
Agenda for a meeting of the Performance & Strategy Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **MONDAY, 9 OCTOBER 2023** commencing at **12.00pm**.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

3. DISCLOSURES OF INTEREST

The register of interests is no longer included on agendas, however members still have a duty to disclose any interests under this item.

4. PERFORMANCE REPORTS

4.1 Annual Report 4

5. EXCLUSION OF THE PUBLIC N/A

The meeting will close with a Karakia.

GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Reports to:	The Council
Chairperson:	Cr Janet Gibb
Deputy Chairperson:	Cr Marlene Raumati
Membership:	The Mayor, all Councillors
Meeting frequency:	Six-weekly
Quorum:	Majority of members (including vacancies)

Purpose:

The Performance & Strategy Committee is responsible for:

1. Setting the broad vision and direction for the District's Long Term Plan, determine specific outcomes that need to be met to deliver on Council's vision, develop and monitor strategies to achieve those goals.
2. Monitoring of Council's strategy, and performance (both financial and non-financial) against the Long Term Plan and Annual Plan.
3. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.
4. Guiding and monitoring Council's interests in Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

In addition to the common delegations, the Performance & Strategy Committee is delegated the following Terms of Reference and powers:

Terms of Reference - Strategy:

1. Develop and agree strategy and plans for the purposes of consultation (including those required under schedule 10 of the Local Government Act 2002).
2. Recommend to Council strategy and plans for adoption, that underpin Council's Long Term Plan.
3. Monitor and review adopted strategies and plans.
4. To monitor and provide advice on the development and implementation of growth and development strategies, land use, and spatial plans in line with national policy requirements.

Terms of Reference – Performance:

1. To monitor Council's financial strategy, and performance against that strategy.
2. To monitor Council's non-financial performance framework as set out in the Long Term Plan.
3. To receive quarterly reports on the Chief Executive's Business Plan.
4. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
5. To receive six-monthly reports of Council's CCOs and COs, including on board performance.

6. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for full Council's approval.

7. To monitor Council's investments and Local Government Funding requirements in accordance with Council policy and applicable legislation.

The Committee is delegated the following powers to act:

- Approval of:
 - a. the increase or decrease of the number of members on CCO and CO boards;
 - b. appointments to, and removals from, CCO and CO boards; and
 - c. a mandate on Council's position in respect of remuneration proposals for CCO and CO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO and CO.
- Approval of statements of intent for each CCO and CO.
- Exercise the Council's powers as a shareholder, or as given under a trust deed, in relation to a CCO or CO, including (but not limited to) modification of constitutions and/or trust deeds, granting shareholder approval of major transactions where required, or exempting CCOs in accordance with the Local Government Act 2002. For clarity, this delegation includes the approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO or CO.
- Monitor work programme of Future Proof, Waikato Plan, Growth Strategy and cross-boundary issues.
- Approval of any process for making decisions where additional operating expenditure or capital expenditure funding, or deferred capital expenditure, is required.
- Approval of all insurance matters which exceed the delegation of the Chief Executive or other staff, including considering legal advice from the Council's legal and other advisers, approving further actions relating to insurance issues, and authorising the taking of formal actions
- Review and make recommendations to Council in relation to Fees & Charges (after consultation with relevant community boards or committees).
- Review and recommend to Council the adoption of the Annual Report.
- Approval of transactions in relation to investments in accordance with Council policy.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which exceed the Chief Executive's delegations, but exclude contracts or arrangements that are reserved for the Council or another committee's approval.
- Approval of rating issues where these exceed the delegated authority of officers or are an appeal against officer decisions. For clarity, this excludes decisions that are required, by law, to be made by the Council.
- Approval to write-off outstanding accounts that exceed officer delegations.

To	Performance and Strategy Committee
Report title	Presentation of the Draft 2022/23 Annual Report and 2022/23 Annual Report Summary
Date:	9 October 2023
Report Author:	Nicole Hubbard, Corporate Planning Manager Colin Bailey, Finance Manager
Authorised by:	Will Gauntlett, Acting General Manager Community Growth Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

For the Performance and Strategy Committee to recommend to Council adoption of the 2022/23 Annual Report and 2022/23 Annual Report Summary.

2. Executive summary

Whakaraapopotanga matua

The Local Government Act 2002 (LGA) requires Council to adopt its Annual Report and Annual Report Summary by 31 October each year. The Annual Report compares the activities and performance of Council against what was set in the Long Term Plan (LTP). The 2022/23 Annual Report and Summary report on year two of the 2021-2031 LTP.

Audit New Zealand are on track to complete their audit of the 2022/23 Annual Report and Annual Report Summary. They have indicated that verbal clearance is likely to be given on 6 October 2023 as scheduled and that an unqualified audit opinion will be received prior to the Council adoption meeting on 24 October 2023.

Audit NZ have also advised that a late change is required to the presentation of the Annual Report and Summary documents. The 2021/22 Annual Report disclosed Group figures, i.e. Council plus the Wellbeing Trust and Scada Limited, a dormant CCO.

The Wellbeing Trust was closed on 1 July 2022 and the funds transferred to Momentum Waikato. Initial advice from Audit NZ indicated that Group figures would not be required for 2022/2023.

However, the Audit NZ Technical Team have now confirmed that the prior year comparatives must disclose Group figures while the current year disclosure will remain as shown in the attached Draft documents. This late change will not delay Audit NZ in providing verbal audit clearance.

3. Staff recommendations Tuutohu-aa-kaimahi

THAT the Performance and Strategy Committee recommends to Council:

- a. that the audited 2022/23 Annual Report and Annual Report Summary be adopted, subject to any minor editorial updates and audit clearance.

4. Background Koorero whaimaarama

The Local Government Act 2002 requires Council to adopt its Annual Report and Summary by 31 October each year. The Annual Report is the Council's accountability document to its ratepayers and the wider community for each financial year (1 July – 30 June).

The Annual Report tells the community how the Council is delivering on our strategic direction and vision (liveable, thriving and connected communities). It tells them:

- How Council performed against the work programme and levels of service set out in the relevant year of the 2021-2031 LTP (referred to as non-financial performance), and
- How Council performed financially (i.e., what did we do with the funds we received, what the balances of our assets and liabilities are, and what our cash position is, etc.) for that year.

5. Discussion and analysis Taataritanga me ngaa tohutohu

Non-financial Performance

Council's projects, activities and associated budgets are divided into eight groups of activities and reported in the Statement of Service Performance as part of the Annual Report. These eight groups of activities are:

- Governance,
 - Sustainable Communities (Customer and Partnership Focus, Economic Development, Emergency Management, Grants and Donations, and Parks and Facilities),
 - Sustainable Environment (Animal Control, Building Quality, Environmental Health, Strategic and District Planning, and Solid Waste),
 - Roading,
 - Stormwater,
 - Wastewater,
 - Water Supply, and
 - Organisational Support.
-

Council has 62 performance measures across the groups of activities which are reported to the community through this Annual Report. In 2022/23, 56 per cent (37) performance targets were achieved, compared to 65 per cent (41) in the previous year. An additional two per cent (1) were achieved in part and 42 per cent (24) were not achieved.

Council has continued to do well in our performance for services such as animal control, environmental health, stormwater, wastewater, and water supply. Results for customer satisfaction measures suggest there is dissatisfaction from our community services, including parks and reserves, public toilets, and waste collection.

There is also dissatisfaction in interactions and engagement with Council and in perceived availability of councillors. Resource and building consent processing timeframes were also adversely impacted due to staffing availability, contractor capacity and the requirement to assess against both the operative and proposed District Plan.

Financial Performance

The demand for Council's services continued to grow, and we continue to face challenges in retaining and attracting qualified staff. This has made maintaining service levels challenging, resulting in increased costs and some service levels being adversely affected. Despite the increased workload the Council's financial position remains strong. Council has also continued to deliver three waters services ahead of pending reform.

The Council's income for the 2022/23 financial year was \$223 million, a positive variance of \$43 million compared to the budget. This results from higher revenue from found and vested assets (the latter being local development assets passed to council for ongoing maintenance), which are not budgeted for, and higher than anticipated rating growth. This was partially offset by lower levels of Development and Financial Contributions impacted by the timing of the development cycle.

The Council's operational expenditure was \$177 million, in line with the budget. Depreciation and amortisation costs were higher than budgeted due to asset valuation movements in the prior year and this adverse variance was offset by savings in employee costs from vacant positions.

The Council's operating surplus was \$52 million compared to a budgeted surplus of \$64 million, attributed to the variances detailed above.

The Council's capital programme financial results are made up of 2022/23 budgeted projects as well as projects that were still to be completed from the prior year. It should be noted, therefore, that the amount presented in the Annual Report is a comparison against the 2022/23 budget only. In real terms, the \$78 million spend delivered 40% per cent of the entire work programme, when budgets carried forward from previous years are included.

5.1 Options

Ngaa koowhiringa

It is a legislative requirement for Council to adopt the Annual Report and Annual Report Summary for the previous financial year by 31 October 2023.

5.2 Financial considerations

Whaiwhakaaro puutea

There are no material financial considerations associated with the recommendations of this report. Audit New Zealand provides an independent assessment of the accuracy and reliability of the information contained within the Annual Report by reviewing councils' system and controls (testing sample transactions), supporting evidence, assumptions, and judgements that have been made in preparing the financial statements and statement of service performance (non-financial content).

The audit relationship is managed by the Risk and Assurance Committee and Audit New Zealand will present a report following the completion of the audit with recommended improvements.

5.3 Legal considerations

Whaiwhakaaro-aa-ture

Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.

The 2022/23 Annual Report and Annual Report Summary are prepared in accordance with section 98 of the LGA and the relevant accounting standards.

The report and summary must be made publicly available within one month of adoption.

5.4 Strategy and policy considerations

Whaiwhakaaro whakamaaherehere kaupapa here

The report and recommendations are consistent with the Council's policies, plans and prior decisions.

5.5 Maaori and cultural considerations

Whaiwhakaaro Maaori me oona tikanga

The report and recommendations are consistent with the LTP outcomes incorporated into the document, regarding Maaori and cultural outcomes.

5.6 Climate response and resilience considerations

Whaiwhakaaro-aa-taiao

The report and recommendations are consistent with the LTP outcomes incorporated into the document, regarding Council's climate response and resilience.

5.7 Risks

Tuuraru

Council is required to adopt the Annual Report and Summary for each financial year as per section 98 of the LGA. If Council do not adopt the audited 2022/23 Annual Report and Annual Report Summary, Council would be at risk of not fulfilling its legal obligations under the LGA.

6. Significance and engagement assessment Aromatawai paahekoheko

6.1 Significance Te Hiranga

The decisions and matters of this report are assessed as of low significance, in accordance with the Council's [Significance and Engagement Policy](#).

6.2 Engagement Te Whakatuutakitaki

Highest level of engagement	Inform	Consult	Involve	Collaborate	Empower
	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> - Public notice on the council website. - An update on the council website. - Social media post on the council's Facebook page - Hardcopies in all council offices and libraries. 				

7. Next steps Ahu whakamua

The next steps include adoption of the 2022/23 Annual Report and Annual Report Summary, and the publication of both documents on the Council website. Hardcopies will also be made available in all Council offices and libraries.

8. Confirmation of statutory compliance Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role and Performance and Strategy Committee's Terms of Reference and Delegations.	Confirmed
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The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages (<i>Section 5.1</i>).	Confirmed
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Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (<i>Section 6.1</i>).	Low
The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (<i>Section 6.2</i>).	Confirmed
The report considers impact on Maaori (<i>Section 5.5</i>)	Confirmed
The report and recommendations are consistent with Council's plans and policies (<i>Section 5.4</i>).	Confirmed
The report and recommendations comply with Council's legal duties and responsibilities (<i>Section 5.3</i>).	Confirmed

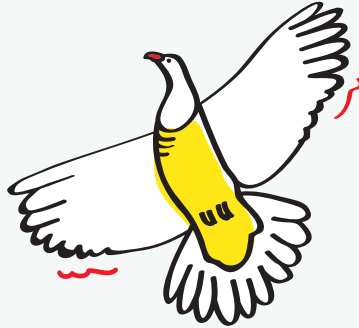
9. Attachments Ngaa taapirihanga

Attachment 1 – Draft 2022/23 Audited Annual Report

Attachment 2 – Draft 2022/23 Audited Annual Report Summary

Annual Report Riipoata aa tau 2022/23





What is an annual report?

Every three years, we produce a Long Term Plan (LTP), which sets the direction of Council for the next 10 years. During the years in between, an annual plan is adopted which sets out the budget and funding sources for the year ahead.

Annual reports, like this one, show you the progress we've made towards meeting the goals and intentions set in both plans. It's our way of letting you know about our financial position after the 2022/23 year, and highlights the work done in year two of the 2021-2031 LTP. You'll see the work we've done, along with financial statements detailing how we paid for it.

For more information, including details about our levels of service and our key financial policies, please refer to the LTP. This can be found on Council's website.

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Setting the scene

Message from the Mayor and Chief Executive

Building connections and powering positive change

The past year has been memorable, to say the least. In October 2022, the district elected a new Mayor and nine new Councillors – that’s a big change at the governance table. The new Council immediately spent a considerable amount of time and effort in induction to understand the complexities of Council as well as began our planning and governance. We started the new year with great optimism for the journey ahead, but the weather events of early 2023 threw us a significant curve ball and left us dealing with the aftermath on many of our communities and roads, with the North Waikato particularly hard hit.

Despite the challenging start, the year has also seen positivity and growth, and we continue to focus on delivering programmes and initiatives across the Waikato District that support your communities to be Liveable, Thriving and Connected.

A busy year for a new Council

With a new Mayor, nine new elected members including the establishment of two Maaori Wards, it has been an exciting time setting out our vision for the district. Our focus is on sustainability, resilience, enhancing the wellbeing of all our communities, and addressing the growth-related challenges and opportunities that affect us.

In May 2023, we unveiled new portraits in Council Chambers of the Maaori King, Kiingi Tuheitia Potatau Te Wherowhero VII, and King Charles III. We’re proud to be the first council to honour Kiingi Tuheitia in this way, showing our respect for the district’s Kiingitanga, iwi and mana whenua.

This gesture is part of our ongoing commitment to the principles of Te Tiriti o Waitangi. As part of that commitment, we’re also partnering to develop a mana whenua forum framework for the further engagement with marae and other Maaori stakeholders.



Throughout the year we initiated improved communication and engagement with various community groups and sectors. This includes the creation of a Rural Economic Advisory Panel with influential rural leaders and stronger relationships with local halls, resident groups, and community boards. This collaborative approach aims to enhance council outcomes and support community prosperity, including our rural and lifestyle communities and businesses.

Weathering storms together

Early in February, Cyclone Gabrielle struck the North Island with unprecedented force, causing widespread flooding and damage across the Waikato District, particularly in Port Waikato. While the scale of devastation was a shock, Council was able to respond effectively to emergencies as they happened, providing immediate assistance and support to affected communities impacted by landslides and fallen trees which cut key road access to many residents. We worked to fix damaged infrastructure as quickly as possible with our roading alliance partners. Six months on, government support and the newly established Mayoral Relief Fund continues to provide financial

support to people and businesses affected by the storm and to build our resilience in preparation for any future events.

Enhancing our natural spaces

Work finished on some exciting projects this year, all aimed at celebrating the open spaces and natural features that make our region so unique.

The Te Awa River ride, which opened earlier in the year, exemplifies that celebratory spirit. The 65km concrete track takes residents and visitors on a scenic route along the mighty Waikato River from Ngaaruwaahia to Lake Karaapiro.

In Raglan, this past year saw the completion of the Whaingaroa Wharf Upgrade project. This project was supported by funding from Kanoa Regional Economic Development and Investment Unit, and iwi partners. It features the addition of a pontoon, kayak ramp, walkway and structural wharf repairs to help more people use and enjoy the town's beautiful waterfront area.

Tuakau's Skate Park is another community success story and it's already proving popular with young people in the region. Developing the park involved several community groups and funding bodies, including the Tuakau Youth Sports Trust, the Waikato District Community Wellbeing Trust, the New Zealand Community Trust, Lotteries NZ, and the Onewhero-Tuakau Community Board.

Improving transport infrastructure

The Waikato district is one of the largest in New Zealand, covering 400,000 hectares, with 11 towns and several smaller settlements. With people scattered across such a wide area, roading and transport infrastructure are essential, particularly to those in remote rural areas.

As always, Council has been working hard to maintain and improve roads in the district, ensuring that they're safe, secure, and open for use. While the damage caused by Cyclone Gabrielle and other weather events is a setback, we're looking at it as an opportunity to strengthen, reinforce and, in some cases, relocate roading that is no longer fit for purpose, particularly as extreme weather events increase. Ongoing repair and replacement work will take some years, but support from Waka Kotahi will reduce the impact on ratepayers.

Council continued to work on road safety improvements, which included adopting a new

Traffic Bylaw, and beginning work on a Speed Management plan. These improvements are designed to create safer speed zones, particularly around schools, marae, and community facilities. It's all part of the Government's 'Road to Zero' initiative, a commitment to work towards zero harm on our roads.

Committed to community inclusion and supporting resilience

The challenges of the past year have made it clear that community connection, resilience, and strength are more important than ever. Council continues to be committed in its work to foster community inclusion and greater resilience, supporting communities to achieve their goals and aspirations.

This work includes engaging with community groups and marae, creating a rural strategic advisory group, and offering training and development opportunities to community groups.

Unlocking funding and focusing on efficiency

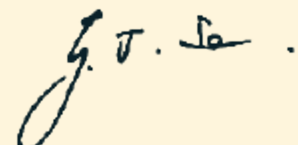
In precarious economic times, Council must balance high-quality services and infrastructure with budget constraints. Our goal is to deliver value for money by finding innovative, cost-effective ways to deliver those services and amenities.

This year, we've done this through accessing grants and other funding streams, pulling in support from the central government, the Lotteries Commission, local trusts, and regional funding bodies. This funding has let us complete key community projects that help drive our district's growth and development.

As always, it's about moving forward, identifying opportunities to innovate, delivering what's planned and committed to, and getting the job done. We're proud of our tough, resilient people, and we're looking forward to another year of growth, positive action and tireless work from our Council and our community.



Her Worship, Jacqui Church
Mayor



Gavin Ion
Chief Executive

Your Mayor and Councillors

The **Waikato District Council** is an elected body of 14 representatives – the Mayor and 13 Councillors. Council is accountable to the ratepayers and residents of the Waikato district for the planning, direction and management of the resources to meet the present and future needs of the community.



Jacqui Church
Mayor

jacqui.church@waidc.govt.nz



Carolyn Eyre
Deputy Mayor

Western Districts General Ward
Councillor

carolyn.eyre@waidc.govt.nz



Crystal Beavis

Tamahere-Woodlands General Ward
Councillor

crystal.beavis@waidc.govt.nz



David Whyte

Huntly General Ward
Councillor

david.whyte@waidc.govt.nz



Eugene Patterson

Newcastle-Ngāruawāhia General Ward
Councillor

eugene.patterson@waidc.govt.nz



Janet Gibb

Newcastle-Ngāruawāhia General Ward
Councillor
janet.gibb@waidc.govt.nz



Kandi Ngataki

Tuakau-Pōkeno General Ward
Councillor
kandi.ngataki@waidc.govt.nz



Marlene Raumati

Waerenga-Whitikahu General Ward
Councillor
marlene.raumati@waidc.govt.nz



Mike Keir

Tamahere-Woodlands General Ward
Councillor
mike.keir@waidc.govt.nz



Paaniora Matatahi-Poutapu

Tai Raro Takiwaa Maaori Ward
Councillor
paaniora.matatahi-poutapu@waidc.govt.nz



Peter Thomson

Awaroa-Maramarua General Ward
Councillor
peter.thomson@waidc.govt.nz



Tilly Turner

Tai Runga Takiwaa Maaori Ward
Councillor
tilly.turner@waidc.govt.nz



Vernon (Vern) Reeve

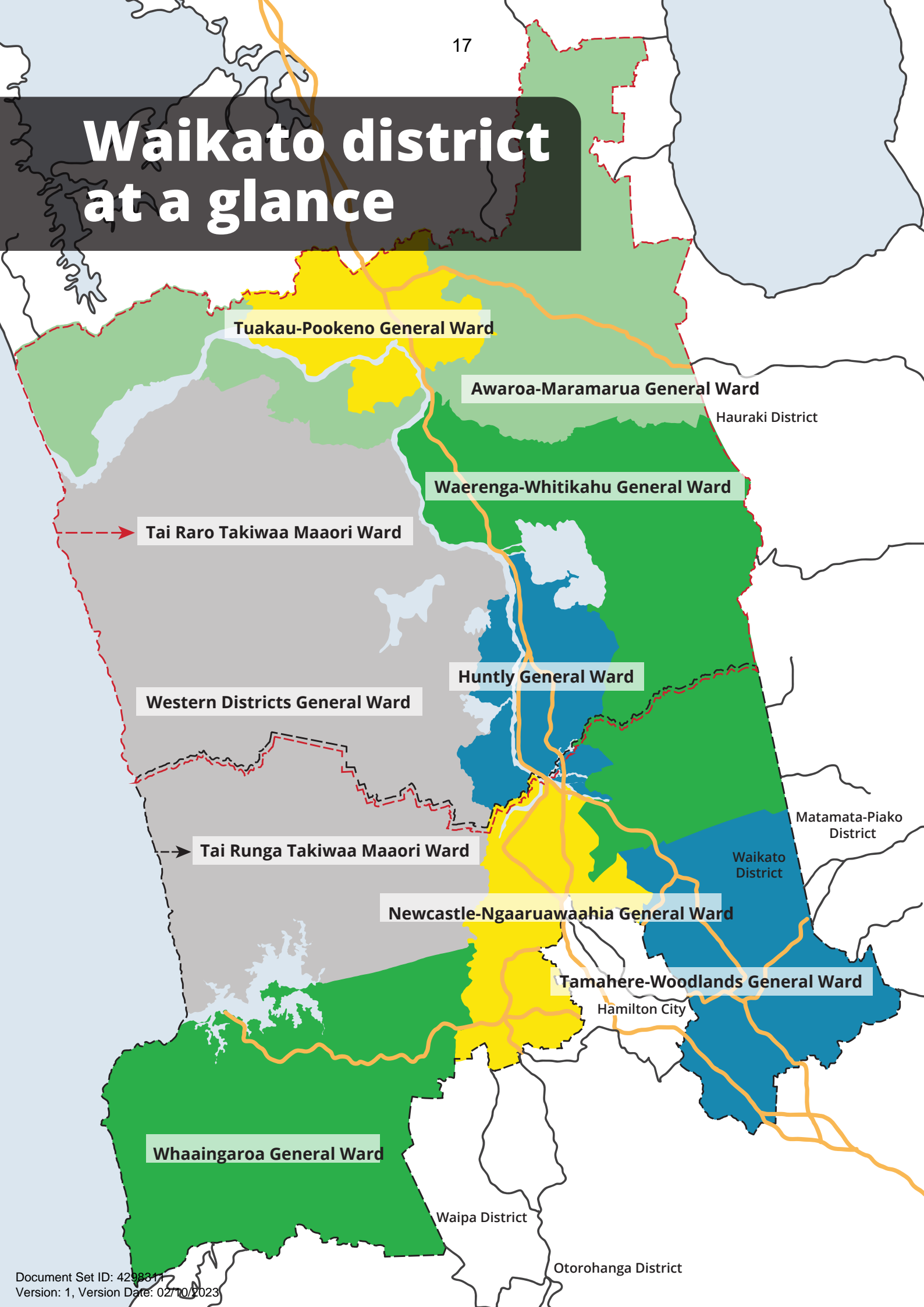
Tuakau-Pōkeno General Ward
Councillor
vern.reeve@waidc.govt.nz



Lisa Thomson

Whāingaroa General Ward
Councillor
lisa.thomson@waidc.govt.nz

Waikato district at a glance

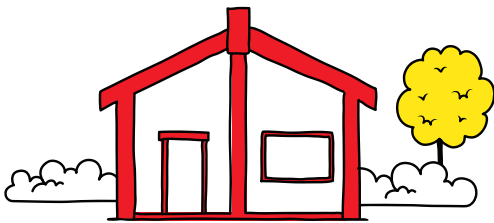


Our district is home to **88,900**
PEOPLE¹
— that's **1.73%** of New Zealand's population.



Out of 88,900, the **average age is 37 years old** with 25,514 living in urban, rural or residential properties or working in **3,519 business properties** or farming on **3,569 farmland properties**.

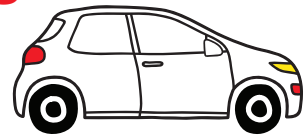
(Note: There are 90 properties categorised as Other.)



There are around **20,000**
MAAORI²
living in our District.

The Waikato
DISTRICT
covers **more than 400,000 hectares** (418,893 ha).

If we join all of our
ROADS
together from end to end **we'd be able to drive 2,148 km; that's from Port Waikato to Sydney**. Our **unsealed roading network is the same distance as Auckland to Wellington** (600 km).



We have **20,898** **SIGNS**,
5,786 **STREETLIGHTS**,
62,657 km of **KERB** and
CHANNEL,
and **308 km** of
FOOTPATHS,
292 km of which are concrete.

We have **42**
community centres to
help bring our



COMMUNITIES
together.

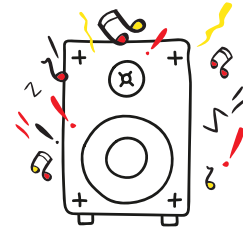
¹ Information source: Subnational population estimates (TA, Community Board), by age and sex, at 30 June 2018-2022 (provisional 2023 boundaries)

² Information source: Stats NZ

We have **8,605 small CULVERTS** that run across the road and **11,694 side culverts** that run on the side of the road normally under driveways/entrance ways in a rural area.



We issued **1,750 BUILDING consent applications** in 2022/23.



1,134 noise COMPLAINTS were received in 2022/23.



INNOVATION initiatives delivered during the year contributed to one-off **savings of \$350k, efficiency time savings of 3,466 hours** and **ongoing efficiency savings of 13,496 hours per year.**



186 environmental health service REQUESTS were processed in 2022/23.



230 FOOD premises were verified in 2022/23.

14,089

DOGS

registered in 2022/23 and **209 dogs were rehomed** in 2022/23. There are **16,016 known dogs** in the district. **884 dogs were impounded** in 2022/23.



339 ALCOHOL applications were processed and followed up in 2022/23. **107 Alcohol Manager's Certificate applicants were interviewed** in 2022/23.



There have been almost **3 million**

RUBBISH & RECYCLING

collections over the 2022/23 financial year throughout our district (**2,937,584 collections over 28,246 households**).

The **District Plan page** on the Council

WEBSITE

was **visited 281,471 times during 2022/23**.



There are **6 Council**

LIBRARIES

with over **85,277 books**.

We have **61 playgrounds** for our



YOUNGSTERS

to enjoy, learn and grow.

We have

1,289ha of natural

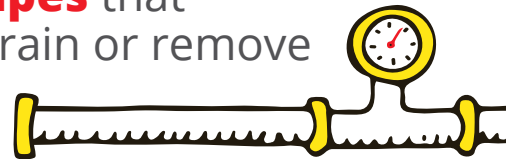
RESERVES

that are home to thousands of species.



We have over **1,100 km of stormwater pipes** that either supply, drain or remove

WATER



through our residential towns.

Approximately **50 per cent of rateable properties** in

the district are connected to a Council water supply scheme.

1,543 water-related service requests were received in

2022/23. **3,784 water billing queries** were received in

2022/23. **40 overflows/blockages were responded to** with a medium response

time of 42 minutes and a medium completion time of

111 minutes in 2022/23.

We own and maintain **229ha of sport and**

RECREATION

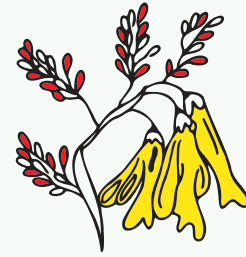
areas for active

communities - that's

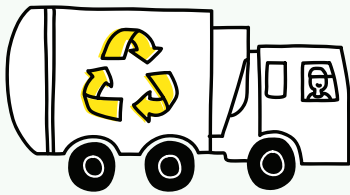
around 229 rugby fields.



2022 Sustainability Snapshots*

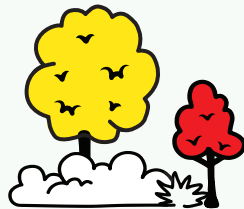


40 per cent of our vehicle fleet are HYBRID & PHEV.



36 per cent of WASTE collected was diverted from landfill.

We have **5,596 lights** in our roading network and **88 per cent of them are LED LIGHTS.**

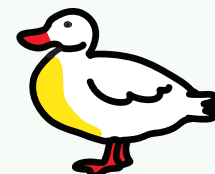


We planted more than **31,500 NATIVE PLANTS,** across the district.

We have **30 ECOLOGICAL ENHANCEMENT sites, and 25 RIPARIAN RESTORATION sites.**

Ecological enhancement increases and improves the habitat for flora and fauna. These sites are being restored with various native plantings, as well as pest and weed control, to enhance the ecosystem and improve habitats.

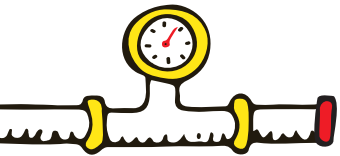
Riparian restoration is the ecological restoration alongside streams, rivers, lakes (and any other body of water). The riparian area (or zone) is the interface between land and the waterbody. The work includes new native plantings, pest, control and weed control to improve water quality, reduce flooding and increase biodiversity.



*These statistics are for the 2022 calendar year, not the 2022/23 financial year.

What you got for \$100

We deliver a **broad range of services** to our diverse district of **residents, business owners and visitors**. Here's how we spent every **\$100** we received from general rates*.



Water supply (in public areas) \$0.5

Animal control \$1.7

Wastewater (in public areas) \$0.5

Area offices and other properties \$9

Stormwater (in public areas) \$0.3

Building control \$0.1

Solid waste management (in public areas) \$1.6

Community and safety \$3



Corporate and council leadership \$21.5

Environmental health \$1.60



Roading \$31.5

Resource management \$5.3

Grants and donations / community liaison \$1.6



Parks and reserves \$19.4

Libraries \$2.4



*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.

Our Performance

Statement of Service Performance

The Council's service performance information on pages 14 to 65 has been prepared in accordance with the PBE FRS 48 service performance reporting requirements and GAAP.

PBE FRS 48 states that in reporting about the entity's objectives and how it intends to achieve them, the information should be drawn from the founding documents, governance documents and accountability documents. As such, Council has drawn this information from the 2021-2031 LTP, which sets the direction of Council for the next 10 years, and our Vision and Community Outcomes which describe our aspirations for the Waikato district at a strategic level.

The reporting standard PBE FRS 48 states judgement is required in deciding how much information to provide about the current reporting period as well as comparatives for all performance measures and survey rationale. Refer to the section below to see how Council has responded to this.

Service performance judgements and assumptions

In the preparation of the Statement of Service Performance which reports on year two of the 2021-2031 LTP, Council has made the following judgements in the selection of our service performance measures:

- We have reflected on the extent to which the levels of service we plan to provide to the community were best captured by performance measures.
- We have ensured that the performance measures adequately inform progress towards delivering the outcomes in the 2021-2031 LTP.

Under the Local Government Act 2002 we are mandated to provide standard performance

measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, wastewater treatment and disposal, stormwater drainage, and the provision of roads and footpaths. We are also required to demonstrate regulatory compliance for statutory measures (such as percentage of both building consents and resource consents applications processed within statutory timeframes).

Further to the above, we also apply judgements in the measurement, aggregation, and presentation of service performance information. Council has balanced the information available with the need to report in an understandable and concise manner for the readers.

As part of setting funding levels, Council has considered the impact on services and their related performance measures. Council has determined it is possible to continue to provide services at current levels and the related performance measures do not need to be adjusted for funding reasons.

Material judgements have been applied as follows:

Satisfaction Surveys

We currently use our resident satisfaction survey to measure customers experiences and perceptions with council services.

The survey is designed by external research experts, based on best practice in survey design, and the survey is independently run and analysed.

Survey sampling (i.e. recruitment of participants) is conducted in a way that maximises the representativeness of respondents and the diverse nature of the Waikato district.

To minimise the risk of under representative sampling, best practice market research techniques are used, including statistical weighting of the sampled population to ensure census level representation. In addition, questionnaires are regularly reviewed to ensure best practice and fit for purpose.

External implications for statements about performance

There are conditions that affect the service performance results and may result in a variation from the anticipated or forecasted results. These are ones which are outside the control of the Council. Examples of this are, but not limited to changes in government policy in New Zealand, extreme weather events, global and domestic economic conditions that may impact areas such as recruitment and other unforeseen considerations



Our Vision and Community Outcomes

Our Vision and Community Outcomes describe our aspirations for the Waikato district.

Our vision – liveable, thriving and connected communities.

