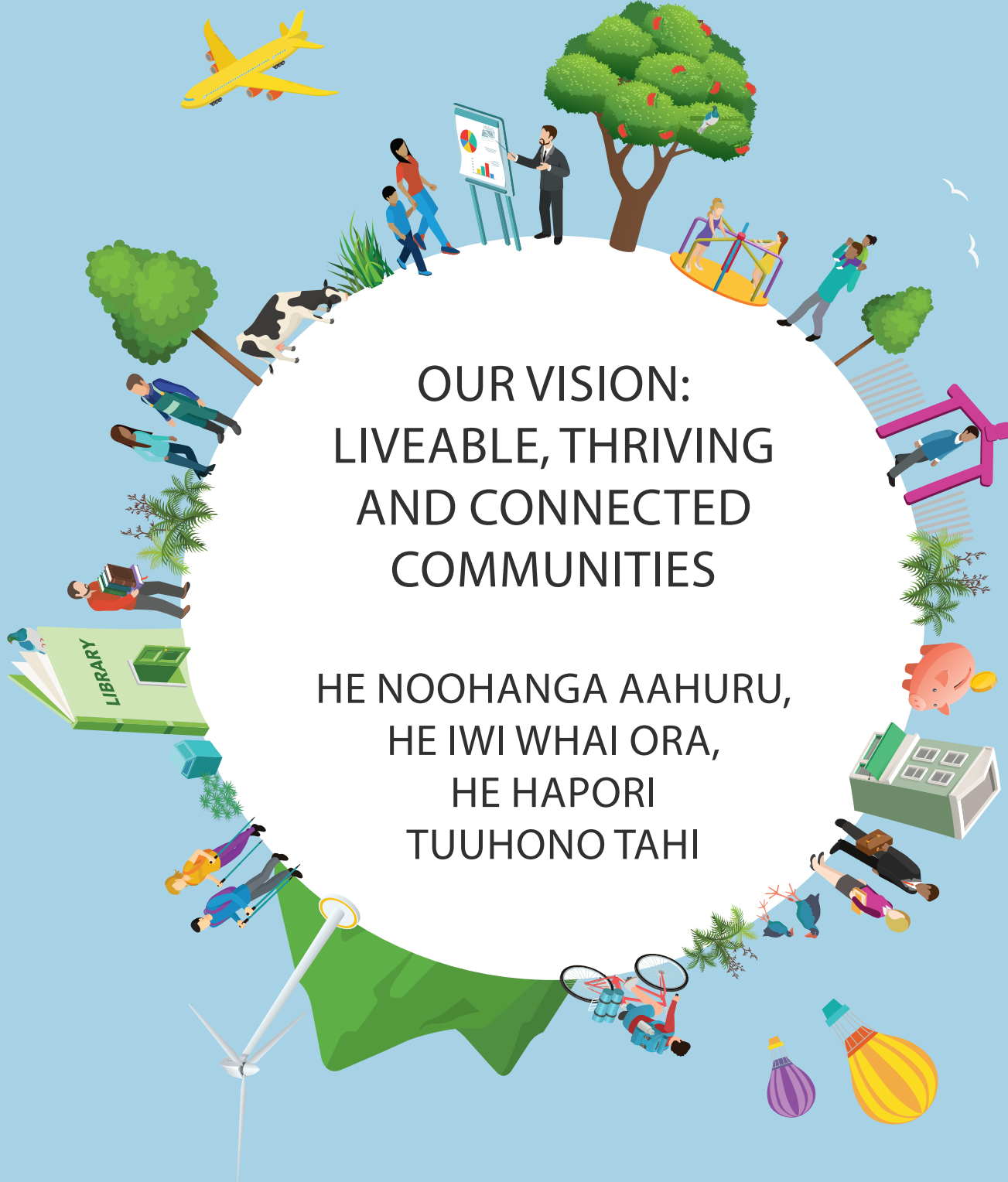


# 2019/20



## ANNUAL REPORT

*Te Riipoata-a-tau*



OUR VISION:  
LIVEABLE, THRIVING  
AND CONNECTED  
COMMUNITIES

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

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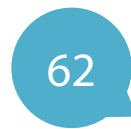
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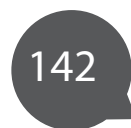
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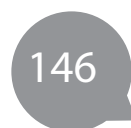


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To be updated

# OVERVIEW

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06 Our role and structure

04 From the Mayor  
and Chief Executive

07 Who we are

# THIS IS WAIKATO DISTRICT

## WAIKATO IS HOME TO...

**75,618**  
PEOPLE  
(26.4% IDENTIFY AS  
MAAORI)

**108**  
NEW NZ  
CITIZENS IN 2019/20

**14,736** DOGS



## WE PROVIDE...

**7,821,038**

**LITRES OF**  
DRINKING WATER A DAY

**53 PUBLIC  
TOILETS**

USED BY 4,000  
PEOPLE EVERYDAY



**KERBSIDE  
COLLECTIONS  
OF 10,438  
TONNES OF  
REFUSE EACH YEAR**



**2** CAMPGROUNDS  
PAPAHUA AND HAKANOA



**55**

PLAYGROUNDS AND  
NEIGHBOURHOOD RESERVES

**13** SKATEPARKS

**3** SWIMMING  
POOLS

## WAIKATO SPANS

**OVER 450,000**  
HECTARES OF LAND



## IN 2019/20 WE HAVE SUPPORTED...

**152** COMMUNITY  
GROUPS



**AND 201** DOGS WERE  
RE-HOMED

## WE MAINTAIN...

**1,877 KMS**  
OF SEALED ROADS



**600KMS**  
OF UNSEALED  
ROADS

**251KMS**  
OF FOOTPATHS

**113**  
PARKS AND  
RESERVES



**38**  
COMMUNITY  
HALLS

## WE OPERATE...



**6** LIBRARIES THAT SERVICE  
16,234 LIBRARY MEMBERS

**29** WATER  
RESERVOIRS  
WITH A TOTAL  
CAPACITY OF 30,867m<sup>3</sup>



**7** WATER TREATMENT  
PLANTS WITH A TOTAL CAPACITY  
OF 18,456m<sup>3</sup> PER DAY



**2** ANIMAL  
SHELTERS

**21**  
CEMETERIES

**25** DOG  
EXERCISE AREAS

# FROM THE MAYOR AND CHIEF EXECUTIVE

## Building on our vision

This year the country was faced with COVID-19. As Council, we play a key role in Civil Defence and our response to COVID-19 was part of a national response led by the Ministry of Health. This was the largest and most complex emergency response we have ever experienced as a Council and as a community and we were able to carry out this role while continuing with most Council services. The lockdown came as an abrupt change to our normal lives and changed many of our circumstances. Our role during this time was to ensure that those most affected were provided with welfare support and to continue to support our wider community.

Our vision of 'liveable, thriving and connected communities – he noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi' continues to guide how we shape our district so that we create communities that people feel connected to and want to live in.

This connection was evident in Council appointing two Maangai Maaori ('Voice of Maaori') representatives on our three principal Council committees in the past year. These representatives will bring their vast skills and experience, as well as a Te Ao Maaori lens, to the decisions that the Council committees make, which will benefit our decision-making process and our communities.

Our key partnerships continued to see positive outcomes created for our communities in 2019/20. Our contract with Watercare, one of New Zealand's largest water companies, was signed in October 2019 and is providing significant value through service delivery and technical expertise in the waters area.

The Waikato District Alliance contract, a strategic partnership that enables us to deliver value to our communities through the delivery of roading-related services, was rolled over in 2019/20. This was a significant milestone and saw the partnership extended for a further 5 years from 1 July 2020 to 30 June 2025.

