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Agenda for an extraordinary meeting of the Waikato District Council to be held via Audio Visual Conference on **TUESDAY, 19 OCTOBER 2021** commencing at **11.30am**.

*Information and recommendations are included in the reports to assist the Council in the decision making process and may not constitute Council's decision or policy until considered.*

**1. APOLOGIES AND LEAVE OF ABSENCE**

**2. CONFIRMATION OF STATUS OF AGENDA**

**3. DISCLOSURES OF INTEREST**

**4. REPORTS**

4.1 Adoption of the Annual Report and Summary 2020/21

4

GJ Ion  
**CHIEF EXECUTIVE**

## TERMS OF REFERENCE AND DELEGATION

|                            |   |
|----------------------------|---|
| <b>Chairperson:</b>        | His Worship the Mayor                     |
| <b>Deputy Chairperson:</b> | Deputy Mayor                              |
| <b>Membership:</b>         | The Mayor and all Councillors             |
| <b>Meeting frequency:</b>  | Six weekly – or as required               |
| <b>Quorum:</b>             | Half of the members (including vacancies) |

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### Purpose

1. To provide leadership to, and advocacy on behalf of, the people of the Waikato District.
2. To define and represent the total communities' interests, ensuring ongoing community and economic development, the effective stewardship of existing assets, sustainable management of the environment, and the prudent management of the communities' financial resources.

### Terms of Reference

The Council's terms of reference include the following powers which cannot be delegated to committees, subcommittees, officers or any other subordinate decision-making body:

1. The power to make a rate.
2. The power to make a bylaw.
3. The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-Term Plan.
4. The power to adopt a Long-Term Plan, Annual Plan, or Annual Report.
5. The power to appoint a Chief Executive.
6. The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long-term Plan or developed for the purpose of the local governance statement, including the Council's Infrastructure Strategy.
7. The power to adopt a remuneration and employment policy.
8. The power to approve or amend the Council's Standing Orders.
9. The power to approve or amend the Code of Conduct for elected members, and consider any recommendations made in relation to a complaint lodged under the Code.
10. The power to appoint and discharge:
  - a. members (including chairpersons) of Council committees and subordinate decision-making bodies, subject to the Mayor's powers under section 41A Local Government Act 2002; and
  - b. elected member representatives on external organisations.
11. The power to establish a joint committee with another local authority or other public body, and appoint elected members as representatives on such committees or bodies.
12. The power to make the final decision on a recommendation from the Ombudsman where it is proposed that Council not accept the Ombudsman's recommendation.
13. The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.
14. The power to amend or replace the delegations in Council's Delegations Register (except where expressly permitted in the Delegations Register).

To exercise the following powers and responsibilities of Council, which the Council chooses to retain:

1. To approve a proposed policy statement or plan under the Resource Management Act 1991.
2. To approve changes to boundaries of the District under the Resource Management Act 1991 or any other legislation.
3. In respect of District Plan decisions:
  - a. To appoint independent commissioners to a panel for hearings of a Proposed District Plan;
  - b. To approve the recommendation of hearings commissioners on a proposed plan, plan change or variation (including private plan change); and
  - c. To approve a proposed plan or a change to a district plan under Clause 17, Schedule 1 of the Resource Management Act 1991.
4. To adopt governance level strategies, plans and policies which advance Council's vision and strategic goals (e.g. Hamilton to Auckland rail), other than where expressly delegated to a committee.
5. To approve Council's recommendation to the Remuneration Authority for the remuneration of elected members.
6. To approve the Triennial Agreement.
7. To approve resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
8. To approve any changes to the nature and delegations of any Council committees or subordinate-decision making bodies.
9. To approve the Local Governance Statement.
10. To approve any additional funding decisions required for the Watercare Services contract.
11. To receive six-monthly reports from each Community Board on its activities and projects.

### **Open Meeting**

|                                 |  |
|---------------------------------|--|
| <b>To</b>                       | Waikato District Council   |
| <b>From</b>                     | Alison Diaz<br>Chief Financial Officer   |
| <b>Date</b>                     | 8 October 2021   |
| <b>Prepared by</b>              | Melissa Russo - Team Leader, Planning and Policy<br>Colin Bailey - Finance Manager |
| <b>Chief Executive Approved</b> | Y  |
| <b>Reference #</b>              | GOV1318  |
| <b>Report Title</b>             | Adoption of the Annual Report and Summary 2020/21                                  |

## **1. EXECUTIVE SUMMARY**

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The Local Government Act 2002 (LGA) requires Council to adopt its Annual Report and Summary by 31 October each year, however for this year the date has been extended to 30 November 2021 due to the Covid-19 pandemic. The Annual Report 2020/21 compares the actual activities and performance of Council against the intended activities and performance of the Council as specified in the Long Term Plan 2018-28 (LTP). The Annual Report and Summary 2020/21 are reporting on the third year of the 2018-28 LTP.

Audit New Zealand have completed their audit, and verbal clearance has been received for both the full Annual Report and the Summary documents for 2020/21. The Council has received an unqualified audit opinion.

On 18 October 2021 the Strategy and Finance Committee resolved to recommend that Council adopts the audited Annual Report and Summary 2020/21 as attached to this report.

## **2. RECOMMENDATION**

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**THAT Council adopts the audited Annual Report and Summary 2020/21 as attached to the staff report.**

## **3. ATTACHMENTS**

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- A. Draft Annual Report 2020/21
- B. Draft Annual Report Summary 2020/21

# 2020/21



## ANNUAL REPORT

*Te Riipoata-a-tau*



**OUR VISION:  
LIVEABLE, THRIVING  
AND CONNECTED  
COMMUNITIES**

**HE NOOHANGA AAHURU,  
HE IWI WHAI ORA,  
HE HAPORI  
TUUHONO TAHI**

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*Tauaaki Ratonga Whakaritenga*

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## Auditor's Report

*Riipoata o te Kataatari Puutea*



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*Tauaaki Tuutohu me oona Takohanga*

# **OVERVIEW**

## *TIROHANGA WHAANUI*

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and Chief Executive

**07** Who we are



# THIS IS WAIKATO DISTRICT

## WAIKATO IS HOME TO...

**81,473**  
PEOPLE  
(26.4% IDENTIFY  
AS MAAORI)

**170**  
NEW NZ  
CITIZENS IN 2020/21

**15,344** DOGS



## WE PROVIDE...

**8,347,000**

**LITRES OF**  
DRINKING WATER A DAY

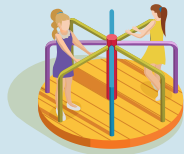
**60 PUBLIC  
TOILETS**  
USED BY 4,000  
PEOPLE EVERYDAY



**DIVERSION  
OF 6,568**  
TONNES OF REFUSE  
FROM LANDFILL  
EACH YEAR



**2** CAMPGROUNDS  
PAPAHUA AND HAKANOA



**56**

PLAYGROUNDS AND  
NEIGHBOURHOOD RESERVES

**13** SKATEPARKS

**3** SWIMMING  
POOLS

## WAIKATO SPANS

**OVER 450,000**  
HECTARES OF LAND



## IN 2020/21 WE HAVE SUPPORTED...

**155** COMMUNITY  
GROUPS



**AND 161** DOGS WERE  
RE-HOMED

## WE MAINTAIN...

**1,860KMS**  
OF SEALED ROADS



**599KMS**  
OF UNSEALED  
ROADS

**255KMS**  
OF FOOTPATHS

**113**  
PARKS AND  
RESERVES



**38**  
COMMUNITY  
HALLS

## WE OPERATE...



**6** LIBRARIES THAT SERVICE  
17,574 LIBRARY MEMBERS

**25** WATER  
RESERVOIRS  
WITH A TOTAL  
CAPACITY OF 22,813m<sup>3</sup>



**7** WATER TREATMENT  
PLANTS WITH A TOTAL CAPACITY  
OF 19,180m<sup>3</sup> PER DAY  
AND 9 WASTEWATER TREATMENT PLANTS



**2** ANIMAL  
SHELTERS

**21**  
CEMETERIES

**25** DOG  
EXERCISE AREAS

# FROM THE MAYOR AND CHIEF EXECUTIVE

## Vision continues to guide growth

Despite an uncertain outlook generated by the COVID-19 pandemic, Waikato district continued to experience rapid growth in 2021.

As one of the fastest-growing districts in the country measured by new dwelling consents, this also brought considerable challenges and a heavy workload. We processed 1,125 dwelling consents, up 39.4% on the previous year, and 2,430 building consents overall, up 27% on 2019/20. Our duty planners handled nearly 5,000 enquiries, up 43% on 2019/20.

The year was marked by a series of major initiatives to guide this growth and give effect to our vision of creating 'liveable, thriving and connected communities – he noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi'.

Our 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the top priorities identified by the community through our District-wide and Local Area Blueprints which plan how to meet the community's social, economic and environmental needs over the next 30 years. These Blueprint priorities were confirmed at a series of public workshops held around the district.

The LTP provides funding for the development of infrastructure over the next 10 years to unlock key 'growth cells' identified by our 'Waikato 2070: District Growth and Economic Development Strategy', which was adopted just before the year under review.

'Waikato 2070' will also be underpinned by our Proposed District Plan which entered its hearings phase in 2021, and which offers a new spatial vision for community development, setting the guidelines for land use and for protecting our environment and heritage. Hearings took place via the innovative use of videoconferencing, making participation easier for submitters.

We worked with our neighbouring councils and other agencies to reach common understandings over shared cross-boundary issues. We progressed giving effect to the Hamilton-Auckland Corridor Plan through a review of our sub-regional Future Proof strategy to manage growth across Hamilton and Waikato and Waipa districts. Through the Waikato Mayoral Forum, we also advanced work on the Waikato Housing Initiative to address housing challenges in the region, with a focus on creating sustainable, resilient and connected communities.

## Sustainable delivery of services

We continued successfully to identify sustainable ways to deliver the services our growing district needs.

We secured \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million wastewater pond de-sludging, among other initiatives for our wastewater, stormwater and water supply services.

We are continuing to assess the impact of the Government's reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will make a firm decision once we have studied the details.

Through the Waikato District Alliance, a collaborative partnership with Downer NZ to maintain our roads, we undertook projects to enhance road safety, develop alternative transport modes to link our communities, and build infrastructure to support new residential subdivisions. We completed a three-year programme to review and change speed limits in our district, built the Huntly Rail platform for the Te Huia passenger train service to Auckland, resurfaced 118 kms of sealed roads, built 3.5 kms of new footpaths, continued work on the Cambridge to Hamilton stage of the Te Awa cycleway project, and completed the third year of a \$9 million-plus scheme of safety improvements which attracted an NZTA Waka Kotahi subsidy of 76%, saving more than \$2.5 million over the full three years.

We entered a partnership contract with Cushman and Wakefield in October 2020 to maintain the Council's community facilities, which include 220 Council-owned buildings across the district and more than 20 other plant items. Among many projects completed were the refurbishment of the Tuakau library and re-roofing of the Huntly Grandstand.

We are proud that some of our most widely-used services recorded customer satisfaction levels of 80% or more including our libraries, parks and reserves, solid waste and recycling services, and wastewater services. Overall, 60% of survey respondents were satisfied with the way rates are spent on the services and facilities we provide, and 81% rated the quality of life in Waikato district as good or very good.

## Caring for our environment

We amended our kerbside refuse and recycling contracts to align these services with the objectives of our Waste Management and Minimisation Plan. We hosted a rural chemical collection in Tuakau, made the decision to end our inorganic waste kerbside collection because it encouraged the dumping of waste to landfill, and continued to support waste minimisation education programmes.

We updated reserves management plans for Woodlands and for the three main reserves in Raglan, upgraded two cemeteries, and ran daffodil bulb plantings across the district in conjunction with our Community Boards.

We assigned dedicated expertise to confront some complex stormwater management issues in the district and inspected businesses and facilities that were identified as high risk for contaminating stormwater if not maintained. A major programme of wastewater treatment plant upgrades to support discharge consent renewals will improve compliance and protect the environment.

## Economic development

To encourage business growth and employment opportunities we continued to promote Waikato district through partnerships with our regional economic development agency, Te Waka, and Hamilton & Waikato Tourism. Local tourism spending grew 5.9% thanks to a resurgence in domestic tourism.

Development and investor demand has increased despite uncertainty due to the ongoing impact of COVID-19. A rezoning application for a \$1.2 billion Sleepyhead manufacturing and residential development at Ōhinewai was approved by a panel of independent commissioners, although parts of the proposed development are subject to appeal in the Environment Court.

We established a Business Pop Up School to support new business ideas from people who had lost their jobs because of COVID-19, and we supported community-led development training to build community capability and resilience.

## Financial Performance

We worked hard to set rates and debt levels that balance affordability with the need to provide for our growing community. Average rates per rateable property were \$3,256.30 for 2020/21 and average debt per rateable property is \$2,720.35. This is 61% below our debt servicing limit, offering capacity for funding services and facilities as needed for the future.

## Building communities together

We involved you in decisions affecting our district on subjects ranging from reserve management and keeping of animals, to alcohol and speed limits. Our Long Term Plan 2021-31 sparked more than 600 submissions.

The Council approved the creation of Maaori wards for the 2022 and 2025 local government elections, and we started our six-yearly Representation Review to decide the number of our wards and councillors for the next two Council terms.

We enjoyed a strengthened Maaori voice in our decision making with the appointment of two Maangai Maaori (Voice of Maaori) positions to our three major Council committees just before the start of the 2020/21 year.

We committed grants totalling more than \$700,000 from Council-owned or administered funds for distribution to 155 organisations to enable communities to meet some of their own needs.

We are proud of what we have achieved in the last year by working with you.

Allan Sanson  
Mayor

Gavin Ion  
Chief Executive

“We continued successfully to identify sustainable ways to deliver the services our growing district needs.”



# 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, Ngaruawahia, 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, Ngaruawahia, Onewhero-Tuakau, Raglan and Taupiri.

## Maangai Maaori

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

## Mayor



**Allan Sanson**  
2020/21



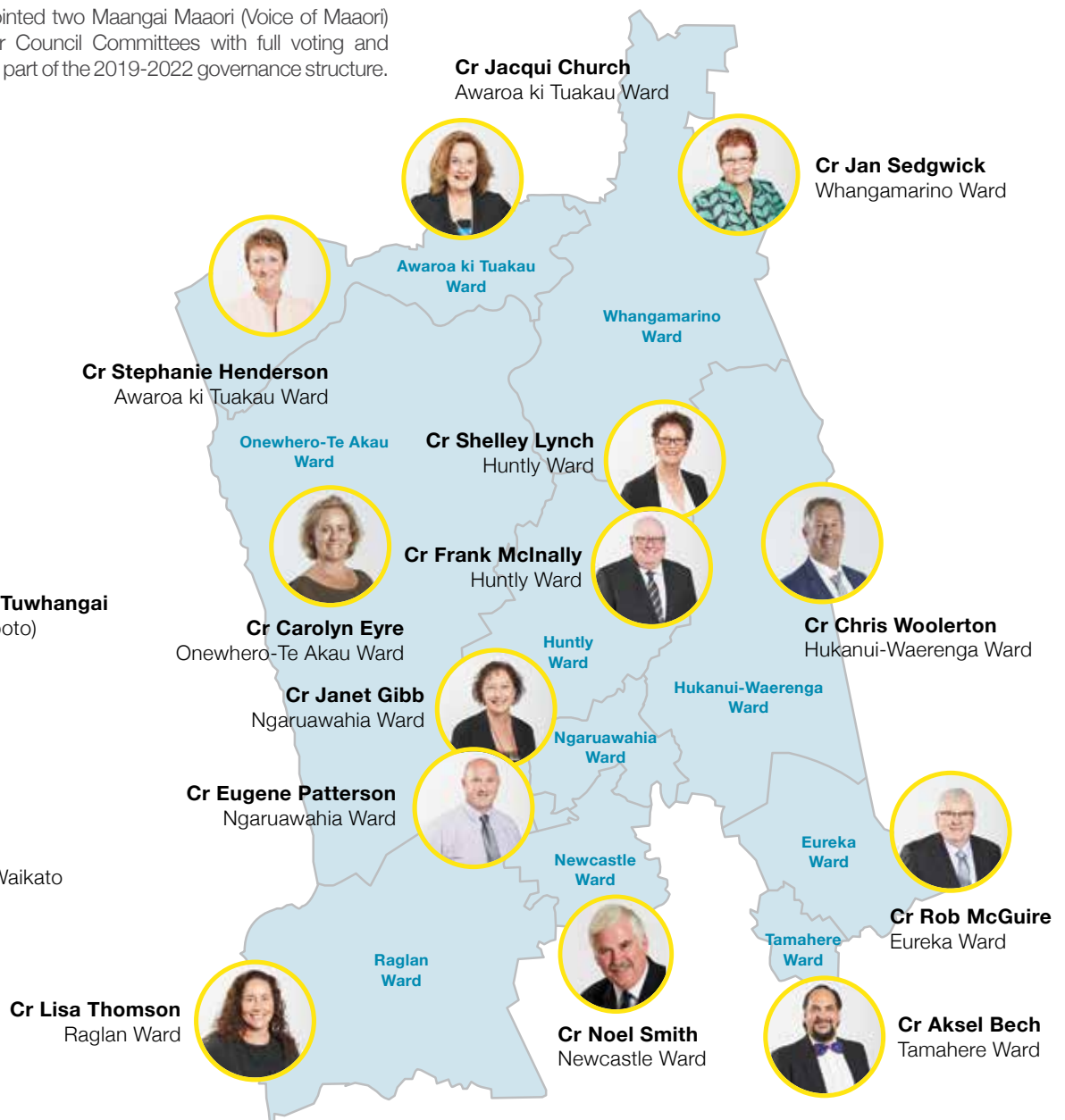
**Maxine Moana-Tuwhangai**  
(Waikato, Maniapoto)  
Maangai Maaori



**Brendon Green**  
(Ngaati Hikairo, Waikato  
Tainui, Ngaapuhi)  
Maangai Maaori

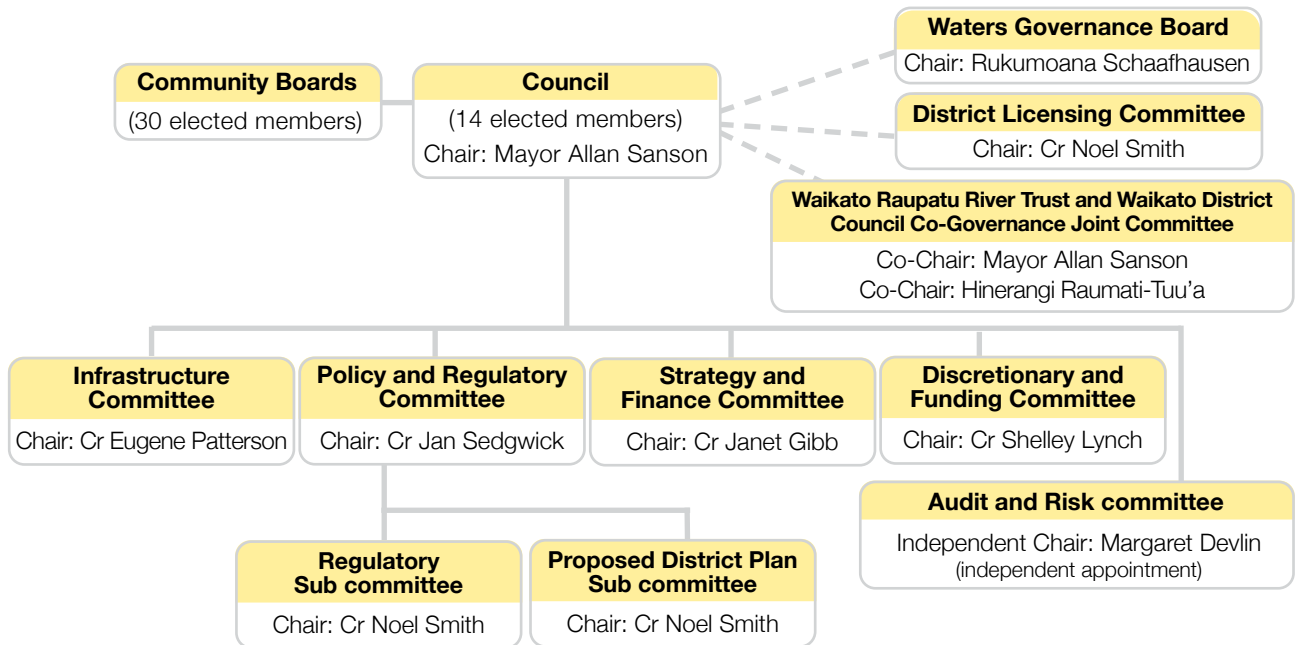
## Community committees and groups

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 take into account local perspectives as part of its decision-making. They include: Aka Aka, Eureka, Glen Afton/Pukemiro, Gordonton, Horsham Downs, Matangi, Meremere, Newstead, North East Waikato (including Mangatawhiri, Mangatangi and Maramarua), Pokeno, Port Waikato, Pukekawa, Rangiriri, Tamahere, Te Kauwhata, Te Kowhai and Whatawhata.



# WHO WE ARE 2020/21

## Our Governance Structure



OVERVIEW

## The Executive Leadership Team



**Gavin Ion**  
Chief Executive



**Tony Whittaker**  
Chief Operating 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



**Ian Cathcart**  
Special Infrastructure Projects



**Vanessa Jenkins**  
People and Capability Manager



**Jacob Quinn**  
Communications, Marketing & Engagement Manager



**Geoff King**  
Chief Information Officer



**Alison Diaz**  
Chief Financial Officer



# STATEMENT OF SERVICE PROVISION *TAUAAKI RATONGA WHAKARITENGA*

**12** Governance

**15** Sustainable communities

- 16 - Customer and partnership focus
- 18 - Economic development
- 19 - Emergency management
- 20 - Grants and donations
- 22 - Community Connections

**27** Sustainable environment

- 28 - Animal control
- 29 - Building quality
- 31 - Environmental health
- 32 - Strategic and district planning
- 35 - Solid waste

**38** Roothing

**43** Stormwater

**46** Wastewater

**50** Water supply

**54** Organisational support

**57** Progress towards community outcomes

# STATEMENT OF SERVICE PROVISION

## What we did

This Annual Report reviews our progress towards achieving what we set out to do in the third year of our 2018-2028 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.

In the 2018-2028 LTP our community outcomes were encapsulated by the Council's vision of liveable, thriving, connected communities – he noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi.



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.



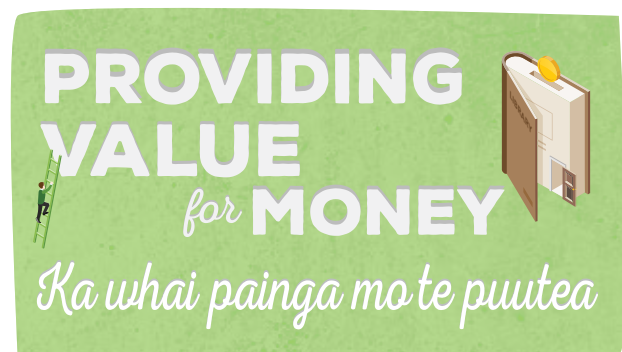
We consider the well-being of all our people in all our planning and activities. We have supported and plan for the development of complete and connected communities.



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



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.



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.

| Activity  | Outcome                    |                      |                            |                           |                           |
|---|----------------------------|----------------------|----------------------------|---------------------------|---------------------------|
|   | Supporting our Communities | Building our Economy | Sustaining our Environment | Working Together with You | Providing Value for Money |
| Governance  | ✓                          | ✓                    | ✓                          | ✓                         | ✓                         |
| Sustainable Communities<br>- Customer and partnership focus<br>- Economic development<br>- Emergency management<br>- Grants and donations<br>- Parks and facilities | ✓                          | ✓                    | ✓                          | ✓                         | ✓                         |
| Sustainable Environment<br>- Animal control<br>- Building quality<br>- Environmental health<br>- Strategic and district planning<br>- Solid waste                   | ✓                          | ✓                    | ✓                          | ✓                         | ✓                         |
| Roading   | ✓                          | ✓                    |                            | ✓                         | ✓                         |
| Stormwater  | ✓                          |                      | ✓                          | ✓                         | ✓                         |
| Wastewater  | ✓                          |                      | ✓                          | ✓                         | ✓                         |
| Water Supply  | ✓                          |                      | ✓                          | ✓                         | ✓                         |
| Organisational Support  |                            |                      |                            | ✓                         | ✓                         |

✓ = primary contribution

✓ = minor contribution




## Our Approach

When considering the financial picture, the 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
-  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.



# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for the Whole of Council

|  | 2019/20<br>Annual Plan<br>\$'000 | 2019/20<br>Annual Report<br>\$'000 | 2020/21<br>Annual plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|--|----------------------------------|------------------------------------|----------------------------------|-----------------------------|
| <b>Sources of operating funding</b>                                      |                                  |                                    |                                  |                             |
| General rates, uniform annual general charge, rates penalties            | 62,408                           | 63,683                             | 67,330                           | 67,594                      |
| Targeted rates   | 28,811                           | 28,313                             | 30,709                           | 30,556                      |
| Subsidies and grants for operating purposes                              | 8,607                            | 9,928                              | 8,355                            | 12,804                      |
| Fees and charges   | 10,859                           | 15,229                             | 10,415                           | 13,705                      |
| Interest and dividends from investments                                  | 180                              | 164                                | 130                              | 59                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 9,290                            | 9,365                              | 7,885                            | 9,266                       |
| <b>Total operating funding (A)</b>                                       | <b>120,155</b>                   | <b>126,682</b>                     | <b>124,824</b>                   | <b>133,984</b>              |
| <b>Applications of operating funding</b>                                 |                                  |                                    |                                  |                             |
| Payments to staff and suppliers  | 93,730                           | 100,409                            | 92,818                           | 102,752                     |
| Finance costs  | 4,195                            | 4,505                              | 5,497                            | 4,706                       |
| Other operating funding applications                                     | 2,422                            | 3,343                              | 2,664                            | 2,861                       |
| <b>Total applications of operating funding (B)</b>                       | <b>100,347</b>                   | <b>108,257</b>                     | <b>100,979</b>                   | <b>110,319</b>              |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>19,808</b>                    | <b>18,425</b>                      | <b>23,845</b>                    | <b>23,665</b>               |
| <b>Sources of capital funding</b>  |                                  |                                    |                                  |                             |
| Subsidies and grants for capital expenditure                             | 11,461                           | 11,646                             | 13,315                           | 15,402                      |
| Development and financial contributions                                  | 6,283                            | 15,101                             | 6,393                            | 13,158                      |
| Increase (decrease) in debt  | 34,269                           | 15,000                             | 15,661                           | (15,000)                    |
| Gross proceeds from the sale of assets                                   | 684                              | 794                                | 521                              | 2,105                       |
| Lump sum contributions   | -                                | -                                  | -                                | -                           |
| Other dedicated capital funding  | 124                              | 952                                | 124                              | 1,232                       |
| <b>Total sources of capital funding (C)</b>                              | <b>52,821</b>                    | <b>43,493</b>                      | <b>36,014</b>                    | <b>16,897</b>               |
| <b>Applications of capital funding</b>                                   |                                  |                                    |                                  |                             |
| Capital expenditure  |                                  |                                    |                                  |                             |
| - to meet additional demand  | 20,690                           | 8,748                              | 5,361                            | 6,802                       |
| - to improve the level of service  | 21,263                           | 14,117                             | 14,607                           | 19,516                      |
| - to replace existing assets   | 30,255                           | 25,386                             | 30,893                           | 32,317                      |
| Increase (decrease) in reserves  | 398                              | (4,593)                            | (581)                            | (16,098)                    |
| Increase (decrease) in investments                                       | 23                               | 18,260                             | 9,579                            | (1,975)                     |
| <b>Total applications of capital funding (D)</b>                         | <b>72,629</b>                    | <b>61,918</b>                      | <b>59,859</b>                    | <b>40,562</b>               |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(19,808)</b>                  | <b>(18,425)</b>                    | <b>(23,845)</b>                  | <b>(23,665)</b>             |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                         | <b>-</b>                           | <b>-</b>                         | <b>-</b>                    |

# GOVERNANCE

## What we did

We continued to work towards achieving the vision and goals the Council established in its Long Term Plan 2018-28 to embrace the growth and changes we face in the decade ahead. Our vision is that we work together as a district to build liveable, thriving and connected communities as our district grows.

### Highlights

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

#### *Representation Review*

We commenced our Representation Review, a statutory process that takes place at least once every 6 years and determines the number and size of wards, the number of councillors, and the number of councillors per ward. Our process included early engagement through a survey, as well as stakeholder meetings and community focus groups. The purpose of the early engagement was to establish an evidence base to define communities of interest ahead of the formation of Council's initial proposal. The Representation Review initial proposal is set for consultation with the community in July/August 2021.

#### *Open workshops*

We continued to open 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 development of our 2021-31 Long Term Plan. Community Board and Committee chairpersons were also invited to these workshops so they could update and connect in with their communities.

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

The advance of COVID-19 required us to think innovatively about how we could continue engagement with the public, and continue to hold public meetings. Building on the success of online public meetings during Alert Levels 4 to 2, we continued to hold virtual/online public meetings and workshops whenever practical. Focus groups for our Representation Review, and for Hui on multiple issues such as the Raglan and Te Kauwhata wastewater consent renewals, continue to be held online allowing the public to engage directly with elected members and other key stakeholders. We also pioneered the use of videoconferencing technology for our Proposed District Plan hearings, making participation easier for submitters.

#### *Engagement with communities*

We adopted our 2021-31 Long Term Plan, following consultation in April, and received over 600 submissions from the community. We continued to engage on our Proposed District Plan (PDP), which sets the rules for how the district's land can be used, developed and subdivided.

We consulted on Stage 2 Natural Hazards and Variation 2, and nearly completed the PDP hearings phase, holding 31 hearings in the year under review, with final hearings taking place in July 2021. We also engaged with our communities on a range of other initiatives, plans, strategies and bylaws, on subjects ranging from reserve management, keeping of animals, alcohol control and speed limits.

We expanded our efforts to engage with you through a range of media, surveys, public meetings and market days and we added to our range of online services. We attracted nearly 360,000 visitors to our website in the past year (up 13.4% from 2019/20) and we have more than 17,000 followers on Facebook (up 21%).

#### *Strengthened Iwi Partnerships*

The Iwi and Community Partnership Manager and his team of two advisors continued to build stronger relationships with iwi and tangata whenua. We engaged with all iwi groups to assist numerous enquiries and concerns from the Proposed District Plan, the Long Term Plan, and rates and water enquiries, to our Joint Management Agreements. A solid relationship with iwi and hapuu is a vital component in order to deliver liveable, thriving and connected communities.

The past year also saw Council approve the creation of Maaori wards for the 2022 and 2025 local government elections. Maaori ward Councillors will bring a unique set of skills and experience, as well as a Te Ao Maaori lens, to the decisions that Council make, benefitting our decision-making process and our communities.

During Joint Management Agreement meetings with Waikato-Tainui and Nga Wai o Waipa (Ngaati Maniapoto) on the Waikato and Waipa Rivers, we kept iwi briefed as we developed our 2021-31 Long Term Plan. Maaori are also represented on our Waters Governance Board that oversees the governance of our waters' business.

Our collaboration with Waikato-Tainui has developed into a joint decision-making process on a number of initiatives and projects such as growth and infrastructure, community development and Maaori representation in the Council's decision-making processes.

## How we did

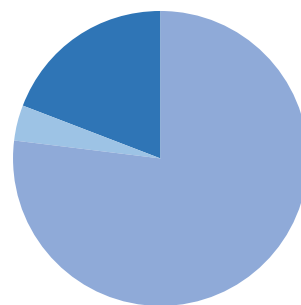
| Performance measures   | 2019/20 result | 2020/21 target                | 2020/21 result | Rating | Explanation  |
|--|----------------|-------------------------------|----------------|--------|--|
| Percentage of residents satisfied that they were able to contact their councillor as and when required.  | 75%            | 90%                           | 73%            |        | Over the year only 22 people surveyed had tried to contact their Councillor or Mayor. The margin of error is 21%.  |
| Percentage of district plan changes that are undertaken as per the RMA statutory process.                | 100%           | 100%                          | 100%           |        | Extensions to deadlines for decisions on the Proposed District Plan have followed and are continuing to follow the process prescribed in the Resource Management Act 1991, which requires approval by the Minister for the Environment.                              |
| Number of joint committee meetings held per annum  | 3              | 2 Waikato-Tainui, 2 Maniapoto | 4              |        | Five meetings were scheduled, but only 4 held: 3 JMA meetings with Waikato-Tainui and 1 JMA meeting with Maniapoto   |
| Number of identified or notified breaches/objections under Joint Management Agreements, MOU's and MOA's. | 0              | 0                             | 0              |        | Target met.  |
| Number of formal governance hui held between council and iwi / hapuu groups.                             | 4              | Minimum of 4                  | 5              |        | Waikato Raupatu River Trust and Waikato Council Co-Governance Joint Committee Meeting was held on 14 April 2021. A number of other meetings have also been held on various topics which are not governance but engagement and working together with iwi/hapu groups. |
| Percentage of minutes of all open meetings that are made publicly available via the Council's website.   | 99%            | 100%                          | 100%           |        | Target met.  |
| Percentage of Council decisions that comply with statutory requirements.                                 | 100%           | 100%                          | 100%           |        | Target met.  |

## 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 negative effects associated with this activity.*

## How we paid for it



### Operational Funding

**77%** General rates, uniform annual general charge, rates penalties

**19%** Internal charges and overheads recovered

**4%** Targeted rates

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for Governance

|  | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|--|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                      |  |  |                             |
| General rates, uniform annual general charge, rates penalties            | 5,623                                  | 5,725                                  | 5,518                       |
| Targeted rates   | 250                                    | 268                                    | 269                         |
| Subsidies and grants for operating purposes                              | -                                      | -                                      | -                           |
| Fees and charges   | -                                      | -                                      | -                           |
| Internal charges and overheads recovered                                 | 1,055                                  | 1,082                                  | 1,399                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 273                                    | 5                                      | 2                           |
| <b>Total operating funding (A)</b>                                       | <b>7,201</b>                           | <b>7,080</b>                           | <b>7,188</b>                |
| <b>Applications of operating funding</b>                                 |  |  |                             |
| Payments to staff and suppliers  | 3,091                                  | 2,714                                  | 2,644                       |
| Finance costs  | -                                      | -                                      | -                           |
| Internal charges and overheads applied                                   | 4,086                                  | 4,326                                  | 4,555                       |
| Other operating funding applications                                     | 2                                      | 2                                      | 3                           |
| <b>Total applications of operating funding (B)</b>                       | <b>7,179</b>                           | <b>7,042</b>                           | <b>7,202</b>                |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>22</b>                              | <b>38</b>                              | <b>(14)</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   | -                                      | -                                      | (18)                        |
| Increase (decrease) in reserves  | 22                                     | 38                                     | 4                           |
| Increase (decrease) in investments                                       | -                                      | -                                      | -                           |
| <b>Total applications of capital funding (D)</b>                         | <b>22</b>                              | <b>38</b>                              | <b>(14)</b>                 |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(22)</b>                            | <b>(38)</b>                            | <b>14</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, an after-hours service is 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.

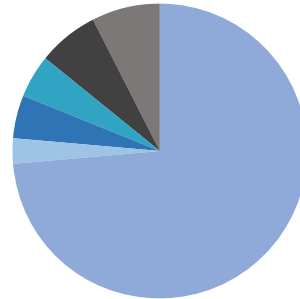
## Grants and donations

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)

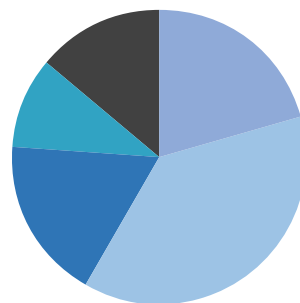
We provide many parks and open spaces, playgrounds and public facilities, including aquatic centres and libraries, walkways and sports grounds. Providing these facilities and amenities supports a healthy and thriving community.

## How we paid for it



## Operational funding

|            |  |
|------------|--|
| <b>79%</b> | General rates, uniform annual general charge, rates penalties      |
| <b>8%</b>  | Local authorities fuel taxes, infringement fees and other receipts |
| <b>7%</b>  | Internal charges and overheads recovered                           |
| <b>5%</b>  | Subsidies and grants for operating purposes                        |
| <b>5%</b>  | Fees and charges   |
| <b>3%</b>  | Targeted rates   |



## Capital funding

|            |  |
|------------|--|
| <b>38%</b> | Increase (decrease) in debt                  |
| <b>21%</b> | Development and financial contributions      |
| <b>18%</b> | Gross proceeds from the sale of assets       |
| <b>14%</b> | Subsidies and grants for capital expenditure |
| <b>10%</b> | Other dedicated capital funding              |

# Customer and Partnership focus

## What we did

### Customer satisfaction survey

Our ongoing customer satisfaction survey recorded satisfaction levels of 80% or more with some of our largest and most widely-used services including our libraries, parks and reserves, solid waste and recycling services, and wastewater services. Overall, 60% of survey respondents were satisfied with the way rates are spent on the services and facilities provided by the Council, and 81% rated the quality of life in Waikato district as good or very good.

We commissioned the National Research Bureau to undertake our survey by means of randomised telephone polling, as well as online and face-to-face interviews.

### Customer engagement

We engaged with our communities on all our plans and strategies, including the 2021-2031 Long Term Plan, our Proposed District Plan, and our district-wide and local area Blueprints. We also consulted on bylaws and policies including those relating to the Keeping of Animals and Alcohol Control.

We continued to enjoy strong online engagement with our communities. Compared with 2019/20 there was a 16.3 % increase in website visits during 2020/21, and a 13.4 % rise in website users (to nearly 360,000 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 2,500 '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 are an important focus for community activity, hosting community group meetings as well as regular reading programmes and other learning opportunities. We operate six libraries in the district. Four double as council service centres and two are dedicated public libraries.

Throughout the year we continued to deliver reliable services to our existing customers and this is reflected in the 99% customer satisfaction level recorded by our in-house survey.

Staff have worked hard to broaden and diversify the services and opportunities we provide. In the past year, for example, we introduced a range of educational kits (from musical instruments, to science and junior coding robots, Maaori language, and even DIY tool kits) so customers can experience new things at a very small cost. The kits have proved popular and will remain part of our ongoing service.

We were very fortunate to receive enough funding from Public Libraries NZ to employ three temporary staff in the past year. These staff members helped us undertake extensive canvassing of customers and potential customers so we can learn how to shape our sites to suit a wider variety of people.

During this outreach, the new team contacted schools across the district to develop closer relationships with them. As a result, we signed up hundreds of new online library memberships, began delivering books to classrooms, and provided advice on how to navigate the NZ national library system.

A long-standing goal was completed in the past year with the refurbishment and expansion of the Tuakau Library. Its floor space has now nearly doubled in size to provide a blend of interactive and traditional library space. The library now also offers two meeting/event rooms for public use.







