the following core purpose and key objectives for the business:










### Core purpose

1. Enabler of air services to the region.
2. Operate a first class, safe and compliant regional airport.
3. Strategic positioning of the business to enhance capital value.




### Key objectives of the group (incorporating Titanium Park Limited & Hamilton Waikato Tourism Limited)

1. Operate an efficient, compliant and resilient airport.
2. Provide an improved customer experience upon completion of the Terminal Resilience Project.
3. Maintain a viable aeronautical business.
4. Maximise revenue diversification through non-aeronautical business opportunities.
5. Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified property portfolio.
6. Operate the airport hotel to meet or exceed its investment business case growth targets and customer satisfaction targets.
7. Marketing the Hamilton and Waikato region as a visitor destination to domestic and international visitors.
8. Grow the visitor economy through tourism development and destination management.

The group achieved all of the financial targets included in their Statement of Intent. The performance against the Statement of Intent is summarised in the table below:

Agreed measures	Actual 2021/22 \$'000	Target 2021/22 \$'000	Target met
Earnings before interest, taxation and depreciation (EBITDA) excluding land sales	6,327	5,200	
Earnings before interest, taxation and depreciation (EBITDA) including land sales	6,714	5,700	
Land sales	2,020	2,000	
Net surplus/(deficit) before tax	2,488	1,200	
Net operating cashflow (excluding land sales)	4,471	3,600	
Percentage of non-landing charges revenue to total revenue	82%	60%	
Shareholders' funds to total assets	85%	75%	
Net debt (less than)	16,774	29,000	
Interest rate cover	15.1	4.0	

The group achieved all but three of the non-financial targets included in their Statement of Intent. The three targets not met are stated below:

Performance target	Comment	Target met
Facilitate noise management meetings every 4 months in accordance with the noise management plan.	Regular meetings were facilitated every 4 months however have reduced frequency to 6 months due to reduced air movements.	
Titanium Park Limited Complete construction of the 5th Stage of Titanium Park's Central Precinct.	Plans were finalised and construction had commenced during the year however it was not completed by year end due to COVID19-related construction delays.	
Jet Park Hotel Hamilton Airport (Waikato Regional Airport Hotel Limited) Implement a recovery plan to enable a steady return to pre-COVID key metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating.	Commenced during the year however it was not completed by year end due to COVID19-related construction delays.	

## Waikato Local Authority Shared Services Limited

Local authorities of the Waikato region established the Waikato Local Authority Shared Services (WLASS) during 2005/2006. The company trades under the name "Co-Lab". It is controlled by 12 local authorities of the region, being Environment Waikato, Hamilton City Council, Hauraki District Council, Matamata – Piako District Council, Otorohanga District Council, Rotorua District Council, South Waikato District

Council, Taupo District Council, Thames-Coromandel District Council, Waikato District Council, Waipa District Council and Waitomo District Council.

These local authorities have worked closely together over the years on mutually beneficial joint projects. The Councils believe the company will generate saving through economies of scale and through additional purchasing power and the ability to recover costs.



## The objectives of WLASS are:

- Enable the Waikato councils to collectively be more effective as a region on the national stage
- Contribute to building central government's confidence in the Waikato region, and to encourage central government investment
- Achieve effectiveness and efficiency gains
- Reduce duplication of effort and eliminate waste through repetition
- Make it easier for customers to engage with councils in the Waikato region
- Promote and contribute to the development of best practice
- Promote business transformation to improve customers' experiences.

## The Company has two fundamental roles:








1. It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities, or by making the councils themselves, collectively, more efficient; and
2. It is a provider of services to councils where a business case to do so has been established (recognising that it may make sense for some services to be provided by someone other than WLASS).

The Company's vision, purpose, and the outcomes are set in the company's performance framework as outlined below:

## Co-Labs's Performance Framework

Our Vision	Our councils are maximising the value they provide to their communities					
Our Purpose	We support them in doing so by making it easier for councils to identify and realise shared opportunities					
Outcomes we are seeking	Council cost are reduced / performance is improved, without increase cost		The experience of councils' communities are improved		Central government investment into and engagement with Waikato councils is increased	
Our specific objectives	<ul style="list-style-type: none"> <li>• Achieve effectiveness and efficiency gains</li> <li>• Reduce duplicate of effort and waste elimination waste through repetition</li> <li>• Helping the councils achieve an appropriate balance in risk and return</li> </ul>		<ul style="list-style-type: none"> <li>• Promote and contribute to the development of best practice</li> <li>• Make it easier for communities to engage with councils in the Waikato region on a consistent basis</li> <li>• Promote business transformation to improve communities' experiences</li> </ul>		<ul style="list-style-type: none"> <li>• Enable the Waikato councils to effective as a region on the national stage</li> <li>• Contribute to building central government's confidence in the Waikato region, and to encourage central government investment</li> </ul>	
Priorities: How we will achieve our outcomes	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide series that meet the needs of councils	Foster cross council collaboration	
What we must manage well	Our relationships	Our services	Our projects	Our resouces	Our people	Our reputation

## The performance measures as at 30 June 2022 are as follows:

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+	No business cases were presented to the board during the last financial year but there were various Discovery reports for initiatives and expansive resourcing required to develop Co-Lab learning. By their nature, some of these opportunities do not lend to readily quantifiable benefits. An example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the future for local government review.	Unable to currently measure
	Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	9 councils (out of 12 shareholding councils) have agreed to participate in Co-Lab learning following proposals in May 2022. 8 councils chose to participate (and invest in) the Community Needs Analysis (CNA) project.	
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines	80%	43%: Five of the eight projects underdevelopment that had a major milestone during the year, had some delays in their progress. The most significant of these was the completion of the development of Co-Lab Learning. Although COVID-19 pressures in late 2021 contributed to the delays, the main cause was the length of time taken to reach agreement with key council stakeholders. It is easy to underestimate how long this will take. Completed on time were the Community Needs Analysis project, the Building consent Cadetship discovery project and the project to establish the Co-Lab Geospatial Services unit.	
	Opportunities / projects are developed / delivered, within approved budget	90%	71%: Five of seven projects were completed within budget. The main exception was the learning & development shared service project where the cost of the project team went slightly over budget. This was a result of the delays, and therefore extension of effort that is explained above.	
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly	During the last financial year, we presented the following to the Audit and Risk Committee: Waikato Data Portal PSP Waters Collaboration Insurance.	
	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months		
		90% of projected quantifiable benefits are realised		Unable to Currently measure
Ensure existing services are meeting the needs of councils	The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): - RATA – roading and waters - Waikato Building Cluster - Regional Infrastructure Technical Specifications - Energy & Carbon Management - Professional Services Panel - Health & Safety pre-qualification	80% of councils	A stakeholder survey was undertaken in May 2022 as noted above. 80% of respondents said that the services they received either met or exceeded their expectations.	
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	Ideas for future consideration and/or initiatives identified include: • Redesign of the WBCG quality manual – in progress • Cadet project – in progress • New build Waikato website delivered – completed • Water data quality dashboard • Fortnightly people and capability response group for COVID-19 • The Insurance advisory group engaged Aon to undertake an assessment of potential losses to Waikato councils' three-waters reticulation networks and flood protection assets due to earthquake damage. • Procurement managers have been involved in a few joint procurements	

# Waikato District Community Wellbeing Trust





In 2010, the Waikato Foundation Trust proposed to distribute its capital fund to projects or trusts to fund projects of a community nature which will result in long term benefits to as many people as possible within the geographical area of the three constituent territorial authorities namely Hamilton City Council, Waikato District Council and Waipa District Council.

The Waikato District Community Wellbeing Trust was established to receive funds from the Waikato Foundation Trust which wound up in 2010. \$2.56 million was transferred to the Waikato District Community Wellbeing Trust during 2011/12.

**The trust distributes funds that:**







- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities; and
- Deliver on the aspirations and community outcomes of the Waikato district identified and promoted by the community and endorsed by the Waikato District Council.

The performance against the Statement of Intent is provided in the table below:

Agreed Measures	Statement of Intent	Target met
<p><b>Governance:</b></p> <p>To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.</p>	Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.	
<p><b>Investment:</b></p> <p>To adhere to the Trust’s Management of Investment Portfolio and Distribution Policy.</p> <p>To review on an annual basis the investment mandate and the performance of the portfolio manager.</p>	At each quarterly meeting review compliance with the Trust’s Management of Investment Portfolio and Distribution Policy during that quarter.	
<p><b>Fund disbursement:</b></p> <p>As per the Management of Investment Portfolio and Distribution Policy, to distribute a total grant disbursement that does not exceed 50% of the accumulated retained net income after allowing for accumulated expenses, inflation movements and prior year distributions.</p>	A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the Management of Investment Portfolio and Distribution Policy for the current year.	
	Six-monthly reports are received from all successful applicants within the required timeframe.	



## Council's financial returns

Returns on investment	Expected return	2021/22 results	Our performance
Financial	5.55%	5.42%	
Property	11.00%	7.08%	
Equity as follows:			
Waikato Regional Airport Ltd	0%	0%	
Civic Financial Services Ltd	0%	0%	
Local Authority Shared Services Ltd	0%	0%	
Waikato District Community Wellbeing Trust	0%	0%	

# FINANCIAL STATEMENTS



# NGA RĀRANGI PŪTEA



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# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2022

		Council			Group	
	Note	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Revenue						
Rates	2	109,331	105,613	97,504	109,331	97,504
Development and financial contributions		15,347	8,271	13,158	15,347	13,158
Subsidies and grants		28,604	33,111	28,206	28,604	28,206
Finance revenue	3	250	50	60	251	60
Other revenue	4	76,521	84,665	69,539	76,669	70,254
Total revenue		230,053	231,710	208,467	230,202	209,182
Expenses						
Employee costs	6	35,626	37,975	33,165	35,626	33,165
Depreciation and amortisation expense	7	35,009	33,311	33,899	35,009	33,899
Finance costs	3	4,782	4,506	4,714	4,782	4,714
Other expenses and losses	8	82,643	82,459	74,001	83,330	74,162
Total operating expenses		158,060	158,251	145,779	158,747	145,940
Surplus(deficit) before tax		71,993	73,459	62,688	71,455	63,242
Income tax expense	9	-	-	-	-	-
Surplus(deficit) after tax wholly attributable to Waikato District Council		71,993	73,459	62,688	71,455	63,242
Other comprehensive revenue and expense						
Gain(loss) on property revaluations	15	284,322	51,193	39,200	284,322	39,200
Revaluation reserve – landfill		138	-	567	138	567
Gain (loss) on cessation of joint venture		-	-	-	-	-
Financial assets at fair value through other comprehensive revenue		9,882	-	6,323	9,882	6,323
Other comprehensive revenue and expense (net of tax)		294,342	51,193	46,090	294,342	46,090
Total comprehensive revenue and expense for the year		366,335	124,652	108,778	365,797	109,332

The accompanying notes form part of these financial statements.  
Explanations of major variances against budget are provided in note 35.

# STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

		Council			Group	
	Note	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Assets						
Current assets						
Cash and cash equivalents	10	22,977	9,955	19,037	22,993	19,038
Receivables from exchange transactions	11	16,725	9,647	12,157	16,431	11,889
Recoverables from non-exchange transactions	11	5,223	9,048	3,436	5,223	3,436
Prepayments		2,191	1,372	1,503	2,193	1,501
Other financial assets	13	1,228	46	1,141	5,828	6,315
Cattle	12	2	103	107	2	107
Non-current assets held for sale	14	6,544	1,256	-	6,544	-
Total current assets		54,890	31,427	37,381	59,214	42,286
Non-current assets						
Investment in CCO's and other similar entities	13	33,864	17,414	23,984	33,164	23,284
Investments in other entities	13	2,345	3,446	1,079	2,345	1,079
Property, plant and equipment	15	2,180,111	1,991,570	1,838,296	2,180,111	1,838,296
Intangible assets	16	2,025	5,482	2,392	2,025	2,392
Investment property	17	625	560	600	625	600
Derivative financial instruments	22	1,559	-	-	1,559	-
Total non-current assets		2,220,529	2,018,472	1,866,351	2,219,829	1,865,651
Total assets		2,275,419	2,049,899	1,903,732	2,279,042	1,907,937
Liabilities						
Current liabilities						
Payables under exchange transactions	18	28,732	30,470	28,285	27,658	27,307
Taxes and transfers payable	18	1,988	1,436	3,435	1,988	3,435
Derivative financial instruments	22	7	-	133	7	133
Borrowing	20	20,963	33,656	15,000	20,963	15,000
Employee entitlements	19	4,776	4,391	4,184	4,776	4,184
Provisions	21	116	467	120	116	120
Total current liabilities		56,582	70,420	51,157	55,508	50,179
Non-current liabilities						
Derivative financial instruments	22	-	21,615	12,435	-	12,435
Borrowing	20	77,678	100,966	65,000	77,678	65,000
Employee entitlements	19	114	276	181	114	181
Provisions	21	2,092	2,708	2,341	2,092	2,341
Total non-current liabilities		79,884	125,565	79,957	79,884	79,957
Total liabilities		136,466	195,985	131,114	135,392	130,136
Net assets		2,138,953	1,853,914	1,772,618	2,143,650	1,777,801
Net assets/ equity						
Accumulated comprehensive revenue and expense		1,214,408	1,203,176	1,146,219	1,215,828	1,148,173
Other reserves		924,545	650,738	626,399	927,822	629,628
Total net assets/equity		2,138,953	1,853,914	1,772,618	2,143,650	1,777,801

The accompanying notes form part of these financial statements.  
 Explanations of major variances against budget are provided in note 35.

# STATEMENT OF CHANGES IN NET ASSETS / EQUITY

for the year ended 30 June 2022

	Council			Group	
	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Balance at the beginning of the year</b>					
Accumulated comprehensive revenue and expense	1,146,219	1,112,313	1,090,189	1,148,225	1,091,674
Other reserves					
Revaluation	596,708	604,798	557,786	596,708	557,786
Restricted	208	200	201	3,437	3,345
Council-created	24,655	23,487	23,534	24,655	23,534
Special rates and user pays	(11,302)	(12,284)	(12,398)	(11,302)	(12,398)
Capital replacement fund	24,574	24,324	24,887	24,574	24,887
Development contributions	(28,894)	(37,703)	(34,485)	(28,894)	(34,485)
Fair value through other comprehensive revenue and expense	20,450	14,127	14,127	20,450	14,127
<b>Balance at 1 July as previously reported</b>	<b>1,772,618</b>	<b>1,729,262</b>	<b>1,663,841</b>	<b>1,777,853</b>	<b>1,668,470</b>
<b>Comprehensive revenue and expense for the year</b>					
Accumulated comprehensive revenue and expense					
Loss in cessation of joint venture	-	-	-	-	-
Surplus(deficit) after tax	71,993	73,459	62,687	71,455	63,241
<b>Other reserves</b>					
Revaluation	284,322	51,193	39,200	284,322	39,200
Revaluation – landfill	138	-	567	138	567
Fair value through other comprehensive revenue and expense	9,882	-	6,323	9,882	6,323
<b>Total comprehensive revenue for the year wholly attributable to Waikato District Council</b>	<b>366,335</b>	<b>124,652</b>	<b>108,777</b>	<b>365,797</b>	<b>109,331</b>
<b>Transfers to(from) accumulated comprehensive revenue and expense</b>					
Accumulated comprehensive revenue and expense	(3,804)	17,404	(6,657)	(3,852)	(6,742)
<b>Other reserves</b>					
Revaluation	(369)	-	(845)	(369)	(845)
Restricted	269	-	7	317	92
Council-created	4,596	3,582	1,121	4,596	1,121
Special rates and user pays	(3,714)	(6,410)	1,096	(3,714)	1,096
Capital replacement fund	2,953	(318)	(313)	2,953	(313)
Development contributions	69	(14,258)	5,591	69	5,591
<b>Total transfers to(from) accumulated comprehensive revenue and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>2,138,953</b>	<b>1,853,914</b>	<b>1,772,618</b>	<b>2,143,650</b>	<b>1,777,801</b>

The accompanying notes form part of these financial statements.  
Explanations of major variances against budget are provided in note 35.

# STATEMENT OF CHANGES IN NET ASSETS / EQUITY (continued)

for the year ended 30 June 2022

Represented by net assets/equity at the end of the year					
Accumulated comprehensive revenue and expense	1,214,408	1,203,176	1,146,219	1,215,828	1,148,173
<b>Other reserves</b>					
Revaluation	880,799	655,991	596,708	880,799	596,708
Restricted	477	200	208	3,754	3,437
Council-created	29,251	27,069	24,655	29,251	24,655
Special rates and user pays	(15,016)	(18,694)	(11,302)	(15,016)	(11,302)
Capital replacement fund	27,527	24,006	24,574	27,527	24,574
Development contributions	(28,825)	(51,961)	(28,894)	(28,825)	(28,894)
Fair value through other comprehensive revenue and expense	30,332	14,127	20,450	30,332	20,450
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>2,138,953</b>	<b>1,853,914</b>	<b>1,772,618</b>	<b>2,143,650</b>	<b>1,777,801</b>

The accompanying notes form part of these financial statements.  
Explanations of major variances against budget are provided in note 35.



# STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

		Council			Group	
	Note	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Cash flows from operating activities						
Receipts						
Receipts from rates revenue		107,051	98,696	99,318	107,051	99,318
Subsidies received		29,974	25,944	30,150	29,974	30,150
Contributions received		14,249	8,115	9,766	14,249	9,766
Receipts from other revenue		19,421	37,757	30,667	19,421	30,667
Interest received		281	50	80	281	80
Dividends received		-	-	-	-	-
Goods and service tax (net)		-	-	-	-	-
Payments						
Payments to employees		(35,100)	(37,761)	(32,839)	(35,100)	(32,839)
Payments to suppliers		(72,577)	(81,370)	(77,009)	(72,688)	(77,038)
Interest paid		(4,677)	(4,506)	(4,744)	(4,677)	(4,744)
Goods and service tax (net)		(207)	-	(484)	(207)	(484)
Net cash flows from (used in) operating activities	24	58,415	46,925	54,905	58,304	54,876
Cash flows from investing activities						
Proceeds from the sale of property, plant and equipment		230	3,914	2,105	230	2,105
Proceeds from the sale of investments		-	80	-	125	(9)
Community loan repayments received		(861)	-	46	(861)	46
Receipts from repayment of advance		-	-	-	-	-
Purchase of intangible assets		(688)	(1,614)	(507)	(688)	(507)
Purchase of property, plant and equipment		(71,942)	(95,381)	(49,720)	(71,942)	(49,720)
Acquisition of investments		(531)	(789)	132	(531)	132
Net cash flow from (used in) investing activities		(73,792)	(93,790)	(47,944)	(73,667)	(47,953)
Cash flows from financing activities						
Proceeds from borrowing		70,033	51,871	-	70,033	-
Repayment of borrowing		(51,000)	(5,000)	(15,000)	(51,000)	(15,000)
Net cash flow from financing activities		19,033	46,871	(15,000)	19,033	(15,000)
Net increase(decrease) in cash, cash equivalents and bank overdrafts		3,656	6	(8,039)	3,670	(8,077)
Cash, cash equivalents and bank overdrafts at the beginning of the year		19,038	9,949	27,076	19,040	27,115
Cash, cash equivalents and bank overdrafts at the end of the year		22,694	9,955	19,037	22,710	19,038

The accompanying notes form part of these financial statements.  
Explanations of major variances against budget are provided in note 35.