The Waikato District Blueprint and the 15 Local Area Blueprints, which were adopted in June 2019, entered their implementation phase in 2019/20. The Waikato District Blueprint helps give effect to our vision because it carries the voice of our community. Check-in sessions were held with communities featured in the Blueprint in June and into July. Communities were asked to identify whether their Blueprint priorities were still appropriate in light of recent events like COVID-19. We also asked for guidance on which initiatives might be led by the community rather than by Council, and which might be undertaken in partnership with Council. We will now be able to re-prioritise the Blueprint initiatives as we start to prepare the 2021-2031 Long Term Plan.

## Becoming more accessible – especially in times of crisis

This year we opened many of the Councillor workshops to the public, providing transparency and connecting our communities with the early planning stages on key decisions and policies, including the upcoming Long Term Plan 2021-31. Community Board and Committee chairs were invited to these workshops so they could better connect with their communities.

COVID-19 required us to think innovatively about how we continue to work with our customers and how we safely and efficiently hold public meetings. During Alert Levels 4, 3, and 2, we held virtual/online public meetings and workshops that were livestreamed on our YouTube channel. This meant key decisions that affected the community could still be made and the public could watch meetings from the comfort of their own homes or offices. We are now advocating for permanent legislation changes, through the local government sector, so that virtual/online meetings can continue into the future.

## Economic development

The complete impact of COVID-19 on our district is still largely unknown. However, the Waikato 2070 Economic and Growth Strategy, which was adopted by Council in June 2020, has generated a work program that not only focusses on continued growth for our district, but also the ability to support business and community sustainability.

## Disposing of rubbish

Waikato district sends about 52,000 tonnes of waste, excluding farm waste, to landfill each year. This is an average of 750kgs per person, every year. We are proud that our communities are able to divert about 71,000 tonnes of material through reuse, recycling and composting.

In 2019/20 we started a review of solid waste services in the district. In recent years, the international market for recyclable materials, particularly plastics, has been severely affected with limited options available to us. With this in mind, we expect the nature of kerbside collections to change significantly in the future. The solid waste review has dovetailed into a review and reset of the Solid Waste Activity Management Plan and Council's Long Term Plan from 2021.

During the COVID-19 lockdown, we were able to maintain kerbside services as an essential service with minimal disruption by working proactively and collaboratively with our contractors. Unlike some in the region, we worked during this time to make sure no recyclables were sent to landfill. The popular inorganic collection was delayed due to the lockdown, but was rescheduled and was underway in July 2020.

## Getting around better

The way we move around has changed significantly in recent years, which is why Council has put focus on alternative transport modes in the past year.

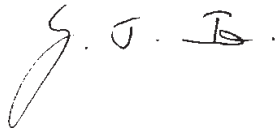
We have started to enhance shared walking cycling paths in Raglan in an effort to connect isolated parts of the community. Council has been able to better connect people with town and the beach, while also encouraging cycling/walking that was especially observed during COVID-19 lockdown. We're pleased to have heard that local feedback on the completed sections on Wainui Rd was positive. In the past year Council has also been able to construct 2.8 kilometres of new footpath around the district which has provided improved linkages and enhanced pedestrian safety across our community.

With the successful delivery of the Perry Bridge and associated cycleway in 2018, Council has continued to focus on the next stage of the Te Awa Cycleway project from Cambridge to Hamilton. The first section from Tamahere towards Cambridge has now been completed. Another exciting project completed last year was the Mangawara Stream Bridge, which is a single lane bridge that links the Taupiri community to the urupa in the north.

We are proud of what we have achieved in the last year by working with you. We look forward to another successful year ahead.



Allan Sanson  
Mayor



Gavin Ion  
Chief Executive



Our key partnerships continued to see positive outcomes created for our communities in 2019/20

# OUR ROLE AND STRUCTURE

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

## Wards

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

## Community boards

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

## Community committees and groups

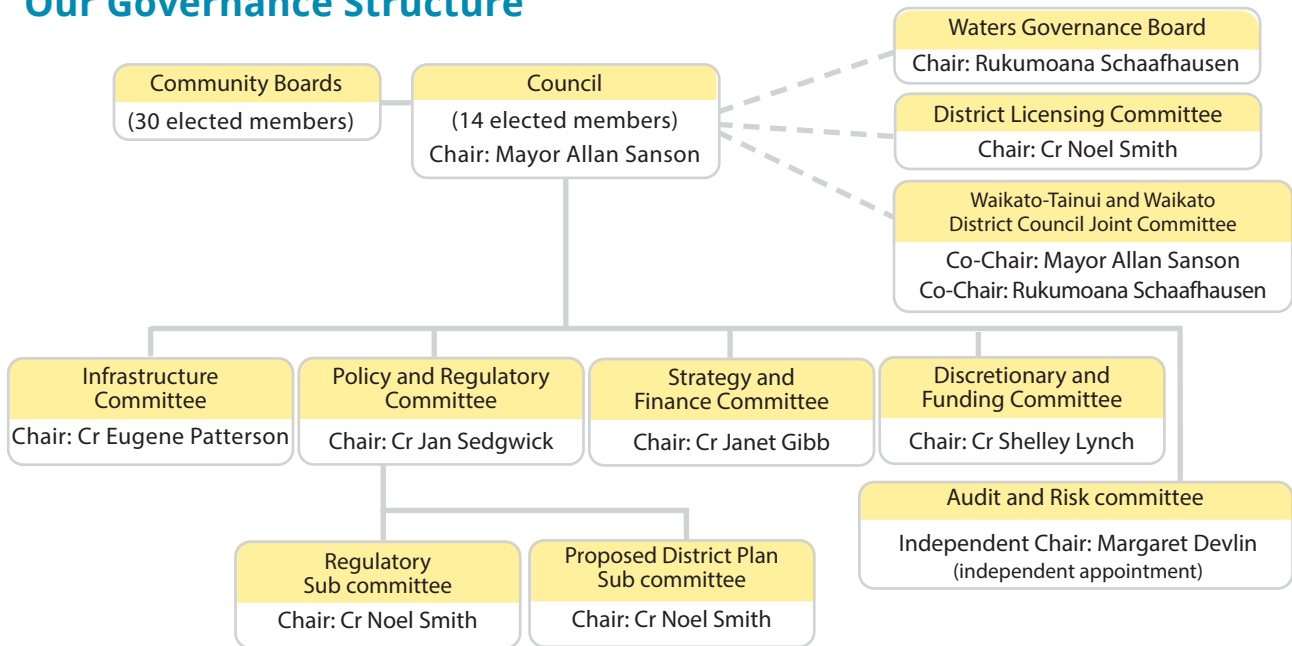
By advocating on behalf of their local communities, voluntary

community committees and groups play an important role within community decision-making. Council works with them and the community boards so it can take into account local perspectives as part of its decision-making. They include: Aka Aka, Eureka, Glen Afton/Pukemiro, Gordonton, Horsham Downs, Matangi, Meremere, Newstead, North East Waikato (including Mangatawhiri, Mangatangi and Maramarua), Pokeno, Port Waikato, Pukekawa, Rangiriri, Tamahere, Te Kauwhata, Te Kowhai and Whatawhata.