In the course of developing the Council's 2021-31 Long Term Plan we made provision for reviewing, expanding and upgrading our services across the district.

Our plans include a two-year project to scope and design options for a long-anticipated facility at Pokeno for the community and Council to consider.

Despite many efforts over the past year, including a trial of Saturday opening, the new library/service centre in Meremere has seen limited use and will require a review of our use of this site.

We also made provision to roll out new RFID (Radio Frequency Identification) technology in our libraries to replace our existing barcode system. The new technology will allow customers to check out their own books, leaving staff more time to help our customers with their enquiries and engage with them in other ways.

## How we did

| Performance measures  | 2019/20 result | 2020/21 target | 2020/21 result | Rating  | Explanation   |
|---|----------------|----------------|----------------|---|---|
| Percentage of customers satisfied that council engages with the community regarding the right issues.*  | 40%            | 60%            | 42%            |    | Over the 2021/22 financial year staff have consulted on the Long-Term Plan, policies, bylaw and plans. Staff will continue to identify improvements regarding how we consult with the community, through regular project reviews and listening to community feedback.                         |
| Percentage of customers satisfied with the ease of access to information regarding key community issues.*   | 48%            | 60%            | 49%            |    | Staff have continued to make key community issues accessible through our consultation platform, Shape Waikato, and have reviewed the useability and functionality of our website.<br><br>Staff will continue to review how information is communicated and accessed to identify improvements. |
| 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? | 2.2            | Less than 3.0  | 2.4            |    | Target met.   |
| Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go).                        | 97.9%          | 90%            | 98%            |  | This indicates a strong emotional connection to our sites and a high level of trust in our staff. We promote our libraries to increase numbers of new users, and to reach nonusers. Over the year 710 customers were surveyed giving us confidence that these results are reliable.           |
| Level of customer satisfaction that the quality of library resources meets their needs.   | 97.2%          | 90%            | 99%            |  | Customer satisfaction is high. Through our survey of 710 customers we also learnt that 95.5% are happy with our opening hours, 93% with our book selection, 99.7% with our staff, and 96.7 with our online services.  |
| Percentage of time that access to a free internet service is available in libraries.  | 89.6%          | 100%           | 98.2%          |  | Downtime was experienced only twice in uncontrollable circumstances due to weather (severe rain and flooding in Ngaruawahia library), and network outages (when Tuakau Library was temporarily located in the town hall.)   |

\* Source: "Waikato District Council Ongoing Satisfaction Survey September 2020-May 2021".

## What this tells us

Our survey results tell us that our current customers enjoy using our sites and the services we offer. This provides us with a strong base to develop what we offer to attract more residents to see our libraries as a place for them.

## Potential significant negative effects

| Potential negative effect  | How we are addressing this   |
|--|--|
| Damaged library items  | Repaired as condition assessed during the issuing or receipting process, or discarded in accordance with the collections policy. |
| Inappropriate books/magazines/material in the collection (such as adult material, or offensive to cultures, religion, or in general) | Items are acquired in accordance with the collections policy and catalogued as per the nature of the material.                   |

# Economic and Community-Led Development

## What we did

### Strategy

Waikato district continued to enjoy domestic growth, and ongoing business interest and activity, although the full extent of the impact of COVID-19 is still being understood. From a development and investor perspective the demand has increased. Growth in the construction and manufacturing sector has driven up costs nationally, however, there is uncertainty about growth sustainability as there may be lagging impacts from the COVID-19 pandemic on immigration, supply chains and exports.

With the adoption of the Waikato 2070 Economic and Growth Strategy in June 2020, new commercial, industrial, and residential land has been identified to meet growth demand. The Economic and Community Development team continues to prioritise the voice of our business customers to ensure that their interactions with council are a positive experience and that growth is measured.

The Economic and Community Development team continued to promote economic activity to support growth and sustainability across the Waikato district. In the year under review a Business Pop Up School was established to support new business ideas from people who had lost their jobs because of COVID-19. National and international investors and businesses have continued to show interest in the district, although international enquiries have not yet led to further developments.

The demand from our communities to participate in community governance and capability building has increased and so the Economic and Community Development team have held Community-Led Development programmes to build community capability and resilience across the district.

A growth in our regional partnerships has also enabled more community-led development training to be provided to our communities focusing on governance and funding.

A review of our funding system identified that future funding should be directed to community-led development and aspirations projects identified in our Local Area Blueprints.






### Regional Approach

We continued to promote the Waikato district and its communities through regional agencies and partnerships.

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. A major marketing campaign to promote the Waikato region and to 'buy local' was led by Hamilton & Waikato Tourism.

We worked with our regional partners on the Waikato Plan 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   | 2019/20 result | 2020/21 target                      | 2020/21 result | Rating  | Explanation  |
|--|----------------|-------------------------------------|----------------|---|--|
| The percentage increase in number of business units in the Waikato District. (Same or higher than NZ growth rate in number of business units). | 2.3%           | 1.6%*                               | 1.1%           |  | Business units grew by 1.1% to June 2021 compared to the NZ average of 1.6% in the same period |
| The percentage of customers satisfied or very satisfied that the quality of service and expertise meets their needs                            | 59%            | 90%                                 | 85%            |  | As per the Business Perception Survey April 2021.  |
| Business Perception Survey average rating  | 8.7            | Equal or higher than 8.5 out of 10* | 8.5            |  | Target met.  |
| The percentage increase in measurable annual tourism expenditure *   | -12%           | -12.8                               | 5.9%           |  | Waikato district enjoyed an increase in domestic tourism only.                                 |
| The percentage delivery of the Economic Development strategic work programme   | 100%           | 95%                                 | 100%           |  | Target met.  |

\* District growth rate greater or equal to the New Zealand growth rate of the same period.

## What this tells us

We maintained the strong reputation we have built with regional and national partners as a place to do business. *There are no potential significant negative effects associated with this activity.*



# Emergency management

## What we did

This year our team has been working to implement the learning we gained from our COVID-19 response in 2020 when we provided welfare support to our communities through the level four lockdown, and our emergency operations centre was active for several months. COVID-19 has continued to require our business and our communities to adapt to a different way of doing things.

One learning was the need for greater understanding of the network of welfare support providers across our district. This formed part of our welfare business planning for the year. We also worked to increase our welfare support capability through training.

We continued to support the development of community response plans. Some of our learning from 2020 can be applied to these plans, including improving communication channels with our community response groups.

We continued to deliver civil defence emergency management training to our staff to maintain our capability to respond to incidents and emergencies in our district. We also focussed on developing leadership expertise in an incident or emergency.

We did not complete an evaluated exercise in 2020/2021 due to the need for an extended response to a real-life emergency, COVID-19, but we committed to participating in a region-wide emergency response exercise in November this year.

One of our goals this year was to expand our annual Ngaruawahia-based SAFE Kids Day into more of our communities. This was impacted by COVID-19 and is now planned for the new financial year. The SAFE Kids Day provides important safety messages to primary school children from agencies that include Fire and Emergency New Zealand, KiwiRail and NZ Police.

An important part of our work is helping to improve community resilience, so we are starting to offer workshops on this subject to our communities. Resilience is the ability to anticipate and resist disruptive events, minimise adverse impacts, respond effectively, maintain, or recover functionality, and adapt in a way that allows for learning and thriving. The workshops take a community-led approach to understanding the resiliency of our communities, and how we measure changes to their resilience.

In response to significant issues affecting our business and our communities, we have supported a number of incident management team responses this year. We have worked collaboratively with our partner agencies to deliver a multi-agency coordinated response to our communities when faced with complex issues. We continue to strive to provide a greater level of service to our communities during these events.

## How we did

| Performance measures  | 2019/20 result | 2020/21 target | 2020/21 result | Rating | Explanation   |
|---|----------------|----------------|----------------|--------|---|
| Successfully participate in one exercise per annum that is fully moderated by an external party.                            | 1              | 1              | 0              |        | We did not undertake a moderated exercise this year due to the COVID-19 response. An unmoderated EOC exercise was undertaken in March 2021 to manage our organisation's 'giveback' day. Planning is underway for Tahiri Waikato, an externally moderated exercise including 11 territorial local authorities (TLAs) and other agencies. |
| Council maintains a minimum number of trained staff to Intermediate Level to fulfil core Emergency Operations Centre roles. | 30             | 30             | 79             |        | The next intermediate course is in August. Staff are also able to attend regional training offered by other TLAs or the Waikato region Civil Defence Group Emergency Management Office.   |
| Council maintains a minimum level of trained staff to foundation level to fulfil core Emergency Operations Centre roles.    | 100            | 100            | 153            |        | We continue to offer the introductory course on a quarterly basis. The next course is scheduled for 7 July.   |

*There are no potential significant negative effects identified with this activity*

# Grants and donations

## What we did

We supported the work of 155 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds.

From Council-owned funds (see table) we committed more than \$569,000 for distribution to 113 local groups. Of this the largest single amount was \$150,000 to support the work of Hamilton and Waikato Tourism, and this is continuing to pay dividends in joint research and planning work to underpin our growing tourist industry sector in Raglan.

On behalf of the Creative Communities Scheme Fund we distributed \$70,194 to benefit 37 local groups, and the work of five more groups benefited from \$72,000 we distributed on behalf of an independent trust we administer, the Waikato

District Community Wellbeing Trust (see page 69).

### Council funds committed



Council funds committed for distribution (see table) included more than \$300,000 for 18 local groups and projects as a result of Long Term Plan pledges. A further \$268,500 of discretionary grants and other funding was committed for distribution to 95 local groups during the year through applications processes managed by Council committees and Community Boards.

| Description  | Funds committed through Year 3 of LTP 2018/2028 | Amount Paid 2020/2021 |
|--|---|-----------------------|
| 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  | 2,865                 |
| Bush Tramway   | 1,000   | 1,000                 |
| Te Akau Community                                      | 7,000   | -                     |
| Tamahere Community Committee                           | 4,000   | -                     |
| Hamilton & Waikato Tourism                             | 150,000   | 150,000               |
| Tuakau and District Museum Society Inc.                | 10,000  | 10,000                |
| Para Kore  | 5,000   | 5,000                 |
| Creative Waikato                                       | 6,000   | 6,000                 |
| Te Kauwhata & Districts Information and Support Centre | 10,000  | -                     |
| Waikato Coalfields Museum                              | 50,000  | 50,000                |
| Waikato Biodiversity Forum                             | 3,371   | 3,000                 |
| Franklin Tourism                                       | 2,500   | 2,500                 |
| Matariki Festival                                      | 5,000   | -                     |
| <b>Sub-total / total</b>                               | <b>300,871</b>                                  | <b>260,365</b>        |
| <b>A total of 95 other groups benefited from:</b>      |   |                       |
| Heritage Assistance Fund                               | 20,051  | 53,326**              |
| Conservation Fund Grants                               | 33,711  | 40,476**              |
| Heritage project fund                                  | 40,000  | 17,793**              |
| Community Administration Funding                       | 10,000  | 300**                 |
| Discretionary Grants                                   | 164,795   | 171,111*              |
| <b>Total Council funds committed 2019/2020</b>         | <b>569,428</b>                                  | <b>543,370</b>        |

\*Includes funds committed in 2019/20

\*\*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.

## How we did

| Performance measures   | 2019/20 result | 2020/21 target | 2020/21 result | Rating   | Explanation  |
|--|----------------|----------------|----------------|--|--|
| Number of discretionary grant funding rounds undertaken per year.  | 3              | 4              | 4              |  | All four discretionary grant funding rounds were completed despite COVID-19 restrictions.  |
| The percentage of community funding/grant recipients meeting grant obligations, as evidenced through accountability reports. | 95%            | 100%           | 100%           |  | Council staff work with community groups to ensure projects are successful and benefit the community, and that funding recipients file accountability reports on time. |

*There are no potential significant negative effects identified with this activity*

# Community Connections (Parks and Facilities)

## What we did

### Community facilities

The Community Facilities team continue to provide repairs and maintenance to the 220 Council owned buildings throughout the district, as well as managing the Council fleet of 72 vehicles and over 20 plant items to ensure that they are safe, maintained, compliant and utilised well. In addition to responding to daily requests for service, staff have carried out renewals at our facilities ensuring the needs of our communities are being met.

To ensure a seamless service for our customers, a partnership contract with Cushman and Wakefield commenced in October 2020 to provide facilities maintenance across all assets. The contract is progressing well with all systems and reporting requirements being met and functioning well.

In addition to daily operational activities, capital works highlights are as follow.

#### *Pensioner housing*

Four pensioner housing units were refurbished to ensure our tenants are provided with good quality accommodation that meets their needs. In addition to this, the units at Jellicoe Ave in Tuakau have had all the bath shubs removed and replaced with low-entry showers.

#### *Huntly Memorial Hall*

The refurbishing of the Huntly Memorial Hall was completed by a team of community volunteers, with support from Council staff. The hall is now a fully functional, warm and inviting facility that the community can continue to hire out as needed.

#### *Whatawhata Community Hub*

Work continues on the Whatawhata Community Hub, with resource consent approved, and detailed design for construction completed. Final funding is being sought before commencing construction.

#### *Tuakau Library*

The Tuakau Library extension was completed with construction undertaken while the adjacent Tuakau Hall acted as an interim library. The newly refurbished and extended library re-opened on Monday 12 July.

#### *Raahui Pookeka | Huntly Rail Station and Park & Ride*

The new railway station platform with shelters, lighting and seating was completed, along with 40 Park and Ride carparks, to enable access to the new Te Huia commuter train service operating from Hamilton to Auckland. This work was done in conjunction with KiwiRail's siding track and signal upgrades. The Te Huia rail commuter service trial from Raahui Pookeka | Huntly Rail Station is now operating.

#### *Huntly Library Lift*

The replacement of the lift in the Huntly Library was successfully completed and commissioned.

#### *Ngaruawahia Office Workspace 2020*

The office refurbishment and furniture upgrade was completed, to establish team 'neighbourhoods', hot desks,

and collaboration areas, and enabling the new mobile working environment.

### Community Venues and Events

The Community Venues and Events team administer events and volunteer works in Council reserves, halls, cemeteries and burials, campgrounds and Woodlands gardens. Achievements of the past year include the following.

#### *Events*

Our biggest event in the district – Sound Splash – completed its consented event allowance and is intending to apply for another multi-year consent. We also received interest from other high impact commercial events to run a one-day festival in Raglan and we will work with the Raglan Community Board to enable the best outcome, taking into account the impact of large scale events on the community. New fees and charges for commercial events on Council property were approved in the Long Term Plan, effective from July 1 2021.

#### *Volunteers*

Working with the Open Spaces Team, we ran 16 daffodil bulb plantings across the district in conjunction with our Community Boards. This successful venture is likely to become an annual event.

#### *Cemeteries*

We completed the Ngaruawahia Cemetery upgrade and started upgrading the Rangiriri Cemetery. The Rangiriri project was held up by bad weather, creating the need for new materials to complete the works. The aim is to improve the service we provide our communities as well as the aesthetic appeal of these spaces. New signage was installed in the Ngaruawahia Muslim Cemetery. We worked with the Muslim community to provide information on why the graves were not marked in the usual Western manner.

#### *Halls*

We finished the long-standing Community Halls Catchment and Targeted Rates Review that had been pending since the Franklin District amalgamation. Council approved catchment changes for our northern-most halls, increasing the Karioitahi, Aka Aka, and Otua catchments and targeted rates, and making a minor boundary change to the Te Akau catchment.

#### *Raglan Holiday Park Papahua*

A new toilet block was built to service the cabins and Hui room development at The Raglan Holiday Park Papahua. The shower heating system is being reviewed and sustainable solutions sought that align with central government legislation.

#### *Lake Hakanoa Motor Camp*

A Wifi upgrade was completed to improve accessibility to the bunk rooms, allowing dive school students to complete their course work from the camp in the evenings.

### Woodlands

A new Reserve Management Plan was completed by the Reserves Team to identify the projects that the Community Venues and Events team will continue to work on with the Woodlands Trust.

A planned brick fence for the music lawn did not proceed as its foundations would have impacted the roots of notable trees and camellias. The project was re-scoped and a timber fence chosen in line with the style seen across the reserve. This work is due to start in the new financial year.

### Citizenship Ceremonies

We held two successful citizenship ceremonies, one in April and one in June 2021. No ceremonies were held in 2020 or early 2021 due to the risk of COVID-19.

### Open Spaces

The Open Spaces team manages the district's parks and reserves, and works with our maintenance partner, Citycare, to provide quality recreation and amenity spaces for our communities.

We acquired additional sports park land in Tuakau for development in the coming years. In addition to normal maintenance activity, other operational, strategic and capital projects were undertaken including the following.

#### Coastal Reserve Management Plan

We spent significant time on a robust consultation for the Coastal Reserves Management Plan which covers the three main reserves in Raglan. This work was delayed due to COVID-19 but the plan is expected to be adopted formally in the new financial year.

### Huntly Grandstand

The roof on the Huntly Grandstand was replaced with the cooperation of Transpower, which has overhead transmission lines over the structure. Transpower contributed funds to offset the extra costs of working in proximity to their power lines, as well as scheduling extended lines shutdowns to enable this complex work.

### Rangiriri and Ngaruawahia Cemeteries

The access road to the Jackson St Cemetery, Ngaruawahia, was upgraded with new kerbing and an asphalt surface. An upgrade of the Rangiriri Cemetery accessway was started and expected to be completed in the new financial year.

### Whangarata Cemetery

The new Whangarata Cemetery Stage 1 was completed with kerbed asphalt access and parking. Fencing and minor works are to be completed before it is opened to the public.

### Hakanoa Playground

The Lake Hakanoa playground was upgraded and re-opened to the public on 9 July 2021.




### Ngaruawahia cricket nets








We installed cricket nets at Centennial Park, Ngaruawahia, using funding from Grassroots Trust. This was well-received by the community and well-used during the summer months.

### Munro Sports Park, Pokeno

Stage 1 earthworks to create a stream diversion were completed. A contract has been awarded for Stage 2 which is expected to be completed and fields available for use in the second half of the new financial year.

## How we did

| Performance measures   | 2019/20 result | 2020/21 target | 2020/21 result | Rating  | Explanation   |
|--|----------------|----------------|----------------|---|---|
| Percentage of Customers who are satisfied with Parks And Reserves, including sports fields and playgrounds overall | 88%            | 90%            | 89%            |  | Our contractors continued to perform well. The capital renewals programme continued to be rolled out so works have been underway in some areas. |
| Percentage of customers who are satisfied with the presentation of WDC cemeteries                                  | 91%            | 95%            | 93%            |  | Presentation of cemeteries has been good overall. Some upgrading work will not be finished until the new financial year.                        |
| Percentage of new playgrounds built to New Zealand Standard – Playground Equipment and Surfacing (NZS 5828:2015)   | 100%           | 100%           | 100%           |  | All playgrounds are built to NZS Standard.  |

|  |       |      |      |   |  |
|--|-------|------|------|---|--|
| Percentage of customers who are satisfied with public toilets in the residents satisfaction survey | 78%   | 75%  | 67%  |    | Survey results have varied over the year. We continue to work with our contractor who maintains our toilets to a high level of cleanliness. Extra cleans are added during peak seasons to meet customers' expectations.                                |
| Percentage of new public toilets built to NZS 4241:1999  | 100%  | 100% | 100% |    | All toilets are built to NZS Standard.   |
| Percentage of buildings that require a warrant of fitness that comply                              | 100%  | 100% | 100% |    | All buildings that require a building warrant of fitness are compliant.  |
| Percentage of customers who are satisfied with the service provided at the Raglan campground*      | 91%   | 90%  | 91%  |    | The camp has a steady number of bookings coming in a year on from the initial COVID outbreak in NZ. Reliable hot water is increasing as an issue for the camp which is made more apparent in the colder months.  |
| Percentage of customers who are satisfied with the service provided at the Huntly campground*      | 76.5% | 90%  | 99%  |    | The Hakanoa Camp continues to provide a consistent level of service.<br>Discussions are happening with the Dive school around expectations in levels of cleaning as divers are expecting cleaning outside the schedule for their own personal benefit. |
| Percentage of visitors that find the facilities clean, accessible and welcoming (pools)            | 90%   | 90%  | 84%  |  | As per survey results provided by Belgravia Leisure. This survey information is based on a 'net promoter score' system, so the overall results can be considerably influenced negatively by a small number of detractors.                              |
| LTP - Percentage of WDC Aquatic Centres that are operated under NZ Pool Safe Accreditation         | 100%  | 100% | 100% |  | All 3 Pools operate under Pool Safe accreditation as required by the Belgravia Aquatic Management contract.  |

\*Our LTP 2018-28 has these two performance measures grouped together. To more accurately report on our performance, we are reporting against each campground individually.

## Potential Significant Negative Effects

| Potential negative effect  | How we are addressing this   |
|--|--|
| Disability access to facilities  | Development of the Disabilities Access Policy. Design and manoeuvrability for wheelchair access, or mobility scooter. New facilities to be designed in accordance with Council's HCC development manual.   |
| Noise and disorderly behaviour issues from events at reserves, and general use of reserves | Events managed in line with Council's terms and conditions of hire. Any disturbance will be handled by local police or noise control if required.  |
| Herbicides impacting environment   | Working in conjunction with Hazardous Substances and New Organisms (HSNO) standards for handling agri-chemicals. Enforcing appropriate conduct and use of wash down facilities and hard stands. Ensuring pest and weed control activities are within guidelines. |
| Damages to property and harm to people from falling trees and branches                     | Tree maintenance programme according to industry standards. Focus on higher risk areas such as walkways, playgrounds, higher use reserves, and power networks. Responsive to customer requests and cyclical maintenance.   |

|   |  |
|---|--|
| Reserves can create a fire hazard for properties  | Management of fire breaks to prevent this effect.  |
| Hazardous chemicals used to keep bio hazards under control, can be harmful if mishandled      | Staff training to identify and handle emergency events and safety standards strictly adhered to. Sodium hypochloride used which is safer alternative than traditional chemicals.                   |
| Accidents at aquatic facilities   | Pools managed to Pool Safe certification standards. Wet floor signage for appropriate areas.   |
| Isolation/location of public toilets leading to safety concerns                               | Ensure toilets are designed appropriately and located in areas that are easily visible and accessible. Use Crime Prevention Through Environmental Design (CPTED) principles.                       |
| Toilets can present a sanitary risk to the community  | Included in Water & Sanitary services assessments (three yearly).  |
| Toilets considered to have a negative aesthetic effect  | Use of eco design, strategic locations, planting to minimise the impact, environmentally complementary plain colour.   |
| Noise and disorderly behaviour issues from events at cemeteries and general use of cemeteries | Restricted opening hours.  |
| Congregation of undesirable groups with the potential to vandalise equipment                  | Maintenance regimes in place to rectify any issues, installation of CCTV as appropriate. Use CPTED design principles.  |
| Potential pollution of waterways from cemetery activities                                     | Maintain an adequate separation distance between human remains and the highest seasonal ground water table. Maintain an adequate buffer zone around cemeteries, and plant with deep rooting trees. |

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for Sustainable communities

|  | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|--|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                      |  |  |                             |
| General rates, uniform annual general charge, rates penalties            | 21,627                                 | 22,193                                 | 23,186                      |
| Targeted rates   | 710                                    | 716                                    | 808                         |
| Subsidies and grants for operating purposes                              | 60                                     | 60                                     | 1,534                       |
| Fees and charges   | 1,760                                  | 1,843                                  | 1,615                       |
| Internal charges and overheads recovered                                 | 353                                    | 359                                    | 2,010                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,754                                  | 1,793                                  | 2,315                       |
| <b>Total operating funding (A)</b>                                       | <b>26,264</b>                          | <b>26,964</b>                          | <b>31,468</b>               |
| <b>Applications of operating funding</b>                                 |  |  |                             |
| Payments to staff and suppliers  | 15,053                                 | 15,114                                 | 20,214                      |
| Finance costs  | -                                      | -                                      | -                           |
| Internal charges and overheads applied                                   | 6,094                                  | 6,397                                  | 6,193                       |
| Other operating funding applications                                     | 562                                    | 561                                    | 554                         |
| <b>Total applications of operating funding (B)</b>                       | <b>21,709</b>                          | <b>22,072</b>                          | <b>26,961</b>               |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>4,555</b>                           | <b>4,892</b>                           | <b>4,507</b>                |
| <b>Sources of capital funding</b>  |  |  |                             |
| Subsidies and grants for capital expenditure                             | 368                                    | 400                                    | 1,602                       |
| Development and financial contributions                                  | 2,680                                  | 2,730                                  | 2,438                       |
| Increase (decrease) in debt  | 3,668                                  | 2,270                                  | 4,494                       |
| Gross proceeds from the sale of assets                                   | 511                                    | 522                                    | 2,159                       |
| Lump sum contributions   | -                                      | -                                      | -                           |
| Other dedicated capital funding*   | -                                      | -                                      | 1,157                       |
| <b>Total sources of capital funding (C)</b>                              | <b>7,227</b>                           | <b>5,922</b>                           | <b>11,850</b>               |
| <b>Applications of capital funding</b>                                   |  |  |                             |
| <b>Capital expenditure</b>   |  |  |                             |
| - to meet additional demand  | 1,393                                  | 977                                    | 2,389                       |
| - to improve the level of service  | 4,427                                  | 3,328                                  | 7,556                       |
| - to replace existing assets   | 3,708                                  | 4,695                                  | 4,003                       |
| Increase (decrease) in reserves  | 2,254                                  | 1,814                                  | 2,409                       |
| Increase (decrease) in investments                                       | -                                      | -                                      | -                           |
| <b>Total applications of capital funding (D)</b>                         | <b>11,782</b>                          | <b>10,814</b>                          | <b>16,357</b>               |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(4,555)</b>                         | <b>(4,892)</b>                         | <b>(4,507)</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.

## 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.

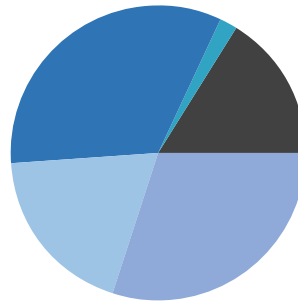
## Solid waste

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;
- 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

## How we paid for it



### Operational Funding

**33%** Fees and charges

**30%** General rates, uniform annual general charge, rates penalties

**19%** Targeted rates

**16%** Local authorities fuel taxes, infringement fees and other receipts

**2%** Internal charges and overheads recovered

# Animal control

## What we did

With an average of six Animal Control officers on the road during the past year, we responded to 2,997 service requests across the Waikato district. Of the service requests received, 1,244 (42%) related to straying dogs, 328 (11%) related to incidents of dog aggression and 274 (9%) were requests to deal with wandering stock.

The team continues to work hard to respond to all service requests as quickly as possible. Animal Control officers are rostered to be available on-call at nights and weekends to provide a 24-hour, seven days a week service, so we can respond quickly to handle urgent situations involving aggressive dogs or stock on roads.





We continued to prioritise animal safety education for children in our community, providing 84 education sessions in our primary and intermediate schools, and preschools, during the year. These sessions have proved extremely valuable for children to learn how to handle risky encounters with dogs. We have received reports of children making split-second decisions to keep safe by standing still, or rolling into a ball

to protect face and ears, based on the education we have provided. Despite the challenges of COVID-19, which has resulted in schools taking a cautious approach to planning, the Animal Control team is proud of the relationships we have fostered with our schools and the achievements of our educational programme.

The Animal Control team held five successful community events in the past year. Our 2021 Dirty Dog Challenge was the most notable, attracting more than 400 people and 300 dogs to participate. We again co-hosted this event in our district with the Hamilton City Council dog control unit, and all WDC proceeds will be returned to the community to assist with the desexing of dogs.

Dog registration remains a focus for the team. The number of dogs registered at the end of the financial year was 14,107, representing nearly 92% of the 15,344 dogs known by the Council to be in our district.

## How we did

| Performance measures  | 2019/20 result | 2020/21 target              | 2020/21 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.          | 100%           | 95%                         | 98.6%          |  | Target met.  |
| The percentage of complaints regarding stray stock that have council personnel on site within 1 hour.   | 100%           | 95%                         | 99.6%          |  | Target met.  |
| The number of reported serious dog attacks on people in public places (where medical attention is required) that occur in our district does not exceed 10 per year. | 10             | 10 or less                  | 3              |  | Target met.  |
| Complete Engagement and Education visits throughout the district.   | 76             | 120 per annum/ 10 per month | 116            |  | Animal Control positively engaged with a large number of children and members of our community this year. We achieved this through Dog Smart sessions in schools and preschools, the Dogs In Libraries programme and community events such as Dirty Dog. |

## Potential significant negative effects

| Potential negative effect   | How we are addressing this  |
|---|---|
| Injury to Animal Control Officers from attack by dog owners, dogs 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.   |
| Members of the public are at risk from dog attack                               | Ensure animal control services are maintained at a level to ensure stray dogs are impounded.                        |

## Building quality

### What we did

#### Building consents

Following predictions of a post-COVID economic downturn, we instead faced a 27% increase in the number of building consents lodged in the past year, which put huge pressure on the team.

Despite support from external contractors, we were unable to meet the 20-day statutory timeframe for processing consent applications. We recruited more staff to meet these higher workloads, and may need to review staffing levels again if the trend continues.

#### Inspections

Increasing workloads also impacted building inspection timeframes. We engaged a contractor to maintain our level of service. To meet the increased demand the Council approved the recruitment of two additional Building Inspectors, which we expect will reduce pressure on workloads.

The increase in building inspection workloads dictated decisions on what service we could maintain. We paused our Territorial Authority work, including pool inspections, warrant of fitness inspections and duty inspector services. We obtained Council permission to recruit two specialist pool inspectors (one full-time permanent appointment and one for a fixed term) to catch up on the workload and to maintain our three-yearly pool inspection regime to meet legislative requirements.

#### Consents system

We continued 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, and we scan any paper-based applications into the system to be processed digitally.

Waikato district remains one of the fastest-growing districts in the country measured by new dwelling consents. In the past year we processed 2,430 building consents, up 27% on 1,914 the previous year, and we processed 1,125 dwelling consents, up 39.4% from 807 in 2019/20.

#### Assessment of earthquake-prone buildings

We carried out 81 building assessments in the north Waikato area to meet legislative requirements to identify potential earthquake-prone buildings in the district by 2022, and to ensure affected owners have undertaken an initial seismic assessment (ISA). This is in addition to work already undertaken to identify about 416 buildings in the central and southern parts of the district.

We made the decision to engage an external contractor to conduct this work due to pressures on our internal team.

#### Accreditation

Waikato District Council remains accredited with IANZ following our assessment in February 2021. We received 31 General Non-Compliances (GNCs) and 2 Serious Non-Compliances (SNCs), which we cleared to IANZs satisfaction. With the recruitment of new internal staff, and with a role filled at Waikato Local Authority Shared Services (WLASS), we expect to conduct internal audits required in a more timely manner and to undertake procedures and processes to the satisfaction of IANZ.

#### Issues

Continued growth in the district resulted in very high numbers of consent applications. Competition from the private sector challenged our ability to recruit the staff we needed in order to process the increased workload within statutory timeframes.

## How we did

| Performance measures   | 2019/20 result | 2020/21 target | 2020/21 result | Rating | Explanation   |
|--|----------------|----------------|----------------|--------|---|
| The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually.        | 31%            | 33%            | 13%            |        | Audits of existing buildings with building WOFs are 20% below target due to the unexpected and unprecedented increase in our consenting workloads. Due to prioritising Building Consent Authority (BCA) work, audits could not be carried out as we simply did not have the resource. |
| The percentage of buildings that provide sleeping care or paid accommodation that are audited for compliance annually. | 95%            | 100%           | 48%            |        | The KPI was not met due to the unexpected and unprecedented increase in our consenting workloads. Due to prioritising BCA work, audits could not be carried out as we simply did not have the resource.   |
| The percentage of swimming pools that are inspected for compliance annually.   | 28.3%          | 33%            | 14%            |        | The KPI was not met due to the unexpected and unprecedented increase in our consenting workloads. We are currently recruiting for 2 pool inspectors to catch up the backlog and then remain on track to maintain the KPI in future.   |
| The percentage of building consent applications that are processed within 20 working days.                             | 99.8%          | 100%           | 88.2%          |        | Currently we are processing 88.21% of standard consents within the statutory timeframe.<br><br>We have recruited two new Building Review Officers to enable us to be able to meet the statutory timeframes moving forward.  |

## 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 Courts   | 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                               | This is mitigated through the simplification of the consent process.  |

# Environmental health

## What we did






### Food Act 2014

We continued to support food operators in the district to register under the Food Act 2014. This Act allows food businesses to manage food safety to suit their individual levels of complexity and food safety risk. They are audited by the Council's approved staff verifiers who identify areas requiring improvement.

Our Environmental Health team continued to undertake professional development to enable us to maintain our status as a recognised agency by the Ministry for Primary Industries (MPI) and to provide verification services to food business within the district. One team member completed post graduate papers with Massey University and will be appointed as an Environmental Health Officer. Two other staff gained MPI approval to enforce standards as Food Safety Officers.

The team has handled a heavy demand for guidance from new and existing food businesses in the past year as operators have had to adapt to the Covid-19 environment and economy.

## How we did

| Performance measures   | 2019/20 result | 2020/21 target | 2020/21 result | Rating   | Explanation  |
|--|----------------|----------------|----------------|--|--|
| The percentage of licensed food premises that are inspected/verified annually.                                 | 100%           | 100%           | 100%           |  | Target met.  |
| The percentage of medium risk or higher fee category licensed premises that are inspected annually.            | 100%           | 100%           | 100%           |  | Target met.  |
| Percentage of excessive noise complaints responded to within agreed timeframes.                                | 83%            | 85%            | 85%            |  | Target met.  |
| The percentage of hazardous land use information (HAIL) reports that will be completed within 10 working days. | 99.5%          | 90%            | 100%           |  | Target met.  |
| Percentage of environmental health complaints where the customer has been contacted within 3 working days.     | 86%            | 90%            | 64%            |  | This is a team operational response target. The team has achieved compliance with the Council 5-day KPI target. Continued improvement remains a focus in this area with an increase in complaints following lifting of lockdown. |

*There are no potential significant negative effects associated with this activity.*

### Sale and Supply of Alcohol Act 2012

We worked hard to process a growing number of liquor licensing applications within statutory deadlines, while supporting the District Licencing Committee and working alongside the Ministry of Health and New Zealand Police.

### Investigative work and contamination

Our out-of-hours service operators attended about 1,200 noise complaints in the past year. The service has contingency plans that enable it to respond appropriately during COVID-19 restrictions.

We dealt with a surge in requests for potential land contamination assessments as part of the resource consent process. We also responded to a range of health issues and multi-agency events including contaminated land and 'P labs', agricultural activities, and spillages, and worked with the Regional Council to ensure health warnings were visible at any recreational water locations impacted.

# Strategic and district planning

## What we did

### Giving effect to Council's Vision

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

The 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the community's top priority initiatives included in the Districtwide Blueprint and Local Area Blueprints. These Blueprints were re-examined, re-prioritised and confirmed through a community check-in process in July-August 2020. The LTP also provides funding for design and infrastructure over a 10-year period to unlock growth cells identified in the Waikato 2070: District Growth and Economic Development Strategy (Waikato 2070), which was adopted in May 2020.

Hearings were held on our Proposed District Plan (PDP), which provides updated guidelines for development of our communities. The hearing panel heard evidence from Council planners relating to the Waikato 2070 strategy and Blueprints, so that the Council's vision and strategic intent could be considered within the scope of PDP submissions. Decisions on the entire PDP are expected in the coming months.

We also developed a Planning Roadmap which assists us in understanding and delivering on our plan-making and policy-making responsibilities, including timelines and linkages.

We progressed giving effect to the Hamilton to Auckland Corridor Statement of Shared Spatial Intent and the Hamilton-Waikato Metropolitan Spatial Plan (developed as part of a Crown/Council/Iwi partnership in 2019/2020) through the review of Future Proof, the sub-regional growth and development strategy. We also played a leading role in the reconfiguration of the Future Proof structure to focus on programme implementation.

The launch of the Te Huia passenger train service in April this year was a major step towards better connecting the Waikato and Auckland through mass public transport and hence supporting growth and facilitating economic activity between the two regions.

As part of the Waikato Mayoral Forum, we advanced work on the Waikato Housing Initiative (WHI) to address housing challenges in the Waikato region with a focus on creating sustainable, resilient, and connected communities.

More detail on all these projects and programmes, which are critical to delivering on Council's vision, is provided below in the following sections.

### Sub-regional and regional

The Hamilton to Auckland Corridor Statement of Shared Spatial Intent and the Hamilton-Waikato Metropolitan Spatial Plan is currently being incorporated into the review of Future Proof. The Hamilton to Auckland Corridor initiative is aimed at guiding growth and development in a sustainable manner along New Zealand's most significant road, rail and water corridor.

The review of Future Proof will also give effect to the National Policy Statement on Urban Development which directs local authorities to enable greater land supply while also encouraging well-functioning, liveable urban environments. It will also align to Waikato district settlement patterns identified in Waikato 2070. The Future Proof strategy is intended to be released for community engagement and submissions through a Special Consultative Procedure (Local Government Act 2002) in the second half of 2021.

Concurrent with the review of Future Proof is the implementation of several workstreams under the sub-regional partnership. These workstreams include Planning and Policy (which is overseeing a review of the strategy's settlement pattern); Priority Development Areas; Waters; Transport; Forecasting Information and Monitoring; and Biodiversity Offset and Environmental Credit. Consequently, the Future Proof structure was reviewed earlier this year to start giving effect to the implementation of sub-regional landuse and infrastructure planning.

As part of the Waikato Mayoral Forum and the Waikato Plan, we also worked with our partners at a regional level to progress the Waikato Housing Initiative ("WHI"). This is a multi-party, cross-sectoral initiative established to address the housing challenges in the Waikato region by targeting the infrastructure, funding and policy challenges and engaging with central government as one entity representing the region on housing issues. The WHI will work with government to unlock funding opportunities for infrastructure to support housing developments.

Good progress has also been made with regards to other Waikato Plan initiatives including Youth and Employment; Mental Health and Wellbeing; and Climate Action where Council's support has been from an advocacy and resourcing perspective.

## District wide

### Long Term Plan, Policies and Bylaws

In the year under review the Council's corporate planning team project-managed the development of the Council's 2021-31 LTP and the annual reporting on the previous LTP.

A number of bylaws and policies were also reviewed and adopted, including those relating to Keeping of Animals, Alcohol Control and Petitions Guidelines.

### Blueprints

A focus in the past year was implementing the District-wide Blueprint and 15 Local Areas Blueprints. These were adopted in June 2019 following a series of intensive consultation workshops with our communities. They provide a high-level 'spatial picture' of how the district could progress over the next 30 years, addressing the community's social, economic and environmental needs and to give effect to the Council's vision.

Beginning in June 2020 and continuing into July, a series of 10 public workshops were held to check-in with communities and seek feedback to review and adjust the

Blueprint priorities, and to gain further understanding of the community's implementation ideas. The updated Blueprint priorities are available on the Council website, and they guided Council in putting together the 2021-2031 LTP, which provides funding to advance many Blueprint initiatives. In addition, the recent community feedback will help guide a full review of the Blueprints in 2022/23.