# STATEMENT OF RESERVE FUNDS

for the year ended 30 June 2022

Reserves showing as negative have a debit balance and are mainly for development contributions and structure plan reserves. These reserves are in place to monitor the revenue and costs associated with development and growth. Often Council must incur the cost of works for base infrastructure before development contributions are received. Essentially the negative balance for a reserve is the amount borrowed internally to fund the work ahead of revenue being received.

A negative reserve is used instead of an internal loan because the amount is repaid by revenue received rather than a loan repayment regime. Like a loan, interest is charged and is added to the reserve balance for repayment from contributions received over time.

Reserve	Purpose	Related activities	Opening balance 1 July 2021 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2022 \$'000
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	541	275	(293)	523
Raglan Harbour reserve	Council took over assets from the Raglan Harbour Board. Any revenue or expenditure on these properties is kept separate from general funds.	Sustainable communities	1,118	465	(860)	723
Housing for the elderly	Revenue from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(442)	320	(491)	(613)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	265	977	(1,253)	(11)
Lake Hakanoa Caravan Park reserve	Revenue and expenditure for the Lake Hakanoa Caravan Park at Huntly is kept separate. The camp operation is self-funding.	Sustainable communities	224	157	(160)	221
Raglan Papahua Holiday Park reserve	Revenue and expenditure for the Holiday Park at Raglan is kept separate. The camp operation is self-funding.	Sustainable communities	1,395	1,790	(1,478)	1,707
Wainui Reserve farm	Revenue and expenditure for Wainui Reserve farm operations is kept separate. The farm operation is self-funding and surpluses are used towards projects at Wainui Reserve.	Sustainable communities	350	158	(77)	431
Hillary Commission grants	These funds are committed to a club development programme for the future.	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates.	Sustainable communities	(15)	960	(921)	24
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	1,530	491	(196)	1,825
Hillary Commission loans	Remaining funds and interest credits built up from Council's contribution to match Hillary Commission loans used in the past to assist sporting organisations. All loans have been repaid.	Sustainable communities	65	3	-	68

The accompanying notes form part of these financial statements.  
Explanations of major variances against budget are provided in note 35.

# STATEMENT OF RESERVE FUNDS (continued)

for the year ended 30 June 2022

Reserve	Purpose	Related activities	Opening balance 1 July 2021 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2022 \$'000
North Waikato development reserve	Remaining funds (with interest credits) from the Department of Corrections for use to assist the local community.	Sustainable communities	394	35	(24)	405
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	Organisational support	2,308	-	-	2,308
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	18	54	(72)	-
Landfill aftercare contribution	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with aftercare costs for closed landfills transferred.	Sustainable environment	133	13	(58)	88
Structure plan non-growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development.	Organisational support	1,733	601	(225)	2,109
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	672	3,053	(2,845)	880
Huntly College Jubilee Award	A restricted reserve for the interest revenue to be used as educational sponsorship.	Sustainable communities	12	1	-	13
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest revenue to be used as sponsorship for educational purposes.	Sustainable communities	1	1	-	2
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest revenue to be used for educational sponsorship.	Sustainable communities	1	-	-	1
Te Kauwhata wastewater treatment consultation group mitigation fund	A restricted reserve that requires Waikato District Council to contribute \$45,000 per annum as per the consent conditions in the contract, to be used for ecological enhancement works in the Lake Waikare Catchment, and to reserve any unspent budget for future years for spend as approved by the Te Kauwhata wastewater treatment consultation group.	Organisational support	-	-	279	279
Huntly social services	A restricted reserve created by the transfer of funds from the former Huntly Social Services coordinating Committee Inc when it was wound up in 2015.	Sustainable communities	175	7	-	182
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	28,851	11,659	2,573	43,083

The accompanying notes form part of these financial statements.

Explanations of major variances against budget are provided in note 35.

# STATEMENT OF RESERVE FUNDS (continued)

for the year ended 30 June 2022

Reserve	Purpose	Related activities	Opening balance 1 July 2021 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2022 \$'000
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(11,302)	8,591	(12,305)	(15,016)
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	24,574	25,265	(22,312)	27,527
Revaluation reserves	These non-cash reserves relate to the revaluation of property, plant and equipment to fair value.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	596,708	284,460	(369)	880,799
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(22,929)	18,270	(18,375)	(23,034)
<b>Total reserves</b>			<b>626,402</b>	<b>357,606</b>	<b>(59,462)</b>	<b>924,545</b>

The accompanying notes form part of these financial statements.  
Explanations of major variances against budget are provided in note 35.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 1: Statement of accounting policies

### Reporting entity

Waikato District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002 (LG(R)A).

The Group consists of the ultimate parent Waikato District Council; its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust (WBT).

Strada is no longer trading and has been registered as non-active with Inland Revenue.

All the companies in which Council has an interest, either directly or through Strada, are incorporated and domiciled in New Zealand.

The principal activity of Council is the provision of local infrastructure, local public services and the performance of regulatory functions to the community. Council does not operate to make financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

These financial statements of Council and the Group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 31 October 2022.

### Basis of preparation

The financial statements of Council have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

Strada is no longer trading and has been registered as non-active with Inland Revenue.

### Statement of compliance

The financial statements of Council and the Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R) which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's) except for those within sections of narrative which are rounded to the nearest dollar.

### Standards newly effective and which have been adopted

Standards and amendments which are newly effective, and which are relevant to the Council and the Group are:

#### Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022. This amendment will result in additional disclosures.

The Council has adopted the new standard in preparing these financial statements; there have been no material effects in so doing.

#### PBE IPSAS 40 PBE combinations

PBE IPSAS 40 replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. The revised standard clarifies the acquisition or amalgamation of PBE entities. This new standard is effective for the year ending 30 June 2022 and is applied prospectively.

The Council has not nor is it currently considering any combination with another entity that would require compliance with PBE IPSAS 40.

### Standards issued and not yet effective which have been early adopted

#### Financial instruments

The NZASB has issued PBE IPSAS 41 after the IPSASB issued its own financial instruments standard. PBE IPSAS 41 Financial Instruments will supersede PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments for public benefit entities. PBE IPSAS 41 is effective from 1 January 2022, early adoption permitted.

Council has elected to early adopt PBE IPSAS 41 Financial Instruments. Accounting policies have been updated to comply with PBE IPSAS 41.

PBE IPSAS 41 provides users of financial statements with more useful information by:

- applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. There is no change to the measurement of Council's financial instruments, the only amendment being the reclassification from 'Loans and receivables' and 'Held to maturity investments' to 'Financial asset at amortised cost'; and



- applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing. Council has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Council has adopted the new standard in preparing these financial statements; there have been no material effects in doing so.

### Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective have not been early adopted, and which are relevant to Council and the Group are:

#### PBE FRS 48 service performance reporting

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

### Other changes in accounting policies

There have been no other changes in accounting policies.

### Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

#### Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intra-group balances, transactions, revenues and expenses are eliminated on consolidation.

### Critical accounting estimates and assumptions

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

#### Infrastructural assets

Note 15 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

#### Employee entitlement provisions

Note 19 provides information about the estimates and assumptions surrounding the retirement gratuities and long service leave provision.

#### Landfill aftercare provision

Note 21 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

### Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of recoverable GST.

### Budget figures

The budget figures are those approved by Council at the beginning of the year in its 2021-2031 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### Foreign currency transactions

Foreign currency transactions are translated into NZ dollars using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### Equity

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

- Accumulated funds;
- Other reserves
  - revaluation
  - restricted
- council-created
- special rates and user pays
- capital replacement fund
- development contributions
- fair value through other comprehensive revenue and expense.

### Revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value.

### Restricted reserves

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

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

### Council-created reserves

Council-created reserves are reserves established by Council decisions. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Council and the Group's objectives, policies, and processes for managing capital are explained in note 34.

### Fair value through other comprehensive revenue

This reserve comprises the cumulative net change in the fair value of financial instruments at fair value through other comprehensive revenue.

### Cost allocation policy

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified, in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

## Note 2: Rates

### Accounting policy

General rates, targeted rates (excluding those for water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers the effect of payment by instalment is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when the rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
General rates	62,705	55,749
Uniform annual general charge	11,644	10,412
<b>Total general rates revenue</b>	<b>74,349</b>	<b>66,161</b>
<b>Targeted rates</b>		
Community boards	272	269
Community centres and facilities	848	808
Refuse & waste management	4,909	5,023
Stormwater	2,261	1,984
Wastewater	13,412	11,956
Metered water supply	7,282	6,642
Other water rates	4,689	3,873
<b>Total targeted rates</b>	<b>33,673</b>	<b>30,555</b>
plus: Penalties revenue	2,026	1,433
<b>Total rates revenue</b>	<b>110,048</b>	<b>98,149</b>
less: Rate remissions	(717)	(645)
<b>Total net rates</b>	<b>109,331</b>	<b>97,504</b>

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by Council from other local authorities for services provided by Council for which those other local authorities rate. Annual rates revenue by this definition is as disclosed in the table above.

### Rates remissions

Rates revenue is shown net of rates remissions. Council's rates remission policy allows Council to remit rates on condition of a ratepayer's extreme hardship, land used for community and sporting purposes, land protected for historic or cultural purposes, rating units with a capital valuation (CV) of \$1,500 or less and Māori freehold land.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Land used for community and sporting purposes	330	262
Land protected for historical or cultural purposes	46	46
CV's under \$1,500	126	115
Rating exclusions	147	163
Māori freehold land	68	59
<b>Total rates remissions</b>	<b>717</b>	<b>645</b>

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

### Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. Non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's remission policy.

### Rating base information

Council's rating base is as follows:

	Council	
	2021/22 Actual	2020/21 Actual
Total number of rating units	35,574	35,106
Total land value	\$21,931m	\$21,767m
Total capital value	\$36,587m	\$35,759m

## Note 3: Finance revenue and costs

### Accounting policy

Interest revenue is recognised using the effective interest method.

All borrowing costs are recognised as an expense in the period in which they are incurred.

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Finance revenue</b>				
Interest - bank deposits	102	44	102	44
Interest - financial assets	(16)	1	(16)	1
Interest - community loans	152	4	152	4
Interest - other	-	-	1	-
Interest - LGFA borrower notes	12	11	12	11
<b>Total finance revenue</b>	<b>250</b>	<b>60</b>	<b>251</b>	<b>60</b>
<b>less: Finance costs</b>				
Interest - bank borrowing	23	40	23	40
Interest - LGFA borrowing	1,723	1,002	1,723	1,002
Interest - swaps differences	3,026	3,664	3,026	3,664
Provision: discount unwinding	9	7	9	7
Other finance costs	1	1	1	1
<b>Total finance costs</b>	<b>4,782</b>	<b>4,714</b>	<b>4,782</b>	<b>4,714</b>
<b>Net finance costs</b>	<b>(4,532)</b>	<b>(4,654)</b>	<b>(4,531)</b>	<b>(4,654)</b>

## Note 4: Other revenue

### Accounting policy

Found and vested physical assets are recognised at fair value at the time Council obtains control of the asset. The fair value is recognised as revenue and the amount is determined by reference to the costs of purchase and/or construction. Revenue from the sale or provision of goods is recognised when a product is sold to the customer.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Dividends are recognised as revenue when the right to receive payment has been established.

Revenue from traffic and parking infringements is recognised when the infringement notice is issued.

Rental revenue from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Found assets	1,376	2,410	1,376	2,410
Vested assets	33,623	33,092	33,623	33,092
Dividends	-	-	-	-
Other revenue	12,556	11,444	12,556	11,444
Regulatory revenue	10,209	10,205	10,209	10,205
Fees and charges – Council	4,095	2,706	4,095	2,706
Fair value through surplus (deficit) realised gain	392	-	540	123
Interest rate swaps revaluation gain	14,119	9,047	14,119	9,047
Gain on cessation of joint venture	-	-	-	-
Property, plant and equipment gains on disposal	126	595	126	595
Investment property revaluation gain	25	40	25	40
Fair value through surplus (deficit) unrealised gains	-	-	-	592
<b>Total other revenue</b>	<b>76,521</b>	<b>69,539</b>	<b>76,669</b>	<b>70,254</b>



## Note 5: Exchange and non-exchange revenue

### Accounting policy

Revenue is measured at fair value. For exchange revenue this equals the fair value of the consideration received or receivable. For non-exchange revenue it is the amount of the increase in net assets recognised by the Group.

Council receives government grants from New Zealand Transport Agency (NZTA) which subsidise part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Development and financial contributions are recognised as revenue when Council is capable of providing the service for which the contribution is charged.

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Revenue from exchange transactions</b>				
Revenue from metered water supply	7,282	6,642	7,282	6,642
Development and financial contributions	15,347	13,158	15,347	13,158
Other fees and charges – Council	13,802	14,038	13,802	14,038
Finance revenue	250	60	251	60
Dividends received	-	-	-	-
Other exchange revenue	6,441	5,864	6,441	6,579
<b>Total revenue from exchange transactions</b>	<b>43,122</b>	<b>39,762</b>	<b>43,123</b>	<b>40,477</b>
<b>Revenue from non-exchange transactions</b>				
Revenue from rates	102,049	90,862	102,049	90,862
Vested and found assets	34,999	35,502	34,999	35,502
Regulatory revenue	1,986	1,923	1,986	1,923
Infringements and fines	151	239	151	239
NZTA government subsidies	19,036	23,988	19,036	23,988
Petrol tax	561	594	561	594
Three Waters funding from the Department of Internal Affairs (DIA)*	8,813	2,489	8,813	2,489
Other subsidies and grants	755	1,729	755	1,729
Other fees and charges – Council	3,474	2,013	3,474	2,013
Other non-exchange revenue	15,107	9,366	15,255	9,366
<b>Total revenue from non-exchange transactions</b>	<b>186,931</b>	<b>168,705</b>	<b>187,079</b>	<b>168,705</b>
<b>Revenue from exchange transactions</b>	<b>43,122</b>	<b>39,762</b>	<b>43,123</b>	<b>40,477</b>
<b>Revenue from non-exchange transactions</b>	<b>186,931</b>	<b>168,705</b>	<b>187,079</b>	<b>168,705</b>
<b>Total revenue per statement of comprehensive revenue and expense</b>	<b>230,053</b>	<b>208,467</b>	<b>230,202</b>	<b>209,182</b>

\*In June 2022, together with Watercare Limited, Waikato District Council completed the programme of works under the three waters stimulus funding grant and has submitted its final close-out report to the Department of Internal Affairs as support for the works delivered under the programme. The remainder of the Programme was transferred from the Department of Internal Affairs to Crown Infrastructure Partners, in accordance with the Funding Agreement for Three Waters Services Reforms. The final settlement of the outstanding Grant will be settled by Crown Infrastructure Partners.

There are no unfulfilled conditions or other contingencies attached to other subsidies and grants recognised.  
(2021: \$nil)

## Note 6: Employee costs

### Accounting policy

Obligations for contributions to defined contribution superannuation schemes such as KiwiSaver are recognised as an expense in the surplus or deficit when incurred.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Salaries and wages	34,238	32,044
Defined contribution plan employer contributions	862	794
Increase (decrease) in employee liabilities	526	327
<b>Total employee costs</b>	<b>35,626</b>	<b>33,165</b>

*Employer contributions to defined contribution plans is made up of contributions to KiwiSaver.*

## Note 7: Depreciation and amortisation expense by group of activity

	Council	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Water supply	3,691	3,016
Wastewater	4,333	5,333
Stormwater	1,133	983
Roading	18,965	18,192
Sustainable environment	98	92
Sustainable communities	4,992	4,732
Governance	-	-
Organisational support	1,797	1,551
<b>Total directly attributable depreciation and amortisation</b>	<b>35,009</b>	<b>33,899</b>

## Note 8: Other expenses and losses

### Accounting policy

#### Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's approval.

#### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Audit fees – Annual report	193	177	202	186
Audit fees – Long Term Plan	-	130	-	130
Other payments to Audit New Zealand *	39	51	39	51
<b>Total payments to Audit New Zealand</b>	<b>232</b>	<b>358</b>	<b>241</b>	<b>367</b>
Asset write-off	2,179	1,826	2,179	1,826
Bad debt written off	7	65	7	65
Rates penalty write-offs	645	515	645	515
Other expenditure	68,496	59,572	68,527	59,602
Other personnel expenses	1,025	713	1,025	713
Minimum lease payments under operating leases	33	62	33	62
Legal expenses	98	371	98	371
Other professional fees	14	28	14	28
Consultant expenses	9,150	9,742	9,150	9,742
Litigation settlement	-	5	-	5
Grants and sponsorship	535	718	585	840
Fair value loss on cattle	105	10	105	10
Property, plant & equipment – losses on disposal	124	16	124	16
<b>Total other expenses and losses</b>	<b>82,643</b>	<b>74,001</b>	<b>82,733</b>	<b>74,162</b>

\* Other payments to Audit New Zealand were for a probity review, assurance services relating to procurement processes; for the audit of the Debenture Trust Deed and for ad hoc support.

In 2021 other payments made to Audit New Zealand were for a probity review; for the audit of the Debenture Trust Deed and for ad hoc support.

## Note 9: Income tax

### Accounting policy

Income tax expense includes both current and deferred tax.

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

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

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

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

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

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

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Operating surplus before tax expense	71,601	62,688	71,063	63,242
Prima facie tax at 28%	20,048	17,553	19,898	17,709
Non-assessable income (net)	(20,048)	(17,553)	(19,898)	(17,709)
Non-deductible expenditure	-	-	-	-
<b>Total income tax expense</b>	-	-	-	-
Made up of:				
Deferred tax	-	-	-	-
Prior period adjustment	-	-	-	-
Income tax expense	-	-	-	-

Deferred tax (assets) liabilities	Plant and Equipment \$'000	Employee entitlements \$'000	Other provisions \$'000	Total tax loss \$'000	Total \$'000
Balance at 1 July 2020	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
<b>Balance at 30 June 2021</b>	-	-	-	-	-
Balance at 1 July 2021	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
<b>Balance at 30 June 2022</b>	-	-	-	-	-

## Note 10: Cash and cash equivalents

### Accounting policy

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

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Cash at bank and on hand	1,977	1,637	1,978	1,638
Short term deposits maturing within three months or less from date of acquisition	21,000	17,400	21,015	17,400
<b>Total cash and cash equivalents per statement of financial position</b>	<b>22,977</b>	<b>19,037</b>	<b>22,993</b>	<b>19,038</b>
Bank overdrafts	-	-	-	-
<b>Cash and cash equivalents per statement of cash flows</b>	<b>22,977</b>	<b>19,037</b>	<b>22,993</b>	<b>19,038</b>

The total value of cash equivalents that can only be used for a specific purpose is \$477,087 (2021: \$207,966).

## Note 11: Recoverables and receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

### Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.