## Maangai Maaori

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

## Our Governance Structure



## Mayor



Allan Sanson  
2019/20

## The Executive Leadership Team



Gavin Ion  
Chief Executive



Tony Whittaker  
Chief Operating Officer



Sue O'Gorman  
General Manager Customer Support



Clive Morgan  
General Manager Community Growth



Roger MacCulloch  
General Manager Service Delivery



# WHO WE ARE 2019/20

## The Council

A map of the Waiקato District Council area is shown, divided into 11 wards. Each ward is labeled with its name and has a circular portrait of the council member representing that ward. The council members and their wards are:

- Cr Jacqui Church**, Awaroa ki Tuakau Ward
- Cr Jan Sedgwick**, Whangamarino Ward
- Cr Stephanie Henderson**, Awaroa ki Tuakau Ward
- Cr Shelley Lynch**, Huntly Ward
- Cr Frank McNally**, Huntly Ward
- Cr Chris Woolerton**, Hukanui-Waerenga Ward
- Cr Carolyn Eyre**, Onewhero-Te Akau Ward
- Cr Janet Gibb**, Ngaruawahia Ward
- Cr Eugene Patterson**, Ngaruawahia Ward
- Cr Rob McGuire**, Eureka Ward
- Cr Lisa Thomson**, Raglan Ward
- Cr Noel Smith**, Newcastle Ward
- Cr Aksel Bech**, Tamahere Ward

OVERVIEW



**Ian Cathcart**  
Special Infrastructure Projects



**Vanessa Jenkins**  
People and Capability Manager



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



**Geoff King**  
Chief Information Officer



**Alison Diaz**  
Chief Financial Officer



**Kurt Abbot**  
Projects and Innovation Manager



# STATEMENT OF SERVICE PROVISION TAUAAKI RATONGA WHAKARITENGA

12	Governance	37	Roading
15	Sustainable communities	42	Stormwater
	Customer and partnership	46	Wastewater
focus	16	50	Water supply
Economic development	18	54	Organisational support
Emergency management	19	57	Progress towards community outcomes
Grants and donations	20		
Community Connections	22		
26	Sustainable environment		
Animal control	27		
Building quality	28		
Environmental health	30		
Strategic and district planning	31		
Solid waste	34		

# STATEMENT OF SERVICE PROVISION

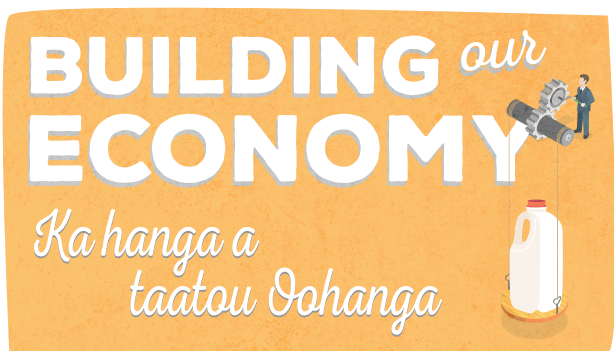
## What we did

This Annual Report reviews our progress towards achieving what we set out to do in the first year of our 2018-2028 Long Term Plan (LTP). The LTP sets out our strategic direction for the 10 years ahead and is reviewed every three years. It establishes our goals and outlines the work we need to carry out to achieve the community outcomes identified.

Our work programmes and associated budgets are divided into eight groups of activities that contribute to the community outcomes we're seeking. In the 2018-2028 LTP our community outcomes were encapsulated by the Council's vision of liveable, thriving, connected communities – he noohanga aahuru, he iwi whai ora, he haapori tuuhono tahi.



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



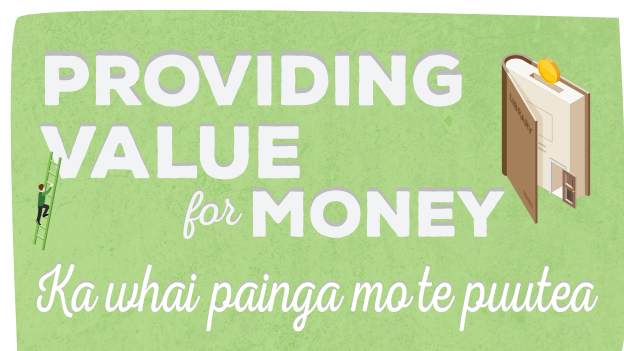
We attract diverse enterprises/business: creating jobs and opportunities for our community. We continue to support our existing industry. We have others who leverage our location to ensure tourism brings benefits to a range of people in our communities.



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.



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



Residents and ratepayers get value for money because we find innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

Each group of activities contribute to one or more of our community outcomes.

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

✓ = primary contribution

✓ = minor contribution




## Our Approach

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

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

## How we did

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

-  We've achieved
-  We're on track towards the target but haven't quite made it (within 5%)
-  We've not met the target (variance greater than 5%)

Where we did not have a corresponding measure from last year to report on, we have indicated this as "N/A" for 2019/20

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

# Funding impact statement – Whole of Council

	2018/19 Annual Plan \$'000	2018/19 Annual Report \$'000	2019/20 Annual plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	58,432	59,353	62,408	63,683
Targeted rates	25,868	25,435	28,811	28,313
Subsidies and grants for operating purposes	8,344	8,327	8,607	9,928
Fees and charges	10,526	10,115	10,859	15,229
Interest and dividends from investments	180	591	180	164
Local authorities fuel tax, fines, infringement fees, and other receipts	8,762	8,353	9,290	9,365
<b>Total operating funding</b>	<b>112,112</b>	<b>112,174</b>	<b>120,155</b>	<b>126,682</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	90,828	83,181	93,730	100,418
Finance costs	4,267	4,199	4,195	4,505
Other operating funding applications	2,362	2,741	2,422	2,987
<b>Total applications of operating funding</b>	<b>97,457</b>	<b>90,121</b>	<b>100,347</b>	<b>107,910</b>
<b>Surplus (deficit) of operating funding</b>	<b>14,655</b>	<b>22,053</b>	<b>19,808</b>	<b>18,772</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	11,410	10,415	11,461	11,646
Development and financial contributions	6,174	10,521	6,283	15,101
Increase (decrease) in debt	32,031	-	34,269	15,000
Gross proceeds from the sale of assets	693	926	84	447
Lump sum contributions	-	-	-	-
Other dedicated capital funding	120	574	124	952
<b>Total sources of capital funding</b>	<b>50,428</b>	<b>22,436</b>	<b>52,821</b>	<b>43,146</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	25,410	15,825	20,690	8,748
- to improve the level of service	16,430	6,398	21,263	14,117
- to replace existing assets	30,519	26,786	30,255	25,386
Increase (decrease) in reserves	(7,670)	(2,041)	398	(4,593)
Increase (decrease) in investments	394	(2,479)	23	18,260
<b>Total applications of capital funding</b>	<b>65,083</b>	<b>44,489</b>	<b>72,629</b>	<b>61,918</b>
<b>Surplus (deficit) of capital funding</b>	<b>(14,655)</b>	<b>(22,053)</b>	<b>(19,808)</b>	<b>(18,772)</b>
<b>Funding balance for Whole of Council</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# GOVERNANCE

## What we did

Our Long Term Plan 2018-28 provided a new vision and goals to embrace the growth and challenges we face in the next 10 years. Our vision is that we work together as a district to build liveable, thriving and connected communities as our district grows.

### Highlights

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

### Local authority elections

We facilitated the local authority elections in October 2019. Residents and ratepayers across the district chose their representatives for their Mayor, 13 councillors across 10 wards and 30 members of our 5 community boards. Throughout the election period we connected with our community through our Vote Waikato website, held candidate evenings and voting drop-in centres in our offices and libraries. Mobile voting booths in the last weeks of the campaign were operational to enable as many voters as possible to have their say. We are proud that voter turnout, while still low by New Zealand standards, increased compared to the last two elections.

### Open Workshops

We opened many of the Councillor workshops to the public, providing transparency and connecting our communities with the early planning stages on key decisions and policies, including the upcoming Long Term Plan 2021-31. Community Board and Committee chairpersons were also invited to these workshops so they can update and connect in with their communities.