## Waikato 2070

In the past year the Waikato 2070: District Growth and Economic Development Strategy, has been brought to life through work on the LTP, Proposed District Plan, and the sub-regional Future Proof development strategy. Adopted in May 2020, Waikato 2070 is a guiding document for growth in the district over the next 50 years. It indicates the intention to create dozens of new 'growth cells' in and around existing settlements over the short, medium and long term, in order to enhance social, cultural, economic and environmental wellbeing.

An organisation-wide implementation programme included:

- Funding in the 2021-2031 Long Term Plan for detailed structure planning, town centre design, asset management planning and infrastructure funding, in order to unlock identified growth cells and strengthen existing communities.
- Input into the hearings for the Proposed District Plan (PDP), particularly with respect to the rezoning proposals included in the PDP as well as those raised by submitters.
- Input into sub-regional planning processes including the Future Proof workstreams and the Hamilton-Waikato Metropolitan Spatial Plan. In turn Future Proof will influence statutory RMA documents like the Regional Policy Statement and District Plans so that the agreed strategic direction can lead to on-the-ground development results.
- Consideration of Waikato 2070 in 'business-as-usual' work such as consideration of resource consent applications, building consent applications, and infrastructure decision-making. For example, opportunities were identified to turn 'paper roads' into real roading connections based on the concept plans in Waikato 2070.

## Proposed Waikato District Plan

The hearings phase for the Proposed District Plan (PDP) was nearly completed in the year under review, with final hearings taking place in July 2021. A hearing panel of Councillors and independent commissioners, including some with an iwi perspective, is preparing to release its decisions in the coming months. Hearings took place via the innovative use of videoconferencing that began during the Covid-19 'lockdown' phase and made participation easier for submitters. They were recorded and posted on the Council website for the public to view.

More than 900 submissions, covering more than 10,000 individual submission points on the PDP, were received after it was notified in 2018.

Stage 2 of the plan review, covering natural hazards and climate change topics, was notified for submissions in July 2020, and submissions were also received on a variation

relating to Te Kowhai Airfield. Decisions on these matters are expected as part of the overall forthcoming decision on the PDP.

A private plan change in relation to the BuiltSmart industrial site in Huntly was also processed and made operative.

On 28 June 2021 the Council agreed to a recommendation from the PDP hearing panel to write to the Minister for the Environment, requesting an extension of the deadline for the panel's decision from September 2021 to mid-January 2022 to help ensure high-quality decision-making.

## Consents

The consent team handled 1,212 resource consent and related applications this financial year, up 27% on last year. The team received an average of 101 consents every month compared with 80 the previous year.

A total of 4,988 enquiries were handled by our Duty Planners, which is up significantly (by 43%) on last year (averaging 417 per month compared with 292 last year).




The number of lots consented through subdivision applications was 737 this year, but a total of 1,045 lots were released for title as previously consented subdivisions were completed by developers. The majority of these new subdivision lots released for title were for residential dwellings.

The number of LIMs processed was up by 42% to 1,761, and the number of property information requests processed was up 30% to 2161.

## Highlights

- Hearings on the Proposed District Plan incorporated the innovative use of videoconferencing
- Funding for implementation of Blueprints through the 2021-2031 Long Term Plan
- Implementation of Waikato 2070 through the Proposed District Plan and Long Term Plan, as well as sub-regional processes
- Adoption of the 2021-2031 Long Term Plan
- Higher consent team workloads indicate continuing economic development and growth across the district
- Review and adoption of Alcohol Control Bylaw and Keeping of Animals Bylaw
- A restructured Future Proof partnership and start of the sub-regional strategy review
- Launch of the Te Huia passenger train service between Hamilton and Auckland (6 April 2021)
- Launch of a bus service between Pokeno (through Tuakau) and the Pukekohe Railway Station in January 2021
- Development of a strategic case to inform future transport investment in the northern Waikato
- Start of a sub-regional programme business case for the intergenerational provision of three waters infrastructure in the Waikato/Waipā/Hamilton sub-region.

## How we did

| Performance measures   | 2019/20 result | 2020/21 target            | 2020/21 result | Rating  | Explanation   |
|--|----------------|---------------------------|----------------|---|---|
| The percentage of resource consent applications which are processed within statutory timeframes                            | 99.4%          | 100%                      | 99.5%          |  | A total of 962 consents were issued this year with only 5 being out of time.  |
| The percentage of current land use consents that are older than two years which have been monitored in the past two years. | 78%            | More than or equal to 80% | 65%            |  | As this KPI captures monitoring activity for two years prior to the date of the report, COVID effects will continue to be reflected in these reports for at least the next year. The Monitoring Team has experienced a significant rise in Service Requests in the past few months which impacts their ability to deal with routine monitoring. |
| The number of parking patrols that are carried out in communities that have parking controls under the bylaw.              | 139            | More than or equal to 150 | 140            |  | Township areas, especially Huntly and Ngaruawahia, are much quieter than previously observed. Time zoned parking areas are in less demand. Officers still regularly patrol Ngaruawahia, Huntly and Raglan, however recently more time has been diverted to deal with illegal waste dumping across the district.                                 |

## What this tells us

The number of resource consents and related applications handled by the Council is up 27% on last year, reflecting continued growth across the district.

## Potential significant negative effects

| 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

The Council renewed contracts with three operators we partner with to provide our district's kerbside refuse and recycling collections and to operate transfer stations and rural drop-off points.

The contracts have been amended for consistency and alignment with the objectives of our Waste Management and Minimisation Plan (WMMP).

The purpose of the WMMP is to set targets to achieve a vision of zero waste, which is seen as integral to the health and wellbeing of our community.

### Solid waste review

As required by Section 17A of the local Government Act, we started undertaking a review of solid waste services in the district. This will dovetail with a review of our Solid Waste Activity Management Plan and with the Council's 2021-31 Long Term Plan.

Since the introduction of China's National Sword programme in 2017, international markets for recyclable materials, particularly plastics, have been severely limited, and the lack of local infrastructure for processing plastics adds to the challenge.

This, together with Government initiatives such as the introduction of stewardship schemes for selected classes of materials including e-waste, tyres and some plastics, will change the nature of kerbside collections in future years.

### Chemical Collection

Working with Agrecovery and Waikato Regional Council, we hosted a rural chemical collection in Tuakau with a second event scheduled for later in 2021. This is part of a nationwide chemical recovery programme for unwanted or expired agrichemicals.

### Inorganic Collection

Our final inorganic kerbside collection took place in April-June 2021.

We were the last Council in New Zealand to offer a service of this kind. It was inconsistent with the New Zealand Waste Strategy and with our own WMMP because it encouraged the dumping of waste to landfill. It was also costly and

brought significant health and safety issues.

In future years, resources will be used to improve the district's waste infrastructure, such as developing community resource recovery centres in Huntly and Tuakau.

### Waikato & Bay of Plenty Waste Liaison Group

We are a member of the Waikato and Bay of Plenty Territorial Authority Waste Liaison Group which provides a forum for territorial authorities in the two regions to discuss shared waste minimisation objectives and to work together to prevent and divert waste from landfill through shared infrastructure and programmes.

The group made two submissions to the Ministry for the Environment: the first being a proposed mandatory reporting requirement for territorial authorities; and the second supporting the inclusion of glass in the Container Deposit Scheme currently under consideration by the government.

The group also contributed to early discussions on the NZ Waste Strategy and continued work on shared projects including:

- A cross-regional approach for licensing and data collection for waste operators
- A cross-regional approach for waste infrastructure

### Zero Waste Education

We continued to present classroom sessions to primary and area schools participating in our Zero Waste Education programme.




#### *Para Kore*

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

#### *Enviroschools*

We engaged in a range of projects within 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  | 2019/20 result | 2020/21 target | 2020/21 result | Rating  | Explanation   |
|---|----------------|----------------|----------------|---|---|
| The percentage of schools in the district that receive solid waste education  | 66%            | 55%            | 58%            |  | Target met.   |
| The percentage of kerbside collection complaints that are resolved within agreed timeframes                             | 97.1%          | 97%            | 97.8%          |  | Increased number of service requests in the last quarter of the year related to the inorganic collection, but most dealt with within the allocated time.  |
| The % of time a contractor was engaged within 5 days from receiving the service request to remove rubbish to resolution | 89%            | 95%            | 38%            |  | Changes made to our process and the inclusion of initial triage of reported illegal dumping of rubbish has affected the timeframe and incidence of engaging a contractor. This change does however result in cost efficiencies for ratepayers and investigation of illegal dumping that would otherwise have only been collected. |

## Potential significant negative effects

| Potential negative effect  | How we are addressing this   |
|--|--|
| Increase in the amount of refuse to be disposed as population increases over time.                                       | Council are conducting a Solid Waste Services review to establish if current services are financially and economically sustainable and what future services might look like.                                       |
| Environmental impacts caused by the discharge of contaminants to land and water from closed landfills.                   | Council will monitor to ensure compliance with Resource Consent Conditions and closed landfill Aftercare Management Plans.   |
| Ongoing problems with public understanding of the issues, limited facilities and market access for recyclable materials. | Education and programmes to build awareness and foster ownership of waste minimisation within the community. Work with community groups, Contractors and other Councils to coordinate efforts and share resources. |
| Potential impacts on customer satisfaction due to service failure /delays /responsiveness.                               | Monitor and report on levels of service in service provider contracts. Work to improve the level of service and reduce the number of service requests.   |
| Health and safety risks associated with the operation, maintenance, or construction of solid waste infrastructure.       | Ensure compliance with the Health & Safety at Work Act 2015.   |
| Work with the Zero Harm team to continuously improve Contractor performance.   | Each main urban community in our district has green waste and/or recycling facilities.   |
| Under-provision of recycling facilities fails to promote a positive shift in the community's attitude to waste.          | Infrastructure and growth needs to be addressed via the Solid Waste Services Review and the LTP.   |

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for

### Sustainable environment

|   | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|---|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                     |  |  |                             |
| General rates, uniform annual general charge, rates penalties           | 8,438                                  | 8,792                                  | 8,128                       |
| Targeted rates  | 5,406                                  | 5,750                                  | 5,023                       |
| Subsidies and grants for operating purposes                             | -                                      | -                                      | -                           |
| Fees and charges  | 6,390                                  | 6,708                                  | 8,845                       |
| Internal charges and overheads recovered                                | 779                                    | 804                                    | 603                         |
| Local authorities fuel tax, fines, infringement fees, and other receipt | 4,396                                  | 4,516                                  | 4,230                       |
| <b>Total operating funding (A)</b>                                      | <b>25,409</b>                          | <b>26,570</b>                          | <b>26,829</b>               |
| <b>Applications of operating funding</b>                                |  |  |                             |
| Payments to staff and suppliers   | 18,750                                 | 18,826                                 | 22,449                      |
| Finance costs   | -                                      | -                                      | -                           |
| Internal charges and overheads applied                                  | 6,290                                  | 6,710                                  | 6,024                       |
| Other operating funding applications                                    | 56                                     | 57                                     | (220)                       |
| <b>Total applications of operating funding (B)</b>                      | <b>25,096</b>                          | <b>25,593</b>                          | <b>28,253</b>               |
| <b>Surplus (deficit) of operating funding (A - B)</b>                   | <b>313</b>                             | <b>977</b>                             | <b>(1,424)</b>              |
| <b>Sources of capital funding</b>                                       |  |  |                             |
| Subsidies and grants for capital expenditure                            | -                                      | -                                      | -                           |
| Development and financial contributions                                 | -                                      | -                                      | -                           |
| Increase (decrease) in debt   | -                                      | -                                      | 2,901                       |
| Gross proceeds from the sale of assets                                  | -                                      | -                                      | (347)                       |
| Lump sum contributions  | -                                      | -                                      | -                           |
| Other dedicated capital funding*  | -                                      | -                                      | -                           |
| <b>Total sources of capital funding (C)</b>                             | <b>-</b>                               | <b>-</b>                               | <b>2,554</b>                |
| <b>Applications of capital funding</b>                                  |  |  |                             |
| <b>Capital expenditure</b>  |  |  |                             |
| - to meet additional demand   | -                                      | -                                      | -                           |
| - to improve the level of service                                       | 51                                     | 52                                     | 3,013                       |
| - to replace existing assets  | 76                                     | 68                                     | 19                          |
| Increase (decrease) in reserves   | 186                                    | 857                                    | (1,902)                     |
| Increase (decrease) in investments                                      | -                                      | -                                      | -                           |
| <b>Total applications of capital funding (D)</b>                        | <b>313</b>                             | <b>977</b>                             | <b>1,130</b>                |
| <b>Surplus (deficit) of capital funding (C - D)</b>                     | <b>(313)</b>                           | <b>(977)</b>                           | <b>1,424</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 the Council and Downer NZ established six years ago to deliver a 'best-for-network' solution.

In the past year we focussed on refining processes to enhance delivery. We developed a Network Safety Plan, updated the safety deficiency database and the Capital Works processes, agreed design standards, introduced the Delivery Management Methodology project management system, and refined the rework and shared risk processes.

A revised Asset Management Plan for the Council's 2021-31 Long Term Plan was delivered in an innovative interactive digital medium, winning high praise from roading industry groups and NZTA Waka Kotahi. It sets a solid basis for ensuring all teams involved in delivery of the service understand their contribution to the overall network outcomes.

### Connected communities and alternative transport modes

WDA successfully completed several projects which support Council's 'liveable, thriving and connected communities' vision.

These included the new Huntly Rail Platform for the Te Huia train service, providing easy connection via train to Auckland, and the Horotiu/River Road Roundabout which was a key safety initiative helping reduce the number of vehicle incidents at this intersection. New road construction at Annebrook Road was essentially completed, providing safe connection for residents once the Waikato Expressway is finished.

In addition, 3.5 kilometres of new footpaths were completed to improve pedestrian links and safety in communities across the district including Glen Massey, Horotiu, Huntly, Matangi, Ngaruawahia, Onewhero, Raglan, Tuakau, and Whatawata.

Enhanced shared walking-cycling paths were completed in Raglan, connecting isolated parts of the community, and connecting the town with the beach, to reduce vehicle use impacts. Local feedback has been very positive.

We continued work on the next stage of the Te Awa cycleway project from Cambridge to Hamilton. We completed 2km of cycleway through Tamahere and progressed a boardwalk section to join with Hamilton which is due for completion in November 2021.

In addition, we completed the Mangawara Stream Bridge which is a single lane structure with associated path linking the Taupiri community to the local urupa. This project was jointly delivered with Waikato Tainui, KiwiRail and NZTA Waka Kotahi.

### Best for network

Were-surfaced 118 kilometres of sealed roads and rehabilitated 7 kilometres of roading pavement, completed an intensive programme of grading our unsealed roads (approximately 12,000 kilometres) and repaired 5,018 potholes.

The Alliance completed 108,500 m<sup>2</sup> of stabilisation repairs to push pre-reseal repairs nine months ahead, providing much greater flexibility for annual resealing, and ensuring we will achieve the best practice 'year ahead' goal by June 2022.

### Emergency Work

In addition to providing a 24/7 emergency response service, WDA completed significant emergency repairs on the culvert at Lake Rd/Horotiu, at four sites on Highway 22, two on the Waikare to Valley Rd, and on the Onewhero/Tuakau Bridge.

We also responded urgently to provide temporary support under Tainui Bridge after the bearing failed, and to install a temporary guardrail replacement at Henry Road after an agricultural vehicle crash.

These repairs enhance safety for road users and provide resilience on vulnerable sections of road.

### COVID-19 Response

Our northern teams continued to provide traffic management for police checkpoints during COVID-19 level 2 lockdowns in the Auckland area.

### Planning for growth

Strategic developments have improved traffic flow and network configuration. New infrastructure for residential subdivisions is helping support growth associated with construction of the Waikato Expressway.

We built new infrastructure in Pokeno, Te Kauwhata and Tuakau and supported developer-led roading and bridgework for the Rangitahi Peninsula development in Raglan, and other developments in Horotiu and Ngaruawahia.

### Waikato Expressway

During the construction period of the Waikato Expressway Huntly section we managed the effects of construction traffic on local roads through discussion and agreements with NZTA Waka Kotahi and its contractors. We monitored the impact of increased truck movements on the condition of our roads to adjust maintenance regimes and safety measures as required.

Once the entire Expressway is complete, almost 90kms of old State Highway and 5kms of new local roads will have been added to the local road network. Maintenance for these roads was factored into our Long Term Plan budgets and we continued discussions with NZTA on how to mitigate the impact of this change on our communities.

### Network Safety

As part of a national approach to tackling unsafe speeds, we completed a three-year programme of speed limit changes in our district, mainly in areas where people live, work and go to school, and on high-risk local roads. We are part of a team that has developed a regional approach to speed management so there is consistency across the region. Our work on the Speed Bylaw has assisted other

councils embarking on their own changes. Our aim is to have safe and appropriate speeds across our district that are consistent and self-explaining.

We submitted a list of road safety projects for capital funding approval by NZTA Waka Kotahi in the National Land Transport Programme. Road safety capital funding is prioritised under NZTA Waka Kotahi's Safer Network Programme, which aims to reduce Deaths and Serious Injuries (DSIs) by 40% in the next 10 years.

### Supporting Freight Movement







We adopted a cautious approach to increases in the allowable maximum weights for heavy vehicles, and – except for the Tainui Bridge at Huntly – we have been guided by structural analysis in deciding not to open our Waikato River bridges to heavier vehicles. We worked with industry to develop our plan for implementation across the network. We implemented improvements to the Mercer Ferry Bridge to re-instate freight capacity and began reviewing our network with respect to allowing movement of HPMV trucks.

### Road safety and education

We completed the third year of a \$9m-plus scheme of safety improvements in our Low Cost Low Risk programme (LCLR) which attracted an NZTA Waka Kotahi subsidy of 76%, saving Council more than \$2.5m over the full three years. In addition to the LCLR programme the River Rd/ Horotiu Bridge Roundabout project attracted a further \$1.5m NZTA Waka Kotahi funding with a 76% subsidy. The project was designed and delivered within 12 months (ahead of time) and has immediately reduced serious crashes, a very positive outcome.

We worked together with the Police, NZTA Waka Kotahi, and the community to deliver a road safety education programme that meets local needs. There was a strong focus on driver licensing as this not only provides road safety benefits but also opens doors to education and jobs. Other areas of focus have included driving to the conditions, sober driving, and raising awareness about the effects of fatigue and distraction. The programme has been delivered through community workshops, roadside education, skills training, and a large social media presence.

### How we did

| Performance measures   | 2019/20 result | 2020/21 target                              | 2020/21 result | Rating   | Explanation  |
|--|----------------|---|----------------|--|--|
| The change from the previous financial year in the number of fatal and serious injury crashes on the local road network.                         | +1             | Reduction of 1 on previous year<br>-1       | +4             |  | A 9% rise in fatal and serious injury crashes in our district reflects a nationwide trend that may be related to an increase in domestic tourism due to COVID-19 and an increase in heavy goods movements.                                     |
| The average quality of ride on a sealed local road network, measured by smooth travel exposure.  | 97%            | Minimum 91%                                 | 97%            |  | The sealed network provides a smooth driving experience that exceeds our target. Most road users will experience a good outcome on the network   |
| 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%          | Greater than 90% or at category 3 or better | 96.4%          |  | The footpath network provides a level of service above the target set by consultation with the community   |
| The percentage of the sealed local road network that is resurfaced.  | 5.3%           | Minimum 6%                                  | 6.4%           |  | The sealing programme for the year reflects network need based on evidence developed in the Activity Management Plan. The results also reflects the need to manage expenditure within an overall budget and balance Opex and Capex expenditure |
| The percentage of customer service requests relating to roads to which we respond within the timeframes specified.                               | 96.6%          | 80%   | 96.2%          |  | The customer experience in terms of response is well above the target  |
| The percentage of customer service requests relating to footpaths responded to within the timeframes specified.                                  | 96.5%          | 80%   | 93.8%          |  | The customer experience in terms of response is well above the target  |

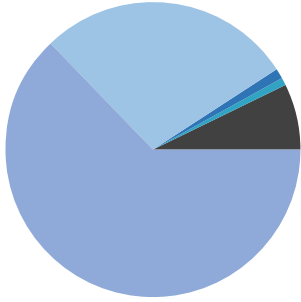
## What this tells us

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 co-ordinated way to the requirements for water, power, and telco infrastructure as well as our renewal projects.

## Potential significant negative effects

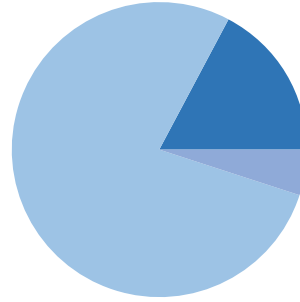
| Potential negative effect  | How we are addressing this  |
|--|---|
| Road and environmental factors can contribute to crashes, particularly those that involve loss of control  | NZTA monitors and records through the Crash Analysis System (CAS) the percentage of accidents caused by loss of control. Identifying surface degradations early (SCRIM) to ensure timely interventions. Prioritised programmes 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 particular 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 LTP 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 on which 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 waahi tapu  | Continuing to invest in good relationships with tangata whenua.   |

## How we paid for it



### Operational funding

|            |  |
|------------|--|
| <b>63%</b> | General rates, uniform annual general charge, rates penalties      |
| <b>28%</b> | Subsidies and grants for operating purposes                        |
| <b>7%</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 funding

|            |  |
|------------|--|
| <b>77%</b> | Subsidies and grants for capital expenditure |
| <b>20%</b> | Development and financial contributions      |
| <b>3%</b>  | Increase (decrease) in debt                  |

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for

### Roading

|  | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|--|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                      |  |  |                             |
| General rates, uniform annual general charge, rates penalties            | 22,151                                 | 22,736                                 | 21,829                      |
| Targeted rates   | -                                      | -                                      | -                           |
| Subsidies and grants for operating purposes                              | 8,390                                  | 8,330                                  | 9,546                       |
| Fees and charges   | 154                                    | 175                                    | 200                         |
| Internal charges and overheads recovered                                 | 2,379                                  | 2,433                                  | 450                         |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,615                                  | 2,654                                  | 2,348                       |
| <b>Total operating funding (A)</b>                                       | <b>35,689</b>                          | <b>36,328</b>                          | <b>34,373</b>               |
| <b>Applications of operating funding</b>                                 |  |  |                             |
| Payments to staff and suppliers  | 21,160                                 | 21,144                                 | 20,094                      |
| Finance costs  | -                                      | -                                      | -                           |
| Internal charges and overheads applied                                   | 5,038                                  | 5,344                                  | 3,470                       |
| Other operating funding applications                                     | -                                      | -                                      | -                           |
| <b>Total applications of operating funding (B)</b>                       | <b>26,198</b>                          | <b>26,488</b>                          | <b>23,564</b>               |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>9,491</b>                           | <b>9,840</b>                           | <b>10,809</b>               |
| <b>Sources of capital funding</b>  |  |  |                             |
| Subsidies and grants for capital expenditure                             | 11,093                                 | 12,776                                 | 12,937                      |
| Development and financial contributions                                  | 1,030                                  | 1,048                                  | 3,266                       |
| Increase (decrease) in debt  | 2,119                                  | 851                                    | 490                         |
| Gross proceeds from the sale of assets                                   | -                                      | -                                      | -                           |
| Lump sum contributions   | -                                      | -                                      | -                           |
| Other dedicated capital funding  | -                                      | -                                      | -                           |
| <b>Total sources of capital funding (C)</b>                              | <b>14,242</b>                          | <b>14,675</b>                          | <b>16,693</b>               |
| <b>Applications of capital funding</b>                                   |  |  |                             |
| <b>Capital expenditure</b>   |  |  |                             |
| - to meet additional demand  | 1,888                                  | 2,426                                  | 2,010                       |
| - to improve the level of service  | 2,986                                  | 2,990                                  | 1,409                       |
| - to replace existing assets   | 19,143                                 | 19,773                                 | 21,218                      |
| Increase (decrease) in reserves  | (284)                                  | (674)                                  | 2,865                       |
| Increase (decrease) in investments                                       | -                                      | -                                      | -                           |
| <b>Total applications of capital funding (D)</b>                         | <b>23,733</b>                          | <b>24,515</b>                          | <b>27,502</b>               |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(9,491)</b>                         | <b>(9,840)</b>                         | <b>(10,809)</b>             |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                               | <b>-</b>                               | <b>-</b>                    |



## What we did

We assigned a dedicated Stormwater Engineer to confront some complex stormwater management issues in the district, with a focus on consent compliance measured by conditions outlined in the District's Stormwater Discharge Consents. These are based on industry best practice.

### High Risk Site Inspections

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. Generally, these were automotive workshops, service stations and chemical/fertiliser suppliers. 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.

### Community collaboration and Engagement

We improved our community engagement, meeting with Raglan and Port Waikato community representatives every six months, and we sponsored Waikato Rivercare to undertake riparian restoration on the lower Waikato River and associated catchments.

### Stormwater Bylaw

A new stormwater bylaw was developed for consultation in June-July 2021. It will inform and educate our community and enable Council to enforce new regulations to protect stormwater assets and waterways.

## Other

A 2021 addendum to the existing Pokeno Catchment Management Plan (CMP) will give effect to the objectives and principles outlined in the 2010 and 2020 (updated) CMP. It provides a clear action plan to address stormwater issues, primarily flood hazards, enabling the Council to establish stormwater management practices needed within the Pokeno catchment.

We started developing a new Ngaruawahia CMP, focussing on a catchment-wide stormwater solution, and to provide certainty for developers about compliance. We also produced a draft Stormwater Design Guide, for designers and consent approvers, to assist the Council to achieve effective stormwater management outcomes.

We started investigating the Port Waikato stormwater network at the community's request to ascertain its condition and potential impact on coastal erosion.

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.

### Abatement Notice

Work to resolve non-compliances that led to an Abatement Notice for the Raglan urban area in 2018/19 has all been completed except for a minor flooding issue on two properties. A revised water quality sampling programme has covered most of the Waikato Regional Council's compliance concerns.

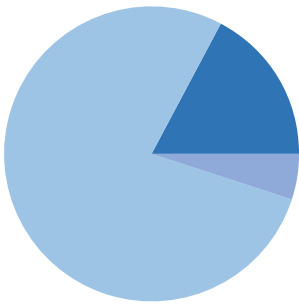
## How we did

| Performance measures  | 2019/20 result | 2020/21 target                              | 2020/21 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   | 1.7            |        | Target met.  |
| The percentage of customer service requests relating to roads to which we respond within the timeframes specified. 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> | 1              | 0   | 0              |        | No Abatement Notices were issued during the period. As at 30 June 2021, there was one active Abatement Notice for Raglan urban area and work is underway for the outstanding item. |

## 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 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 river beds   | 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 land owners 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

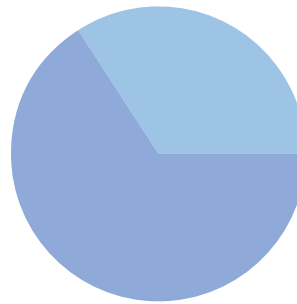


### Operational funding

**78%** Targeted rates

**17%** Internal charges and overheads recovered

**5%** General rates, uniform annual general charge, rates penalties



### Capital funding

**66%** Development and financial contributions

**34%** Increase (decrease) in debt

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for

### Stormwater

|  | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|--|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                      |  |  |                             |
| General rates, uniform annual general charge, rates penalties            | 101                                    | 105                                    | 134                         |
| Targeted rates   | 1,793                                  | 1,897                                  | 1,984                       |
| Subsidies and grants for operating purposes                              | -                                      | -                                      | -                           |
| Fees and charges   | -                                      | -                                      | -                           |
| Internal charges and overheads recovered                                 | 244                                    | 254                                    | 422                         |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                                      | -                                      | -                           |
| <b>Total operating funding (A)</b>                                       | <b>2,138</b>                           | <b>2,256</b>                           | <b>2,540</b>                |
| <b>Applications of operating funding</b>                                 |  |  |                             |
| Payments to staff and suppliers  | 1,515                                  | 1,082                                  | 1,222                       |
| Finance costs  | -                                      | -                                      | -                           |
| Internal charges and overheads applied                                   | 516                                    | 559                                    | 264                         |
| Other operating funding applications                                     | 6                                      | 6                                      | 16                          |
| <b>Total applications of operating funding (B)</b>                       | <b>2,037</b>                           | <b>1,647</b>                           | <b>1,502</b>                |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>101</b>                             | <b>609</b>                             | <b>1,038</b>                |
| <b>Sources of capital funding</b>  |  |  |                             |
| Subsidies and grants for capital expenditure                             | -                                      | -                                      | -                           |
| Development and financial contributions                                  | 349                                    | 354                                    | 715                         |
| Increase (decrease) in debt  | 976                                    | 986                                    | 370                         |
| Gross proceeds from the sale of assets                                   | -                                      | -                                      | -                           |
| Lump sum contributions   | -                                      | -                                      | -                           |
| Other dedicated capital funding  | -                                      | -                                      | -                           |
| <b>Total sources of capital funding (C)</b>                              | <b>1,325</b>                           | <b>1,340</b>                           | <b>1,085</b>                |
| <b>Applications of capital funding</b>                                   |  |  |                             |
| <b>Capital expenditure</b>   |  |  |                             |
| - to meet additional demand  | 1,459                                  | 100                                    | 343                         |
| - to improve the level of service  | 976                                    | 986                                    | 331                         |
| - to replace existing assets   | 148                                    | 166                                    | 102                         |
| Increase (decrease) in reserves  | (1,157)                                | 697                                    | 1,347                       |
| Increase (decrease) in investments                                       | -                                      | -                                      | -                           |
| <b>Total applications of capital funding (D)</b>                         | <b>1,426</b>                           | <b>1,949</b>                           | <b>2,123</b>                |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(101)</b>                           | <b>(609)</b>                           | <b>(1,038)</b>              |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                               | <b>-</b>                               | <b>-</b>                    |

# WASTEWATER

## What we did

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.

### Government Funding

The Council was successful in securing \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million of wastewater pond de-sludging, among other initiatives, for our wastewater, stormwater and water supply services.

We are continuing to assess the impact of the Government's reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will retain the flexibility to make a firm decision about the proposals once we have studied the details.

### Treatment Plant Upgrades

Planning is at different stages for upgrades to treatment plants across the district.

An 'inflight' upgrade for the Meremere treatment plant will involve the installation of a side-stream Membrane Bioreactor (MBR) plant. This membrane upgrade will treat most of the flow from Meremere but allow any high flow to bypass the new treatment plant and continue to be pond treated and disinfected through the existing system.

Procurement is underway to upgrade the Te Kauwhata wastewater treatment plant with ultraviolet disinfection, a Membrane Aerated Biofilm reactor (MABR) and ultrafiltration to remove solids. The plans for this upgrade will allow

growth for 50 years.




Treatment and discharge options were shortlisted for the Raglan wastewater treatment plant discharge consent renewal project. Consultation with iwi and community representatives continued, alongside planning, environmental and engineering analysis, to find a single preferred treatment and discharge solution for the resource consent application and treatment plant upgrade.



Funding was secured under the Three Waters Reform programme to de-sludge the Huntly wastewater treatment plant. Development of a concept upgrade plan is also underway which will consider geotechnical conditions, existing asset condition limitations and various other aspects.

### Other achievements:

- The Meremere wastewater discharge consent renewal was secured for 35 years.
- Technical investigations were carried out at Matangi and an application to renew the discharge consent was lodged with Waikato Regional Council.
- Work started on network modelling projects to understand the impact of population growth on our Te Kauwhata and Raglan wastewater networks.
- Network pump station upgrades and inflow and infiltration work led to improved network performance.
- Work started with neighboring Councils to identify a long-term wastewater solution for our southern district area.

## How we did

| Performance measures  |  | 2019/20 result | 2020/21 target                              | 2020/21 result | Rating  | Explanation |
|---|--|----------------|---|----------------|---|-------------|
| The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system.                           |  | 1.7            | Less than or equal to 3                     | 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                                    | 34 minutes     | Less than or equal to 1 hour (60 minutes)   | 41 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 | 123 minutes    | Less than or equal to 4 hours (240 minutes) | 143 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  | 9.5 per 1,000 connections | Less than or equal to 10 per 1,000 connections | 8.1 per 1,000 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                         |  | No Abatement Notices were issued during the period. As at 30 June 2021, there were two active Abatement Notices (Meremere and Te Kauwhata). The Meremere Abatement Notice is now technically resolved as the new consent allows for elevated levels of suspended solids for the next year until the new plant being built is commissioned. A mid Waikato Servicing Strategy was completed and solutions for Te Kauwhata identified. Once implemented, the plant upgrade solution will resolve the non-compliances. Consultation with stakeholders will determine the discharge location. |
|  | Infringement notices                                |                           |  |                           |   |  |
|  | Enforcement orders                                  |                           |  |                           |   |  |
|  | Convictions   |                           |  |                           |   |  |

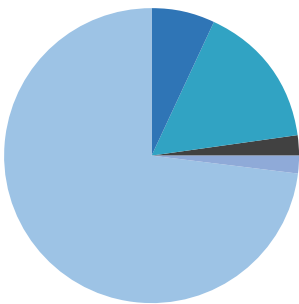
\*Reporting against these measures is based on times provided by the contractor for attendance and resolution. Through the auditing process for the 2019/20 Annual Report, the Council became aware the supporting documentation underpinning the recording of performance against these measures was unable to be relied on to confirm the results. In the second half of 2020/21 the Council in conjunction with the contractor Watercare Services Limited put in place interim measures to provide supporting documentation, and commenced planning the implementation of a fully integrated customer service request system. The interim measures taken in the second half of 2020/21 show improvement in the recording of performance and this data was able to be confirmed. The accuracy of the times shown for attendance and resolution for the first half of 2021/21 was not and cannot be independently verified. Interrogation of GPS tracking systems has indicated the performance against these measures for the full 2020/21 year is a reasonable reflection of the actual result.

The implementation of a fully integrated customer service request system is underway.

## Potential significant negative effects

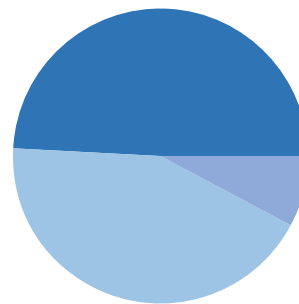
| Potential negative effect  | How we are addressing this   |
|--|--|
| Discharges to land and waterways not complying with resource consents  | Improve processes (may be capital related) and continue to monitor discharge.  |
| Odour from manholes, pump stations and at treatment plants   | Improve process 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

|            |   |
|------------|---|
| <b>73%</b> | Targeted rates  |
| <b>16%</b> | Fees and charges  |
| <b>7%</b>  | Subsidies and grants for operating purposes                   |
| <b>2%</b>  | General rates, uniform annual general charge, rates penalties |
| <b>2%</b>  | Internal charges and overheads recovered                      |



### Capital funding

|            |  |
|------------|--|
| <b>49%</b> | Increase (decrease) in debt                  |
| <b>43%</b> | Development and financial contributions      |
| <b>8%</b>  | Subsidies and grants for capital expenditure |

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for

### Wastewater

|  | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|--|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                      |  |  |                             |
| General rates, uniform annual general charge, rates penalties            | 238                                    | 244                                    | 410                         |
| Targeted rates   | 11,227                                 | 11,819                                 | 11,956                      |
| Subsidies and grants for operating purposes                              | -                                      | -                                      | 1,104                       |
| Fees and charges   | 1,280                                  | 1,319                                  | 2,603                       |
| Internal charges and overheads recovered                                 | 74                                     | 133                                    | 361                         |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                                      | -                                      | -                           |
| <b>Total operating funding (A)</b>                                       | <b>12,819</b>                          | <b>13,515</b>                          | <b>16,434</b>               |
| <b>Applications of operating funding</b>                                 |  |  |                             |
| Payments to staff and suppliers  | 4,483                                  | 4,692                                  | 9,407                       |
| Finance costs  | -                                      | -                                      | -                           |
| Internal charges and overheads applied                                   | 4,668                                  | 5,189                                  | 2,584                       |
| Other operating funding applications                                     | 340                                    | 347                                    | 238                         |
| <b>Total applications of operating funding (B)</b>                       | <b>9,491</b>                           | <b>10,228</b>                          | <b>12,229</b>               |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>3,328</b>                           | <b>3,287</b>                           | <b>4,205</b>                |
| <b>Sources of capital funding</b>  |  |  |                             |
| Subsidies and grants for capital expenditure                             | -                                      | -                                      | 695                         |
| Development and financial contributions                                  | 889                                    | 904                                    | 3,553                       |
| Increase (decrease) in debt  | 10,297                                 | 10,019                                 | 4,105                       |
| Gross proceeds from the sale of assets                                   | -                                      | -                                      | -                           |
| Lump sum contributions   | -                                      | -                                      | -                           |
| Other dedicated capital funding  | -                                      | -                                      | -                           |
| <b>Total sources of capital funding (C)</b>                              | <b>11,186</b>                          | <b>10,923</b>                          | <b>8,353</b>                |
| <b>Applications of capital funding</b>                                   |  |  |                             |
| <b>Capital expenditure</b>   |  |  |                             |
| - to meet additional demand  | 10,841                                 | 9,102                                  | 1,404                       |
| - to improve the level of service  | 10,333                                 | 10,019                                 | 4,614                       |
| - to replace existing assets   | 1,931                                  | 1,962                                  | 1,558                       |
| Increase (decrease) in reserves  | (8,591)                                | (6,873)                                | 4,982                       |
| Increase (decrease) in investments                                       | -                                      | -                                      | -                           |
| <b>Total applications of capital funding (D)</b>                         | <b>14,514</b>                          | <b>14,210</b>                          | <b>12,558</b>               |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(3,328)</b>                         | <b>(3,287)</b>                         | <b>(4,205)</b>              |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                               | <b>-</b>                               | <b>-</b>                    |

# WATER SUPPLY

## What we did

We continued to address the need for a safe and adequate water supply for our district, with a particular focus on our fast-growing communities.

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.

### Three Waters Reform

In July 2020, the Government launched its Three Waters Reform Programme - a three-year programme which will eventually change the way these services are provided across the country. Taumata Arowai, a new regulator established in 2019, will enforce the new drinking water, wastewater, and stormwater standards.

We secured \$11.3 million Government stimulus funding for three waters infrastructure projects announced with the reform programme. (See more details in our Wastewater service provision statement.)

The Council is continuing to assess the impact of the Government's proposals on our contract for operational and maintenance services with Watercare Services Limited. We have been positioning ourselves to enable alignment with the Government's reform proposals but are retaining the flexibility to make a firm decision once we have studied the details.

### Safe water

An updated Waikato District Water Demand Management Plan has been submitted to Waikato Regional Council for review and approval. This provides background information and an analysis of water management in the district's 10 water supply schemes, discusses current business-as-usual water demand management activities, and presents options for improving water demand management in the future.