## Fair value

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

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Receivables from exchange transactions</b>				
Receivables from related parties	294	268	-	-
Water rates receivable	165	229	165	229
Other receivables from exchange transactions	16,389	11,947	16,389	11,947
<b>Gross receivables</b>	<b>16,848</b>	12,444	<b>16,554</b>	12,176
Provision for uncollectability	(123)	(287)	(123)	(287)
<b>Net receivables from exchange transactions</b>	<b>16,725</b>	12,157	<b>16,431</b>	11,889
<b>Recoverables from non-exchange transactions</b>				
Rates receivable	4,389	3,762	4,389	3,762
Recoverables from user charges, taxes and other non-exchange revenue	821	178	821	178
GST refund	527	320	527	320
<b>Gross recoverables</b>	<b>5,737</b>	4,260	<b>5,737</b>	4,260
Provision for uncollectability	(514)	(824)	(514)	(824)
<b>Net recoverables from non-exchange transactions</b>	<b>5,223</b>	3,436	<b>5,223</b>	3,436
<b>Total gross receivables and recoverables</b>	<b>22,585</b>	16,704	<b>22,291</b>	16,436
<b>Total provision for uncollectability</b>	<b>(637)</b>	(1,111)	<b>(637)</b>	(1,111)
<b>Total net recoverables and receivables</b>	<b>21,948</b>	15,593	<b>21,654</b>	15,325

## Assessment of expected credit loss

### Rates receivable

Council provides for ECLs of rates receivable in certain circumstances; when the property is multiple-owned Māori land or when there is no guarantor available. In all other circumstances, Council does not provide for any ECLs on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council is able to apply to the Registrar of the High Court to have the judgement enforced by the sale or lease of the rating unit.

Ratepayers can apply for payment options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value if the effect of discounting is material.

### Other receivables

The ECL rates for other receivables at 30 June 2022 and 1 July 2021 are based on the payment profile of revenue on credit over the prior of one year at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2021 in the estimation techniques or significant assumptions in measuring the loss allowance.

The allowance for credit losses based on Council and the group's credit loss matrix is as follows:

	Gross \$'000	Uncollectable \$'000	Total \$'000
<b>Council 2022</b>			
Not past due	14,445	-	14,445
Past due 1 – 60 days	312	-	312
Past due 61 – 120 days	488	-	488
Past due > 120 days	7,340	(637)	6,703
<b>Total gross recoverables and receivables</b>	<b>22,585</b>	<b>(637)</b>	<b>21,948</b>
<b>Council 2021</b>			
Not past due	9,959	-	9,959
Past due 1 – 60 days	284	-	284
Past due 61 – 120 days	251	-	251
Past due > 120 days	6,210	(1,111)	5,099
<b>Total gross recoverables and receivables</b>	<b>16,704</b>	<b>(1,111)</b>	<b>15,593</b>
<b>Group 2022</b>			
Not past due	14,445	-	14,445
Past due 1 – 60 days	312	-	312
Past due 61 – 120 days	488	-	488
Past due > 120 days	7,046	(637)	6,409
<b>Total gross recoverables and receivables</b>	<b>22,291</b>	<b>(637)</b>	<b>21,654</b>
<b>Group 2021</b>			
Not past due	9,959	-	9,959
Past due 1 – 60 days	284	-	284
Past due 61 – 120 days	251	-	251
Past due > 120 days	6,210	(1,111)	5,099
<b>Total gross recoverables and receivables</b>	<b>16,704</b>	<b>(1,111)</b>	<b>15,593</b>

## Allowance for expected credit losses (ECL)

The ECL allowance has been calculated based on a review of specific overdue receivables together with a collective assessment.

	<b>Council and Group</b>	
	<b>2021/22 Actual \$'000</b>	<b>2020/21 Actual \$'000</b>
Individual uncollectability	121	243
Collective uncollectability	516	868
<b>Total provision for uncollectability</b>	<b>637</b>	<b>1,111</b>

Individually impaired receivables have been determined to be impaired because of the improbability of collection. An analysis of the individually impaired debtors is shown below:

	<b>Council and Group</b>	
	<b>2021/22 Actual \$'000</b>	<b>2020/21 Actual \$'000</b>
Past due 1 – 60 days	-	-
Past due 61 – 120 days	-	-
Past due > 120 days	121	243
<b>Total individual uncollectability</b>	<b>121</b>	<b>243</b>

## Movements in the allowance for credit losses are as follows:

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Balance at 1 July	1,111	1,516
Additional provision made during the year	5	-
Provisions reversed during the year	(358)	(280)
Debts written off during the period	(121)	(125)
<b>Balance at 30 June</b>	<b>637</b>	<b>1,111</b>

In accordance with the write-off criteria of sections 90A and 90B of the Local Government (Rating) Act 2002, Council have written off a total of \$120,439 during the year. (2021: \$2,698).

## Note 12: Cattle

### Accounting policy

Cattle on Council's reserves are revalued annually at fair value less estimated costs to sell. Fair value is determined based on market price at balance date.

Gains and losses from a change in fair value less estimated costs to sell are recognised in the surplus or deficit. The costs incurred in relation to the cattle are included in the surplus or deficit.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Balance at 1 July	107	103
Increase through purchases	107	117
Gains (losses) from fair value adjustments	(105)	(10)
Decrease through sales	(107)	(103)
<b>Balance at 30 June</b>	<b>2</b>	<b>107</b>

Council keeps cattle to graze on one of its reserves as part of reserve maintenance. Although a financial gain is achieved in most years it is not Council's primary purpose. The cattle are normally sold within the next twelve months after balance date. The number of cattle at balance date was 5 (2021: 107).

Council has no cattle with restricted title.

## Note 13: OTHER FINANCIAL ASSETS

### Accounting policy

#### Subsidiaries

Council consolidates in the Group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by Council. If the consideration transferred is lower than the net fair value of Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The investment in subsidiaries is carried at cost in Council's parent entity financial statements.

#### Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

#### Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

#### Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and held to maturity investments.

#### Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

### Subsequent measurement of financial assets at FVTSD

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term and such an asset is classified as a current asset. Council's derivatives are categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied. The current/non-current classification of derivatives is explained in the derivatives accounting policy in note 22. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

### Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

### Shares in subsidiaries (at cost)

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

### The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.



	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Current portion</b>				
Term deposits	862	855	862	855
Equity instruments	-	-	1,851	2,872
Fixed interest instruments	-	-	2,749	2,302
LGFA borrower notes	320	240	320	240
Community loans	46	46	46	46
<b>Total current portion</b>	<b>1,228</b>	<b>1,141</b>	<b>5,828</b>	<b>6,315</b>
<b>Non-current portion</b>				
Investments in CCO's and other similar entities				
Waikato Local Authority Shared Services Limited (a)	219	219	219	219
Strada - shares	700	700	-	-
Waikato Regional Airport Limited	32,945	23,065	32,945	23,065
<b>Total investment in CCO's and similar entities</b>	<b>33,864</b>	<b>23,984</b>	<b>33,164</b>	<b>23,284</b>
Investment in other entities				
Community loans	843	(1)	843	(1)
LGFA borrower notes	1,460	1,040	1,460	1,040
Civic Financial Services Limited	42	40	42	40
<b>Total investment in other entities</b>	<b>2,345</b>	<b>1,079</b>	<b>2,345</b>	<b>1,079</b>
<b>Total non-current portion</b>	<b>36,209</b>	<b>25,063</b>	<b>35,509</b>	<b>24,363</b>
<b>Total other financial assets</b>	<b>37,437</b>	<b>26,204</b>	<b>41,337</b>	<b>30,678</b>

(a) Council's investment in Waikato Local Authority Shared Services Limited comprises four distinct classes of share.

The numbers held and values of each share class are as follows:

	No. of shares	Value per Share \$	Total Capital \$	Uncalled Capital \$	Paid up Capital \$
Ordinary shares	1	1,000	1,000	1,000	-
Shared Valuation Database Service	106,674	1	106,674	-	106,674
Waikato Regional Photography Service	9,376	1	9,376	9,376	-
Waikato Regional Transport Model	11,250	10	112,500	-	112,500
			<b>229,550</b>	<b>10,376</b>	<b>219,174</b>

## Fair value

### Term deposits

The carrying amount of term deposits approximates their fair value.

### Community loans

Community loans are measured at amortised cost using the effective interest method.

Their fair value is \$885,161 (2021: \$44,722). Fair value has been determined using cash flows discounted at the interest rate (current at 1 July 2021) charged by Council on community loans. The rate used is 5.42% (2021: 5.42%).

The face value of total community loans is \$909,662 (2021: \$45,522).

### Unlisted investments and advances

The fair value of Council's shares in Local Authority Shared Services Limited has not been disclosed because the fair value cannot be reliably measured as there is no active market for these instruments; therefore, the shares are held at cost.

Council's investments in Waikato Regional Airport Limited (WRAL) and Civic Financial Services Limited (formerly NZ Local Government Insurance Corporation Limited) are carried at fair value. Those values are based on Council's share of the assets less liabilities of each of the companies and changes in value are taken to fair value through other comprehensive revenue.

The details are:

	Share of net assets	Fair value	
		2021/22	2020/21
Waikato Regional Airport Limited	15.62%	\$32,944,611	\$23,065,117
Civic Financial Services Limited	0.37%	\$40,826	\$39,509

## Note 14: Non-current assets held for sale

### Accounting policy

Non-current assets no longer required in Council's operations and therefore intended for sale have been measured at the lower of their carrying amount and their fair value, less costs to sell. Any impairment losses for write-downs of such assets are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have been previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Land	3,123	-
Buildings	3,421	-
<b>Total non-current assets for sale</b>	<b>6,544</b>	<b>-</b>

Council has classified 43 properties as Non-Current Assets held for sale as at June 2022. (2021: No properties were classified as held for sale.)

## Note 15: Property, plant and equipment

### Accounting policy

#### Property, plant, and equipment consists of:

- Operational assets: These include land, buildings, improvements, landfill post closure, library books, plant and equipment, furniture, computers, and motor vehicles.
- Restricted assets: These are parks and reserves owned by Council which provide a benefit or service to the community, and which can only be disposed of after following a rigorous legal and public consultation process.
- Infrastructural assets: These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) is measured at fair value; buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a non exchange transaction it is recognised at its fair value as at the date of acquisition.

### Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to accumulated funds.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land. The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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

Description	Useful life (years)	Depreciation rate
Audio - visual materials and electronic games - Libraries	5	20%
Buildings	15 – 100	1 – 6.7%
Vehicles / moveable plant	4 – 20	5 – 25%
Library books	8	12.5%
Computers	3 – 7	20 – 33%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	4 – 100	1 – 25%
Wastewater	3 – 100	1 – 33.3%
Urban stormwater	5 – 100	1 – 20%
Roading pavement sealed	2 – 100	1 – 50%
Pavement (basecourse)		
- sealed	65 – 105	0.95 – 1.5%
- unsealed metal	20	5%
Surface water channel	20 – 80	1.25 – 5%
Culverts	50 – 80	1.25 – 2%
Guardrails / barriers	40 – 80	1.25 – 2.5%
Drainage	50 – 80	1.25 – 2%
Retaining walls	50 – 100	1 – 2%
Footpaths	15 – 80	1.25 – 6.67%
Street lighting	20	5%

Description	Useful life (years)	Depreciation rate
Bridges		
- timber	50	2%
- all other	100	1%
Parks & reserves	1-100	1-100%
Solid waste		
- refuse transfer stations	10 – 80	1.25 – 10%
- landfills	5 - 90	1.11 - 20%
Signs	20	5%

The residual value, depreciation method and useful life of an asset is reviewed and adjusted if applicable, at each balance date.

### Revaluation

Land and buildings (operational and restricted); parks and reserves and infrastructural assets (except land under roads) are revalued on a regular basis (at least every three years) to ensure that their carrying amounts do not differ materially from fair value. The carrying values of the revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair value. If there is a material difference, the off-cycle asset classes are revalued.

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve, in equity, for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, with any remainder recognised in other comprehensive revenue and expense.

### Impairment of property, plant and equipment

Items of property, plant and equipment having a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount the entire loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

### Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a series of service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

## Work in progress

The total amount of Council property, plant and equipment in the course of construction by class of asset is detailed below:

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Buildings - operational	2,238	3,968
Buildings – restricted	1,713	662
Parks and reserves	13,016	8,768
Wastewater	24,821	10,037
Stormwater	1,482	1,302
Water	10,484	4,579
Solid waste	191	149
Roading	5,673	16,521
<b>Total work in progress</b>	<b>59,618</b>	<b>45,986</b>

## Infrastructural assets – further disclosures

Council 2022	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	*Assets transferred to Council \$'000	
Water treatment plants and facilities	14,279	73	-	21,461
Other water assets	157,324	1,821	1,340	219,299
Wastewater treatment plants and facilities	25,618	792	-	36,220
Other wastewater assets	138,282	1,230	2,751	223,323
Stormwater and drainage	96,865	882	2,044	119,205
Roads, footpaths, bridges and culverts	1,219,021	34,892	24,443	1,734,884
<b>Total infrastructural assets</b>	<b>1,651,389</b>	<b>39,690</b>	<b>30,578</b>	<b>2,354,392</b>
<b>Council 2021</b>				
Water treatment plants and facilities	8,890	655	-	17,835
Other water assets	141,605	2,013	7,970	199,240
Wastewater treatment plants and facilities	20,192	190	-	32,542
Other wastewater assets	119,384	1,483	8,321	193,580
Stormwater and drainage	85,680	60	9,731	104,720
Roads, footpaths, bridges and culverts	1,043,783	23,766	9,020	1,473,510
<b>Total infrastructural assets</b>	<b>1,419,534</b>	<b>28,167</b>	<b>35,042</b>	<b>2,021,427</b>

\* This includes found assets of \$1,375,891 for 2022 (2021: \$2,409,598).

### Service concession assets – included in the table on the following page

Service concession assets are infrastructure assets owned by the Council and operated by Watercare Services Limited (Watercare) for the provision of water, wastewater, and stormwater services in Waikato district. The agreement stipulates the services Watercare must provide, to whom it must provide them and regulates the price.

Watercare is responsible for upgrading and maintaining the entire network in the district so that at the end of the contract period (term of 29 years ending on 2048. The network must be in the same, or better overall condition than that which existed at the time the contract was commenced in 2019. The Council retains ownership of the infrastructure assets operated by Watercare.

	Council and Group			
	Water supply \$'000	Wastewater \$'000	Stormwater and drainage \$'000	Total \$'000
<b>Balance at 1 July 2021</b>				
Cost	153,493	142,677	86,661	382,831
Accumulated depreciation	(2,996)	(3,101)	(980)	(7,077)
<b>Opening carrying amount</b>	<b>150,497</b>	<b>139,576</b>	<b>85,681</b>	<b>375,754</b>
<b>Year ended 30 June 2022</b>				
Additions	3,234	4,773	2,926	10,933
Revaluation surplus(deficit)	21,842	23,505	9,846	55,193
Disposal – cost	(299)	(301)	(458)	(1,058)
Disposal – accumulated depreciation	12	0	0	12
Depreciation	(3,680)	(3,654)	(1,130)	(8,464)
<b>Closing carrying amount</b>	<b>171,606</b>	<b>163,899</b>	<b>96,865</b>	<b>432,370</b>
<b>Balance at 1 July 2022</b>				
Cost	175,274	167,553	97,995	440,822
Accumulated depreciation	(3,668)	(3,654)	(1,130)	(8,452)
<b>Closing carrying amount</b>	<b>171,606</b>	<b>163,899</b>	<b>96,865</b>	<b>432,370</b>



Council and Group 2021/22	Cost / valuation 1 Jul 2021 \$'000	Accumulated depreciation and impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	Current year additions \$'000	Current year Disposals and transfers from WIP \$'000	
<b>Operational assets</b>						
Land	32,060	-	32,060	20	-	
Buildings	25,814	-	25,814	2,263	-	
Library books	6,666	(5,212)	1,454	549	-	
Vehicles / moveable plant	5,548	(3,335)	2,213	632	(384)	
Office equipment	1,404	(1,260)	144	-	-	
Computer equipment	2,647	(1,590)	1,057	110	(15)	
Furniture	1,758	(1,251)	507	148	-	
<b>Total operational assets</b>	<b>75,897</b>	<b>(12,648)</b>	<b>63,249</b>	<b>3,722</b>	<b>(399)</b>	
<b>Infrastructural assets</b>						
Wastewater	139,576	-	139,576	4,773	(301)	
Stormwater	83,185	-	83,185	2,926	(458)	
Water	150,497	-	150,497	3,234	(299)	
Drainage	2,496	-	2,496	-	-	
Solid waste	1,772	-	1,772	144	(24)	
Roading	788,413	-	788,413	37,173	(755)	
Bridges / culverts / pipes	255,373	-	255,373	22,162	-	
Land under roads	109,644	-	109,644	625	-	
Work in progress	45,986	-	45,986	66,088	(52,456)	
<b>Total infrastructural assets</b>	<b>1,576,942</b>	<b>-</b>	<b>1,576,942</b>	<b>137,126</b>	<b>(54,293)</b>	
<b>Restricted assets</b>						
Land	124,000	-	124,000	2,881	(120)	
Buildings	26,612	-	26,612	201	(19)	
Parks and reserves	47,494	-	47,494	8,924	(406)	
<b>Total restricted assets</b>	<b>198,106</b>	<b>-</b>	<b>198,106</b>	<b>12,006</b>	<b>(545)</b>	
<b>Total Council and Group</b>	<b>1,850,945</b>	<b>(12,648)</b>	<b>1,838,297</b>	<b>152,854</b>	<b>(55,237)</b>	

	Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2022 \$'000	Accumulated depreciation and impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
	(1,119)	-	-	12,054	43,015	-	43,015
	(1,449)	(1,350)	-	13,201	38,479	-	38,479
	-	(350)	-	-	7,215	(5,562)	1,653
	-	(554)	276	-	5,796	(3,613)	2,183
	-	(27)	-	-	1,404	(1,287)	117
	-	(344)	15	-	2,742	(1,919)	823
	-	(133)	-	-	1,906	(1,384)	522
	<b>(2,568)</b>	<b>(2,758)</b>	<b>291</b>	<b>25,255</b>	<b>100,557</b>	<b>(13,765)</b>	<b>86,792</b>
	-	(3,654)	-	23,505	163,899	-	163,899
	-	(1,099)	-	9,555	94,109	-	94,109
	-	(3,680)	12	21,842	171,606	-	171,606
	-	(31)	-	291	2,756	-	2,756
	-	(78)	-	1,165	2,979	-	2,979
	-	(13,285)	21	104,860	916,427	-	916,427
	-	(5,652)	-	30,714	302,597	-	302,597
	-	-	-	-	110,269	-	110,269
	-	-	-	-	59,618	-	59,618
	-	<b>(27,479)</b>	<b>33</b>	<b>191,932</b>	<b>1,824,260</b>	-	<b>1,824,260</b>
	(2,004)	-	-	33,572	158,329	-	158,329
	(1,971)	(1,116)	-	12,652	36,359	-	36,359
	-	(2,600)	48	20,911	74,371	-	74,371
	<b>(3,975)</b>	<b>(3,716)</b>	<b>48</b>	<b>67,135</b>	<b>269,059</b>	-	<b>269,059</b>
	<b>(6,543)</b>	<b>(33,953)</b>	<b>372</b>	<b>284,322</b>	<b>2,193,876</b>	<b>(13,765)</b>	<b>2,180,111</b>