### Public meetings during COVID-19

COVID-19 required us to think innovatively on how we continue to engage with the public and how we continue to hold public meetings. During Alert Levels 4, 3, and 2, we held virtual/online public meetings and workshops that were livestreamed on Council's YouTube page. This meant key decisions that affected the community could still be made, and the public could watch the meetings from the comfort of their own homes or offices. Hui on the renewal of the Raglan wastewater consent continued to be held online with the public able to engage directly with elected members and other key stakeholders.

We are advocating for permanent legislation changes, through the local government sector, so that virtual/online meetings can continue which will strengthen our accountability and transparency to the district's residents and ratepayers.

### Engagement with communities

We adopted the Waikato 2070 Strategy, following workshops and receiving 92 submissions on our draft strategy. Waikato 2070 has provided a clear sense of direction for the future growth and economic development for our district, and the strategy will be a 'living document' to reflect significant changes. We also engaged with our communities on a range of other initiatives, plans, strategies and bylaws, on subjects ranging from reserve management plans to the Cemeteries Bylaw, and from speed limits to playgrounds.

We expanded our efforts to engage with you through a range of media, surveys, public meetings and market days and we added to our range of online services. We attracted nearly 230,000 people to visit our website in the past year and Council has more than 14,000 followers on Facebook.








### Maintained Iwi partnerships

The Iwi and Community Partnership Manager continued to build stronger relationships with iwi, hapu and mana whenua. We engaged with iwi/maori groups assisting the numerous enquiries and concerns from Proposed District Plan (Stage 2), Blueprint submissions, rates and water enquiries, to Joint Management Agreements. A solid relationship with iwi, hapu and mana whenua is a vital component in delivering our vision of liveable, thriving and connected communities.

The past year also saw Council appoint two Maangai Maaori ('Voice of Maaori') representatives on our three principal Council committees. The representatives will bring their vast skills and experience, as well as a Te Ao Maaori lens, to the decisions that the committees make, which will benefit our decision-making process and our communities.

Joint Management Agreement meetings were held with Waikato-Tainui and Nga Wai o Waipa (Ngaati Maniapoto) on the Waikato and Waipa Rivers. Working and collaborating with Waikato-Tainui has developed a strong joint decision-making process on a number of initiatives and projects.

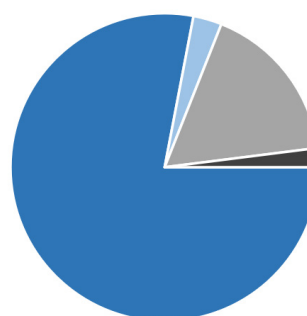
## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
Percentage of residents satisfied that they were able to contact their councillor as and when required.	80%	90%	75%		38 residents have contacted or attempted to contact a councillor in the last 12 months. The contact details of our councillors are publicly available on the website or through the Contact Centre.
Percentage of district plan changes that are undertaken as per the RMA statutory process.	100%	100%	100%		Target met.
Number of joint committee meetings held per annum.	2 Waikato-Tainui, 2 Maniapoto	4	3		Nga Wai o Waipa Co Governance hui was held during the last quarter. A joint Waikato-Tainui and all Waikato Council's hui and also Waikato Tainui-WDC JMA Co-Governance Hui is scheduled for the 2020/21 financial year on 16 July 2020.
Number of identified or notified breaches/objections under Joint Management Agreements, MOU's and MOA's.	0	0	0		Target met.
Number of formal governance hui held between council and iwi / hapuu groups.	4	Minimum of 4	4		Target met.
Percentage of minutes of all open meetings that are made publicly available via the Council's website.	100%	100%	99%		There was a delay in confirming the February minutes for the Meremere Community Committee, due in part to COVID-19. The minutes are now publicly available.
Percentage of Council decisions that comply with statutory requirements.	100%	100%	100%		Target met.

## What this tells us

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

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



## How we paid for it

### Operational Funding

**78%** General rates, uniform annual general charge, rates penalties

**3%** Targeted rates

**17%** Internal charges and overheads recovered

**2%** Local authorities fuel taxes, infringement fees and other receipts

# Funding impact statement

## Governance

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	5,247	5,623	5,736
Targeted rates	222	250	244
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	1,031	1,055	1,227
Local authorities fuel tax, fines, infringement fees, and other receipts	5	273	110
<b>Total operating funding</b>	<b>6,505</b>	<b>7,201</b>	<b>7,317</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,535	3,091	2,761
Finance costs	-	-	-
Internal charges and overheads applied	3,972	4,086	4,105
Other operating funding applications	2	2	3
<b>Total applications of operating funding</b>	<b>6,509</b>	<b>7,179</b>	<b>6,869</b>
Surplus (deficit) of operating funding	(4)	22	448
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	--
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	16
Increase (decrease) in reserves	(4)	22	432
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>(4)</b>	<b>22</b>	<b>448</b>
Surplus (deficit) of capital funding	4	(22)	(448)
Funding balance for Governance	-	-	-



# SUSTAINABLE COMMUNITIES

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

## Customer and partnership focus

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

## Economic development

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

## Emergency management

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

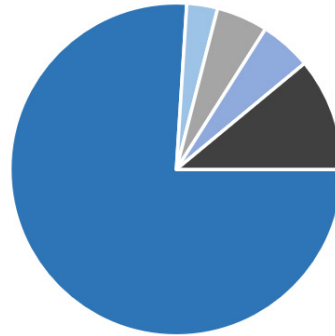
## Grants and donations

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

## Community connections (Parks and Facilities)

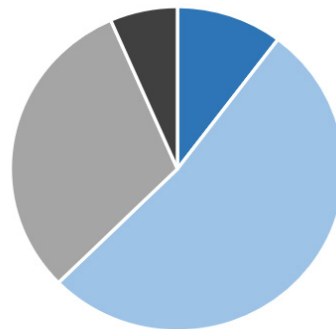
We provide many parks and open spaces, playgrounds and public facilities, including aquatic centres and libraries, walkways and sports grounds. Providing these facilities and amenities supports a healthy and thriving community.

## How we paid for it



### Operational funding

76%	General rates, uniform annual general charge, rates penalties
3%	Targeted rates
5%	Fees and charges
5%	Internal charges and overheads recovered
11%	Local authorities fuel taxes, infringement fees and other receipts



### Capital funding

10%	Subsidies and grants for capital expenditure
52%	Development and financial contributions
31%	Increase (decrease) in debt
7%	Other dedicated capital funding

# Customer and Partnership focus

## What we did

### Customer engagement

We engaged with or consulted our communities on subjects ranging from speed limit changes, cemeteries, community halls, reserve management plans, and Blueprints to District and strategic plans.

Council received 92 submissions on Waikato 2020, Council's Growth and Economic Development Strategy and 119 submissions to the proposed speed limit changes.

### Library services

The libraries activity applies to six libraries that are owned and managed by Council, which are there for the benefit of our changing communities. During this past financial year Council adopted a Libraries Strategy which begins to shape the future for this activity and responds to the changing needs of society.

The strategy prioritises 4 key themes which can be broadly described as; building the reading experience with a focus on increasing literacy; creating Hubs that provide spaces and activities that bring people together, increasing equity of access to library services through a mobile library, developing knowledge and skills within our communities by delivering or facilitating meaningful programs and events.

It is anticipated that the pursuit of these goals will feature significantly in the 2021-31 Long Term Plan (Libraries Activity).





### This year



Throughout the year we have continued to deliver reliable services to our existing customers and a survey carried out in-house by staff with a result of 97% satisfaction supports this.

Our shared library services agreement with Hamilton City Council has benefitted over 3,000 of our residents in 2019/20. Waikato district residents accounted for 8% of Hamilton City borrowers and the number of members signing up was 14% higher than modelled. These results support the value of this relationship and the desire to work collaboratively with Hamilton City for many years to come.