A new water safety plan for the Te Akau Water Treatment Plant and distribution network was completed and has been approved by the Waikato District Health Board. This plan analyses all risks associated with water supply in the Te Akau supply zone and ensures appropriate mitigation measures are in place. It reflects the change in water source from bore water to water from the Raglan Treatment Plant delivered by a tanker carrier.

### Growth

A draft strategic servicing strategy for water and wastewater from Meremere to Huntly was prepared to assess the impact of growth and level of service improvements.

### Leak Detection

A comprehensive assessment and identification of network leaks was proposed for various areas of the district. This will be completed using conventional sounding technology in the urban parts of the zone and using thermal imaging drones to identify leaks in the rural part of the network. Once identified, leaks will be assessed and repaired as appropriate.




### Hydraulic Water Model Updates

We migrated our hydraulic water models for Huntly-Ngaruawahia and Raglan onto a new software platform to improve these decision support tools for managing our water supply networks.








The Huntly-Ngaruawahia InfoWorks WS Pro water model was calibrated with field test results and updated from November 2020.

The Raglan hydraulic model was also converted from EPANET to InfoWorks WS Pro software and calibrated with field test results early this year (2021).

## How we did

| Performance measures   |   | 2019/20 result | 2020/21 target                          | 2020/21 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 4 of the drinking water standards (bacteria compliance criteria)           | 4              | 4 (no. of plants that comply out of 4)  | 4              |  | Target met. |
|  | Part 5 of the drinking water standards (protozoal compliance criteria)*         | 4              | 4 (no. of plants that comply out of 4)  | 4              |  | Target met. |



|  |   |                                 |   |   |   |             |
|--|---|---------------------------------|---|---|---|-------------|
| 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 call-outs: from the time that Council receives notification to the time that service personnel reach the site                                     | 40 minutes                      | Less than or equal to 60 minutes              | 36.5 minutes  |    | Target met. |
|  | Resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption     | 103 minutes                     | Less than or equal to 240 minutes             | 112.5 minutes   |    | Target met. |
| 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 non-urgent call-outs: 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   |    | Target met. |
|  | Resolution of non-urgent call-outs: 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 5 days                  | 1 day   |    | Target met. |
| 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  | 19.4 per 1000 connections       | Less than or equal to 25 per 1000 connections | 15.5 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.  | 210L  | 250L or less per person per day | 180L  |  | Target met.   |             |
| The percentage of real water loss from Council's networked reticulation system.  | Combined System   | 32.9%                           | 28%   | 24%   |  | Target met. |

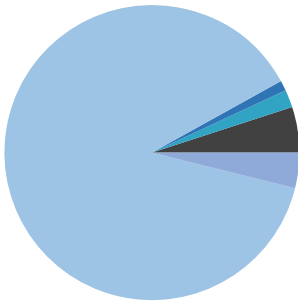
\*Reporting against these measures is based on times provided by the contractor for attendance and resolution. Through the auditing process for the 2019/20 Annual Report, the Council became aware the supporting documentation underpinning the recording of performance against these measures was unable to be relied on to confirm the results. In the second half of 2020/21 the Council in conjunction with the contractor Watercare Services Limited put in place interim measures to provide supporting documentation, and commenced planning the implementation of a fully integrated customer service request system. The interim measures taken in the second half of 2020/21 show improvement in the recording of performance and this data was able to be confirmed. The accuracy of the times shown for attendance and resolution for the first half of 2021/21 was not and cannot be independently verified. Interrogation of GPS tracking systems has indicated the performance against these measures for the full 2020/21 year is a reasonable reflection of the actual result.

The implementation of a fully integrated customer service request system is underway.

## Potential significant negative effects

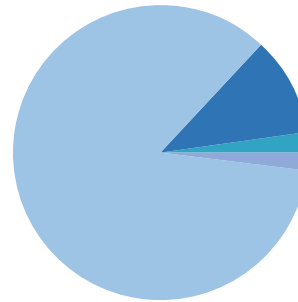
| Potential negative effect   | How we are addressing this   |
|---|--|
| Potential contamination of the raw water supply   | Emergency response plans, operational procedures and monitoring of the raw water supply as per the Water Safety Plan (WSP) are all in place. |
| Discharges of backwash water from 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   | Carry out modelling/pressure testing and implement remedial works.   |
| 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

|            |   |
|------------|---|
| <b>89%</b> | Targeted rates  |
| <b>5%</b>  | Internal charges and overheads recovered                      |
| <b>4%</b>  | General rates, uniform annual general charge, rates penalties |
| <b>2%</b>  | Fees and charges  |
| <b>1%</b>  | Subsidies and grants for operating purposes                   |



### Capital funding

|            |  |
|------------|--|
| <b>85%</b> | Development and financial contributions      |
| <b>11%</b> | Increase (decrease) in debt                  |
| <b>2%</b>  | Subsidies and grants for capital expenditure |
| <b>2%</b>  | Other dedicated capital funding              |

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for

### Water supply

|   | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|---|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                     |  |  |                             |
| General rates, uniform annual general charge, rates penalties           | 179                                    | 186                                    | 446                         |
| Targeted rates  | 9,940                                  | 10,729                                 | 10,515                      |
| Subsidies and grants for operating purposes                             | -                                      | -                                      | 104                         |
| Fees and charges  | 97                                     | 97                                     | 223                         |
| Internal charges and overheads recovered                                | 284                                    | 303                                    | 542                         |
| Local authorities fuel tax, fines, infringement fees and other receipts | -                                      | -                                      | 11                          |
| <b>Total operating funding (A)</b>                                      | <b>10,500</b>                          | <b>11,315</b>                          | <b>11,841</b>               |
| <b>Applications of operating funding</b>                                |  |  |                             |
| Payments to staff and suppliers   | 4,586                                  | 4,575                                  | 7,130                       |
| Finance costs   | -                                      | -                                      | -                           |
| Internal charges and overheads applied                                  | 4,253                                  | 4,406                                  | 2,523                       |
| Other operating funding applications                                    | 37                                     | 38                                     | 146                         |
| <b>Total applications of operating funding (B)</b>                      | <b>8,876</b>                           | <b>9,019</b>                           | <b>9,799</b>                |
| <b>Surplus (deficit) of operating funding (A - B)</b>                   | <b>1,624</b>                           | <b>2,296</b>                           | <b>2,042</b>                |
| <b>Sources of capital funding</b>                                       |  |  |                             |
| Subsidies and grants for capital expenditure                            | -                                      | -                                      | 82                          |
| Development and financial contributions                                 | 1,335                                  | 1,357                                  | 3,186                       |
| Increase (decrease) in debt   | 1,156                                  | 1,587                                  | 395                         |
| Gross proceeds from the sale of assets                                  | -                                      | -                                      | -                           |
| Lump sum contributions  | -                                      | -                                      | -                           |
| Other dedicated capital funding*  | 124                                    | 125                                    | 75                          |
| <b>Total sources of capital funding (C)</b>                             | <b>2,615</b>                           | <b>3,069</b>                           | <b>3,738</b>                |
| <b>Applications of capital funding</b>                                  |  |  |                             |
| <b>Capital expenditure</b>  |  |  |                             |
| - to meet additional demand   | 5,109                                  | 6,451                                  | 613                         |
| - to improve the level of service                                       | 1,156                                  | 1,587                                  | 374                         |
| - to replace existing assets  | 2,338                                  | 2,440                                  | 2,474                       |
| Increase (decrease) in reserves   | (4,364)                                | (5,113)                                | 2,319                       |
| Increase (decrease) in investments                                      | -                                      | -                                      | -                           |
| <b>Total applications of capital funding (D)</b>                        | <b>4,239</b>                           | <b>5,365</b>                           | <b>5,780</b>                |
| <b>Surplus (deficit) of capital funding (C - D)</b>                     | <b>(1,624)</b>                         | <b>(2,296)</b>                         | <b>(2,042)</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 continued to make significant improvements to our digital systems and management processes to enable fast and effective delivery of information to Council, our customers, ratepayers and partners, using digital as a first option.

Among this year's achievements we:

- Built our internal change management expertise to support Council's business initiatives.
- Progressed the transition of water service tools and data sources to our partner agency.
- Transformed our animal control processes with a focus on health and safety to protect staff and public.
- Implemented a new staff pay, performance, and recognition system.
- Replaced our computers with laptops using the latest Microsoft software, and Mondopad collaboration screens. Replaced desk phones with smart mobile phones.
- Upgraded our intranet and introduced new software to manage our social media.
- Implemented Azure Single Sign On to improve security and easy access to cloud systems.
- Upgraded Wi-Fi and internet connectivity to all office and library sites to provide a more reliable service.
- Upgraded council's core ERP system, TechOne, and our payment gateway for customer online payments.
- Progressed the digitisation of district property files to improve ease of access.
- Started developing a customer experience strategy to ensure that processes and systems meet the needs of our customers and community.
- Transitioned from a staff performance management system to a new performance coaching methodology.

We also transformed our project management systems to improve the delivery of business and infrastructure initiatives. We moved our support tool to the cloud, improved financial integration, and provided the ability for projects to be viewed spatially.

We continued implementing a business recovery plan that considered the impacts of COVID-19 and reshaped how we deliver services, and we upgraded our framework for identifying opportunities for continuous business improvement.

We developed a new organisational strategy (for implementation in the new financial year) to sharpen our customer focus and to help align our organisation with the probable future of local government.

### Procurement and contract management

We developed a roadmap to implement best practice in procurement and contracting activity, then set about the required redesign of our policy, processes, guidance and related templates.

Due to work programme delays related to Covid-19 we put in place a process that expedited procurement, as well as appropriately managing risk, to ensure projects could still be delivered for our communities.

### Zero Harm "Mahi Tika Kaainga Ora" (Work Safe Home Safe) programme

Our Zero Harm programme has continued to focus on three key areas:

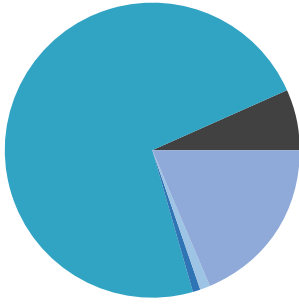
- Safety leadership and engagement
- Disciplined safety management systems and
- Managed risks

We continued to implement and monitor critical health and safety risk controls, and we trained staff in how to manage the risk of workplace violence and aggression.

We worked with other PCBUs (person conducting a business or undertaking) with whom we share duties to eliminate or manage risks to health and safety.

We ran a 'Work Safe Home Safe' week to teach staff about hazard management and to focus on their personal health and wellbeing.

## How we paid for it



### Operational Funding

|            |  |
|------------|--|
| <b>77%</b> | Internal charges and overheads recovered                           |
| <b>20%</b> | General rates, uniform annual general charge, rates penalties      |
| <b>7%</b>  | Local authorities fuel taxes, infringement fees and other receipts |
| <b>1%</b>  | Subsidies and grants for operating purposes                        |
| <b>1%</b>  | Fees and charges   |

### Capital Funding

|             |  |
|-------------|--|
| <b>101%</b> | Increase (decrease) in debt            |
| <b>-1%</b>  | Gross proceeds from the sale of assets |

# Waikato District Council funding impact statement

## For the year ended 30 June 2021 for

### Organisational support

|  | 2019/20<br>Long term<br>plan<br>\$'000 | 2020/21<br>Long term<br>plan<br>\$'000 | 2020/21<br>Actual<br>\$'000 |
|--|--|--|-----------------------------|
| <b>Sources of operating funding</b>                                      |  |  |                             |
| General rates, uniform annual general charge, rates penalties            | 4,052                                  | 5,691                                  | 7,942                       |
| Targeted rates   | -                                      | -                                      | -                           |
| Subsidies and grants for operating purposes                              | -                                      | -                                      | 516                         |
| Fees and charges   | -                                      | -                                      | 219                         |
| Internal charges and overheads recovered                                 | 35,067                                 | 37,464                                 | 29,861                      |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 508                                    | 675                                    | 419                         |
| <b>Total operating funding (A)</b>                                       | <b>39,627</b>                          | <b>43,830</b>                          | <b>38,957</b>               |
| <b>Applications of operating funding</b>                                 |  |  |                             |
| Payments to staff and suppliers  | 22,393                                 | 23,363                                 | 21,186                      |
| Finance costs  | 4,947                                  | 5,602                                  | 4,706                       |
| Internal charges and overheads applied                                   | 7,856                                  | 8,422                                  | 8,442                       |
| Other operating funding applications                                     | 1,426                                  | 1,614                                  | 2,123                       |
| <b>Total applications of operating funding (B)</b>                       | <b>36,622</b>                          | <b>39,001</b>                          | <b>36,457</b>               |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>3,005</b>                           | <b>4,829</b>                           | <b>2,500</b>                |
| <b>Sources of capital funding</b>  |  |  |                             |
| Subsidies and grants for capital expenditure                             | -                                      | -                                      | 88                          |
| Development and financial contributions                                  | -                                      | -                                      | -                           |
| Increase (decrease) in debt  | 13,553                                 | 10,314                                 | (27,756)                    |
| Gross proceeds from the sale of assets                                   | 193                                    | 232                                    | 293                         |
| Lump sum contributions   | -                                      | -                                      | -                           |
| Other dedicated capital funding  | -                                      | -                                      | -                           |
| <b>Total sources of capital funding (C)</b>                              | <b>13,746</b>                          | <b>10,546</b>                          | <b>(27,375)</b>             |
| <b>Applications of capital funding</b>                                   |  |  |                             |
| <b>Capital expenditure</b>   |  |  |                             |
| - to meet additional demand  | -                                      | -                                      | 44                          |
| - to improve the level of service  | 1,334                                  | 2,768                                  | 2,219                       |
| - to replace existing assets   | 2,911                                  | 2,935                                  | 2,960                       |
| Increase (decrease) in reserves  | 12,229                                 | 9,514                                  | (28,123)                    |
| Increase (decrease) in investments                                       | 277                                    | 158                                    | (1,975)                     |
| <b>Total applications of capital funding (D)</b>                         | <b>16,751</b>                          | <b>15,375</b>                          | <b>(24,875)</b>             |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(3,005)</b>                         | <b>(4,829)</b>                         | <b>(2,500)</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   |
|----------------------------|--|--|
| Supporting our communities | To ensure that our diverse community is represented in a democratically accountable and respectful manner.               | We commenced our Representation Review. This process determines the number and size of wards, total number of councillors and the number of councillors per ward. Early engagement was to support the formation of Council's initial proposal. Public consultation for the initial proposal is set for July/August 2021.                               |
| Working together with you  | To ensure that decisions are underpinned by sound financial governance.  | All minutes of open meetings were made available to the public via our website.  |
| Providing value for money  | 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 Maaori representation. Council approved the creation of Maaori wards for the 2022 and 2025 local government elections. This will, benefit our decision-making process and our communities. |

## Sustainable Communities

| Community Outcomes         |  | Progress   |
|----------------------------|--|--|
| Supporting our communities | To provide our customers and partners with opportunities for engagement thereby providing input to the decision making process.  | We have engaged with our communities on plans, bylaws, projects and initiatives in a range of ways from formal submission procedures to open days, public meetings, and market days, and through social media.   |
| Sustaining our environment | 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.  |
| Building our economy       | To build community capacity by encouraging voluntary and community-based organisations to provide activities and services.   | We supported the work of 155 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds  |
| Sustaining our environment | 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 acquired additional sports park land in Tuakau for development and upgraded kerbing at the Jackson St Cemetery, Ngaruawahia. The roof on the Huntly Grandstand was replaced with the cooperation of Transpower, which has overhead transmission lines over the structure. |
| Providing value for money  | 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 80% or more 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, open days 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. A major marketing campaign to promote the Waikato region and to 'buy local' was led by Hamilton & Waikato Tourism.  |
| <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 recently adopted 2021-31 Long Term Plan. Building on the success of online public meetings during Alert Levels 4 to 2, 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 sponsored Waikato Rivercare to undertake riparian restoration on the lower Waikato River and associated catchments. 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 2,997 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 88.21% of standard consents within the statutory timeframe. Out of 2430 Building Consents processed this year, 70 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.           | In June 2020 and continuing into July, we held a series of 10 public workshops to check-in with communities and seek feedback to review and adjust the Blueprint priorities. The updated Blueprint guided Council in putting together the 2021-2031 LTP.   |
| <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 continue to support Para Kore, a waste minimisation education programme delivered from a Maaori 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 1,200 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.  | The 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the community's top priority initiatives included in the Districtwide Blueprint and Local Area Blueprints. The LTP also provides funding for design and infrastructure over a 10-year period to unlock growth cells identified in the Waikato 2070: District Growth and Economic Development Strategy (Waikato 2070). |



|                                   |   |   |
|-----------------------------------|---|---|
| <b>Supporting our communities</b> | To ensure that planning controls assist in protecting cultural heritage and the natural and physical environment. | Hearings were held on our Proposed District Plan (PDP), which provides updated guidelines for development of our communities, including rules for protecting the district's environment and heritage. Decisions on the entire PDP are expected in the coming months.                          |
| <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 new Huntly Rail Platform for the Te Huia train service, the Horotiu/River Road Roundabout which was a key safety initiative to try and reduce the number of vehicle incidents at this intersection. The new road construction at Annebrook Road was essentially completed, providing safe connection for residents once the Waikato Expressway is finished. |
| <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 118 kilometres of sealed roads and rehabilitated 7 kilometres of roading pavement, completed an intensive programme of grading our unsealed roads (approximately 12,000 kilometres) and repaired 5,018 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 108,500 m <sup>2</sup> of stabilisation repairs to place pre-reseal repairs nine months ahead of schedule, providing much greater flexibility for annual resealing, and ensuring we will achieve the best practice 'year ahead' goal by June 2022.   |

## 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 completed an updated hydraulic model for the Travers Road Catchment in Te Kauwhata to assist with further catchment development whilst also ensuring the downstream flooding risk is not increased.   |
| <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

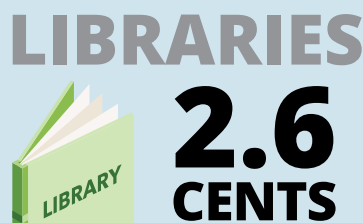
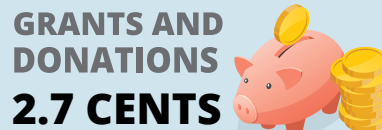
| Community Outcomes                |   | Progress  |
|-----------------------------------|---|---|
| <b>Sustaining our environment</b> | To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.   | In line with our Long 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.  | The Council was successful in securing \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million of wastewater pond de-sludging, among other initiatives. |
| <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. | Procurement is underway to upgrade the Te Kauwhata wastewater treatment plant with ultraviolet disinfection, a Membrane Aerated Biofilm reactor (MABR) and ultrafiltration to remove solids.  |

## 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.   | We secured \$11.3 million Government stimulus funding for three waters infrastructure projects announced with the reform programme. Council is continuing to assess the impact of the Government's proposals on our contract for operational and maintenance services with Watercare Services Limited.          |
| <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.  | A draft strategic servicing strategy for water and wastewater from Meremere to Huntly was prepared to assess the impact of growth and level of service improvements.  |
| <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. | A new water safety plan for the Te Akau Water Treatment Plant and distribution network was completed and has been approved by the Waikato District Health Board. This plan analyses all risks associated with water supply in the Te Akau supply zone and ensures appropriate mitigation measures are in place. |

# 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.\*



\*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 PUUTEA*

- 63** From the Chair of the Strategy and Finance Committee
- 64** Waikato Regional Airport Limited
- 64** Council controlled organisations
- 66** Waikato Local Authority Shared Services Limited
- 64** Strada Corporation Limited
- 69** Waikato District Community Wellbeing Trust

# FROM THE CHAIR OF THE STRATEGY & FINANCE COMMITTEE

*Despite the uncertainty of the economic outlook resulting from the ongoing coronavirus pandemic around the world, the Council's Annual Report results are extremely pleasing.*

The Council has been focused on ensuring service levels have not only been maintained but have been improved while transitioning staff to a new way of working, embedding the new model for the delivery of our Three Waters services ahead of any possible reform in this area, and managing the impacts of higher growth than planned on all areas of our organisation.

The Council's income for this financial year was \$208 million, a positive variance of \$62 million on a budgeted income of \$146 million. Found and vested assets, which are largely unbudgeted, and an unbudgeted gain on the revaluation of interest rate swaps, account for most of the variance, along with a growth in development contributions.

The Council's operational expenditure budget was \$127 million while actual operational expenditure was \$145 million. The amount over budget was largely due to wastewater processing costs that were recovered by customers, maintenance costs funded by a grant from the Department of Internal Affairs relating to the Three Waters Reform, and additional expenditure on the Proposed District Plan. There was also increased expenditure on consultancy costs to provide cover for various employee vacancies throughout the year as well as to meet increased demand for services in areas such as planning and consents. Depreciation and amortisation costs were higher than budget because of higher revaluations in the prior year and pre-purchased wastewater infrastructure growth charges being utilized in Pokeno at a much faster rate than expected.

The Council's operating surplus was \$62 million compared to a budgeted surplus of \$18 million. In addition to items noted above, development and financial contributions of \$13 million, revaluation surpluses of \$6 million and a \$6 million gain on Council's investment in the Waikato Regional Airport have also contributed to the operating surplus.



The Council's capital programme includes 2020/21 projects as well as prior year projects still to be completed. It should be noted, therefore, that the Annual Report depicts actual progress against the 2020/21 budget only.

In real terms, the \$58 million spend delivered 36 per cent of the entire work programme.

Variances in capital work programmes can arise for various reasons: differences in construction prices, timing of subdivision activity within the district, adverse weather resulting in delays, public consultation timeframes, reliance on multi-party funding for some large projects and negotiations over land purchases. In the 2020/21 financial year more capital work was completed than in the previous year.

The Council has carried forward \$69 million of capital works budget to the 2021/22 financial year. Seventy per cent of these projects are underway, 20% relate to development projects which fall outside the direct control of Council in terms of timing, and the balance is made up of works not yet awarded (7%) and grants (3%). Total work in progress, but not completed, amounts to \$46 million. Debt at the end of June 2021 was \$80 million, \$59 million lower than the \$139 million forecast.

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 the 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 an application has been made in to Inland Revenue for non-active status.

## 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 per cent. 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 and compliant airport.
2. Enhance the traveller experience.
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. To promote the Hamilton & Waikato region as an appealing destination to international and domestic visitors.

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 2020/21 \$'000 | Target 2020/21 \$'000 | Target met  |
|---|-----------------------|-----------------------|---|
| Earnings before interest, taxation and depreciation (EBITDA) excluding land sales | 6,931                 | (500)                 |  |
| Earnings before interest, taxation and depreciation (EBITDA) including land sales | 9,962                 | 300                   |  |
| Land sales  | 8,617                 | 4,000                 |  |
| Net surplus/(deficit) before tax  | 39,952                | (3,700)               |  |
| Net surplus/(deficit) after tax   | n/a                   | n/a                   | n/a   |

| Agreed easures   | Actual 2020/21<br>\$'000 | Target 2020/21<br>\$'000 | Target met  |
|--|--------------------------|--------------------------|---|
| Net operating cashflow (excluding land sales)                              | 10,367                   | (1,500)                  |  |
| Percentage of non-landing charges revenue to total revenue                 | 77.0%                    | 60.0%                    |  |
| Shareholders' funds to total assets  | 1                        | 65%                      |  |
| Net profit after tax, interest and revaluations to total assets            | n/a                      | n/a                      | n/a   |
| Net profit after tax, interest and revaluations to total shareholder funds | n/a                      | n/a                      | n/a   |
| Net debt (less than)   | 11,995                   | 30,000                   |  |
| Interest rate cover  | 12.4                     | (4.0)                    |  |

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

| Performance Target  | Comment   | Target met  |
|---|---|---|
| Titanium Park Limited<br>Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council  | The masterplan was completed however the project was halted due to the Group's financial constraints arising from COVID19 and resumed during 2021.                      |   |
| Jet Park Hotel Hamilton Airport (Waikato Regional Airport Hotel Limited)<br>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 | The hotel's contract to operate as a Managed Isolation Facility was continued throughout the financial year so it did not resume operations as a regular trading hotel. |  |

## Waikato Local Authority Shared Services Limited

Local authorities of the Waikato region established the Waikato Local Authority Shared Services (WLASS) Limited during 2005/2006. The 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, jointly own the company.

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 WLASS transformation

In the 2019 SOI WLASS asked shareholding councils to commit to transforming the company into a service delivery agent to allow it to better serve those councils. That transformation had three key elements:

- Establishing in-house resources: WLASS has since employed a small core team (a Chief Executive, Business Analyst and Executive Assistant);
- Changing the WLASS governance structure: The Board has reduced to six members - an independent Chair and five Council Representative Directors; and
- Thought leadership: By providing these structural changes it will better enable the company to explore ways in which councils can operate better for the benefit of their communities.

### Performance reporting





Transforming the company into a service delivery agent and a true strategic partner to councils, means 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 effective; 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).

Given the evolution of the company, WLASS has revisited the way that it measures its success to reflect these roles.



A performance framework has been established and the results 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+  | <p>The WLASS Water Services Business Case was delivered in September 2020. The benefits are linked to all three of the outcomes sought. In particular, KPI's will measure improvements in trade waste management, water usage and regulatory compliance. Although these will provide a measure of the realized benefits, it is difficult to readily quantify this in dollar terms.</p> <p>The business case for WLASS Learning &amp; Development Shared Services (LDSS) was approved by the Board in June 2021. Collectively, the projected savings (including monetised time savings), to Waikato councils from the opportunity are ~\$2.4m over the first three years.</p> <p>Other projects are at various stages of development. While indicatively, on some, the quantifiable benefits to councils are potentially significant, further work is required before the company can confidently state a projected saving.</p> |    |
|  | Opportunity assessments are supported by councils (evidenced by Board minutes)  | 75% of councils   | <p>Following consultation with council CEs and GMs in April, the BCSS project has progressed under an increased scope and changed focus.</p> <p>9 of 10 councils have engaged WLASS to undertake one or more of the service offerings contained in the WLASS Water Services business case.</p> <p>The opportunity assessment for LDSS was presented to the Board in June 2021. The project was approved to progress to the next stage on the back of 9 councils indicating they wish to participate.</p>   |    |
| Develop opportunities and deliver projects within agreed budgets and timelines   | Opportunities / projects are developed / delivered within agreed timelines  | 80%   | <p>63%: Three of the eight projects under development that had a milestone during the year, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.</p> <p>The transition of all councils across to the new waters services has taken three months longer than anticipated. While most councils had transitioned, some had to be deferred as HCC recruited the required resources to meet expected service delivery levels.</p>   |   |
|  | Opportunities / projects are developed / delivered, within approved budget  | 90%   | 100%: The five completed projects all came within budget.  |  |
| Ensure projects realise their expected benefits  | Measurable benefits are actively monitored and reported against   | Six-monthly   | <p>Project benefit assessments are now being presented to the Audit &amp; Risk Committee. These assessments report on whether the benefits noted in project business cases have been realised. They also contain 'lessons learnt' to take forward to future projects.</p> <p>The first such assessment related to the Waikato Data Portal (WDP) and was considered by the Committee in June 2021.</p> <p>As these assessments are completed the measurable benefits will then be monitored ongoing.</p>  |  |
|  | Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised) | <p>For \$200k+ Projects (based on cost of opportunity development and ongoing investment) within 15 months</p> <p>90% of projected quantifiable benefits are realised</p> | <p>Project benefit assessments are now being undertaken at each Audit &amp; Risk Committee meeting. The first of these, which considered the WDP, took place in June 2021.</p> <p>10 of the 15 stated benefits of the WDP are assessed as having been realised. A further 4 are considered difficult to measure, and 1 has not been achieved.</p> <p>The original business case did not include projected quantifiable benefits, or at least baselines for these to measure against. For that reason, we are unable to attribute a percentage to the extent to which the benefits have been achieved, although evidence shows that there have been time and cost savings for councils because of the WDP.</p>  | <p>Unable to currently measure</p>  |

| Priority   | Performance measure  | Target          | Outcome (progress toward target)   | Target met  |
|--|--|-----------------|--|---|
| Ensure existing services are meeting the needs of councils   | <p>The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> <li>- RATA – roading &amp; waters</li> <li>- Waikato Building Cluster</li> <li>- Regional Infrastructure Technical Specifications</li> <li>- Energy &amp; Carbon Management</li> <li>- Professional Services Panel</li> <li>- Health &amp; Safety pre-qualification</li> </ul> | 80% of councils | <p>A stakeholder survey was undertaken in May 2021. The survey was sent to 220 council staff with 68 responses (~31%).</p> <p>81% of respondents said that the services they received either met or exceeded their expectations.</p> <p>The 80% target was also met for each of the services individually, other than the Waikato Building Consent Group.</p> <p>While the result for that service offering was disappointing, it was not unexpected. The prospect of change from the Building Consent Shared Services project has been unsettling for some council staff and this is reflected in the feedback on Waikato Building Consent Group.</p>   |    |
| Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice | <p>Across these groups, ideas for future consideration and/or initiatives are identified each year</p>   | Six per annum   | <p>Initiatives have arisen during the year from the Shared Services Working Party (SSWP), Waikato IT Managers, Procurement Managers and Legal Services groups.</p> <p>Discussion at the SSWP led to the priority project “Customer Digital Enablement”.</p> <p>The Procurement Managers group have commenced a review of the Professional Services Panel, and the tender for the data, print and mailhouse contract (awarded in August 2021).</p> <p>The performance measure was established to ensure that the working groups:</p> <ol style="list-style-type: none"> <li>1) were action-orientated; and</li> <li>2) acted as a feeder for WLASS priority projects.</li> </ol> <p>Various other smaller initiatives have also come from the working parties (e.g. critical roles stocktake, development of a psychological wellbeing best practice document).</p> <p>The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p> <p>Meetings of the groups also play an important role in fostering relationships and learning from the experience of their colleagues at other councils. They are therefore fulfilling the priority area of ‘fostering and promoting cross-council collaboration and networking’</p> |  |





## 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 the Hamilton City Council, the Waikato District Council and the 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 fund 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  |
|---|--|---|
| <b>Governance:</b><br>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.  | Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.  |    |
| <b>Investment:</b><br>To adhere to the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> .<br><br>To review on an annual basis the investment mandate and the performance of the portfolio manager.   | At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.  |    |
| <b>Fund disbursement:</b><br>As per the <i>Management of Investment Portfolio and Distribution Policy</i> , 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. | 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 <i>Management of Investment Portfolio and Distribution Policy</i> 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 | 2020/21 Results | Our performance   |
|--|-----------------|-----------------|---|
| Financial                                  | 5.55%           | 8.70%           |  |
| Property                                   | 11.00%          | 7.37%           |  |
| 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 RAARANGI PUUTEA

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# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2021

|   | Note | Council               |                       |                       | Group                 |                       |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |      | 2020/21 Actual \$'000 | 2020/21 Budget \$'000 | 2019/20 Actual \$'000 | 2020/21 Actual \$'000 | 2019/20 Actual \$'000 |
| <b>Revenue</b>  |      |                       |                       |                       |                       |                       |
| Rates   | 2    | 97,504                | 98,039                | 91,373                | 97,504                | 91,373                |
| Development and financial contributions   |      | 13,158                | 6,393                 | 15,101                | 13,158                | 15,101                |
| Subsidies and grants  |      | 28,206                | 21,670                | 21,574                | 28,206                | 21,574                |
| Finance revenue   | 3    | 60                    | 130                   | 85                    | 60                    | 95                    |
| Other revenue   | 4    | 69,539                | 19,665                | 47,086                | 70,254                | 47,399                |
| <b>Total revenue</b>  |      | <b>208,467</b>        | <b>145,897</b>        | 175,219               | <b>209,182</b>        | 175,542               |
| <b>Expenses</b>   |      |                       |                       |                       |                       |                       |
| Employee costs  | 6    | 33,165                | 36,041                | 32,377                | 33,165                | 32,377                |
| Depreciation and amortisation expense   | 7    | 33,899                | 26,702                | 27,749                | 33,899                | 27,749                |
| Finance costs   | 3    | 4,714                 | 5,497                 | 4,570                 | 4,714                 | 4,570                 |
| Other expenses and losses   | 8    | 74,001                | 59,441                | 80,900                | 74,162                | 80,957                |
| <b>Total operating expenses</b>   |      | <b>145,779</b>        | <b>127,681</b>        | 145,596               | <b>145,940</b>        | 145,653               |
| <b>Surplus(deficit) before tax</b>  |      | <b>62,688</b>         | <b>18,216</b>         | 29,623                | <b>63,242</b>         | 29,889                |
| Income tax expense  | 9    | -                     | -                     | -                     | -                     | -                     |
| <b>Surplus(deficit) after tax wholly attributable to Waikato District Council</b> |      | <b>62,688</b>         | <b>18,216</b>         | 29,623                | <b>63,242</b>         | 29,889                |
| <b>Other comprehensive revenue and expense</b>                                    |      |                       |                       |                       |                       |                       |
| Gain(loss) on property revaluations   | 15   | 39,200                | 37,964                | (128,907)             | 39,200                | (128,907)             |
| Revaluation reserve – landfill  |      | 567                   | -                     | -                     | 567                   | -                     |
| Gain (loss) on cessation of joint venture   |      | -                     | -                     | -                     | -                     | (17)                  |
| Financial assets at fair value through other comprehensive revenue                |      | 6,323                 | -                     | 1,540                 | 6,323                 | 1,540                 |
| <b>Other comprehensive revenue and expense (net of tax)</b>                       |      | <b>46,090</b>         | <b>37,964</b>         | (127,367)             | <b>46,090</b>         | (127,384)             |
| <b>Total comprehensive revenue and expense for the year</b>                       |      | <b>108,778</b>        | <b>56,180</b>         | (97,744)              | <b>109,332</b>        | (97,495)              |

The accompanying notes form part of these financial statements  
 Explanations of major variances against budget are provided in note 34

# STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

|  | Note | Council                     |                             |                             | Group                       |                             |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |      | 2020/21<br>Actual<br>\$'000 | 2020/21<br>Budget<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Assets</b>                                  |      |                             |                             |                             |                             |                             |
| <b>Current assets</b>                          |      |                             |                             |                             |                             |                             |
| Cash and cash equivalents                      | 10   | 19,037                      | 9,940                       | 27,076                      | 19,038                      | 27,113                      |
| Receivables from exchange transactions         | 11   | 12,157                      | 7,198                       | 14,602                      | 11,889                      | 14,416                      |
| Recoverables from non-exchange transactions    | 11   | 3,436                       | 6,935                       | 4,203                       | 3,436                       | 4,203                       |
| Prepayments                                    |      | 1,503                       | 870                         | 1,018                       | 1,501                       | 1,016                       |
| Other financial assets                         | 13   | 1,141                       | 45                          | 1,115                       | 6,315                       | 5,564                       |
| Cattle   | 12   | 107                         | 94                          | 103                         | 107                         | 103                         |
| Non-current assets held for sale               | 14   | -                           | -                           | 1,256                       | -                           | 1,256                       |
| <b>Total current assets</b>                    |      | <b>37,381</b>               | <b>25,082</b>               | 49,373                      | <b>42,286</b>               | 53,671                      |
| <b>Non-current assets</b>                      |      |                             |                             |                             |                             |                             |
| Investment in CCO's and other similar entities | 13   | 23,984                      | 16,095                      | 17,663                      | 23,284                      | 16,963                      |
| Investments in other entities                  | 13   | 1,079                       | 3,307                       | 1,362                       | 1,079                       | 1,362                       |
| Property, plant and equipment                  | 15   | 1,838,296                   | 2,060,125                   | 1,739,270                   | 1,838,296                   | 1,739,270                   |
| Intangible assets                              | 16   | 2,392                       | 6,129                       | 4,506                       | 2,392                       | 4,506                       |
| Investment property                            | 17   | 600                         | 560                         | 560                         | 600                         | 560                         |
| <b>Total non-current assets</b>                |      | <b>1,866,351</b>            | <b>2,086,216</b>            | 1,763,361                   | <b>1,865,651</b>            | 1,762,661                   |
| <b>Total assets</b>                            |      | <b>1,903,732</b>            | <b>2,111,298</b>            | 1,812,734                   | <b>1,907,937</b>            | 1,816,332                   |
| <b>Liabilities</b>                             |      |                             |                             |                             |                             |                             |
| <b>Current liabilities</b>                     |      |                             |                             |                             |                             |                             |
| Payables under exchange transactions           | 18   | 28,285                      | 17,177                      | 22,416                      | 27,307                      | 21,384                      |
| Taxes and transfers payable                    | 18   | 3,435                       | 1,050                       | 2,649                       | 3,435                       | 2,649                       |
| Derivative financial instruments               | 22   | 133                         | -                           | 137                         | 133                         | 137                         |
| Borrowing                                      | 20   | 15,000                      | 12,989                      | 15,000                      | 15,000                      | 15,000                      |
| Employee entitlements                          | 19   | 4,184                       | 3,845                       | 3,846                       | 4,184                       | 3,846                       |
| Provisions                                     | 21   | 120                         | 187                         | 97                          | 120                         | 97                          |
| <b>Total current liabilities</b>               |      | <b>51,157</b>               | <b>35,248</b>               | 44,145                      | <b>50,179</b>               | 43,113                      |
| <b>Non-current liabilities</b>                 |      |                             |                             |                             |                             |                             |
| Derivative financial instruments               | 22   | 12,435                      | 15,667                      | 21,478                      | 12,435                      | 21,478                      |
| Borrowing                                      | 20   | 65,000                      | 126,472                     | 80,000                      | 65,000                      | 80,000                      |
| Employee entitlements                          | 19   | 181                         | 193                         | 192                         | 181                         | 192                         |
| Provisions                                     | 21   | 2,341                       | 1,261                       | 3,078                       | 2,341                       | 3,078                       |
| <b>Total non-current liabilities</b>           |      | <b>79,957</b>               | <b>143,593</b>              | 104,748                     | <b>79,957</b>               | 104,748                     |
| <b>Total liabilities</b>                       |      | <b>131,114</b>              | <b>178,841</b>              | 148,893                     | <b>130,136</b>              | 147,861                     |
| <b>Net assets</b>                              |      | <b>1,772,618</b>            | <b>1,932,457</b>            | 1,663,841                   | <b>1,777,801</b>            | 1,668,471                   |
| <b>Net assets/ equity</b>                      |      |                             |                             |                             |                             |                             |
| Accumulated comprehensive revenue and expense  |      | 1,146,219                   | 1,211,908                   | 1,090,189                   | 1,148,173                   | 1,091,674                   |
| Other reserves                                 |      | 626,399                     | 720,549                     | 573,652                     | 629,628                     | 576,796                     |
| <b>Total net assets/equity</b>                 |      | <b>1,772,618</b>            | <b>1,932,457</b>            | 1,663,841                   | <b>1,777,801</b>            | 1,668,471                   |

The accompanying notes form part of these financial statements  
Explanations of major variances against budget are provided in note 34