We are responsible for improving the wellbeing of our community. Our community outcomes let us define what ‘wellbeing’ means and how Council and the wider community can contribute to this. They’re aspirational statements and recognise that other agencies and the community itself will need to be part of meeting those goals. We set the community outcomes in the 2021-2031 Long Term Plan – below you’ll see what work we did in 2022/23 to live up to those aspirations.



Supporting our communities Kia tautoko ki a taatou Haapori

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Delivered services and support to our communities through the significant weather events of early 2023. This included opening our contact centre 24/7 during Cyclone Gabrielle, working with affected homeowners to assess affected properties and providing ongoing guidance on remedial actions they could take. Our roading teams responded immediately to ensure lifeline routes were cleared as soon as possible. Led by our resilience team, businesses could stay open by following continuity and incident management processes.
- Purchased the old Waipa Tavern site. This will allow us to support the revitalisation of Ngaaruawaahia town centre and develop a community hub. The Waipa Tavern, which burned down last year, will be redeveloped into welcoming spaces for learning, creativity, engagement and connection. We’ll engage with mana whenua and the wider community in the early planning stages.

Supporting our communities | Kia tautoko ki a taatou Haapori

Building our economy | Ka hanga a taatou Oohanga

Sustaining our environment | Kia toituu to taatou Taiao

Working together with you | Kia mahi tahi taatou

Providing value for money | Ka whai painga mo te puatea

- Almost completed Raglan’s Town2Surf cycleway. The two-metre wide Town2Surf cycleway will connect Raglan town centre with the main beach and provide locals and visitors a safe place to walk, run and cycle between other community sites. We received funding of just under \$1 million for the cycleway from the Government’s Tourism Infrastructure Fund. This was set up to develop tourism-related infrastructure for regions with tourism growth.



Building our economy Ka hanga a taatou Oohanga

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Continued to work with both regional and national partners to support and advise businesses to ensure effective investment takes place and local communities and iwi receive the benefits.
- Held business network events in Tuakau, Pookeno and Raahui Pookeka Huntly. These were designed as a platform for Waikato district business operators to connect with each other, explore opportunities to work together and take advantage of the growing economy in the rohe.
- Supported Hamilton and Waikato Tourism to encourage the community to promote our district by participating in the Waikato Ambassador Programme workshops. Attendees got the chance to build community connections, discover new attractions, learn how to enhance visitor experiences, ask questions, and network with peers from across the motu. The Mayor hosted members of the district’s hall committees, smaller ratepayer associations, community committees and Community Boards, aiming to connect effectively with these influential voices in our rural areas and small

towns. Representatives attended from Naike, Maatangi, Glen Afton, Gordonton, Pukemiro, Port Waikato, Puketaha, Tamahere, Karioitahi, Mangatangi and Te Akau.



Sustaining our environment Kia toituu to taatou Taiao

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Reduced our operational emissions by 3.9 per cent. We reduced our district emissions by approximately eight per cent. Half of our vehicle fleet are hybrid or plug-in hybrid electric vehicles (PHEV), and we will look to increase this over time. 88 per cent of our road lighting is LED and we planted over 31,500 native plants across the rohe.
- Provided training to community advisors to support non-government organisations, charities and small businesses to measure and set action and targets on climate change. We also developed a Climate Response and Resilience Strategy.
- Upgraded the Te Mata and Te Uku recycling drop-off centres to improve access and increase the ability for these communities to recycle. The sites now have dedicated areas for the different types of recycling, and the Te Uku site now has a covered roof.
- Planted more than 1,000 native trees at Les Batkin Reserve in Tuakau. This was in collaboration with Tuakau Primary School, Enviroschools, Citycare and Waikato Regional Council. The planting helped promote a healthy biodiverse environment to encourage partnerships with local communities and teach them the benefits of creating and maintaining spaces dominated by native species.



Working together with you Kia mahi tahi taatou

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Launched the Raahui Pookeka Huntly Arts Strategy in March 2023. It aims to help creative arts flourish in Raahui Pookeka Huntly over the next five years. The strategy is a starting point. It creates pathways for local authorities, community groups, iwi, education providers and locals to support each other and grow arts and culture in the wider Huntly area.
- Provided \$413,847 to over 50 groups through funding and discretionary grants.
- Surveyed Community Boards and Committees to gather feedback about future Blueprint initiatives. We received responses from nearly all 17 communities with Local Area Blueprints, and Council's Sustainability and Wellbeing Committee will consider these in September 2023.
- Received \$1,925,000 from Government's Climate Emergency Response Fund for micro-mobility transport improvements in Raahui Pookeka | Huntly. This funding will focus on improving the pedestrian link between the town centre and Huntly West and further extending the shared path linking Ohinewai with Huntly.



Providing value for money Ka whai painga mo te puutea

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.

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Completed the Raglan pontoon and gateway project in June 2023. This includes a newly constructed pontoon, kayak ramp and eastern walkway. This collaborative project transformed the wharf and wider harbour and was funded by Kanoa Regional Economic Development and Investment Unit and partnerships with Raglan Community Board and our iwi partners, including Ngaati Maahanga and Ngaati Hourua, Tainui o Tainui, Ngaati Tahinga and Ngaati Tamainupoo. There will be ongoing work to construct the eastern and western walkways at the wharf to improve pedestrian access for all ages and abilities. This is being part-funded by the Government's Better Off Funding.
- Developed the Tuakau Skate Park in partnership with Tuakau Youth Sports Trust. Extra funding for the project came from Council's Waikato District Community Wellbeing Trust, New Zealand Community Trust, Lotteries NZ and Onewhero Tuakau Community Board.
- Launched a new account-based online system. This lets residents use a single email address to access online accounts for rates, water, dog registration details and more. This is the first of many online services that will enable making and managing payments even easier for residents.
- Switched from gas to electricity to heat swimming pools at the Huntly Aquatic Centre. Council received \$158,000 of funding from the Energy Efficiency and Conservation Authority's Technology Demonstration fund. The work replaces a gas boiler with a new electric heat pump for indoor spaces, hot water, and pools. We expect this to reduce the Council's Corporate emissions by approximately 14 per cent each year, or 153 tonnes of CO₂-e emissions annually, taking effect in 2024. This change aligns with Council's Climate Resilience and Response Plan and commitment to reducing greenhouse gas emissions.

Vision and Strategy for the Waikato River

**Tooku awa koiora me oona pikonga he kura
tangihia o te maataamuri**

***The river of life, each curve more
beautiful than the last***

Kiingi Taawhiao

Restoring the Waikato River

The work we do helps to deliver on Te Ture Whaimana o te Awa o Waikato – the Vision and Strategy for the Waikato River. The Vision and Strategy was developed by the Guardians Establishment Committee. This was formed under the Waikato-Tainui and Crown Agreement in Principle and legislated in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

The Waikato River Authority is the custodian of Te Ture Whaimana and also invests in rehabilitation initiatives. The board of the Waikato River Authority is made up of a representative from each of the five river iwi authorities (Waikato-Tainui, Tūwharetoa, Te Arawa River Iwi, Raukawa and Maniapoto) and five Crown representatives.

Our vision is for a healthy Waikato River, which sustains abundant life and prosperous communities, which are in turn responsible for restoring and protecting the river, and all it embraces, for generations to come. Treaty settlement legislation requires us to give effect to Te Ture Whaimana.

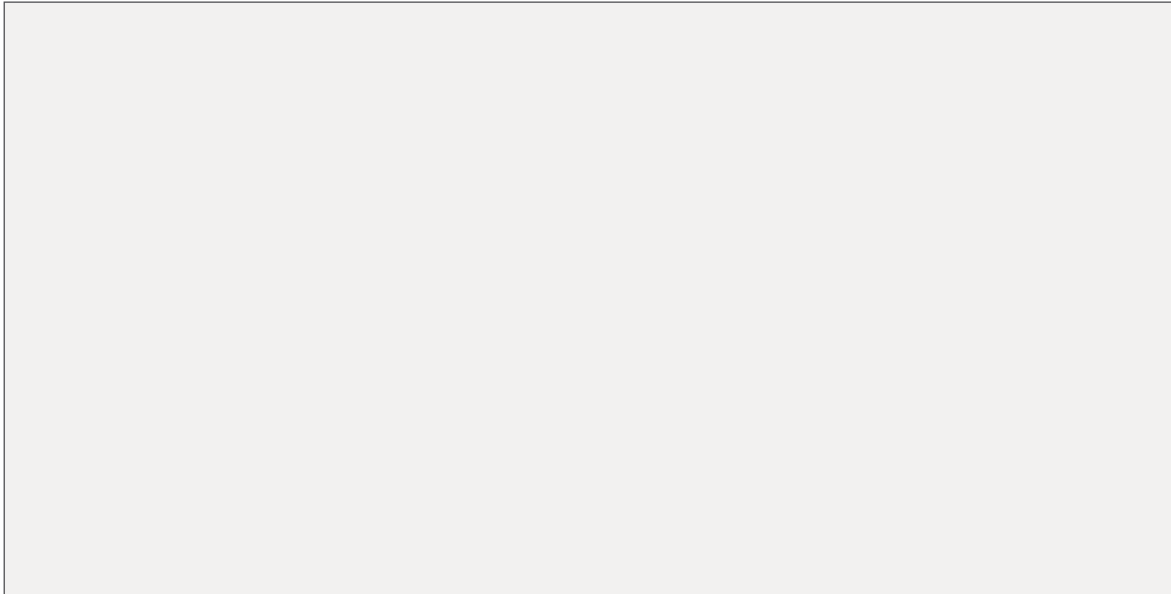
Delivering on the objectives

There are 13 objectives in Te Ture Whaimana and our work often helps to deliver on more than one. In 2022/23, Council supported restoring and protecting the health and wellbeing of the Waikato River in the following ways.

Building relationships

We supported the economic, social, cultural and spiritual relationships of river iwi and communities with the Waikato River through:

- A Joint Management Agreement (JMA) with Waikato-Tainui, which affirms our commitment to:
 - achieve the overarching purpose of the settlement to restore and protect the health and wellbeing of the Waikato River for future generations.
 - provide an enhanced relationship between Waikato-Tainui and the Waikato District Council on areas of common interest.
 - Develop a draft Waikato-Tainui and Waikato District Council strategic work programme for the coming year which, amongst other key objectives, promotes restoring and protecting the health and wellbeing of the Waikato River for future generations. It recognises Te Ture Whaimana o te Awa o Waikato as the primary policy-setting direction document for the Waikato River.
- A JMA with Ngāti Maniapoto (Te Nehenehenui Joint Committee), which fosters a cooperative relationship between the Maniapoto people and the local authorities in managing and protecting the resources within the Maniapoto Rohe. This includes protecting and enhancing the health and wellbeing of the Waipaa River. We expect to receive a strategic work programme from the Trust by August 2023.



Developing strategy and policy

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

- Enhancing the environmental health and wellbeing of the Waikato River while supporting iwi and mana whenua in embracing social and economic opportunities within the sub-region.
 - For Waikato-Tainui this is a specific emphasis on Hopuhopu and Ruakura, and Meremere in the longer term after Ruakura.
 - For other mana whenua groups within the sub-region it will include land use aspirations to build papakaainga housing or horticulture/ agriculture farming transformations.

The Future Proof Strategy also aims to celebrate the Waikato River as the defining ecological feature connecting the Hamilton-Waikato metropolitan area to the heart of a blue-green network supporting environmental and recreation use and creating a sense of space.



Promoting ecological health

Key works around protecting and enhancing significant sites, fisheries, flora and fauna in 2022/23 including:

- Projects to create new habitats dominated by native species, including planting over 16,000 native plants in coastal, inland, lake and esplanade reserves.
- Partnership projects with Waikato RiverCare at Lakes Kopuera, Ohinewai and Waikare.
- Educational programmes for tamariki in partnership with Enviroschools.
- Partnership projects with Waikato Regional Council on beach care and dune restoration.
- Submissions against potentially polluting activities such as landfill near the Waikato River.
- New habitats for native species by planting previously grazed land to help reduce nutrient loading and sequester carbon.
- Support for volunteer pest control activities.
- Use of pest plant biocontrol districtwide.
- Restoration of 25 riparian sites in partnership with Waikato RiverCare.
- Support and representation on Project Echo/ Waikato Bat Alliance, Lakes and Wetlands Memorandum of Agreement Group and the Waikato Biodiversity Forum.
- Ongoing support of the Hauraki Gulf forum through active Waikato district councillor and technical officer input and advocacy.

Our activities in depth

How to read this section

This section of the Annual Report describes our 2022/23 service performance, as grouped in the 2021-2031 Long Term Plan (LTP). Within each group of activities (GOA), work is structured into individual activities. Each GOA includes the following sections.

What we do – provides a brief description of the activities within the GOA and the objectives or purpose.

How this group of activities improves wellbeing – describes how the activities within the GOA promote Council’s five community outcomes; supporting our communities, building our economy, sustaining our environment, working together with you and providing value for money.

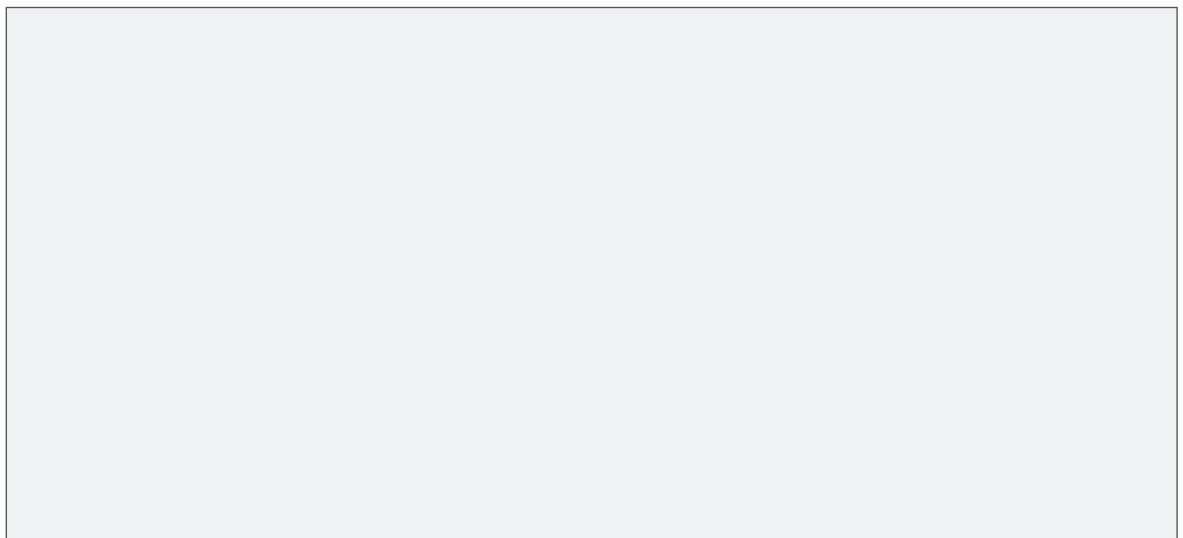
What we achieved this year – features key highlights, as well as some business-as-usual activities, for 2022/23.

What we delivered – describes performance measure, target and actual result for each activity, along with supporting commentary. Commentary is provided for measures that were not achieved or if it provides useful context. Performance status is determined using three categories, as described in the key below.

- All components of the performance measure have been met, including meeting or exceeding a stated target for performance.
- One or more but not all of the components of a measure have been completed. This result is only applicable when the measure can be broken into more than one component.
- All components were not achieved

Potential significant negative effects – identifies potential significant negative effects caused by the activity and how we are addressing these.

How we paid for it – reports on the operating and capital costs to deliver the service, including any variances.



Governance

This group of activities includes one activity:

- Governance.

What we do

The Governance group provides these services:

Democracy:

- Managing local elections.
- Providing the community with access to information about issues before Council, Community Boards and Community Committees and decisions made.
- Providing support and advisory services to elected members to help them make robust decisions for the community interests and wellbeing.

Iwi Pouhono Haapori

The team works with mana whenua, hapuu, marae and iwi to develop and maintain meaningful partnerships that empower our communities to contribute to Council decision-making. This activity also supports the joint management agreements with Waikato-Tainui and Ngāti Maniapoto and other partnership agreements.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improve wellbeing, as shown below:



What we achieved this year

Every three years, we run an election for the community to choose the new Council. Ours was held in October 2022, which significantly changed the make-up of Council. This included nine new Councillors, including our first Maaori Ward Councillors. They are Tilly Turner and Paaniora Matatahi-Poutapu, representing Tai Runga Takiwaa Maaori Ward and Tai Raro Takiwaa Maaori Ward, respectively. Mayor Jacqui Church was elected as Waikato district's first female mayor.

The Governance team provided a three-month induction programme to Councillors to give them an understanding of the key processes and strategic priorities.

We continued to support and manage over 50 Council and Committee meetings, and 32 Community Board meetings over the year. This included advertising meetings, making agendas available and publishing decisions.

Maintaining Iwi partnerships

In May 2023, Council paid respect to both the Maaori King, Kiingi Tuheitia Potatau Te Wherowhero VII and the new British Monarch, King Charles III, by unveiling their portraits side by side in its Council Chambers. As the first and only Council to honour Kingi Tuheitia and the Kiingitanga with a portrait in Chambers, the unveiling was a significant statement, not only for Council but for Kiingitanga, iwi, mana whenua and all Maaori staff. The ceremony was well supported, with attendees noting how it brought the community together.

We started to develop a framework to support our organisation in applying the principles of Te Tiriti o Waitangi to our work. This will also improve the way we engage with mana whenua and iwi partners. Councillors and staff are helping to enhance the capacity and capability of mana whenua and other Maaori stakeholders to engage in and contribute to Council's decision-making processes.

Over 90 Maaori landowners and their whaanau joined organisations involved in the developing papakainga at a workshop held in Tuakau in November 2022. This was the second of two papakainga workshops held. The workshops aimed to empower Maaori landowners with information about the papakainga housing process in the Waikato district and the opportunity to ask questions. Feedback from attendees supported the need for both the process and workshops themselves, and shows how far the papakainga forum has come. Other examples of this work include jointly managing the Waikato and Waipaa Rivers, engaging with policy and bylaw reviews, and consulting on sites significant to Maaori.

What we delivered

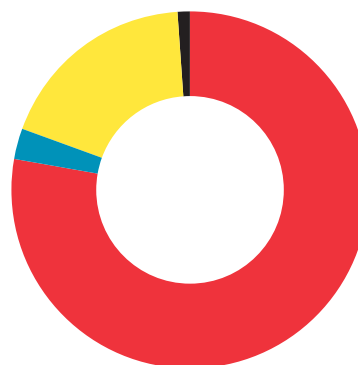
Performance measure	2022/23 Target	2022/23 Actual	Commentary
Percentage of customers satisfied with the availability of their Councillor.	80%	45% Not achieved 2021/22: 47% Not achieved	A total of 45 per cent of residents are satisfied with the availability of Councillors. In addition, 14 per cent of residents are somewhat satisfied with the availability of Councillors which would take the total to 59 per cent. All Councillors are committed to being available to those in their local communities. To help ensure they hear the voices of the community, Councillors are engaging more with their Community Boards who represent and act as advocate for the interest of the community, and communicate with community organisation and special interest groups in the community.
Percentage of customers satisfied that Council engages with the community regarding the right issues.	50%	29% Not achieved 2021/22: 32% Not achieved	Feedback received from customers included comments such as consultation was not undertaken properly, Council did not listen to feedback provided or ignored feedback, and that those directly impacted by decisions were not consulted with. This feedback has been taken on board and will be considered for future community engagement.
Percentage of customers satisfied with the ease of access and clarity of information regarding key community issues.	50%	33% Not achieved 2021/22: 39% Not achieved	We continue to see a trend that suggests there is dissatisfaction and that people are not getting the information that is relevant to them and their community. This is converse to our channel engagement results which continue to trend upwards month on month. The development of our new communications and engagement strategy provides renewed focus on our audiences and relevancy of message and this should go some way to help addressing this disconnect.
Percentage of agendas and minutes of all open meetings that are made publicly available via the Council's website within legislative timeframes.	98%	90% Not achieved 2021/22: 100% Achieved	During September 2022 there were additional meetings and staff were unable to meet the statutory timeframes. As there is no legislative requirement for minutes, staff prioritised ensuring agendas met the timeframe during busy periods.
Number of formal hui held with iwi, mana whenua and hapuu groups.	9	9 Achieved 2021/22: 29 Achieved	Target achieved.

Potential significant negative effects

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

How we paid for it

Governance
Operational
77% General rates, uniform annual general charge, rates penalties
3% Targeted rates
0% Subsidies and grants for operating purposes
0% Fees and charges
18% Internal charges and overheads recovered
1% Local authorities fuel taxes, infringement fees and other receipts



Funding impact statement

Waikato District Council Funding Impact Statement for the year ended 30 June 2023 for Governance

	2021/22 Long Term Plan \$'000	2022/23 Long Term Plan \$'000	2022/23 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	6,884	6,625	6,373
Targeted rates	268	272	275
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	1,570	1,532	1,500
Local authorities fuel tax, fines, infringement fees, and other receipts	2	157	123
Total operating funding (A)	8,724	8,586	8,271
Applications of operating funding			
Payments to staff and suppliers	3,471	3,288	3,109
Finance costs	-	-	-
Internal charges and overheads applied	5,221	5,271	5,283
Other operating funding applications	2	2	3
Total applications of operating funding (B)	8,694	8,561	8,395
Surplus (deficit) of operating funding (A - B)	30	25	(124)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	30	25	(124)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	30	25	(124)
Surplus (deficit) of capital funding (C - D)	(30)	(25)	124
Funding balance ((A - B) + (C - D))	-	-	-

Sustainable communities

This group of activities includes five activities:

- Community Connections (parks and facilities).
- Customer and Partnership focus.
- Economic Development.
- Emergency Management.
- Grants and Donations.

What we do

Community Connections (parks and facilities)

Our Community Connections activity manages parks, reserves, playgrounds, walkways and sports grounds. It also includes public facilities including aquatic centres, libraries and community halls, public toilets, campgrounds and other properties such as Woodlands.

We also support the hosting of commercial and non-commercial events in Waikato District Council reserves. We also facilitate and promote events and activities that create a sense of community.

Our Strategic Property Team manages Council's land holdings and buys land for Council use. Through this activity, we ensure that Council's land holdings are appropriately managed, and that Council can meet the community's infrastructure needs and deliver community spaces.

Customer and Partnership focus

Our Customer and Partnership focus activity ensures our residents and ratepayers can raise issues and questions about our services. Our customer delivery staff are available in our libraries and offices, and on the phone or online through our contact centre.

Our library services empower communities through literacy, learning and free access to information and resources.

Economic Development

The Economic and Community-led Development activity delivers on Waikato 2070: Council's Growth and Economic Development Strategy, and Council's vision of liveable, thriving and connected communities.

We leverage key stakeholder relationships and partnerships to improve economic, community and social investment and outcomes for mana whenua, iwi, communities, businesses, investors, residents, and visitors. We lead the growth of a vibrant, diverse economy that provides increased opportunity and resilience for current and future residents.

Emergency Management

Community resilience and emergency management help our communities prepare for, respond to, and recover from emergencies. Council has a key role in disaster and emergency management and recovery, and we work to ensure that our business is prepared and able to respond.

An important and growing aspect of this activity is to provide civil defence/emergency management. It works to engage and build the capability of our community and support to our businesses to better prepare for and recover after significant weather events.

Grants and Donations

Every year we provide grants and donations to various organisations and charities that otherwise might not have access to funding. This year, we supported the work of 94 organisations and charities throughout the rohe from Council-owned or administered funds.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improves wellbeing, as shown below:



What we achieved this year

Community Connections (parks and facilities)

Work finished on the Raglan pontoon and gateway project in June 2023. This collaborative project transformed the wharf and wider harbour. For more information, refer to the 'Providing value for money' Community Outcome section.

Council completed the Whatawhata Community Hall project. We signed a memorandum of understanding with mana whenua, the local café, and the Hall Committee around a shared carpark. A targeted rate was also established to cover ongoing operational and capital works costs of this community facility.

We completed the Tuakau playground and skatepark project. This was well supported by community, contractors and funders, Lotteries NZ, Waikato Community Wellbeing Trust, NZ Community Trust and Onewhero-Tuakau Community Board.

Woodlands Estate received a 5-star Garden of National Significance status, acknowledging their presentation, design and plant interest throughout the year. This included being commended for maintaining their historic character.

Council acquired land at Te Kowhai for sports fields. This site at the northern entrance to Te Kowhai will be developed as a dog park and destination sports fields.

Customer and Partnership focus

We introduced a digital customer portal system to give customers access to information about any applications to Council, and their rates, water and animal services. Over the past year, 22,677 transactions have been made over this new platform, increasing efficiency for our customers and staff.

We launched a new electronic tracking system across five libraries in the district (Tuakau, Te Kauwhata, Ngaaruawaahia, Huntly and Raglan). Self-checkout machines and a smart shelf returns system have made it quicker and easier for customers to check out and return library books.

Customer service staff handled a huge number of queries and requests over the year, including:

- 73,444 phone calls.
- 26,544 service requests.
- 150,864 visitors to the libraries.
- 88,000 checked-out books.
- 23,000 interactions via our online services.

Economic Development

Three business network events brought together local businesses. The most recent event in June 2023 hosted over 90 businesses from across the rohe.

We established the Rural Economic Advisory Panel to work in partnership with the Economic and Community Led development team, to support and improve economic and community outcomes for the rural communities.

Training and development opportunities for community groups across the district supported governance, financial management, funding, stakeholder engagement and Te Tiriti o Waitangi. This helped get more Community Blueprints and community aspirations projects underway across the district.

Her worship, Mayor Jacqui Church, hosted events with Community Boards and Committees from across the rohe to thank them for their contribution. The Mayor has asked representatives from each board and committee to help the Economic and Community-led development team identify opportunities to develop Community Board plans and partner with Council on the four Wellbeings.

Emergency Management

New Zealand experienced one of the most destructive weather events in our history this year, when Cyclone Gabrielle hit our shores. It caused significant destruction and disruption to many parts of the country, including fatalities. In our own rohe, some of our communities sustained significant damage.

In our current capability, Council was able to manage our response to these events and meet the needs of our communities and staff. We continue working to rehabilitate our communities, using funding from the Department of the Prime Minister and Cabinet and the Department of Internal Affairs.

Because of these weather events and recovery activities, we didn't complete an Emergency Management exercise. Instead, we engaged an independent assessment of our response to Cyclone Gabrielle. Our score of 75% is an improvement on our previous score of 70% and indicates our standards are considered at an advanced level of capability.

We recruited a Community Resilience Strategic Advisor to focus on the resilience of marae and the marae ecosystem. The pilot looks to proactively build capacity and capability, identify opportunities for development and prepare marae to be resilient in emergencies.

We welcomed two new Emergency Management staff to maintain our leadership capability in the event of an emergency. They have completed training and met the requirements to lead an Emergency Management response.

Grants and Donations

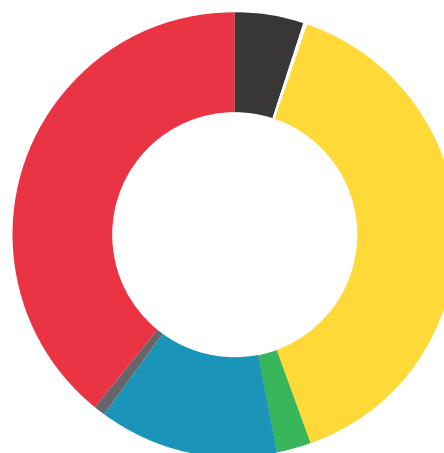
During 2022/23 we supported 60 local groups with \$394,000 of funding. Some additional funding previously committed in 2021/22 was paid in 2022/23, bringing our total awarded funds to \$413,847. Of this the largest single amount was \$150,000 to support the work of Hamilton and Waikato Tourism, and this is already seeing results in joint research and planning work for our growing tourist industry sector in Raglan.

On top of this, we also contribute \$60,000 to Te Waka | Anga Whakamua Waikato; Waikato's Regional Economic Development Agency each year. This funding helps Te Waka contribute to economic development leadership and coordination across the Waikato region. This aims to attract business and secure additional funding for local projects.

We distributed \$67,840 to 34 local groups on behalf of the Creative Communities Scheme Fund, and pledged \$250,000 to six local groups and projects through the Long Term Plan 2021-2031. In addition, our Council Committees and Community Boards committed a further \$150,000 of discretionary grants and other funding to 54 local groups.

The Creative Communities Scheme awarded a grant for 'The Raglan Lyricist Lounge sessions' to support a dynamic series of vocalist-focused workshops. These offer young people the chance to explore and develop creative writing and performance skills. Our Creative Communities Scheme has also awarded a grant to Toi Ako Artspace in Te Kauwhata for a Matariki Community Carving Festival. To celebrate Matariki in Te Kauwhata and Meremere this community group is running a series of workshops each designed around the Maori traditions of pounamu, stone and soap carving. Through the Creative Communities Scheme, we advocate for and support projects and initiatives that celebrate our district's identity through its arts activities.

Community group	2022/23 funding provided (\$)
Raglan Museum	20,000
Waikato district crime prevention	-
Tamahere Community Committee	628
Hamilton & Waikato Tourism	150,000
Tuakau and District Museum Society Inc.	10,000
Waikato Coalfields Museum	50,000
Waikato Biodiversity Forum	-
Sub-total/total	230,628
A total of 54 other groups benefited from:	
Community Administration Funding	3,751*
Discretionary Grants	149,468*
Total Council funds committed 2022/23	413,847



NB – the tables above are run together as a single table as total funds committed are totalled at the bottom.

*Amount paid out from committed funds relies on groups securing alternative funding required, or meeting other similar criteria, and this can mean funding may be held over for one or two financial years. The amounts paid include funds already committed in 2021/22 Financial Year.

During 2022/23 Council was granted \$7.88 million through Government's Better Off Funding package. Waikato District Council is one of the only territorial authorities to allow community-led initiatives to be included in the potential projects that use this funding. We wanted to empower our communities to tell us which projects they wanted to see in their district. This was also part of what we promised in our 2021-2031 Long Term Plan community outcomes.

An assessment panel made up equally of iwi and Council kaimahi (staff) assessed the applications against Te Tari Taiwhenua (Department of Internal Affairs) criteria. They also considered Council's vision of "Liveable, thriving, and connected communities – He noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi." The government recognised us for this funding of community projects along with our advanced Council-Treaty partner partnership model.

The Better Off Funding application process saw a total of 115 applications received, with a cumulative value of over \$50 million. We shortlisted 19 projects, valued at \$6.864 million. This funding will help to realise a mixture of community aspirations, Council projects, and iwi/hapuu initiatives across entire district.

What we delivered

Community Connections (parks and facilities)

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The number of events workshops held each year to support event organisers.	2	4 Achieved 2021/22: 0 Not achieved	Four workshops were held during 2022/23, including: One workshop which was held with the organisers of the Sound Splash music festival. Two which were held with Te Awa Cycle event participants. One online event was held with community groups and uses of our reserves on the event booking/application process.
Percentage of customers who are satisfied in the annual satisfaction survey (Public Toilets).	75%	48% Not achieved 2021/22: 56% Not achieved	We are working closely with OCS, our toilet cleaning contractor, to ensure toilets are maintained to a high standard and will be looking at installing new toilets in prominent locations to satisfy growing demand for this service.
Percentage of customers who are satisfied with Parks and Reserves, including sports fields and playgrounds.	85%	74% Not achieved 2021/22: 79% Not achieved	We will continue to work with Citycare, our open spaces maintenance contractor, to ensure parks and reserves are well maintained and improvements are made to these spaces.
Percentage of customers who are satisfied with the presentation of Waikato District Council cemeteries.	85%	74% Not achieved 2021/22: 72% Not achieved	All cemeteries continue to be maintained to a high standard by our partner Citycare and new berms are currently being installed in cemeteries across the district to enhance them.
Waikato District Council Carbon road map shows an improving trend in energy efficiency/emission reduction.	5% reduction per annum	1% increase in emissions Not achieved 2021/22: 11% Achieved	Overall, there was a one per cent increase in emissions. Despite emission reductions from the amount of electricity and diesel used, there was a small increase in petrol use and a large increase in natural gas use (which is a major source of Co2). Once the gas boiler at the Huntly Aquatic Centre has been replaced, which is scheduled to occur within the first half of 2023/24, significant reductions will occur*.

* The emission sources included this performance measure only relate to council facilities and include electricity and natural gas used in all of Council's buildings, and diesel and petrol used in Council's vehicle fleet. These sources make up 60 per cent of Council's overall emissions with the remaining 40 per cent (excluded from this performance measure) including livestock (cattle at Wainui Reserve), travel and working from home. All of these emission sources (included and excluded from this measure) are categorised as significant. We used an operational control consolidation approach to account for emissions.

Emission sources excluded from this measure are categorised as minor emissions. This includes LPG and waste to landfill from buildings which collectively equal less than five per cent of the total emission sources noted above.