The 2019/20 year saw completion of one major project, and progression of one other. The new library/service centre in Meremere opened at a spirited community day including performances from the local school and Te Kauwhata College. The expansion and refurbishment of Tuakau Library is due for completion in May 2021. Although Council has experienced both engineering and planning obstacles in the delivery of this project, (including COVID-19) completion will no doubt bring joy and relief to those who have anticipated it for some time.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
Percentage of customers satisfied that council engages with the community regarding the right issues.*	56%	60%	40%		There has been significant feedback received regarding the decision to prohibit horses on beaches which may contribute to overall dissatisfaction regarding Council consulting on the right issues.
Percentage of customers satisfied with the ease of access and clarity of information regarding key community issues.*	53%	60%	48%		A new engagement platform will be launched in the new financial year which may have a positive impact on this measure.
Average level of effort to conduct business with Council (on a scale of 1-5, 5 being high effort) How much effort did it take to conduct your business?	2.68	less than 3	2.15		Target met.
Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go).	90%	90%	97.90		Target met.

Level of customer satisfaction that the quality of library resources meets their needs.	90%	90%	97.2%		Target met.
Percentage of time that access to a free internet service is available in libraries.	100%	100%	89.58%		<p>Two factors hindered 100% achievement of free internet supply.</p> <p>1) Delays with internet infrastructure supply at the new Meremere library were a result of supplier issues.</p> <p>2) COVID-19 lockdown – Council decided to switch off free Wi-Fi to discourage social gathering outside of our facilities.</p>

\* Source: "Waikato District Council Ongoing Satisfaction Survey July 2018-May 2019".

## What this tells us

A strong focus on engaging with our communities on key issues has not yet been reflected in the customer satisfaction levels for which we're aiming.

We engaged with our communities on a large number of

major initiatives through the year, and survey results varied through the year depending on the issues at hand and the level of perceived engagement activity.

## Potential significant negative effects

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

# Economic development

## What we did

### Strategy

The impact of COVID-19 on our district is still being played out in relation to businesses and community. However, the Waikato 2070 Economic and Growth Strategy adopted by Council in June 2020 generated a work program focused on both the continued growth for our district and on supporting business and community sustainability.

We promoted economic activity to support areas of growth across the Waikato district and meetings, presentations and enquiries from national and international investors and business have continued. To underpin economic growth, Council has also been working with our partners to increase capacity for skills training within the Waikato district to maximise potential opportunities for employment in line with the growth. The Waikato district population grew 2.7% compared to the national growth of 1.6% during 2019.

Community Led Development programs have been designed and delivered across parts of the Waikato district to support the capability of community groups to lead and manage their own community initiatives. Three rounds of funding programs have supported local groups to achieve their goals with individual community activities, while COVID-19 meant our fourth round of funding was postponed to August 2020.

The growth in employment for the 2019 year was 3.4% compared to the national growth of 1.9% with filled jobs sitting at 23,566 across the district. The largest sectors in employment for 2019 sit at agriculture, forestry and fishing, construction and manufacturing.

Tourism generated \$110 million through visitor spending to the Waikato district, with domestic tourism spending being the largest contributor at \$81 million.

The Open Waikato website was revamped to reflect the wider economic and community activities being delivered across the region and to continue to promote the liveable thriving and connected communities within our district.





### Regional Approach


We continue to support the Regional Economic Development Agency, Te Waka with a \$60,000 contribution per annum and work in partnership with them when we have identified opportunities to support businesses in the district.

An annual grant of \$150,000 per annum is provided to Hamilton & Waikato Tourism to support the promotion of our district. The Waikato region is the fifth highest region for tourism expenditure at \$1.4 billion, with domestic tourism expenditure being the largest contributor at \$1.112 billion.

We are members of the Waikato Wellbeing Plan and work with regional partners to promote the four well-beings of economy, social, culture and environment. The Regional Plan is currently being prepared and initiatives being created to support the well-beings.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The percentage increase in number of business units in the Waikato District. (Same or higher than NZ growth rate in number of business units).	1.20%	0.70%*	2.3%		Target met.
The percentage of customers satisfied or very satisfied that the quality of service and expertise meets their needs.	0%	90%	59%		59% of businesses were 'somewhat' to 'very satisfied' with Council's quality of service and expertise. This result was similar to November 2019 (62%). Overall, 83% of businesses provided non-negative ratings; only 17% were dissatisfied.**
Business Perception Survey average rating	8.80	Equal or higher than 8.50 out of 10*	8.70		Target met.
The percentage increase in measurable annual tourism expenditure (same or higher than New Zealand growth rate)	14.2%	-12.80	-12%		Waikato District has risen to the fifth highest tourist destination for the domestic tourist. New Zealand visitors dropped by 12.8% and Waikato district dropped by 12% - this was due to the impact of COVID-19.

The percentage delivery of the Economic Development strategic work programme.	100%	95%	100%		Target met.
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\* District growth rate greater or equal to the New Zealand growth rate of the same period.

\*\* SOURCE: SIL Research Annual Net Promoter Score (NPS) Business Survey (March 2020)

## What this tells us

Our reputation as a place to do business has continued to increase year on year.

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

# Emergency management

## What we did

### COVID-19

This year we were faced with COVID-19. This was the largest and most complex emergency response we have ever experienced as a Council and as a community, and was part of a national response led by the Ministry of Health. The lockdown came as an abrupt change to our normal lives and changed many of our circumstances. Our role as Council during this time was to ensure that those affected were provided with welfare support.

### Community resilience

A large part of our focus this year has been on community resilience. This has included establishment of a project team to work with the Port Waikato community who are affected by increased erosion at Sunset Beach. We also worked with a number of communities across our district by developing and managing community response plans.

Part of our work to increase resilience in our communities is assisting in understanding our hazards and what you need to do in an emergency. Council has worked alongside schools and community groups to improve their understanding through events like SAFE Kids.

### Developing our people



We hold an exercise every year to test our processes and identify opportunities for improvement. In September 2019 we held exercise Te Ruu Whenua which was based


on a credible earthquake event on the Wairoa North fault, which is located in the Hunua Ranges in the north of our district. What exercise Te Ruu Whenua highlighted for us was that the work that has been put into the development of our people has achieved a marked improvement in the skill and knowledge for our staff working in our Emergency Operations Centre.

We participated in an assessment in July to better understand our current capability. Our strengths that were identified included the recognition of the importance of CDEM in our organisation and our positive CDEM culture. The key drivers in the improvements in our CDEM culture change have been the commitment and dedication of our leadership team and staff in exercising, training and building our capability. The Public Information Management (PIM) team and Council's capability to effectively respond to an incident or event are also a key strength.

There are several areas for improvement detailed in the assessment report, including the need for a more structured approach to community engagement through the development of a Community Resilience Strategy and the development of collective welfare capability through the formation of a Local Welfare Committee; and further development of local recovery planning.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
Successfully participate in one exercise per annum that is fully moderated by an external party.	1	1	1		Target met.
Council maintains a minimum number of trained staff to Intermediate Level to fulfil core Emergency Operations Centre roles.	85	30	30		Target met. We trained another 30 staff to Intermediate Level this year.

Council maintains a minimum level of trained staff to foundation level to fulfil core Emergency Operations Centre roles.	154	100	100		Target met.
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There are no potential significant negative effects identified with this activity

## Grants and donations

### What we did

We supported the work of 97 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds.

From Council-owned funds (see table) we committed more than \$671,000 for distribution to 71 local groups. Of this the largest single amount was \$150,000 to support the work of Hamilton and Waikato Tourism, and this is already paying dividends in joint research and planning work to underpin our growing tourist industry sector in Raglan.