Council and Group 2020/21	Cost / valuation 1 Jul 2020 \$'000	Accumulated depreciation and impairment charges 1 Jul 2020 \$'000	Carrying amount 1 Jul 2020 \$'000	Current year additions \$'000	Current year Disposals and transfers from WIP \$'000	
<b>Operational assets</b>						
Land	24,792	-	24,792	7,268	-	
Buildings	26,736	-	26,736	323	-	
Library books	6,018	(4,924)	1,094	648	-	
Vehicles / moveable plant	5,500	(3,205)	2,295	662	(614)	
Office equipment	1,404	(1,223)	181	-	-	
Computer equipment	5,570	(5,298)	272	947	(3,870)	
Furniture	1,592	(1,137)	455	166	-	
<b>Total operational assets</b>	<b>71,612</b>	<b>(15,787)</b>	<b>55,825</b>	<b>10,014</b>	<b>(4,484)</b>	
<b>Infrastructural assets</b>						
Wastewater	122,773	-	122,773	10,005	(872)	
Stormwater	72,824	-	72,824	11,221	(23)	
Water	124,643	-	124,643	10,785	(175)	
Drainage	2,431	-	2,431	-	(2)	
Solid waste	1,839	-	1,839	126	(90)	
Roading	764,436	-	764,436	31,000	(211)	
Bridges / culverts / pipes	251,944	-	251,944	2,246	-	
Land under roads	109,101	-	109,101	543	-	
Work in progress	41,585	-	41,585	58,634	(54,233)	
<b>Total infrastructural assets</b>	<b>1,491,576</b>	<b>-</b>	<b>1,491,576</b>	<b>124,560</b>	<b>(55,606)</b>	
<b>Restricted assets</b>						
Land	116,077	-	116,077	8,173	(250)	
Buildings	27,554	-	27,554	172	-	
Parks and reserves	48,238	-	48,238	4,752	(574)	
<b>Total restricted assets</b>	<b>191,869</b>	<b>-</b>	<b>191,869</b>	<b>13,097</b>	<b>(824)</b>	
<b>Total Council and Group</b>	<b>1,755,057</b>	<b>(15,787)</b>	<b>1,739,270</b>	<b>147,671</b>	<b>(60,914)</b>	

	Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2021 \$'000	Accumulated depreciation and impairment charges 30 Jun 2021 \$'000	Carrying amount 30 Jun 2021 \$'000
	-	-	-	-	32,060	-	32,060
	-	(1,245)	-	-	25,814	-	25,814
	-	(288)	-	-	6,666	(5,212)	1,454
	-	(525)	395	-	5,548	(3,335)	2,213
	-	(37)	-	-	1,404	(1,260)	144
	-	(162)	3,870	-	2,647	(1,590)	1,057
	-	(114)	-	-	1,758	(1,251)	507
	-	<b>(2,371)</b>	<b>4,265</b>	-	<b>75,897</b>	<b>(12,648)</b>	<b>63,249</b>
	-	(3,152)	51	10,771	139,576	-	139,576
	-	(950)	-	113	83,185	-	83,185
	-	(3,002)	6	18,240	150,497	-	150,497
	-	(30)	-	97	2,496	-	2,496
	-	(79)	5	(29)	1,772	-	1,772
	-	(12,657)	27	5,818	788,413	-	788,413
	-	(5,508)	-	6,691	255,373	-	255,373
	-	-	-	-	109,644	-	109,644
	-	-	-	-	45,986	-	45,986
	-	<b>(25,378)</b>	<b>89</b>	<b>41,701</b>	<b>1,576,942</b>	-	<b>1,576,942</b>
	-	-	-	-	124,000	-	124,000
	-	(1,112)	-	-	26,612	-	26,612
	-	(2,416)	31	(2,537)	47,494	-	47,494
	-	<b>(3,528)</b>	<b>31</b>	<b>(2,537)</b>	<b>198,106</b>	-	<b>198,106</b>
	-	<b>(31,277)</b>	<b>4,385</b>	<b>39,164</b>	<b>1,850,945</b>	<b>(12,648)</b>	<b>1,838,297</b>

### Valuation

#### Operational and restricted land and buildings

Land, buildings, and properties valued by their components have been valued at fair value either as determined by an independent valuer using market-based evidence or by using a replacement cost approach. The most recent valuation was performed by Quotable Value Limited (QV) and dated 30 June 2022.

The fair value of Council's land and buildings has been determined based on the highest and best use in accordance with PBE IPSAS 17 Property, Plant and Equipment.

#### Land

A number of estimates and assumptions must be made when valuing land and buildings. In this instance they include:

- Land valuations have been based on extensive local knowledge, the district rating records, the QV Mapping system and records held by QV and its predecessor Valuation New Zealand.
- Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation, and current and potential usage.
- All land is valued on an open market "willing buyer willing seller" scenario. This is effectively the price an informed purchaser would have to spend to acquire a similar property.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.

#### Buildings

All buildings have been valued on either a fair market or depreciated replacement cost basis (DRC). Where the fair value of an asset can be determined by reference to the price in an active market for the same or similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value.

QV have considered the highest and best use of the property when formulating which approach to undertake the building valuations with. Where market-based evidence exists, structures have been valued on a market basis in relation to a market-based per square metre.

A number of estimates and assumptions must be made when valuing land and buildings. They may differ depending on the degree of specialisation inherent in the purpose or use of each particular building.

#### **For specialised assets which are valued on a depreciated replacement cost basis:**

- Replacement cost rates are derived from construction contracts of like assets, reference to publications such as QV Cost Builder (previously the Rawlinson's Construction Handbook), recent costings obtained from construction details and Property Institute of New Zealand's cost information.
- A componentisation approach is taken in most cases. The exceptions are where the cost of a component or the lives do not differ materially to the entire value of the structure to warrant being componentised. In all these cases, the building is reported as a structure only and will generally be under \$50,000 in value. The components are summarised for financial reporting purposes as structure, roof, internal fit-out, services, plant and external works/other improvements.
- The remaining useful life of properties is estimated by determining the effective age of the components within each property and comparing with the economic life of the improvements. A minimum residual life of five years has been adopted for properties nearing the end of their theoretical lives.
- Straight line depreciation has been applied to all DRC valued assets to determine their DRC.
- Optimisation has been considered in the process of determining DRC. Optimisation defines the most efficient set of assets that deliver the required services.

#### **Residential dwellings and commercial properties have been valued in relation to market-based evidence.**

- Market rents and capitalisation rates were applied to reflect market value while considering the highest and best use alternatives.
- Optimisation is not considered under a market-derived assessment.

Comparisons of the carrying value of buildings valued using depreciated replacement cost and buildings valued using market-based evidence is as follows:

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Operational buildings</b>		
Depreciated replacement cost	36,776	24,137
Market-based evidence	1,698	1,677
<b>Total carrying value of operational buildings</b>	<b>38,474</b>	<b>25,814</b>
<b>Restricted buildings</b>		
Depreciated replacement cost	34,170	24,870
Market-based evidence	2,192	1,742
<b>Total carrying value of restricted buildings</b>	<b>36,362</b>	<b>26,612</b>

### Classification of property

Council owns a number of properties held to provide housing for the elderly. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

### Parks and reserves

Parks and reserves assets include assets associated with cemeteries, public toilets (including toilet buildings); assets such as playgrounds, skate parks, carparks, roading within reserves, bollards, fences, pathways, gardens, rubbish bins, seating, and signage; and reserves-like assets associated with swimming pools.

Parks and reserves assets have been valued at fair value as determined on an optimised depreciated cost basis by an independent valuer. The most recent valuation was performed by WSP as at 30 June 2022. Prior year this was performed by Beca Limited as at 30 June 2021.

A number of estimates and assumptions must be made when valuing parks and reserves assets using the optimised depreciated replacement cost method. In this instance they include:

- The optimised replacement costs assume the use of modern materials, techniques, and designs. They further assume that some assets may be surplus to requirements, technically obsolete or over-designed for their purpose.
- Unit replacement cost rates allowed for modern equivalent asset replacement for known obsolete or redundant assets. For example, in the case of toilet blocks, rural plywood buildings are being replaced with circular concrete buildings, brick or weather-board clad buildings with concrete block buildings.
- Useful (or base) lives are determined from the information provided in the SPM 2022 Datasets and from information gained by Beca during previous assessments of this type. Remaining useful life (RUL) is assessed on useful life less age, with adjustments depending on condition and performance which may vary from one asset to another. Minimum remaining useful life is assumed to be two years.
- Assets are assumed to have zero residual value at the end of their effective useful lives.



### Infrastructural asset classes: water, wastewater, stormwater, and drainage

Utilities have been valued at fair value determined on an optimised depreciated replacement cost basis by an independent valuer. The most recent valuation performed by AECOM New Zealand and is dated 30 June 2022.

Estimates and assumptions for the revaluation of these assets included:

- Straight-line depreciation was used.
- Waters assets were used in the valuation (land was not included).
- Assets were assumed to have zero residual value.
- Remaining useful life is assessed on useful life less age, with adjustments depending on condition and performance. A minimum remaining useful life of two years was used.
- An optimisation approach was employed. Optimisation seeks to remove excess capacity, redundant assets, inappropriate design practices, old technologies, and conservative design work. No areas of significant optimisation opportunities were identified.
- Asset unit rates have been determined from actual costs where available, rates from comparable local authorities and rates used in previous valuations. This data was cost indexed as appropriate using indices published by Statistics New Zealand and compared with unit rates from other valuations carried out by AECOM. Rates from a study carried out for Council in 2017 by Jacobs into unit rates were also used to ensure valuation rates are a fair representation of actual construction costs in the Waikato area.

### Infrastructural asset classes: roading

Roading assets including bridges and culverts have also been valued at fair value as determined using the optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by WSP Limited as at 30 June 2022.

A number of estimates and assumptions must be made when valuing infrastructural assets using the optimised depreciated replacement cost method. In this instance they include:

- Replacement cost is the cost of building the existing infrastructure using present-day technology while maintaining the originally designed level of service.
- Unit rates were updated using relevant Waka Kotahi cost adjustment factors (up to June 2022 from June 2021) to obtain reporting values as at June 2022 for all assets. The update factors for assets were assigned as follows, based on the Cost Adjustment Factors tables for the June 2022 quarter:
  - Bridge cost adjustment factor - 1.1576
  - Construction cost adjustment factor - 1.1289
- Unit cost rates are factored to allow for other direct costs such as professional fees. Unit costs represent brown-field costs which reflect increased difficulties and constraints of undertaking construction, maintenance and renewal work simultaneously with continuous operation of infrastructure.
- Overhead factors of 14% (2021:14%) have been applied to allow for all expenses incidental to the asset acquisition and all costs directly attributable to bringing the asset into working condition and location.
- An optimisation approach was employed. Optimisation means provision of the required utility at a minimum overall cost.
- Assets have been valued based on unit costs provided and quantities expressed as length, area or each.
- Useful life has been calculated in accordance with the International Infrastructure Management Manual and further modified if local knowledge and experience suggest it is appropriate. Remaining useful life is then assessed as the difference between useful life and the age of the asset.
- A zero residual value is assumed for all assets.
- Straight line depreciation is used.

### Infrastructural asset class: Solid waste

Solid waste assets revaluation was performed by WSP as at 30 June 2022. Prior year this was performed by Beca Limited as at 30 June 2021.

The valuation uses the optimised approach as described above.

Estimates and assumptions for the revaluation of these assets included:

- Unit costs allow for procurement and / or installation costs.
- SPM base lives were adopted.
- Remaining life of assets is based on the base life with adjustments dependent on age and condition.
- Residual values were not considered.

### Land under roads

Land under roads was valued by both the former Franklin District Council (FDC) and Waikato District Council (WDC) before the transition by each to NZ Equivalent International Financial Reporting Standard (NZIFRS). On transition to NZIFRS both Councils elected to use the revaluation amounts for land under roads as the deemed cost. Following the merger of part of the former FDC and WDC, land under roads is stated at deemed cost and is not revalued.

### Other comments

There are no items of property, plant and equipment that are not in current use. There have been no restrictions in titles relating to property, plant and equipment or items pledged as security for liabilities.

No impairment losses have been recognised for property, plant and equipment in the current period (2021: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2021: nil).

Gains on disposal of property, plant and equipment of \$126,122 (2021: \$594,600) has been recognised in the Statement of comprehensive revenue and expense in the line item Other revenue. Losses on disposal amounting to \$124,051 (2021: \$15,982) have also been recognised in comprehensive revenue and expense in the line item Other expenses and losses.

## Note 16: Intangible assets

### Accounting policy

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. This asset class, which is amortised on a straight line basis, has a finite useful life of three to seven years and the amortisation rates are between 14% and 33%.

#### Consents

Consent costs for capital works are recognised at cost and amortised on a straight-line basis over the finite life of the consents (between 10 and 35 years). The amortisation charge for each period is recognised in the surplus or deficit.

#### Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

#### Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a series of service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

#### Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

	Council and Group		
	Computer software \$'000	Consents \$'000	Total \$'000
<b>Balance at 1 July 2021</b>			
Cost	4,665	5,826	10,491
Accumulated amortisation and impairment	(4,172)	(3,927)	(8,099)
<b>Opening carrying amount</b>	<b>493</b>	<b>1,899</b>	<b>2,392</b>
<b>Year ended 30 June 2022</b>			
Additions	688	-	688
Disposal – cost	(224)	-	(224)
Disposal – accumulated amortisation	224	-	224
Impairment losses	-	-	-
Amortisation charge	(339)	(716)	(1,055)
<b>Closing carrying amount</b>	<b>842</b>	<b>1,183</b>	<b>2,025</b>
<b>Balance at 30 June 2022</b>			
Cost	5,129	5,826	10,955
Accumulated amortisation and impairment	(4,287)	(4,643)	(8,930)
<b>Closing carrying amount</b>	<b>842</b>	<b>1,183</b>	<b>2,025</b>
<b>Balance at 1 July 2020</b>			
Cost	6,288	5,491	11,779
Accumulated amortisation and impairment	(5,559)	(1,714)	(7,273)
<b>Opening carrying amount</b>	<b>729</b>	<b>3,777</b>	<b>4,506</b>
<b>Year ended 30 June 2021</b>			
Additions	364	335	699
Disposal – cost	(1,987)	-	(1,987)
Disposal – accumulated amortisation	1,987	-	1,987
Impairment losses	-	-	-
Amortisation charge	(600)	(2,213)	(2,813)
<b>Closing carrying amount</b>	<b>493</b>	<b>1,899</b>	<b>2,392</b>
<b>Balance at 30 June 2021</b>			
Cost	4,665	5,826	10,491
Accumulated amortisation and impairment	(4,172)	(3,927)	(8,099)
<b>Closing carrying amount</b>	<b>493</b>	<b>1,899</b>	<b>2,392</b>

*The carrying amount of the assets has been assessed as less than their replacement cost. There are no restrictions over the title of the Council's intangible assets, nor are any intangible assets pledged as security for liabilities. There are no intangible assets which have been internally generated.*

## Note 17: Investment property

### Accounting policy

Properties leased to third parties under non-cancellable operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is initially measured at cost, including transaction costs. After initial recognition, all investment properties are measured at fair value effective at 30 June each year. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Balance at 1 July	600	560
Fair value gains (losses) on valuation	25	40
Disposals	-	-
<b>Balance at 30 June (at valuation)</b>	<b>625</b>	<b>600</b>

### Valuation

At 30 June 2022 the valuation was performed by Quotable Value Limited. Quotable Value is an experienced valuer with extensive market knowledge in the types and locations of investment properties owned by Council.

The fair value of Council's investment properties has been determined based on the highest and best use in accordance with PBE IPSAS 16 Investment Property.

A number of estimates and assumptions must be made when valuing investment property. In this instance they include:

- All land is valued on a fair market basis determined from market based evidence and conditions that prevailed at 30 June 2022.
- Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.
- All buildings have been valued on either a fair market or depreciated replacement cost basis. Where the fair value of an asset can be determined by reference to the price in an active market for the same or similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value.

### Revenue and expenses relating to investment property

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Rental revenue	48	44
Expenses from investment property generating revenue	-	-

Rental revenue from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

## Note 18: Payables, taxes and transfers

### Accounting policy

Short-term payables are recorded at their face value.

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Payables under exchange transactions</b>				
Trade payables	7,937	2,911	7,940	2,914
Water rates in advance	1,120	832	1,120	832
Accrued expenses	16,475	19,239	16,485	19,345
Amounts due to related parties	1,086	1,087	-	-
Revenue in advance	2,114	4,216	2,114	4,216
<b>Total payables under exchange transactions</b>	<b>28,732</b>	<b>28,285</b>	<b>27,659</b>	<b>27,307</b>
<b>Taxes and transfers payable under non-exchange transactions</b>				
Rates in advance	1,602	3,092	1,602	3,092
Deposits and bonds	218	219	218	219
GST and FBT payable	29	31	29	31
Other non-exchange payables	139	93	139	93
<b>Total taxes and transfers payable</b>	<b>1,988</b>	<b>3,435</b>	<b>1,988</b>	<b>3,435</b>
<b>Total payables, taxes and transfers</b>	<b>30,720</b>	<b>31,720</b>	<b>29,647</b>	<b>30,742</b>

Payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of payables approximates their fair value.



## Note 19: Employee entitlements

### Accounting policy

#### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

#### Long-term employee entitlements

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculation is based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information;
- The present value of the estimated future cash flows; and
- An inflation factor based on the expected long term increase in remuneration for employees.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Current portion</b>		
Annual leave	2,597	2,317
Long service leave	14	13
Sick leave provision	167	123
Accrued payroll	1,144	949
Other employee liabilities	854	782
<b>Total current portion</b>	<b>4,776</b>	<b>4,184</b>
<b>Non-current portion</b>		
Long service leave	73	90
Retirement gratuities	41	91
<b>Total non-current portion</b>	<b>114</b>	<b>181</b>
<b>Total employee entitlements</b>	<b>4,890</b>	<b>4,365</b>

### Estimating retirement and long service leave obligations

The present values of Council's non-current retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from 10 year New Zealand Government bonds. The salary inflation factor has been determined in accordance with the inflation factors forecast by Berl in September 2021 for the years 2022-2032. A discount rate of 3.89% (2021: 1.76%) and an inflation factor of 1.9% (2021: 2.44%) have been used.

## Note 20: Borrowing

### Accounting policy

All borrowing is initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the Group has an unconditional right to defer settlement of the liability at least 12 months after balance date.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Current portion</b>		
Housing Infrastructure Fund (HIF) Loan	963	-
LGFA borrowing	20,000	15,000
<b>Total current portion</b>	<b>20,963</b>	<b>15,000</b>
<b>Non-current portion</b>		
Housing Infrastructure Fund (HIF) Loan	2,678	-
LGFA borrowing	75,000	65,000
<b>Total non-current portion</b>	<b>77,678</b>	<b>65,000</b>
<b>Total borrowing (all secured)</b>	<b>98,641</b>	<b>80,000</b>

Council secured debt of \$99,033,000 (2020: \$80,000,000) \$4,033,000 of this is interest free debt secured from the Housing Infrastructure Fund (HIF). The balance of \$95,000,000 is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. Council has 27 swap contracts in place (2021: 28). During the year one swap matured (2021: three) and ten contracts were cancelled and replaced by 10 new contracts with more suitable terms (Blend and Extend) (2021: none); no outright new contracts (2021: none) were undertaken. Council has five (2021: five) swaps with start dates after 30 June 2022.