This performance measure specifically relates to the operational emissions arising from Council's facilities unit responsible for buildings and fleet. Source data has been derived from retailer's data sets for electricity, natural gas and fleet fuel. The emissions have been calculated in accordance with the Greenhouse Gas Protocol and emission factors have been derived from the Ministry for Environment's publication: MfE's 2023. Measuring Emissions: A guide for organisations: 2023 detailed guide. Wellington. In addition, the data collection uncertainties are as follows:

- The actual volume of diesel and petrol stored in bulk tank at Woodlands is not measured. For the purpose of this reporting, the rated capacity of the tanks was used.

Customer and Partnership focus

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The percentage of customers satisfied with the overall service received when contacting the Council.	70%	53% Not achieved 2021/22: 69% Partly achieved	Council is aware of the key drivers contributing to this score and is proactively addressing these through an internal project. Greater awareness of Council's challenges with inconsistent customer service behaviours will be used to shape future training. A growing decline in roading satisfaction has also impacted the result.
Average level of effort to conduct business with Council. (On a scale of 1 - 5 (5 being high effort) how much effort did it take to conduct your business with Council?).	<2.6	2.7 Not achieved 2021/22: 2.40 Achieved	Despite an improvement in digital tools for customers, conducting business with Council is perceived as being harder in effort. Contributing factors to this are likely staff turnover, delays in response time and inconsistent customer service behaviours.
Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go) – as measured in a bi-annual in-house customer survey.	90%	97% Achieved 2021/22: 99% Achieved	This result demonstrates that the library service is valued and enjoyed by our communities.
Level of customer satisfaction that the quality of libraries resources meets their needs - as measured in a bi-annual in-house customer survey.	90%	98% Achieved 2021/22: 97% Achieved	This result highlights that our customers are satisfied with the quality of resources available for use in both hard copy and digital form.

Economic Development

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The Business Perception Survey average rating is above target.	8.50	8.76 Achieved 2021/22: 8.68 Achieved	The average rating received was 8.76 out of 10. The main issues highlighted in the survey related to consent processes, overall costs, communication and infrastructure maintenance, with over half of these comments coming from businesses in the agriculture/horticulture and construction industries.

Emergency Management

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The evaluation of annual exercise as a measure of effectiveness of training delivery.	70%	No annual training exercise undertaken Not achieved 2021/22: 69% Achieved	While we did not undertake an annual exercise and review the effectiveness of training due to significant responses early in the year and the ongoing recovery effort, we did assess our response to Cyclone Gabrielle. This gave us insight into our capability in the real response environment and we were able to confirm that what we are completing in the controlled exercise environment is being delivered in a real event
Council maintains a minimum number of trained staff to intermediate level, to fulfil core Emergency Operations Centre roles.	50	70 Achieved 2021/22: 66 Achieved	Council has 70 staff trained to intermediate level.

Potential significant negative effects

Potential negative effects	How we are addressing this
Community Connections (parks and facilities)	
Damage to property and harm to people from falling trees and branches.	Tree maintenance programme is delivered in accordance with industry standards. Increased asset data to capture age and condition of trees to allow proactive maintenance.
Noise and disorderly behaviour issues from events and general use of reserves.	Events applications are managed in alignment with Council's terms and conditions of hire. Bollards and signage installed to discourage undesirable behaviour such as motorbikes and vehicles on reserves.

Emergency Management

There are no potential significant risks associated with the Customer and Partnership focus, Economic Development, Emergency Management or Grants and Donations activities.

How we paid for it

Sustainable communities
Operational
81% General rates, uniform annual general charge, rates penalties
2% Targeted rates
2% Subsidies and grants for operating purposes
4% Fees and charges
4% Internal charges and overheads recovered
7% Local authorities fuel taxes, infringement fees and other receipts
Capital
15% Subsidies and grants for capital expenditure
21% Development and financial contributions
61% Increase (decrease) in debt
0% Gross proceeds from the sale of assets
0% Lump sum contributions
4% Other dedicated capital funding

Funding impact statement

Waikato District Council Funding Impact Statement for the year ended 30 June 2023 for Sustainable Communities

	2021/22 Long Term Plan	2022/23 Long Term Plan	2022/23 Actual
	\$'000	\$'000	\$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	25,386	27,068	30,630
Targeted rates	817	839	865
Subsidies and grants for operating purposes	127	130	464
Fees and charges	1,388	1,097	1,563
Internal charges and overheads recovered	2,443	2,488	1,480
Local authorities fuel tax, fines, infringement fees, and other receipts	3,409	2,985	2,757
Total operating funding (A)	33,570	34,607	37,759
Applications of operating funding			
Payments to staff and suppliers	21,464	21,870	23,821
Finance costs	-	-	-
Internal charges and overheads applied	6,216	6,608	7,316
Other operating funding applications	633	632	912
Total applications of operating funding (B)	28,313	29,110	32,049
Surplus (deficit) of operating funding (A - B)	5,257	5,497	5,710
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	1,681
Development and financial contributions	1,311	2,803	2,403
Increase (decrease) in debt	14,488	8,407	7,008
Gross proceeds from the sale of assets	3,914	550	1
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	410
Total sources of capital funding (C)	19,713	11,760	11,503
Applications of capital funding			
<i>Capital expenditure</i>			
- to meet additional demand	490	1,562	181
- to improve the level of service	11,260	7,647	7,632
- to replace existing assets	8,654	7,468	9,011
Increase (decrease) in reserves	4,566	580	389
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	24,970	17,257	17,213
Surplus (deficit) of capital funding (C - D)	(5,257)	(5,497)	(5,710)
Funding balance ((A - B) + (C - D))	-	-	-

*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 five activities:

- Animal Control.
- Building Quality.
- Environmental Health.
- Solid Waste.
- Strategic and District Planning.

What we do

Animal Control

The Animal Control activity reduces the risk to the public of danger and nuisance from dogs. We do this through dog registration, complaint response, and by investigating offences under the Dog Control Act 1996 and Council's Dog Control Policy and Bylaw. We also deal with wandering stock under the Impounding of Stock Act 1955.

Another important part of the service is educating schools, businesses and community groups about dog safety. The Animal Control team runs community events for dogs and their families, to enhance community and animal wellbeing and connection.

Building Quality

Through the Building Quality activity and our Territorial Authority role, we make sure buildings are safe, healthy and durable. We issue building consents, inspect buildings under construction, audit building warrants of fitness, audit swimming pool fences for compliance and provide advice.

Environmental Health

Through the Environmental Health activity, we ensure food outlets maintain high food safety standards and that alcohol outlets are operating to the conditions of their licences. We also ensure noise and nuisance complaints, hazardous substances and contaminated sites are all managed.

These activities support the protection of public health and safety and the amenity of our district, and are driven by the Food Act 2014, Sale and Supply of Alcohol Act 2012, Health Act 2006 and the Resource Management Act (RMA) 1991.

Solid Waste

The Solid Waste activity is focused on minimising and managing waste, in particular supporting activities that reduce or avoid creating waste.

Our services include domestic recycling and rubbish collection, facilities for disposing of domestic and commercial refuse and recycling, and waste education programmes for schools.

Strategic and District Planning

The Strategic and District Planning activity is responsible for managing land use and growth across the district and supporting our regional and sub-regional partnerships.

This activity also maintains and facilitates the implementation of Waikato 2070 (our Growth and Economic Development Strategy), the District Plan and a number of other strategies and plans. We lead or coordinate Council submissions to other agencies, too.

By issuing resource consents and other related applications we ensure our district's natural and physical resources are managed sustainably for our growing population. The consents specifically control the subdivision and development of land through the administration of Council's District Plan. We also issue

the Land Information Memoranda, answer property enquiries, issue property numbers and maintain Council's Hazard Register.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improve wellbeing, as shown below:



What we achieved this year

Animal Control

The Animal Control activity hosted its annual Pound Pups Pool Parties in April 2023. 230 dogs enjoyed coming with their families to the public pools in Ngaaruawaahia and Tuakau. The event is held at the end of the swimming season, so the dogs are the last ones in the water before the pools are closed for winter.

This year the event raised \$3,697 for Auckland Puppy Rescue and 4 Paws Animal Rescue Waikato. These two organisations help Waikato District Council re-home many dogs and puppies each year, so Council always enjoys raising funds to help them continue the great work they do.

In July 2022, Animal Control ran a very successful Dirty Dog Challenge with approximately 390 dogs and 520 people attending. It was a fantastic day and is just one of the ways the team gives back to the good dog owners in the rohe (and beyond). We ran this event in conjunction with Hamilton City Council, strengthening the relationship between the two Animal Control teams. As a result, both councils were able to put approximately \$3,000 into their respective desexing funds.

We have seen a marked increase in the number of impounded and surrendered dogs. Despite the flooded market, we still managed to rehome 209 dogs.

Over the 2022/23 financial year, the PUP (Preventing Unwanted Puppies) programme desexed 73 dogs in our community. This coming year we hope to desex over 100 dogs with the funding we have accrued. One dollar from every dog registration and profit from the Dirty Dog event goes into this fund. We have also recently set up an option for refunds to go into the PUP fund. People receive refunds on their registration if their dog passes away.

Building Quality

Council passed its biannual assessment by International Accreditation NZ (IANZ) and had its accreditation as a Build Consent Authority (BCA) confirmed for another two years. As part of this work, a Building Consents Authority Complaints Policy was adopted, clarifying and strengthening our processes.

The Building Quality team worked alongside the Emergency Response team after the major weather events to inspect affected buildings and issue notices to affected properties. We guided property owners on what they needed to do to have the notice stickers removed.

Environmental Health

The Local Alcohol Policy (LAP) was reviewed in 2022 after public consultation and meetings with Councillors. The proposed LAP 2022 clarified many aspects of the previous 2017 LAP but was appealed and is awaiting a hearing with the Alcohol Regulatory and Licensing Authority.

On several occasions, Council delivered an educational programme in the Raglan area for those wanting to start a food business. This may be rolled out in other parts of the district where there is demand.

The team has worked hard to meet growing demand from applicants in the Sale and Supply of Alcohol space this year. We continue to work with other agencies such as the Ministry of Health and the New Zealand Police (who contribute to the application process).

We responded to a range of environmental health issues during the year including team members contributing to multi-agency environmental events. Our out-of-hours service attended around 1,134 noise complaints this year. We also participated in the Waikato Regional Council water quality programme to make sure appropriate health warnings were visible at any impacted recreational water locations in the rohe.

Solid Waste

In 2022/23 a new recycling sorting facility in Huntly allowed Council to sort recyclables from kerbside collection. This has also meant we could begin rehabilitating the McVie Road site. We refurbished McVie Road Transfer Station and upgraded the Te Mata and Te Uku recycling drop-off centres. These upgrades will improve access and the ability for these communities to recycle. We also supported Enviroschools and Para Kore education programmes, which aim to educate and support schools, groups, whaanau and communities in reducing their waste.

Strategic and District Planning

The Strategic and District Planning teams were involved in a large number of projects to ensure development and growth across the rohe is well managed and has the necessary infrastructure. They also led Council's response to central government reform and ensured the district's needs were heard.

Some of these include:

- Adopting the Future Proof Sub-Regional Growth Strategy, which was informed by Waikato 2070. It provides a further opportunity for the next stage of the review, when we will develop a sub-regional Future Development Strategy. This will be based on a further assessment of housing, business, and industrial capacity within the sub-region.
- Submitting on the Resource Management Reform (the Natural and Built Environment Bill and Spatial Planning Bill). Key submission points aligned with LGNZ and Future Proof Council's, including concerns about loss of local voice, funding constraints, and the need for adequate status to be given to Te Ture Whaimana.
- Adopting the Hamilton-Waikato Metropolitan Transport Programme Business Case to establish potential network transport interventions.
- Commencing of the Upper Northern Waikato Railway Station Indicative Business Case (IBC) in partnership with Waikato Regional Council (WRC) and Waka Kotahi.
- Updating the Indicative Business Case for Rapid Rail between Hamilton and Auckland. The scope for this included the main northern Waikato towns of Tuakau, Pookeno and Te Kauwhata.
- Adopting the Northern Hamilton-Waikato Metropolitan Detailed Wastewater Business Case, where we endorsed the preferred option for servicing Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu and Te Kowhai.
- Adopting the Waikato-Tainui | Waikato District Council Strategic Work to guide the strategic work of the partnership.

- Adopting a Heritage Strategy, which sets goals and actions needed to meet the heritage aspirations of the district's communities. We also appointed a Strategic Heritage Advisor to facilitate the implementation of the strategy.
- Adopting our Taiao (Nature) in the Waikato Strategy, which sets a vision and goals with focus areas to prioritise protecting and enhancing Taiao. This includes indigenous biodiversity values to improve conservation and ecosystems.
- Improving micro-mobility transport in Raahui Pookeka | Huntly using \$1,925,000 from Government's Climate Emergency Response Fund. This work improved pedestrian links between the town centre and Huntly West as well as complementary work to a further extension of the shared path that will link Ohinewai with Huntly.
- Working to resolve 66 appeals to the Proposed District Plan. By 30 June 2023, 16 appeals had been resolved, with five fully resolved through an Environment Court consent order. The remaining appeals are in the process of negotiation and/or mediation.
- Notification of Variation 3 Enabling Housing Supply occurred in August 2022. An initial hearing was held in February 2023, followed by a detailed hearing in July/August 2023.
- Commencing work on the development of the Taupiri, Hopuhopu and Ngaaruawaahia Structure Plans and Ngaaruawaahia Town Centre Plan.
- Surveying Community Boards and Committees to gauge which Blueprint initiatives need to be removed, added or amended in the 2024-2034 Long Term Plan.
- Processing 999 resource consents and related applications, with a significant portion of the time being dedicated to subdivision work; 1,220 new lots were released for title. We processed 1,121 Land Information Memoranda and 1,586 property information requests. Our duty planners also handled 2,719 enquiries.



photo

What we delivered

Animal Control

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within one hour.	95%	96.8% Achieved 2021/22: 95.5% Achieved	Target achieved.
The percentage of complaints regarding straying stock that have Council personnel on site within one hour.	95%	97.65% Achieved 2021/22: 96.7% Achieved	Target achieved.
Complete engagement and education visits throughout the district.	120 per annum / 10 per month	150 Achieved in part 2021/22: 24 Not achieved	A total of 150 successful events were delivered this financial year, however, less than 10 events were held in August 2022, December 2022, January 2023, February 2023 and April 2023. As a result, the monthly component to the target has not been met. The result for 2021/22, of 24 events, is low due to COVID-19 restrictions still being in place. Once these were lifted we were able to recommence our engagement and education visits.
The percentage of known dogs currently registered.	95%	87.96% Not achieved 2021/22: 91% Not achieved	As at 30 June 2023 there were 14,089 (87.96%) registered dogs out of a total of 16,016. 1,927 dogs were unregistered. To support increasing dog registrations, we have increased our staff numbers, this will mean Animal Control Officers have more time to follow up and check on registration compliance. We will also be sending out a reminder notice in the next year, following the original registration notice, which we anticipate will support further compliance.

Building Quality

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually.	33%	33% Achieved 2021/22: 7% Not achieved	Target achieved.
The percentage of buildings that provide sleeping care or paid accommodation that are audited for compliance annually.	100%	100% Achieved 2021/22: 64% Not achieved	Target achieved.
The percentage of swimming pools that are inspected for compliance annually.	33%	34% Achieved 2021/22: 36.8% Achieved	Target achieved.

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The percentage of building consent applications that are processed within 20 working days.	98%	76.55% Not achieved 2021/22: 56.8% Not achieved	The year-end percentage reflects the impact of staff shortages, the delay in receiving work from contractors and the requirement to assess against the operative and proposed district plan. Two additional Building Review Officers are being trained which will enable us to meet statutory timeframes going forward.

Environmental Health

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The percentage of food operations that are required to be verified annually that are verified.	95%	97% Achieved 2021/22: 92% Not Achieved	Target achieved.
The percentage of medium or higher risk category licensed premises inspected annually.	95%	97% Achieved 2021/22: 100% Achieved	Target achieved.
Percentage of excessive noise complaints responded to within agreed timeframes*.	85%	86% Achieved 2021/22: 87% Achieved	Target achieved.
The percentage of hazardous land use information (Hail) reports that will be completed within 10 working days.	90%	95% Achieved 2021/22: 100% Achieved	Target achieved.

*This performance measure result is supplied by Citycare Group, on behalf of Waikato District Council.

Solid Waste

Performance measure	2022/23 Target	2022/23 Actual	Commentary
Customer satisfaction with waste collection services.	75%	68% Not achieved 2021/22: 72% Not achieved	Due to the introduction of national standardisation for waste collection services in 2024, the Solid Waste team and contractors have not been accepting recycling that doesn't comply with the relevant standards. This approach to re-educate our customers may have impacted satisfaction results. Staff will continue to maximise education opportunities to ensure the public are aware of good practice.
Meet actions set within Waste Minimisation Management Plan (WMMP).	60%	65% Achieved 2021/22: 54% Achieved	As required by the WMMP, the waste assessment has been completed and staff are currently reviewing the WMMP. Staff are also working on the Solid Waste Service Review, Bylaw development and have commenced the establishment of a Resource Recovery Centre in Tuakau.

Strategic and District Planning

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The percentage of resource consent applications which are processed within statutory timeframes.	98%	92.7% Not achieved 2021/22: 96.74% Not achieved	A total of 864 out of 932 (92.7%) of consent applications were issued within statutory timeframes. 1,003 consents were lodged during 2022/23 and 932 consents were issued, with the monthly average being 78. A number of factors contributed to this, including; additional time required as reports had to be prepared under two district plan frameworks and additional assessment was required under NPS HPL. We also faced issues with staff turnover and experienced a lack of contractor capacity (planners and engineers). In response to these factors, we are actively recruiting to fill vacancies, seeking applicant agreements to double timeframes, processing more applications as Marginal Temporary Activities (in lieu of standard land use applications) where appropriate, and reducing any non-mandatory services like Pre-applications.
The percentage of current land use consents that are older than two years which have been monitored in the last two years.	80%	38% Not achieved 2021/22: 53% Not achieved	As this data set measures monitoring conducted over the last two years, the full effect of COVID-19 is visible. Resourcing, lockdowns, alert level changes and reduced staff hours as well as illness have impacted our ability to monitor and conduct site visits for lengthy periods of time. It is hoped that our current recruitment successes and revisit of our work programme will assist in getting the workload to a manageable level. Our workload continues to grow exponentially (approximately 950 for this last year) with limited resources available to meet the demand.
The number of parking patrols which are carried out in individual communities under the Public Places Bylaw.	168	162 Not achieved 2021/22: 101 Not achieved	Monthly parking patrol targets were not met during the first half of the year due to resourcing. It is expected that targets will be met going forward with the appointment of new staff, however, the end of year result is not achieved.
The percentage of bylaws and policies that are required by legislation are reviewed within their statutory timeframes.	95%	79% Not achieved 2021/22: 96% Achieved	Council currently has 14 policies required by legislation and has 11 bylaws, none of which are required by legislation. The following three policies were not updated within their statutory timeframes, due to high staff workload and other pressing requirements: Appointing Directors and Trustees to Council Controlled Organisations Policy; Code of Conduct; Standing Orders. Staff have a programme of work for next year to ensure legislative policies are adopted within the required timeframes.
Adequate land supply (right type in right location) exists to cater for the growth and development of the district. Sufficient development capacity (as required by the National Policy Statement - Urban Development) is provided to meet expected short- and medium-term demand.	100% compliance with NPS-UD land supply requirements	100% Achieved 2021/22: 100% Achieved	Future Proof Housing Business Assessment outputs: Residential Short Term 88% sufficiency Medium Term 135% sufficiency Business Land Short and Medium Term >100% sufficiency.

Potential significant negative effects

Potential negative effects	How we are addressing this
Animal Control	
Attacking of Animal Control Officers resulting in injury, by dogs and their owners and livestock.	Continue to provide ongoing training and ensure the correct and required personal protection equipment is provided.
Dog owners disgruntled by enforcement action taken against them.	Professional and courteous enforcement.
Public injury risk from dog attacks	Ensure Animal Control services are maintained at a level to ensure stray dogs are impounded and attacks responded to quickly.
Building Quality	
Legislation is requiring more Council input into plan review and building inspection, which increases costs.	Council has to react to new legislation but tries to limit the cost increase as much as possible.
Non-compliance requires Council to take offenders before the court.	Prosecution of blatant offences against the Building Act is necessary to reinforce compliance, maintain equity for those who obtain consents and fulfil statutory duty.
The time to process applications might be regarded as a delay to construction.	We are simplifying the consent process.
Strategic and District Planning	
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 coordination 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.

There are no potential significant risks associated with the Environmental Health or Solid Waste activities.

How we paid for it

Sustainable environment
Operational
34% General rates, uniform annual general charge, rates penalties
18% Targeted rates
0% Subsidies and grants for operating purposes
30% Fees and charges
2% Internal charges and overheads recovered
16% Local authorities fuel taxes, infringement fees and other receipts
Capital
8% Subsidies and grants for capital expenditure
0% Development and financial contributions
92% Increase (decrease) in debt
0% Gross proceeds from the sale of assets
0% Lump sum contributions
0% Other dedicated capital funding

Funding impact statement

Waikato District Council Funding Impact Statement for the year ended 30 June 2023 for Sustainable Environment

	2021/22 Long Term Plan \$'000	2022/23 Long Term Plan \$'000	2022/23 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	9,111	9,726	10,167
Targeted rates	4,790	5,055	5,361
Subsidies and grants for operating purposes	80	-	-
Fees and charges	9,303	9,491	8,984
Internal charges and overheads recovered	615	628	690
Local authorities fuel tax, fines, infringement fees, and other receipt	4,335	4,529	4,903
Total operating funding (A)	28,234	29,429	30,105
Applications of operating funding			
Payments to staff and suppliers	23,545	23,406	27,205
Finance costs	-	-	-
Internal charges and overheads applied	6,509	7,040	7,511
Other operating funding applications	56	57	147
Total applications of operating funding (B)	30,110	30,503	34,863
Surplus (deficit) of operating funding (A - B)	(1,876)	(1,074)	(4,758)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	17
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,265	2,848	203
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	-
Total sources of capital funding (C)	2,265	2,848	220
Applications of capital funding			
<i>Capital expenditure</i>			
- to meet additional demand	-	-	-
- to improve the level of service	2,265	2,848	221
- to replace existing assets	135	139	176
Increase (decrease) in reserves	(2,011)	(1,213)	(4,935)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	389	1,774	(4,538)
Surplus (deficit) of capital funding (C - D)	1,876	1,074	4,758
Funding balance ((A - B) + (C - D))	-	-	-

Roading

This group of activities includes one activity:

- Roothing.

What we do

The Roothing Group of activities aims to build a fit-for-purpose transportation network that connects communities, essential services and supplies, and gives people choices about how they move around our rohe.

The work within this group of activities includes planning, improving and maintaining urban and rural roads, bridges, footpaths, cycleways and safe crossings within the roading corridor. It also includes the public transport network and road drainage, as well as road safety – both through infrastructure and education.

Our Waikato District Alliance partners deliver this work, which is subsidy funded by Waka Kotahi.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improve wellbeing, as shown below:



**SUPPORTING
OUR COMMUNITIES**



**BUILDING
OUR ECONOMY**



**SUSTAINING
OUR ENVIRONMENT**



**WORKING
TOGETHER**



**VALUE
FOR MONEY**



Key: ● Contributes in a **major** way ● Contributes in a **minor** way

What we achieved this year

While devastating for our communities, Cyclone Gabrielle showed our team was ready to respond to emergencies in an efficient and coordinated way. When the storm hit, staff responded immediately to clear lifeline routes as soon as possible. Sandbags protected houses impacted by rising floodwater and roading staff worked in shifts throughout the whole event to respond to the needs of our communities.

The ongoing repair work will take years, but with an increased subsidy from Waka Kotahi, the team have been able to deliver more with a reduced financial impact on ratepayers.

In addition to this, staff have continued to progress district-wide safety improvements that support the Road to Zero initiative. We have also completed the Traffic Bylaw review and have commenced work on a Speed Management Plan. The Traffic Bylaw has centralised our legislative approaches to the roads in our district and how they can be used. The Speed Management Plan will look to create safer speed zones around the rohe, particularly near our marae, schools, and community facilities. All of this aims to improve the safety of our road users and mitigate nuisance behaviours.

What we delivered

Performance measure	2022/23 Target	2022/23 Actual	Commentary
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*.	95%	95.90% Achieved 2021/22: 0%, Not achieved	Target achieved.
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Reduction by 2 on the previous year	Reduction of 1 Not achieved 2021/22: Increase by 7 Not achieved	In 2022/23 there were 52 crashes on roads in the Waikato district, compared to the 2021/22 result of 53. As there was not a reduction of two crashes on the 2021/22 result, the target was not met. Loss of control on bends continues to be the highest crash type, with loss of control on straight roads and head ons the next highest crash type. Staff will continue to investigate different methods to improve skid resistance on road surfaces, as well as continuing to work with central government on the Road to Zero initiative. This initiative funds safety improvements on road areas where accidents have occurred.
The percentage of customer service requests relating to roads and footpaths responded to within the time frame specified in the LTP.	95%	76.5% 76% Not achieved 2021/22: 97.6%, 96.1% Achieved	Footpaths: 76.5% Roads: 76% Compliance with service request response timeframes has been adversely affected by resourcing challenges within the roading team and additional work created by Cyclones Hale and Gabrielle for road inspectors. Performance should improve as vacancies are filled.
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	96%	96% Achieved 2021/22: 96%, Achieved	Target achieved.
The percentage of the sealed local road network that is resurfaced*.	Min 5%	4.02% Not achieved 2021/22: 4.7% Not achieved	Due to the cost of inflation, less of the network has been resealed than planned. Although the target has not been met, staff are satisfied that good efficiencies have been achieved in the work that has been done.

*These performance measure results are supplied by Waikato District Alliance, on behalf of Waikato District Council.

Potential significant negative effects

Potential negative effects	How we are addressing this
Economically, the cost of desired new infrastructure 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.
Maintenance of aging roading infrastructure becomes unaffordable.	Strategic asset management to ensure the timing of maintenance and asset replacement is done at the optimal time to increase the expected lifespan of assets. Advocate to Waka Kotahi for increased subsidy to support the increasing cost of maintenance.
Increased traffic volumes on main roads can divide communities.	Continuing to advocate for by-passes around urban centres.
Potential for road construction to disturb sites of cultural significance, including waahi tapu.	Continue to invest in good relationships with tangata whenua to understand sites of cultural significance and implement robust processes for any accidental discoveries.
Danger to people and property and high social cost from road crashes.	Continue to deliver road safety programmes, safety improvements and speed limit changes.
The needs of cyclists and pedestrians and their conflicts with other forms of traffic.	Implement the recommendations of the Walking and Cycling Strategy, continue linkages within townships and communities. Continue three-year programme of new footpaths and shared cycleways.
Heavy traffic volumes can lead to loss of amenity in urban areas.	Continuing to advocate for by-passes around urban centres. A review of some roads that the community has raised concerns about and address changes through the Public Spaces Bylaw schedules.

How we paid for it

Roading
Operational
62% General rates, uniform annual general charge, rates penalties
0% Targeted rates
30% Subsidies and grants for operating purposes
1% Fees and charges
2% Internal charges and overheads recovered
5% Local authorities fuel taxes, infringement fees and other receipts
Capital
60% Subsidies and grants for capital expenditure
11% Development and financial contributions
15% Increase (decrease) in debt
0% Gross proceeds from the sale of assets
0% Lump sum contributions
14% Other dedicated capital funding

Funding impact statement

**Waikato District Council Funding Impact Statement
for the year ended 30 June 2023 for Roading**

	2021/22 Long Term Plan \$'000	2022/23 Long Term Plan \$'000	2022/23 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	23,435	24,290	25,564
Targeted rates	-	-	-
Subsidies and grants for operating purposes	9,800	9,989	12,240
Fees and charges	296	296	232
Internal charges and overheads recovered	751	739	681
Local authorities fuel tax, fines, infringement fees, and other receipts	2,009	2,051	2,488
Total operating funding (A)	36,291	37,365	41,205
Applications of operating funding			
Payments to staff and suppliers	22,616	23,393	25,129
Finance costs	-	-	-
Internal charges and overheads applied	4,017	3,989	4,250
Other operating funding applications	-	-	14
Total applications of operating funding (B)	26,633	27,382	29,393
Surplus (deficit) of operating funding (A - B)	9,658	9,983	11,812
Sources of capital funding			
Subsidies and grants for capital expenditure	15,875	17,650	9,648
Development and financial contributions	1,133	3,441	1,714
Increase (decrease) in debt	2,097	2,504	2,470
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	2,141
Total sources of capital funding (C)	19,105	23,595	15,973
Applications of capital funding			
Capital expenditure			
- to meet additional demand	4,854	6,072	3,602
- to improve the level of service	6,014	6,716	4,446
- to replace existing assets	17,534	19,469	16,615
Increase (decrease) in reserves	361	1,321	3,122
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	28,763	33,578	27,785
Surplus (deficit) of capital funding (C - D)	(9,658)	(9,983)	(11,812)
Funding balance ((A - B) + (C - D))	-	-	-

Stormwater

This group of activities includes one activity:

- Stormwater.

What we do

This group of activities applies to urban stormwater schemes, along with Council-maintained open drains and associated infrastructure within the Waikato district. It does not include roading drainage, which is covered in the Roothing group of activities, or rural drainage schemes, which are operated by the Waikato Regional Council.

Through this group of activities, we are responsible for efficiently managing and maintaining all Council's existing stormwater infrastructure. This protects our environment from storm damage and run off. We also work on new infrastructure through growth-driven projects.

Watercare Services Limited currently delivers the bulk of the operations, maintenance and capital delivery for Council, under a long-term contract.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improve wellbeing, as shown below:



What we achieved this year

District-wide outfall investigations are underway to improve the overall knowledge of the stormwater network. We have visited 59 outfalls of the total 94 sites. Of those, 11 could not be assessed for reasons such as steep terrain or being too close to water. We'll be working to find alternative options to access and evaluate these outfalls.

After completing the first round, consultants and Watercare will collaborate on a second round of network investigation to support the initial assessment's findings. We have also filled the Stormwater Engineer position, which will help drive progress in the stormwater space.

The Water Services Reform Programme has highlighted ownership issues of mixed-use stormwater assets. Stormwater Collaboration Workshops have achieved a lot in the past. We have rebooted these workshops to fortify our understanding of stormwater assets and revise key delegations to prepare Council for stormwater asset transfers.

What we delivered

These performance measure results are supplied by WaterCare Services Limited, on behalf of Waikato District Council.

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The number of flood events that occur in the territorial authority district.	<5 events per annum	1 Achieved 2021/22: 0 Achieved	Target achieved. Cyclone Gabrielle.
For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to the Council's stormwater system).	0.3 affected per 1,000 properties per event	0.28 Achieved 2021/22: 0 Achieved	A total of four properties were flooded because of our stormwater systems in Port Waikato during Cyclone Gabrielle. Of these four properties, three were located on Maunsell Road and flooded due to landslides blocking the open drain stormwater network. The landslides disrupted and redirected the heavy flows during the storm towards dwellings. The houses on slabs at ground level had their habitable lower floors flooded. The fourth property that flooded was a consented sleepout in Mission Road in the flood plain area, consisting of one habitable floor. This result was obtained by observation.
The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	≤2 hours	15 hours Not achieved 2021/22: 0 Achieved	One flood event (Cyclone Gabrielle) occurred during the year. The target response time was not met due to storm-related road closures.
The total number of complaints received by the Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.	<4 per 1,000 properties per year	2.92 Achieved 2021/22: 0.42 Achieved	Target achieved.
Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of Abatement Notices, Infringement Notices, Enforcement Orders and successful prosecutions received by the Council in relation to those resource consents.	≤2	2 Not achieved 2021/22: 0 Achieved	Two non-compliance notices were received this financial year for the Raglan and Te Kauwhata wastewater treatment plants. Plans are in place to remedy these non-compliances.

Potential significant negative effects

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

How we paid for it

Stormwater
Operational
4% General rates, uniform annual general charge, rates penalties
80% Targeted rates
0% Subsidies and grants for operating purposes
0% Fees and charges
16% Internal charges and overheads recovered
0% Local authorities fuel taxes, infringement fees and other receipts
Capital
0% Subsidies and grants for capital expenditure
33% Development and financial contributions
40% Increase (decrease) in debt
0% Gross proceeds from the sale of assets
0% Lump sum contributions
27% Other dedicated capital funding

Funding impact statement

Waikato District Council Funding Impact Statement for the year ended 30 June 2023 for Stormwater

	2021/22 Long Term Plan \$'000	2022/23 Long Term Plan \$'000	2022/23 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	195	202	140
Targeted rates	2,226	2,556	2,551
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	8
Internal charges and overheads recovered	378	282	526
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	2,799	3,040	3,225
Applications of operating funding			
Payments to staff and suppliers	2,556	2,729	2,239
Finance costs	-	-	-
Internal charges and overheads applied	312	325	537
Other operating funding applications	7	7	12
Total applications of operating funding (B)	2,875	3,061	2,788
Surplus (deficit) of operating funding (A - B)	(76)	(21)	437
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	155	888	126
Increase (decrease) in debt	1,339	2,040	150
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	100
Total sources of capital funding (C)	1,494	2,928	376
Applications of capital funding			
Capital expenditure			
- to meet additional demand	784	316	1,264
- to improve the level of service	1,339	2,040	42
- to replace existing assets	410	588	7
Increase (decrease) in reserves	(1,115)	(37)	(500)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	1,418	2,907	813
Surplus (deficit) of capital funding (C - D)	76	21	(437)
Funding balance ((A - B) + (C - D))	-	-	-

Wastewater

This group of activities includes one activity:

- Wastewater

What we do

This group of activities includes all wastewater systems owned and managed by Council including treatment plants, pump stations and the reticulation network. Approximately 45 per cent of rateable properties in the rohe are connected to a Council scheme.