On behalf of the Creative Communities Scheme Fund we distributed \$58,581 to benefit 24 local groups, and the work

of two more groups benefited from \$28,000 we distributed on behalf of an independent trust we administer, the Waikato District Community Wellbeing Trust (see page 67).

### Council funds committed

Council funds committed for distribution (see table) included \$390,000 for 12 local groups and projects as a result of Long Term Plan pledges. A further \$280,000 of discretionary grants and other funding was committed for distribution to 59 local groups during the year through applications processes managed by Council committees and Community Boards.

Description	Funds committed through Year 3 of LTP 2018/2028	Amount Paid 2019/2020
Twin Rivers Community Arts Centre	5,000	5,000
Raglan and District Museum Society Inc	20,000	20,000
Sport Waikato - District Sports Award	5,000	5,000
Life Education Trust NZ	5,000	5,000
Waikato Ecological Restoration Trust	2,000	-
Waikato district crime prevention	10,000	-
The Bush Tramway Club Inc	1,000	-
Te Akau Waingaro Community Complex Inc	7,000	-
Tamahere Community Committee	4,000	5,803*
Hamilton & Waikato Tourism	150,000	150,000
Tuakau and District Museum Society Inc.	100,000	10,000
Para Kore Marae Inc	5,000	-
Creative Waikato	6,000	-
Te Kawwhata & Districts Information and Support Centre (Community House)	10,000	-
Waikato Coalfields Museum	50,000	50,000
Waikato Biodiversity Forum	3,305	-
Franklin Tourism Group	2,500	2,500
Matariki Festival (involving 6 local groups)	5,000	9,000
<b>Sub-total</b>	<b>390,805</b>	<b>262,303</b>



Other groups benefited from:		
Heritage Assistance Fund	20,051	-
Conservation Fund Grants	33,050	12,164**
Heritage Project Fund	40,000	-
Community Administration Funding	10,000	900**
Discretionary Grants	177,131	106,356
Sub-total	280,32	119,420
<b>Total Council funds committed 2019/2020</b>	<b>671,037</b>	<b>381,723</b>

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

\*Includes funds committed in 2018/19.

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

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
Number of discretionary grant funding rounds undertaken per year.	4	4	3		We postponed round four of funding due to the COVID-19 lockdown, We received two applications for the fourth round of funding. Following discussions with applicants, these were deferred to the August 2020 round.
The percentage of community funding/grant recipients meeting grant obligations, as evidenced through accountability reports.	95%	100%	95%		Staff continue to ensure funding recipients file a return on time.

There are no potential significant negative effects identified with this activity

# Community Connections (Parks and Facilities)

## What we did

### Community facilities

The Community Facilities team continue to provide repairs and maintenance to the 220 Council-owned buildings throughout the district, as well as managing the Council fleet of 75 vehicles and over 20 plant items to ensure that they are safe, maintained, compliant and utilised well. In addition to responding to daily requests for service, staff carried out renewals at our facilities to ensure the needs of our communities are being met. These projects include re-roofing sports clubs and pensioner houses, upgrading hot water systems and shower facilities in sport clubs, resurfacing the Huntly pools, surveying and cleaning the Raglan Wharf, replacing furniture through libraries, halls and offices, office upgrades to increase capacity, asbestos surveying, insulation upgrades to pensioner properties, installing safety showers and washing facilities for our Waters and Animal Control teams, fleet replacement and fit-out. In addition to this, the team have focused on the following projects this year:

#### Pensioner housing

Renewals have been carried out on five pensioner units within the district, with two units being completely redecorated including new floor coverings, two units in Huntly had the concrete tile roofs replaced with colour steel roofing.

#### Tuakau Office

The Tuakau Office has had new office furniture and has been re-arranged to make better use of the office space.

#### Pools

The Tuakau Pool plant room has been upgraded, with the pumps replaced and a new sand filter system installed, and the Huntly Pool has had the pumps replaced and the pool was repainted.

#### Fleet

The vehicle fleet has been upgraded as per the 19/20 replacement schedule. A new contract for the fleet GPS tracking system / vehicle booking system and driver monitoring system has been let, which will assist in maximising the efficiency of the fleet and the safety of our staff.

#### General

Council has recently negotiated a new facilities maintenance contract which encompasses multi-maintenance disciplines and encourages local employment for the district.

#### Projects

A new library for the Meremere community has recently been completed.

#### Public toilets

New public toilet facilities have been installed at Cliff Street and Wainui Road in Raglan, and we've upgraded the public toilet facility on Wainui reserve. The toilet block damaged by fire in Tuakau has been replaced and is now located in St Stephens Avenue.

### Open spaces

The Open Spaces team is tasked with managing the district's parks and reserves from a strategic and operational standpoint. The Open Spaces team, in conjunction with maintenance partner Citycare, strives to provide quality recreation and amenity spaces for the district's communities.

2019/20 was a busy year for the Open Spaces team with the addition of 10 hectares of parkland added to the existing portfolio of 1,669ha of maintained parkland. As well as normal maintenance, a number of operational, strategic and capital projects were completed over the year. Unfortunately, COVID-19 has delayed other projects, some by up to 6 months. Staff now expect to deliver the delayed projects in the first and second quarter of the new financial year.

#### Capital projects:

The upgrade program to improve the training lights at Dr John Light Body Reserve has been completed. Thanks to the fundraising efforts of the Tuakau Combined Sports Association, Council was able to match funding and improve the training lights around the reserve.

The Waikere walkway project on the eastern shore of Lake Waikere was completed early in the 19/20 financial year under budget and on time.

#### Operational Projects:

The renovation of both Raglan and Huntly's town centre gardens was completed early in the second quarter of the 19/20 financial year. Both communities were consulted to identify which plants were preferred for the town centres. The renovation program saw a majority of positive feedback from both communities on these plantings.

### Community Venues and Events

The Community Venues and Events team manage processing of events in Council reserves, halls, cemeteries and burials, campgrounds and Woodlands gardens. 2019/20 was an eventful year across all areas of the team. The events space is an area which will be further developed in 2020/21 with the creation of an Events Strategy and Policy.











#### Capital projects:

A full upgrade to the current septic system at Woodlands Estate was completed toward the end of 2019. The system was required after issues with the existing system. 2020/21 will see an upgrade to the fence around the music lawn at Woodlands Estate and a Huntly brick fence erected. Council is working in collaboration with the Woodlands Trust with this project to ensure a beautiful space is developed which will compliment future events.

In 2019, Raglan Holiday Park Papahua introduced 3 new cabins to replace 3 existing units. The large group complex provides accommodation that is aimed more toward school groups or large family units. Two bunk houses and a 'Hui' room with a full functioning kitchen make up the group unit.



## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
Percentage of customers who are satisfied with Parks and Reserves, including sports fields and playgrounds overall.	83.3%	90%	88%		Customer survey has identified the main concerns are: higher levels of service expected, more rubbish bins, dogs off lead in reserve spaces - staff will be taking this feedback on board. Contractors continue to perform well and the capitals renewals program continues to be rolled out.
Percentage of customers who are satisfied with the presentation of Council cemeteries.	91%	95%	91%		New planting has also occurred district-wide in cemeteries and new berms have been installed in the following cemeteries: Whatawhata New Lawn (ashes and burial berms), Jackson Street (burial berms), Muslim Cemetery (burial berms).
Percentage of new playgrounds built to New Zealand Standard – Playground Equipment and Surfacing (NZS 5828:2015).	100%	100%	100%		Target met.
Percentage of customers who are satisfied with public toilets in the annual satisfaction survey.	69%	75%	78%		Target met.
Percentage of new public toilets built to NZS 4241:1999.	100%	100%	100%		Target met.
Percentage of buildings that require a warrant of fitness and that comply with it.	100%	100%	100%		Target met.
Percentage of customers who are satisfied with the service provided at the Raglan Campground. *	92.80%	90%	91%		Target met.
Percentage of customers who are satisfied with the service provided at the Huntly campground. *	82.50%	90%	76.50%		During 2020/21, Council staff will be focusing on utilising the space which it is intended for – a camp ground. Post COVID-19 there has been a decline of overseas campers however a targeted marketing approach for New Zealand residents will be a focus in the next year.
Percentage of visitors that find the facilities clean, accessible and welcoming (pools).	91%	90%	90%		Target met.
Percentage of WDC Aquatic Centres that are operated under NZ Pool Safe Accreditation.	100%	100%	100%		Target met.