Council's committed cash advance facility of \$15,000,000 (2021: \$15,000,000) expires on 20 September 2024.

A fully fluctuating overdraft facility of \$500,000 is also available to Council on demand for Council's working capital requirements. There is a facility fee of 0.04% per month.

At 30 June 2022 total borrowings from Local Government Funding Agency Limited (LGFA) were \$95,000,000 (2021: \$80,000,000) and \$4,033,000 interest free loan from the Housing Infrastructure Fund (HIF) (2021: nil). The average rate of interest for the LGFA interest bearing loans was 2.68% (2021: 1.11%). The carrying amounts and the fair values of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2021/22 \$'000	2020/21 \$'000	2021/22 \$'000	2020/21 \$'000
<b>Council and Group</b>				
Secured loans - Interest bearing	75,000	65,000	74,658	64,915
<b>Total non-current borrowing</b>	<b>75,000</b>	<b>65,000</b>	<b>74,658</b>	<b>64,915</b>

### Secured loans - Interest bearing:

The fair values are based on cash flows discounted using a weighted average rate based on the borrowing rates which range:

			2021/22	2020/21
	From		2.36%	0.92%
	To		2.98%	1.36%

### Secured loans - Interest free:

The fair values are based on cash flows discounted using a market rate of 3.87%.

## Internal loans

Council has a policy to utilise investment funds for internal debt purposes so that external borrowing is minimised, and Council keeps its borrowing costs to a minimum.

Council	Balance at 1 July \$'000	Borrowing \$'000	Repayments \$'000	Reclassification \$'000	Balance at 30 June \$'000	Interest paid \$'000
<b>2022</b>						
Water supply	18,438	1,303	(680)	-	19,061	837
Wastewater	15,225	7,287	(533)	-	21,979	692
Stormwater	3,951	213	(174)	(181)	3,809	179
Roading	22,084	2,572	(1,586)	181	23,251	986
Sustainable environment	3,196	96	(95)	-	3,197	146
Sustainable communities	21,072	3,789	(2,498)	-	22,363	857
Governance	-	-	-	-	-	-
Organisational support	3,172	774	(89)	-	3,857	145
<b>Total internal loans (gross)</b>	<b>87,138</b>	<b>16,034</b>	<b>(5,655)</b>		<b>97,517</b>	<b>3,842</b>
<b>2021</b>						
Water supply	18,680	396	(638)	-	18,438	860
Wastewater	11,547	4,106	(428)	-	15,225	531
Stormwater	3,739	370	(158)	-	3,951	171
Roading	23,286	490	(1,692)	-	22,084	1,053
Sustainable environment	329	2,902	(35)	-	3,196	15
Sustainable communities	17,654	4,494	(1,076)	-	21,072	802
Governance	-	-	-	-	-	-
Organisational support	1,224	1,993	(46)	-	3,172	56
<b>Total internal loans (gross)</b>	<b>76,459</b>	<b>14,751</b>	<b>(4,073)</b>		<b>87,138</b>	<b>3,488</b>

## Note 21: Provisions

### Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time (discount unwinding) is recognised as an interest expense and is included in finance costs.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Current portion</b>		
Landfill aftercare	116	120
<b>Total current portion</b>	<b>116</b>	<b>120</b>
<b>Non-current portion</b>		
Landfill aftercare	2,092	2,341
<b>Total non-current portion</b>	<b>2,092</b>	<b>2,341</b>
<b>Total provisions</b>	<b>2,208</b>	<b>2,461</b>

Movements for each class of provision are as follows:

	Landfill aftercare \$'000	Total \$'000
<b>2022</b>		
Balance at 1 July 2021	2,461	2,461
Change in provision made during the year	(138)	(138)
Amounts used	(124)	(124)
Unused amounts reversed	-	-
Discount unwind	9	9
<b>Balance at 30 June 2022</b>	<b>2,208</b>	<b>2,208</b>
<b>2021</b>		
Balance at 1 July 2020	3,175	3,175
Change in provision made during the year	(567)	(567)
Amounts used	(154)	(154)
Unused amounts reversed	-	-
Discount unwind	7	7
<b>Balance at 30 June 2021</b>	<b>2,461</b>	<b>2,461</b>

## Weathertightness claims

No claims remain with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2022 (2021: none).

At 30 June 2022, no further claim had been received directly by Council (2021: none).

## Landfill aftercare costs

Council has five landfill sites within the District. They are at Te Kauwhata, Ngaruawahia, Huntly, Raglan and Tuakau. Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

The cash outflows for landfill post-closure are expected to occur over 30 years. The long term nature of the liability means that there are inherent uncertainties in estimating the costs which will be incurred. The provision has been made taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$3,965,842 (2021: \$4,181,626). A discount rate of 3.34% (2021: 3.2%) and an inflation factor of 2.5% (2021: 2.5%) have been used.

## Note 22: Derivative financial instruments

### Accounting policy

Council uses derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses on derivatives are recognised in the surplus or deficit. The portion of the fair value of non-hedge accounted interest rate derivatives that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Non-current assets</b>		
Interest rate swaps	1,559	-
<b>Total derivative financial instruments assets</b>	<b>1,559</b>	<b>-</b>
<b>Current liability portion</b>		
Interest rate swaps	7	133
<b>Non-current liability portion</b>		
Interest rate swaps	-	12,435
<b>Total derivative financial instruments liabilities</b>	<b>7</b>	<b>12,568</b>

The fair values of interest rate swaps are measured against the prevailing market conditions at balance date. Council's interest rate swaps have been independently valued using Hedgebook software designed to capture, value and report interest rate swaps. Hedgebook uses daily rate feeds of floating rate references such as BKBM and NNSW from industry benchmark sources.

The notional principal amounts of outstanding interest rate swap contracts for Council and the Group is:

	2021/22 Actual \$'000	No.	2020/21 Actual \$'000	No.
Active swaps	97,500	22	101,500	23
Forward starting swaps	18,000	5	18,000	5
	<b>115,500</b>	<b>27</b>	<b>119,500</b>	<b>28</b>

## Note 23: Revaluation reserve - property, plant and equipment

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Land	131,506	85,743
Buildings	60,049	34,196
Parks and reserves	39,063	18,309
Wastewater	76,592	53,088
Water	85,547	63,799
Bridges	233,092	202,378
Roading	222,360	117,612
Urban stormwater	29,810	20,258
Rural drainage	545	254
Solid waste	2,236	1,071
<b>Balance at 30 June</b>	<b>880,800</b>	<b>596,708</b>

## Note 24: Reconciliation of net surplus (deficit) after tax with net cash flows from operating activities

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Net surplus (deficit) after tax</b>	<b>71,993</b>	<b>62,688</b>	<b>71,455</b>	<b>63,242</b>
<b>Plus (minus) non-cash items</b>				
Depreciation, amortisation and asset write-off	37,188	35,725	37,188	35,725
Vested and found assets	(34,999)	(35,502)	(34,999)	(35,502)
(Gains) losses on fair value of investment property	(25)	(40)	(25)	(40)
(Gains) losses on derivative financial instruments	(14,119)	(9,047)	(14,119)	(9,047)
Impairment of non current assets held for sale	-	-	-	-
(Gains) losses on cattle	105	10	105	10
Interest revenue on financial assets not at fair value through surplus(deficit)	16	(1)	16	(1)
Capitalised internal charges	(1,236)	(1,594)	(1,236)	(1,594)
(Gains) losses on revaluation of landfill	-	-	-	-
<b>Plus (minus) items classified as investing or financing activities</b>				
(Gains) losses on disposal of property, plant and equipment	(2)	(579)	(2)	(579)
(Gains) losses on investments	-	-	424	(715)
Disposal of non-current assets for sale	-	347	-	347
Decrease (increase) in creditors for capital expenditure	7,778	(6,735)	7,778	(6,735)
<b>Plus (minus) movements in working capital items</b>				
Receivables and recoverables	(6,331)	3,291	(6,331)	3,291
Prepayments	(689)	(478)	(689)	(478)
Cattle	-	(14)	-	(14)
Payables, taxes and transfers	(999)	6,654	(996)	6,786
Changes in provision	(116)	(147)	(116)	(147)
Employee entitlements	526	327	526	327
<b>Net cash inflow (outflow) from operating activities</b>	<b>59,090</b>	<b>54,905</b>	<b>58,979</b>	<b>54,876</b>



## Note 25: Reconciliation of total comprehensive revenue with net operating funding (per funding impact statement)

	Council	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Total comprehensive revenue wholly attributable to Waikato District Council</b>	<b>366,335</b>	<b>108,778</b>
<b>Surplus (deficit) of operating funding per Whole of Council funding Impact statement</b>	<b>27,734</b>	<b>23,665</b>
<b>Difference</b>	<b>338,601</b>	<b>85,113</b>
<b>The difference comprises:</b>		
Capital revenue	31,914	29,792
Revaluation of assets	284,322	39,200
Revaluation reserve - landfill	138	567
Financial assets at fair value	24,001	15,370
Depreciation and amortisation	(35,009)	(33,899)
Profit (loss) on sale	2	229
Write off of assets	(2,179)	(1,826)
Vested and found assets	34,999	35,502
Change in provisions	116	147
Interest revenue from financial assets	(16)	1
Unrealised gains	25	40
Unrealised losses	(105)	(10)
Fair value through surplus(deficit) - realised gain	392	-
<b>Total difference</b>	<b>338,600</b>	<b>85,113</b>

## Note 26: Reconciliation of liabilities arising from financial activities

	Council and Group
	Actual \$'000
<b>2021 Opening balance</b>	
Current borrowings	15,000
Non-current borrowings	65,000
<b>Total opening balances</b>	<b>80,000</b>
<b>2022</b>	
Cash flow movements - current	
Repayment of borrowings - current	(51,000)
New borrowings	35,000
Cash flow movements - non-current	
New borrowings	34,641
<b>Total Cash movements</b>	<b>18,641</b>
Non-cash flow movements	-
<b>Total movements</b>	<b>18,641</b>
<b>Closing balance</b>	
Current borrowings	20,963
<b>Non-current borrowings</b>	<b>77,678</b>
<b>Total closing balance</b>	<b>98,641</b>

## Note 27: Capital commitments and operating leases

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Capital commitments are for expenditure on:</b>		
Water	109,510	92,730
Wastewater	188,062	188,018
Stormwater	24,365	21,644
Parks and reserves	5,343	6,132
Buildings - operational	-	-
Roading	43,031	57,874
Bridges	6,523	1,874
Library books	-	-
Intangible assets	5,748	4,825
<b>Total capital commitments</b>	<b>382,582</b>	<b>373,097</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

### Operating leases as lessee

Council and the Group lease property, plant and equipment in the normal course of business. The lease has a non-cancellable term of one year and three months (2020: between three years three months and two years three months).

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Not later than one year	30	121
Later than one year and not later than five years	-	30
Later than five years	-	-
<b>Total minimum operating lease payments payable</b>	<b>30</b>	<b>151</b>

### Council

Council has a contract with Canon NZ for the lease of photocopiers. There are no minimum amounts payable; charges are based on actual volumes of printing. The agreement was renewed with a term of five years from October 2017.

No contingent rent relating to copiers was recognised during the period. (2021: \$nil)

Council's Tuakau office is leased from Young Investors Limited. The current agreement has a three year term effective from October 2017 with one right of renewal for a further three year term.

Other leases may be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council and the Group do not have the option to purchase any assets at the end of the lease term.

### Strada

Strada has no leased property.

## Operating leases as lessor

Council leases community and investment properties and grazing rights under operating leases. The leases have non-cancellable terms ranging from less than one year up to 30 years.

The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Not later than one year	503	503
Later than one year and not later than five years	802	1,033
Later than five years	353	450
<b>Total minimum operating lease payments receivable</b>	<b>1,658</b>	<b>1,986</b>

Council has recognised no contingent rents during the period (2021: \$nil).

## Note 28: Contingencies

### Contingent liabilities

Quantifiable contingent liabilities are as follows:

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Uncalled share capital (LASS – ordinary shares)	1	1
Uncalled share capital (LASS - WRPS shares)	9	9

### Outstanding insurance claims

There are no outstanding claims (2021: none) in progress.

### Capital contributions

As disclosed in note 13, Council holds four classes of share in Waikato Local Authority Shared Services Limited (WLASS). There is uncalled capital on two classes of share.

### Unquantified claims

#### Weathertight claims

Council is exposed to potential future weathertightness claims which have not yet been advised. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within ten years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services (WHRS) Act 2006, but other statutory limitation periods could also affect claims.

### Pakau Trust

The Pakau Trust has served two proceedings on Council; one is an application for a declaratory judgement, the other for damages. Both proceedings are being effectively conducted together and the insurer is covering the costs of the defence 60:40 with Council as Council has no insurance for the declaratory judgement proceedings which were the subject of a two day hearing that commenced on 12 October 2020.

Council received the High Court's judgment on 25 August 2021. The Council was wholly successful in its defence of the Plaintiff claims in respect of the declaratory proceedings and the Judge declined to grant the declarations and order sought. The High Court also awarded costs in favour of Council. Council has obtained a sealed order as to costs of \$40,152.00 plus disbursements of \$28,665.59 to be divided on the same proportion as the costs of defence. Costs have not been paid, and Council is pursuing bankruptcy proceedings against the trustee of the Trust Mr Soroka.

The Trustees of the Pakau Trust have now filed an appeal against the High Court's decision with the Court of Appeal. The hearing is scheduled for 29 September 2022; however, the timing of the judgement is unknown.

### Lord Cowell Holdings Limited

There is currently a claim against Council in the High Court filed by Lord Cowell Holdings Limited. The claim relates to alleged defects in the construction of a large replica manor house and other associated outbuildings. The claim is essentially a leaky building claim involving defects as a result of water ingress however there are other aspects of the claim that relate to structural defects. The claims is as yet unquantified, however is likely to be significant. Council has filed third party claims against seven other entities and individuals involved in the construction of the buildings.

All the joined parties have all either issued records of work and/or producer statements that clearly outline what work they have carried out. If the defects pleaded by the plaintiff exists, and subject to expert views in due course, the advice is that these parties need to share responsibility with the Council.

The insurance position is still being clarified given the nature of defects alleged and Council's insurance.

### Other claims

At balance date no other claims (2021: none) expose Council or the Group to contingent liabilities. Council's maximum financial exposure is \$nil (2021: \$nil).

### NZ Local Government Funding Agency Limited (LGFA)

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

Council is one of 54 local authority guarantors - 30 of which are also shareholders of LGFA. The aggregate amount of uncalled shareholder capital (\$20m) is available in the event that an imminent default is identified. Also, together with other guarantors and shareholders, Council is guarantor of all LGFA's borrowings. At 30 June 2022 LGFA had borrowings totalling \$15.78 billion (2021: \$13.61 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council is unable to determine a sufficiently reliable fair value of the guarantee and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on payments of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default in New Zealand; and
- 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.

### Contingent assets

Council is a 35% capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainty surrounding the life of the Trust, Council is unable to accurately establish an appropriate value for the 35% share.

## Note 29: Related party transactions

Waikato District Council has a 100% shareholding in Strada Corporation Limited.

All related party transactions and related payments are on normal commercial terms. There was no impairment of any of these transactions (2021: nil). The following transactions were carried out between related parties:

	Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Between Council and Waikato District Community Wellbeing Trust (WBT)</b>		
Council's accounts receivable from WBT	294	268
<b>Between Council and Strada Corporation Limited (Strada)</b>		
Council's accounts payable to Strada	1,086	1,087
<b>Between Council and Local Authority Shared Services (LASS)</b>		
Services provided to LASS	-	20
Charges from LASS	434	566
Council's accounts payable to LASS	4	202
Council's accounts receivable from LASS	-	-
<b>Between Council and Waikato Regional Airport Limited (WRAL)</b>		
Dividend paid by WRAL	-	-
Regional Tourism funding payment to WRAL	-	150
<b>Between Council and Civic Financial Services Limited (Civic)</b>		
Dividend paid by Civic	-	-
<b>Between Strada and Waikato Quarries Limited (WQL)</b>		
Share of WQL cash received	-	-
Deferred settlement received from WQL	-	-

### Key management personnel compensation

Council's key management personnel include the Mayor, Councillors, the Chief Executive, General Managers and other members of the Executive Leadership Team. The Group enters into various transactions such as rates, water charges and the sale of goods or services with key management personnel in the ordinary course of business and on an arm's length basis. No disclosure has been made for these transactions.

	Council	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Remuneration</b>		
Councillors	946	924
Senior management team (including CE)	2,652	2,540
<b>Total key management personnel remuneration</b>	<b>3,598</b>	<b>3,464</b>
	2021/22 Actual	2020/21 Actual
<b>Full-time equivalent members</b>		
Councillors	14	14
Senior management team (including CE)	11	11
<b>Total full-time equivalent personnel</b>	<b>25</b>	<b>25</b>

Because of the difficulties inherent in estimating the number for full-time equivalent Councillors, the figure used is the number of Councillors. There are close family members of key management personnel employed by Council and the Group. The terms and conditions of these arrangements are no more favourable than they would have been if there were no relationships to key management personnel.

### Related party transactions requiring disclosure

In the current year, there were no other related party transactions requiring disclosure.