Through this group of activities, we ensure wastewater is collected, treated and disposed of to protect our environment and the public's health. Wastewater management includes network development, maintenance, and disposal of network components such as pipes, manholes, pump stations and treatment plant equipment.

Watercare Services Limited currently delivers the bulk of the operations, maintenance and capital delivery for Council, under a long-term contract.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improve wellbeing, as shown below:



**SUPPORTING
OUR COMMUNITIES**



**BUILDING
OUR ECONOMY**



**SUSTAINING
OUR ENVIRONMENT**



**WORKING
TOGETHER**



**VALUE
FOR MONEY**



Key: ● Contributes in a **major** way ● Contributes in a **minor** way

What we achieved this year

The Raglan wastewater treatment plant has had an upgrade, with solar power offsetting the power used at the plant. Made up of 392 interconnected solar panels, the solar array contributes significantly to reducing Council's operational greenhouse gas emissions. It generates enough power to cover the total water and wastewater energy usage costs within Whaingaroa.

Upgrades at the Maatangi Wastewater Treatment Plant are nearing completion. Pumps, valves, and pipeline components have been replaced, along with progress having been made on the failing disposal field.

During 2022/23, we installed new Membrane Aeration Bioreactor tanks at the Te Kauwhata Wastewater Treatment Plant. While they are not fully operational yet, they do help us to meet our consent conditions and support predicted population growth.

Another key piece of work from 2022/23 was the adoption of a new Trade Waste and Wastewater Bylaw.

What we delivered

These performance measure results are supplied by WaterCare Services Limited, on behalf of Waikato District Council.

Performance measure	2022/23 Target	2022/23 Actual	Commentary
Number of dry weather sewerage overflows from the Council's sewerage system, expressed per 1,000 sewerage connections to the sewerage system.	≤3 per 1,000 connections	1.26 Achieved 2021/22: 1.8 Achieved	Target achieved.
Where the territorial authority attends to sewage overflows resulting from a blockage or other fault in the Council's sewerage system, median response. Attendance time: from the time that the Council receives notification to the time that service personnel reach the site.	≤1 hour (60 minutes)	42 minutes Achieved 2021/22: 48 minutes Achieved	Target achieved.
Where the Council attends to sewage overflows resulting from a blockage or other fault in the Council's sewerage system, median response. Resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤4 hours (240 minutes)	111 minutes Achieved 2021/22: 110 minutes Achieved	Target achieved.
The total number of complaints received by Council about sewage odour, sewerage system faults, sewerage blockages and the Council's response to issues with its sewerage system, expressed per 1,000 connections to the Council's sewerage system.	≤10 per 1,000 connections	4.88 Achieved 2021/22: 6.63 Achieved	Target achieved.
Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of convictions received by the Council in relation to those resource consents.	0	0 Achieved 2021/22: 0 Achieved	Target achieved.

Potential significant negative effects

Potential negative effects	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 from sewage sludge.	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

Wastewater
Operational
1% General rates, uniform annual general charge, rates penalties
72% Targeted rates
0% Subsidies and grants for operating purposes
23% Fees and charges
4% Internal charges and overheads recovered
0% Local authorities fuel taxes, infringement fees and other receipts
Capital
0% Subsidies and grants for capital expenditure
36% Development and financial contributions
62% Increase (decrease) in debt
0% Gross proceeds from the sale of assets
0% Lump sum contributions
2% Other dedicated capital funding

Funding impact statement

Waikato District Council Funding Impact Statement for the year ended 30 June 2023 for Wastewater

	2021/22 Long Term Plan \$'000	2022/23 Long Term Plan \$'000	2022/23 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	388	396	68
Targeted rates	12,860	14,492	15,162
Subsidies and grants for operating purposes	-	-	28
Fees and charges	3,792	3,820	4,963
Internal charges and overheads recovered	225	219	864
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	23
Total operating funding (A)	17,265	18,927	21,108
Applications of operating funding			
Payments to staff and suppliers	7,198	11,995	11,635
Finance costs	-	-	-
Internal charges and overheads applied	2,667	3,148	2,944
Other operating funding applications	372	402	187
Total applications of operating funding (B)	10,237	15,545	14,766
Surplus (deficit) of operating funding (A - B)	7,028	3,382	6,342
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	4,013	3,981	4,941
Increase (decrease) in debt	11,793	21,586	8,362
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	236
Total sources of capital funding (C)	15,806	25,567	13,539
Applications of capital funding			
<i>Capital expenditure</i>			
- to meet additional demand	12,731	21,323	5,663
- to improve the level of service	6,581	10,959	3,888
- to replace existing assets	11,546	12,052	7,074
Increase (decrease) in reserves	(8,024)	(15,385)	3,256
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	22,834	28,949	19,881
Surplus (deficit) of capital funding (C - D)	(7,028)	(3,382)	(6,342)
Funding balance ((A - B) + (C - D))	-	-	-

Water Supply

This group of activities includes one activity:

- Water Supply.

What we do

This group of activities applies to all drinking water supplies owned and managed by Council, including treatment plants, pump stations, reservoirs and the reticulation network.

Through this group of activities, we are responsible for the efficient management of Council's water supply infrastructure across the rohe at Ngaaruawaahia, Horotiu, Huntly, Raglan, Hopuhopu, Taupiri, Te Kauwhata, Meremere, Whangamarino, Rangiriri, Tuakau, Pokeno, Southern Districts (Tamahere, Maatangi, Eureka, Newstead, Puketaha, Gordonton) and Western Districts (Te Kowhai Road and Stonebridge), Onewhero, Port Waikato and Te Akau South.

We develop, maintain and manage the water network and its components such as pipes, valves, hydrants, pumps and treatment plant equipment. We also address specific health concerns in the water supply and work on growth-driven infrastructure projects.

Watercare Services Limited currently delivers the bulk of the operations, maintenance and capital delivery for Council, under a long-term contract.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improve wellbeing, as shown below:



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TOGETHER**



**VALUE
FOR MONEY**



Key: ● Contributes in a **major** way ● Contributes in a **minor** way

What we achieved this year

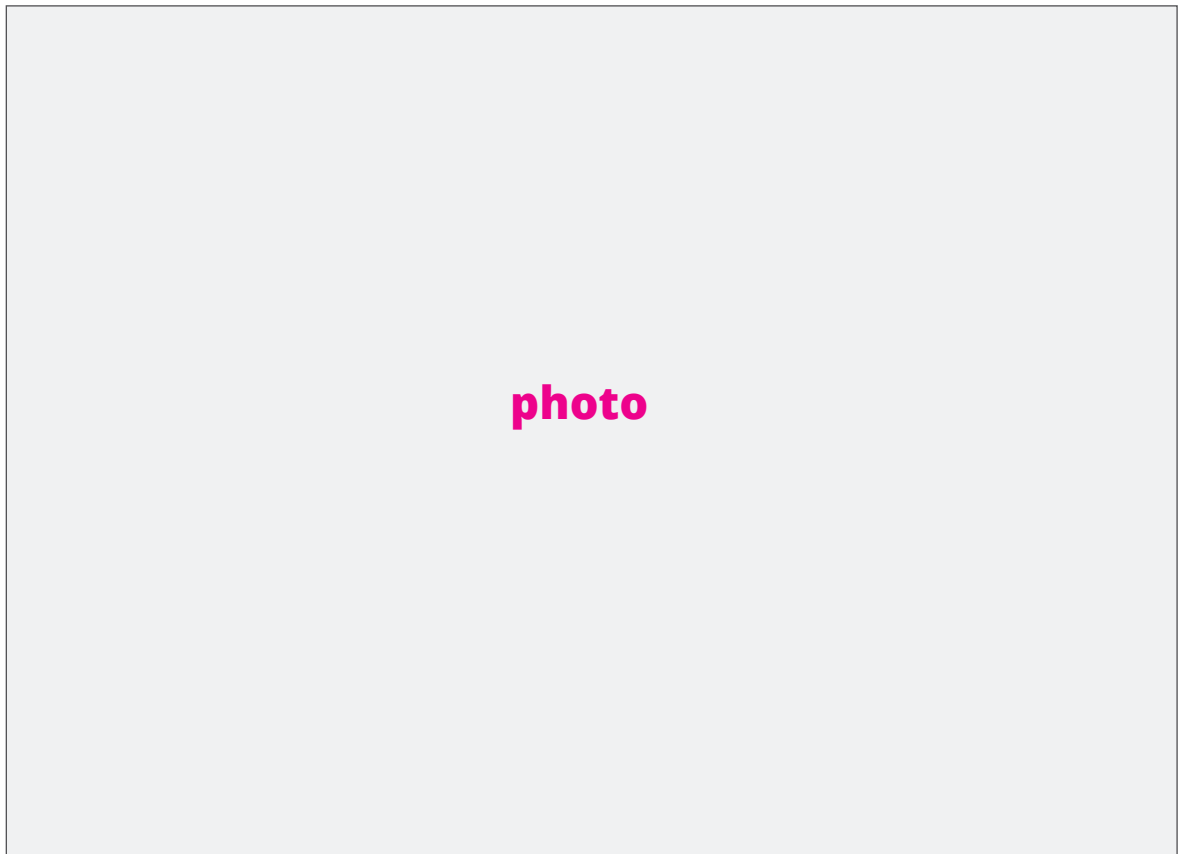
Upgrades to the Raglan Water Supply Reticulation Upgrade project, will replace old and undersized pipelines within the town's water supply network. By constructing the new pipelines, we'll ensure quality water supply for existing properties and development for the years to come. Main Road and upper Bow Street are the next focal points, and with work largely undertaken within the road reserve area under traffic management on Main Road and upper Bow Street.

This past summer we took a different approach to imposing water restrictions across the rohe. Rather than blanket restrictions across the rohe, we reviewed individual supply zones and made decisions based on localised capacity. This, coupled with the unseasonable weather we experienced, resulted in no water restrictions throughout the district all summer.

Some key projects/pieces of work from 2022/23 were:

- District-wide water supply reservoir renewals and extensions.
- We replaced all water meters in the district over 15 years old. We are now focusing our attention on water meters aged less than 14 years old.

- We upgraded the Whangamarino Water Treatment Plant.
- We replaced the water mains in the mid-Waikato, specifically on Hall Road, Te Kauwhata, and the Te Kauwhata Boosted Zone. Having new pipes ensures that our assets are installed according to updated best practice standards and will meet the supply demands of both current and projected future populations.
- We have been working with Taumata Arowai, the new water services regulator for Aotearoa New Zealand. We uploaded a stocktake of our drinking water supplies to Hinekoorako, a portal for drinking water suppliers, laboratories, and the public. Using this, you can find your local drinking water supplier on the public register and even submit a concern or complaint.
- The new draft drinking water standards require that we eliminate the use of hydrants, except for three waters operations and maintenance services, and firefighting services. This will prohibit the use of standpipes across the Waikato District. We updated stakeholders on the new filling stations during a tanker/carrier forum on 15 December 2022 and advised that standpipes could not be used from 1 January 2023. Three permanent filling stations have been completed at Ngaaruawaahia, Raglan and Tuakau.
- The Ngaaruawaahia Water Treatment Plant upgrades included a UV treatment system, which is now in service. UV disinfection is a great tool to inactivate microbiological organisms that have not been removed by the filtration process.
- The Taupiri Water Supply Pipeline and Booster Pumpstation project has kicked off with preliminary investigative works completed. The project replaces the aged and undersized supply main within private properties and constructs a new booster pump station to support water supply conveyance to Taupiri. By upgrading the supply main from Hopuhopu to Taupiri, we are addressing the growing demand for water supply and ensuring a high level of service for customers affected by rapid growth in the area.



What we delivered

These performance measure results are supplied by WaterCare Services Limited on behalf of Waikato District Council.

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The result below is reported in line with the Drinking Water Standard NZ 2018 applicable 1 July 2022 to 31 December 2022.			
The extent to which the Council's drinking water supply (zones) complies with Part 4 of the drinking water standards (bacteria compliance criteria).	18 (number of zones that comply out of 18)	18 Achieved 2021/22: 18 Achieved	Target achieved.
The extent to which the Council's drinking water supply (zones) complies with Part 5 of the drinking water standards (protozoal compliance criteria).	15 (number of zones that comply out of 18)	15 Achieved 2021/22: 4 ³ Not achieved	Target achieved.
The result below is reported in line with Taumata Arowai's Drinking Water Quality and Assurance Rules (DWQAR) Aesthetic Values and the new Drinking Water Standards applicable from 14 November 2022. However Council elected to apply them from 1 January 2023 to 30 June 2023. Refer to the Source data and judgements section below for more information.			
New standard equivalent to the extent to which the Council's drinking water supply (zones) complies with Part 4 of the drinking water standards (bacteria compliance criteria).	18 (number of zones that comply out of 18)	18 Achieved* 2021/22: 18 Achieved	Target achieved.
New standard equivalent to the extent to which the Council's drinking water supply (zones) complies with Part 5 of the drinking water standards (protozoal compliance criteria).	15 (number of zones that comply out of 18)	15 Achieved 2021/22: 4 ³ Not achieved	Target achieved.

³ In the 2021/22 Annual Report the result associated with this performance measure was reported as four. This reflects the four treatment plants that we have in our district. Each treatment plant within our district services a number of zones, and we also receive water from two treatment plants outside of Council's control (being Hamilton and Auckland). All four treatment plants within our district were compliant with Part 5 of the drinking water standards. In 2021/22 three of our zones provided supply to a low number of residents and thus didn't meet the servicing thresholds that would require Council to test that zone for compliance against Part 5 of the drinking water standards. Therefore 15 of the zones were compliant in 2021/22.

Source data and judgements

Changes to Drinking Water Standards

Recent changes to the regulation of Water in New Zealand have resulted in the standards we report against updating. From 1 July 2022 to 31 December 2022, Council was required to comply with the Drinking Water Standard NZ 2018, and from 1 January 2023 Council was required to record, monitor and when necessary, report on compliance against Taumata Arowai's Drinking Water Quality and Assurance Rules (DWQAR), Aesthetic Values and the new Drinking Water Standards.

Historic Drinking water standard in place until 31 December 2022

The New Zealand Drinking Water Standards (the Drinking Water Standards) provide a recognised standard for public safety as set under the Health Act 1956 and monitored by the Ministry of Health. The measure provides information to assist local government and communities in making decisions on an appropriate level of service, including whether they want a grade of water that meets, or exceeds, the Drinking Water Standards. The focus of the performance measure is on the safety, rather than the overall quality, of drinking water with bacteria and protozoa contamination reported. As a result, chemical and other components of the Drinking Water Standards are not reported in this measure as their effects do not represent an immediate risk to public health.

- ***Part 4 of Drinking Water Standard – Bacterial Compliance***

For bacterial compliance testing E.coli is used as the indicator organism for contamination of drinking water by faecal material. If present in drinking-water leaving the water treatment plant or in a distribution zone, the immediate response specified in the Drinking Water Standard must be followed.

- ***Part 5 of Drinking Water Standard – Protozoal Compliance***

Protozoa such as Cryptosporidium and Giardia may occur in New Zealand surface waters and non-secure bore waters. Their cysts or oocysts are found in the faeces of humans and animals. Protozoa can be removed by filtration or inactivated by disinfection using UV light. Chlorine can be effective in inactivating Giardia, bacteria, and viruses but not Cryptosporidium. The compliance criteria for protozoa are based on the probability that the treatment process has inactivated the cysts.

New Drinking water standard in place from 1 January 2023

On 15 November 2021 the Water Services Regulator Act 2020 came into effect. This established the crown entity known as Taumata Arowai - the Water Services Regulator. The pieces of legislation that support this are the Water Services Act 2021 and the Water Services (Drinking Water Standards for New Zealand) Regulations Act 2022.

The Water Services Act 2021 provides a comprehensive set of regulatory tools to ensure good outcomes are achieved for drinking water safety. The Water Services (Drinking Water Standards for New Zealand) Regulations Act 2022 set the Maximum Acceptable Values for a range of contaminants which can affect the safety and quality of drinking water.

The Drinking Water Quality Assurance Rules outline what drinking water suppliers need to do to comply with key parts of the Drinking Water Standards 2022 and the Water Services Act 2021. The rules came into effect on 14 November 2022 with Taumata Arowai requiring water suppliers to monitor and report on compliance with the rules from 1 January 2023. The rules are structured as 'modules', with the main modules covering General Rules (G), Source water (S), Treatment systems (T) and Distribution systems (D).

Council has selected the rule module that apply to each of the registered supplies based on the category that best fits each drinking water supply. Drinking water suppliers must demonstrate compliance against those rule modules for each supply.

Drinking Water Quality Assurance Rules (DWQAR), Drinking Water Aesthetic Values, Drinking Water Standards 2022

Council is using Watercare to provide daily, weekly and monthly compliances summaries against a subset of the rules and are aligned with the monthly reporting requirements set out in the DWQAR. These reports are uploaded to the Hinekōrako portal.

Drinking water not only needs to be safe, but it also needs to taste and smell acceptable too. The Drinking Water Aesthetic Values specify or provide minimum and maximum values for substances and other characteristics that relate to the acceptability of drinking water to consumers (such as appearance, taste or odour). A drinking water supplier must take all reasonably practicable steps to supply drinking water that complies with the Drinking Water Aesthetic Values.

Water is sampled from dedicated sampling points and analysed by an independent accredited Laboratory. Any exceedances of the Drinking Water Standards 2022 require the laboratory to notify Taumata Arowai through the Hinekōrako portal. The exceedances become a non-compliance notification and Council are expected to report to Taumata Arowai on each notification. The non-compliance cannot be closed off until Taumata Arowai are satisfied that the risk of the non-compliance occurring again has been reduced.

2022/23 result

From 1 July to 31 December 2022, Council was compliant with Part 4 (bacteria compliance) and compliant with Part 5 (protozoal compliance).

This performance measure was set before the introduction of the new rules by Taumata Arowai (effective from 1 January 2023). Therefore, we are reporting our performance against two different requirements. Compliance against both requirements was independently assessed and verified by Wai Comply Limited.

From 1 January 2023, new Drinking Water Quality Assurance Rules (DWQAR) introduced by Taumata Arowai took effect. These requirements measure compliance against the following criteria: bacteria, protozoal, chemicals and cyanotoxin for treatment plants and microbiological, residual disinfection, disinfection by-products and plumbosolvent metal rules for distribution networks. Compliance is monitored and reported through on-line monitoring along with a sampling regime, with minimum samples specified for various zones. Council adhered to the minimum sampling requirements and in some zones, exceeded the sampling requirements. Our compliance performance against each of the criteria is listed below. Where we recorded non-compliant samples, prompt action was taken and there was no risk to public health, as confirmed by Wai Comply Limited in their independent assessment.

*The table below outlines if Council met each requirement required from 1 January to 30 June 2023.

Requirement	Result
Bacterial	Met
Protozoal	Met
Chemical	Met
Cyanotoxins	Met
Residual disinfection (Chlorine)	Not met - We collected 1756 residual chlorine samples annually across all 18 Council distribution zones. During the January to June 2023 period seven ⁴ residual chlorine samples (across five zones) out of the 836 samples did not meet the minimum requirement of residual chlorine of at least 0.1mg/L.
Microbiological	Met
Disinfection by-products	Met
Plumbosolvent Metals	Met

⁴ D3 disinfection target: The five zones which had samples that did not meet the standards included: Port Waikato (1 sample), Huntly (2 samples), Rotongaro (1 sample), Tuakau North (1 sample), Hopuhopu (2 samples).

Performance measure	2022/23 Target	2022/23 Actual	Commentary
Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - attendance for non-urgent callouts: from the time that the Council receives notification to the time that service personnel reach the site.	≤5 Days	1 day Achieved 2021/22: 1 day Achieved	Target achieved.
Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - attendance for urgent callouts: from the time that the Council receives notification to the time that service personnel reach the site.	≤60 minutes	44 Achieved 2021/22: 39 minutes Achieved⁵	Target achieved.
Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - resolution of non-urgent callouts: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤5 Days	1 Achieved 2021/22: 1 day Achieved	Target achieved.
Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - resolution of urgent callouts: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤240 minutes	111 Achieved 2021/22: 88 minutes Achieved⁶	Target achieved.
The total number of complaints received by the Council on drinking water clarity, drinking water taste, drinking water odour, drinking water pressure or flow, continuity of supply, the local authority's response to any of these issues, expressed per 1,000 connections to the Council's networked reticulation system.	≤25 per 1,000 connections	12.18 Achieved 2021/22: 14.62 per 1,000 Achieved	Target achieved.
The average consumption of drinking water per day per resident within the Waikato district.	250L	156L Achieved 2021/22: 190L Achieved	Target achieved. The lower figure is attributed to a wet summer and improvements in the identification of leaks.
The percentage of real water loss from Council's networked reticulation system (including a description of the methodology used to calculate this).	28%	19% Achieved 2021/22: 27% Achieved	Target achieved. The water supply process starts with the consented collection of water from multiple sources, including the Waikato River, groundwater sources and the Maraetai Stream in Port Waikato. These source waters require treatment before it becomes suitable for supply to households across the district. All commercial and domestic customers across the district have water meters for charging, water use efficiency, and leak identification. To calculate the level of leakage across the district, we compare the total amount of water produced at the treatment plants, against the water used for the operation of the network and customers meters. The difference between these figures is the water lost from Council's networked reticulation system for various reasons, e.g., leakage and unauthorised use.

⁵⁸
⁵ In the 2021/22 Annual Report the result associated with this performance measure was erroneously reported as '88 minutes' rather than '39 minutes' on which audit assurance was attained, due to a transposing error. The comparative figures within the 2022/23 Annual Report have been changed back to reflect the correct results.

⁶ In the 2021/22 Annual Report the result associated with this performance measure was erroneously reported as '1 day' rather than '88 minutes' on which audit assurance was attained, due to a transposing error. Nonetheless, the result remains the same as reported (achieved) and the comparative figures within the 2022/23 Annual Report have been changed to reflect the correct results.

Potential significant negative effects

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

Water supply
Operational
2% General rates, uniform annual general charge, rates penalties
93% Targeted rates
0% Subsidies and grants for operating purposes
1% Fees and charges
4% Internal charges and overheads recovered
0% Local authorities fuel taxes, infringement fees and other receipts
Capital
0% Subsidies and grants for capital expenditure
39% Development and financial contributions
60% Increase (decrease) in debt
0% Gross proceeds from the sale of assets
0% Lump sum contributions
1% Other dedicated capital funding

Funding impact statement

Waikato District Council Funding Impact Statement for the year ended 30 June 2023 for Water supply

	2021/22 Long Term Plan \$'000	2022/23 Long Term Plan \$'000	2022/23 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	338	351	274
Targeted rates	11,158	12,421	12,302
Subsidies and grants for operating purposes	-	-	10
Fees and charges	108	113	176
Internal charges and overheads recovered	402	287	492
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	41
Total operating funding (A)	12,006	13,172	13,295
Applications of operating funding			
Payments to staff and suppliers	9,558	9,388	9,097
Finance costs	-	-	-
Internal charges and overheads applied	2,502	2,609	3,068
Other operating funding applications	66	69	227
Total applications of operating funding (B)	12,126	12,066	12,392
Surplus (deficit) of operating funding (A - B)	(120)	1,106	903
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,659	2,213	2,867
Increase (decrease) in debt	3,875	3,822	4,435
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	199	208	93
Total sources of capital funding (C)	5,733	6,243	7,395
Applications of capital funding			
<i>Capital expenditure</i>			
- to meet additional demand	3,917	3,767	4,225
- to improve the level of service	4,135	3,767	6,758
- to replace existing assets	2,756	2,512	3,185
Increase (decrease) in reserves	(5,195)	(2,697)	(5,870)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	5,613	7,349	8,298
Surplus (deficit) of capital funding (C - D)	120	(1,106)	(903)
Funding balance ((A - B) + (C - D))	-	-	-

*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

This group of activities includes one activity:

- Organisational Support.

What we do

This group of activities is essentially Council's engine room. It includes communications, people and capability, health and safety, information management, corporate property, finance and treasury, rates. It also covers legal counsel, risk and business resilience, the Enterprise-wide Project Management Office (EPMO), business improvement, and procurement and contract management advisory services.

This group of activities helps Council make connections with our communities and keep them informed, looks after our people, attracts new staff and delivers projects. It also provides the IT, furniture and equipment we need to cost-effectively meet goals, deliver services and fulfil statutory obligations.

This group of activities also provides internal financial and legal services, which ensure:

- prudent and effective financial management;
- mitigation of, and advice on, legal and other risks across the organisation;
- successful procurement and management of external contractors;
- enable initiatives that take the organisation forward, build resilience and make services more efficient and cost effective for ratepayers.

How this group of activities improves wellbeing

This group of activities contributes to our community outcomes, which in turn improve wellbeing, as shown below:



**SUPPORTING
OUR COMMUNITIES**



**BUILDING
OUR ECONOMY**



**SUSTAINING
OUR ENVIRONMENT**



**WORKING
TOGETHER**



**VALUE
FOR MONEY**

Key: ● Contributes in a **major** way ● Contributes in a **minor** way

What we achieved this year

A range of projects have improved our ability to meet customer needs and deliver higher levels of service more efficiently.

These include:

- Establishing the Enterprise Management Office (EPMO) to include both internal improvement and external infrastructure projects.
- Launching our new My.WaikatoDistrict.govt.nz Customer Portal to let customers access information about their animals, make payments, lodge service requests and register their dog.
- Upgrading our technology systems to be cloud based, resulting in a better experience for our customers and efficiency for Council.
- Implementing the first phases of the Finance Transformation Project to improve efficiency and information sharing throughout the organisation.
- Implemented a robust 'procure to pay' process to optimise outcomes and reduce risk internally and externally.

- Reviewing how Council is currently managing external contracts and how we can empower staff to manage these more successfully. This ensures outcomes are delivered cost effectively, we build positive and proactive relationships and we manage risks.

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

Our Zero Harm (Health and Safety) team have continued to support the organisation to focus on three key areas:

- Safety leadership and worker engagement and participation
- Effective safety management system
- Managing critical safety risks

We have continued to deepen our knowledge and understanding of our critical health and safety risks and their associated controls. We've successfully delivered training to support our people in managing those risks. We have also started developing a control plan for managing the critical safety risk of work-related mental wellbeing. We have continued to deepen relationships with others with whom we share duties to eliminate or manage risks to health and safety. Where possible and appropriate we shared our zero harm knowledge and skills to support the development of others.

We successfully delivered a month-long 'Work Safe, Home Safe' event to engage with our people on safety leadership and to focus on work-related mental wellbeing and personal health.

What we delivered

Performance measure	2022/23 Target	2022/23 Actual	Commentary
The number of total recordable injuries (TRI) at Waikato District Council.	2	4 Not achieved 2021/22: 2 Achieved	A total of four TRI occurred during 2022/23; one Lost Time Injury (LTI) event occurred in June 2023, one Restricted Work Injury event occurred in April 2023, one Medical Treatment Injury event reported in December 2022 and one LTI event in July 2022.

Potential significant negative effects

There are no potential significant risks associated with this activity.

How we paid for it

Organisational support
Operational
17% General rates, uniform annual general charge, rates penalties
0% Targeted rates
1% Subsidies and grants for operating purposes
0% Fees and charges
78% Internal charges and overheads recovered
4% Local authorities fuel taxes, infringement fees and other receipts
Capital
0% Subsidies and grants for capital expenditure
0% Development and financial contributions
91% Increase (decrease) in debt
9% Gross proceeds from the sale of assets
0% Lump sum contributions
0% Other dedicated capital funding

Funding impact statement

Waikato District Council Funding Impact Statement for the year ended 30 June 2023 for Organisational Support

	2021/22 Long Term Plan \$'000	2022/23 Long Term Plan \$'000	2022/23 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	7,757	8,201	7,574
Targeted rates	-	-	-
Subsidies and grants for operating purposes	7,229	-	598
Fees and charges	-	-	30
Internal charges and overheads recovered	25,407	33,862	36,840
Local authorities fuel tax, fines, infringement fees, and other receipts	727	741	2,006
Total operating funding (A)	41,120	42,804	47,048
Applications of operating funding			
Payments to staff and suppliers	23,383	24,171	25,536
Finance costs	4,506	5,463	5,105
Internal charges and overheads applied	9,072	9,105	11,025
Other operating funding applications	1,699	1,739	2,240
Total applications of operating funding (B)	38,660	40,478	43,906
Surplus (deficit) of operating funding (A - B)	2,460	2,326	3,142
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	11,014	19,936	4,338
Gross proceeds from the sale of assets	-	257	434
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	11,014	20,193	4,772
Applications of capital funding			
<i>Capital expenditure</i>			
- to meet additional demand	-	-	-
- to improve the level of service	1,318	904	1,015
- to replace existing assets	4,335	4,188	3,030
Increase (decrease) in reserves	7,112	16,536	(604)
Increase (decrease) in investments	709	891	4,473
Total applications of capital funding (D)	13,474	22,519	7,914
Surplus (deficit) of capital funding (C - D)	(2,460)	(2,326)	(3,142)
Funding balance ((A - B) + (C - D))	-	-	-

**Waikato District Council Funding Impact Statement
for the year ended 30 June 2023 (Whole of Council)**

	2021/22 Annual Plan \$'000	2021/22 Actual \$'000	2022/23 Annual Plan \$'000	2022/23 Actual \$'000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	67,330	76,375	78,102	81,043
Targeted rates	30,709	33,673	36,439	36,516
Subsidies and grants for operating purposes	8,355	13,526	10,082	13,840
Fees and charges	10,415	14,384	17,137	15,956
Interest and dividends from investments	130	266	50	1,595
Local authorities fuel tax, fines, infringement fees, and other receipts	7,885	10,862	10,517	10,747
Total operating funding (A)	124,824	149,086	152,327	159,697
Applications of operating funding				
Payments to staff and suppliers	92,818	113,304	123,255	127,068
Finance costs	5,497	4,773	5,769	5,105
Other operating funding applications	2,664	3,275	2,877	3,741
Total applications of operating funding (B)	100,979	121,352	131,901	135,914
Surplus (deficit) of operating funding (A - B)	23,845	27,734	20,426	23,783
Sources of capital funding				
Subsidies and grants for capital expenditure	13,315	15,078	13,356	11,346
Development and financial contributions	6,393	15,347	13,326	12,051
Increase (decrease) in debt	15,661	19,033	62,543	26,966
Gross proceeds from the sale of assets	521	230	3,930	115
Lump sum contributions	-	-	-	-
Other dedicated capital funding	124	1,489	208	2,981
Total sources of capital funding (C)	36,014	51,177	93,363	53,459
Applications of capital funding				
<i>Capital expenditure</i>				
- to meet additional demand	5,361	14,964	33,857	14,935
- to improve the level of service	14,607	19,708	32,914	24,003
- to replace existing assets	30,893	31,416	47,000	39,098
Increase (decrease) in reserves	(581)	(2,365)	1,345	(5,267)
Increase (decrease) in investments	9,579	15,188	(1,327)	4,473
Total applications of capital funding (D)	59,859	78,911	113,789	77,242
Surplus (deficit) of capital funding (C - D)	(23,845)	(27,734)	(20,426)	(23,783)
Funding balance ((A - B) + (C - D))	-	-	-	-

Financial Pathway

From the Chair of the Strategy and Finance Committee

I am pleased with the Council's Annual Report results, which demonstrate accurate financial planning in the Long Term Plan 2021-2031.

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

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

The Council's income for the 2022/23 financial year was \$223 million, a positive variance of \$43 million compared to budget. Above budget revenue was as a result of higher revenue from found and vested assets and due to higher growth in General and Targeted rates. This was partially offset by lower revenue from Development and Financial Contributions impacted by the timing of the development cycle.

The Council's operational expenditure amounted to \$177 million, in line with budget. Depreciation and amortisation costs were higher than budget because of higher asset revaluations in the prior year and this adverse variance was offset by savings in employee costs resulting from vacancies.

Council's operating surplus was \$52 million compared to a budgeted surplus of \$64 million, attributed to the variances detailed above.

Council's capital programme includes 2022/23 projects as well as projects from the previous year still to be completed. It should be noted, therefore, that the Annual Report depicts actual progress against the 2022/23 budget only.