# STATEMENT OF CHANGES IN NET ASSETS / EQUITY

for the year ended 30 June 2021

|   | Council               |                       |                       | Group                 |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2020/21 Actual \$'000 | 2020/21 Budget \$'000 | 2019/20 Actual \$'000 | 2020/21 Actual \$'000 | 2019/20 Actual \$'000 |
| <b>Balance at the beginning of the year</b>   |                       |                       |                       |                       |                       |
| Accumulated comprehensive revenue and expense   | 1,090,189             | 1,191,632             | 1,062,038             | 1,091,674             | 1,063,353             |
| Other reserves  |                       |                       |                       |                       |                       |
| Revaluation   | 557,786               | 744,196               | 688,564               | 557,786               | 688,564               |
| Restricted  | 201                   | 194                   | 194                   | 3,345                 | 3,259                 |
| Council-created   | 23,534                | 22,989                | 30,521                | 23,534                | 30,521                |
| Special rates and user pays   | (12,398)              | (14,281)              | (6,833)               | (12,398)              | (6,833)               |
| Capital replacement fund  | 24,887                | 8,805                 | 19,118                | 24,887                | 19,118                |
| Development contributions   | (34,485)              | (89,845)              | (44,604)              | (34,485)              | (44,604)              |
| Fair value through other comprehensive revenue and expense                                      | 14,127                | 12,587                | 12,587                | 14,127                | 12,587                |
| <b>Balance at 1 July as previously reported</b>   | <b>1,663,841</b>      | <b>1,876,277</b>      | <b>1,761,585</b>      | <b>1,668,470</b>      | <b>1,765,965</b>      |
| <b>Comprehensive revenue and expense for the year</b>   |                       |                       |                       |                       |                       |
| Accumulated comprehensive revenue and expense   |                       |                       |                       |                       |                       |
| Loss in cessation of joint venture  | -                     | -                     | -                     | -                     | (17)                  |
| Surplus(deficit) after tax  | 62,687                | 18,216                | 29,623                | 63,241                | 29,889                |
| Other reserves  |                       |                       |                       |                       |                       |
| Revaluation   | 39,200                | 37,964                | (128,907)             | 39,200                | (128,907)             |
| Revaluation – landfill  | 567                   | -                     | -                     | 567                   | -                     |
| Fair value through other comprehensive revenue and expense                                      | 6,323                 | -                     | 1,540                 | 6,323                 | 1,540                 |
| <b>Total comprehensive revenue for the year wholly attributable to Waikato District Council</b> | <b>108,777</b>        | <b>56,180</b>         | <b>(97,744)</b>       | <b>109,331</b>        | <b>(97,495)</b>       |
| <b>Transfers to(from) accumulated comprehensive revenue and expense</b>                         |                       |                       |                       |                       |                       |
| Accumulated comprehensive revenue and expense   | (6,657)               | 2,060                 | (1,472)               | (6,742)               | (1,551)               |
| Other reserves  |                       |                       |                       |                       |                       |
| Revaluation   | (845)                 | -                     | (1,871)               | (845)                 | (1,871)               |
| Restricted  | 7                     | -                     | 7                     | 92                    | 86                    |
| Council-created   | 1,121                 | 1,627                 | (6,987)               | 1,121                 | (6,987)               |
| Special rates and user pays   | 1,096                 | 93                    | (5,565)               | 1,096                 | (5,565)               |
| Capital replacement fund  | (313)                 | (560)                 | 5,769                 | (313)                 | 5,769                 |
| Development contributions   | 5,591                 | (3,220)               | 10,119                | 5,591                 | 10,119                |
| <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>1,772,618</b>      | <b>1,932,457</b>      | <b>1,663,841</b>      | <b>1,777,801</b>      | <b>1,668,471</b>      |
| <b>Represented by net assets/equity at the end of the year</b>                                  |                       |                       |                       |                       |                       |

The accompanying notes form part of these financial statements  
Explanations of major variances against budget are provided in note 34



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

for the year ended 30 June 2021

|   |                  |                  |           |                  |           |
|---|------------------|------------------|-----------|------------------|-----------|
| <b>Accumulated comprehensive revenue and expense</b>                      | <b>1,146,219</b> | <b>1,211,908</b> | 1,090,189 | <b>1,148,173</b> | 1,091,674 |
| Other reserves  |                  |                  |           |                  |           |
| Revaluation   | 596,708          | 782,160          | 557,786   | 596,708          | 557,786   |
| Restricted  | 208              | 194              | 201       | 3,437            | 3,345     |
| Council-created   | 24,655           | 24,616           | 23,534    | 24,655           | 23,534    |
| Special rates and user pays   | (11,302)         | (14,188)         | (12,398)  | (11,302)         | (12,398)  |
| Capital replacement fund  | 24,574           | 8,245            | 24,887    | 24,574           | 24,887    |
| Development contributions   | (28,894)         | (93,065)         | (34,485)  | (28,894)         | (34,485)  |
| Fair value through other comprehensive revenue and expense                | 20,450           | 12,587           | 14,127    | 20,450           | 14,127    |
| <b>Balance at 30 June wholly attributable to Waikato District Council</b> | <b>1,772,618</b> | <b>1,932,457</b> | 1,663,841 | <b>1,777,801</b> | 1,668,471 |

*The accompanying notes form part of these financial statements  
Explanations of major variances against budget are provided in note 34*

# STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

|  | Note      | Council                     |                             |                             | Group                       |                             |
|--|-----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |           | 2020/21<br>Actual<br>\$'000 | 2020/21<br>Budget<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Cash flows from operating activities</b>                              |           |                             |                             |                             |                             |                             |
| <b>Receipts</b>  |           |                             |                             |                             |                             |                             |
| Receipts from rates revenue  |           | 99,318                      | 90,412                      | 91,416                      | 99,318                      | 91,416                      |
| Subsidies received   |           | 30,150                      | 22,398                      | 21,368                      | 30,150                      | 21,368                      |
| Contributions received   |           | 9,766                       | 6,384                       | 14,868                      | 9,766                       | 14,868                      |
| Receipts from other revenue  |           | 30,667                      | 25,570                      | 21,554                      | 30,667                      | 21,839                      |
| Interest received  |           | 80                          | 130                         | 176                         | 80                          | 186                         |
| Dividends received   |           | -                           | 50                          | 81                          | -                           | 81                          |
| Goods and service tax (net)  |           | (484)                       |                             | 356                         | (484)                       | 356                         |
| <b>Payments</b>  |           |                             |                             |                             |                             |                             |
| Payments to employees  |           | (32,839)                    | (36,081)                    | (31,655)                    | (32,839)                    | (31,655)                    |
| Payments to suppliers  |           | (77,009)                    | (60,174)                    | (62,531)                    | (77,038)                    | (63,723)                    |
| Interest paid  |           | (4,744)                     | (5,497)                     | (4,595)                     | (4,744)                     | (4,595)                     |
| <b>Net cash flows from (used in) operating activities</b>                | <b>24</b> | <b>54,905</b>               | <b>43,192</b>               | 51,038                      | <b>54,876</b>               | 50,141                      |
| <b>Cash flows from investing activities</b>                              |           |                             |                             |                             |                             |                             |
| Proceeds from the sale of property, plant and equipment                  |           | 2,105                       | 522                         | 795                         | 2,105                       | 795                         |
| Proceeds from the sale of investments                                    |           | -                           | 400                         | -                           | (9)                         | -                           |
| Community loan repayments received                                       |           | 46                          | -                           | 48                          | 46                          | 48                          |
| Receipts from repayment of advance                                       |           | -                           | -                           | -                           | -                           | -                           |
| Purchase of intangible assets  |           | (507)                       | (2,242)                     | (1)                         | (507)                       | (1)                         |
| Purchase of property, plant and equipment                                |           | (49,720)                    | (56,918)                    | (50,109)                    | (49,720)                    | (50,109)                    |
| Acquisition of investments   |           | 132                         | (598)                       | (100)                       | 132                         | (264)                       |
| <b>Net cash flow from (used in) investing activities</b>                 |           | <b>(47,944)</b>             | <b>(58,836)</b>             | (49,367)                    | <b>(47,953)</b>             | (49,531)                    |
| <b>Cash flows from financing activities</b>                              |           |                             |                             |                             |                             |                             |
| Proceeds from borrowing  |           | -                           | 40,661                      | 25,000                      | -                           | 25,000                      |
| Repayment of borrowing   |           | (15,000)                    | (25,000)                    | (10,000)                    | (15,000)                    | (10,000)                    |
| <b>Net cash flow from financing activities</b>                           |           | <b>(15,000)</b>             | <b>15,661</b>               | 15,000                      | <b>(15,000)</b>             | 15,000                      |
| Net increase(decrease) in cash, cash equivalents and bank overdrafts     |           | (8,039)                     | 17                          | 16,671                      | (8,077)                     | 15,610                      |
| Cash, cash equivalents and bank overdrafts at the beginning of the year  |           | 27,076                      | 9,923                       | 10,405                      | 27,115                      | 11,503                      |
| <b>Cash, cash equivalents and bank overdrafts at the end of the year</b> |           | <b>19,037</b>               | <b>9,940</b>                | 27,076                      | <b>19,038</b>               | 27,113                      |

The accompanying notes form part of these financial statements  
 Explanations of major variances against budget are provided in note 34

# STATEMENT OF RESERVE FUNDS

for the year ended 30 June 2021

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 2020 \$'000 | Transfers into fund \$'000 | Transfers out of fund \$'000 | Closing Balance 30 June 2021 \$'000 |
|-------------------------------------|--|-------------------------|------------------------------------|----------------------------|------------------------------|-------------------------------------|
| Conservation fund                   | To fund expenditure items for conservation purposes.   | Sustainable environment | 659                                | 982                        | (1,100)                      | 541                                 |
| 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 | 123                                | 1,678                      | (683)                        | 1,118                               |
| Housing for the elderly             | Revenue from housing for the elderly is put aside for use on the properties involved.  | Sustainable communities | (274)                              | 328                        | (496)                        | (442)                               |
| Plant reserve                       | Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.   | Organisational support  | 571                                | 1,102                      | (1,408)                      | 265                                 |
| 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 | 200                                | 206                        | (182)                        | 224                                 |
| 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 | 999                                | 2,232                      | (1,836)                      | 1,395                               |
| 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 | 328                                | 190                        | (168)                        | 350                                 |
| 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 | 53                                 | 934                        | (1,002)                      | (15)                                |
| Disaster recovery fund              | Fund set aside for use in the event of a disaster.   | Organisational support  | 788                                | 933                        | (191)                        | 1,530                               |
| 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 | 62                                 | 3                          | -                            | 65                                  |

# STATEMENT OF RESERVE FUNDS

(continued)

for the year ended 30 June 2021

| Reserve                           | Purpose   | Related activities      | Opening balance 1 July 2020 \$'000 | Transfers into fund \$'000 | Transfers out of fund \$'000 | Closing Balance 30 June 2021 \$'000 |
|-----------------------------------|---|-------------------------|------------------------------------|----------------------------|------------------------------|-------------------------------------|
| North Waikato development reserve | Remaining funds (with interest credits) from the Department of Corrections for use to assist the local community.   | Sustainable communities | 378                                | 16                         | -                            | 394                                 |
| 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 | 17                                 | 1                          | -                            | 18                                  |
| 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 | 176                                | 15                         | (58)                         | 133                                 |
| Structure plan non-growth reserve | Reserve to provide funding for the non-growth element of Structure Plan development.  | Organisational support  | 927                                | 805                        | 1                            | 1,733                               |
| Waste minimisation reserve        | To manage waste minimisation grants and qualifying expenditure.   | Sustainable environment | 619                                | 1,009                      | (956)                        | 672                                 |
| Huntly College Jubilee Award      | A restricted reserve for the interest revenue to be used as educational sponsorship.  | Sustainable communities | 13                                 | 1                          | (2)                          | 12                                  |
| 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                                   |
| Mungall Scholarship Trust         | A restricted reserve in memory of Agnes Simpson Mungall. Interest revenue to be used for educational sponsorship.   | Sustainable communities | 1                                  | -                          | -                            | 1                                   |
| Huntly social services            | A restricted reserve created by the transfer of funds from the former Huntly Social Services Co-Ordinating Committee Inc when it was wound up in 2015.                  | Sustainable communities | 169                                | 11                         | (5)                          | 175                                 |
| Sundry reserves                   | Sundry reserves for township development and other operational purposes.  | Sustainable communities | 24,414                             | 9,839                      | (5,402)                      | 28,851                              |

# STATEMENT OF RESERVE FUNDS

(continued)

for the year ended 30 June 2021

| Reserve                              | Purpose  | Related activities  | Opening balance<br>1 July<br>2020<br>\$'000 | Transfers<br>into fund<br>\$'000 | Transfers<br>out of<br>fund<br>\$'000 | Closing<br>Balance<br>30 June<br>2021<br>\$'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                                  | (12,398)                                    | 7,881                            | (6,785)                               | (11,302)  |
| 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 | 24,887                                      | 22,713                           | (23,026)                              | 24,574  |
| 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                         | 557,786                                     | 39,767                           | (845)                                 | 596,708   |
| 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                         | (29,177)                                    | 16,030                           | (9,782)                               | (22,929)  |
| <b>Total reserves</b>                |  |   | <b>573,652</b>                              | <b>106,676</b>                   | <b>(53,926)</b>                       | <b>626,402</b>                                  |

# 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, management have elected to file a non-active declaration 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 2021. The financial statements were authorised for issue by Council on xx October 2021.

### 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, it remains dormant until the Inland Revenue have completed the non-active declaration process and declared Strada inactive.

### 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 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 assets 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:

#### 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, with early application permitted. This amendment will result in additional disclosures. The Council will not early adopt this amendment.

#### 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. This new standard is effective for the year ending 30 June 2022 and is applied prospectively. The Council will not early adopt this amendment.

#### *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 Annual 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 33.

### 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           |                             |
|------------------------------------|-----------------------------|-----------------------------|
|                                    | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| General rates                      | 55,749                      | 52,481                      |
| Uniform annual general charge      | 10,412                      | 9,739                       |
| <b>Total general rates revenue</b> | <b>66,161</b>               | <b>62,220</b>               |
| <b>Targeted rates</b>              |                             |                             |
| Community boards                   | 269                         | 244                         |
| Community centres and facilities   | 808                         | 792                         |
| Refuse & waste management          | 5,023                       | 4,651                       |
| Stormwater                         | 1,984                       | 1,830                       |
| Wastewater                         | 11,956                      | 11,126                      |
| Metered water supply               | 6,642                       | 6,207                       |
| Other water rates                  | 3,873                       | 3,463                       |
| <b>Total targeted rates</b>        | <b>30,555</b>               | <b>28,313</b>               |
| plus: Penalties revenue            | 1,433                       | 1,463                       |
| <b>Total rates revenue</b>         | <b>98,149</b>               | <b>91,996</b>               |
| less: Rate remissions              | (645)                       | (623)                       |
| <b>Total net rates</b>             | <b>97,504</b>               | <b>91,373</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 Maaori freehold land.

|  | Council and Group           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Land used for community and sporting purposes      | 262                         | 253                         |
| Land protected for historical or cultural purposes | 46                          | 46                          |
| CV's under \$1,500                                 | 115                         | 129                         |
| Rating exclusions                                  | 163                         | 138                         |
| Maaori freehold land                               | 59                          | 57                          |
| <b>Total rates remissions</b>                      | <b>645</b>                  | <b>623</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           |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | 2020/21<br>Actual | 2019/20<br>Actual |
| <b>Total number of rating units</b> | <b>35,106</b>     | 33,987            |
| <b>Total land value</b>             | <b>\$21,767m</b>  | \$17,615m         |
| <b>Total capital value</b>          | <b>\$35,759m</b>  | \$29,308m         |

## 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                       |                             |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Finance revenue</b>         |                             |                             |                             |                             |
| Interest - bank deposits       | 44                          | 55                          | 44                          | 64                          |
| Interest - financial assets    | 1                           | 2                           | 1                           | 2                           |
| Interest - community loans     | 4                           | 7                           | 4                           | 7                           |
| Interest - other               | -                           | -                           | -                           | 1                           |
| Interest - LGFA borrower notes | 11                          | 21                          | 11                          | 21                          |
| <b>Total finance revenue</b>   | <b>60</b>                   | <b>85</b>                   | <b>60</b>                   | <b>95</b>                   |
| <b>Jess: Finance costs</b>     |                             |                             |                             |                             |
| Interest - bank borrowing      | 40                          | -                           | 40                          | -                           |
| Interest - LGFA borrowing      | 1,002                       | 1,226                       | 1,002                       | 1,226                       |
| Interest - swaps differences   | 3,664                       | 3,279                       | 3,664                       | 3,279                       |
| Provision: discount unwinding  | 7                           | 65                          | 7                           | 65                          |
| Other finance costs            | 1                           | -                           | 1                           | -                           |
| <b>Total finance costs</b>     | <b>4,714</b>                | <b>4,570</b>                | <b>4,714</b>                | <b>4,570</b>                |
| <b>Net finance costs</b>       | <b>(4,654)</b>              | <b>(4,485)</b>              | <b>(4,654)</b>              | <b>(4,475)</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                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Found assets  | 2,410                       | 796                         | 2,410                       | 796                         |
| Vested assets   | 33,092                      | 20,234                      | 33,092                      | 20,234                      |
| Dividends   | -                           | 81                          | -                           | 81                          |
| Other revenue   | 11,444                      | 11,096                      | 11,444                      | 11,096                      |
| Regulatory revenue                                    | 10,205                      | 8,575                       | 10,205                      | 8,575                       |
| Fees and charges – Council                            | 2,706                       | 6,009                       | 2,706                       | 6,009                       |
| Fair value through surplus (deficit) realised gain    | -                           | -                           | 123                         | 104                         |
| Interest rate swaps revaluation gain                  | 9,047                       | -                           | 9,047                       | -                           |
| Gain on cessation of joint venture                    | -                           | -                           | -                           | 8                           |
| Property, plant and equipment gains on disposal       | 595                         | 295                         | 595                         | 295                         |
| Investment property revaluation gain                  | 40                          | -                           | 40                          | -                           |
| Fair value through surplus (deficit) unrealised gains | -                           | -                           | 592                         | 201                         |
| <b>Total other revenue</b>                            | <b>69,539</b>               | <b>47,086</b>               | <b>70,254</b>               | <b>47,399</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                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Revenue from exchange transactions</b>                               |                             |                             |                             |                             |
| Revenue from metered water supply                                       | 6,642                       | 6,207                       | 6,642                       | 6,207                       |
| Development and financial contributions                                 | 13,158                      | 15,101                      | 13,158                      | 15,101                      |
| Other fees and charges – Council  | 14,038                      | 15,614                      | 14,038                      | 15,614                      |
| Finance revenue   | 60                          | 85                          | 60                          | 95                          |
| Dividends received  | -                           | 81                          | -                           | 81                          |
| Other exchange revenue  | 5,864                       | 5,220                       | 6,579                       | 5,533                       |
| <b>Total revenue from exchange transactions</b>                         | <b>39,762</b>               | <b>42,308</b>               | <b>40,477</b>               | <b>42,631</b>               |
| <b>Revenue from non-exchange transactions</b>                           |                             |                             |                             |                             |
| Revenue from rates  | 90,862                      | 85,166                      | 90,862                      | 85,166                      |
| Vested and found assets   | 35,502                      | 21,030                      | 35,502                      | 21,030                      |
| Regulatory revenue  | 1,923                       | 1,687                       | 1,923                       | 1,687                       |
| Infringements and fines   | 239                         | 274                         | 239                         | 274                         |
| NZTA government subsidies   | 23,988                      | 20,898                      | 23,988                      | 20,898                      |
| Petrol tax  | 594                         | 579                         | 594                         | 579                         |
| Three Waters funding from Department of Internal Affairs (DIA)*         | 2,489                       | -                           | 2,489                       | -                           |
| Other subsidies and grants  | 1,729                       | 579                         | 1,729                       | 676                         |
| Other fees and charges – Council  | 2,013                       | 2,316                       | 2,013                       | 2,316                       |
| Other non-exchange revenue  | 9,366                       | 285                         | 9,366                       | 285                         |
| <b>Total revenue from non-exchange transactions</b>                     | <b>168,705</b>              | <b>132,911</b>              | <b>168,705</b>              | <b>132,911</b>              |
| <b>Revenue from exchange transactions</b>                               | <b>39,762</b>               | <b>42,308</b>               | <b>40,477</b>               | <b>42,631</b>               |
| <b>Revenue from non-exchange transactions</b>                           | <b>168,705</b>              | <b>132,911</b>              | <b>168,705</b>              | <b>132,911</b>              |
| <b>Total revenue per statement of comprehensive revenue and expense</b> | <b>208,467</b>              | <b>175,219</b>              | <b>209,182</b>              | <b>175,542</b>              |

\*This funding is dependent on the completion of the expenditure programme by 31 March 2022 as per the funding agreement between the Department of Internal Affairs (DIA) and the Council.

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised. (2020: \$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           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Salaries and wages                               | 32,044                      | 30,911                      |
| Defined contribution plan employer contributions | 794                         | 745                         |
| Increase (decrease) in employee liabilities      | 327                         | 721                         |
| <b>Total employee costs</b>                      | <b>33,165</b>               | <b>32,377</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 and Group           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Water supply   | 3,016                       | 2,870                       |
| Wastewater   | 5,333                       | 3,222                       |
| Stormwater   | 983                         | 848                         |
| Roading  | 18,192                      | 14,748                      |
| Sustainable environment  | 92                          | 83                          |
| Sustainable communities  | 4,732                       | 4,340                       |
| Governance   | -                           | -                           |
| Organisational support   | 1,551                       | 1,638                       |
| <b>Total directly attributable depreciation and amortisation</b> | <b>33,899</b>               | <b>27,749</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                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Audit fees – Annual report                       | 177                         | 172                         | 186                         | 181                         |
| Audit fees – Long Term Plan                      | 130                         | -                           | 130                         | -                           |
| Other payments to Audit New Zealand *            | 51                          | 27                          | 51                          | 27                          |
| <b>Total payments to Audit New Zealand</b>       | <b>358</b>                  | <b>199</b>                  | <b>367</b>                  | <b>208</b>                  |
| Asset write-off                                  | 1,826                       | 2,237                       | 1,826                       | 2,237                       |
| Bad debt written off                             | 65                          | 368                         | 65                          | 368                         |
| Rates penalty write-offs                         | 515                         | 334                         | 515                         | 334                         |
| Other expenditure                                | 59,572                      | 59,383                      | 59,602                      | 59,431                      |
| Other personnel expenses                         | 713                         | 829                         | 713                         | 829                         |
| Minimum lease payments under operating leases    | 62                          | 86                          | 62                          | 86                          |
| Legal expenses                                   | 371                         | 337                         | 371                         | 337                         |
| Other professional fees                          | 28                          | 80                          | 28                          | 80                          |
| Consultant expenses                              | 9,742                       | 7,997                       | 9,742                       | 7,997                       |
| Litigation settlement                            | 5                           | -                           | 5                           | -                           |
| Grants and sponsorship                           | 718                         | 794                         | 840                         | 794                         |
| Fair value loss on cattle                        | 10                          | 24                          | 10                          | 24                          |
| Loss on revaluation of landfill                  | -                           | 1,795                       | -                           | 1,795                       |
| Property, plant & equipment – losses on disposal | 16                          | 141                         | 16                          | 141                         |
| Impairment of non-current assets held for sale   | -                           | 347                         | -                           | 347                         |
| Interest rate swaps revaluation loss             | -                           | 5,949                       | -                           | 5,949                       |
| <b>Total other expenses and losses</b>           | <b>74,001</b>               | <b>80,900</b>               | <b>74,162</b>               | <b>80,957</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 2020 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                       |                             |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                      | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Operating surplus before tax expense | 62,688                      | 29,623                      | 63,242                      | 29,889                      |
| Prima facie tax at 28%               | 17,553                      | 8,294                       | 17,709                      | 8,369                       |
| Non-assessable income (net)          | (17,553)                    | (8,294)                     | (17,709)                    | (8,369)                     |
| Non-deductible expenditure           | -                           | -                           | -                           | -                           |
| <b>Total income tax expense</b>      | <b>-</b>                    | <b>-</b>                    | <b>-</b>                    | <b>-</b>                    |
| Made up of:                          |                             |                             |                             |                             |
| Deferred tax                         | -                           | -                           | -                           | -                           |
| Prior period adjustment              | -                           | -                           | -                           | -                           |
| Income tax expense                   | -                           | -                           | -                           | -                           |

| Deferred tax (assets) liabilities      | Plant and<br>Equipment<br>\$'000 | Employee<br>entitlements<br>\$'000 | Other<br>provisions<br>\$'000 | Total<br>tax loss<br>\$'000 | Total<br>\$'000 |
|--|----------------------------------|------------------------------------|-------------------------------|-----------------------------|-----------------|
| <b>Balance at 1 July 2019</b>          | -                                | -                                  | -                             | -                           | -               |
| Charged to surplus (deficit)           | -                                | -                                  | -                             | -                           | -               |
| Charged to other comprehensive revenue | -                                | -                                  | -                             | -                           | -               |
| <b>Balance at 30 June 2020</b>         | <b>-</b>                         | <b>-</b>                           | <b>-</b>                      | <b>-</b>                    | <b>-</b>        |
| Balance at 1 July 2020                 | -                                | -                                  | -                             | -                           | -               |
| Charged to surplus (deficit)           | -                                | -                                  | -                             | -                           | -               |
| Charged to other comprehensive revenue | -                                | -                                  | -                             | -                           | -               |
| <b>Balance at 30 June 2021</b>         | <b>-</b>                         | <b>-</b>                           | <b>-</b>                      | <b>-</b>                    | <b>-</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                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Cash at bank and on hand  | 1,637                       | 876                         | 1,638                       | 877                         |
| Short term deposits maturing within three months or less from date of acquisition | 17,400                      | 26,200                      | 17,400                      | 26,236                      |
| <b>Total cash and cash equivalents per statement of financial position</b>        | <b>19,037</b>               | <b>27,076</b>               | <b>19,038</b>               | <b>27,113</b>               |
| Bank overdrafts   | -                           | -                           | -                           | -                           |
| <b>Cash and cash equivalents per statement of cash flows</b>                      | <b>19,037</b>               | <b>27,076</b>               | <b>19,038</b>               | <b>27,113</b>               |

The total value of cash equivalents that can only be used for a specific purpose is \$207,966 (2020: \$200,644).



## 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                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Receivables from exchange transactions</b>                        |                             |                             |                             |                             |
| Receivables from related parties                                     | 268                         | 186                         | -                           | -                           |
| Water rates receivable   | 229                         | 532                         | 229                         | 532                         |
| Other receivables from exchange transactions                         | 11,947                      | 14,303                      | 11,947                      | 14,303                      |
| <b>Gross receivables</b>   | <b>12,444</b>               | <b>15,021</b>               | <b>12,176</b>               | <b>14,835</b>               |
| Provision for uncollectability                                       | (287)                       | (419)                       | (287)                       | (419)                       |
| <b>Net receivables from exchange transactions</b>                    | <b>12,157</b>               | <b>14,602</b>               | <b>11,889</b>               | <b>14,416</b>               |
| <b>Recoverables from non-exchange transactions</b>                   |                             |                             |                             |                             |
| Rates receivable   | 3,762                       | 5,051                       | 3,762                       | 5,051                       |
| Recoverables from user charges, taxes and other non-exchange revenue | 178                         | 413                         | 178                         | 413                         |
| GST refund   | 320                         | (164)                       | 320                         | (164)                       |
| <b>Gross recoverables</b>  | <b>4,260</b>                | <b>5,300</b>                | <b>4,260</b>                | <b>5,300</b>                |
| Provision for uncollectability                                       | (824)                       | (1,097)                     | (824)                       | (1,097)                     |
| <b>Net recoverables from non-exchange transactions</b>               | <b>3,436</b>                | <b>4,203</b>                | <b>3,436</b>                | <b>4,203</b>                |
| <b>Total gross receivables and recoverables</b>                      | <b>16,704</b>               | <b>20,321</b>               | <b>16,436</b>               | <b>20,135</b>               |
| <b>Total provision for uncollectability</b>                          | <b>(1,111)</b>              | <b>(1,516)</b>              | <b>(1,111)</b>              | <b>(1,516)</b>              |
| <b>Total net recoverables and receivables</b>                        | <b>15,593</b>               | <b>18,805</b>               | <b>15,325</b>               | <b>18,619</b>               |

### 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 2021 and 1 July 2020 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 2020 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<br>\$'000 | Uncollectable<br>\$'000 | Total<br>\$'000 |
|---|-----------------|-------------------------|-----------------|
| <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>Council 2020</b>                             |                 |                         |                 |
| Not past due                                    | 17,529          | -                       | 17,529          |
| Past due 1 – 60 days                            | 703             | -                       | 703             |
| Past due 61 – 120 days                          | 205             | -                       | 205             |
| Past due > 120 days                             | 1,884           | (1,516)                 | 368             |
| <b>Total gross recoverables and receivables</b> | <b>20,321</b>   | <b>(1,516)</b>          | <b>18,805</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>   |
| <b>Group 2020</b>                               |                 |                         |                 |
| Not past due                                    | 17,343          | -                       | 17,343          |
| Past due 1 – 60 days                            | 703             | -                       | 703             |
| Past due 61 – 120 days                          | 205             | -                       | 205             |
| Past due > 120 days                             | 1,884           | (1,516)                 | 368             |
| <b>Total gross recoverables and receivables</b> | <b>20,135</b>   | <b>(1,516)</b>          | <b>18,619</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.

|   | Council and Group           |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Individual uncollectability                 | 243                         | 380                         |
| Collective uncollectability                 | 868                         | 1,136                       |
| <b>Total provision for uncollectability</b> | <b>1,111</b>                | <b>1,516</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:

|  | Council and Group           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Past due 1 – 60 days                     | -                           | -                           |
| Past due 61 – 120 days                   | -                           | -                           |
| Past due > 120 days                      | 243                         | 380                         |
| <b>Total individual uncollectability</b> | <b>243</b>                  | <b>380</b>                  |

Movements in the allowance for credit losses are as follows:

|   | Council and Group           |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Balance at 1 July                         | 1,516                       | 1,159                       |
| Additional provision made during the year | -                           | 357                         |
| Provisions reversed during the year       | (280)                       | -                           |
| Debts written off during the period       | (125)                       | -                           |
| <b>Balance at 30 June</b>                 | <b>1,111</b>                | <b>1,516</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 \$2,698 during the year. (2020: Nil).

## 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           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Balance at 1 July                          | 103                         | 94                          |
| Increase through purchases                 | 117                         | 127                         |
| Gains (losses) from fair value adjustments | (10)                        | (24)                        |
| Decrease through sales                     | (103)                       | (94)                        |
| <b>Balance at 30 June</b>                  | <b>107</b>                  | <b>103</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 107 (2020: 102).

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 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                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Current portion</b>                                 |                             |                             |                             |                             |
| Term deposits  | 855                         | 829                         | 855                         | 829                         |
| Equity instruments                                     | -                           | -                           | 2,872                       | 2,449                       |
| Fixed interest instruments                             | -                           | -                           | 2,302                       | 2,000                       |
| LGFA borrower notes                                    | 240                         | 240                         | 240                         | 240                         |
| Community loans  | 46                          | 46                          | 46                          | 46                          |
| <b>Total current portion</b>                           | <b>1,141</b>                | <b>1,115</b>                | <b>6,315</b>                | <b>5,564</b>                |
| <b>Non-current portion</b>                             |                             |                             |                             |                             |
| <b>Investments in CCO's and other similar entities</b> |                             |                             |                             |                             |
| Waikato Local Authority Shared Services Limited (a)    | 219                         | 219                         | 219                         | 219                         |
| Strada - shares  | 700                         | 700                         | -                           | -                           |
| Waikato Regional Airport Limited                       | 23,065                      | 16,744                      | 23,065                      | 16,744                      |
| <b>Total investment in CCO's and similar entities</b>  | <b>23,984</b>               | <b>17,663</b>               | <b>23,284</b>               | <b>16,963</b>               |
| <b>Investment in other entities</b>                    |                             |                             |                             |                             |
| Community loans  | (1)                         | 44                          | (1)                         | 44                          |
| LGFA borrower notes                                    | 1,040                       | 1,280                       | 1,040                       | 1,280                       |
| Civic Financial Services Limited                       | 40                          | 38                          | 40                          | 38                          |
| <b>Total investment in other entities</b>              | <b>1,079</b>                | <b>1,362</b>                | <b>1,079</b>                | <b>1,362</b>                |
| <b>Total non-current portion</b>                       | <b>25,063</b>               | <b>19,025</b>               | <b>24,363</b>               | <b>18,325</b>               |
| <b>Total other financial assets</b>                    | <b>26,204</b>               | <b>20,140</b>               | <b>30,678</b>               | <b>23,889</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<br>shares | Value per Share<br>\$ | Total Capital<br>\$ | Uncalled Capital<br>\$ | Paid up Capital<br>\$ |
|--------------------------------------|------------------|-----------------------|---------------------|------------------------|-----------------------|
| 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 \$44,722 (2020: \$78,186). 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% (2020: 5.32%).

The face value of total community loans is \$45,522 (2020: \$92,106).

### 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   |              |
|----------------------------------|---------------------|--------------|--------------|
|                                  |                     | 2020/21      | 2019/20      |
| Waikato Regional Airport Limited | 15.62%              | \$23,065,117 | \$16,743,390 |
| Civic Financial Services Limited | 0.37%               | \$39,509     | \$38,250     |

## 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           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Land                                     | -                           | 748                         |
| Buildings                                | -                           | 508                         |
| <b>Total non-current assets for sale</b> | <b>-</b>                    | <b>1,256</b>                |

Council holds no Non-Current Assets held for sale as at June 2021. (2020: One property was 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 |
|--|---------------------|-------------------|
| Audiovisual 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  | 4 – 7               | 14 – 25%          |
| 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%           |
| <b>Pavement (basecourse)</b>                         |                     |                   |
| - 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%            |



| Description                | Useful life (years) | Depreciation rate |
|----------------------------|---------------------|-------------------|
| Footpaths                  | 15 – 80             | 1.25 – 6.67%      |
| Street lighting            | 20                  | 5%                |
| Bridges                    |                     |                   |
| - Timber                   | 50                  | 2%                |
| - All others               | 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           |                             |
|-------------------------------|-----------------------------|-----------------------------|
|                               | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Buildings - operational       | 3,968                       | 2,558                       |
| Buildings – restricted        | 662                         | 362                         |
| Parks and reserves            | 8,768                       | 11,388                      |
| Wastewater                    | 10,037                      | 4,481                       |
| Stormwater                    | 1,302                       | 4,279                       |
| Water                         | 4,579                       | 3,935                       |
| Solid waste                   | 149                         | 143                         |
| Roading                       | 16,521                      | 14,439                      |
| <b>Total work in progress</b> | <b>45,986</b>               | <b>41,585</b>               |

## Infrastructural assets – further disclosures

| Council 2021                               | Closing book value<br>\$'000 | Additions                        |  | Estimated replacement cost<br>\$'000 |
|--|------------------------------|----------------------------------|--|--------------------------------------|
|  |                              | Constructed by Council<br>\$'000 | *Assets transferred to Council<br>\$'000 |                                      |
| 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>                     |
| <b>Council 2020</b>                        |                              |                                  |  |                                      |
| Water treatment plants and facilities      | 8,162                        | -                                | -  | 16,018                               |
| Other water assets                         | 116,481                      | 5,943                            | 2,536                                    | 165,118                              |
| Wastewater treatment plants and facilities | 17,024                       | 879                              | -  | 26,807                               |
| Other wastewater assets                    | 105,749                      | 3,022                            | 4,007                                    | 174,232                              |
| Stormwater and drainage                    | 75,255                       | -                                | 5,024                                    | 92,788                               |
| Roads, footpaths, bridges and culverts     | 1,016,380                    | 19,164                           | 5,106                                    | 1,427,376                            |
| <b>Total infrastructural assets</b>        | <b>1,339,051</b>             | <b>29,008</b>                    | <b>16,673</b>                            | <b>1,902,339</b>                     |

\*This includes found assets of \$2,409,598 (2020: \$795,958).