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

## Potential Significant Negative Effects

Potential negative effect	How we are addressing this
Disability access to facilities	Development of the Disabilities Access Policy. Design and manoeuvrability for wheelchair access, or mobility scooter. New facilities to be designed in accordance with Council's HCC development manual.
Noise and disorderly behaviour issues from events at reserves, and general use of reserves	Events managed in line with Council's terms and conditions of hire. Any disturbance will be handled by local police or noise control if required.
Herbicides impacting environment	Working in conjunction with Hazardous Substances and New Organisms (HSNO) standards for handling agri-chemicals. Enforcing appropriate conduct and use of wash down facilities and hard stands. Ensuring pest and weed control activities are within guidelines.
Damages to property and harm to people from falling trees and branches	Tree maintenance programme according to industry standards. Focus on higher risk areas such as walkways, playgrounds, higher use reserves, and power networks. Responsive to customer requests and cyclical maintenance.
Reserves can create a fire hazard for properties	Management of fire breaks to prevent this effect.
Hazardous chemicals used to keep bio hazards under control, can be harmful if mishandled	Staff training to identify and handle emergency events and safety standards strictly adhered to. Sodium hypochloride used which is safer alternative than traditional chemicals.
Accidents at aquatic facilities	Pools managed to Pool Safe certification standards. Wet floor signage for appropriate areas.
Isolation/location of public toilets leading to safety concerns	Ensure toilets are designed appropriately and located in areas that are easily visible and accessible. Use Crime Prevention Through Environmental Design (CPTED) principles.
Toilets can present a sanitary risk to the community	Included in Water & Sanitary services assessments (three yearly).
Toilets considered to have a negative aesthetic effect	Use of eco design, strategic locations, planting to minimise the impact, environmentally complementary plain colour.
Noise and disorderly behaviour issues from events at cemeteries and general use of cemeteries	Restricted opening hours.
Congregation of undesirable groups with the potential to vandalise equipment	Maintenance regimes in place to rectify any issues, installation of CCTV as appropriate. Use CPTED design principles.
Potential pollution of waterways from cemetery activities	Maintain an adequate separation distance between human remains and the highest seasonal ground water table. Maintain an adequate buffer zone around cemeteries, and plant with deep rooting trees.

# Funding impact statement

## Sustainable communities

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	20,155	21,627	22,349
Targeted rates	704	710	792
Subsidies and grants for operating purposes	60	60	81
Fees and charges	1,691	1,760	1,464
Internal charges and overheads recovered	380	353	1,569
Local authorities fuel tax, fines, infringement fees, and other receipts	1,717	1,754	3,158
<b>Total operating funding</b>	<b>24,707</b>	<b>26,264</b>	<b>29,413</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	14,277	15,053	18,676
Finance costs	-	-	-
Internal charges and overheads applied	5,779	6,094	5,766
Other operating funding applications	564	562	870
<b>Total applications of operating funding</b>	<b>20,620</b>	<b>21,709</b>	<b>25,312</b>
Surplus (deficit) of operating funding	4,087	4,555	4,101
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	360	368	504
Development and financial contributions	2,632	2,680	2,613
Increase (decrease) in debt	3,479	3,668	1,539
Gross proceeds from the sale of assets	500	511	5
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	339
<b>Total sources of capital funding</b>	<b>6,971</b>	<b>7,227</b>	<b>5,000</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	4,564	1,393	1,098
- to improve the level of service	4,112	4,427	3,543
- to replace existing assets	3,355	3,708	3,722
- Increase (decrease) in reserves	(973)	2,254	738
- Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>11,058</b>	<b>11,782</b>	<b>9,101</b>
Surplus (deficit) of capital funding	(4,087)	(4,555)	(4,101)
Funding balance for Sustainable communities	-	-	-

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

# SUSTAINABLE ENVIRONMENT

This group of activities includes animal control, building quality, strategic and district planning, solid waste and environmental health.

Our strategic focus is to develop and maintain an integrated approach to providing sustainable, attractive, affordable and safe options for living, in a way that's in tune with what ratepayers want. We need to provide more streamlined processes that cost less while still delivering required results for our community and Council.

## Animal control

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

## Building quality

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

## Environmental health

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

## Strategic and district planning

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

## Solid waste

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

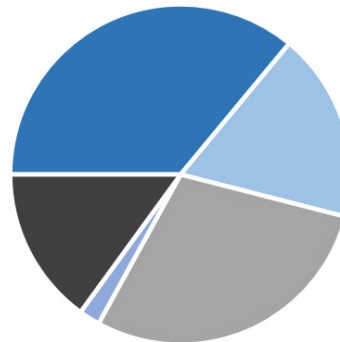
The goals of the WMMP are summarised as:

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

councils around us;

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

## How we paid for it



### Operational Funding

36%	General rates, uniform annual general charge, rates penalties
18%	Targeted rates
29%	Fees and charges
2%	Internal charges and overheads recovered
15%	Local authorities fuel taxes, infringement fees and other receipts

# Animal control

## What we did

Animal Control responded to 2,933 service requests over the last year with an average of 7 dedicated officers on the road at any one time for the Waikato district. Approximately 32% of these service requests were related to straying dogs. We have been proactively patrolling the district to reduce the number of wandering dogs and Council has worked closely with our communities to resolve issues as the jobs arise.





Animal Control were active throughout the COVID-19 lockdown as an essential service, ensuring our communities were kept safe and that all priority jobs were responded to quickly. We're proud to have safely achieved our community safety results during the pandemic.

In addition to our successful 'Dogs in Libraries' program and our school education visits, we were involved with two successful

public events this year with the 'Get Your Pups Out for Breast Cancer' pink walk in Horotiu and Tuakau, and the 'Safe Kids' Halloween event in Huntly. We were in the middle of planning the Pound Pups Pool Parties and our big annual event, the Dirty Dog Challenge, when COVID-19 put a temporary stop to our community events. We are moving ahead with organising these events now that the restrictions have lifted and look forward to positively engaging with our communities in the second half of 2020.

At the end of the year there were 14,736 dogs known to Council residing in the district. 13,735 of these were current with their registration. Registration compliance will continue to remain a focus for our team as we move into the new registration year.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within 1 hour.	95%	95%	100%		Target met
The percentage of complaints regarding stray stock that have council personnel on site within 1 hour.	98.21%	95%	100.00		Target met
The number of reported serious dog attacks on people in public places (where medical attention is required) that occur in our district does not exceed 10 per year.	15	10 or less	10		Target met
Complete Engagement and Education visits throughout the district.	152	120 per annum / 10 per month	76		Animal Control was on track to achieve their target of 120 before COVID 19. Moving forward, the team are now planning the Dirty Dog Challenge 2020 as well as attending school education visits and running Dogs in Libraries sessions throughout the district.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Injury to Animal Control Officers from attack by dog owners, dogs and livestock	Continue to provide ongoing training and ensure the correct and required personal protection equipment is provided.
Dog owners disgruntled by enforcement action taken against them	Professional and courteous enforcement.
Members of the public are at risk from dog attack	Ensure animal control services are maintained at a level to ensure stray dogs are impounded.
Dog control activity is predominantly paid for through registration of known dogs which may not target those that use the service	Implement cost recovery options where possible.