In real terms, the \$78 million spend delivered 40% per cent of the entire work programme, including budgets carried forward from previous years.



Cr. Janet Gibb
Chair Performance & Strategy

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 and the Waikato District Community Wellbeing Trust which was transferred to Momentum Waikato during the 2022/23 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 has been registered as non-active with the Inland Revenue.

Waikato Regional Airport Limited

In December 1995, the Council along with four other local authorities purchased the Crown's 50 per cent shareholding in the Waikato Regional Airport Limited. The purchase increased the Council's shareholding to 15.625 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, compliant and resilient airport.
2. Provide an improved customer experience upon completion of the Terminal Resilience Project.
3. Maintain a viable aeronautical business.
4. Maximise revenue diversification through non-aeronautical business opportunities.
5. Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified property portfolio.
6. Operate the airport hotel to meet or exceed its investment business case growth targets and customer satisfaction targets.
7. Marketing the Hamilton & Waikato region as a visitor destination to domestic and international visitors.
8. Grow the visitor economy through tourism development and destination management

The group achieved all but one 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 2022/23 \$'000	Target 2022/23 \$'000	Target met
Earnings before interest, taxation and depreciation (EBITDA) excluding land sales	5,674	4,300	
Earnings before interest, taxation and depreciation (EBITDA) including land sales	15,764	11,100	
Land sales	14,723	14,000	
Net surplus/(deficit) before tax	10,763	6,000	
Net operating cashflow (excluding land sales)	2,656	3,500	
Percentage of non-landing charges revenue to total revenue	70%	60%	
Shareholders' funds to total assets	86%	75%	
Net debt (less than)	20,149	30,000	
Interest rate cover	9.7	4.0	

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

Performance Target	Comment	Target met
Titanium Park Limited Complete construction of airport infrastructure to support private aeronautical property development and land sales.	Settlement of land sales were completed however purchasers did not require aeronautical infrastructure to be completed in the 2023 year.	

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 company trades under the name "Co-Lab". It is controlled by 12 local authorities of the region, being Environment Waikato; Hamilton City Council; Hauraki District Council; Matamata – Piako District Council; Otorohanga District Council; Rotorua District Council; South Waikato District Council; Taupo District Council; Thames-Coromandel District Council; Waikato District Council; Waipa District Council and Waitomo District Council.

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

The objectives of WLASS are:

- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government's confidence in the Waikato region, and to encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition

- make it easier for customers to engage with councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers' experiences.

The Company has two fundamental roles:

1. It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and 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).

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

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

The performance measures as at 30 June 2023 are as follows:

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
<p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives</p>	<p>➤ Business cases will include measurable benefits linked to one or more of the outcomes sought</p>	<p>Projected savings to councils of \$300k⁺</p>	<p>Seven signature projects progressed during the year. However, each of these projects – which were largely guided by feedback from councils – were principally focused on valuation creation (rather than cost savings) and/or are at an early stage where potential cost savings are yet to be quantified. The Customer Digital Enablement (CDE) project has the potential to save¹ significant amounts by pooling council investment. For example, market feedback suggested a ten-fold increase in the number of councils involved only bore a 16% increase in investment. Unfortunately, as noted earlier, most councils did not support progressing to RFP and product build. For these reasons, the target has not been met.</p> <p>The <i>Strategic Case</i> for the ‘Right People, Right Place’ project was approved by the Board in June 2023.</p> <p>A paper covering the ‘People Post 3 Waters’ project was presented to council Chief Executives in November 2022, with an update to the Board in March 2023. While we await feedback from councils on what resource might become available to redeploy, we are investigating a project management shared service to address one area where many councils are resource constrained.</p> <p>Neither of these investigations can yet claim to give projected savings to councils, although both have the potential to reduce costs and create value in the future.</p>	
	<p>➤ Opportunity assessments are supported by councils (evidenced by Board minutes)</p>	<p>75% of councils</p>	<p>We can’t reasonably measure performance against this target because no opportunity assessments have been presented to the Board during the period. Having said that, as noted above, CDE is not expected to progress to this point, because of the lack of support to progress the opportunity. To that extent, it is an opportunity that, while initially supported by councils, has not ultimately been.</p> <p>Last year we reported that 9 of the 12 councils agreed to participate in Co-Lab Learning. A 10th confirmed their involvement in the current period.</p> <p>Some opportunities have been capitalised on without a formal business case. An example of this in the current period is Co-Lab Procurement Support. That shared service came about from discussions with councils who had a need for procurement skills, but only on a</p>	<p>Unable to currently measure</p>

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
			<p>part time basis, or only as and when required to supplement current resources.</p> <p>In late FY2023, councils were presented with proposals to participate in a Building Consent Cadetship and in the RATA Spaces and Places Ropu. Decisions are pending in early FY24.</p>	
Develop opportunities and deliver projects within agreed budgets and timelines	➤ Opportunities / projects are developed / delivered within agreed timelines	80%	<p>14%: (1/7 projects)</p> <p>The low proportion of projects delivered within agreed timeframes is disappointing. However, this should be considered in the context that most Co-Lab investigations commence with significant uncertainty, including council staff's capacity to get involved in the projects, which makes reliably estimating the time to complete challenging. While capacity is the most prominent unknown when setting timelines, the LiDAR project has been delayed by vendor performance issues.</p> <p>We acknowledge that we must be more realistic when estimating timelines.</p> <p>It is important to note that none of the delays have caused costs to escalate (i.e. the anticipated work is simply spread over a longer period, or the contract projects against cost escalation).</p>	
	➤ Opportunities / projects are developed / delivered, within approved budget	90%	80%: Four of the five projects were completed within budget. The exception was the Co-Lab Learning Implementation where the cost of the project team went \$8k over project budget.	
Ensure projects realise their expected benefits	➤ Measurable benefits are actively monitored and reported against	Six-monthly	<p>During the last financial year, management reported to the Audit & Risk Committee on:</p> <ul style="list-style-type: none"> Shared Valuation Data Service (SVDS): All benefits in the business case have been met. Co-Lab Water Services: The assessment considered benefits realised since the services inception. Of the 10 KPI's in the business case, only 1 (relating to service expectations) was determined to be 'not met' and action is already underway to remedy that. 	
	➤ Audit & Risk Committee undertake an assessment of projects following implementation	For \$200k+ Projects (based on cost of opportunity development and ongoing investment)		

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
	(which will include an assessment of whether projected benefits have been realised)	Within 15 months		
		90% of projected quantifiable benefits are realised		
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"> ○ RATA – roading & waters ○ Waikato Building Cluster ○ Regional Infrastructure Technical Specifications ○ Energy & Carbon Management ○ Professional Services Panel ○ Health & Safety pre-qualification 	80% of councils	A stakeholder survey was undertaken in May 2023. 80% of respondents said that the services they received either met or exceeded their expectations. For the few services where this target was not met, action plans have been put in place to improve performance.	
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>	Four per annum	<p>Ideas received and triaged in FY23:</p> <ul style="list-style-type: none"> ● One digital library book database ● Common LGOIMA manager tool ● Councillor Induction Programme ● Common staff induction content ● Shared resources for election years ● Parking enforcement app ● Joint Procurement for contracted resources. 	

¹When compared to making the investment on a standalone basis

Waikato District Community Wellbeing Trust

In September 2022, The Waikato Community Wellbeing Trust cashed-up its investment portfolio with Kiwi Wealth. Waikato District Council gifted the assets of the Trust to Momentum Waikato as a Deed of Gift signed on 07 October 2022. The Trust has been de-established and no longer forms part of the Group.

Council's Financial returns

Returns on Investment	Expected return	2022/23 Results	Our performance
Financial	5.55%	5.40%	
Property	11.00%	6.96%	
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

Statement of comprehensive revenue and expense for the year ended 30 June 2023

	Note	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Revenue				
Rates	2	116,785	114,541	109,331
Development and financial contributions		12,051	13,326	15,347
Subsidies and grants		25,186	23,439	28,604
Finance revenue	3	1,545	50	250
Other revenue	4	68,025	28,475	76,521
Total revenue		223,592	179,831	230,053
Expenses				
Employee costs	6	39,875	41,189	35,626
Depreciation and amortisation expense	7	40,447	36,271	35,009
Finance costs	3	5,179	5,769	4,782
Other expenses and losses	8	92,505	83,804	82,643
Total operating expenses		178,006	167,033	158,060
Surplus(deficit) before tax		45,586	12,798	71,993
Income tax expense	9	-	-	-
Surplus(deficit) after tax wholly attributable to Waikato District Council		45,586	12,798	71,993
Other comprehensive revenue and expense				
Gain(loss) on property revaluations	15	53,619	64,403	284,322
Revaluation reserve – landfill		49	-	138
Gain (loss) on cessation of joint venture		-	-	-
Financial assets at fair value through other comprehensive revenue		3,591	-	9,882
Other comprehensive revenue and expense (net of tax)		57,259	64,403	294,342
Total comprehensive revenue and expense for the year		102,845	77,201	366,335

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 35

**Statement of financial position
as at 30 June 2023**

	Note	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Assets				
Current assets				
Cash and cash equivalents	10	22,385	9,928	22,977
Receivables from exchange transactions	11	14,921	8,144	16,725
Recoverables from non-exchange transactions	11	6,264	6,149	5,223
Prepayments		2,606	1,822	2,191
Other financial assets	13	1,622	32	1,228
Cattle	12	11	107	2
Non-current assets held for sale	14	5,423	-	6,544
Total current assets		53,232	26,182	54,890
Non-current assets				
Investment in CCO's and other similar entities	13	37,459	23,984	33,864
Investments in other entities	13	3,438	4,758	2,345
Property, plant and equipment	15	2,305,021	2,132,801	2,180,111
Intangible assets	16	1,783	9,723	2,025
Investment property	17	635	600	625
Derivative financial instruments	22	4,323	-	1,559
Total non-current assets		2,352,659	2,171,866	2,220,529
Total assets		2,405,891	2,198,048	2,275,419
Liabilities				
Current liabilities				
Payables under exchange transactions	18	28,666	34,484	28,732
Taxes and transfers payable	18	2,402	2,593	1,988
Derivative financial instruments	22	-	-	7
Borrowing	20	20,967	21,398	20,963
Employee entitlements	19	5,214	4,997	4,776
Provisions	21	114	274	116
Total current liabilities		57,363	63,745	56,582
Non-current liabilities				
Derivative financial instruments	22	-	12,568	-
Borrowing	20	104,640	145,448	77,678
Employee entitlements	19	89	253	114
Provisions	21	1,942	2,187	2,092
Total non-current liabilities		106,671	160,457	79,884
Total liabilities		164,034	224,202	136,466
Net assets		2,241,857	1,973,846	2,138,953
Net assets/ equity				
Accumulated comprehensive revenue and expense		1,270,363	1,276,210	1,214,408
Other reserves		971,494	697,636	924,545
Total net assets/equity		2,241,857	1,973,846	2,138,953

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 35

**Statement of changes in net assets / equity
for the year ended 30 June 2023**

	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Balance at the beginning of the year			
Accumulated comprehensive revenue and expense	1,214,467	1,237,142	1,146,219
Other reserves			
Revaluation	880,799	647,214	596,708
Restricted	477	208	208
Council-created	29,251	28,239	24,655
Special rates and user pays	(15,016)	(17,712)	(11,302)
Capital replacement fund	27,527	24,254	24,574
Development contributions	(28,825)	(43,150)	(28,894)
Fair value through other comprehensive revenue and expense	30,332	20,450	20,450
Balance at 1 July as previously reported	2,139,012	1,896,645	1,772,618
Comprehensive revenue and expense for the year			
Accumulated comprehensive revenue and expense			
Loss in cessation of joint venture	-	-	-
Surplus(deficit) after tax	45,586	12,798	71,993
Other reserves			
Revaluation	53,619	64,403	284,322
Revaluation – landfill	49	-	138
Fair value through other comprehensive revenue and expense	3,591	-	9,882
Total comprehensive revenue for the year wholly attributable to Waikato District Council	102,845	77,201	366,335
Transfers to(from) accumulated comprehensive revenue and expense			
Accumulated comprehensive revenue and expense	10,311	26,270	(3,804)
Other reserves			
Revaluation	(976)	-	(369)
Restricted	(31)	(2)	269
Council-created	(6,235)	1,492	4,596
Special rates and user pays	(5,605)	(4,708)	(3,714)
Capital replacement fund	5,645	(2,930)	2,953
Development contributions	(3,109)	(20,122)	69
Total transfers to(from) accumulated comprehensive revenue and expense	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	2,241,857	1,973,846	2,138,953
Represented by net assets/equity at the end of the year			
Accumulated comprehensive revenue and expense	1,270,363	1,276,210	1,214,408
Other reserves			
Revaluation	933,491	711,617	880,799
Restricted	446	206	477
Council-created	23,016	29,731	29,251
Special rates and user pays	(20,621)	(22,420)	(15,016)
Capital replacement fund	33,173	21,324	27,527
Development contributions	(31,935)	(63,272)	(28,825)
Fair value through other comprehensive revenue and expense	33,924	20,450	30,332
Balance at 30 June wholly attributable to Waikato District Council	2,241,857	1,973,846	2,138,953

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

Statement of cash flows for the year ended 30 June 2023

	Note	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Cash flows from operating activities				
Receipts				
Receipts from rates revenue		116,524	107,237	107,051
Subsidies received		23,752	24,133	29,974
Contributions received		13,917	12,906	14,249
Receipts from other revenue		29,216	34,722	19,421
Interest received		1,730	50	281
Dividends received		68	-	-
Goods and service tax (net)		-	-	-
Payments				
Payments to employees		(39,462)	(40,835)	(35,100)
Payments to suppliers		(85,523)	(84,814)	(72,577)
Interest paid		(4,730)	(5,769)	(4,677)
Goods and service tax (net)		(108)	-	(207)
Net cash flows from (used in) operating activities	24	55,384	47,630	58,415
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment		115	3,930	230
Proceeds from the sale of investments		-	500	-
Community loan repayments received		(88)	-	(861)
Receipts from repayment of advance		-	-	-
Purchase of intangible assets		(274)	(7,231)	(688)
Purchase of property, plant and equipment		(81,603)	(105,486)	(71,942)
Acquisition of investments		(1,092)	(1,928)	(531)
Net cash flow from (used in) investing activities		(82,942)	(110,215)	(73,792)
Cash flows from financing activities				
Proceeds from borrowing		47,966	82,543	70,033
Repayment of borrowing		(21,000)	(20,000)	(51,000)
Net cash flow from financing activities		26,966	62,543	19,033
Net increase(decrease) in cash, cash equivalents and bank overdrafts		(592)	(40)	3,656
Cash, cash equivalents and bank overdrafts at the beginning of the year		22,977	9,968	19,038
Cash, cash equivalents and bank overdrafts at the end of the year		22,385	9,928	22,694

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

Statement of reserve funds for the year ended 30 June 2023

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 2022 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2023 \$'000
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	523	116	(101)	538
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	723	1,653	(2,767)	(391)
Housing for the elderly	Revenue from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(613)	315	(259)	(557)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	(11)	1,257	(1,551)	(305)
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	221	217	(207)	231
Raglan Papahua Holiday Park reserve	Revenue and expenditure for the Holiday Park at Raglan is kept separate. The camp operation is self-funding.	Sustainable communities	1,707	2,420	(2,138)	1,989
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	431	370	(188)	613
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	24	531	(540)	15
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	1,825	846	(692)	1,979
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	68	2	(181)	(111)

Reserve	Purpose	Related activities	Opening balance 1 July 2022 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2023 \$'000
North Waikato development reserve	Remaining funds (with interest credits) from the Department of Corrections for use to assist the local community.	Sustainable communities	405	141	(182)	364
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
Mayoral Relief Fund	Fund set aside for use in the event of a natural disaster.	Sustainable communities	-	243	-	243
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	-	-	-	-
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	88	3	(49)	42
Structure plan non- growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development.	Organisational support	2,109	693	(696)	2,106
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	879	2,718	(2,206)	1,391
Huntly College Jubilee Award	A restricted reserve for the interest revenue to be used as educational sponsorship.	Sustainable communities	13	1	(1)	13
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest revenue to be used as sponsorship for educational purposes.	Sustainable communities	2	-	-	2
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest revenue to be used for educational sponsorship.	Sustainable communities	1	-	-	1
TK WW Treatment Consultation Group Mitigation Fund	A restricted reserve that requires Waikato District Council to contribute \$45,000 per annum as per the consent conditions in the contract , to be used for ecological enhancement works in the Lake Waikare Catchment, and to reserve any unspent budget for future years for spent as approved by the TKWTTCG.	Organisational support	279	224	(262)	241
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	182	8	-	190
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	43,083	260	(2,690)	40,653
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Sustainable environment,	(15,016)	8,233	(13,838)	(20,621)

Reserve	Purpose	Related activities	Opening balance 1 July 2022 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2023 \$'000
		Wastewater, Water supply				
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	27,527	29,466	(23,821)	33,173
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	880,799	53,667	(975)	933,491
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	(23,034)	15,951	(19,042)	(26,126)
Total reserves			924,545	119,335	(72,386)	971,494

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 and its 100% owned subsidiary Strada Corporation Limited (Strada).

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

The Waikato District Community Wellbeing Trust (WBT) has been de-established as of 1 July 2022. All assets were gifted to Momentum Waikato to establish a new fund in accordance with the terms and conditions of the signed Deed of Gift. The Waikato District Community Wellbeing Trust no longer forms part of The Group.

The group financial statements are not required to be prepared. This is due to the Waikato District Community Wellbeing Trust no longer a part of the Group and Strada's financial balances are considered as not material to the Council.

All comparative information pertains only to the Council.

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 as public benefit entities (PBE's) for financial reporting purposes.

These financial statements of Council are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 24 October 2023.

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.

Statement of compliance

The financial statements of Council 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 I PBE accounting standards.

Presentation currency and rounding

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

Standards newly effective and which have been adopted

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

PBE FRS 48 service performance reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS I Presentation of Financial Statements and is effective for the year ending 30 June 2023. The standard requires entities to present service performance information that is useful for accountability and decision-making purposes in the same general purpose financial report as its financial statements. It is required to provide users with sufficient information to understand why the entity exists, what it intends to achieve, how it does this and to provide users with the information about how it has performed. This amendment will result in additional disclosures in the Statement of Service Provision section of the Annual Report.

The Council adopted the standard in the preparing the Service Performance reporting. There have been no material effects in doing so.

Standards issued and not yet effective which have been early adopted

No standards or amendments issued but not yet effective have been early adopted.

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 are:

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS I)

The amendments to PBE IPSAS I aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. Application of these amendments is required for accounting periods beginning on or after 1 January 2024. Council 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.

Critical accounting estimates and assumptions

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

Infrastructural assets

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

Employee entitlement provisions

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

Landfill aftercare provision

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of recoverable GST.

Budget figures

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

Foreign currency transactions

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

Equity

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

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

Revaluation reserves

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

Restricted reserves

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

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

Council-created reserves

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

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

Fair value through other comprehensive revenue

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

Cost allocation policy

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

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

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

Note 2 Rates

Accounting policy

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

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

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

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
General rates	66,371	62,705
Uniform annual general charge	12,285	11,644
Total general rates revenue	78,656	74,349
Targeted rates		
Community boards	275	272
Community centres and facilities	865	848
Refuse & waste management	5,361	4,909
Stormwater	2,551	2,261
Wastewater	15,162	13,412
Metered water supply	6,708	7,282
Other water rates	5,594	4,689
Total targeted rates	36,516	33,673
plus: Penalties revenue	2,387	2,026
Total rates revenue	117,559	110,048
less: Rate remissions	(774)	(717)
Total net rates	116,785	109,331

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

Rates remissions

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Land used for community and sporting purposes	347	330
Land protected for historical or cultural purposes	48	46
CV's under \$1,500	131	126
Rating exclusions	178	147
Maaori freehold land	70	68
Total rates remissions	774	717

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:

	2022/23 Actual	2021/22 Actual
Total number of rating units	36,536	35,574
Total land value	\$22,194m	\$21,931m
Total capital value	\$37,348m	\$36,587m

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Finance revenue		
Interest - bank deposits	1,187	102

Interest - financial assets	18	(16)
Interest - community loans	50	152
Interest - other	1	-
Interest - LGFA borrower notes	289	12
Total finance revenue	1,545	250
less: Finance costs		
Interest - bank borrowing	-	23
Interest - LGFA borrowing	5,015	1,723
Interest - swaps differences	90	3,026
Provision: discount unwinding	74	9
Other finance costs	-	1
Total finance costs	5,179	4,782
Net finance costs	(3,634)	(4,532)

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Found assets	2,731	1,376
Vested assets	32,114	33,623
Dividends	68	-
Other revenue	15,019	12,556
Regulatory revenue	9,820	10,209
Fees and charges – Council	5,021	4,095
Fair value through surplus (deficit) realised gain	260	392
Interest rate swaps revaluation gain	2,772	14,119
Gain on cessation of joint venture	-	-
Property, plant and equipment gains on disposal	210	126

Investment property revaluation gain	10	25
Fair value through surplus (deficit) unrealised gains	-	-
Total other revenue	68,025	76,521

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 Council.

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Revenue from exchange transactions		
Revenue from metered water supply	6,708	7,282
Development and financial contributions	12,051	15,347
Other fees and charges – Council	17,032	13,802
Finance revenue	1,545	250
Dividends received	68	-
Other exchange revenue	8,140	6,441
Total revenue from exchange transactions	45,544	43,122
Revenue from non-exchange transactions		
Revenue from rates	110,077	102,049
Vested and found assets	34,845	34,999
Regulatory revenue	2,032	1,986
Infringements and fines	204	151
NZTA government subsidies	22,025	19,036
Petrol tax	577	561
Three Waters funding from the Department of Internal Affairs (DIA)*	636	8,813
Other subsidies and grants	2,525	755
Other fees and charges – Council	1,399	3,474
Other non-exchange revenue	3,728	15,107
Total revenue from non-exchange transactions	178,048	186,931
Revenue from exchange transactions	45,544	43,122
Revenue from non-exchange transactions	178,048	186,931
Total revenue per statement of comprehensive revenue and expense	223,592	230,053

*In June 2022, together with Watercare Limited, Waikato District Council completed the programme of works under the three waters stimulus funding grant. The grant received forms part of the transition support package for the Three Waters programme.

There are no unfulfilled conditions or other contingencies attached to other subsidies and grants recognised.
(2022: \$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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Salaries and wages	38,522	34,238
Defined contribution plan employer contributions	940	862
Increase (decrease) in employee liabilities	413	526
Total employee costs	39,875	35,626

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

Note 7 Depreciation and amortisation expense by group of activity

	2022/23 Actual \$'000	2021/22 Actual \$'000
Water supply	3,723	3,691
Wastewater	3,756	4,333
Stormwater	1,260	1,133
Roading	22,391	18,965
Sustainable environment	124	98
Sustainable communities	7,200	4,992
Governance	-	-
Organisational support	1,993	1,797
Total directly attributable depreciation and amortisation	40,447	35,009

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Audit fees – Annual report	296	193
Audit fees – Long Term Plan	-	-
Other payments to Audit New Zealand *	40	39
Total payments to Audit New Zealand	336	232
Asset write-off	2,278	2,179
Bad debt written off	220	7
Rates penalty write-offs	588	645
Other expenditure	75,904	68,496
Other personnel expenses	1,519	1,025
Minimum lease payments under operating leases	63	33
Legal expenses	495	98
Other professional fees	38	14
Consultant expenses	10,356	9,150
Litigation settlement	-	-
Grants and sponsorship	638	535
Fair value loss on cattle	66	105
Property, plant & equipment – losses on disposal	4	124
Total other expenses and losses	92,505	82,643

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

In 2022, 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.

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 Council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that 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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Operating surplus before tax expense	45,586	71,601
Prima facie tax at 28%	12,764	20,048
Non-assessable income (net)	(12,764)	(20,048)
Non-deductible expenditure	-	-
Total income tax expense	-	-
Made up of:		
Deferred tax	-	-
Prior period adjustment	-	-
Income tax expense	-	-

Deferred tax (assets) liabilities	Plant and Equipment \$'000	Employee entitlements \$'000	Other provisions \$'000
Balance at 1 July 2021	-	-	-
Charged to surplus (deficit)	-	-	-
Charged to other comprehensive revenue	-	-	-
Balance at 30 June 2022	-	-	-
Balance at 1 July 2022	-	-	-
Charged to surplus (deficit)	-	-	-
Charged to other comprehensive revenue	-	-	-
Balance at 30 June 2023	-	-	-

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Cash at bank and on hand	4,485	1,977
Short term deposits maturing within three months or less from date of acquisition	17,900	21,000
Total cash and cash equivalents per statement of financial position	22,385	22,977
Bank overdrafts	-	-

The total value of cash equivalents that can only be used for a specific purpose is \$446,489 (2022: \$477,087).

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 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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Receivables from exchange transactions		
Receivables from related parties	-	294
Water rates receivable	-	165
Other receivables from exchange transactions	15,093	16,389
Gross receivables	15,093	16,848
Provision for uncollectability	(172)	(123)
Net receivables from exchange transactions	14,921	16,725
Recoverables from non-exchange transactions		
Rates receivable	5,000	4,389
Recoverables from user charges, taxes and other non-exchange revenue	1,149	821
GST refund	634	527
Gross recoverables	6,783	5,737
Provision for uncollectability	(519)	(514)
Net recoverables from non-exchange transactions	6,264	5,223
Total gross receivables and recoverables	21,876	22,585
Total provision for uncollectability	(691)	(637)

Total net recoverables and receivables

21,185

21,948

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 2023 and 1 July 2022 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 2022 in the estimation techniques or significant assumptions in measuring the loss allowance.

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

		Gross \$'000	Uncollectable \$'000	Total \$'000
Council 2023				
Not past due	9,595	-		9,595
Past due 1 – 60 days	1,415	-		1,415
Past due 61 – 120 days	556	-		556
Past due > 120 days	10,310	(691)		9,619
Total gross recoverables and receivables	21,876	(691)		21,185
Council 2022				
Not past due		14,445	-	14,445
Past due 1 – 60 days		312	-	312
Past due 61 – 120 days		488	-	488
Past due > 120 days		7,340	(637)	6,703
Total gross recoverables and receivables		22,585	(637)	21,948

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Individual uncollectability	172	121
Collective uncollectability	519	516
Total provision for uncollectability	691	637

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:

	2022/23 Actual \$'000	2021/22 Actual \$'000
Past due 1 – 60 days	-	-
Past due 61 – 120 days	-	-
Past due > 120 days	172	121
Total individual uncollectability	172	121

Movements in the allowance for credit losses are as follows:

	2022/23 Actual \$'000	2021/22 Actual \$'000
Balance at 1 July	637	1,111
Additional provision made during the year	60	5
Provisions reversed during the year	121	(358)
Debts written off during the period	(127)	(121)
Balance at 30 June	691	637

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 \$171,573 during the year. (2022: \$120,439).

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Balance at 1 July	3	107
Increase through purchases	77	107

Gains (losses) from fair value adjustments	(66)	(105)
Decrease through sales	(3)	(107)
Balance at 30 June	11	2

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 16 (2022: 5).

Council has no cattle with restricted title.

Note 13 Other financial assets

Accounting policy

Subsidiaries

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

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

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

Other financial assets

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

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

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

The classification of a financial asset depends on its cash flow characteristics and the Council'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 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 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 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 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 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's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council 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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Current portion		
Term deposits	1,373	862
LGFA borrower notes	160	320
Community loans	89	46
Total current portion	1,622	1,228
Non-current portion		
Investments in CCO's and other similar entities		
Waikato Local Authority Shared Services Limited (a)	219	219
Strada - shares	700	700
Waikato Regional Airport Limited	36,540	32,945
Total investment in CCO's and similar entities	37,459	33,864
Investment in other entities		
Community loans	906	843
LGFA borrower notes	2,494	1,460
Civic Financial Services Limited	38	42
Total investment in other entities	3,438	2,345
Total non-current portion	40,897	36,209
Total other financial assets	42,519	37,437

I. Council's investment in Waikato Local Authority Shared Services Limited comprises four distinct classes of share. The numbers held and values of each share class are as follows:

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

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 \$981,865 (2022: \$885,161). Fair value has been determined using cash flows discounted at the interest rate (current at 1 July 2022) charged by Council on community loans. The rate used is 5.36% (2022: 5.42%).

The face value of total community loans is \$906,415 (2022: \$909,662).

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	
		2022/23	2021/22
Waikato Regional Airport Limited	15.62%	\$36,540,178	\$32,944,611
Civic Financial Services Limited	0.37%	\$37,089	\$40,826

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Land	2,004	3,123
Buildings	3,419	3,421
Total non-current assets for sale	5,423	6,544

Council has classified 39 properties as Non-Current Assets held for sale as at June 2023. (2022: 43 properties were classified as held for sale.)

Note 15 Property, plant and equipment

Accounting policy

Property, plant, and equipment consists of:

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

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

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction it is recognised at its fair value as at the date of acquisition.

Disposals

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

Depreciation

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

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

Description	Useful life (years)	Depreciation rate
Audio-visual materials and electronic games - Libraries	5	20%
Buildings	15 – 100	1 – 6.7%
Vehicles / moveable plant	4 – 20	5 – 25%
Library books	8	12.5%
Computers	3 – 7	20 – 33%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	4 – 100	1 – 25%
Wastewater	3 – 100	1 – 33.3%
Urban stormwater	5 – 100	1 – 20%
Roading pavement - sealed	2 – 100	1 – 50%

Pavement (basecourse)		
- sealed	65 – 105	0.95 – 1.5%
- unsealed metal	20	5%
Surface water channel	20 – 80	1.25 – 5%
Culverts	50 – 80	1.25 – 2%
Guardrails / barriers	40 – 80	1.25 – 2.5%
Drainage	50 – 80	1.25 – 2%
Retaining walls	50 – 100	1 – 2%
Footpaths	15 – 80	1.25 – 6.67%
Street lighting	20	5%

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

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

Revaluation

Land and buildings (operational and restricted) and parks and reserves (except land under roads and infrastructural assets) are revalued on a regular basis (at least every three years) to ensure that their carrying amounts do not differ materially from fair value. Infrastructural assets are valued annually.

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:

	2022/23 Actual \$'000	2021/22 Actual \$'000
Buildings - operational	3,354	2,238
Buildings – restricted	6,818	1,713
Parks and reserves	14,414	13,016
Wastewater	35,532	24,821
Stormwater	2,796	1,482
Water	15,267	10,484
Solid waste	373	191
Roading	10,524	5,673
Total work in progress	89,077	59,618

Infrastructural assets – further disclosures

Council 2023	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	*Assets transferred to Council \$'000	
Water treatment plants and facilities	20,727	-	-	41,190
Other water assets	170,619	9,386	5,296	240,999
Wastewater treatment plants and facilities	36,675	5,351	-	71,010
Other wastewater assets	142,908	560	8,933	240,119
Stormwater and drainage	110,490	-	9,145	135,808
Roads, footpaths, bridges and culverts	1,254,308	20,395	8,745	1,812,475
Total infrastructural assets	1,735,727	35,692	32,119	2,541,601
Council 2022				
Water treatment plants and facilities	14,279	73	-	21,461
Other water assets	157,324	1,821	1,340	219,299
Wastewater treatment plants and facilities	25,618	792	-	36,220
Other wastewater assets	138,282	1,230	2,751	223,323
Stormwater and drainage	96,865	882	2,044	119,205
Roads, footpaths, bridges and culverts	1,219,021	34,892	24,443	1,734,884
Total infrastructural assets	1,651,389	39,690	30,578	2,354,392

- I. This includes found assets of \$2,730,614 for 2023 (2022: \$1,375,891).