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

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 the 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<br>\$'000 | Wastewater<br>\$'000 | Stormwater and<br>drainage<br>\$'000 | Total<br>\$'000 |
| <b>Balance at 1 July 2020</b>       |                        |                      |                                      |                 |
| Cost                                | 127,467                | 125,767              | 76,097                               | 329,331         |
| Accumulated depreciation            | (2,824)                | (2,994)              | (842)                                | (6,660)         |
| <b>Opening carrying amount</b>      | <b>124,643</b>         | <b>122,773</b>       | <b>75,255</b>                        | <b>322,671</b>  |
| <b>Year ended 30 June 2021</b>      |                        |                      |                                      |                 |
| Additions                           | 10,785                 | 10,005               | 11,221                               | 32,011          |
| Revaluation surplus(deficit)        | 18,240                 | 10,771               | 210                                  | 29,221          |
| Disposal – cost                     | (175)                  | (872)                | (25)                                 | (1,072)         |
| Disposal – accumulated depreciation | 6                      | 51                   | -                                    | 57              |
| Depreciation                        | (3,002)                | (3,152)              | (980)                                | (7,134)         |
| <b>Closing carrying amount</b>      | <b>150,497</b>         | <b>139,576</b>       | <b>85,681</b>                        | <b>375,754</b>  |
| <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>Closing carrying amount</b>      | <b>150,497</b>         | <b>139,576</b>       | <b>85,681</b>                        | <b>375,754</b>  |

| <b>Council and Group 2020/21</b>    | <b>Cost / valuation<br/>1 Jul 2020<br/>\$'000</b> | <b>Accumulated depreciation and impairment charges<br/>1 Jul 2020<br/>\$'000</b> | <b>Carrying amount<br/>1 Jul 2020<br/>\$'000</b> | <b>Current year additions<br/>\$'000</b> | <b>Current year Disposals and transfers from WIP<br/>\$'000</b> |  |
|-------------------------------------|---|--|--|--|---|--|
| <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<br>\$'000 | Current year depreciation<br>\$'000 | Accumulated depreciation disposed<br>\$'000 | Revaluation surplus (deficit)<br>\$'000 | Cost / valuation<br>30 Jun 2021<br>\$'000 | Accumulated depreciation and impairment charges<br>30 Jun 2021<br>\$'000 | Carrying amount<br>30 Jun 2021<br>\$'000 |
|--|---|-------------------------------------|---|---|---|--|--|
|  | -                                       | -                                   | -   | -                                       | 32,060                                    | -  | 32,060                                   |
|  | -                                       | (1,245)                             | -   | -                                       | 25,814                                    | -  | 25,814                                   |
|  | -                                       | (288)                               | -   | -                                       | 6,666                                     | (5,212)  | 1,454                                    |
|  | -                                       | <b>(525)</b>                        | 395   | -                                       | 5,548                                     | (3,335)  | 2,213                                    |
|  | -                                       | (37)                                | -   | -                                       | 1,404                                     | (1,260)  | 144                                      |
|  | -                                       | <b>(162)</b>                        | 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>                            |
|  | -                                       | <b>(3,152)</b>                      | 51  | 10,771                                  | 139,576                                   | -  | 139,576                                  |
|  | -                                       | (950)                               | -   | 113                                     | 83,185                                    | -  | 83,185                                   |
|  | -                                       | <b>(3,002)</b>                      | 6   | 18,240                                  | 150,497                                   | -  | 150,497                                  |
|  | -                                       | (30)                                | -   | 97                                      | 2,496                                     | -  | 2,496                                    |
|  | -                                       | <b>(79)</b>                         | 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>                         |

| <b>Council and Group 2019/20</b>    | <b>Cost / valuation<br/>1 Jul 2019<br/>\$'000</b> | <b>Accumulated depreciation and impairment charges<br/>1 Jul 2019<br/>\$'000</b> | <b>Carrying amount<br/>1 Jul 2019<br/>\$'000</b> | <b>Current year additions<br/>\$'000</b> | <b>Current year Disposals and transfers from WIP<br/>\$'000</b> |
|-------------------------------------|---|--|--|--|---|
| <b>Operational assets</b>           |   |  |  |  |   |
| Land                                | 20,694  | -  | 20,694   | 300                                      | (80)  |
| Buildings                           | 28,394  | (2,064)  | 26,330   | 1,349                                    | (13)  |
| Library books                       | 6,018   | (4,627)  | 1,391  | -  | -   |
| Vehicles / moveable plant           | 6,068   | (3,323)  | 2,745  | 605                                      | (1,173)   |
| Office equipment                    | 1,404   | (1,182)  | 222  | -  | -   |
| Computer equipment                  | 5,570   | (5,096)  | 474  | -  | -   |
| Furniture                           | 1,557   | (1,028)  | 529  | 35                                       | -   |
| <b>Total operational assets</b>     | <b>69,705</b>                                     | <b>(17,320)</b>  | <b>52,385</b>                                    | <b>2,289</b>                             | <b>(1,266)</b>  |
| <b>Infrastructural assets</b>       |   |  |  |  |   |
| Wastewater                          | 114,963   | -  | 114,963  | 7,908                                    | (802)   |
| Stormwater                          | 62,717  | -  | 62,717   | 5,021                                    | (226)   |
| Water                               | 117,734   | -  | 117,734  | 8,479                                    | (943)   |
| Drainage                            | 2,316   | -  | 2,316  | 3  | -   |
| Solid waste                         | 1,729   | -  | 1,729  | -  | -   |
| Roading                             | 1,023,561   | -  | 1,023,561  | 23,362                                   | (296)   |
| Bridges / culverts / pipes          | 144,158   | -  | 144,158  | 908                                      | -   |
| Land under roads                    | 108,288   | -  | 108,288  | 813                                      | -   |
| Work in progress                    | 33,469  | -  | 33,469   | 48,251                                   | (40,135)  |
| <b>Total infrastructural assets</b> | <b>1,608,935</b>                                  | <b>-</b>   | <b>1,608,935</b>                                 | <b>94,745</b>                            | <b>(42,402)</b>   |
| <b>Restricted assets</b>            |   |  |  |  |   |
| Land                                | 99,307  | -  | 99,307   | 3,562                                    | -   |
| Buildings                           | 26,899  | (1,964)  | 24,935   | 134                                      | (72)  |
| Parks and reserves                  | 44,920  | -  | 44,920   | 7,084                                    | (79)  |
| <b>Total restricted assets</b>      | <b>171,126</b>                                    | <b>(1,964)</b>   | <b>169,162</b>                                   | <b>10,780</b>                            | <b>(151)</b>  |
| <b>Total Council and Group</b>      | <b>1,849,766</b>                                  | <b>(19,284)</b>  | <b>1,830,482</b>                                 | <b>107,814</b>                           | <b>(43,819)</b>   |

|  | Current year reclassification<br>\$'000 | Current year depreciation<br>\$'000 | Accumulated depreciation disposed<br>\$'000 | Revaluation surplus (deficit)<br>\$'000 | Cost / valuation<br>30 Jun 2020<br>\$'000 | Accumulated depreciation and impairment charges<br>30 Jun 2020<br>\$'000 | Carrying amount<br>30 Jun 2020<br>\$'000 |
|--|---|-------------------------------------|---|---|---|--|--|
|  | -                                       | -                                   | -   | 3,878                                   | 24,792                                    | -  | 24,792                                   |
|  | -                                       | (1,077)                             | -   | 147                                     | 26,736                                    | -  | 26,736                                   |
|  | -                                       | (297)                               | -   | -                                       | 6,018                                     | (4,924)  | 1,094                                    |
|  | -                                       | <b>(547)</b>                        | 665   | -                                       | 5,500                                     | (3,205)  | 2,295                                    |
|  | -                                       | (41)                                | -   | -                                       | 1,404                                     | (1,223)  | 181                                      |
|  | -                                       | <b>(202)</b>                        | -   | -                                       | 5,570                                     | (5,298)  | 272                                      |
|  | -                                       | (109)                               | -   | -                                       | 1,592                                     | (1,137)  | 455                                      |
|  | -                                       | <b>(2,273)</b>                      | <b>665</b>                                  | <b>4,025</b>                            | <b>71,612</b>                             | <b>(15,787)</b>  | <b>55,825</b>                            |
|  | -                                       | <b>(3,035)</b>                      | 41  | 3,698                                   | 122,773                                   | -  | 122,773                                  |
|  | -                                       | (817)                               | 3   | 6,126                                   | 72,824                                    | -  | 72,824                                   |
|  | -                                       | <b>(2,856)</b>                      | 32  | 2,197                                   | 124,643                                   | -  | 124,643                                  |
|  | -                                       | (28)                                | -   | 140                                     | 2,431                                     | -  | 2,431                                    |
|  | -                                       | <b>(72)</b>                         | -   | 182                                     | 1,839                                     | -  | 1,839                                    |
|  | (3,538)                                 | (11,792)                            | 30  | (266,891)                               | 764,436                                   | -  | 764,436                                  |
|  | 3,538                                   | (2,931)                             | -   | 106,271                                 | 251,944                                   | -  | 251,944                                  |
|  | -                                       | -                                   | -   | -                                       | 109,101                                   | -  | 109,101                                  |
|  | -                                       | -                                   | -   | -                                       | 41,585                                    | -  | 41,585                                   |
|  | -                                       | <b>(21,531)</b>                     | <b>106</b>                                  | <b>(148,277)</b>                        | <b>1,491,576</b>                          | -  | <b>1,491,576</b>                         |
|  | -                                       | -                                   | -   | 13,208                                  | 116,077                                   | -  | 116,077                                  |
|  | -                                       | (982)                               | 33  | 3,506                                   | 27,554                                    | -  | 27,554                                   |
|  | -                                       | (2,321)                             | 2   | (1,369)                                 | 48,238                                    | -  | 48,238                                   |
|  | -                                       | <b>(3,303)</b>                      | <b>35</b>                                   | <b>15,345</b>                           | <b>191,869</b>                            | -  | <b>191,869</b>                           |
|  | -                                       | <b>(27,107)</b>                     | <b>806</b>                                  | <b>(128,907)</b>                        | <b>1,755,057</b>                          | <b>(15,787)</b>  | <b>1,739,270</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 Mairi MacDonald and Maria McHugh of Quotable Value Limited (QV) and dated 30 June 2020.

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 the 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           |                             |
|--|-----------------------------|-----------------------------|
|  | 2019/20<br>Actual<br>\$'000 | 2018/19<br>Actual<br>\$'000 |
| <b>Operational buildings</b>                         |                             |                             |
| Depreciated replacement cost                         | 24,137                      | 24,886                      |
| Market-based evidence                                | 1,677                       | 1,850                       |
| <b>Total carrying value of operational buildings</b> | <b>25,814</b>               | 26,736                      |
| <b>Restricted buildings</b>                          |                             |                             |
| Depreciated replacement cost                         | 24,870                      | 25,660                      |
| Market-based evidence                                | 1,742                       | 1,894                       |
| <b>Total carrying value of restricted buildings</b>  | <b>26,612</b>               | 27,554                      |

### 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 Robert Berghuis and approved by Marvin Clough of Beca Limited and is dated 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 2021 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, drainage and solid waste

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 Stephen Garlick and Luke Elsen and approved by Ian Martin of AECOM and is dated 30 June 2021.

#### 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 Shahaanan Arulgnanapragasam of WSP Limited; it was reviewed by Gregg Morrow and approved for release by John Vessey. The valuation is effective at 30 June 2021.

#### 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.
- A review of unit rates has been undertaken and the results of that review have been factored into the current valuation. The review has resulted in no change to the basecourse rate, a significant decrease (-57%) in the sub-base rate and a smaller increase (+40%) in the overhead rate.
- 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% (2020:14%) 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 were valued by Robert Berghuis and Marvin Clough Beca; the valuation is dated 30 June 2021 and used 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 (2020: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2020: nil).

Gains on disposal of property, plant and equipment of \$594,600 (2020: \$295,474) has been recognised in the Statement of comprehensive revenue and expense in the line item Other revenue. Losses on disposal amounting to \$15,982 (2020: \$488,049) 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<br>\$'000 | Consents<br>\$'000 | Total<br>\$'000 |
| <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>    |
| <b>Balance at 1 July 2019</b>           |                             |                    |                 |
| Cost                                    | 6,288                       | 5,491              | 11,779          |
| Accumulated amortisation and impairment | (5,135)                     | (1,496)            | (6,631)         |
| <b>Opening carrying amount</b>          | <b>1,153</b>                | <b>3,995</b>       | <b>5,148</b>    |
| <b>Year ended 30 June 2020</b>          |                             |                    |                 |
| Additions                               | -                           | -                  | -               |
| Disposal – cost                         | -                           | -                  | -               |
| Disposal – accumulated amortisation     | -                           | -                  | -               |
| Impairment losses                       | -                           | -                  | -               |
| Amortisation charge                     | (424)                       | (218)              | (642)           |
| <b>Closing carrying amount</b>          | <b>729</b>                  | <b>3,777</b>       | <b>4,506</b>    |
| <b>Balance at 30 June 2020</b>          |                             |                    |                 |
| Cost                                    | 6,288                       | 5,491              | 11,779          |
| Accumulated amortisation and impairment | (5,559)                     | (1,714)            | (7,273)         |
| <b>Closing carrying amount</b>          | <b>729</b>                  | <b>3,777</b>       | <b>4,506</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           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Balance at 1 July                        | 560                         | 560                         |
| Fair value gains (losses) on valuation   | 40                          | -                           |
| Disposals                                | -                           | -                           |
| <b>Balance at 30 June (at valuation)</b> | <b>600</b>                  | <b>560</b>                  |

### Valuation

At 30 June 2021 the valuation was performed by Mairi Macdonald, an independent valuer from 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 2021.
- 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           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Rental revenue                                       | 44                          | 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                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Payables under exchange transactions</b>                        |                             |                             |                             |                             |
| Trade payables   | 2,911                       | 8,704                       | 2,914                       | 8,705                       |
| Water rates in advance   | 832                         | 545                         | 832                         | 545                         |
| Accrued expenses   | 19,239                      | 10,355                      | 19,345                      | 10,411                      |
| Amounts due to related parties                                     | 1,087                       | 1,089                       | -                           | -                           |
| Revenue in advance   | 4,216                       | 1,723                       | 4,216                       | 1,723                       |
| <b>Total payables under exchange transactions</b>                  | <b>28,285</b>               | <b>22,416</b>               | <b>27,307</b>               | <b>21,384</b>               |
| <b>Taxes and transfers payable under non-exchange transactions</b> |                             |                             |                             |                             |
| Rates in advance   | 3,092                       | 2,196                       | 3,092                       | 2,196                       |
| Deposits and bonds   | 219                         | 218                         | 219                         | 218                         |
| GST and FBT payable  | 31                          | 46                          | 31                          | 46                          |
| Other non-exchange payables  | 93                          | 189                         | 93                          | 189                         |
| <b>Total taxes and transfers payable</b>                           | <b>3,435</b>                | <b>2,649</b>                | <b>3,435</b>                | <b>2,649</b>                |
| <b>Total payables, taxes and transfers</b>                         | <b>31,720</b>               | <b>25,065</b>               | <b>30,742</b>               | <b>24,033</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 longterm increase in remuneration for employees.

|                                    | Council and Group           |                             |
|------------------------------------|-----------------------------|-----------------------------|
|                                    | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Current portion</b>             |                             |                             |
| Annual leave                       | 2,317                       | 2,256                       |
| Long service leave                 | 13                          | 19                          |
| Sick leave provision               | 123                         | 104                         |
| Accrued payroll                    | 949                         | 765                         |
| Other employee liabilities         | 782                         | 702                         |
| <b>Total current portion</b>       | <b>4,184</b>                | <b>3,846</b>                |
| <b>Non-current portion</b>         |                             |                             |
| Long service leave                 | 90                          | 89                          |
| Retirement gratuities              | 91                          | 103                         |
| <b>Total non-current portion</b>   | <b>181</b>                  | <b>192</b>                  |
| <b>Total employee entitlements</b> | <b>4,365</b>                | <b>4,038</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 2020 for the years 2021-2031. A discount rate of 1.76% (2020: 0.89%) and an inflation factor of 2.44% (2020: 2.1%) 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           |                             |
|--------------------------------------|-----------------------------|-----------------------------|
|                                      | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Current portion</b>               |                             |                             |
| LGFA borrowing                       | 15,000                      | 15,000                      |
| <b>Total current portion</b>         | <b>15,000</b>               | <b>15,000</b>               |
| <b>Non-current portion</b>           |                             |                             |
| LGFA borrowing                       | 65,000                      | 80,000                      |
| <b>Total non-current portion</b>     | <b>65,000</b>               | <b>80,000</b>               |
| <b>Total borrowing (all secured)</b> | <b>80,000</b>               | <b>95,000</b>               |

Council secured debt of \$80,000,000 (2020: \$95,000,000) is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. Council has 28 swap contracts in place (2020: 30). During the year 3 swaps matured (2020: 6) and no contracts were cancelled and replaced by contracts with more suitable terms (2020: none); no outright new contracts (2020: none) were undertaken. Council has 5 (2020: 7) swaps with start dates after 30 June 2021.

Council's committed cash advance facility of \$15,000,000 (2020: \$15,000,000) expires on 31 July 2021.

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 2021 total borrowings from Local Government Funding Agency Limited (LGFA) were \$80,000,000 (2020: \$95,000,000). The average rate of interest was 1.11% (2020: 1.19%).

The carrying amounts and the fair values of non-current borrowings are as follows:

|                                    | Carrying amount   |                   | Fair value        |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | 2020/21<br>\$'000 | 2019/20<br>\$'000 | 2020/21<br>\$'000 | 2019/20<br>\$'000 |
| <b>Council and Group</b>           |                   |                   |                   |                   |
| Secured loans                      | 65,000            | 80,000            | 64,915            | 80,008            |
| <b>Total non-current borrowing</b> | <b>65,000</b>     | <b>80,000</b>     | <b>64,915</b>     | <b>80,008</b>     |

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

|      | 2020/21 | 2019/20 |
|------|---------|---------|
| From | 0.92%   | 1.02%   |
| To   | 1.36%   | 1.39%   |



## 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<br>1 July<br>\$'000 | Borrowing<br>\$'000 | Repayments<br>\$'000 | Balance at<br>30 June<br>\$'000 | Interest<br>paid<br>\$'000 |
|-------------------------------------|--------------------------------|---------------------|----------------------|---------------------------------|----------------------------|
| <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>               |
| <b>2020</b>                         |                                |                     |                      |                                 |                            |
| Water supply                        | 17,384                         | 1,882               | (586)                | 18,680                          | 755                        |
| Wastewater                          | 10,276                         | 1,652               | (381)                | 11,547                          | 446                        |
| Stormwater                          | 3,853                          | 40                  | (154)                | 3,739                           | 167                        |
| Roading                             | 21,751                         | 3,364               | (1,829)              | 23,286                          | 922                        |
| Sustainable environment             | 363                            | -                   | (34)                 | 329                             | 15                         |
| Sustainable communities             | 17,128                         | 1,539               | (1,013)              | 17,654                          | 735                        |
| Governance                          | -                              | -                   | -                    | -                               | -                          |
| Organisational support              | 1,029                          | 326                 | (131)                | 1,224                           | 42                         |
| <b>Total internal loans (gross)</b> | <b>71,784</b>                  | <b>8,803</b>        | <b>(4,128)</b>       | <b>76,459</b>                   | <b>3,082</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           |                             |
|----------------------------------|-----------------------------|-----------------------------|
|                                  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Current portion</b>           |                             |                             |
| Landfill aftercare               | 120                         | 97                          |
| <b>Total current portion</b>     | <b>120</b>                  | <b>97</b>                   |
| <b>Non-current portion</b>       |                             |                             |
| Landfill aftercare               | 2,341                       | 3,078                       |
| <b>Total non-current portion</b> | <b>2,341</b>                | <b>3,078</b>                |
| <b>Total provisions</b>          | <b>2,461</b>                | <b>3,175</b>                |

Movements for each class of provision are as follows:

|  | Landfill<br>aftercare<br>\$'000 | Total<br>\$'000 |
|--|---------------------------------|-----------------|
| <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>    |
| <b>2020</b>                              |                                 |                 |
| Balance at 1 July 2019                   | 1,447                           | 1,447           |
| Change in provision made during the year | 1,795                           | 1,698           |
| Amounts used                             | (132)                           | (133)           |
| Unused amounts reversed                  | -                               | -               |
| Discount unwind                          | 65                              | 65              |
| Balance at 30 June 2020                  | 3,175                           | 3,077           |

## Weathertightness claims

No claims remain with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2021 (2020: none).

At 30 June 2021, no further claim had been received directly by Council (2020: 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 35 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 \$4,181,626 (2020: \$4,731,399). A discount rate of 3.2% (2020: 1.8%) and an inflation factor of 2.5% (2020: 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           |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Current liability portion</b>                          |                             |                             |
| Interest rate swaps                                       | 133                         | 137                         |
| <b>Non-current liability portion</b>                      |                             |                             |
| Interest rate swaps                                       | 12,435                      | 21,478                      |
| <b>Total derivative financial instruments liabilities</b> | <b>12,568</b>               | 21,615                      |

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 NSW from industry benchmark sources.

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

|                        | 2020/21<br>Actual<br>\$'000 | No.       | 2019/20<br>Actual<br>\$'000 | No. |
|------------------------|-----------------------------|-----------|-----------------------------|-----|
| Active swaps           | 101,500                     | 23        | 78,500                      | 23  |
| Forward starting swaps | 18,000                      | 5         | 47,000                      | 7   |
|                        | <b>119,500</b>              | <b>28</b> | 125,500                     | 30  |

## Note 23 Revaluation reserve – property, plant and equipment

|                           | Council and Group           |                             |
|---------------------------|-----------------------------|-----------------------------|
|                           | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Land                      | 85,743                      | 87,258                      |
| Buildings                 | 34,196                      | 34,268                      |
| Parks and reserves        | 18,309                      | 20,928                      |
| Wastewater                | 53,088                      | 42,515                      |
| Water                     | 63,799                      | 45,623                      |
| Bridges                   | 202,378                     | 195,687                     |
| Roading                   | 117,612                     | 111,635                     |
| Urban stormwater          | 20,258                      | 20,151                      |
| Rural drainage            | 254                         | 158                         |
| Solid waste               | 1,071                       | 1,157                       |
| <b>Balance at 30 June</b> | <b>596,708</b>              | <b>559,380</b>              |

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

|   | Council                     |                             | Group                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Net surplus (deficit) after tax</b>  | <b>62,688</b>               | 29,623                      | <b>63,242</b>               | 29,889                      |
| <b>Plus (minus) non-cash items</b>  |                             |                             |                             |                             |
| Depreciation, amortisation and asset write-off                                  | 35,725                      | 29,986                      | 35,725                      | 29,986                      |
| Vested and found assets   | (35,502)                    | (21,030)                    | (35,502)                    | (21,030)                    |
| (Gains) losses on fair value of investment property                             | (40)                        | -                           | (40)                        | -                           |
| (Gains) losses on derivative financial instruments                              | (9,047)                     | 5,949                       | (9,047)                     | 5,949                       |
| Impairment of non current assets held for sale                                  | -                           | 347                         | -                           | 347                         |
| (Gains) losses on cattle  | 10                          | 24                          | 10                          | 24                          |
| Interest revenue on financial assets not at fair value through surplus(deficit) | (1)                         | (2)                         | (1)                         | (2)                         |
| Capitalised internal charges  | (1,594)                     | (1,025)                     | (1,594)                     | (1,025)                     |
| (Gains) losses on revaluation of landfill                                       | -                           | 1,795                       | -                           | 1,795                       |
| <b>Plus (minus) items classified as investing or financing activities</b>       |                             |                             |                             |                             |
| (Gains) losses on disposal of property, plant and equipment                     | (579)                       | (154)                       | (579)                       | (154)                       |
| (Gains) losses on investments   | -                           | -                           | (715)                       | -                           |
| Disposal of non-current assets for sale   | 347                         | -                           | 347                         | -                           |
| Decrease (increase) in creditors for capital expenditure                        | (6,735)                     | 2,935                       | (6,735)                     | 2,935                       |
| <b>Plus (minus) movements in working capital items</b>                          |                             |                             |                             |                             |
| Receivables and recoverables  | 3,291                       | (5,052)                     | 3,291                       | (5,080)                     |
| Prepayments   | (478)                       | (226)                       | (478)                       | (226)                       |
| Cattle  | (14)                        | (33)                        | (14)                        | (33)                        |
| Payables, taxes and transfers   | 6,654                       | 7,149                       | 6,786                       | 6,014                       |
| Changes in provision  | (147)                       | 30                          | (147)                       | 30                          |
| Employee entitlements   | 327                         | 722                         | 327                         | 722                         |
| <b>Net cash inflow (outflow) from operating activities</b>                      | <b>54,905</b>               | 51,038                      | <b>54,876</b>               | 50,141                      |

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

|   | Council                     |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Total comprehensive revenue wholly attributable to Waikato District Council</b>          | <b>108,778</b>              | (97,744)                    |
| <b>Surplus (deficit) of operating funding per Whole of Council funding impact statement</b> | <b>23,665</b>               | 18,425                      |
| <b>Difference</b>   | <b>85,113</b>               | (116,169)                   |
| <b>The difference comprises:</b>  |                             |                             |
| Capital revenue   | 29,792                      | 27,699                      |
| Revaluation of assets   | 39,200                      | (128,907)                   |
| Revaluation reserve - landfill  | 567                         | (1,795)                     |
| Financial assets at fair value  | 15,370                      | 1,540                       |
| Depreciation and amortisation   | (33,899)                    | (27,749)                    |
| Profit (loss) on sale   | 229                         | 154                         |
| Write off of assets   | (1,826)                     | (2,237)                     |
| Vested and found assets   | 35,502                      | 21,030                      |
| Change in provisions  | 147                         | 67                          |
| Interest revenue from financial assets  | 1                           | 2                           |
| Unrealised gains  | 40                          | -                           |
| Unrealised losses   | (10)                        | (5,973)                     |
| <b>Total difference</b>   | <b>85,113</b>               | (116,169)                   |

## Note 26 Capital commitments and operating leases

|  | Council and Group           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Capital commitments are for expenditure on:</b> |                             |                             |
| Water  | 92,730                      | 35,165                      |
| Wastewater   | 188,018                     | 66,925                      |
| Stormwater   | 21,644                      | 8,127                       |
| Parks and reserves                                 | 6,132                       | 1,922                       |
| Buildings - operational                            | -                           | -                           |
| Roading  | 57,874                      | 89,575                      |
| Bridges  | 1,874                       | 244                         |
| Library books                                      | -                           | 373                         |
| Intangible assets                                  | 4,825                       | 1,111                       |
| <b>Total capital commitments</b>                   | <b>373,097</b>              | <b>203,442</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           |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Not later than one year                               | 121                         | 147                         |
| Later than one year and not later than five years     | 30                          | 30                          |
| Later than five years                                 | -                           | -                           |
| <b>Total minimum operating lease payments payable</b> | <b>151</b>                  | <b>177</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. (2020: \$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 noncancellable operating leases are as follows:

|  | Council and Group           |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Not later than one year                                  | 503                         | 456                         |
| Later than one year and not later than five years        | 1,033                       | 1,230                       |
| Later than five years                                    | 450                         | 526                         |
| <b>Total minimum operating lease payments receivable</b> | <b>1,986</b>                | <b>2,212</b>                |

Council has recognised no contingent rents during the period (2020: \$nil).

## Note 27 Contingencies

### Contingent liabilities

Quantifiable contingent liabilities are as follows:

|   | Council and Group           |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'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 (2020: none) in progress.

### Capital contributions

As disclosed in note 13, Council holds four classes of share in in Waikato Local Authority Shared Services Limited (LASS). 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 Plaintiffs' claims and the Judge declined to grant the declarations and order sought. The High Court also awarded costs in favour of Council, in a sum to be determined. Council is claiming \$75,657.59, to be divided on the same proportion as the costs of defence.

The Trustees of the Pakau Trust have now filed an appeal against the High Court's decision with the Court of Appeal. The Court of Appeal has ordered the Plaintiffs to pay security for costs in the sum of \$7,060.00. A Case Management Conference is scheduled for 22 October 2021 (subject to security for costs being paid, or an application to waive security for costs being determined).

#### *Beets v WDC & Ors*

The Beets matter has proceeded to mediation and has been resolved by settlement agreement. The matter will now not proceed to trial, and the settlement sum to be paid by Council of \$75,000.00 will be covered by insurance.

### Other claims

At balance date no other claims (2020: none) expose Council or the Group to contingent liabilities. Council's maximum financial exposure is \$nil (2020: \$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 2021 LGFA had borrowings totalling \$13.61 billion (2020: \$11.91 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 28 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 (2020: nil).

The following transactions were carried out between related parties:

|   | Group                       |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Between Council and Waikato District Community Wellbeing Trust (WBT)</b> |                             |                             |
| Council's accounts receivable from WBT                                      | 268                         | 186                         |
| <b>Between Council and Strada Corporation Limited (Strada)</b>              |                             |                             |
| Council's accounts payable to Strada  | 1,087                       | 1,089                       |
| <b>Between Council and Local Authority Shared Services (LASS)</b>           |                             |                             |
| Services provided to LASS   | 20                          | 114                         |
| Charges from LASS   | 566                         | 615                         |
| Council's accounts payable to LASS  | 202                         | 135                         |
| Council's accounts receivable from LASS                                     | -                           | -                           |
| <b>Between Council and Waikato Regional Airport Limited (WRAL)</b>          |                             |                             |
| Dividend paid by WRAL   | -                           | 46                          |
| Regional Tourism funding payment to WRAL                                    | 150                         | 150                         |
| <b>Between Council and Civic Financial Services Limited (Civic)</b>         |                             |                             |
| Dividend paid by Civic  | -                           | 34                          |
| <b>Between Strada and Waikato Quarries Limited (WQL)</b>                    |                             |                             |
| Share of WQL cash received  | -                           | 8                           |
| 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                     |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Remuneration</b>                                |                             |                             |
| Councillors  | 924                         | 917                         |
| Senior management team (including CE)              | 2,540                       | 2,304                       |
| <b>Total key management personnel remuneration</b> | <b>3,464</b>                | <b>3,221</b>                |

|   | 2020/21<br>Actual                   | 2019/20<br>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

There were no other related party transactions requiring disclosure.

## Note 29 Remuneration

### Remuneration of elected members

|  | Council                     |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Councillors</b>                                 |                             |                             |
| <b>Cash benefits</b>                               |                             |                             |
| A Sanson, Mayor                                    | 151                         | 153                         |
| A Bech   | 79                          | 68                          |
| J Church   | 48                          | 47                          |
| C Eyre   | 48                          | 33                          |
| D Fulton   | -                           | 34                          |
| J Gibb   | 90                          | 76                          |
| S Henderson  | 48                          | 47                          |
| S Lynch  | 55                          | 55                          |
| B Main   | -                           | 14                          |
| R McGuire  | 48                          | 47                          |
| F McNally  | 48                          | 47                          |
| E Patterson  | 69                          | 61                          |
| J Sedgwick   | 94                          | 74                          |
| N Smith  | 59                          | 55                          |
| L Thomson  | 48                          | 47                          |
| C Woolerton  | 48                          | 33                          |
| <b>Total cash benefits paid to Councillors</b>     | <b>933</b>                  | <b>891</b>                  |
| <b>Non-cash benefits</b>                           |                             |                             |
| A Sanson, Mayoral car                              | 23                          | 26                          |
| <b>Total non-cash benefits paid to Councillors</b> | <b>23</b>                   | <b>26</b>                   |
| <b>Total remuneration of Councillors</b>           | <b>956</b>                  | <b>917</b>                  |

|  | Council                     |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Community board and committee members</b> |                             |                             |
| <b>Cash benefits</b>                         |                             |                             |
| D Amooore                                    | 4                           | 3                           |
| J Ayers                                      | 5                           | 4                           |
| S Bains                                      | 4                           | 3                           |
| K Bredenbeck                                 | 5                           | 5                           |
| B Cameron                                    | -                           | 3                           |
| C Conroy                                     | 5                           | 5                           |
| R Cork                                       | 5                           | 4                           |
| W Diamond                                    | -                           | 2                           |
| R Farrar                                     | -                           | 2                           |
| D Firth                                      | 5                           | 4                           |
| B Green                                      | -                           | 2                           |
| P Haworth                                    | -                           | 1                           |

|  |              |              |
|--|--------------|--------------|
| J Henry  | 2            | 1            |
| S Jackson  | 11           | 9            |
| R Kereopa  | -            | 1            |
| R Kirkwood   | 5            | 5            |
| D Lamb   | -            | 2            |
| K Langlands  | -            | 3            |
| J Lovatt   | 5            | 4            |
| D Lovell   | 4            | 4            |
| H Lovell   | 2            | 2            |
| R MacLeod  | 4            | 6            |
| G McCutchan  | 5            | 4            |
| M Moana-Tuwahangi  | -            | 3            |
| K Morgan   | 5            | 5            |
| J Morley   | 2            | 2            |
| K Ngataki  | 5            | 4            |
| A Oosten   | 4            | 4            |
| S Ormsby-Cocup   | 2            | 2            |
| G Parson   | 9            | 7            |
| J Pecekajus  | -            | 1            |
| L Petersen   | -            | 2            |
| C Rayner   | 4            | 3            |
| C Rees   | -            | 2            |
| V Reeve  | 5            | 5            |
| V Rice   | 5            | 4            |
| B Sherson  | -            | 2            |
| J Stevens  | -            | 2            |
| S Stewart  | -            | 2            |
| R Van Dam  | 2            | 2            |
| A Vink   | -            | 1            |
| B Watson   | 5            | 5            |
| E Wawatai  | 5            | 4            |
| J Whetu  | -            | 3            |
| D Whyte  | 11           | 7            |
| G Wiechern   | 11           | 7            |
| R Wootton  | 5            | 4            |
| <b>Total cash benefits paid to community board and committee members</b>   | <b>151</b>   | <b>162</b>   |
| <b>Total remuneration of Councillors and other elected representatives</b> | <b>1,107</b> | <b>1,079</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 \$327,280 (2020: \$331,731) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

|  | Council                     |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Salary and other short-term employee benefits                | 327                         | 332                         |
| Vehicle  | 17                          | 17                          |
| Defined contribution plan employer contributions (KiwiSaver) | 11                          | 11                          |
| Expenses and other allowances                                | 6                           | 10                          |
| Other fringe benefits (value of benefit plus FBT)            | 10                          | 10                          |
| <b>Total Chief Executive's remuneration</b>                  | <b>371</b>                  | <b>380</b>                  |

## Employee numbers

| Number of employees (at 30 June)                 | Council           |                   |
|--|-------------------|-------------------|
|  | 2020/21<br>Actual | 2019/20<br>Actual |
| Full-time employees                              | 320               | 311               |
| Part-time employees (including casual employees) | 87                | 79                |
| <b>Total employees</b>                           | <b>407</b>        | <b>390</b>        |

A full-time employee works 40 hours per week

| Full-time equivalent employees                 |               |               |
|--|---------------|---------------|
| Full-time employees                            | 319.89        | 310.86        |
| Part-time employees (in full-time equivalents) | 30.85         | 32.87         |
| <b>Total full-time equivalent employees</b>    | <b>350.74</b> | <b>343.73</b> |

## Total annual employee remuneration by band

|                        | Council                     |                             |
|------------------------|-----------------------------|-----------------------------|
|                        | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| \$0 - \$60,000         | 162                         | 155                         |
| \$60,001 - \$80,000    | 91                          | 80                          |
| \$80,001 - \$100,000   | 60                          | 69                          |
| \$100,001 - \$120,000  | 48                          | 44                          |
| \$120,001 - \$140,000  | 24                          | 21                          |
| \$140,001 - \$160,000  | 8                           | 10                          |
| \$160,001 - \$200,000  | 7                           | 5                           |
| \$200,001 - \$300,000  | 6                           | 5                           |
| \$360,000 - \$380,000  | 1                           | 1                           |
| <b>Total employees</b> | <b>407</b>                  | <b>390</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 30 Severance payments

For the year ended 30 June 2021, Council made three (2020: four) severance payments to employees. The payments totalled \$30,348; they comprised \$22,500, \$5,600 and \$2,248. (2020: Total \$60,414).

Strada had no employees during the year (2020: none).

## Note 31 Events after balance date

Waka Kotahi is planning to revoke the Huntly section of SH1 as at 1 July 2021. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

For Strada, no material events are expected to occur subsequent to 30 June 2021 which affect the financial position at that date. (2020: none)

### Three Waters Reform

The Government proposes via the water reform programme that local authorities will no longer be responsible for delivering wastewater, water and stormwater services. There would be an impact on finances relating to these services such as, but not limited to, operating revenues, direct costs of running the activities, and value of debt incurred to fund the activities. There would likely be second order impacts which Council would assess as part of the analysis of the proposal (once received). The Government has indicated a strong desire for all Councils to opt into the reform. Council has not made any decision in this regard.

### 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 roles, functions and partnerships; representation and governance; and 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.

### Covid-19

In August 2021, Covid-19 reappeared in the Auckland and subsequently in Wellington. The country was placed in lockdown at Alert Levels 3 and 4 since the outbreak occurred. Most staff continue to work either remotely or on site (for essential services only). All non-urgent maintenance and capital works were suspended. After 7 September 2021 Council resumed most of the operations. There was no significant impact for our essential services during the periods of Levels 4 and 3, and deferred maintenance and capital works programmes have not affected services. No specific measures have been taken. The impact of the Covid-19 lockdown in 2020 was not material and growth across the district since then has been above expectation. Activity levels in the early part of 2021/22 financial year are above plan levels, with many departments having a backlog of work attracting fees and charges. Council does not expect any medium or long term adverse impacts from the latest outbreak.

## Note 32 Financial instruments

The Council and group have elected to early adopt PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29.

The accounting policies for the year ended 30 June 2021 have been updated to comply with PBE IPSAS 41.

The main changes to the Council and group's accounting policies are:

- Note 11 Recoverables and receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 13 Other Financial assets: This policy has been updated to reflect:
  - the new classification categories;
  - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
  - the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies in Note 22 Derivative financial instruments remain unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial of application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

|   | Measurement classification |                | Council                             |                                    |                               |
|---|----------------------------|----------------|-------------------------------------|------------------------------------|-------------------------------|
|   | PBE IPSAS 29               | PBE IPSAS 41   | 30-Jun-20<br>PBE IPSAS 29<br>\$'000 | 1-Jul-20<br>PBE IPSAS 41<br>\$'000 | Adoption Adjustment<br>\$'000 |
| <b>Financial assets</b>                             |                            |                |                                     |                                    |                               |
| Cash and cash equivalents                           | Loans and receivables      | Amortised cost | 27,076                              | 27,076                             | -                             |
| Recoverables and receivables                        | Loans and receivables      | Amortised cost | 18,805                              | 18,805                             | -                             |
| Community loans                                     | Loans and receivables      | Amortised cost | 90                                  | 90                                 | -                             |
| Term deposit  | Loans and receivables      | Amortised cost | 829                                 | 829                                | -                             |
| LGFA borrower notes                                 | Loans and receivables      | Amortised cost | 1,520                               | 1,520                              | -                             |
| Fixed interest investments                          | FVTSD                      | FVTSD          | -                                   | -                                  | -                             |
| Equity investments                                  | FVTSD                      | FVTSD          | -                                   | -                                  | -                             |
| Unlisted shares in Civic Financial Services Limited | FVTOCRE                    | FVTOCRE        | 38                                  | 38                                 | -                             |
| Waikato Regional Airport Limited                    | FVTOCRE                    | FVTOCRE        | 16,744                              | 16,744                             | -                             |
| Local Authority Shared Services Limited             | At cost                    | At cost        | 219                                 | 219                                | -                             |
| Shares in Strada Corporation Limited (subsidiary)   | At cost                    | At cost        | 700                                 | 700                                | -                             |

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTSD = Fair value through surplus or deficit

|   | Measurement classification |                | Group                               |                                    |                               |
|---|----------------------------|----------------|-------------------------------------|------------------------------------|-------------------------------|
|   | PBE IPSAS 29               | PBE IPSAS 41   | 30-Jun-20<br>PBE IPSAS 29<br>\$'000 | 1-Jul-20<br>PBE IPSAS 41<br>\$'000 | Adoption Adjustment<br>\$'000 |
| <b>Financial assets</b>                             |                            |                |                                     |                                    |                               |
| Cash and cash equivalents                           | Loans and receivables      | Amortised cost | 27,113                              | 27,113                             | -                             |
| Recoverables and receivables                        | Loans and receivables      | Amortised cost | 18,619                              | 18,619                             | -                             |
| Community loans                                     | Loans and receivables      | Amortised cost | 90                                  | 90                                 | -                             |
| Term deposit  | Loans and receivables      | Amortised cost | 829                                 | 829                                | -                             |
| LGFA borrower notes                                 | Loans and receivables      | Amortised cost | 1,520                               | 1,520                              | -                             |
| Fixed interest investments                          | FVTSD                      | FVTSD          | 2,000                               | 2,000                              | -                             |
| Equity investments                                  | FVTSD                      | FVTSD          | 2,449                               | 2,449                              | -                             |
| Unlisted shares in Civic Financial Services Limited | FVTOCRE                    | FVTOCRE        | 38                                  | 38                                 | -                             |
| Waikato Regional Airport Limited                    | FVTOCRE                    | FVTOCRE        | 16,744                              | 16,744                             | -                             |
| Local Authority Shared Services Limited             | At cost                    | At cost        | 219                                 | 219                                | -                             |
| Shares in Strada Corporation Limited (subsidiary)   | At cost                    | At cost        | -                                   | -                                  | -                             |

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

## 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                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Financial assets</b>   |                             |                             |                             |                             |
| <b>Amortised cost (2020: Loans and receivables)</b>             |                             |                             |                             |                             |
| Cash and cash equivalents                                       | 19,037                      | 27,076                      | 19,038                      | 27,113                      |
| Recoverables and receivables                                    | 15,593                      | 18,805                      | 15,325                      | 18,619                      |
| Community loans   | 45                          | 90                          | 45                          | 90                          |
| Term deposit  | 855                         | 829                         | 855                         | 829                         |
| LGFA borrower notes   | 1,280                       | 1,520                       | 1,280                       | 1,520                       |
| <b>Total amortised cost</b>                                     | <b>36,810</b>               | <b>48,320</b>               | <b>36,543</b>               | <b>48,171</b>               |
| <b>Fair value through surplus (deficit) (FVTSD)</b>             |                             |                             |                             |                             |
| Fixed interest investments                                      | -                           | -                           | 2,302                       | 2,000                       |
| Equity investments  | -                           | -                           | 2,872                       | 2,449                       |
| <b>Total FVTSD</b>  | <b>-</b>                    | <b>-</b>                    | <b>5,174</b>                | <b>4,449</b>                |
| <b>Fair value through other comprehensive revenue (FVTOCRE)</b> |                             |                             |                             |                             |
| Unlisted shares in Civic Financial Services Limited             | 40                          | 38                          | 40                          | 38                          |
| Waikato Regional Airport Limited                                | 23,065                      | 16,744                      | 23,065                      | 16,744                      |
| <b>Total FVTOCRE</b>  | <b>23,105</b>               | <b>16,782</b>               | <b>23,105</b>               | <b>16,782</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 (2020: Held for trading)</b>                           |                             |                             |                             |                             |
| Derivative financial instruments liabilities                    | 12,568                      | 21,615                      | 12,568                      | 21,615                      |
| <b>Financial liabilities at amortised cost</b>                  |                             |                             |                             |                             |
| Payables, taxes and transfers                                   | 31,720                      | 25,065                      | 31,829                      | 25,123                      |
| Borrowing -secured loans  | 80,000                      | 95,000                      | 80,001                      | 95,000                      |
| <b>Total financial liabilities at amortised cost</b>            | <b>111,720</b>              | <b>120,065</b>              | <b>111,830</b>              | <b>120,123</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 nonobservable inputs (level 3): financial instruments valued using models where one or more significant inputs are not observable.