## Note 30: Remuneration

### Remuneration of elected members

	Council	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Councillors</b>		
<b>Cash benefits</b>		
A Sanson, Mayor	152	151
A Bech	81	79
J Church	50	48
C Eyre	50	48
J Gibb	83	90
S Henderson	50	48
S Lynch	57	55
R McGuire	50	48
F McNally	49	48
E Patterson	71	69
J Sedgwick	86	94
N Smith	61	59
L Thomson	49	48
C Woolerton	49	48
<b>Total cash benefits paid to Councillors</b>	<b>938</b>	<b>933</b>
<b>Non-cash benefits</b>		
A Sanson, Mayoral car	22	23
<b>Total non-cash benefits paid to Councillors</b>	<b>22</b>	<b>23</b>
<b>Total remuneration of Councillors</b>	<b>960</b>	<b>956</b>
	Council	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Community board and committee members</b>		
<b>Cash benefits</b>		
D Amore	4	4
J Ayers	5	5
S Bains	4	4
K Binnersley	3	-
K Bredenbeck	5	5
C Conroy	12	5
R Cork	5	5
D Firth	5	5
J Henry	2	2
S Jackson	6	11
R Kirkwood	5	5
J Lovatt	6	5
H Lovell	2	2
D Lovell	4	4
R MacLeod	-	4
G McCutchan	5	5
K Morgan	5	5
J Morley	2	2
K Ngataki	6	5
A Oosten	4	4
S Ormsby-Cocup	2	2
G Parson	9	9
C Rayner	4	4
V Reeve	6	5
V Rice	5	5
R Van Dam	2	2
B Watson	6	5
E Wawatai	5	5



D Whyte	11	11
G Wiechern	11	11
R Wootton	5	5
<b>Total cash benefits paid to community board and committee members</b>	<b>156</b>	<b>151</b>
<b>Total remuneration of Councillors and other elected representatives</b>	<b>1,116</b>	<b>1,107</b>

## Remuneration of Chief Executive

The Chief Executive of Waikato District Council is appointed under section 42 of the Local Government Act 2002. He received a salary of \$365,262 (2021: \$327,280) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	Council	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Salary and other short-term employee benefits	365	327
Vehicle	18	17
Defined contribution plan employer contributions (KiwiSaver)	11	11
Expenses and other allowances	9	6
Other fringe benefits (value of benefit plus FBT)	10	10
<b>Total Chief Executive's remuneration</b>	<b>413</b>	<b>371</b>

## Employee numbers

	Council	
<b>Number of employees (at 30 June)</b>	2021/22 Actual	2020/21 Actual
Full-time employees	340	320
Part-time employees (including casual employees)	79	87
<b>Total employees</b>	<b>419</b>	<b>407</b>

A full-time employee works 40 hours per week

<b>Full-time equivalent employees</b>		
Full-time employees	340.05	319.89
Part-time employees (in full-time equivalents)	35.47	30.85
<b>Total full-time equivalent employees</b>	<b>375.52</b>	<b>350.74</b>

## Total annual employee remuneration by band

	Council	
	2021/22 Actual \$'000	2020/21 Actual \$'000
\$0 - \$60,000	160	162
\$60,001 - \$80,000	83	91
\$80,001 - \$100,000	62	60
\$100,001 - \$120,000	54	48
\$120,001 - \$140,000	28	24
\$140,001 - \$160,000	16	8
\$160,001 - \$200,000	6	7
\$200,001 - \$240,000	5	4
\$240,001 - \$420,000	5	3
<b>Total employees</b>	<b>419</b>	<b>407</b>

Total remuneration includes non-financial benefits provided to employees.

There are fewer than five employees on each of the bands above \$160,000 therefore the numbers for those bands have been combined into two bands of \$140,001 - \$160,000 and \$160,001 - \$200,000.

## Note 31: Severance payments

For the year ended 30 June 2022, Council made two (2021: three) severance payments to employees. The payments totalled: \$39,969; they comprised \$19,871 and \$20,098 (2021: Total \$30,348).

Strada had no employees during the year (2021: none).

## Note 32: Events after balance date

### Huntly section of SH1

Waka Kotahi is planning to revoke the Huntly section of SH1 as at 1 July 2022. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

### Raglan Airfield

In February 1936, the area now known as Raglan Airfield was selected as a suitable location for an emergency airfield by an Airforce Officer and obtained for this purpose. The 36-hectare airfield block was made up of land from the Te Kopua and Papahua blocks which were Māori freehold land. In 1969, the land was declared 'Crown Land' and formally vested in the Raglan County Council. In early 2019, the CAA issued a notice to aviators which prompted many airfield operators to review the safety of their sites. During the implementation of these safety improvements, significant interest was generated in the community which resulted in an onsite occupation of the land. As a result of this and extensive discussions to decide on the future of the land, Council will be engaging with Te Arawhiti and other relevant agencies to facilitate the return of the land to its rightful owners.

Currently, the land (10.3ha) is owned by the Waikato District Council and held by the Council in trust as a Reserve under the Reserves Act 1977. The land is classified as a Local Purpose (aerodrome) Reserve. Section 27 of the Act states that the vesting in the reserve may, with the consent of the administering body (Council) be cancelled by the minister. This action would relinquish Council of administration responsibilities and would facilitate the return of the land to the rightful owners. The process to be followed to return the land is likely to be complicated, involve multiple agencies and parties, and will not always be in Council's direct control.

### Strada

For Strada, no material events are expected to occur subsequent to 30 June 2022 which affect the financial position at that date. (2021: none)

### Three Waters Reform

In October 2021, the Government confirmed that it will introduce legislation to create four publicly owned water entities, and that the group's participation in the proposed reform will be mandatory.

These entities will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs is tasked with the successful implementation of these reforms, and will work with the local government sector, iwi, water industry and other stakeholders to ensure a smooth transition to the new arrangements.

Subsequently, on 2 June 2022, the government introduced the Water Services Entities Bill in the House of Representatives.

On the 14th of December 2022, the Bill received its Royal Ascent which will see the Water Services Entities Bill create four publicly owned water services entities that will take on responsibility for delivering water services, from 1 July 2024. Two further bills, The Water Services Legislation Bill and The Water Services Economic Efficiency and Consumer Protection Bill were introduced into Parliament on 8 December 2022. These Bills set out the detailed functions and powers of the new entities and establishes the economic regulation and consumer protection regime, respectively.

High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty. As at 30 June 2022, the total stormwater infrastructure assets were \$96,865 million (2021: \$85,680 million), total water infrastructure assets were \$171,603 million (2021: \$150,495 million) and total wastewater infrastructure assets were \$163,900 million (2021: \$139,576 million). Not all of these assets may transfer, particularly assets that are used by other parts of the group. Other non-infrastructure assets may also transfer. The fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanism for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.

### Future for Local Government Review Reorganisation

A Ministerial Inquiry into the Future for Local Government has been established. The overall purpose of the review is to identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership. The review will focus on the roles, functions, and relationships on local government, representation and governance, funding and financing. The draft report and recommendations are set to be issued for public consultation on 30 September 2022. The final report is expected to be presented to the Minister and Local Government New Zealand on 23 April 2023. Council will continue to pro-actively explore opportunities and participate in shared services to provide such services cost-effectively. Changes within local government that results in a change to the structure and/or services provided by our organisation. While the review could recommend significant change to what local government is and does, there is no information available on the likely direction for the review at this time.

### Derivative financial instruments

On the 23rd of November 2022, the monetary policy committee increased the official cash rate (OCR) to 4.25%, an increase of 2.25% since 30 June 2022 (from 2% to 4.25%), with further increases forecast in February 2023 due to higher-than-expected inflation. These OCR increases are being priced into market interest rates, including swap rates that affect interest rate swaps. For Council's derivative financial instruments, the value of interest rate swaps as at 13 December 2022 has increased by 93% to a valuation of \$3.0m since the reporting date.

## Note 33: Financial instruments

### A: Financial instruments categories

The following tables are comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories:

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Financial assets</b>				
<b>Amortised cost</b>				
Cash and cash equivalents	22,977	19,037	22,993	19,038
Recoverables and receivables	21,948	15,593	21,654	15,325
Community loans	889	45	889	45
Term deposit	862	855	862	855
LGFA borrower notes	1,780	1,280	1,780	1,280
<b>Total amortised cost</b>	<b>48,456</b>	<b>36,810</b>	<b>48,178</b>	<b>36,543</b>
<b>Fair value through surplus (deficit) (FVTSD)</b>				
Fixed interest investments	-	-	2,749	2,302
Equity investments	-	-	1,851	2,872
Derivative financial instruments assets	1,559	-	1,559	-
<b>Total FVTSD</b>	<b>1,559</b>	<b>-</b>	<b>6,159</b>	<b>5,174</b>
<b>Fair value through other comprehensive revenue (FVTOCRE)</b>				
Unlisted shares in Civic Financial Services Limited	42	40	42	40
Waikato Regional Airport Limited	32,945	23,065	32,945	23,065
<b>Total FVTOCRE</b>	<b>32,987</b>	<b>23,105</b>	<b>32,987</b>	<b>23,105</b>
<b>Financial assets at cost</b>				
Local Authority Shared Services Limited	219	219	219	219
Shares in Strada Corporation Limited (subsidiary)	700	700	-	-
<b>Total financial assets at cost</b>	<b>919</b>	<b>919</b>	<b>219</b>	<b>219</b>
<b>Financial liabilities</b>				
<b>FVTSD</b>				
Derivative financial instruments liabilities	7	12,568	7	12,568
<b>Financial liabilities at amortised cost</b>				
Payables, taxes and transfers	30,720	31,720	30,732	31,829
Borrowing -secured loans	98,641	80,000	98,641	80,001
<b>Total financial liabilities at amortised cost</b>	<b>129,361</b>	<b>111,720</b>	<b>129,373</b>	<b>111,830</b>

### B: Fair value hierarchy disclosures

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

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

## FINANCIAL STATEMENTS

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

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Valued at quoted market price (level 1)</b>				
Fixed interest investments	-	-	2,749	2,302
Equity investments	-	-	1,851	2,872
<b>Total financial instruments valued at quoted market price</b>	<b>-</b>	<b>-</b>	<b>4,600</b>	<b>5,174</b>
<b>Valued using observable inputs (level 2)</b>				
Financial liabilities – derivatives	7	12,568	7	12,568
Financial assets - derivatives	1,559		1,559	
<b>Valued using significant non-observable inputs (level 3)</b>				
Unlisted shares	32,987	23,105	32,987	23,105

### Instruments valued using significant non-observable inputs (level 3)

The table below provides a reconciliation between the opening and closing balances for level 3 financial instruments:

	Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
Balance at 1 July	23,105	16,782
Gains and losses recognised in other comprehensive revenue	9,882	6,323
Other movements	-	-
<b>Balance at 30 June</b>	<b>32,987</b>	<b>23,105</b>

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

## C: Financial instruments risks

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established and approved a Treasury Risk Management Policy which includes a Liability Management Policy and an Investment Policy. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices. Council has no exposure to price risk because it does not hold any listed securities. Equity securities price risk arises on listed equity investments which are held by the Waikato District Community Wellbeing Trust (WBT) and are classified as financial assets held at fair value through surplus or deficit. The price risk arises due to market movements in listed share prices. Kiwi Wealth Limited (KWL), which manages the investment portfolio on behalf of the Trustees, manages price risk via diversification and liquidity of investments.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it has minimum foreign currency transactions. WBT holds investments in foreign currencies and is exposed to currency risk. KWL, on behalf of the trustees, enters into forward currency contracts on all fixed interest investments. The default currency exposure for equity investments is 55%.

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market in interest rates.

Borrowings and investments issued at fixed rates of interest expose Council to interest rate risk. Council's Treasury Risk Management Policy sets a range of control limits for the fixed rate proportion of borrowings with different maturities. The range is from a maximum of 90% for debt maturing in the current period through to 50% for debt maturing in ten years.

KWL actively manages the average maturity date of WBT's fixed interest investments in response to changes in KWL's interest rate view.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. KWL actively manages the average maturity date of WBT's fixed interest investments in response to changes in KWL's interest rate view.

Generally, Council raises long term borrowing at floating rates and swaps them into fixed rates using interest rate swaps to manage the cash flow interest rate risk. Council enters into interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to Council and the Group, causing it to incur a loss.

Council's Treasury Risk Management Policy clearly specifies approved institutions, minimum credit ratings and investment limits. WBT is consolidated into Council's group financial statements and also includes cash and fixed interest securities that are a credit risk. KWL, on behalf of the trustees of WBT invests only in fixed interest investments in liquid securities, which means there is a secondary market available where these assets are readily traded. In addition, KWL invest primarily in investment-grade instruments and has established counterparty limits for fixed interest investments depending on their credit rating.

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 28.

Council and the Group have no other collateral or credit enhancements for financial instruments that give rise to credit risk.



## Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Cash and cash equivalents	22,977	19,037	22,993	19,038
Recoverables and receivables	21,948	15,593	21,948	15,593
Term deposits	862	855	862	855
Community loans	889	45	889	45
Fixed interest investments	-	-	2,749	2,302
Equity investments	-	-	1,851	2,872
LGFA borrower notes	1,780	1,280	1,780	1,280
Derivative financial instruments assets	1,559	-	1,559	-
<b>Total credit risk</b>	<b>50,015</b>	<b>36,810</b>	<b>54,631</b>	<b>41,985</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Counterparties with credit ratings</b>				
<b>Cash and cash equivalents</b>				
AA-	22,977	19,037	22,993	19,038
<b>Term deposits</b>				
AA-	862	855	862	855
<b>Derivative financial instruments assets</b>				
AA-	1,559	-	1,559	-
<b>Borrower notes</b>				
AA+	1,780	1,280	1,780	1,280
<b>Counterparties without credit ratings</b>				
Community loans with no defaults in the past	889	45	889	45
Unrated equity investments	33,906	24,024	35,757	26,896
Unrated fixed interest investments	-	-	2,749	-

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its liquidity risks including borrowings in accordance with its Treasury Risk Management Policy, which includes a Liability Management Policy. These policies have been adopted as part of Council's Long Term Plan.

Council has a \$500,000 overdraft facility (2021: \$500,000) and a committed cash advance facility of \$15,000,000 (2021: \$15,000,000), of which \$15,000,000 (2021: \$15,000,000) is available to be drawn. Council's committed cash advance facility expires on 20 September 2024.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2022 Council had borrowed \$95,000,000 (2021: \$80,000,000) and held borrower notes with a face value of \$1,790,000 (2021: \$1,280,000).

Council is also exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is contained in note 28.

### Contractual maturity analysis of financial liabilities, excluding derivatives

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

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Carrying amount</b>				
Payables, taxes and transfers	30,720	31,720	24,033	24,033
Secured loans	98,641	80,000	98,641	80,000
<b>Total carrying amount</b>	<b>129,361</b>	<b>111,720</b>	<b>122,674</b>	<b>104,033</b>
<b>Contractual cash flows</b>				
Payables, taxes and transfers	30,720	31,720	24,033	24,033
Secured loans	104,354	82,608	104,354	82,608
<b>Total contractual cash flows</b>	<b>135,074</b>	<b>114,328</b>	<b>128,387</b>	<b>106,641</b>

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Council 2022</b>				
Payables, taxes and transfers	30,720	-	-	-
Secured loans	22,444	11,953	53,447	16,510
<b>Total</b>	<b>53,164</b>	<b>11,953</b>	<b>53,447</b>	<b>16,510</b>
<b>Council 2021</b>				
Payables, taxes and transfers	31,720	-	-	-
Secured loans	15,820	20,707	36,001	10,080
<b>Total</b>	<b>47,540</b>	<b>20,707</b>	<b>36,001</b>	<b>10,080</b>
<b>Group 2022</b>				
Payables, taxes and transfers	24,033	-	-	-
Secured loans	22,444	11,953	53,447	16,510
<b>Total</b>	<b>46,477</b>	<b>11,953</b>	<b>53,447</b>	<b>16,510</b>
<b>Group 2021</b>				
Payables, taxes and transfers	24,033	-	-	-
Secured loans	15,820	20,707	36,001	10,080
<b>Total</b>	<b>39,853</b>	<b>20,707</b>	<b>36,001</b>	<b>10,080</b>

## Contractual maturity analysis of derivative financial instruments

The table below analyses Council and the Group's derivative financial instruments into those that will be settled on a net basis and those that will be settled on a gross basis in relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Council and Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Net settled derivative liabilities</b>		
Carrying amount	1,559	12,568
Contractual cash flows	-	26,303
<b>Net settled derivative liabilities</b>		
Carrying amount	7	12,568
Contractual cash flows	24,722	26,303

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Net settled derivative liabilities</b>				
2021/22	1,136	1,409	4,686	1,775
2020/21	3,736	3,491	9,808	5,836

## Contractual maturity analysis of financial assets

The table below analyses Council and the Group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Council		Group	
	2021/22 Actual \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
<b>Carrying amount</b>				
Cash and cash equivalents	22,977	19,037	22,993	19,038
Recoverables and receivables	21,948	15,593	21,948	15,593
<b>Other financial assets</b>				
- term deposit	862	855	862	855
- community loans	889	45	889	45
- LGFA borrower notes	1,780	1,280	1,780	1,280
<b>Total carrying amount</b>	<b>48,456</b>	<b>36,810</b>	<b>48,472</b>	<b>36,588</b>
<b>Contractual cash flows</b>				
Cash and cash equivalents	22,977	19,037	22,993	19,038
Recoverables and receivables	21,948	15,593	21,948	15,593
<b>Other financial assets</b>				
- term deposit	830	829	830	829
- community loans	1,322	47	1,322	47
- LGFA borrower notes	1,965	1,309	1,965	1,309
<b>Total contractual cash flows</b>	<b>49,042</b>	<b>36,815</b>	<b>49,058</b>	<b>36,816</b>

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Council 2022</b>				
Cash and cash equivalents	22,977	-	-	-
Recoverables and receivables	21,948	-	-	-
Other financial assets				
- term deposit	830	-	-	-
- community loans	94	187	281	760
- LGFA borrower notes	361	194	1,001	409
<b>Total</b>	<b>46,210</b>	<b>381</b>	<b>1,282</b>	<b>1,169</b>
<b>Council 2021</b>				
Cash and cash equivalents	19,037	-	-	-
Recoverables and receivables	15,593	-	-	-
Other financial assets				
- term deposit	829	-	-	-
- community loans	47	-	-	-
- LGFA borrower notes	249	328	571	161
<b>Total</b>	<b>35,755</b>	<b>328</b>	<b>571</b>	<b>161</b>
	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Group 2022</b>				
Cash and cash equivalents	22,993	-	-	-
Recoverables and receivables	21,948	-	-	-
<b>Other financial assets</b>				
- term deposit	830	-	-	-
- community loans	94	187	281	760
- LGFA borrower notes	361	194	1,001	409
<b>Total</b>	<b>46,226</b>	<b>381</b>	<b>1,282</b>	<b>1,169</b>
<b>Group 2021</b>				
Cash and cash equivalents	19,038			
Recoverables and receivables	15,593			
<b>Other financial assets</b>				
- term deposit	829			
- community loans	0	-	-	-
- LGFA borrower notes	249	328	571	161
<b>Total</b>	<b>35,709</b>	<b>328</b>	<b>571</b>	<b>161</b>

## Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council and the Group's financial instrument exposures at the balance date.

	2021/22		2020/21	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100pbs \$'000
<b>Interest rate risk</b>				
<b>Council</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(230)	230	(191)	191
Term deposits	(9)	9	(20)	20
<b>Financial liabilities</b>				
<b>Derivatives</b>	<b>(3,742)</b>	<b>6,480</b>	<b>(18,181)</b>	<b>(7,344)</b>
<b>Group</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(230)	230	(191)	191
Term deposits	(9)	9	(20)	20
Fixed interest investments	-	-	-	-
<b>Financial liabilities</b>				
<b>Derivatives</b>	<b>(3,742)</b>	<b>6,480</b>	<b>(18,181)</b>	<b>(7,344)</b>

	2021/22		2020/21	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100pbs \$'000
<b>Foreign exchange risk</b>				
<b>Group</b>				
<b>Financial assets</b>				
Cash and equity investments	(11)	11	10	(10)

	2021/22		2020/21	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100pbs \$'000
<b>Equity price risk</b>				
<b>Group</b>				
<b>Financial assets</b>				
Equity investments	(28)	28	29	(29)

## Explanations of sensitivity analysis

The interest rate, foreign exchange and equity price sensitivities are based on reasonably possible movements in interest rates, exchange rates and equity market valuations; with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on parallel shift in interest rates of -100bps/+100bps (2019: -100bps/+100bps).