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

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

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

	Water supply \$'000	Wastewater \$'000	Stormwater and drainage \$'000	Total \$'000
Balance at 1 July 2022				
Cost	175,274	167,553	97,995	440,822
Accumulated depreciation	(3,668)	(3,654)	(1,130)	(8,452)
Opening carrying amount	171,606	163,899	96,865	432,370

Year ended 30 June 2023				
Additions	14,682	14,844	9,145	38,671
Revaluation surplus(deficit)	9,889	4,927	5,752	20,568
Disposal – cost	(1,255)	(335)	(14)	(1,604)
Disposal – accumulated depreciation	41	16	-	57
Depreciation	(3,715)	(3,668)	(1,257)	(8,640)
Closing carrying amount	191,248	179,683	110,491	481,422
Balance at 1 July 2023				
Cost	195,022	183,235	111,748	490,005
Accumulated depreciation	(3,674)	(3,652)	(1,257)	(8,583)
Closing carrying amount	191,348	179,583	110,491	481,422

2022/23	Cost / valuation 1 Jul 2022 \$'000	Accumulated depreciation and impairment charges 1 Jul 2022 \$'000	Carrying amount 1 Jul 2022 \$'000	Current year additions \$'000	Current year Disposals and transfers from WIP \$'000
Operational assets					
Land	43,015	-	43,015	4,667	-
Buildings	38,479	-	38,479	421	(6)
Library books	7,215	(5,562)	1,653	449	-
Vehicles / moveable plant	5,796	(3,613)	2,183	1,258	(691)
Office equipment	1,404	(1,287)	117	14	-
Computer equipment	2,742	(1,919)	823	509	-
Furniture	1,906	(1,384)	522	-	-
Total operational assets	100,557	(13,765)	86,792	7,318	(697)
Infrastructural assets					
Wastewater	163,899	-	163,899	14,844	(335)
Stormwater	94,109	-	94,109	9,145	(14)
Water	171,606	-	171,606	14,682	(1,255)
Drainage	2,756	-	2,756	-	-
Solid waste	2,979	-	2,979	218	(23)
Roading	916,427	-	916,427	26,588	(170)
Bridges / culverts / pipes	302,597	-	302,597	2,552	-
Land under roads	110,269	-	110,269	-	-
Work in progress	59,618	-	59,618	78,035	(48,576)
Total infrastructural assets	1,824,260	-	1,824,260	146,064	(50,373)
Restricted assets					
Land	158,329	-	158,329	-	-
Buildings	36,359	-	36,359	-	-
Parks and reserves	74,371	-	74,371	7,481	(252)
Total restricted assets	269,059	-	269,059	7,481	(252)
Total Council	2,193,876	(13,765)	2,180,111	160,863	(51,322)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000		Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2023 \$'000	Accumulated depreciation and impairment charges 30 Jun 2023 \$'000	Carrying amount 30 Jun 2023 \$'000
1,119	-	-		-	48,801	-	48,801
2	(1,630)	1		-	37,267	-	37,267
-	(420)	-		-	7,664	(5,982)	1,682
-	(568)	467		-	6,363	(3,714)	2,649
-	(21)	-		-	1,418	(1,308)	110
-	(374)	-		-	3,251	(2,293)	958
-	(122)	-		-	1,906	(1,506)	400
1,121	(3,135)	468		-	106,670	(14,803)	91,867
(100)	(3,668)	16	4,927	179,583	-		179,583
-	(1,222)	-	3,577	105,595	-		105,595
100	(3,715)	41	9,889	191,348	-		191,348
-	(35)	-	2,175	4,896	-		4,896
-	(103)	1	334	3,406	-		3,406
-	(15,707)	21	16,813	943,972	-		943,972
-	(6,644)	-	11,834	310,339	-		310,339
-	-	-	-	110,269	-		110,269
-	-	-	-	89,077	-		89,077
-	(31,094)	79	49,549	1,938,485	-		1,938,485
-	-	-	-	158,329	-		158,329
-	(1,530)	-	-	34,829	-		34,829
-	(4,169)	10	4,070	81,511	-		81,511
-	(5,699)	10	4,070	274,669	-		274,669
1,121	(39,928)	557	53,619	2,319,824	(14,803)		2,305,021

2021/22	Cost / valuation 1 Jul 2021 \$'000	Accumulated depreciation and impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	Current year additions \$'000	Current year Disposals and transfers from WIP \$'000
Operational assets					
Land	32,060	-	32,060	20	-
Buildings	25,814	-	25,814	2,263	-
Library books	6,666	(5,212)	1,454	549	-
Vehicles / moveable plant	5,548	(3,335)	2,213	632	(384)
Office equipment	1,404	(1,260)	144	-	-
Computer equipment	2,647	(1,590)	1,057	110	(15)
Furniture	1,758	(1,251)	507	148	-
Total operational assets	75,897	(12,648)	63,249	3,722	(399)
Infrastructural assets					
Wastewater	139,576	-	139,576	4,773	(301)
Stormwater	83,185	-	83,185	2,926	(458)
Water	150,497	-	150,497	3,234	(299)
Drainage	2,496	-	2,496	-	-
Solid waste	1,772	-	1,772	144	(24)
Roading	788,413	-	788,413	37,173	(755)
Bridges / culverts / pipes	255,373	-	255,373	22,162	-
Land under roads	109,644	-	109,644	625	-
Work in progress	45,986	-	45,986	66,088	(52,456)
Total infrastructural assets	1,576,942	-	1,576,942	137,125	(54,293)
Restricted assets					
Land	124,000	-	124,000	2,881	(120)
Buildings	26,612	-	26,612	201	(19)
Parks and reserves	47,494	-	47,494	8,924	(406)
Total restricted assets	198,106	-	198,106	12,006	(545)
Total	1,850,945	(12,648)	1,838,297	152,853	(55,237)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2022 \$'000	Accumulated depreciation and impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
(1,119)	-	-	12,054	43,015	-	43,015
(1,449)	(1,350)	-	13,201	38,479	-	38,479
-	(350)	-	-	7,215	(5,562)	1,653
-	(554)	276	-	5,796	(3,613)	2,183
-	(27)	-	-	1,404	(1,287)	117
-	(344)	15	-	2,742	(1,919)	823
-	(133)	-	-	1,906	(1,384)	522
(2,568)	(2,758)	291	25,255	100,557	(13,765)	86,792

-	(3,654)	-	23,505	163,899	-	163,899
-	(1,099)	-	9,555	94,109	-	94,109
-	(3,680)	12	21,842	171,606	-	171,606
-	(31)	-	291	2,756	-	2,756
-	(78)	-	1,165	2,979	-	2,979
-	(13,285)	21	104,860	916,427	-	916,427
-	(5,652)	-	30,714	302,597	-	302,597
-	-	-	-	110,269	-	110,269
-	-	-	-	59,618	-	59,618
-	(27,479)	33	191,932	1,824,260	-	1,824,260
(2,004)	-	-	33,572	158,329	-	158,329
(1,971)	(1,116)	-	12,652	36,359	-	36,359
-	(2,600)	48	20,911	74,371	-	74,371
(3,975)	(3,716)	48	67,135	269,059	-	269,059
(6,543)	(33,953)	372	284,322	2,193,876	(13,765)	2,180,111

Valuation

Operational and restricted land and buildings

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

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

Land

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

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

Buildings

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

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

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

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

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

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

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

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Operational buildings		
Depreciated replacement cost	37,267	36,776
Market-based evidence	-	1,698
Total carrying value of operational buildings	37,267	38,474
Restricted buildings		
Depreciated replacement cost	34,829	34,170
Market-based evidence	-	2,192
Total carrying value of restricted buildings	34,829	36,362

Classification of property

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

Parks and reserves

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

Parks and reserves assets have been valued at fair value as determined on an optimised depreciated cost basis by an independent valuer. The most recent valuation was performed by WSP as at 30 June 2023.

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

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

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

Utilities have been valued at fair value determined on an optimised depreciated replacement cost basis by an independent valuer. The most recent valuation performed by AECOM New Zealand and is dated 30 June 2023.

Estimates and assumptions for the revaluation of these assets included:

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

Infrastructural asset classes: roading

Roading assets including bridges and culverts have also been valued at fair value as determined using the optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by WSP Limited as at 30 June 2023.

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 a 20% increase to the basecourse rate and an increase in the asphaltic concrete and chipseal rates to 28% and 50% respectively.
- 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% (2022:14%) have been applied to allow for all expenses incidental to the asset acquisition and all costs directly attributable to bringing the asset into working condition and location.

- An optimisation approach was employed. Optimisation means provision of the required utility at a minimum overall cost.
- Assets have been valued based on unit costs provided and quantities expressed as length, area or each.
- Useful life has been calculated in accordance with the International Infrastructure Management Manual and further modified if local knowledge and experience suggest it is appropriate. Remaining useful life is then assessed as the difference between useful life and the age of the asset.
- A zero residual value is assumed for all assets.
- Straight line depreciation is used.

Infrastructural asset class: Solid Waste

Solid waste assets revaluation was performed by WSP as at 30 June 2023.

The valuation uses the optimised approach as described above.

Estimates and assumptions for the revaluation of these assets included:

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

Land under roads

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

Other comments

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

No impairment losses have been recognised for property, plant and equipment in the current period (2022: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2022: nil).

Gains on disposal of property, plant and equipment of \$210,328 (2022: \$126,122) has been recognised in the Statement of comprehensive revenue and expense in the line item Other revenue. Losses on disposal amounting to \$3,964 (2022: \$124,051) 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.

	Computer software \$'000	Consents \$'000	Total \$'000
Balance at 1 July 2022			
Cost	5,129	5,826	10,955
Accumulated amortisation and impairment	(4,287)	(4,643)	(8,930)
Opening carrying amount	842	1,183	2,025
Year ended 30 June 2023			
Additions	274	-	274
Disposal – cost	-	-	-
Disposal – accumulated amortisation	-	-	-
Impairment losses	-	-	-
Amortisation charge	(394)	(122)	(516)
Closing carrying amount	722	1,061	1,783
Balance at 30 June 2023			
Cost	5,403	5,826	11,229
Accumulated amortisation and impairment	(4,681)	(4,765)	(9,446)
Closing carrying amount	722	1,061	1,783
Balance at 1 July 2021			
Cost	4,665	5,826	10,491
Accumulated amortisation and impairment	(4,172)	(3,927)	(8,099)
Opening carrying amount	493	1,899	2,392
Year ended 30 June 2022			
Additions	688	-	688
Disposal – cost	(224)	-	(224)
Disposal – accumulated amortisation	224	-	224

Impairment losses	-	-	-
Amortisation charge	(339)	(716)	(1,055)
Closing carrying amount	842	1,183	2,025
Balance at 30 June 2022			
Cost	5,129	5,826	10,955
Accumulated amortisation and impairment	(4,287)	(4,643)	(8,930)
Closing carrying amount	842	1,183	2,025

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Balance at 1 July	625	600
Fair value gains (losses) on valuation	10	25
Disposals	-	-
Balance at 30 June (at valuation)	635	625

Valuation

At 30 June 2023 the valuation was performed by Quotable Value Limited. Quotable Value is an experienced valuer with extensive market knowledge in the types and locations of investment properties owned by Council.

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

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

- All land is valued on a fair market basis determined from market based evidence and conditions that prevailed at 30 June 2023.
- 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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Rental revenue	41	48
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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Payables under exchange transactions		
Trade payables	9,915	7,937
Water rates in advance	1,621	1,120
Accrued expenses	14,109	16,475
Amounts due to related parties	1,086	1,086
Revenue in advance	1,935	2,114
Total payables under exchange transactions	28,666	28,732
Taxes and transfers payable under non-exchange transactions		
Rates in advance	2,047	1,602
Deposits and bonds	219	218
GST and FBT payable	42	29
Other non-exchange payables	94	139
Total taxes and transfers payable	2,402	1,988
Total payables, taxes and transfers	31,068	30,720

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

Note 19 Employee entitlements

Accounting policy

Short-term employee entitlements

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

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

Long-term employee entitlements

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

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Current portion		
Annual leave	2,668	2,597
Long service leave	28	14
Sick leave provision	196	167
Accrued payroll	1,397	1,144
Other employee liabilities	925	854
Total current portion	5,214	4,776
Non-current portion		
Long service leave	59	73
Retirement gratuities	30	41
Total non-current portion	89	114
Total employee entitlements	5,303	4,890

Estimating retirement and long service leave obligations

The present values of Council's non-current retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from 10 year New Zealand Government bonds. The salary inflation factor has been determined in accordance with the inflation factors forecast by Berl in September 2021 for the years 2022-2032. A discount rate of 4.67% (2022: 3.89%) and an inflation factor of 1.9% (2022: 1.9%) 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 has an unconditional right to defer settlement of the liability at least 12 months after balance date.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Current portion		
Housing Infrastructure Fund (HIF) Loan	967	963
LGFA borrowing	20,000	20,000
Total current portion	20,967	20,963
Non-current portion		
Housing Infrastructure Fund (HIF) Loan	4,640	2,678
LGFA borrowing	100,000	75,000
Total non-current portion	104,640	77,678
Total borrowing (all secured)	125,607	98,641

Council secured debt of \$123,685,319 (2022: \$99,033,000), \$3,685,319 of this is interest free debt secured from the Housing Infrastructure Fund (HIF). The balance of \$120,000,000 is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. Council has 26 swap contracts in place (2022: 27). During the year one swap matured (2022: one); no outright new contracts (2022: ten) were undertaken. Council has four (2022: five) swaps with start dates after 30 June 2023.

Council's committed cash advance facility of \$15,000,000 (2022: \$15,000,000) expires on 20 September 2024.

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

At 30 June 2023 total borrowings from Local Government Funding Agency Limited (LGFA) were \$120,000,000 (2022: \$95,000,000). The average rate of interest was 6.01% (2022: 2.68%). The carrying amounts and the fair values of non-current LGFA borrowings are as follows:

	Carrying amount		Fair Value	
	2022/23 \$'000	2021/22 \$'000	2022/23 \$'000	2021/22 \$'000
Council				
Secured loans	100,000	75,000	98,220	74,658
Secured loans – Interest free	4,640	2,678	4,640	2,678
Total non-current borrowing	104,640	77,678	102,860	77,336

Secured loans – Interest bearing:

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

	2022/23	2021/22
From	2.98%	2.36%
To	6.57%	2.98%

Secured loans – Interest free:

The fair values are based on cash flows discounted using a market rate of 3.36%

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.

	Balance at 1 July \$'000	Borrowing \$'000	Repaymen ts \$'000	Reclassificatio n \$'000	Balance at 30 June \$'000	Interest paid \$'000
2023						
Water supply	19,061	4,435	(724)	-	22,772	870
Wastewater	21,979	8,361	(714)	-	29,626	1,006
Stormwater	3,990	150	(186)	-	3,954	181
Roading	23,070	2,471	(1,688)	-	23,853	1,036
Sustainable environment	3,197	204	(102)	-	3,299	146
Sustainable communities	22,363	7,008	(1,319)	-	28,052	1,011
Governance	-	-	-	-	-	-
Organisational support	3,857	1,307	(110)	-	5,054	177
Total internal loans (gross)	97,517	23,936	(4,843)		116,610	4,427
2022						
Water supply	18,438	1,303	(680)	-	19,061	837
Wastewater	15,225	7,287	(533)	-	21,979	692
Stormwater	3,951	213	(174)	(181)	3,809	179
Roading	22,084	2,572	(1,586)	181	23,251	986
Sustainable environment	3,196	96	(95)	-	3,197	146
Sustainable communities	21,072	3,789	(2,498)	-	22,363	857
Governance	-	-	-	-	-	-
Organisational support	3,172	774	(89)	-	3,857	145
Total internal loans (gross)	87,138	16,034	(5,655)	-	97,517	3,842

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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Current portion		
Landfill aftercare	114	116
Total current portion	114	116
Non-current portion		
Landfill aftercare	1,942	2,092
Total non-current portion	1,942	2,092
Total provisions	2,056	2,208

Movements for each class of provision are as follows:

	Landfill aftercare \$'000	Total \$'000
2023		
Balance at 1 July 2022	2,208	2,208
Change in provision made during the year	(49)	(49)
Amounts used	(176)	(176)
Unused amounts reversed	-	-
Discount unwind	73	73
Balance at 30 June 2023	2,056	2,056
2022		
Balance at 1 July 2021	2,461	2,461
Change in provision made during the year	(567)	(138)
Amounts used	(124)	(124)
Unused amounts reversed	-	-
Discount unwind	9	9
Balance at 30 June 2022	2,208	2,208

Weathertightness claims

No claims remain with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2023 (2022: none).

At 30 June 2023, no further claim had been received directly by Council (2022: none).

Landfill aftercare costs

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

The cash outflows for landfill post-closure are expected to occur over 30 years. The long term nature of the liability means that there are inherent uncertainties in estimating the costs which will be incurred. The provision has been made taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$3,834,094 (2022: \$3,965,842). A discount rate of 5.43% (2022: 3.34%) and an inflation factor of 2.5% (2022: 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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Non-current assets		
Interest rate swaps	4,323	1,559
Total derivative financial instruments assets	4,323	1,559
Current liability portion		
Interest rate swaps	-	7
Non-current liability portion		
Interest rate swaps	-	-
Total derivative financial instruments liabilities	-	7

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

The notional principal amounts of outstanding interest rate swap contracts is:

	2022/23 Actual \$'000	No.	2021/22 Actual \$'000	No.
Active swaps	97,500	22	97,500	22
Forward starting swaps	15,000	4	18,000	5
	112,500	26	115,500	27

Note 23 Revaluation reserve – property, plant and equipment

	2022/23 Actual \$'000	2021/22 Actual \$'000
Land	131,555	131,506
Buildings	60,049	60,049
Parks and reserves	43,002	39,063
Wastewater	81,362	76,592
Water	94,810	85,547
Bridges	248,434	233,092
Roading	235,623	222,360

Urban stormwater	33,383	29,810
Rural drainage	2,720	545
Solid waste	2,553	2,236
Balance at 30 June	933,491	880,800

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Net surplus (deficit) after tax	45,586	71,993
Plus (minus) non-cash items		
Depreciation, amortisation and asset write-off	42,724	37,188
Vested and found assets	(34,845)	(34,999)
(Gains) losses on fair value of investment property	(10)	(25)
(Gains) losses on derivative financial instruments	(2,772)	(14,119)
Impairment of non current assets held for sale	-	-
(Gains) losses on cattle	66	105
Interest revenue on financial assets not at fair value through surplus(deficit)	(18)	16
Capitalised internal charges	(1,138)	(1,236)
Plus (minus) items classified as investing or financing activities		
(Gains) losses on disposal of property, plant and equipment	(206)	(2)
(Gains) losses on investments	-	-
Disposal of non-current assets for sale	-	-
Decrease (increase) in creditors for capital expenditure	5,299	7,778
Plus (minus) movements in working capital items		
Receivables and recoverables	622	(6,331)
Prepayments	(415)	(689)
Cattle	(74)	-
Payables, taxes and transfers	257	(999)
Changes in provision	(105)	(116)
Employee entitlements	413	526
Net cash inflow (outflow) from operating activities	55,384	59,090

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Total comprehensive revenue wholly attributable to Waikato District Council	102,845	366,335
Surplus (deficit) of operating funding per Whole of Council funding impact statement	23,783	27,734
Difference	79,062	338,601
The difference comprises:		
Capital revenue	26,378	31,914

Revaluation of assets	53,619	284,322
Revaluation reserve - landfill	49	138
Financial assets at fair value	6,623	24,001
Depreciation and amortisation	(40,447)	(35,009)
Profit (loss) on sale	206	2
Write off of assets	(2,278)	(2,179)
Vested and found assets	34,845	34,999
Change in provisions	105	116
Interest revenue from financial assets	18	(16)
Unrealised gains	10	25
Unrealised losses	(66)	(105)
Fair value through surplus(deficit) - realised gain	-	392
Total difference	79,062	338,600

Note 26 Reconciliation of Liabilities arising from Financial Activities

2022		
Opening balance		
Current borrowings		20,963
Non-current borrowings		77,678
Total opening balances		98,641
2023		
Cash flow movements - current		
Repayment of borrowings - current		(21,000)
New borrowings		10,000
Cash flow movements - non-current		37,966
New borrowings		
Total Cash movements		26,966
Non-cash flow movements		
		-
Total movements		26,966
Closing balance		
Current borrowings		20,967
Non-current borrowings		104,640
Total closing balance		125,607

Note 27 Capital commitments and operating leases

	2022/23 Actual \$'000	2021/22 Actual \$'000
Capital commitments are for expenditure on:		
Water	134,023	109,510
Wastewater	214,483	188,062

Stormwater	32,865	24,365
Parks and reserves	2,568	5,343
Buildings - operational	971	-
Roading	29,541	43,031
Bridges	4,750	6,523
Library books	5	-
Intangible assets	4,528	5,748
Total capital commitments	423,734	382,582

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

Operating leases as lessee

Council lease property, plant and equipment in the normal course of business. The lease has a non-cancellable term of one year and three months (2022: one year and three months).

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Not later than one year	37	30
Later than one year and not later than five years	74	
Later than five years	46	-
Total minimum operating lease payments payable	157	30

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 2021.

No contingent rent relating to copiers was recognised during the period. (2022: \$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 do not have the option to purchase any assets at the end of the lease term.

Strada

Strada has no leased property.

Operating leases as lessor

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

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Not later than one year	696	503
Later than one year and not later than five years	536	802
Later than five years	381	353
Total minimum operating lease payments receivable	1,613	1,658

Council has recognised no contingent rents during the period (2022: \$nil).

Note 28 Contingencies

Contingent liabilities

Quantifiable contingent liabilities are as follows:

	2022/23 Actual \$'000	2021/22 Actual \$'000
Uncalled share capital (LASS – ordinary shares)	1	1
Uncalled share capital (LASS - WRPS shares)	9	9

Outstanding insurance claims

There are no outstanding claims (2022: none) in progress.

Capital contributions

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

Unquantified claims

Weathertight claims

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

On the 1st of August 2023 the Supreme Court issued its decision to dismiss Riskpool's appeal. The effect of the Court's decision is that Riskpool now has a liability for claims in respect of non-weathertight defects. The amount of the claim is in dispute and expected to be quantified at the hearing in the High Court on the 11 December 2023. There are a number of other claims which are waiting on the outcome of the Supreme Court decision. Further information is being sought about the actual or anticipated liability in respect of non-weathertight defects.

Pakau Trust

The Pakau Trust has served two proceedings on Council; one is an application for a declaratory judgement, the other for damages. Both proceedings are being effectively conducted together and

the insurer is covering the costs of the defence 60:40 with Council as Council has no insurance for the declaratory judgement proceedings which were the subject of a two day hearing that commenced on 12 October 2020.

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

The Trustees of the Pakau Trust have now filed an appeal against the High Court's decision with the Court of Appeal. This matter was heard in the Court of appeal on 8 May 2023 however, the timing of the judgment is unknown.

Lord Cowell Holdings Limited

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

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

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

Kodiak Consulting/Jon Hall

This matter involves fraudulent producer statements provided by Jon Hall/Kodiak Consulting Limited to Waikato District Council (design and construction). Waikato District Council is one of a number of councils throughout New Zealand affected by this situation. Council is in the process of identifying affected properties, these properties falling into one of three categories. Category 1 is those properties that have applied for building consent but not yet granted. Category 2 is where consent has been granted but CCC not yet issued, and category 3 is those properties where CCC has issued. Council has notified its insurer on a precautionary basis. There are no claims against Council on foot at this time. This matter is also the subject of a Police investigation.

Other claims

At balance date no other claims (2022: none) expose Council to contingent liabilities. Council's maximum financial exposure is \$nil (2022: \$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 Fitch of AA+.

Council is one of 70 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 2023 LGFA had borrowings totalling \$17.68 billion (2022: \$15.78 billion).

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

- We are not aware of any local authority debt default in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Contingent assets

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

Note 29 Related party transactions

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

All related party transactions and related payments are on normal commercial terms. There was no impairment of any of these transactions (2022: nil).

In September 2022, The Waikato Community Wellbeing Trust cashed-up its investment portfolio with Kiwi Wealth. Waikato District Council gifted the assets of the Trust to Momentum Waikato as a Deed of Gift signed on 07 October 2022. The Trust has been de-established and no longer forms part of the Group.

The following transactions were carried out between related parties:

	2022/23 Actual \$'000	2021/22 Actual \$'000
Between Council and Waikato District Community Wellbeing Trust (WBT)		
Council's accounts receivable from WBT	-	294
Between Council and Strada Corporation Limited (Strada)		
Council's accounts payable to Strada	1,086	1,086
Between Council and Local Authority Shared Services (LASS)		
Services provided to LASS	-	-
Charges from LASS	593	434
Council's accounts payable to LASS	320	4
Council's accounts receivable from LASS		
Between Council and Waikato Regional Airport Limited (WRAL)		
Dividend paid by WRAL	68	-
Regional Tourism funding payment to WRAL	-	-

Between Council and Civic Financial Services Limited (Civic)		
Dividend paid by Civic	-	-
Between Strada and Waikato Quarries Limited (WQL)		
Share of WQL cash received	-	-
Deferred settlement received from WQL	-	-

Key management personnel compensation

Council's key management personnel include the Mayor, Councillors, the Chief Executive, General Managers and other members of the Executive Leadership Team. Council 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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Remuneration		
Councillors	996	946
Senior management team (including CE)	2,508	2,652
Total key management personnel remuneration	3,504	3,598

	2022/23 Actual	2021/22 Actual
Full-time equivalent members		
Councillors	14	14
Senior management team (including CE)	10	11
Total full-time equivalent personnel	24	25

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. The terms and conditions of these arrangements are no more favourable than they would have been if there were no relationships to key management personnel.

Related party transactions requiring disclosure

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

Note 30 Remuneration

Remuneration of elected members

	2022/23 Actual \$'000	2021/22 Actual \$'000
Councillors		
Cash benefits		
J Church, Mayor	123	50
C Eyre	79	50
J Gibb	76	83

E Thomson	70	-
E Patterson	76	71
T Matatahi-Poutapu	43	-
M Turner	43	-
K Ngataki	38	-
M Raumati	38	-
C Beavis	38	-
V Reeve	38	-
M Keir	38	-
P Thomson	38	-
D Whyte	38	-
A Sanson	43	152
A Bech	24	81
F McInally	15	49
C Woolerton	15	49
S Henderson	15	50
S Lynch	17	57
R McGuire	15	50
J Sedgwick	21	86
N Smith	24	61
L Thomson	-	49
Total cash benefits paid to Councillors	965	938
Non-cash benefits		
J Church, Mayoral car	32	-
A Sanson, Mayoral car	-	22
Total non-cash benefits paid to Councillors	32	22
Total remuneration of Councillors	997	960

	2022/23 Actual \$'000	2021/22 Actual \$'000
Community board and committee members		
Cash benefits		
D Amoore	8	4
J Ayers	6	5
S Bains	5	4
K Binnersley	5	3
K Bredenbeck	5	5
B Cameron	7	-
C Conroy	1	12
R Cork	-	5
C Morgan	2	-
D Henderson	4	-
D Firth	6	5
F Coker-Grey	3	-
F McInally	4	-
J Henry	1	2
S Jackson	1	6
F Semau	2	-

R Kirkwood	2	5
G Tema-Liapaneke	8	-
J Sandhu	4	-
J Lovatt	2	6
H Lovell	2	2
D Lovell	3	4
K Hooker	4	-
G McCutchan	5	5
L Fry	3	-
K Morgan	9	5
J Morley	4	2
K Ngataki	2	6
A Oosten	5	4
S Ormsby-Cocup	2	2
G Parson	3	9
R Costar	3	-
R Wallis	4	-
C Rayner	5	4
S Henderson	2	-
V Reeve	2	6
V Rice	6	5
S Matenga	8	-
R Van Dam	1	2
B Watson	2	6
E Wawatai	5	5
D Whyte	3	11
G Wiechern	7	11
R Wootton	-	5
M Moana-Tuwhangai	8	-
B Green	5	-
D Cork	2	-
L Wootton	2	-
Total cash benefits paid to community board and committee members	183	156
Total remuneration of Councillors and other elected representatives	1,180	1,116

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 \$416,022 (2022: 365,262) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	2022/23 Actual \$'000	2021/22 Actual \$'000
Salary and other short-term employee benefits	367	365
Vehicle	17	18
Defined contribution plan employer contributions (KiwiSaver)	11	11
Expenses and other allowances	11	9
Other fringe benefits (value of benefit plus FBT)	10	10
Total Chief Executive's remuneration	416	413

Employee numbers

Number of employees (at 30 June)	2022/23 Actual	2021/22 Actual
Full-time employees	350	340
Part-time employees (including casual employees)	111	79
Total employees	461	419
A full-time employee works 40 hours per week		
Full-time equivalent employees		
Full-time employees	350.05	340.05
Part-time employees (in full-time equivalents)	50.06	35.47
Total full-time equivalent employees	400.11	375.52

Total annual employee remuneration by band

	2022/23 Actual \$'000	2021/22 Actual \$'000
\$0 - \$59,999	175	160
\$60,000 - \$79,999	91	83
\$80,000 - \$99,999	70	62
\$100,000 - \$119,999	58	54
\$120,000 - \$139,999	34	28
\$140,000 - \$159,999	10	16
\$160,000 - \$179,999	10	4
\$180,000 - \$219,999	6	5
\$220,000- \$319,999	6	6
\$320,000- \$420,000	1	1
Total employees	461	419

Total remuneration includes non-financial benefits provided to employees.

Note 31 Severance payments

For the year ended 30 June 2023, Council made six (2022: three) severance payments to employees. The payments totalled: \$154,103; they comprised \$4,000, \$11,385, \$10,900, \$18,600, \$49,218, and \$60,000 (2022: Total \$51,768).

Strada had no employees during the year (2022: none).

Note 32 Events after balance date

Huntly section of SHI

Waka Kotahi is planning to revoke the Huntly section of SHI when the consultation process is completed. No indication of timing has been provided. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

Raglan Airfield

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

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

Strada

For Strada, no material events are expected to occur subsequent to 30 June 2023 which affect the financial position at that date. (2022: none)

Three Waters Reform

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty. As at 30 June 2023, the total stormwater infrastructure assets were \$110,491 million (2022: \$96,865 million), total water infrastructure assets were \$191,348 million (2022: \$171,606 million) and total wastewater infrastructure assets were \$179,583 million (2022: \$163,899 million). Not all of these assets may transfer, particularly assets that are used by other parts of the group. Other non-infrastructure assets may also transfer. The fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanism for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.

Future for Local Government Review Reorganisation

A Ministerial Inquiry into the Future for Local Government has been established. The overall purpose of the review is to identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership. The

review will focus on the roles, functions, and relationships on local government. representation and governance, funding and financing. The draft report and recommendations are set to be issued for public consultation on 30 September 2022. The final report was 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.

14 Harihari Lane, Whatawhata

A claim has been filed against the Waikato District Council as one of seven defendants by Scott and Sarsha Coker of the Bling Dynasty Trust on the 25th August 2023.

The claim relates to damage and remediation costs to a home at 14 Harihari Lane, Whatawhata and specifically to the Waikato District Council for a consent issued for the building. The remediation costs are estimated to be \$1.1 million plus GST, in addition the plaintiffs are also claiming general damages.

Note 33 Financial instruments

A: Financial instrument categories

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Financial assets		
Amortised cost		
Cash and cash equivalents	22,385	22,977
Recoverables and receivables	21,185	21,948
Community loans	995	889
Term deposit	1,373	862
LGFA borrower notes	2,654	1,780
Total amortised cost	48,592	48,456
Fair value through surplus (deficit) (FVTSD)		
Fixed interest investments	-	-
Derivative financial instruments assets	4,323	1,559
Total FVTSD	4,323	1,559
Fair value through other comprehensive revenue (FVTOCRE)		
Unlisted shares in Civic Financial Services Limited	38	42
Waikato Regional Airport Limited	36,540	32,945
Total FVTOCRE	36,578	32,987
Financial assets at cost		
Local Authority Shared Services Limited	219	219
Shares in Strada Corporation Limited (subsidiary)	700	700
Total financial assets at cost	919	919
Financial liabilities		
FVTSD		
Derivative financial instruments liabilities	-	7
Financial liabilities at amortised cost		
Payables, taxes and transfers	31,068	30,720
Borrowing -secured loans	125,607	98,641

Total financial liabilities at amortised cost	156,675	129,361
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B: Fair value hierarchy disclosures

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

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

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Valued using observable inputs (level 2)		
Financial liabilities – derivatives	-	7
Financial assets - derivatives	4,323	1,559
Valued using significant non-observable inputs (level 3)		
Unlisted shares	36,578	32,987

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

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

	2022/23 Actual \$'000	2021/22 Actual \$'000
Balance at 1 July	32,987	23,105
Gains and losses recognised in other comprehensive revenue	3,592	9,882
Other movements	-	-
Balance at 30 June	36,579	32,987

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.

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.

Fair value interest rate risk

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

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

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.

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, causing it to incur a loss.

Council's Treasury Risk Management Policy clearly specifies approved institutions, minimum credit ratings and investment limits.

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 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:

	2022/23 Actual \$'000	2021/22 Actual \$'000
Cash and cash equivalents	22,385	22,977
Recoverables and receivables	21,185	21,948
Term deposits	1,373	862
Community loans	995	889
Fixed interest investments	-	-
Equity investments	-	-
LGFA borrower notes	2,654	1,780
Derivative financial instruments assets	4,323	1,559
Total credit risk	52,915	50,015

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:

	2022/23	2021/22
	Actual	Actual
	\$'000	\$'000
Counterparties with credit ratings		
Cash and cash equivalents		
AA-	22,385	22,977
Term deposits		
AA-	1,373	862
Derivative financial instruments assets		
AA-	4,323	1,559
Borrower notes		
AA+	2,654	1,780
Counterparties without credit ratings		
Community loans with no defaults in the past	995	889
Unrated equity investments	37,497	33,906

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 (2022: \$500,000) and a committed cash advance facility of \$15,000,000 (2022: \$15,000,000), of which \$15,000,000 (2022: \$15,000,000) is available to be drawn. Council's committed cash advance facility expires on 20 September 2024.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2023 Council had borrowed \$120,000,000 (2022: \$95,000,000) and held borrower notes with a face value of \$2,345,000 (2022: \$1,790,000).