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

|  | Council                     |                             | Group                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Valued at quoted market price (level 1)</b>                   |                             |                             |                             |                             |
| Fixed interest investments                                       | -                           | -                           | 2,302                       | 2,000                       |
| Equity investments   | -                           | -                           | 2,872                       | 2,449                       |
| <b>Total financial instruments valued at quoted market price</b> | <b>-</b>                    | <b>-</b>                    | <b>5,174</b>                | <b>4,449</b>                |
| <b>Valued using observable inputs (level 2)</b>                  |                             |                             |                             |                             |
| Financial liabilities – derivatives                              | 12,568                      | 21,615                      | 12,568                      | 21,615                      |
| <b>Valued using significant non-observable inputs (level 3)</b>  |                             |                             |                             |                             |
| Unlisted shares  | 23,105                      | 16,782                      | 23,105                      | 16,782                      |

### 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                       |                             |
|--|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Balance at 1 July  | 16,782                      | 15,242                      |
| Gains and losses recognised in other comprehensive revenue | 6,323                       | 1,540                       |
| Other movements  | -                           | -                           |
| <b>Balance at 30 June</b>                                  | <b>23,105</b>               | <b>16,782</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 50%.

**Fair value interest rate risk**

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

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 100% for debt maturing in the current period through to 55% 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 27.

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                       |                             |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                              | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Cash and cash equivalents    | 19,037                      | 27,076                      | 19,038                      | 27,113                      |
| Recoverables and receivables | 15,593                      | 18,805                      | 15,593                      | 18,619                      |
| Term deposits                | 855                         | 829                         | 855                         | 829                         |
| Community loans              | 45                          | 90                          | 45                          | 90                          |
| Fixed interest investments   | -                           | -                           | 2,302                       | 2,000                       |
| Equity investments           | -                           | -                           | 2,872                       | 2,449                       |
| LGFA borrower notes          | 1,280                       | 1,520                       | 1,280                       | 1,520                       |
| <b>Total credit risk</b>     | <b>36,810</b>               | <b>48,320</b>               | <b>41,985</b>               | <b>52,620</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                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Counterparties with credit ratings</b>    |                             |                             |                             |                             |
| <b>Cash and cash equivalents</b>             |                             |                             |                             |                             |
| AA-  | 19,037                      | 27,076                      | 19,038                      | 27,113                      |
| <b>Term deposits</b>                         |                             |                             |                             |                             |
| AA-  | 855                         | 829                         | 855                         | 829                         |
| <b>Borrower notes</b>                        |                             |                             |                             |                             |
| AA+  | 1,280                       | 1,520                       | 1,280                       | 1,520                       |
| <b>Counterparties without credit ratings</b> |                             |                             |                             |                             |
| Community loans with no defaults in the past | 45                          | 90                          | 45                          | 90                          |
| Unrated equity investments                   | 24,024                      | 17,701                      | 26,896                      | 19,450                      |
| Unrated fixed interest investments           | -                           | -                           | -                           | 2,000                       |

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 (2020: \$500,000) and a committed cash advance facility of \$15,000,000 (2020: \$15,000,000), of which \$15,000,000 (2020: \$15,000,000) is available to be drawn. Council's committed cash advance facility expires on 31 July 2021.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2021 Council had borrowed \$80,000,000 (2020: \$95,000,000) and held borrower notes with a face value of \$1,280,000 (2020: \$1,520,000).

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 27.

## 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                       |                             |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                     | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Carrying amount</b>              |                             |                             |                             |                             |
| Payables, taxes and transfers       | 31,720                      | 25,065                      | 24,033                      | 24,033                      |
| Secured loans                       | 80,000                      | 95,000                      | 80,000                      | 95,000                      |
| <b>Total carrying amount</b>        | <b>111,720</b>              | <b>120,065</b>              | <b>104,033</b>              | <b>119,033</b>              |
| <b>Contractual cash flows</b>       |                             |                             |                             |                             |
| Payables, taxes and transfers       | 31,720                      | 25,065                      | 24,033                      | 24,033                      |
| Secured loans                       | 82,608                      | 98,883                      | 82,608                      | 98,883                      |
| <b>Total contractual cash flows</b> | <b>114,328</b>              | <b>123,948</b>              | <b>106,641</b>              | <b>122,916</b>              |

The following table summarises the pattern of contractual cash flows:

|                               | Less than<br>1 yr<br>\$'000 | 1-2 yrs<br>\$'000 | 2-5 yrs<br>\$'000 | More than<br>5 yrs<br>\$'000 |
|-------------------------------|-----------------------------|-------------------|-------------------|------------------------------|
| <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>Council 2020</b>           |                             |                   |                   |                              |
| Payables, taxes and transfers | 25,065                      | -                 | -                 | -                            |
| Secured loans                 | 16,108                      | 15,874            | 51,656            | 15,245                       |
| <b>Total</b>                  | <b>41,173</b>               | <b>15,874</b>     | <b>51,656</b>     | <b>15,245</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>                |
| <b>Group 2020</b>             |                             |                   |                   |                              |
| Payables, taxes and transfers | 25,065                      | -                 | -                 | -                            |
| Secured loans                 | 16,108                      | 15,874            | 51,656            | 15,245                       |
| <b>Total</b>                  | <b>41,173</b>               | <b>15,874</b>     | <b>51,656</b>     | <b>15,245</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           |                             |
|---|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Net settled derivative liabilities</b> |                             |                             |
| Carrying amount                           | 12,568                      | 21,615                      |
| Contractual cash flows                    | 26,303                      | 23,431                      |

|   | Less than<br>1 yr<br>\$'000 | 1-2 yrs<br>\$'000 | 2-5 yrs<br>\$'000 | More than<br>5 yrs<br>\$'000 |
|---|-----------------------------|-------------------|-------------------|------------------------------|
| <b>Net settled derivative liabilities</b> |                             |                   |                   |                              |
| 2020/21                                   | 3,736                       | 3,491             | 9,808             | 5,836                        |
| 2019/20                                   | 3,689                       | 3,691             | 9,914             | 6,137                        |

### 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                       |                             |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                              | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Carrying amount</b>       |                             |                             |                             |                             |
| Cash and cash equivalents    | 19,037                      | 27,076                      | 19,038                      | 27,113                      |
| Recoverables and receivables | 15,593                      | -                           | -                           | -                           |
| Other financial assets       |                             |                             |                             |                             |
| - term deposit               | 829                         | -                           | -                           | -                           |
| - community loans            | 45                          | 90                          | 45                          | 90                          |
| - LGFA borrower notes        | 1,280                       | 1,520                       | 1,280                       | 1,520                       |
| <b>Total carrying amount</b> | <b>36,810</b>               | <b>48,320</b>               | <b>36,588</b>               | <b>48,171</b>               |

| <b>Contractual cash flows</b>       |               |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Cash and cash equivalents           | 19,037        | 27,076        | 19,038        | 27,113        |
| Recoverables and receivables        | 15,593        | 18,805        | 15,593        | 18,619        |
| Other financial assets              |               |               |               |               |
| - term deposit                      | 829           | 829           | 829           | 829           |
| - community loans                   | 47            | 96            | 47            | 97            |
| - LGFA borrower notes               | 1,309         | 1,565         | 1,309         | 1,565         |
| <b>Total contractual cash flows</b> | <b>36,815</b> | <b>48,371</b> | <b>36,816</b> | <b>49,275</b> |

The following table summarises the pattern of contractual cash flows:

|                              | <b>Less than<br/>1 yr<br/>\$'000</b> | <b>1-2 yrs<br/>\$'000</b> | <b>2-5 yrs<br/>\$'000</b> | <b>More than<br/>5 yrs<br/>\$'000</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>                            |

|                              |               |            |            |            |
|------------------------------|---------------|------------|------------|------------|
| <b>Council 2020</b>          |               |            |            |            |
| Cash and cash equivalents    | 27,076        |            |            |            |
| Recoverables and receivables | 18,805        |            |            |            |
| Other financial assets       |               |            |            |            |
| - term deposit               | 829           |            |            |            |
| - community loans            | 49            | 47         | -          | -          |
| - LGFA borrower notes        | 253           | 250        | 819        | 243        |
| <b>Total</b>                 | <b>47,012</b> | <b>297</b> | <b>819</b> | <b>243</b> |

|                              | <b>Less than<br/>1 yr<br/>\$'000</b> | <b>1-2 yrs<br/>\$'000</b> | <b>2-5 yrs<br/>\$'000</b> | <b>More than<br/>5 yrs<br/>\$'000</b> |
|------------------------------|--------------------------------------|---------------------------|---------------------------|---------------------------------------|
| <b>Group 2021</b>            |                                      |                           |                           |                                       |
| Cash and cash equivalents    | 19,038                               |                           |                           |                                       |
| 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>35,756</b>                        | <b>328</b>                | <b>571</b>                | <b>161</b>                            |

|                              |               |            |            |            |
|------------------------------|---------------|------------|------------|------------|
| <b>Group 2020</b>            |               |            |            |            |
| Cash and cash equivalents    | 27,113        |            |            |            |
| Recoverables and receivables | 18,619        |            |            |            |
| Other financial assets       |               |            |            |            |
| - term deposit               | 829           |            |            |            |
| - community loans            | 49            | 47         | -          | -          |
| - LGFA borrower notes        | 253           | 250        | 819        | 243        |
| <b>Total</b>                 | <b>46,863</b> | <b>297</b> | <b>819</b> | <b>243</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.

|                              | 2020/21                     |                             | 2019/20                     |                             |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                              | Actual<br>-100bps<br>\$'000 | Actual<br>+100pbs<br>\$'000 | Actual<br>-100bps<br>\$'000 | Actual<br>+100bps<br>\$'000 |
| <b>Interest rate risk</b>    |                             |                             |                             |                             |
| <b>Council</b>               |                             |                             |                             |                             |
| <b>Financial assets</b>      |                             |                             |                             |                             |
| Cash and cash equivalents    | (191)                       | 191                         | (271)                       | 271                         |
| Term deposits                | (20)                        | 20                          | (8)                         | 8                           |
| <b>Financial liabilities</b> |                             |                             |                             |                             |
| <b>Derivatives</b>           | <b>(18,181)</b>             | <b>(7,344)</b>              | (28,889)                    | (14,816)                    |
| <b>Group</b>                 |                             |                             |                             |                             |
| <b>Financial assets</b>      |                             |                             |                             |                             |
| Cash and cash equivalents    | 10                          | (10)                        | 14                          | (14)                        |
| Term deposits                | (20)                        | 20                          | (8)                         | 8                           |
| Fixed interest investments   |                             |                             |                             |                             |
| <b>Financial liabilities</b> |                             |                             |                             |                             |
| <b>Derivatives</b>           | <b>(18,181)</b>             | <b>(7,344)</b>              | (28,889)                    | (14,186)                    |

|                              | 2020/21                     |                             | 2019/20                     |                             |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                              | Actual<br>-100bps<br>\$'000 | Actual<br>+100pbs<br>\$'000 | Actual<br>-100bps<br>\$'000 | Actual<br>+100bps<br>\$'000 |
| <b>Foreign exchange risk</b> |                             |                             |                             |                             |
| <b>Group</b>                 |                             |                             |                             |                             |
| <b>Financial assets</b>      |                             |                             |                             |                             |
| Cash and equity investments  | 10                          | (10)                        | 14                          | (14)                        |

|                          | 2020/21                     |                             | 2019/20                     |                             |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                          | Actual<br>-100bps<br>\$'000 | Actual<br>+100pbs<br>\$'000 | Actual<br>-100bps<br>\$'000 | Actual<br>+100bps<br>\$'000 |
| <b>Equity price risk</b> |                             |                             |                             |                             |
| <b>Group</b>             |                             |                             |                             |                             |
| <b>Financial assets</b>  |                             |                             |                             |                             |
| Equity investments       | 29                          | (29)                        | 24                          | (24)                        |

## 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 (2020: -100bps/+100bps).

## Note 33 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 34 Explanation of major variances against budget

The major variance explanations are set out below and explain the significant differences between actual results for 2020/21 compared to the budget for 2020/21. 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 \$62m more than budgeted. This difference was largely due to vested and found asset revenue of \$34m as well as a gain on the revaluation of interest rate swaps of \$9m 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. Other variances on revenue include subsidies from the NZTA being \$2m higher than budget and grant income of \$4m which was not budgeted. The levels of activity for various fees and charges were also more than expected which resulted in higher revenue than was budgeted in the annual plan.

Overall expenses were \$18m greater than budget. Significant variances include wastewater processing costs \$5m greater than budget that were recovered from customers. unbudgeted maintenance costs of \$4m funded by a grant from the Department of Internal Affairs relating to Three Waters Reform and \$4m spent on the Proposed District plan, as well as consultant costs being \$5m more than expected. External consultants were engaged to provide cover for various employee vacancies throughout the year as well as to meet increased demand for services in areas such as planning and consents.

Depreciation and amortisation costs were also \$7m higher than budget which is primarily due to the three waters and bridges revaluations in the prior year being much higher than expected. This increase was partially offset by the revaluation on roading assets however the overall impact of the revaluations at 30 June 2020 (based on the useful lives of the assets) was higher depreciation recognised in the current year. Unbudgeted amortisation of \$2m was also recognised in the current year due to pre-purchased wastewater infrastructure growth charges being utilised in Pokeno at a much faster rate than expected. The developers in Pokeno have largely achieved their 30 year growth projection in a much shorter time which has reduced the life of the related asset and resulted in the acceleration of the amortisation expense.

The above movements resulted in a surplus of \$62m at an operating level. (Compared to the budgeted surplus of \$18m).

Total comprehensive revenue and expense was \$101m which was \$45m higher than budget. Majority of the difference is explained by the operating results noted above. Other comprehensive revenue and expense includes revaluation surpluses which were \$6m lower than budgeted. This was off-set by a \$6m gain on Council's investment in the Waikato Regional Airport which was not budgeted in the annual plan.

### Statement of financial position

The statement of financial position shows a decrease in overall net assets of \$160m compared to budget. The biggest variance was for property, plant and equipment which was lower than budget due to some asset write-offs and a capital programme which was significantly below budget. This difference is partially offset by lower borrowings compared to budgeted estimates which is consistent with the below budget capital programme. Current assets and liabilities are higher than budgeted and is largely due to cash flow timing differences which resulted in a higher cash and cash equivalents balance compared to budget.

### Statement of cash flows

The cash flow statement highlights how the overall operational activities of Council were higher than expected throughout the year. 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 \$9m 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 \$24m and in line with budget. Due to the operational activities of Council being higher than expected – both operating funding (revenue) and operating expenditure were \$9m more than budget.

The increase in operating funding was the result of higher Fees and Charges due to higher than anticipated growth and demand, as well as Subsidies and Grants for operating purposes exceeding budget.

The increase in operating expenditure was primarily due to above budget payments to suppliers partially offset by lower staff costs because several budgeted positions were vacant for a significant period throughout the year. 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 35 Insurance of assets

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2021 is \$712,826,927 (2020: \$698,579,479) and the maximum amount to which they are insured is \$253,072,970 (2020: \$253,424,033).

| Insurance Class | Total Declared Value | Policy Limit   |
|-----------------|----------------------|--|
| Infrastructure  | \$433,120,102        | \$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 | \$262,035,344        | \$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   | \$2,967,603          | \$2,967,603  |
| Other           | \$456,430            | \$456,430  |
| <b>Total</b>    | <b>\$698,579,479</b> | <b>\$253,424,033</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 2021 the balance of this reserve was \$1,530,494 (2020: \$788,265).

# ANNUAL REPORT DISCLOSURE STATEMENT

## for the year ended 30 June 2021

### 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 2018-28 long-term plan set revised limits for its rates and debt affordability benchmarks. For this reason, results for the previous targets are included for the years ending 2017-2018 together with graphs depicting the results for the revised targets for the 2019-2021 years.

### Rates affordability benchmarks

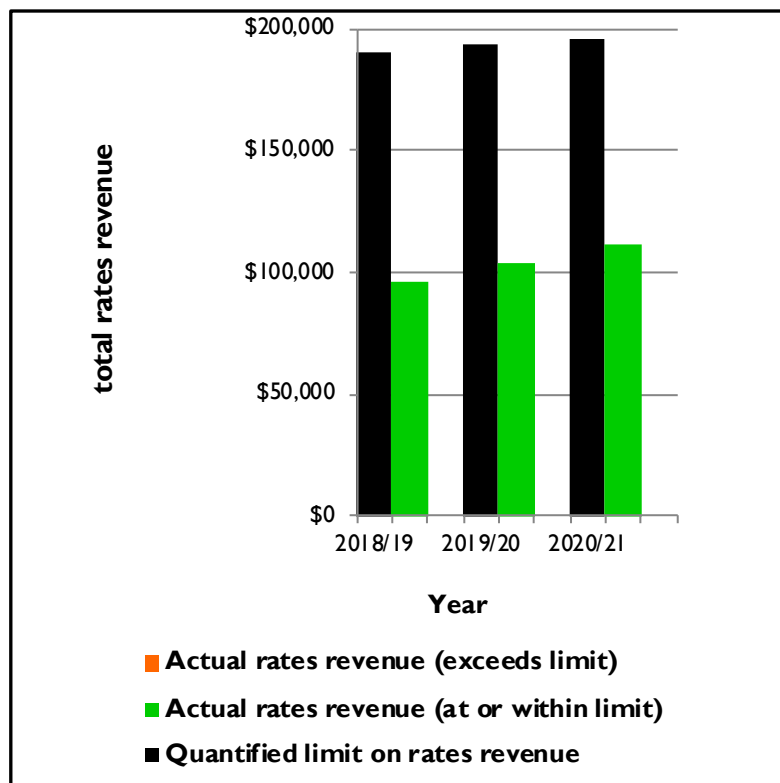
Council meets the rates affordability benchmarks if:

- 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.

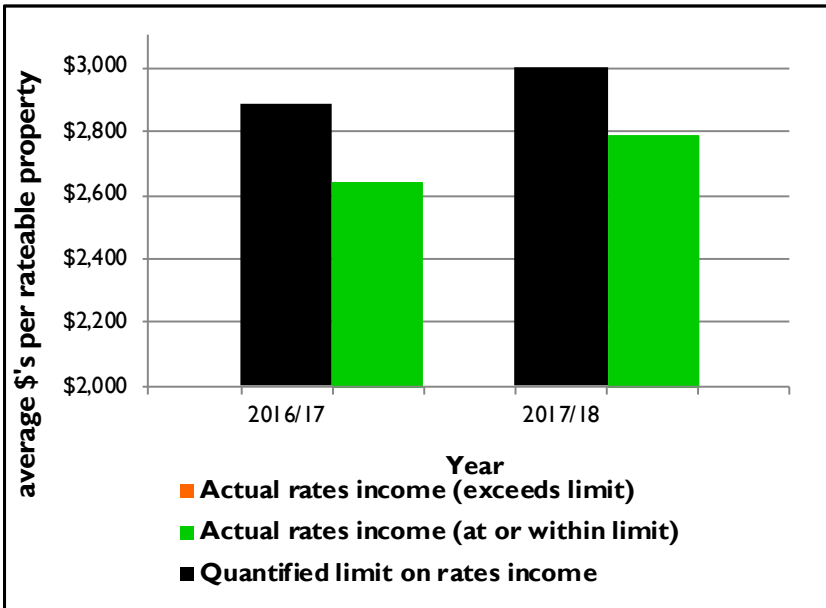
### Rates (income) affordability

This graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's 2018-28 long-term plan (pg 10).

The quantified limit for the current year is that total rates revenue will not exceed 0.7% (2020: 0.7%) of the total capital value of the District (based on 2017 rating valuations and inclusive of GST). That limit equates to \$195,930 (2020: \$193,294).



The quantified limit on rates revenue contained in Council's 2015-2025 long-term plan was based on an amount per rateable property. That amount ranged from \$2,888 in 2017 to \$2,999 in 2018

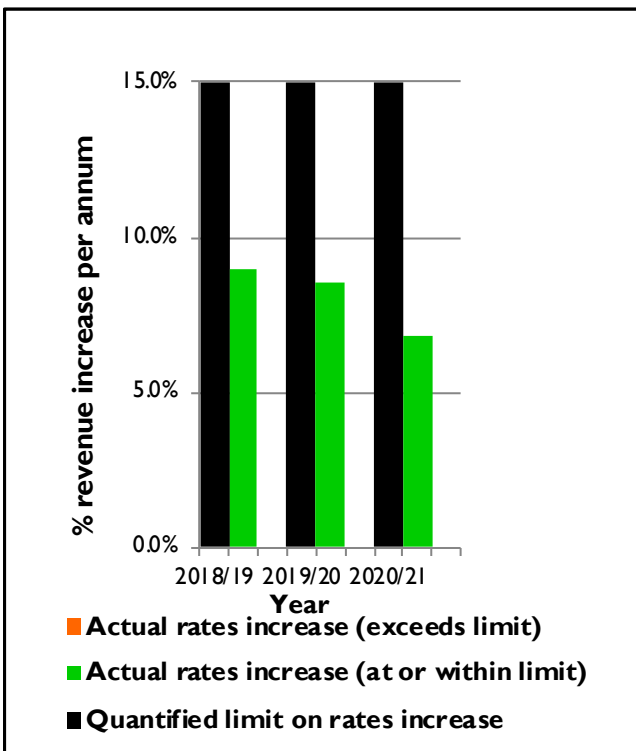


### Rates (increases) affordability

This graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's 2018-28 long-term plan (pg 10).

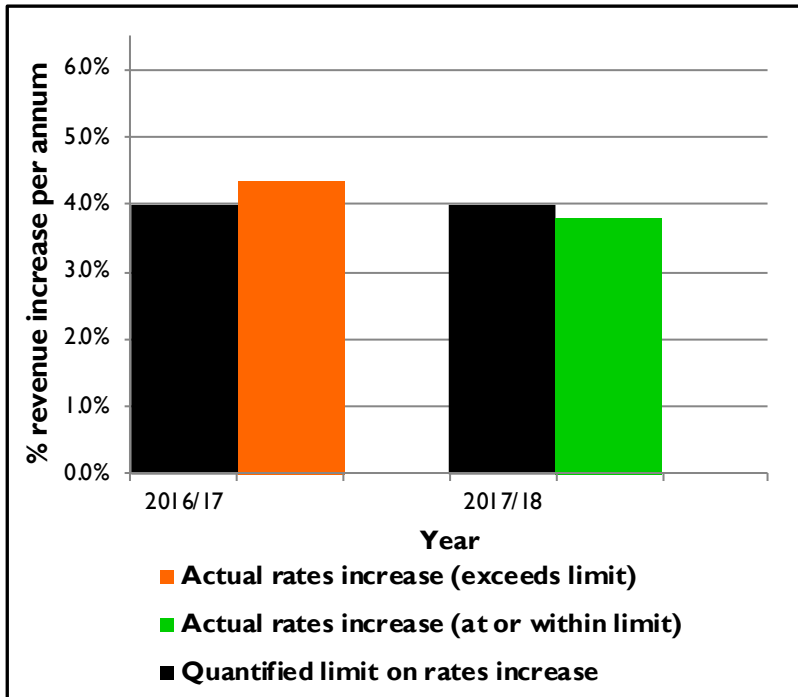
The quantified limit on increases in rates is that average annual rate increases to existing ratepayers\* are not to exceed 15 percent in the first three years, reducing to five percent per annum from 2022.

\*Based on 2017 rating valuations.





Council's previous limit on rates increases was set at 4% per annum (measured cumulatively from 2016/2016).

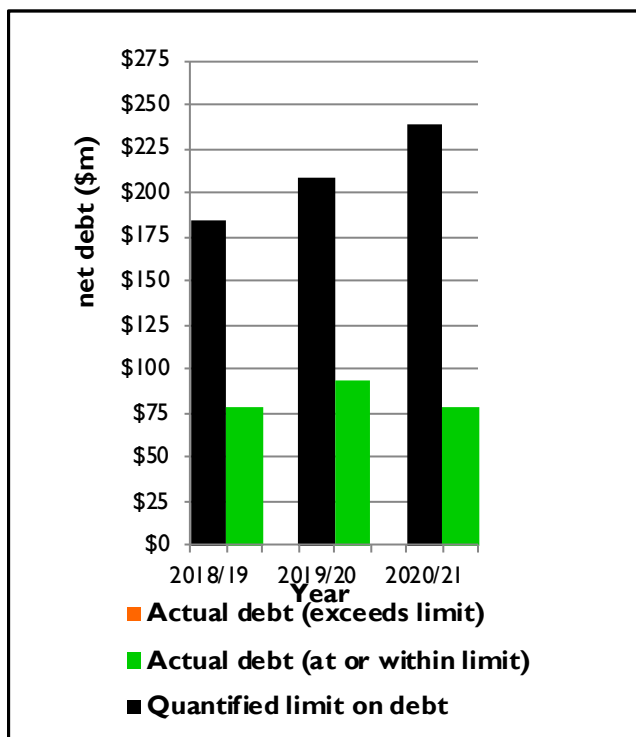


### Debt affordability benchmarks

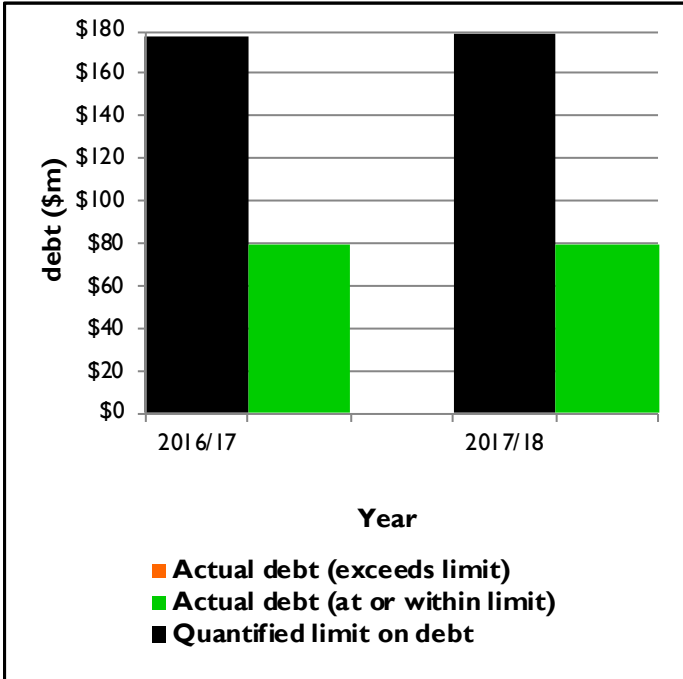
Council meets its debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. This graph compares Council's actual borrowing with the quantified limit on borrowing stated in the financial strategy included in Council's 2018-28 long-term plan (pg 9).

The quantified limit on net debt<sup>1</sup> is that it does not exceed 150 percent of revenue<sup>2</sup>.

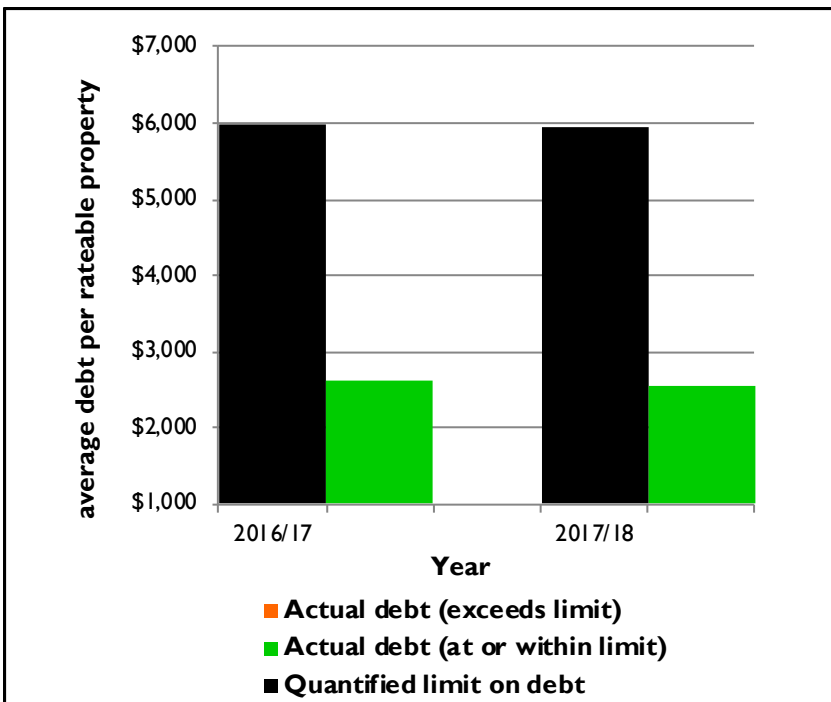
<sup>1</sup> Net debt equals total external debt, net of borrower notes.  
<sup>2</sup> Revenue is net of developer contributions and vested asset



Council's revised financial strategy only contains one debt limit but the previous strategy had two limits on net debt. The first of the previous limits ranged from \$177.0m in 2017 to \$178.9m in 2018.



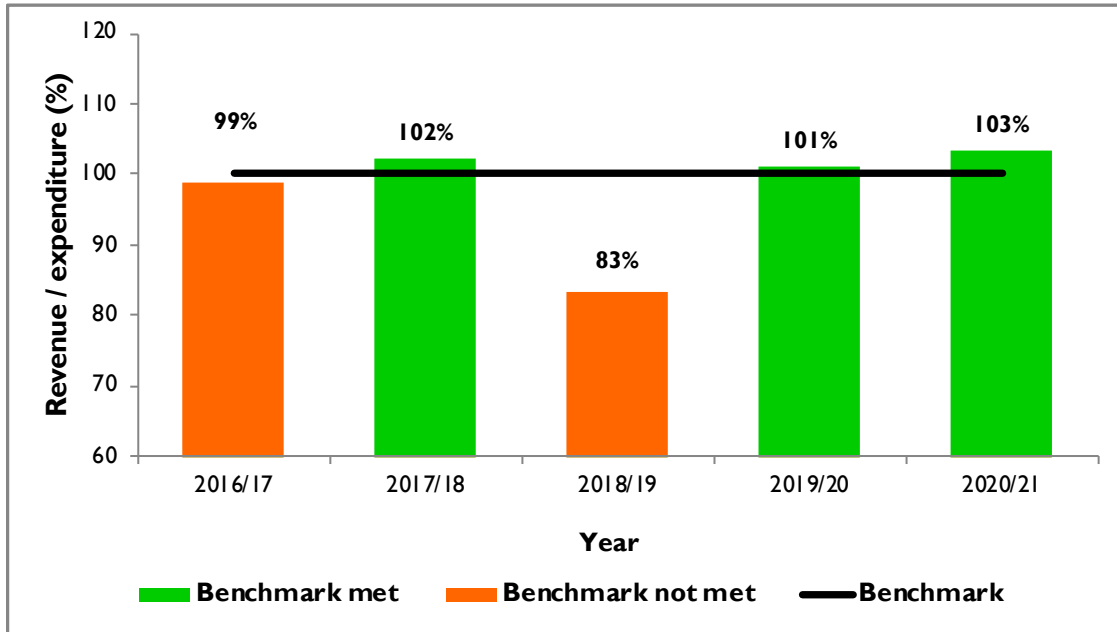
The previous strategy also limited the average net debt per dwelling. That limit ranged from \$5,999 in 2017 to \$5,957 in 2018.



### 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).

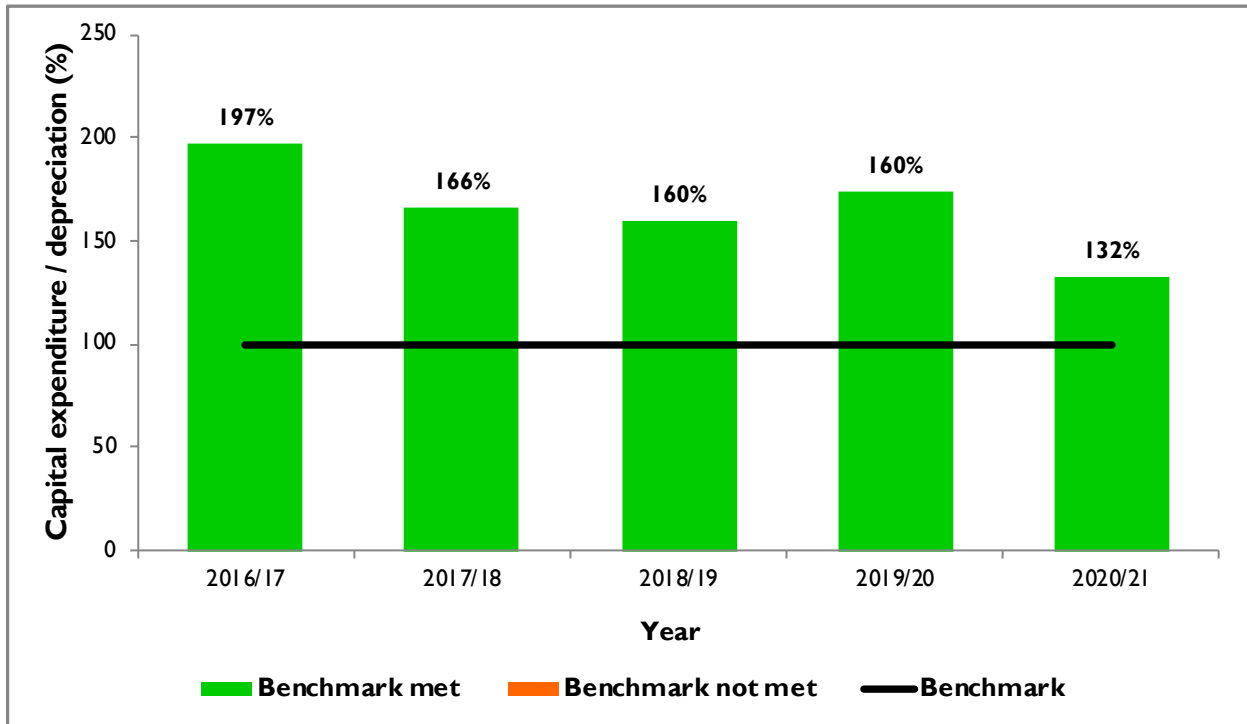
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

This graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

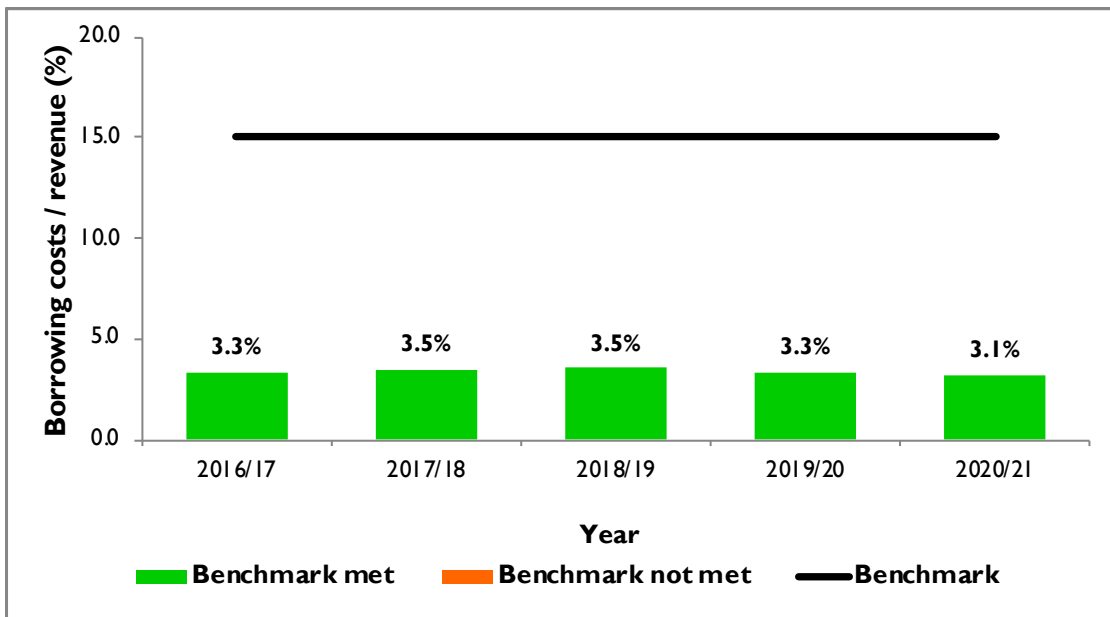
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### 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).