## Note 34: Capital management

Council's capital is its equity (or ratepayers' funds) which include accumulated funds and other reserves. Equity is represented by net assets.

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

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

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financing policies in Council's LTP.

**Council has the following Council-created reserves:**

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

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

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

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## Note 35: Explanation of major variances against budget

The major variance explanations are set out below and explain the significant differences between actual results for 2021/22 compared to the budget for 2021/22. Please note that the abbreviations used in this note are \$Xm, millions of dollars; \$Xk, thousands of dollars.

### Statement of comprehensive revenue and expense

Overall revenue was \$2m less than budgeted. This difference was largely due to found asset revenue of \$1m as well as a gain on the revaluation of interest rate swaps of \$14m not being budgeted. Contribution revenue was also \$7m higher than budget due to growth exceeding budgeted levels throughout the district and in particular for Pokeno. This is offset by vested assets of \$33m which was less than budget by \$25m. Other variances on revenue include subsidies from the NZTA being \$6m lower than budget due to a change in subsidy that was announced after the budget being finalised. The levels of activity for various fees and charges were also more than expected which resulted in higher revenue than was budgeted in the Long-term plan.

Overall expenses for the current year were \$158m which closely aligns to the budgeted figures. Significant variances include employee costs that were \$2m less than budget, which is mainly due to positions and vacancies being unfilled for the current year. External consultants were engaged to provide cover these various employee vacancies throughout the year as well as to meet increased demand for services in areas such as planning and consents. These costs were \$3m more than budget.

Actual written off assets for the year was \$2m which was not budgeted. Water operational charges were \$4 million less than budget.

Depreciation and amortisation costs were almost \$2m higher than budget which is primarily due to the increase in asset value realised in the prior year which resulted in higher depreciation for the current year. The above movements resulted in a surplus of \$71m at an operating level. (Compared to the budgeted surplus of \$73m).

Total other comprehensive revenue and expense was \$294m which was \$243m higher than budget.

Majority of the difference relates to the revaluation gain of \$284m that was realised (compared to a budgeted gain of \$51m) which has been driven by the substantial increase in material costs for core infrastructure assets realised through the past year.

Other comprehensive revenue and expense includes a \$4m gain on Council's investment in the Waikato Regional Airport which was not budgeted in the Long-term plan.



## Statement of financial position

The statement of financial position shows an increase in overall net assets of \$225m compared to budget. The biggest variance was for property, plant and equipment which was higher than budget due to revaluation gains realised, as explained above, which has been partially offset by some asset write-offs and a capital programme which was below budget. This positive difference is partially offset by lower borrowings compared to budgeted estimates which is consistent with the below budget capital expenditure. Current assets are higher than budget with current liabilities being lower than budget and is largely due to cash flow timing differences which resulted in a higher cash and cash equivalents balance compared to budget.

Intangible assets were \$3m less than budget which is primarily due to the unbudgeted amortisation of pre-purchased wastewater infrastructure growth. Investments in CCO's and other similar organisations is \$16m higher than budget. The gain realised in the prior year of \$6m and the current year gain of \$9m were not budgeted.

## Statement of cash flows

The cash flow statement highlights how the overall operational activities surplus of Council was higher than budget for the year. This increase in surplus is mainly due to a lower-than-expected operational activity. It also highlights that the capital programme was below budget and therefore no additional external borrowings were required. The net impact of this resulted in cash balances being \$13m higher than budget at the end of the year.

## Funding impact statements

The whole of Council funding impact statement reports cash or soon to be cash items (such as revenue or expenses in receivables or payables) and does not consider non-cash funded items such as asset write-offs or assets vested in Council. The report analyses separately the surplus or deficit for operating funding and capital funding.

This year the overall operating funding surplus was \$27m which is above the budget of \$24m. This increase in surplus is mainly due to the operational activities of Council being lower than expected specifically operating expenditure which was \$4m less than budget. The increase in operating funding was the result of higher Fees and Charges due to higher than anticipated growth and demand which is partially offset by the decrease in Subsidies and Grants as identified above.

The decrease in operating expenditure was primarily due to below budgeted payments to suppliers and lower staff costs. Employee vacancies as well as increased growth and demand resulted in higher payments to external consultants.

Sources of capital funding were \$19m less compared to budget. Borrowings were partially repaid, and additional budgeted borrowings were not required due to lower actual spend on the capital programme. This was partially offset by contribution income which was \$7m higher than budget due to growth exceeding budgeted levels throughout the district.

## Note 36: Insurance of assets

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2022 is \$836,588,944 (2021: \$712,826,927) and the maximum amount to which they are insured is \$253,182,999 (2021: \$253,072,970).

Insurance Class	Total Declared Value	Policy Limit
Infrastructure	\$534,875,826	\$10,000,000 per loss (Primary layer contracts provide for recovery of 100% of the costs of loss or damage to declared assets) \$100,000,000 per loss (For anything that falls outside primary layer cover, these insurance contracts provide for the recovery of 40 per cent of the costs of loss or damage to declared assets)
Material Damage	\$298,530,119	\$150,000,000 combined limit any one loss or series of losses arising out of any one event in excess of policy deductible \$25,000,000 fire limit
Motor Vehicle	\$2,771,849	\$2,771,849
Other	\$411,150	\$411,150
<b>Total</b>	<b>\$836,588,944</b>	<b>\$253,182,999</b>

In addition to the insurance contracts noted above, the council maintains a disaster recovery reserve to meet the costs of damage that may not be recoverable through insurance. At 30 June 2022 the balance of this reserve was \$1,824,918 (2021: \$1,530,494).

## Note 37: Statutory Breach

A review has identified some water customers have been invoiced one month later than the dates adopted in the Annual Plan 2021/2022. This does not affect the amount of water usage invoiced. Council will ensure full compliance with the detail of the legislative requirements in future.

# ANNUAL REPORT DISCLOSURE STATEMENT

for the year ended 30 June 2022

## What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definition of some of the terms used in this statement.

Council's Long Term Plan 2021-2031 set revised limits for its rates and debt affordability benchmarks. For the previous years, the Long Term Plan 2018-2028 were used.

## Rates affordability benchmarks

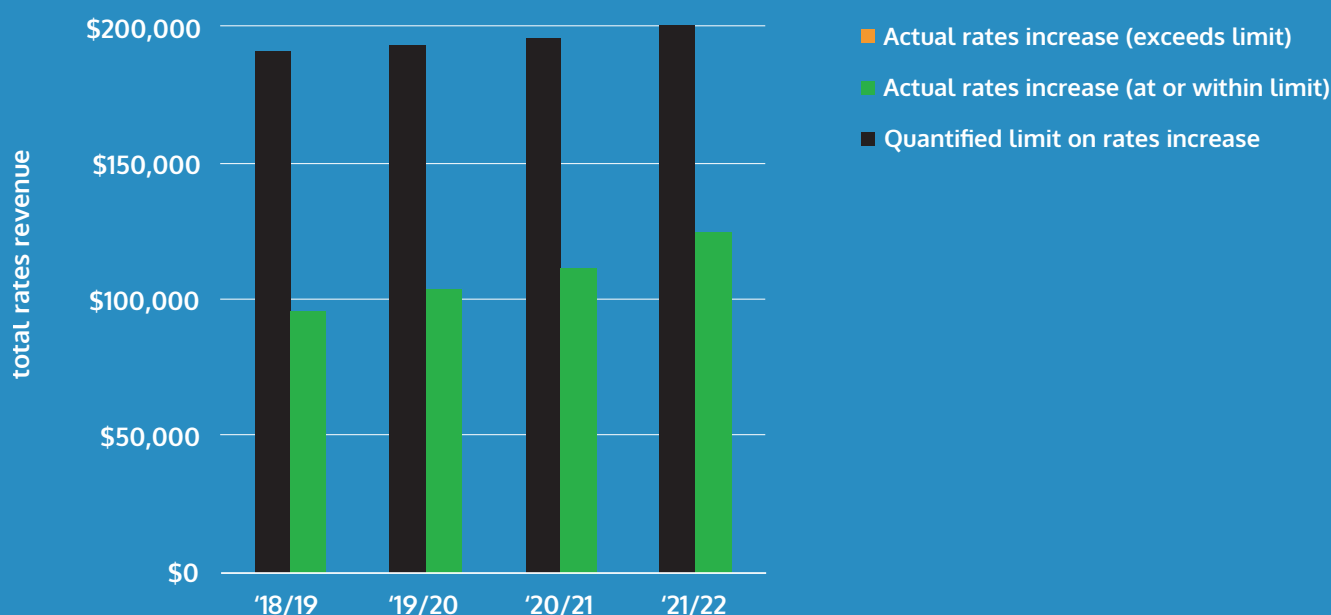
Council meets the rates affordability benchmarks if:

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

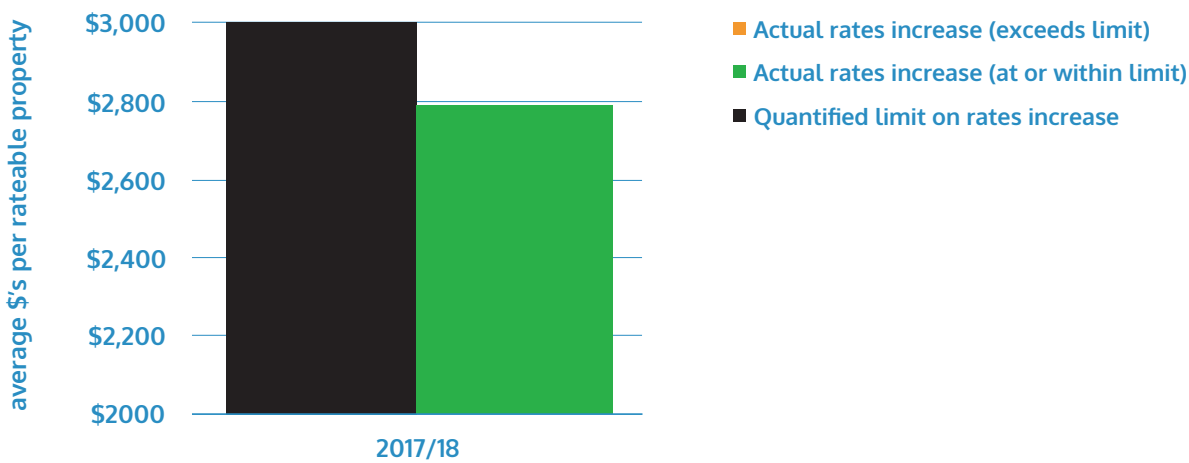
## Rates (income) affordability

This graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Long Term Plan 2021-2031 (pg 109).

The quantified limit for the current year is that total rates revenue will not exceed \$256,766 (2021: \$195,930).



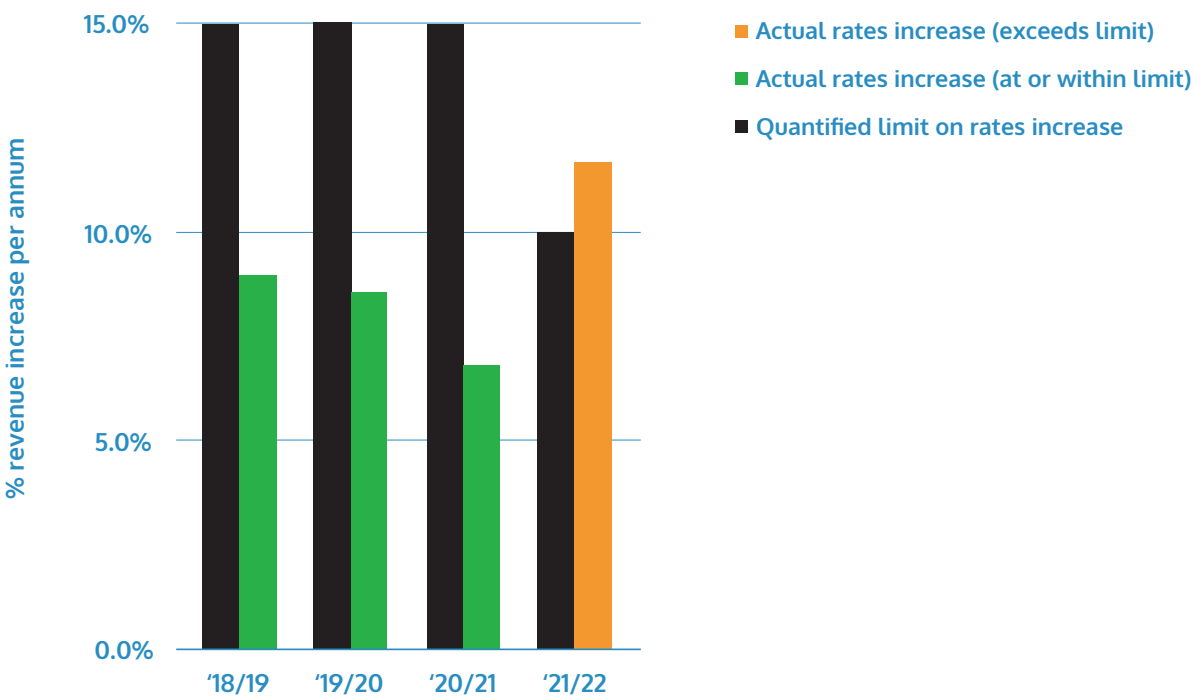
The quantified limit on rates revenue contained in Council’s Long Term Plan 2015-2025 was based on an amount per rateable property. That amount in 2018 was \$2,999.



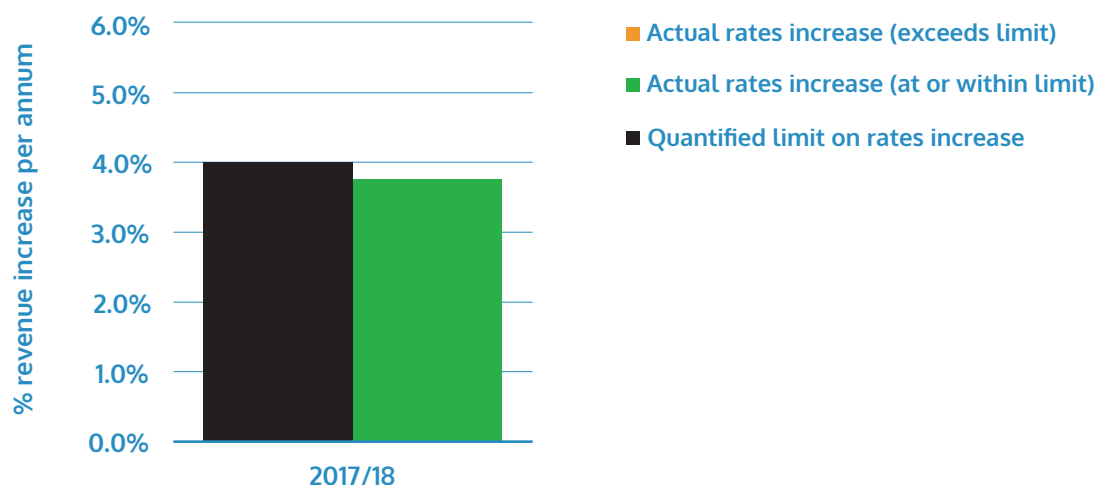
Rates (increases) affordability

This graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's Long Term Plan 2021-2031 (pg 109).

The quantified limit on increases in rates is that average annual rate increases to existing ratepayers are not to exceed 15% in the first three years, reducing to 10% in 2022 and 8% per annum from 2023.



Council's previous limit on rates increases was set at 4% per annum (measured cumulatively from 2017/2018).



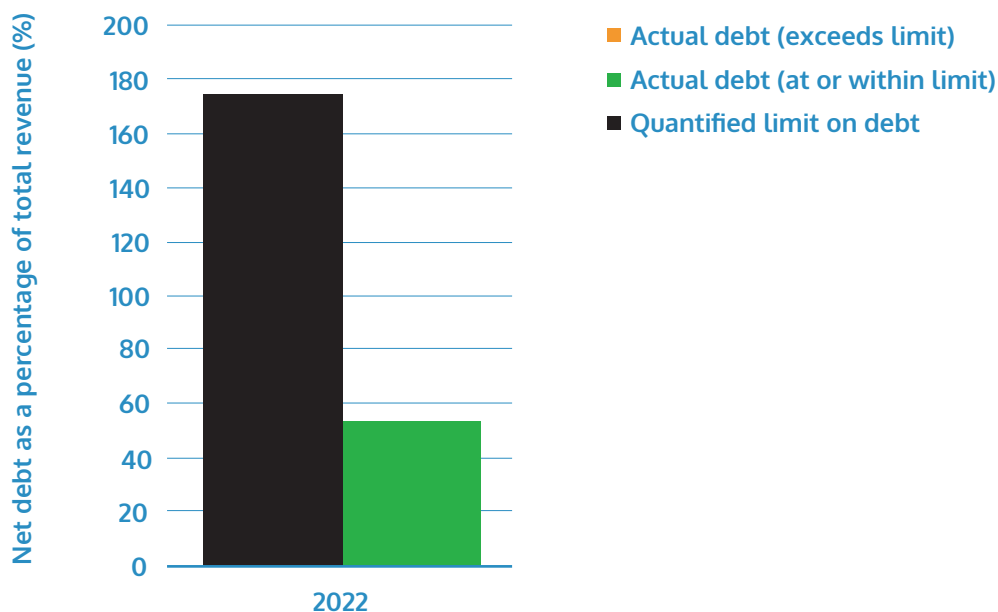
### Debt affordability benchmarks

Council meets its debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. This graph compares Council's actual borrowing with the quantified limit on borrowing stated in the financial strategy included in Council's Long Term Plan 2021-2031 (pg 110).

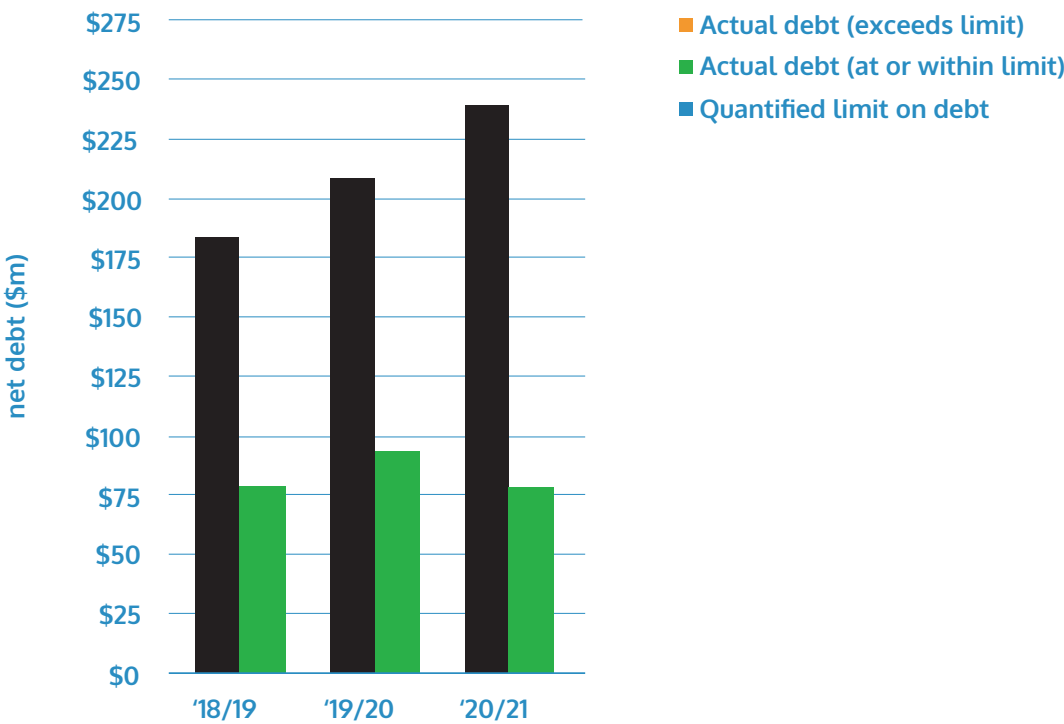
The quantified limit on net debt<sup>1</sup> is that it does not exceed 175 percent of revenue<sup>2</sup>.