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'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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Carrying amount		
Payables, taxes and transfers	31,068	30,720
Secured loans	125,607	98,641
Total carrying amount	156,675	129,361
Contractual cash flows		
Payables, taxes and transfers	31,068	30,720
Secured loans	146,152	104,354
Total contractual cash flows	177,220	135,074

The following table summarises the pattern of contractual cash flows:

			Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Council 2023						
Payables, taxes and transfers			31,068	-	-	-
Secured loans			26,449	25,656	50,684	43,363
Total			57,517	25,656	50,684	43,363
Council 2022						
Payables, taxes and transfers				30,720	-	-
Secured loans				22,444	11,953	53,447
Total				53,164	11,953	16,510

Contractual maturity analysis of derivative financial instruments

The table below analyses Council'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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Net settled derivative assets		
Carrying amount	4,323	1,559
Contractual cash flows		-
Net settled derivative liabilities		
Carrying amount	-	7
Contractual cash flows	9,006	24,722

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Net settled derivative liabilities				
2022/23	1,870	1,402	3,339	1,044
2021/22	1,136	1,409	4,686	1,775

Contractual maturity analysis of financial assets

The table below analyses Council'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.

	2022/23 Actual \$'000	2021/22 Actual \$'000
Carrying amount		
Cash and cash equivalents	22,385	22,977
Recoverables and receivables	21,185	21,948
Other financial assets		
- term deposit	1,373	862
- community loans	995	889
- LGFA borrower notes	2,654	1,780
Total carrying amount	48,592	48,456
Contractual cash flows		
Cash and cash equivalents	22,385	22,977
Recoverables and receivables	21,185	21,948
Other financial assets		
- term deposit	-	830
- community loans	1,359	1,322
- LGFA borrower notes	2,919	1,965
Total contractual cash flows	47,848	49,042

The following table summarises the pattern of contractual cash flows:

			Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Council 2023						
Cash and cash equivalents			22,385	-	-	-
Recoverables and receivables			21,185	-	-	-
Other financial assets						
- Term deposit			-	-	-	-
- Community loans			89	186	282	802
- LGFA borrower notes			290	439	1,110	1,080
Total			43,949	625	1,392	1,882
Council 2022						
Cash and cash equivalents				22,977	-	-
Recoverables and receivables				21,948	-	-
Other financial assets						
- Term deposit				830	-	-
- Community loans				94	187	281
- LGFA borrower notes				361	194	1,001
Total				46,210	381	1,282
					1,282	1,169

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's financial instrument exposures at the balance date.

	2022/23		2021/22	
	Actual	Actual	Actual	Actual
	-100bps	+100bps	-100bps	+100bps
	\$'000	\$'000	\$'000	\$'000
Interest rate risk				
Council				
Financial assets				
Cash and cash equivalents	(219)	219	(230)	230
Term deposits	(14)	14	(9)	9
Financial liabilities				
Derivatives	(5)	8,444	(3,742)	6,480

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 (2022: -100bps/+100bps).

Note 34 Capital management

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

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

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

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

Council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserve.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can be approved only by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Note 35 Explanation of major variances against budget

The major variance explanations are set out below and explain the significant differences between actual results for 2022/23 compared to the budget for 2022/23. 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 \$43m higher than budgeted. This was largely due to found and vested asset revenue of \$35m and higher growth in General and Targeted Rates of \$3m. Subsidies received at higher than planned rates contributed a further \$1m to this positive variance. Finance revenue was \$2m higher than budget due to higher interest rates on funds on call. Partially offsetting these increases is a reduction in Development and Financial Contributions, impacted by the relative timing of the development cycle and Regulatory revenue is less than the budget due to higher work in progress in Consents (income not yet brought to account) and lower Building approvals.

Other variances on revenue include a gain on the revaluation of interest rate swaps of \$3m not being budgeted.

Overall expenses for the current year were \$178m, which is \$10m higher than budget. External consultants were engaged to provide cover for these various employee vacancies throughout the year as well as to meet increased demand for services in areas such as planning and consents, resulting in a net cost of \$2m above budget. Other expenses were \$8m above budget due to higher activity levels and above budget inflation.

Actual written off assets for the year amounted to \$2m, which was not budgeted. Depreciation and amortisation costs were \$4m higher than budget which is primarily due to the higher than planned values of assets which resulted in higher depreciation for the current year.

The above movements resulted in a surplus of \$46m at an operating level. (Compared to the budgeted surplus of \$13m).

Total other comprehensive revenue and expense was \$57m which was \$7m less than budget. The majority of this difference relates to the lower than budgeted revaluation gain resulting from the annual asset valuation, partially offset by an unbudgeted \$4m gain on Council's investment in the Waikato Regional Airport.

Statement of financial position

The statement of financial position shows an increase in overall net assets of \$268m compared to budget. The biggest variance was for property, plant and equipment which was higher than budget due to revaluation gains realised, as explained above, which has been partially offset by some asset write-offs and a capital expenditure programme which was below budget. This positive difference is partially offset by lower borrowings compared to budgeted estimates which is consistent with the below budget capital expenditure. Current assets are higher

than budget with current liabilities being lower than budget. This is largely due to higher than planned year end funds on hand and the reduction in the liability associated with interest rate swap contracts as a result of market interest rates now above the contracted swap rates.

Intangible assets were \$8m less than budget which is primarily due to the unbudgeted amortisation of pre-purchased wastewater infrastructure growth charges. Investments in CCO's and other similar organisations is \$14m higher than budget due to the unexpected increase in the value of the Waikato Regional Airport.

Statement of cash flows

The cash flow statement highlights how the overall operational activities surplus of Council was higher than budget for the year. This increase in surplus is mainly due to a lower-than-expected operational activity. It also highlights that the capital programme was below budget and therefore lower than planned external borrowings were required. The net impact of this resulted in cash balances being \$13m higher than budget at the end of the year.

Funding impact statements

The whole of Council funding impact statement reports cash or soon to be cash items (such as revenue or expenses in receivables or payables) and does not consider non-cash funded items such as asset write-offs or assets vested in Council. The report analyses separately the surplus or deficit for operating funding and capital funding.

This year the overall operating funding surplus was \$24m compared to a budgeted surplus of \$8m. Operating funding was \$2m above budget due to higher charges and growth in General and Targeted Rates and higher than budgeted Penalty Income.

Operating expenditure was \$14m below budget primarily due to below budgeted payments to suppliers partially offset by above budget payments to consultants to cover for staff vacancies and higher demand for services.

Sources of capital funding were \$51m less than budget. Borrowings were partially repaid, and additional budgeted borrowings were not required due to lower actual spend on the capital programme.

Note 36 Insurance of assets

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2023 is \$990,271,305 (2022: \$836,588,944) and the maximum amount to which they are insured is \$254,050,87 (2022: \$253,182,999).

Insurance Class	Total Declared Value	Policy Limit
Infrastructure	\$677,281,300	<p>\$10,000,000 per loss</p> <p>(Primary layer contracts provide for recovery of 100% of the costs of loss or damage to declared assets)</p> <p>\$100,000,000 per loss</p> <p>(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)</p>

Material Damage	\$308,939,134	\$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	\$3,639,721	\$3,639,721
Other	\$411,150	\$411,150
Total	\$990,271,305	\$254,050,871

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 2023 the balance of this reserve was \$1,979,506 (2022: \$1,824,918).

Note 37 Statutory Breach

A review has identified that from July 2022 to December 2022 some water customers have been invoiced one month later than the dates adopted in the Annual Plan 2022/2023. This does not affect the amount of water usage invoiced. From January 2023, Council has ensured full compliance with the detail of the legislated requirements.

Annual report disclosure statement for the year ended 30 June 2023

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 2021-2031 long-term plan set revised limits for its rates and debt affordability benchmarks. For the previous years the 2018-2028 and 2015-2025 long-term plan figures were used.

Rates affordability benchmarks

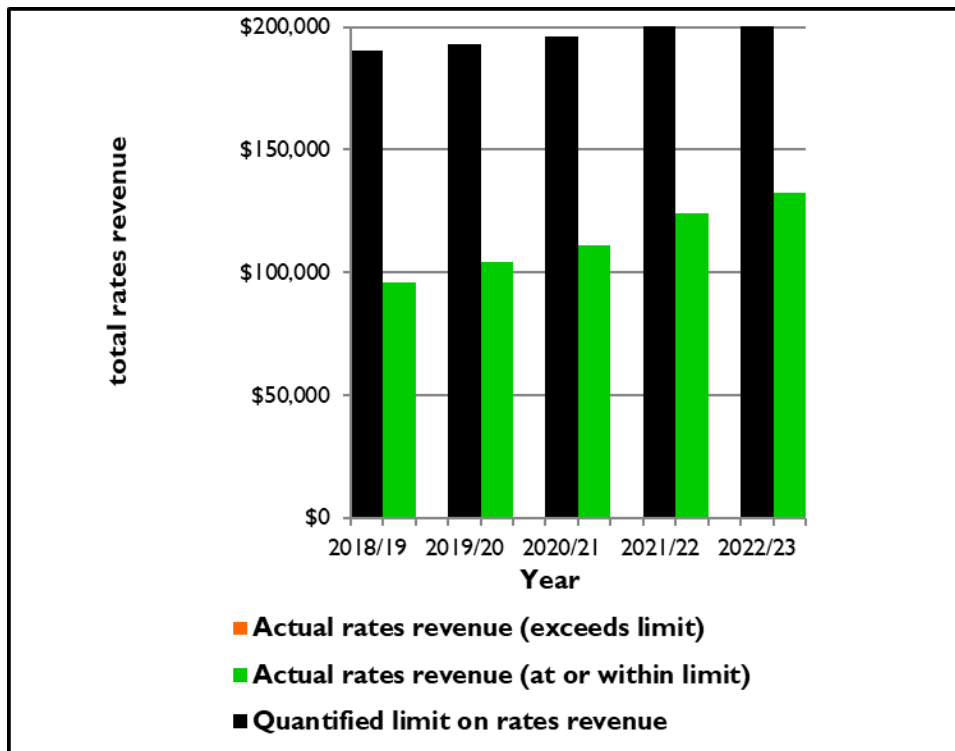
Council meets the rates affordability benchmarks if:

- its actual rates revenue equals or is less than each quantified limit on rates; and,
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

This graph compares Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in Council’s 2021-31 long-term plan (pg 109).

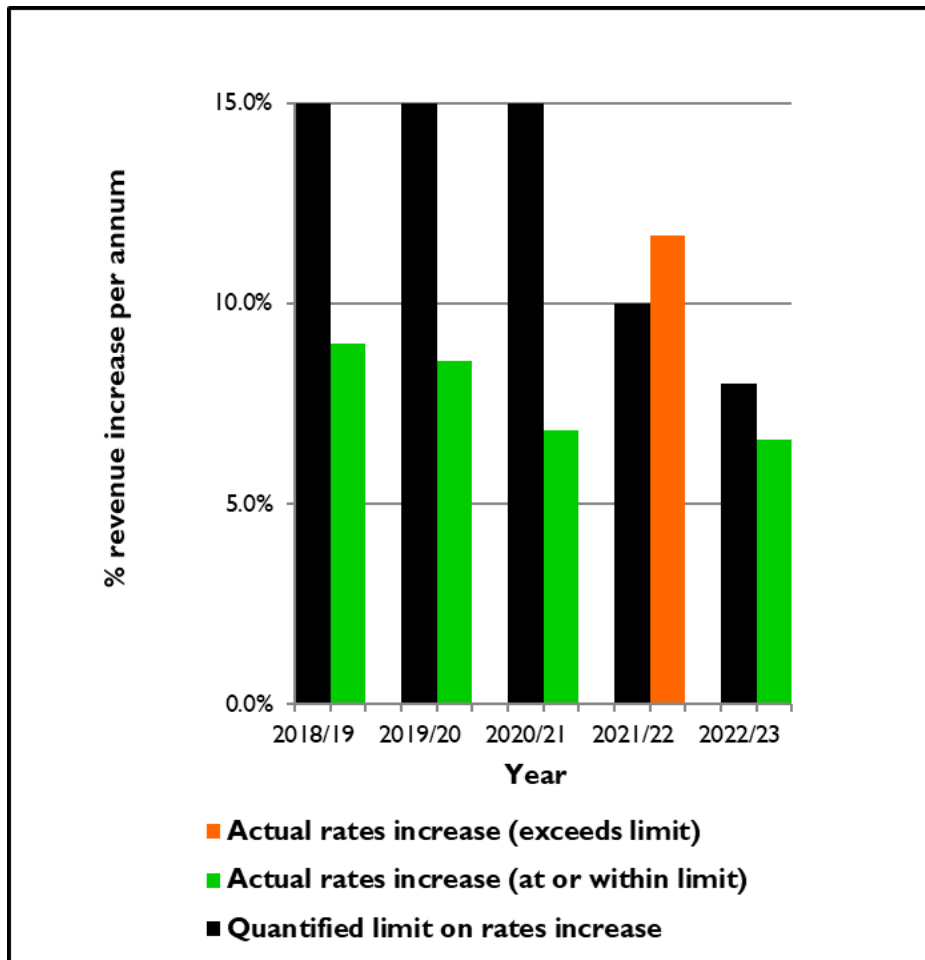
The quantified limit for the current year is that total rates revenue will not exceed \$265,427 (2022: \$256,766)



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 2021-31 long-term plan (pg 109).

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 10 percent in 2022 and 8 percent per annum from 2023.



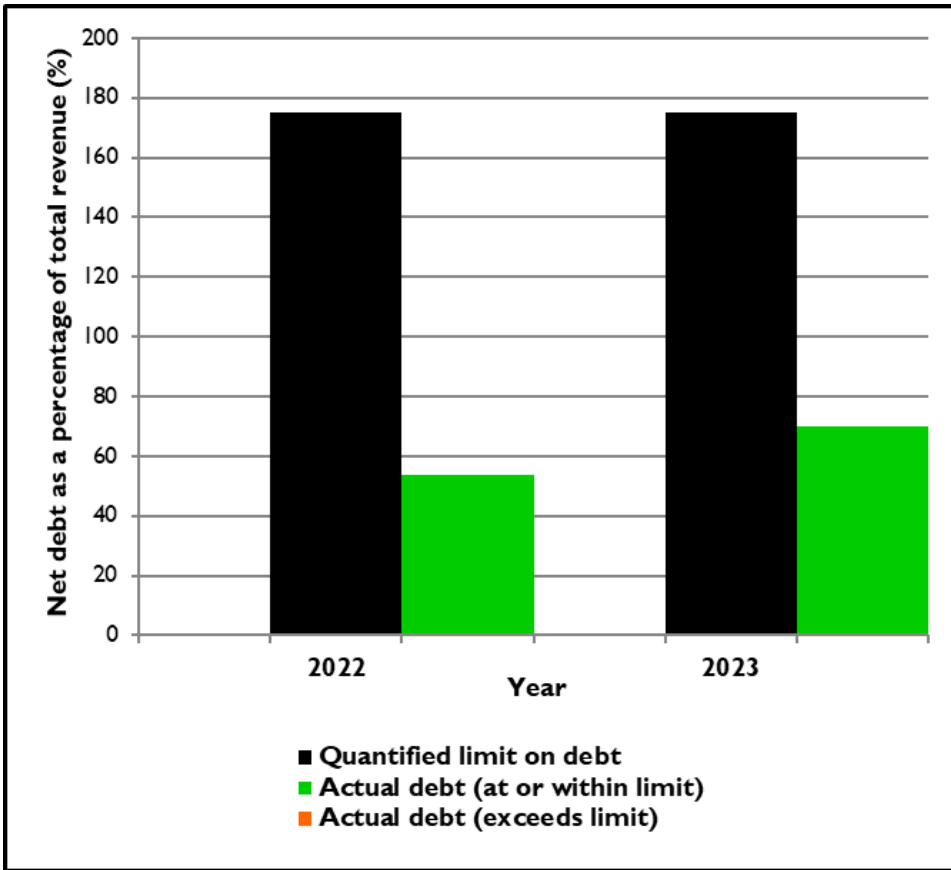
Debt affordability benchmarks

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 2021-31 long-term plan (pg 110).

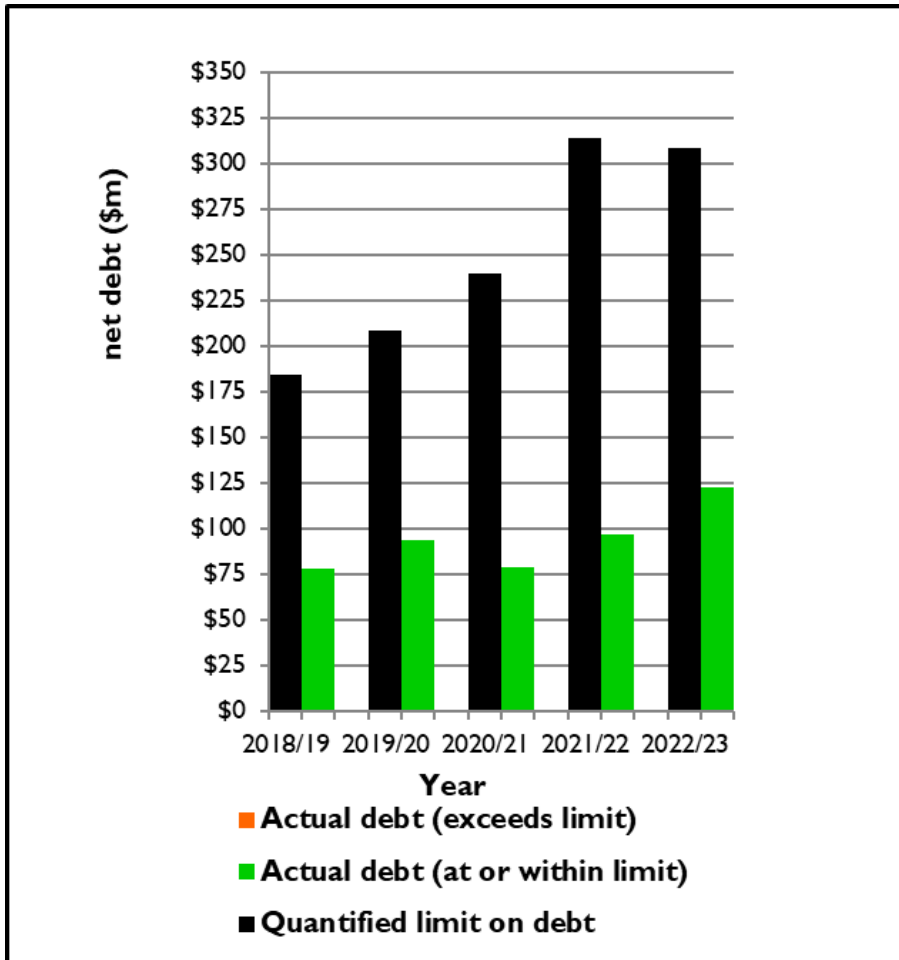
The quantified limit on net debt¹ is that it does not exceed 175 percent of revenue².

1 Net debt equals total external debt, net of borrower notes.

2 Revenue is net of developer contributions and vested asset



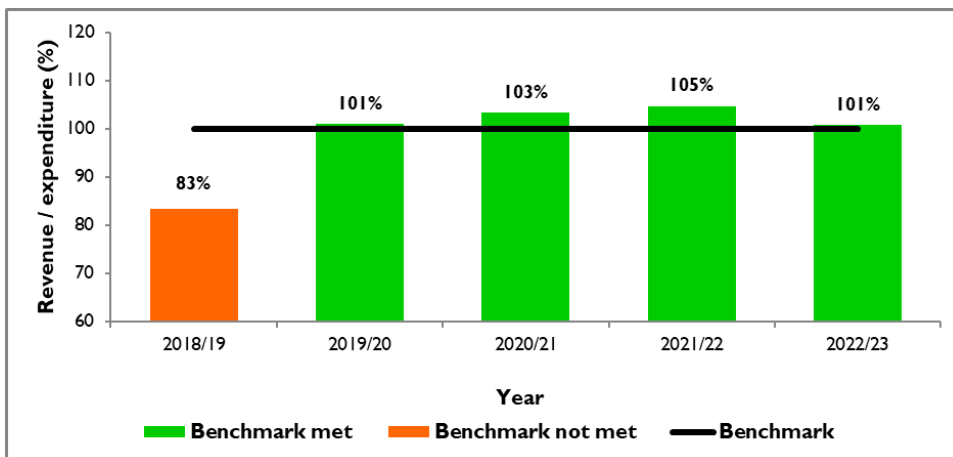
Council's previously reported it's quantified limit on net debt as not exceeding 175 percent of revenue as shown below.



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).

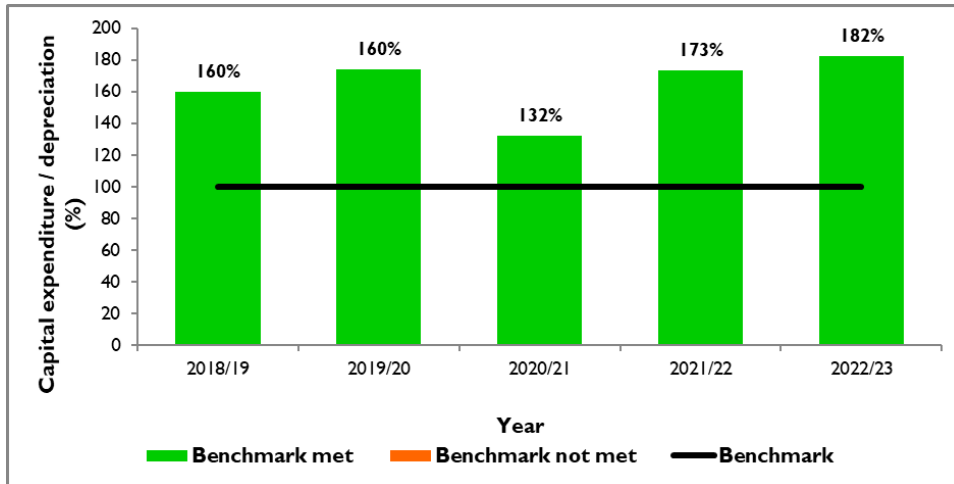
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

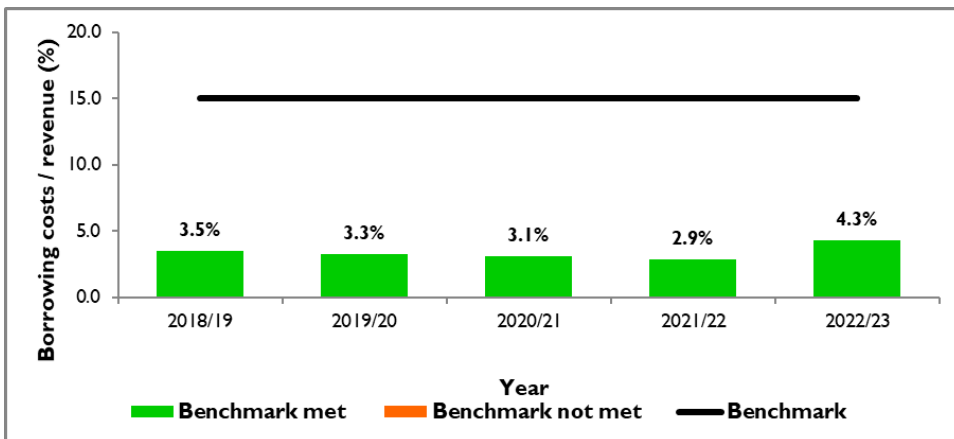
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

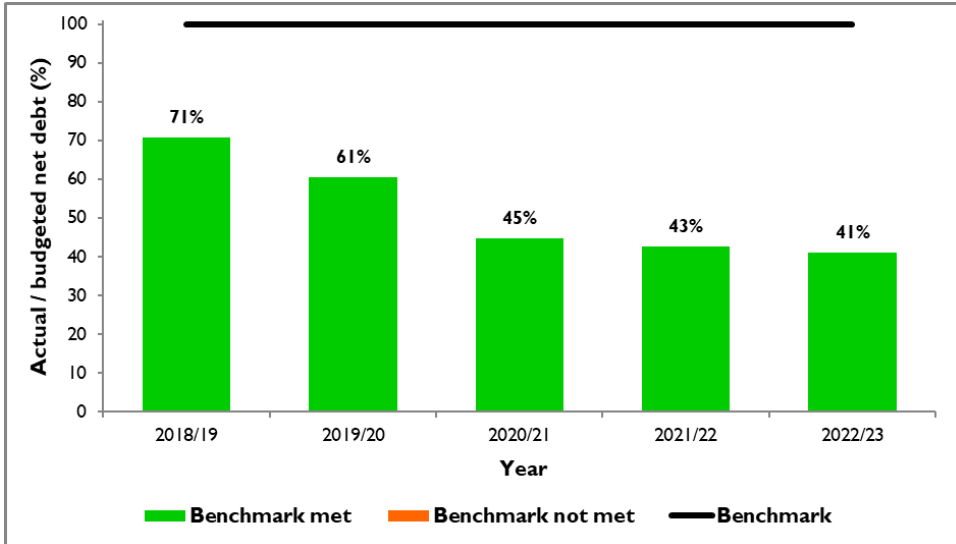
Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its planned revenue.



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).

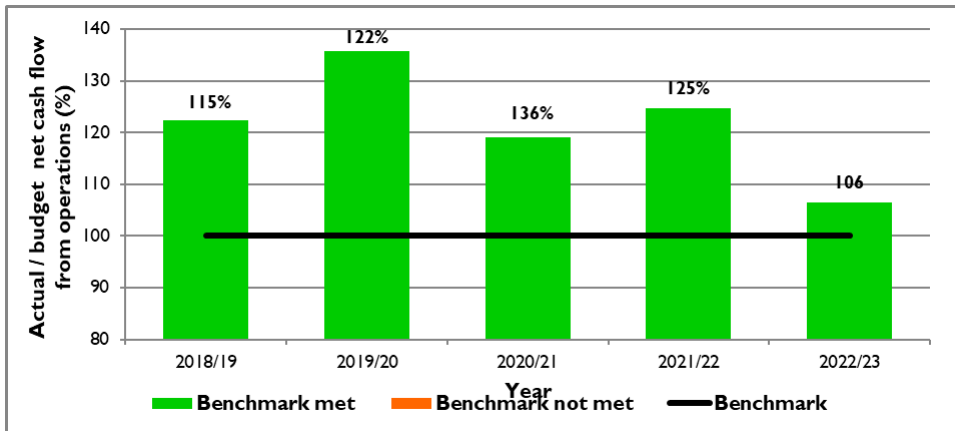
Council meets the debt control benchmark if its actual net debt equals or is less than planned net debt.



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 set in the Long Term Plan 2021-2031.



Auditors' Report

Auditors' Report

Statement of Compliance and Responsibility

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 and performance 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 2023 fairly reflect the financial position, operations and service performance of the Council.

Annual Report Summary Riipoata aa tau whakarāpopototanga 2022/23



Setting the scene

Message from the Mayor and Chief Executive

Building connections and powering positive change

The past year has been memorable, to say the least. In October 2022, the district elected a new Mayor and nine new Councillors – that’s a big change at the governance table. The new Council immediately spent a considerable amount of time and effort in induction to understand the complexities of Council as well as began our planning and governance. We started the new year with great optimism for the journey ahead, but the weather events of early 2023 threw us a significant curve ball and left us dealing with the aftermath on many of our communities and roads, with the North Waikato particularly hard hit.

Despite the challenging start, the year has also seen positivity and growth, and we continue to focus on delivering programmes and initiatives across the Waikato District that support your communities to be Liveable, Thriving and Connected.

A busy year for a new Council

With a new Mayor, nine new elected members including the establishment of two Maaori Wards, it has been an exciting time setting out our vision for the district. Our focus is on sustainability, resilience, enhancing the wellbeing of all our communities, and addressing the growth-related challenges and opportunities that affect us.

In May 2023, we unveiled new portraits in Council Chambers of the Maaori King, Kiingi Tuheitia Potatau Te Wherowhero VII, and King Charles III. We’re proud to be the first council to honour Kiingi Tuheitia in this way, showing our respect for the district’s Kiingitanga, iwi and mana whenua.

This gesture is part of our ongoing commitment to the principles of Te Tiriti o Waitangi. As part of that commitment, we’re also partnering to develop a mana whenua forum framework for the further engagement with marae and other Maaori stakeholders.



Throughout the year we initiated improved communication and engagement with various community groups and sectors. This includes the creation of a Rural Economic Advisory Panel with influential rural leaders and stronger relationships with local halls, resident groups, and community boards. This collaborative approach aims to enhance council outcomes and support community prosperity, including our rural and lifestyle communities and businesses.

Weathering storms together

Early in February, Cyclone Gabrielle struck the North Island with unprecedented force, causing widespread flooding and damage across the Waikato District, particularly in Port Waikato. While the scale of devastation was a shock, Council was able to respond effectively to emergencies as they happened, providing immediate assistance and support to affected communities impacted by landslides and fallen trees which cut key road access to many residents. We worked to fix damaged infrastructure as quickly as possible with our roading alliance partners. Six months on, government support and the newly established Mayoral Relief Fund continues to provide financial

support to people and businesses affected by the storm and to build our resilience in preparation for any future events.

Enhancing our natural spaces

Work finished on some exciting projects this year, all aimed at celebrating the open spaces and natural features that make our region so unique.

The Te Awa River ride, which opened earlier in the year, exemplifies that celebratory spirit. The 65km concrete track takes residents and visitors on a scenic route along the mighty Waikato River from Ngaaruwaahia to Lake Karaapiro.

In Raglan, this past year saw the completion of the Whaalingaroa Wharf Upgrade project. This project was supported by funding from Kanoa Regional Economic Development and Investment Unit, and iwi partners. It features the addition of a pontoon, kayak ramp, walkway and structural wharf repairs to help more people use and enjoy the town's beautiful waterfront area.

Tuakau's Skate Park is another community success story and it's already proving popular with young people in the region. Developing the park involved several community groups and funding bodies, including the Tuakau Youth Sports Trust, the Waikato District Community Wellbeing Trust, the New Zealand Community Trust, Lotteries NZ, and the Onewhero-Tuakau Community Board.

Improving transport infrastructure

The Waikato district is one of the largest in New Zealand, covering 400,000 hectares, with 11 towns and several smaller settlements. With people scattered across such a wide area, roading and transport infrastructure are essential, particularly to those in remote rural areas.

As always, Council has been working hard to maintain and improve roads in the district, ensuring that they're safe, secure, and open for use. While the damage caused by Cyclone Gabrielle and other weather events is a setback, we're looking at it as an opportunity to strengthen, reinforce and, in some cases, relocate roading that is no longer fit for purpose, particularly as extreme weather events increase. Ongoing repair and replacement work will take some years, but support from Waka Kotahi will reduce the impact on ratepayers.

Council continued to work on road safety improvements, which included adopting a new

Traffic Bylaw, and beginning work on a Speed Management plan. These improvements are designed to create safer speed zones, particularly around schools, marae, and community facilities. It's all part of the Government's 'Road to Zero' initiative, a commitment to work towards zero harm on our roads.

Committed to community inclusion and supporting resilience

The challenges of the past year have made it clear that community connection, resilience, and strength are more important than ever. Council continues to be committed in its work to foster community inclusion and greater resilience, supporting communities to achieve their goals and aspirations.

This work includes engaging with community groups and marae, creating a rural strategic advisory group, and offering training and development opportunities to community groups.

Unlocking funding and focusing on efficiency

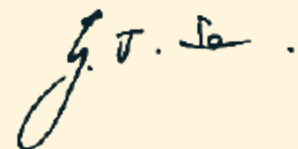
In precarious economic times, Council must balance high-quality services and infrastructure with budget constraints. Our goal is to deliver value for money by finding innovative, cost-effective ways to deliver those services and amenities.

This year, we've done this through accessing grants and other funding streams, pulling in support from the central government, the Lotteries Commission, local trusts, and regional funding bodies. This funding has let us complete key community projects that help drive our district's growth and development.

As always, it's about moving forward, identifying opportunities to innovate, delivering what's planned and committed to, and getting the job done. We're proud of our tough, resilient people, and we're looking forward to another year of growth, positive action and tireless work from our Council and our community.