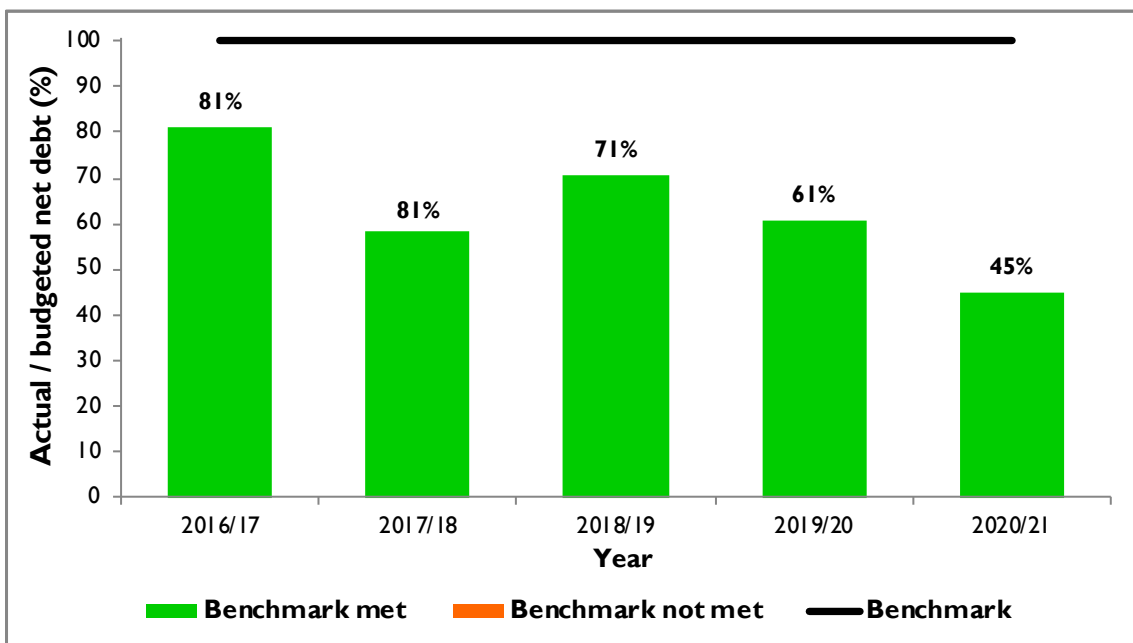
Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its planned revenue.



### Debt control benchmark

This graph displays 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).

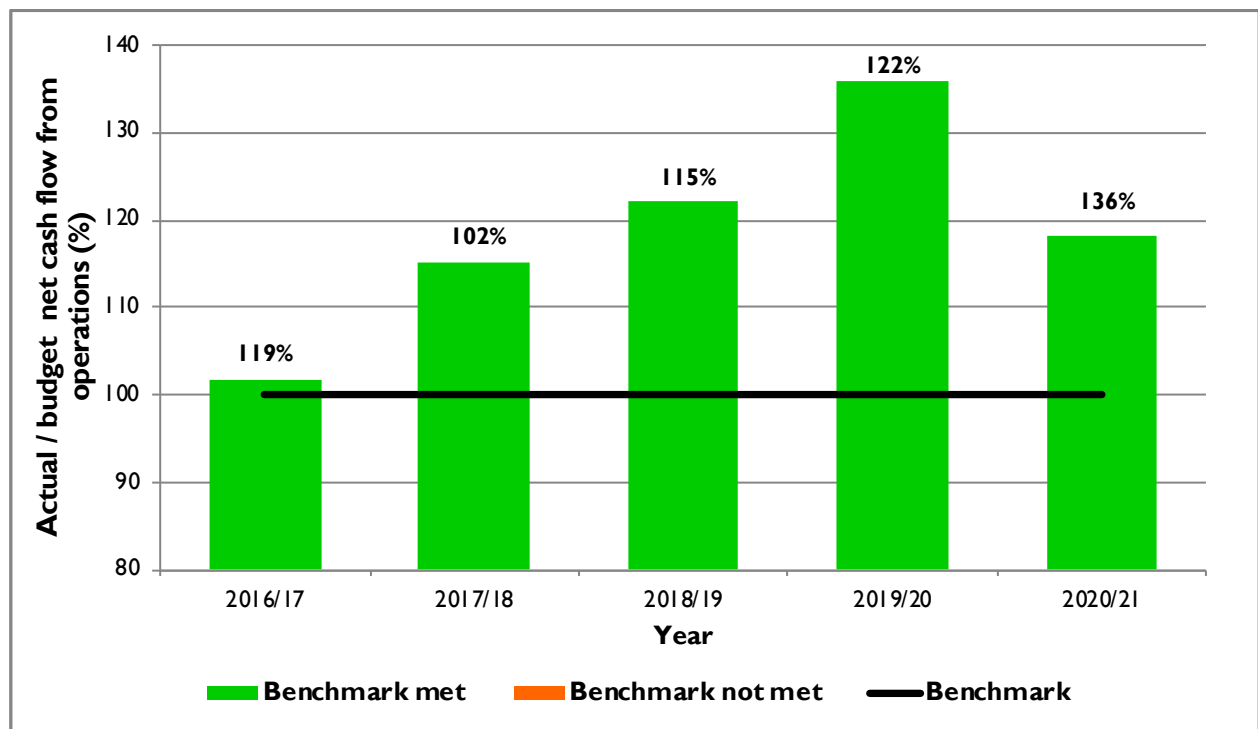
Council meets the debt control benchmark if its actual net debt equals or is less than planned net debt.



## 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 2021

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 19 October 2021. 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 143:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2021;
    - 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 annual 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 2021, 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 137 to 143, 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.

### **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 annual plan and 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 audit 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 entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 8, 57 to 71 and 144 to 150, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the 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 an audit of the District Council's 2021/31 long term plan, 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.

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

# 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

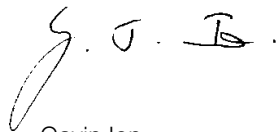
The Council and management of the Waikato District Council accept responsibility for:

- (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 2021 fairly reflect the financial position and operations of the Council.



Allan Sanson  
**Mayor**



Gavin Ion  
**Chief Executive**



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Ngaruawahia, 3720

**Freepost** Waikato District Council,  
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**Ngaruawahia, 3742**  
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**Fax:** (07) 824 8091

**Email:** [consult@waidc.govt.nz](mailto:consult@waidc.govt.nz)

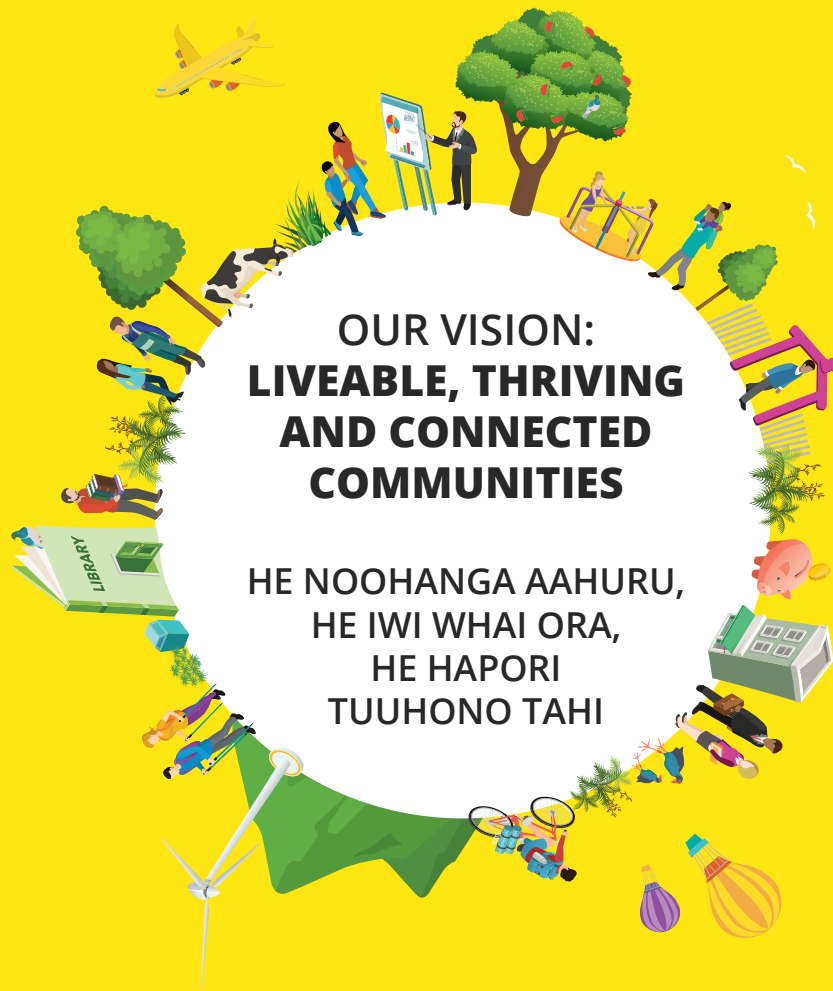
**Freephone:** 0800 492 452

2020 / 21



# ANNUAL REPORT SUMMARY

*Te Riipoata aa-tau me te tuhinga whakaraapopoto*



- 03** Our vision guides how we manage our fast-growing district
- 04** Working together to build our communities
- 04** Funding for local groups
- 04** Developing our economy
- 05** Learning to be 'DogSmart'
- 05** Caring for our environment
- 05** Sustainable delivery of services
- 06** Roding and alternative transport
- 06** Water services for a growing population
- 07** What you got for \$1
- 08** How we did
- 09** Performance target results
- 10** Summary Financial Statements
- 12** Summary accounting policies
- 12** Summary additional disclosures
- 14** Summary audit report

# WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2020/21

Every year we produce an Annual Report of our activities and financial performance that compares what we did with what we planned to do when we developed our Long Term Plan (LTP).

This summary provides you with a 'scorecard' so that you can review what we've been doing in the district over the past 12 months.

## Our vision guides how we manage our fast-growing district

Despite an uncertain outlook generated by the COVID-19 pandemic, Waikato district continued to experience rapid growth in 2021.

As one of the fastest-growing districts in the country measured by new dwelling consents, this also brought considerable challenges and a heavy workload. We processed 1,125 dwelling consents, up 39.4% on the previous year, and 2,430 building consents overall, up 27% on 2019/20. Our duty planners handled nearly 5,000 enquiries, up 43% on 2019/20.

The year was marked by a series of major initiatives to guide this growth and give effect to our vision of creating 'liveable, thriving and connected communities – he noohanga aahuru, he iwi whai ora, he hāpori tuuhono tahi'.

### Planning for people-friendly living

Our new 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the top priorities identified by the community through our District-wide and Local Area Blueprints which plan how to meet the community's social, economic and environmental needs over the next 30 years. These Blueprint priorities were confirmed at a series of public workshops held around the district.

The LTP provides funding for the development of infrastructure over the next 10 years to unlock key 'growth

cells' identified by our 'Waikato 2070: District Growth and Economic Development Strategy', which was adopted just before the year under review.

'Waikato 2070' will also be underpinned by our Proposed District Plan which entered its hearings phase in 2021, and which offers a new spatial vision for community development, setting the guidelines for land use and for protecting our environment and heritage. Hearings took place via the innovative use of videoconferencing, making participation easier for submitters.

We worked with our neighbouring councils and other agencies on how to manage growth throughout the 'Hamilton-Auckland corridor' and supported work on the Waikato Housing Initiative to address housing challenges in the region, with a focus on creating sustainable, resilient and connected communities.

### Financial Performance

We worked hard to set rates and debt levels that balance affordability with the need to provide for our growing community. Average rates per rateable property were \$3,256.30 for 2020/21 and average debt per rateable property is \$2,720.35. This is 61% below our debt servicing limit, offering capacity for funding services and facilities as needed for the future.



“We are proud that some of our most widely-used services recorded customer satisfaction levels of 80% or more.”

## Working together to build our communities

*We are working hard to ensure we build our communities as our townships grow.*

We're a diverse community. Twenty-six per cent of our 81,473 population identify as Maaori and we welcomed 170 new New Zealand citizens to our growing migrant community in the district in 2020/21.

As a democratically elected Council, our goal is always to involve you in decisions that affect the future of our communities and our district.

We involved you in decisions on subjects ranging from reserve management and keeping of animals, to alcohol and speed limits. Our Long Term Plan 2021-31 sparked more than 600 submissions.

The Council approved the creation of Maaori wards for the 2022 and 2025 local government elections, and we started our six-yearly Representation Review to decide the number of our wards and councillors for the next two Council terms.

We enjoyed a strengthened Maaori voice in our decision-making with the appointment of two Maangai Maaori (Voice of Maaori) positions to our three major Council committees just before the start of the 2020/21 year.

We want to hear what you have to say, and we expanded our efforts to engage with you through a range of media, surveys, face-to-face meetings and online. We attracted nearly 360,000 visitors to our website in the past year (up 13.4% from 2019/20) and we have more than 17,000 followers on Facebook (up 21%). We pioneered the use of videoconferencing technology for hearings on our Proposed District Plan, and continued to use it to bring people together online on issues such as wastewater consent renewals for Raglan and Te Kauwhata.

### A focus for community activities

Our libraries, parks and facilities are an important focus for community activities. We work hard to maintain 220 Council-owned buildings across the district, including 6 libraries and 38 community halls. We also manage and maintain 56 playgrounds and neighbourhood reserves, 13 skateparks, three swimming pools, 21 cemeteries, 113 parks and reserves, two animal shelters and 25 dog exercise areas. Among many projects completed were the refurbishment of the Tuakau library and re-roofing of the Huntly Grandstand.

We are proud that some of our most widely-used services recorded customer satisfaction levels of 80% or more including our libraries, parks and reserves, solid waste and recycling services, and wastewater services. Overall, 60% of survey respondents were satisfied with the way rates are spent on the services and facilities we provide, and 81% rated the quality of life in Waikato district as good or very good.

## Funding for local groups

To enable our communities to meet some of their own needs we supported the work of 155 organisations and charities throughout the district with grants and donations from Council-owned or administered funds.

From Council-owned funds we committed more than \$569,000 for distribution to 113 local groups.

On behalf of the Creative Communities Scheme Fund we distributed \$70,194 to benefit 37 local groups, and the work of five more groups benefited from \$72,000 we distributed on behalf of an independent trust we administer, the Waikato District Community Wellbeing Trust.

### IN 2020/21 WE HAVE SUPPORTED...



## Developing our economy

To encourage business growth and employment opportunities for our growing population we continued to promote Waikato district through partnerships with our regional economic development agency, Te Waka, and Hamilton & Waikato Tourism. Local tourism spending grew 5.9% thanks to a resurgence in domestic tourism.

Development and investor demand has increased despite uncertainty due to the ongoing impact of COVID-19. A rezoning application for a \$1.2 billion Sleepyhead manufacturing and residential development at Ōhinewai was approved by a panel of independent commissioners, although parts of the proposed development are subject to appeal in the Environment Court.

We established a Business Pop-Up School to support new business ideas from people who had lost their jobs because of COVID-19, and we supported community-led development training to build community capability and resilience.

### WAIKATO SPANS

OVER 450,000  
HECTARES OF LAND

The infographic features a landscape illustration with green hills, a blue sky, and sheep grazing.



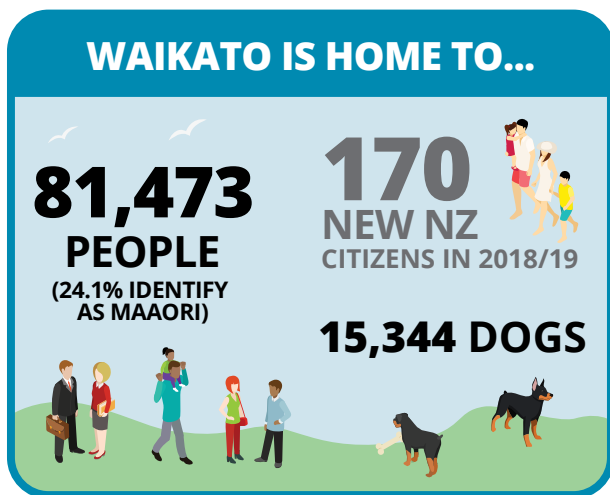
## Learning to be 'DogSmart'

Our Animal Control team continued to provide animal safety education for children in our community through 'Dog Smart' sessions in schools and our Dogs in Libraries programme and we've received reports that these have proved extremely valuable.

We held five successful community events, the most notable being our 2021 Dirty Dog Challenge which attracted more than 400 people and 300 dogs to participate.

With an average of six Animal Control officers on the road during the past year, we responded to 2,997 service requests across the Waikato district. Of the service requests received, 1,244 (42%) related to straying dogs, 328 (11%) related to incidents of dog aggression and 274 (9%) were requests to deal with wandering stock. We rehomed 161 dogs.

The number of dogs registered in June 2021 was 14,107, more than 90% of the 15,344 dogs known to be residing in the district.



## Caring for our environment

*Our aim is to provide sustainable, attractive, affordable and safe options for living, in a way that's in tune with what our ratepayers want and need.*

### Minimising waste

We amended our kerbside refuse and recycling contracts to align these services with the objectives of our Waste Management and Minimisation Plan which is to set targets to achieve a vision of 'Zero Waste'. We diverted 6,568 tonnes of refuse from landfill, and made the decision to end our inorganic waste kerbside collection because it encouraged the dumping of waste to landfill. Working with Agrecovery and Waikato Regional Council, we hosted a rural chemical collection in Tuakau.

We continued to support waste minimisation education, including classroom sessions for primary and area schools participating in our Zero Waste Education programme, and Para Kore, a waste minimisation education programme delivered from a Māori perspective. We also engaged in

a range of projects within the Enviroschools programme which empowers young people to plan, design and implement sustainability actions that are important to them.

### Environmental Health

Our Environmental Health team responded to a range of issues and multi-agency events including contaminated land and 'P labs', agricultural activities and spillages, and our out-of-hours service operators attended about 1,200 noise complaints.

In partnership with Watercare Services we assigned dedicated expertise to confront some complex stormwater management issues in the district and inspected businesses and facilities that were identified as high risk for contaminating stormwater if not maintained. A major programme of wastewater treatment plant upgrades to support discharge consent renewals will improve compliance and protect the environment. We also sponsored Waikato Rivercare to undertake riparian restoration on the lower Waikato River and associated catchments.

### Open Spaces

We updated reserves management plans for Woodlands and for the three main reserves in Raglan, upgraded two cemeteries, and ran daffodil bulb plantings across the district in conjunction with our Community Boards.

## Sustainable delivery of services

We successfully continued to identify sustainable ways to deliver the services our growing district needs.

We secured \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million wastewater pond de-sludging, among other initiatives for our wastewater, stormwater and water supply services.

We are continuing to assess the impact of the Government's reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will make a firm decision once we have studied the details.

Our roading maintenance partnership with Downer NZ, the Waikato District Alliance, completed the third year of a \$9 million-plus scheme of safety improvements which attracted an enhanced NZTA Waka Kotahi subsidy, saving more than \$2.5 million over the full three years.

We entered a partnership contract with Cushman and Wakefield in October 2020 to maintain the Council's community facilities, which include 220 Council-owned buildings across the district and more than 20 other plant items.

We transformed our project management systems to improve the delivery of business and infrastructure initiatives, and we developed a roadmap to implement best practice in procurement and contracting activity.

## Roading and alternative transport

Through our Waikato District Alliance with Downer NZ we undertook projects to enhance road safety, develop alternative transport modes to link our communities, and build infrastructure to support new residential subdivisions. We completed a three-year programme to review and change speed limits in our district and a three-year \$9m scheme of network safety improvements, resurfaced 118 kms of sealed roads and completed 7kms of road strengthening work, built 3.5 kms of new footpaths in townships across the district, enhanced shared walking-cycling paths in Raglan, and continued work on the Cambridge to Hamilton stage of the Te Awa cycleway project.

Major projects supporting the Council's vision of 'liveable, thriving and connected communities' included the Huntly Rail platform upgrade for the Te Huia passenger train service to Auckland, and the Horotiu/River Road roundabout which was a key safety initiative attracting enhanced NZTA Waka Kotahi funding, reducing Council's cost to less than \$1.5m and helping reduce the number of vehicle incidents at this intersection.



## Water services for a growing population

We are continuing to assess the impact of the Government's Three Waters Reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will make a firm decision once we have studied the details.

### Water supply

We continued to address the need for a safe and adequate water supply for our district, with a particular focus on our fast-growing communities. Working with Watercare Services we :

- Submitted an updated Waikato District Water Demand Management Plan to Waikato Regional Council, analysing the district's 10 water supply schemes and presenting options for improving future water demand management
- Obtained approval from Waikato District Health Board for a new water safety plan for the Te Akau Water Treatment Plant and distribution network, reflecting a change in water source from bore water to water delivered by tanker from the Raglan Treatment Plant
- Prepared a draft strategic servicing strategy for water and wastewater from Meremere to Huntly to assess the impact of growth and level of service improvements.

### Wastewater

Planning is at different stages for wastewater treatment plant upgrades at Meremere, Te Kauwhata and Raglan to support discharge consent renewals. Development of a concept upgrade plan is also underway for Huntly. Other achievements included the following:

- Government funding was secured to de-sludge the Huntly wastewater treatment plan
- The Meremere wastewater discharge consent renewal was secured for 35 years
- Work started with neighbouring Councils to identify a long-term solution for our southern district area.

### Stormwater

We assigned dedicated expertise to address stormwater management issues with a focus on consent compliance and reducing risks. We:

- Developed a new Stormwater Bylaw for consultation in June/July 2021 which will enable us to enforce new regulations to protect stormwater assets and waterways
- Updated the Pokeno Catchment Management Plan (CMP) and began work on a new Ngaruawahia CMP
- Produced a draft Stormwater Design Guide for designers and consent approvers
- Resolved all compliance issues, except for minor flooding on two properties, that had led to an Abatement Notice for the Raglan urban area in 2018/19.



# 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**  
**1.4 CENTS**

**AREA OFFICES AND  
OTHER PROPERTIES**

**8.5 CENTS**

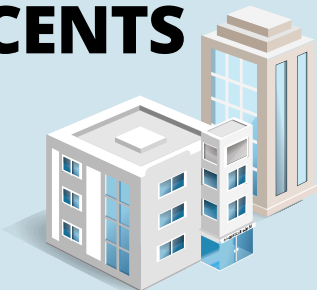
**COMMUNITY AND SAFETY**



**2.3  
CENTS**

**CORPORATE AND  
COUNCIL LEADERSHIP**

**21.1  
CENTS**



**ENVIRONMENTAL  
HEALTH**  
**1.7 CENTS**



**GRANTS AND  
DONATIONS**  
**2.7 CENTS**



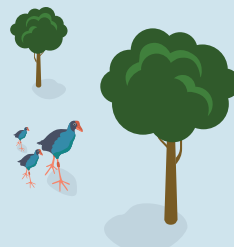
**LIBRARIES**



**2.6  
CENTS**

**PARKS AND RESERVES**

**18.3  
CENTS**



**RESOURCE MANAGEMENT**

**6.0  
CENTS**



**ROADING** **33.7  
CENTS**



**SOLID** **0.9  
WASTE CENTS**

**STORM** **0.1 CENTS**  
**WATER**



**WASTE** **0.4  
WATER CENTS**



**WATER SUPPLY**  
**0.3 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.

# IN THE PAST 12 MONTHS WE HAVE....

**Supported our vision of building 'liveable, thriving and connected communities' through our new Long Term Plan 2021-2031**

Pioneered videoconferencing for hearings on our Proposed District Plan, making participation easier for submitters

**Approved the creation of Maaori wards for the 2022 and 2025 local government elections**

Secured \$11.3 million of the Government's post-COVID-19 stimulus funding package to accelerate work on our wastewater, stormwater and water supply services

**Handled nearly 5,000 duty planning inquiries, up 43% on last year**

Committed grants totalling more than \$700,000 from Council-owned or administered funds for distribution to 155 organisations in the district

**Recorded customer satisfaction levels of 80% or more for some of our most widely-used services**

Completed the Huntly railway station platform and park-and-ride for the launch of the Te Huia passenger rail service to Auckland.

## HOW WE DID

*Our projects and work programmes range across eight groups of activities. For each group of activities we have performance measures that provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. The graphs on page 9 summarise how we did, where we met expectations and where we need to improve. Please see the full Annual Report to find out more about the targets and how we performed against them.*

See the colour coding system below to indicate how well we've done.



We've achieved



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%)



# PERFORMANCE TARGET RESULTS

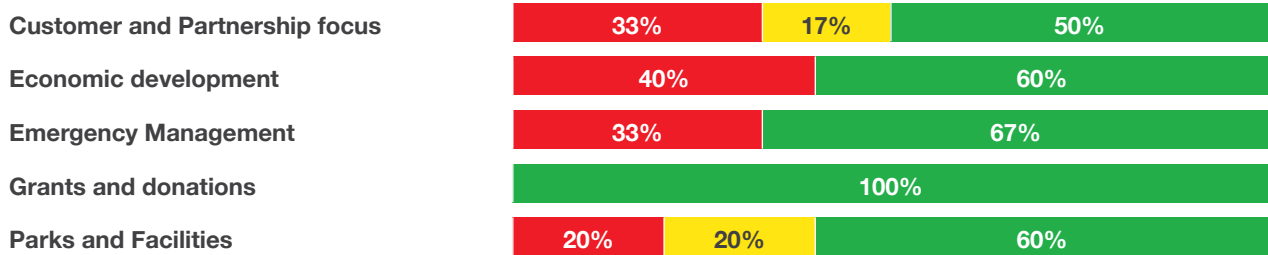
## Governance

We've met five of our seven targets for how we make decisions, how we conduct our meetings and make minutes available, and how we consult with our iwi partners. We missed a residents survey satisfaction target for ability to contact councillors, but the margin of error was 21% on this question. We continued to work to strengthen our accountability and transparency to the district's residents and ratepayers.



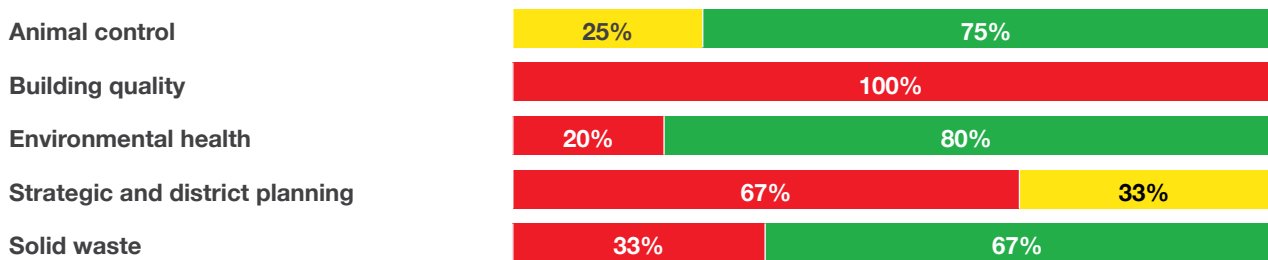
## Sustainable Communities

Our customer satisfaction survey recorded satisfaction of 80% or more with some of our largest and most widely-used services. Despite continuous efforts to identify and make improvements, we missed two 'Customer and Partnership focus' residents' satisfaction targets (on engagement and ease of access to information on key community issues) and one Parks and Facilities satisfaction target (on public toilets). Business growth in the district did not meet a target which was set prior to COVID-19, and we only missed an Emergency Management target to participate in a moderated Emergency Operation due to the need to respond to the ongoing effects of a live emergency, COVID-19.



## Sustainable Environment

A surge in applications for resource and building consents and related applications (up 27% on last year) affected our ability to deal with audits, inspections and routine monitoring, impacting performance in Building Quality and Strategic and district planning. However, we processed 99.48% of resource consents and 88.21% of building consents within timeframes. Our response to environmental health complaints was slower than our 3-day LTP target, but we met a Council 5-day target. We missed a target for responding to requests to remove solid waste as a result of process changes to improve our efficiency in handling illegal dumping.



## Roading

The Waikato District Alliance has met 5 of its 6 targets this year. A rise in fatal and serious injury crashes reflected a nationwide trend. Our road sealing programme followed an evidence-based approach and the need to manage expenditure within an overall budget.



## Waters Services

We met all our targets. We continued to address the need for a safe water supply, worked to resolve non-compliances in our wastewater plants, and made improvements to our stormwater systems.



# SUMMARY FINANCIAL STATEMENTS

## Statement of comprehensive revenue and expense

For the year ended 30 June 2021

|  | Council                     |                             |                             | Group                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2020/21<br>Actual<br>\$'000 | 2020/21<br>Budget<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Total revenue  | 208,467                     | 145,897                     | 175,219                     | 209,182                     | 175,542                     |
| Finance costs  | (4,714)                     | (5,497)                     | (4,570)                     | (4,714)                     | (4,570)                     |
| Operating expenditure excluding finance costs  | (141,065)                   | (122,184)                   | (141,026)                   | (141,226)                   | (141,083)                   |
| <b>Surplus (deficit) before tax</b>  | <b>62,688</b>               | <b>18,216</b>               | 29,623                      | <b>63,242</b>               | 29,889                      |
| Income tax expense   | -                           | -                           | -                           | -                           | -                           |
| <b>Surplus (deficit) after tax wholly attributable to WDC</b>                                  | <b>62,688</b>               | <b>18,216</b>               | 29,623                      | <b>63,242</b>               | 29,889                      |
| <b>Other comprehensive income</b>  |                             |                             |                             |                             |                             |
| Gain (loss) on property revaluations   | 39,200                      | 37,964                      | (128,907)                   | 39,200                      | (128,907)                   |
| Revaluation reserve - landfill   | 567                         | -                           | -                           | 567                         | -                           |
| Gain (loss) on cessation of joint venture  | -                           | -                           | -                           | -                           | (17)                        |
| Financial assets at fair value through other comprehensive income                              | 6,323                       | -                           | 1,540                       | 6,323                       | 1,540                       |
| <b>Total other comprehensive income</b>  | <b>46,090</b>               | <b>37,964</b>               | (127,367)                   | <b>46,090</b>               | (127,384)                   |
| <b>Total comprehensive revenue and expense wholly attributable to Waikato District Council</b> | <b>108,778</b>              | <b>56,180</b>               | (97,744)                    | <b>109,332</b>              | (97,495)                    |

## Statement of financial position

As at 30 June 2021

|                          | Council                     |                             |                             | Group                       |                             |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                          | 2020/21<br>Actual<br>\$'000 | 2020/21<br>Budget<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Current assets           | 37,381                      | 25,082                      | 49,373                      | 42,286                      | 53,671                      |
| Non-current assets       | 1,866,351                   | 2,086,216                   | 1,763,361                   | 1,865,651                   | 1,762,661                   |
| <b>Total assets</b>      | <b>1,903,732</b>            | <b>2,111,298</b>            | 1,812,734                   | <b>1,907,937</b>            | 1,816,332                   |
| Current liabilities      | 51,157                      | 35,248                      | 44,145                      | 50,179                      | 43,113                      |
| Non-current liabilities  | 79,957                      | 143,593                     | 104,748                     | 79,957                      | 104,748                     |
| <b>Total liabilities</b> | <b>131,114</b>              | <b>178,841</b>              | 148,893                     | <b>130,136</b>              | 147,861                     |
| <b>Net assets</b>        | <b>1,772,618</b>            | <b>1,932,457</b>            | 1,663,841                   | <b>1,777,801</b>            | 1,668,471                   |
| <b>Total equity</b>      | <b>1,772,618</b>            | <b>1,932,457</b>            | 1,663,841                   | <b>1,777,801</b>            | 1,668,471                   |

## Statement of changes in net assets/equity

For the year ended 30 June 2021

|   | Council                     |                             |                             | Group                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2020/21<br>Budget<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| <b>Balance at start of year</b>   |                             |                             |                             |                             |                             |
| Accumulated funds including share of joint venture                                      | 1,090,189                   | 1,191,632                   | 1,062,038                   | 1,091,674                   | 1,063,353                   |
| Reserves  | 573,652                     | 684,645                     | 699,547                     | 576,796                     | 702,612                     |
| <b>Balance at 1 July as previously reported</b>   | <b>1,663,841</b>            | <b>1,876,277</b>            | <b>1,761,585</b>            | <b>1,668,470</b>            | <b>1,765,965</b>            |
| Total comprehensive income for the year wholly attributable to Waikato District Council | 108,777                     | 56,180                      | (97,744)                    | 109,331                     | (97,494)                    |
| Other reserve movements   | -                           | -                           | -                           | -                           | -                           |
| <b>Balance at 30 June wholly attributable to Waikato District Council</b>               | <b>1,772,618</b>            | <b>1,932,457</b>            | <b>1,663,841</b>            | <b>1,777,801</b>            | <b>1,668,471</b>            |
| <b>Represented by equity at the end of the year</b>                                     |                             |                             |                             |                             |                             |
| Accumulated funds   | 1,146,219                   | 1,211,908                   | 1,090,189                   | 1,148,173                   | 1,091,674                   |
| Other reserves  | 626,399                     | 720,549                     | 573,652                     | 629,628                     | 576,796                     |
| <b>Balance at 30 June wholly attributable to Waikato District Council</b>               | <b>1,772,618</b>            | <b>1,932,457</b>            | <b>1,663,841</b>            | <b>1,777,801</b>            | <b>1,668,471</b>            |

## Statement of cash flows

For the year ended 30 June 2021

|   | Council                     |                             |                             | Group                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2020/21<br>Actual<br>\$'000 | 2020/21<br>Budget<br>\$'000 | 2019/20<br>Actual<br>\$'000 | 2020/21<br>Actual<br>\$'000 | 2019/20<br>Actual<br>\$'000 |
| Net cash from operating activities                          | 54,905                      | 43,192                      | 51,038                      | 54,876                      | 50,141                      |
| Net cash from investing activities                          | (47,944)                    | (58,836)                    | (49,367)                    | (47,953)                    | (49,531)                    |
| Net cash from financing activities                          | (15,000)                    | 15,661                      | 15,000                      | (15,000)                    | 15,000                      |
| <b>Net (decrease) increase in cash and cash equivalents</b> | <b>(8,039)</b>              | <b>17</b>                   | <b>16,671</b>               | <b>(8,077)</b>              | <b>15,610</b>               |

# SUMMARY ACCOUNTING POLICIES

Waikato District Council is a territorial local authority governed by the Local Government Act 2002 (LGA 2002) and is domiciled and operates in New Zealand.

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

Strada is no longer trading, management have elected to file a non-active declaration with Inland Revenue.

All the companies in which Council has an interest, 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 a financial return.

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

The full financial statements of Council and the Group have been prepared in accordance with Tier 1 PBE accounting standards, 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). These summary financial statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards as they relate to summary financial statements. These summary financial statements comply with PBE-FRS 43 Summary financial statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

The summary financial statements of Council and the Group are for the year ended 30 June 2021. The full annual report was authorised for issue by Council on 19 October 2021 and the summary financial statements were authorised for issue by Council on 19 October 2021.

## SUMMARY ADDITIONAL DISCLOSURES

### Contingencies

Contingent liabilities for Council at balance date are \$10,000 (2020: \$10,000) The Group's contingent liabilities at balance date are: \$10,000 (2020: \$10,000). The contingent liabilities are uncalled capital contributions in Waikato Local Authority Shared Services Limited.

Council is a 35 per cent 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 the appropriate value of the 35 per cent share.

### Commitments

Council has \$373,097,000 (2020: \$203,442,000) of capital commitments. Strada had no capital commitments at balance date (2020: \$nil).

### Events after balance date

Waka Kotahi is planning to revoke the Huntly section of SH1 as at 1 July 2021. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

### *Three Waters Reform*

The Government proposes via the water reform programme that local authorities will no longer be responsible for delivering wastewater, water and stormwater services. There would be an impact on finances relating to these services such as, but not limited to, operating revenues, direct costs of running the activities, and value of debt incurred to fund the activities. There would likely be second order impacts which Council would assess as part of the analysis of the proposal (once received). The Government has indicated a strong desire for all Councils to opt into the reform. Council has not made any decision in this regard.

### *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 final report is expected to be presented to the Minister and Local Government New Zealand on 23 April 2023. 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.



### Covid-19

In August 2021 Covid-19 reappeared in the Auckland and subsequently in Wellington. The country was placed in lockdown at Alert Levels 3 and 4 since the outbreak occurred. Most staff continue to work either remotely or on site (for essential services only). All non-urgent maintenance and capital works were suspended. After 7 September 2021 Council resumed most of the operations. There was no significant impact for our essential services during the periods of Levels 4 and 3, and deferred maintenance and capital works programmes have not affected services. No specific measures have been taken. The impact of the Covid-19 lockdown in 2020 was not material and growth across the district since then has been above expectation. Activity levels in the early part of 2021/22 financial year are above plan levels, with many departments having a backlog of work attracting fees and charges. Council does not expect any medium or long term adverse impacts from the latest outbreak.

For Strada, no material events are expected to occur subsequent to 30 June 2020 which affect the financial position at that date. (2019: none)

### Adjustments to the comparative year financial statements

There have been no adjustments to the comparative year financial statements for the year ended 30 June 2020.

### Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2020/21 compared to the budget for 2020/21.

- Overall revenue was \$62m more than budgeted. This difference was largely due to vested and found asset revenue of \$34m as well as a gain on the revaluation of interest rate swaps of \$9m not being budgeted. Contribution revenue was also \$7m higher than budget, subsidies from the NZTA being \$2m higher than budget and grant income of \$4m which was not budgeted. The levels of activity for various fees and charges were also more than expected which resulted in higher revenue than was budgeted in the annual plan.
- Overall expenses were \$18m greater than budget. Significant variances include wastewater processing costs \$5m greater than budget. unbudgeted maintenance costs of \$4m funded by a grant from the Department of Internal Affairs relating to Three Waters Reform and \$4m spent on the Proposed District plan, as well as consultant costs being \$5m more than expected. Depreciation and amortisation costs were also \$7m higher than budget.
- The above movements resulted in a surplus of \$62m at an operating level when compared to the budgeted surplus of \$18m.

- Total comprehensive revenue and expense was \$101m which was \$45m higher than budget. Majority of the difference is explained by the operating results noted above. Other comprehensive revenue and expense includes revaluation surpluses which were \$6m lower than budgeted. This was off-set by a \$6m gain on Council's investment in the Waikato Regional Airport which was not budgeted in the annual plan.
- The statement of financial position shows a decrease in overall net assets of \$160m compared to budget. The biggest variance was for property, plant and equipment which was lower than budget due to some asset write-offs and a capital programme which was significantly below budget.
- The cash flow statement highlights how the overall operational activities of Council were higher than expected throughout the year. 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 \$9m higher than budget at the end of the year.

### Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue on 19 October 2021.

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

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Auditor General. The full annual report and summary received an **unmodified audit opinion on xxx**.

The full annual report can be obtained from any of the Council's offices or can be accessed online at **[www.waikatodc.govt.nz](http://www.waikatodc.govt.nz)**.

## Independent Auditor's Report

### To the readers of Waikato District Council and group's summary of the annual report for the year ended 30 June 2021

The summary of the annual report was derived from the annual report of the Waikato District Council (the District Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 9 to 13:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive income, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

### Opinion

In our opinion:

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

### Summary of the annual report

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

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

### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 19 October 2021.

## **Council's responsibility for the summary of the annual report**

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

## **Auditor's responsibility**

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

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

In addition to our audit and our report on the disclosure requirements, we have performed an audit of the District Council's 2021/31 long term plan, 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.

Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand  
19 October 2021