1. Net debt equals total external debt, net of borrower notes.

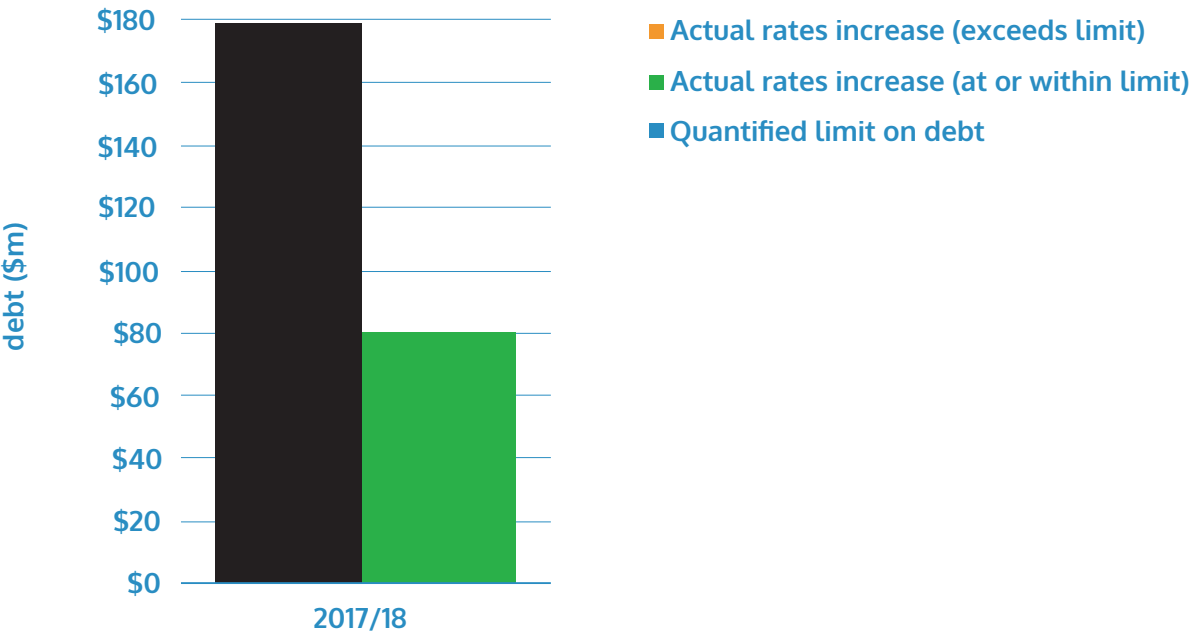
2. Revenue is net of developer contributions and vested asset



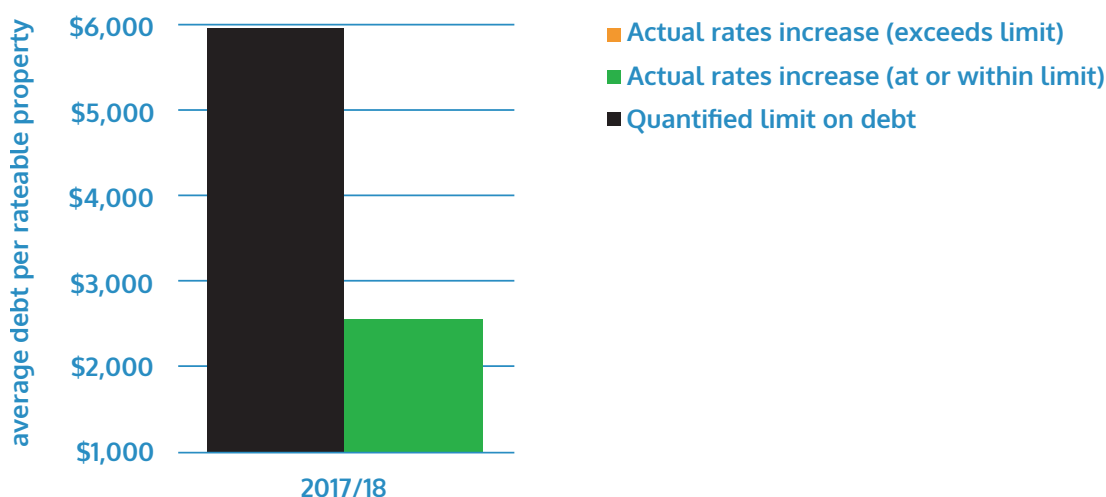
Council's previously reported it's quantified limit on net debt as not exceeding 175% of revenue as shown below.



Council's revised financial strategy only contains one debt limit but the previous strategy had two limits on net debt. The previous limit was \$178.9m in 2018.



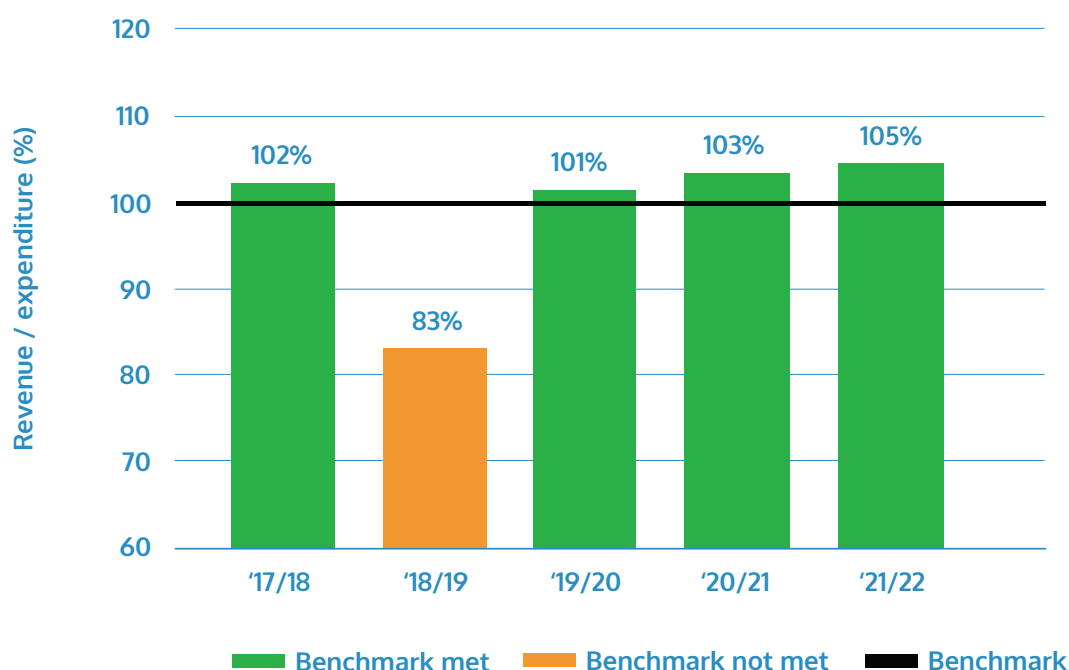
The previous strategy also limited the average net debt per dwelling. The limit in 2018 was \$5,957.



### Balanced budget benchmark

This graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

Council meets this benchmark if its revenue equals or is greater than its operating expenses.

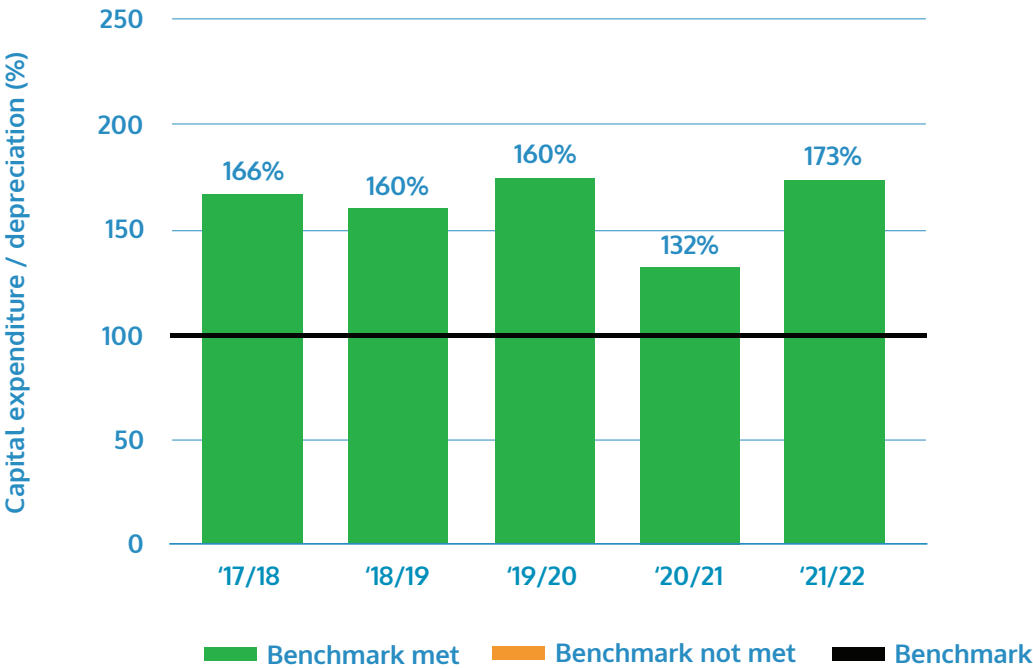




Essential services benchmark

This graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

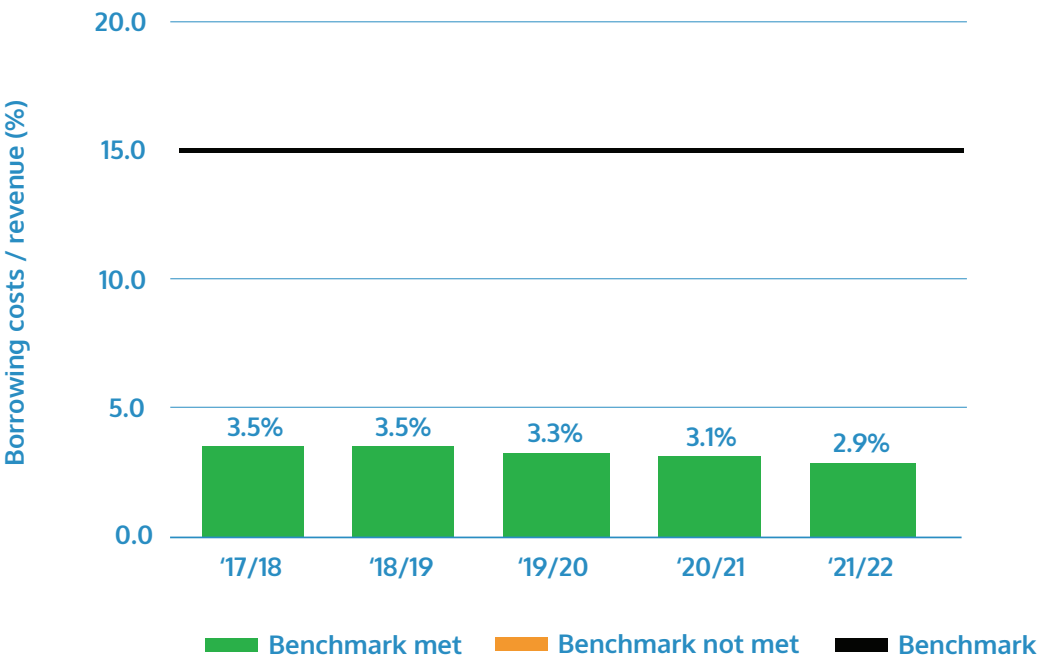
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

This graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant or equipment).

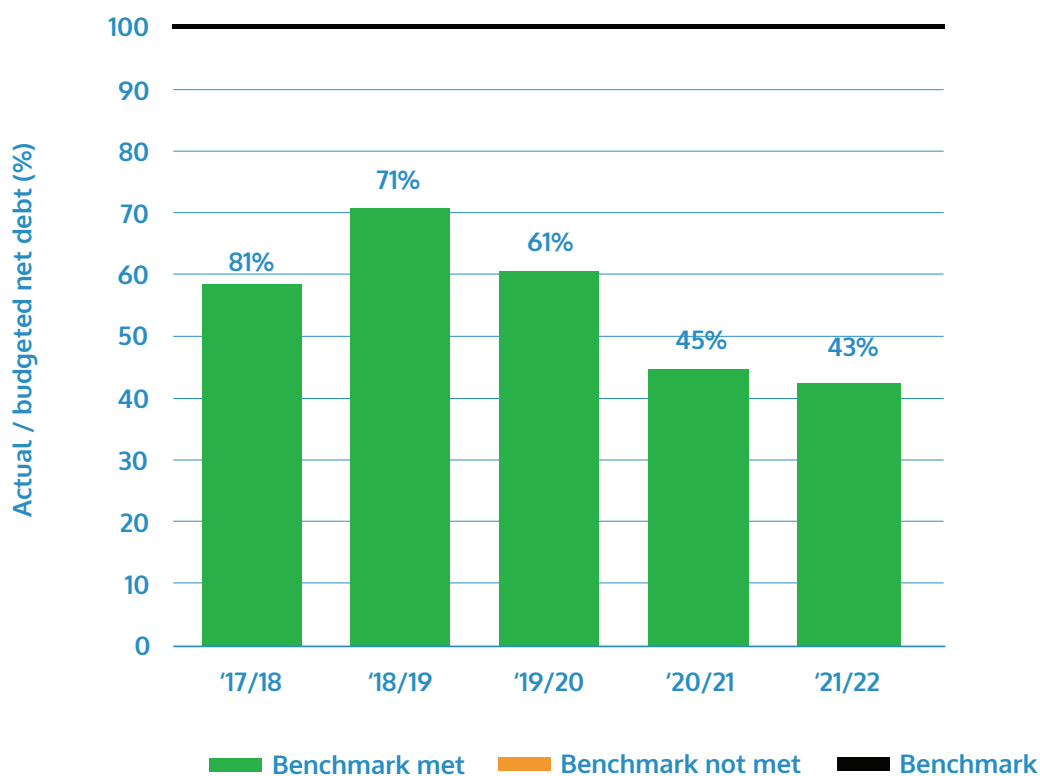
Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its planned revenue.



### Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

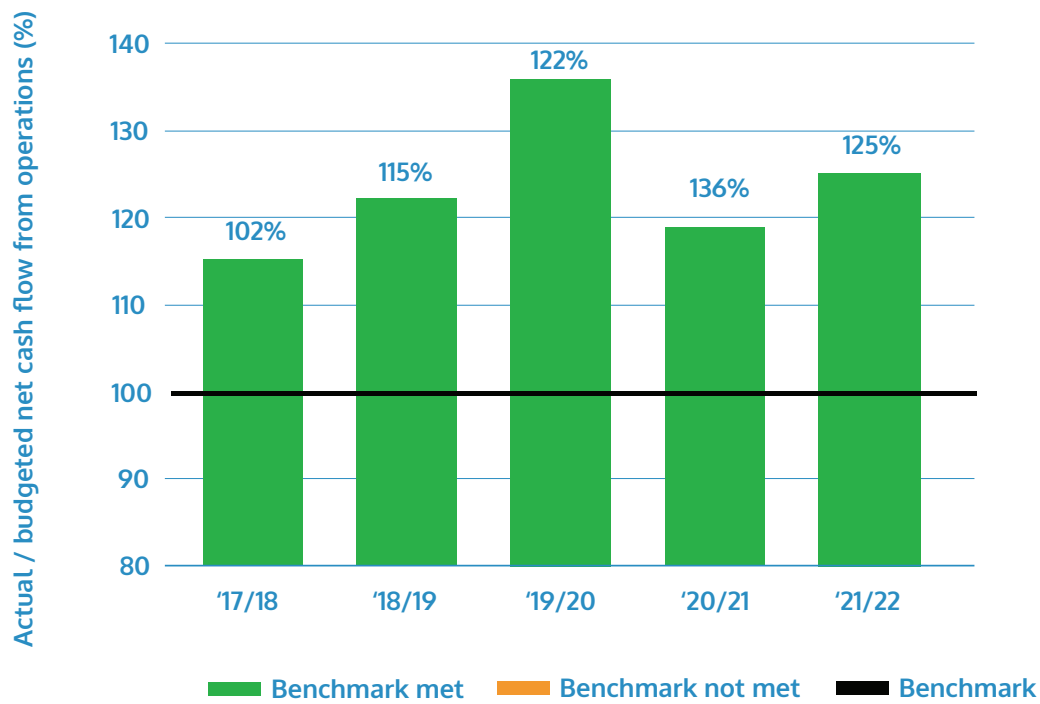
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.









## Independent Auditor's Report

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

The Auditor-General is the auditor of Waikato District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 21 December 2022. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 72 to 138:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2022;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 11, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;

- the statement of service provision on pages 9 to 56:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 14 to 56, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 14 to 56, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 139 to 146, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

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

## Emphasis of matters

Without modifying our opinion, we draw attention to the following disclosures.

***The Government's three waters reform programme***

Note 32 on page 128, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 15 December 2022. The impact of these reforms will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

***Inherent uncertainties in the measurement of greenhouse gas emissions***

The District Council has chosen to include a measure of its greenhouse gas (GHG) emissions in its statement of service provision. In considering the public interest in climate change related information, we draw attention to page 24 of the statement of service provision, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

**Basis for our opinion on the audited information**

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

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

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

**Responsibilities of the Council for the audited information**

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

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

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



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

## **Responsibilities of the auditor for the audited information**

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

### Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 8 and 57 to 71, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

### Independence

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, and assurance engagements in relation to procurement of significant contracts, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.

A handwritten signature in blue ink, appearing to read 'Clarence Susan', with a stylized flourish at the end.

Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Hamilton, New Zealand  
21 December 2022

# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## Statement of compliance

The Council and management of the Waikato District Council confirm that all the statutory requirements in relation to the Annual Report have been complied with.

## Statement of responsibility

The Council and management of the Waikato District Council accept responsibility for:  
(a) the preparation of the Annual Financial Statements and the judgements used in them, and  
(b) establishing and maintaining internal control systems to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Waikato District Council, the Annual Financial Statements and Statements of Service Provision for the year ended 30 June 2022 fairly reflect the financial position and operations of the Council.



Allan Sanson

**Mayor**



Gavin Ion

**Chief Executive**





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