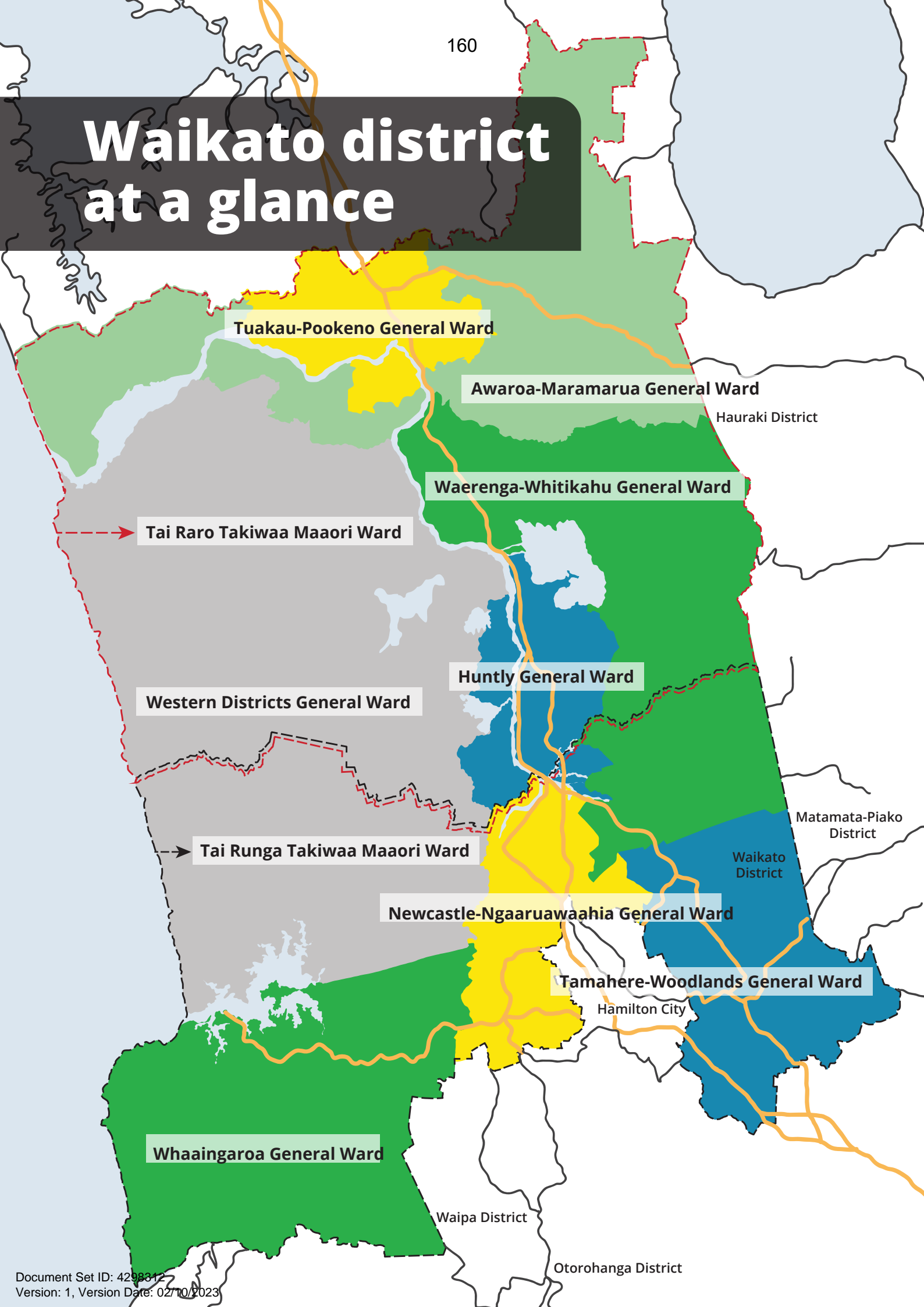


Her Worship, Jacqui Church
Mayor



Gavin Ion
Chief Executive

Waikato district at a glance



Tuakau-Pookeno General Ward

Awaroa-Maramarua General Ward

Hauraki District

Waerenga-Whitikahu General Ward

Tai Raro Takiwaa Maaori Ward

Huntly General Ward

Western Districts General Ward

Matamata-Piako District

Tai Runga Takiwaa Maaori Ward

Waikato District

Newcastle-Ngaaruawaahia General Ward

Tamahere-Woodlands General Ward

Hamilton City

Whaingaroa General Ward

Waipa District

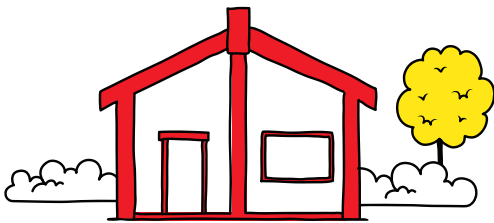
Otorohanga District

Our district is home to **88,900**
PEOPLE¹
— that's **1.73%** of New Zealand's population.



Out of 88,900, the **average age is 37 years old** with 25,514 living in urban, rural or residential properties or working in **3,519 business properties** or farming on **3,569 farmland properties**.

(Note: There are 90 properties categorised as Other.)



There are around **20,000**

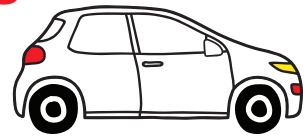
MAAORI²

living in our District.

The Waikato

DISTRICT
covers **more than 400,000 hectares** (418,893 ha).

If we join all of our **ROADS** together from end to end **we'd be able to drive 2,148 km; that's from Port Waikato to Sydney**. Our **unsealed roading network is the same distance as Auckland to Wellington** (600 km).



We have **20,898 SIGNS**, **5,786 STREETLIGHTS**, **62,657 km** of **KERB** and **CHANNEL**, and **308 km** of **FOOTPATHS**, **292 km** of which are concrete.

We have **42 community centres** to help bring our



COMMUNITIES together.

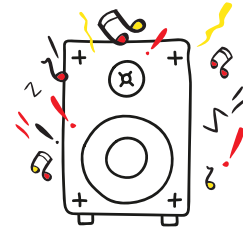
¹ Information source: Subnational population estimates (TA, Community Board), by age and sex, at 30 June 2018-2022 (provisional 2023 boundaries)

² Information source: Stats NZ

We have **8,605 small CULVERTS** that run across the road and **11,694 side culverts** that run on the side of the road normally under driveways/entrance ways in a rural area.



We issued **1,750 BUILDING consent applications** in 2022/23.



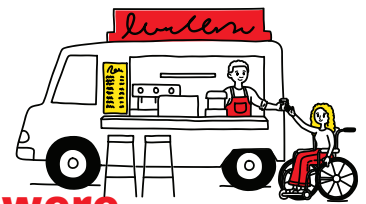
1,134 noise COMPLAINTS were received in 2022/23.



INNOVATION initiatives delivered during the year contributed to one-off **savings of \$350k, efficiency time savings of 3,466 hours** and **ongoing efficiency savings of 13,496 hours per year.**



186 environmental health service REQUESTS were processed in 2022/23.



230 FOOD premises were verified in 2022/23.



14,089 DOGS registered in 2022/23 and **209 dogs were rehomed** in 2022/23. There are **16,016 known dogs** in the district. **884 dogs were impounded** in 2022/23.

339 ALCOHOL applications were processed and followed up in 2022/23. **107 Alcohol Manager's Certificate applicants were interviewed** in 2022/23.



There have been almost **3 million**

RUBBISH & RECYCLING

collections over the 2022/23 financial year throughout our district (**2,937,584 collections over 28,246 households**).

The **District Plan page** on the Council

WEBSITE

was **visited 281,471 times during 2022/23**.



There are **6 Council**

LIBRARIES

with over **85,277 books**.

We have **61 playgrounds** for our



YOUNGSTERS

to enjoy, learn and grow.

We have

1,289ha of natural

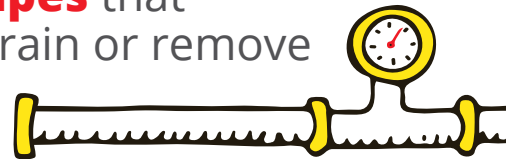
RESERVES

that are home to thousands of species.



We have over **1,100 km of stormwater pipes** that either supply, drain or remove

WATER



through our residential towns.

Approximately **50 per cent of rateable properties** in

the district are connected to a Council water supply scheme.

1,543 water-related service requests were received in

2022/23. **3,784 water billing queries** were received in

2022/23. **40 overflows/blockages were responded to**

with a medium response time of 42 minutes and a

medium completion time of 111 minutes in 2022/23.

We own and maintain **229ha of sport and**

RECREATION

areas for active

communities - that's

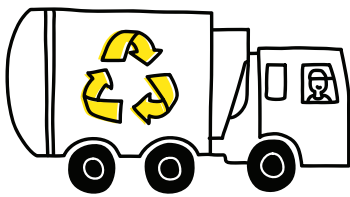
around 229 rugby fields.



2022 Sustainability Snapshots*

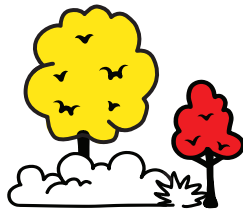


40 per cent of our vehicle fleet are HYBRID & PHEV.



36 per cent of WASTE collected was diverted from landfill.

We have **5,596 lights** in our roading network and **88 per cent of them are LED LIGHTS.**

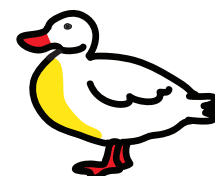


We planted more than **31,500 NATIVE PLANTS,** across the district.

We have **30 ECOLOGICAL ENHANCEMENT sites, and 25 RIPARIAN RESTORATION sites.**

Ecological enhancement increases and improves the habitat for flora and fauna. These sites are being restored with various native plantings, as well as pest and weed control, to enhance the ecosystem and improve habitats.

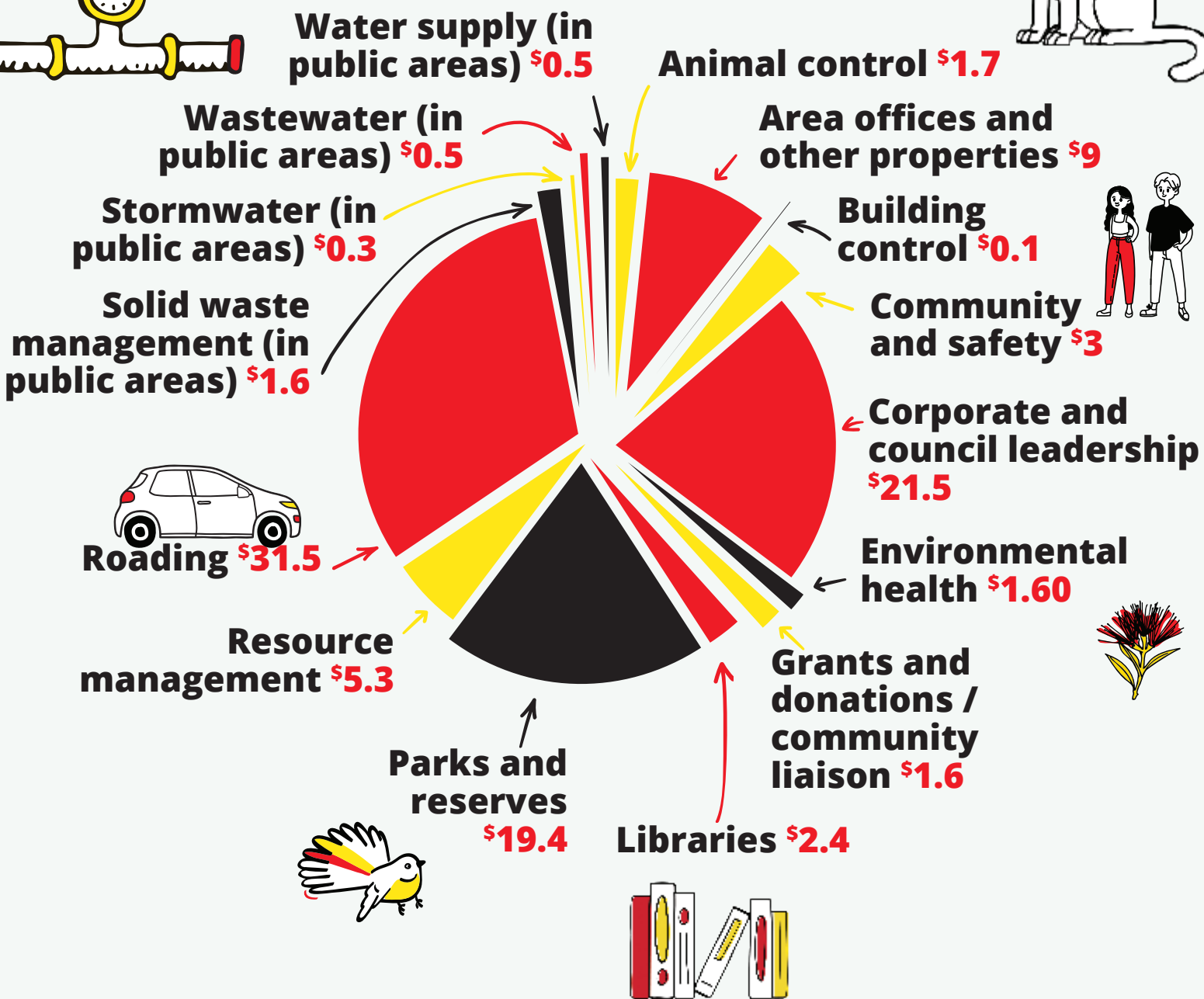
Riparian restoration is the ecological restoration alongside streams, rivers, lakes (and any other body of water). The riparian area (or zone) is the interface between land and the waterbody. The work includes new native plantings, pest, control and weed control to improve water quality, reduce flooding and increase biodiversity.



*These statistics are for the 2022 calendar year, not the 2022/23 financial year.

What you got for \$100

We deliver a **broad range of services** to our diverse district of **residents, business owners and visitors**. Here's how we spent every **\$100** 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.

Our Vision and Community Outcomes

Our Vision and Community Outcomes describe our aspirations for the Waikato district – we want to achieve in everything we do.

Our vision – Liveable, Thriving and Connected Communities

We are responsible for improving the wellbeing of our community. Our community outcomes let us define what ‘wellbeing’ means and how Council and the wider community can contribute to this. They’re aspirational statements and recognise that other agencies and the community itself will need to be part of meeting those goals. We set the community outcomes in the 2021-2031 Long Term Plan – below you’ll see what work we did in 2022/23 to live up to those aspirations.



- Supporting our communities | Kia tautoko ki a taatou Haapori**
- Building our economy | Ka hanga a taatou Oohanga**
- Sustaining our environment | Kia toituu to taatou Taiao**
- Working together with you | Kia mahi tahi taatou**
- Providing value for money | Ka whai painga mo te puutea**

Supporting our communities Kia tautoko ki a taatou Haapori

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Delivered services and support to our communities through the significant weather events of early 2023. This included opening our contact centre 24/7 during Cyclone Gabrielle, working with affected homeowners to assess affected properties and providing ongoing guidance on remedial actions they could take. Our roading teams responded immediately to ensure lifeline routes were cleared as soon as possible. Led by our resilience team, businesses could stay open by following continuity and incident management processes.

- Purchased the old Waipa Tavern site. This will allow us to support the revitalisation of Ngaaruawaahia town centre and develop a community hub. The Waipa Tavern, which burned down last year, will be redeveloped into welcoming spaces for learning, creativity, engagement and connection. We’ll engage with mana whenua and the wider community in the early planning stages.

- Almost completed Raglan’s Town2Surf cycleway. The two-metre wide Town2Surf cycleway will connect Raglan town centre with the main beach and provide locals and visitors a safe place to walk, run and cycle between other community sites. We received funding of just under \$1

million for the cycleway from the Government’s Tourism Infrastructure Fund. This was set up to develop tourism-related infrastructure for regions with tourism growth.





Building our economy Ka hanga a taatou Oohanga

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Continued to work with both regional and national partners to support and advise businesses to ensure effective investment takes place and local communities and iwi receive the benefits.
- Held business network events in Tuakau, Pookeno and Raahui Pookeka Huntly. These were designed as a platform for Waikato district business operators to connect with each other, explore opportunities to work together and take advantage of the growing economy in the rohe.
- Supported Hamilton and Waikato Tourism to encourage the community to promote our district by participating in the Waikato Ambassador Programme workshops. Attendees got the chance to build community connections, discover new attractions, learn how to enhance visitor experiences, ask questions, and network with peers from across the motu. The Mayor hosted members of the district's hall committees, smaller ratepayer associations, community committees and Community Boards, aiming to connect effectively with these influential voices in our rural areas and small towns. Representatives attended from Naike, Maatangi, Glen Afton, Gordonton, Pukemiro, Port Waikato, Puketaha, Tamahere, Karioitahi, Mangatangi and Te Akau.



Sustaining our environment Kia toituu to taatou Taiao

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Reduced our operational emissions by 3.9 per cent. We reduced our district emissions by approximately eight per cent. Half of our vehicle fleet are hybrid or plug-in hybrid electric vehicles (PHEV), and we will look to increase this over time. 88 per cent of our road lighting is LED, and we planted over 31,500 native plants across the rohe.
- Provided training to community advisors to support non-government organisations, charities and small businesses to measure and set action and targets on climate change. We also developed a Climate Response and Resilience Strategy.
- Upgraded the Te Mata and Te Uku recycling drop-off centres to improve access and increase the ability for these communities to recycle. The sites now have dedicated areas for the different types of recycling, and the Te Uku site now has a covered roof.
- Planted more than 1,000 native trees at Les Batkin Reserve in Tuakau. This was in collaboration with Tuakau Primary School, EnviroSchools, Citycare and Waikato Regional Council. The planting helped promote a healthy biodiverse environment to encourage partnerships with local communities and teach them the benefits of creating and maintaining spaces dominated by native species.



Working together with you **Kia mahi tahi taatou**

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

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Launched the Raahui Pookeka Huntly Arts Strategy in March 2023. It aims to help creative arts flourish in Raahui Pookeka Huntly over the next five years. The strategy is a starting point. It creates pathways for local authorities, community groups, iwi, education providers and locals to support each other and grow arts and culture in the wider Huntly area.
- Provided \$413,847 to over 50 groups through funding and discretionary grants.
- Surveyed Community Boards and Committees to gather feedback about future Blueprint initiatives. We received responses from nearly all 17 communities with Local Area Blueprints, and Council's Sustainability and Wellbeing Committee will consider these in September 2023.
- Received \$1,925,000 from Government's Climate Emergency Response Fund for micro-mobility transport improvements in Raahui Pookeka | Huntly. This funding will focus on improving the pedestrian link between the town centre and Huntly West and further extending the shared path linking Ohinewai with Huntly.



Providing value for money **Ka whai painga mo te puutea**

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.

In 2022/23, we undertook these key pieces of work to deliver on this community outcome:

- Completed the Raglan pontoon and gateway project in June 2023. This includes a newly constructed pontoon, kayak ramp and eastern walkway. This collaborative project transformed the wharf and wider harbour and was funded by Kanoa Regional Economic Development and Investment Unit and partnerships with Raglan Community Board and our iwi partners, including Ngaati Maahanga and Ngaati Hourua, Tainui o Tainui, Ngaati Tahinga and Ngaati Tamainupoo. There will be ongoing work to construct the eastern and western walkways at the wharf to improve pedestrian access for all ages and abilities. This is being part-funded by the Government's Better Off Funding.
- Developed the Tuakau Skate Park in partnership with Tuakau Youth Sports Trust. Extra funding for the project came from Council's Waikato District Community Wellbeing Trust, New Zealand Community Trust, Lotteries NZ and Onewhero Tuakau Community Board.
- Launched a new account-based online system. This lets residents use a single email address to access online accounts for rates, water, dog registration details and more. This is the first of many online services that will enable making and managing payments even easier for residents.
- Switched from gas to electricity to heat swimming pools at the Huntly Aquatic Centre. Council received \$158,000 of funding from the Energy Efficiency and Conservation Authority's Technology Demonstration fund. The work replaces a gas boiler with a new electric heat pump for indoor spaces, hot water, and pools. We expect this to reduce the Council's Corporate emissions by approximately 14 per cent each year, or 153 tonnes of CO₂-e emissions annually, taking effect in 2024. This change aligns with Council's Climate Resilience and Response Plan and commitment to reducing greenhouse gas emissions.

Our Performance

Performance summary

Our projects and work programmes span eight groups of activities. For each group we have performance measures that provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. The results on pages 15 to 17 summarise how we did and where we need to improve. Please see the full Annual Report to find out more about all the targets and how we performed against them.

- We've achieved the target
- One or more but not all of the components of a measure have been completed. This result is only applicable when the measure can be broken into more than one component
- We've not met the target

In the past 12 months, we have:

- **Delivered 150 successful animal control education events.**
- **Recorded customer satisfaction levels of 98 per cent at our libraries.**
- **Supported event organisers by having four information sharing workshops.**
- **Trained 70 staff to fulfil core roles in an emergency event.**
- **Verified 230 food premises for food safety.**
- **Held nine formal hui with iwi, mana whenua and hapuu groups.**
- **Ensured drinking water standards were met.**
- **Issued 1,750 building consent applications.**
- **Responded to 1,543 water-related service requests.**

Overview

There are 62 performance measures in Council's 2021-2031 Long Term Plan. In 2022/23, 56 per cent (37) of performance targets were achieved, compared to 65 per cent (41) in the previous year. An additional two per cent (1) were achieved in part and 42 per cent (24) were not achieved.

We continue to do well in our performance for services, including animal control, environmental health, stormwater, wastewater, and water supply. Results from our customer satisfaction measures suggest there is dissatisfaction from our community in services, including parks and reserves, public toilets, and waste collection. There is also dissatisfaction in interactions and engagement with Council and in contacting councillors. Resource and building consent processing timeframes were also adversely impacted due to staffing availability, contractor capacity and the requirement to assess against both the operative and proposed District Plan.

37 are 'achieved' (56%)

1 is 'achieved in part' (2%)

24 are 'not achieved' (42%)

Governance

We met one of our five targets for the number of formal hui held with iwi, mana whenua and hapuu groups. We continue to see a trend in our customer satisfaction measures that suggests there is dissatisfaction and that people are not getting the information that is relevant to them and their community. It is really important to us that our communities can engage with councillors and staff easily and efficiently. We are looking at ways in which we can improve our service delivery including developing a new communications and engagement strategy.

1 is 'achieved' (20%)

4 are 'not achieved' (80%)



Sustainable communities

We continue to see positive results for our library services, with 97 per cent of users likely to recommend our libraries to their friends and family and 98 per cent happy with the resources provided. We also see a trend in customer satisfaction measures that suggests there is dissatisfaction with some of our services, including public toilets, parks and reserves, cemetery presentation, and customers and businesses interacting with Council. While our Emergency Management activity did not complete an annual training exercise, we did assess our response to Cyclone Gabrielle and continued to have staff trained to fulfil core emergency operations centre roles.

Community Connections (parks and facilities)

1 is 'achieved' (20%)

4 are 'not achieved' (80%)

Customer and Partnership focus

2 are 'achieved' (50%)

2 are 'not achieved' (50%)

Economic Development

1 is 'achieved' (100%)

Emergency Management

1 is 'achieved' (50%)

1 is 'not achieved' (50%)



Sustainable environment

Animal control-related complaints were responded to quickly, with 96.8 per cent of aggressive dog behaviour and 97.65 per cent of straying stock complaints having personnel on site within one hour. A total of 150 successful education events relating to animal control were carried out across the region.

Positive results were achieved for environmental health measures relating to food operation verifications, licensed premise inspections, excessive noise complaints and hazardous land use reporting, with all targets being met. In preparation for the introduction of national standardisation for waste collection services, we have not been accepting recycling that doesn't comply with the new standards. As a result, our customer satisfaction with this service has reduced. Resource and building consent processing timeframes were also adversely impacted due to staffing availability, contractor capacity and the requirement to assess against both the operative and proposed District Plans.

Animal Control

2 are 'achieved' (50%)

1 is 'achieved in part' (25%)

1 is 'not achieved' (25%)

Building Quality

3 are 'achieved' (75%)

1 is 'not achieved' (25%)

Environmental Health

4 are 'achieved' (100%)

Solid Waste

1 is 'achieved' (50%)

1 is 'not achieved' (50%)

Strategic and District Planning

1 is 'achieved' (20%)

4 are 'not achieved' (80%)

Roading

We achieved two roading performance measures, with 95.9 per cent of footpaths meeting the agreed level of service for condition and 96 per cent of sealed roads achieving a ride with quality travel exposure. The number of fatal and serious crashes remains high, with staff focusing on improving road conditions and progressing the Road to Zero initiative. Compliance with footpath and road service requests has not been met due to resourcing challenges and additional work created by weather events. The resealing of roads was also impacted, as due to the rising cost of inflation, our budget didn't go as far, meaning we carried out less road resealing than planned.

2 are 'achieved' (40%)

3 are 'not achieved' (60%)

Stormwater

We continued to operate robust stormwater systems and make improvements to our assets. One performance measure was not achieved during Cyclone Gabrielle as staff were unable to attend a flooding event within the target timeframe due to road closures.

4 are 'achieved' (80%)

1 is 'not achieved' (20%)

Wastewater

We continued to resolve non-compliance incidents and upgrade our wastewater treatment plants to ensure we can deliver our agreed levels of service. Three Abatement Notices were received during the year relating to wastewater systems, which meant Council was not compliant with our resource consents for stormwater system discharge.

5 are 'achieved' (83%)

1 is 'not achieved' (17%)

Water Supply

We have met all our targets relating to drinking water standards, water treatment plants, pump stations, reservoirs and the reticulation network.

9 are 'achieved' (100%)

Organisational Support

We did not meet our target of two or fewer total recordable injuries (TRI), with four TRI occurring to Council staff during the year. We continue to implement and monitor critical health and safety risk controls.

1 is not 'achieved' (100%)



Summary Financial Statements

Statement of comprehensive revenue and expense for the year ended 30 June 2023

	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Total revenue	223,592	179,831	230,053
Finance costs	(5,179)	(5,769)	(4,782)
Operating expenditure excluding finance costs	(172,827)	(161,264)	(153,278)
Surplus (deficit) before tax	45,586	12,798	71,993
Income tax expense	-	-	-
Surplus (deficit) after tax wholly attributable to WDC	45,586	12,798	71,993
Other comprehensive income			
Gain (loss) on property revaluations	53,619	64,403	284,322
Revaluation reserve - landfill	49	-	138
Financial assets at fair value through other comprehensive income	3,591	-	9,882
Total other comprehensive income	57,259	64,403	294,342
Total comprehensive revenue and expense wholly attributable to Waikato District Council	102,845	77,201	366,335

Statement of financial position as at 30 June 2023

	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Current assets	53,232	26,182	54,890
Non-current assets	2,352,659	2,171,866	2,220,529
Total assets	2,405,891	2,198,048	2,275,419
Current liabilities	57,363	63,745	56,582
Non-current liabilities	106,671	160,457	79,884
Total liabilities	164,034	224,202	136,466
Net assets	2,241,857	1,973,846	2,138,953
Total equity	2,241,857	1,973,846	2,138,953

Statement of changes in net assets / equity for the year ended 30 June 2023

	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Balance at the beginning of the year			
Accumulated funds including share of joint venture	1,214,467	1,237,142	1,146,219
Reserves	924,545	659,503	626,399
Balance at 1 July as previously reported	2,139,012	1,896,645	1,772,618
Total comprehensive income for the year wholly attributable to Waikato District Council	102,845	77,201	366,335
Other reserve movements	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	2,241,857	1,973,846	2,138,953
Represented by equity at the end of the year			
Accumulated funds	1,270,363	1,276,210	1,214,408
Other reserves	971,494	697,636	924,545
Balance at 30 June wholly attributable to Waikato District Council	2,241,857	1,973,846	2,138,953

Statement of cash flows for the year ended 30 June 2023

	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000
Net cash from operating activities	56,711	47,630	58,415
Net cash from investing activities	(84,269)	(110,215)	(73,792)
Net cash from financing activities	26,966	62,543	19,033
Net (decrease) increase in cash, cash equivalents and bank overdrafts	(592)	(40)	3,656

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).

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

The Waikato District Community Wellbeing Trust (WBT) has been de-established as of 1 July 2022. All assets were gifted to Momentum Waikato to establish a new fund in accordance with the terms and conditions of the signed Deed of Gift. The Waikato District Community Wellbeing Trust no longer forms part of The Group.

The group financial statements are not required to be prepared. This is due to the Waikato District Community Wellbeing Trust no longer a part of the Group and Strada's financial balances are considered as not material to the Council.

All comparative information pertains only to the Council.

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 as a public benefit entity (PBE) for financial reporting purposes.

The full financial statements of Council 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 are for the year ended 30 June 2023. The full annual report was authorised for issue by Council on 24 October 2023 and the summary financial statements were authorised for issue by Council on 24 October 2023.

Summary additional disclosures

Contingencies

Contingent liabilities for Council at balance date are \$10,000 (2022: \$10,000). The contingent liabilities are uncalled capital contributions in Waikato Local Authority Shared Services Limited.

Commitments

Council has \$423,734,000 (2022: \$382,582,000) of capital commitments. Strada had no capital commitments at balance date (2022: \$nil).

Events after balance date

Huntly section of SH1

Waka Kotahi is planning to revoke the Huntly section of SH1 when the consultation process is completed. No indication of timing has been provided. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

Raglan Airfield

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

Three Waters Reform

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

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 was 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.

For Strada, no material events are expected to occur subsequent to 30 June 2023 which affect the financial position at that date. (2022: none)

14 Harihari Lane, Whatawhata

A claim has been filed against the Waikato District Council as one of seven defendants by Scott and Sarsha Coker of the Bling Dynasty Trust on the 25th August 2023.

The claim relates to damage and remediation costs to a home at 14 Harihari Lane, Whatawhata and specifically to the Waikato District Council for a consent issued for the building. The remediation costs are estimated to be \$1.1 million plus GST, in addition the plaintiffs are also claiming general damages.

Adjustments to the comparative year financial statements

There have been no adjustments to the comparative year financial statements for the year ended 30 June 2023.

Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2022/23 compared to the budget for 2022/23. 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 \$43m higher than budgeted. This was largely due to found and vested asset

revenue of \$35m and higher growth in General and Targeted Rates of \$3m. Subsidies received at higher than planned rates contributed a further \$1m to this positive variance. Finance revenue was \$2m higher than budget due to higher interest rates on funds on call. Partially offsetting these increases is a reduction in Development and Financial Contributions, impacted by the relative timing of the development cycle and Regulatory revenue is less than the budget due to higher work in progress in Consents (income not yet brought to account) and lower Building approvals.

Other variances on revenue include a gain on the revaluation of interest rate swaps of \$3m not being budgeted.

Overall expenses for the current year were \$178m, which is \$10m higher than budget. External consultants were engaged to provide cover for these various employee vacancies throughout the year as well as to meet increased demand for services in areas such as planning and consents, resulting in a net cost of \$2m above budget. Other expenses were \$8m above budget due to higher activity levels and above budget inflation.

Actual written off assets for the year amounted to \$2m, which was not budgeted. Depreciation and amortisation costs were \$4m higher than budget which is primarily due to the higher than planned values of assets which resulted in higher depreciation for the current year.

The above movements resulted in a surplus of \$46m at an operating level. (Compared to the budgeted surplus of \$13m).

Total other comprehensive revenue and expense was \$57m which was \$7m less than budget. The majority of this difference relates to the lower than budgeted revaluation gain resulting from the annual asset valuation, partially offset by an unbudgeted \$4m gain on Council's investment in the Waikato Regional Airport.

Statement of financial position

The statement of financial position shows an

increase in overall net assets of \$268m compared to budget. The biggest variance was for property, plant and equipment which was higher than budget due to revaluation gains realised, as explained above, which has been partially offset by some asset write-offs and a capital expenditure programme which was below budget. This positive difference is partially offset by lower borrowings compared to budgeted estimates which is consistent with the below budget capital expenditure. Current assets are higher than budget with current liabilities being lower than budget. This is largely due to higher than planned year end funds on hand and the reduction in the liability associated with interest rate swap contracts as a result of market interest rates now above the contracted swap rates.

Intangible assets were \$8m less than budget which is primarily due to the unbudgeted amortisation of pre-purchased wastewater infrastructure growth charges. Investments in CCO's and other similar organisations is \$14m higher than budget due to the unexpected increase in the value of the Waikato Regional Airport.

Statement of cash flows

The cash flow statement highlights how the overall operational activities surplus of Council was higher than budget for the year. This increase in surplus is mainly due to a lower-than-expected operational activity. It also highlights that the capital programme was below budget and therefore lower than planned external borrowings were required. The net impact of this resulted in cash balances being \$13m higher than budget at the end of the year.

Funding impact statements

The whole of Council funding impact statement reports cash or soon to be cash items (such as revenue or expenses in receivables or payables) and does not consider non-cash funded items such as asset write-offs or assets vested in Council. The report analyses separately the surplus or deficit for operating funding and capital funding.

This year the overall operating funding surplus was \$24m compared to a budgeted surplus of \$8m. Operating funding was \$2m above budget due to higher charges and growth in General and Targeted Rates and higher than budgeted Penalty Income.

Operating expenditure was \$14m below budget primarily due to below budgeted payments to suppliers partially offset by above budget payments to consultants to cover for staff vacancies and higher demand for services.

Sources of capital funding were \$51m less than budget. Borrowings were partially repaid, and additional budgeted borrowings were not required due to lower actual spend on the capital programme.

Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue on 24 October 2023.

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 24 October 2023.

The full annual report can be obtained from any of the Council's offices or can be accessed online at www.waikatodc.govt.nz.

Audit report