## Building quality

### What we did

#### Building consent systems

During the COVID-19 lockdown, the Building Quality team continued to process building consents and carry out administration of consents. This allowed the building industry to be prepared to start working immediately after the restrictions were lifted.

During the lockdown the Building Inspectors also carried out tasks as part of Council's Civil Defence response.

We continue to make tweaks to our new digital online consenting system. We currently receive around 84% of our building consent online. Any paper-based applications are scanned into the system to be processed digitally. The customers using the digital system have said that it's saving them time and money. It is envisaged that in the future we will move to an online system (Alpha 1), bringing us in line with our neighbouring councils. The new system will make lodging consents via the internet even easier and reduce the number of hold-ups in the current process due to insufficient information being provided during the initial application phase.

#### Inspections

Our inspectors use portable tablets when undertaking building inspections. This means that documents can be emailed directly to the customer, agent or contractor at the conclusion of the inspection. If the customer wishes we can also print out a copy of the check-sheet on site.

Regrettably we were unable to meet our targets for swimming pool inspections due to the COVID-19 lockdown. We will try to make up the shortfall in 2020/21.

There has been a significant increase in building consents for new house builds in our district despite the COVID lockdown. Regrettably we were unable to meet our targets for auditing buildings with WOFs due to the COVID lockdown, again we will try to make up the shortfall in 2020/21.

#### Accreditation

We have our next accreditation assessment in February 2021. We are working to review our processes and procedures to ensure we meet the changing accreditation landscape. Subsequent rounds of accreditation reviews have seen IANZ delving deeper into the detail of the procedures and processes. Changing guidance from MBIE also has an impact on how we are audited.

### Issues

#### Consents processing





To date Council has processed 1914 building consents; this is an increase on last year – where we processed 1796 building consents. We processed 807 dwelling consents, an increase of 32.9% on last year's total of 607.

The COVID-19 pandemic hasn't had a huge impact on our consent numbers so far, however we are assuming there will be a contraction in the economy as a result which may have an affect on the number of consent applications. Nevertheless, the Waikato district remains one of the fastest-growing districts in the country measured by new dwelling consents, so the respite may be temporary.

#### Assessment of earthquake-prone buildings

We have now carried out 81 assessments on earthquake-prone buildings in the north Waikato area, including Pokeno, Tuakau and Port Waikato, before reclassifying buildings already identified in line with the new legislation.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually.	35%	33%	31%		Existing buildings are 2.0% below target due to the COVID-19 lockdown where audits could not be carried out.
The percentage of buildings that provide sleeping care or paid accommodation that are audited for compliance annually.	100%	100%	95%		The KPI was not met due to the COVID-19 lockdown, during this time audits could not be carried out.
The percentage of swimming pools that are inspected for compliance annually.	64.65%	33%	28.28%		We did not meet the KPI due to the COVID-19 lockdown requirements (pool inspections were not considered essential) and staff shortages.
The percentage of building consent applications that are processed within 20 working days.	98.83%	100%	99.84%		Currently we are processing 99.84% of standard consents within the statutory timeframe with dwellings achieving 100%. Out of 1,888 building consents processed and granted this year, 3 have gone over the 20 working day timeframe.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Legislation is requiring more Council input into plan review and building inspection, which increases costs	Council has to react to new legislation, but tries to limit the cost increase as much as possible.
Non-compliance requires Council to take offenders before the Courts	Prosecution of blatant offences against the Building Act is necessary to reinforce compliance, maintain equity for those who obtain consents and fulfil statutory duty.
The time to process applications might be regarded as a delay to construction	This is mitigated through the simplification of the consent process.
Leaky homes are identified	More thorough vetting of the drawings, inspections by better trained and highly skilled inspectors, will assist in reducing the incidence of leaky homes.

# Environmental health

## What we did

In 2019 all food operators in the district were successfully registered under the Food Act 2014 (Food Act). This Act allows food businesses to manage food safety in a way that suits their business, based on their level of food safety risk. This risk-based measure must be verified by an approved verifier.

Our Environmental Health team has maintained its status as a recognised agency by the Ministry for Primary Industries (MPI) to provide verification services within the district. Three Environmental Health Officers were appointed by the Ministry of Primary Industries (MPI) as verifiers of food operations during the year. Two staff also progressed to Food Safety Officer status for enforcement activities.

COVID-19 effectively suspended activity in the (public) food and alcohol activity areas. During this time staff undertook training so that limited remote checks could be completed. Staff continued to provide guidance for new and existing food businesses in order to help with registration and verification.

Numerous enquiries have been received since the commencement of COVID-19 level 4 lockdown as operators have worked hard to adapt within the new operating environment with our support.

## Sale and Supply of Alcohol Act 2012






Processing alcohol applications under the Sale and Supply of Alcohol Act 2012 to meet statutory deadlines and District Licencing Committee hearings were suspended by COVID-19. The team has worked hard with other agencies to meet demand as businesses have subsequently re-opened.

## Investigative work

A significant number of noise complaints were attended by our out of hours service this year. The out of hours service was adapted for lockdown conditions and many cases transferred to our environmental staff to follow up. This enabled a noise service to the community to continue throughout lockdown.

A range of health issues were responded to during the year ranging from contaminated land and property to spillages, land use and consents, vermin and agricultural activity issues. Targeted noise monitoring was undertaken as part of our investigative compliance work.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The percentage of licensed food premises that are inspected/verified annually.	78%	100%	100%		Target met
The percentage of medium risk or higher fee category licensed premises that are inspected annually.	100%	100%	100%		Target met
Percentage of excessive noise complaints responded to within agreed timeframes.	72.77%	85%	83%		The contractor has shown more consistent and improved results at this level during the year under new management so we are confident that the target will be met in the coming year.
The percentage of hazardous land use information (HAIL) reports that will be completed within 10 working days.	98.40%	90%	99.50%		Target met
Percentage of environmental health complaints where the customer has been contacted within 3 working days.	57%	90%	86%		This figure is set as a more robust challenge than the normal response time for complaints. This target % has increased through the year with the development of new team members.

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



# Strategic and district planning

## What we did

### Giving effect to Council's Vision

Over the past year we continued our planning efforts to give effect to our vision of liveable, thriving and connected communities. We progressed work on the Hamilton to Auckland Corridor Initiative (a Crown-Council-Iwi partnership) with a focus on six key work streams: Three Waters (drinking, waste and stormwater), stronger corridor connections, Papakura-Pokeno sub-region, River communities, Hamilton-Waikato sub-region, New tools and options for implementation.

Key to this work has been the development of a spatial framework for the corridor (area) through the River Communities Spatial Intent and the Hamilton-Waikato Metropolitan Spatial Plan.

We began hearings on our Proposed District Plan, which will provide updated guidelines for development of our communities, including rules for protecting the district's environment and heritage.

### Sub-regional and regional

An updated draft of the Hamilton to Auckland Corridor Plan's Statement of Shared Spatial Intent has been produced to reflect the emerging thinking in the River Communities Spatial Intent and the draft Hamilton-Waikato Metropolitan Spatial Plan. Progress on each of the corridor initiative workstreams is as follows:

#### Three Waters

Waikato Sub-Regional Three Waters Study Phase 1, including the development of a strategic business case, was completed. Phase 2 is currently underway of which the main result will be a more detailed program business case.

Designing and developing a cross-regional blue-green open space and recreational network

A high level concept has been developed and is being advanced through the Hamilton-Waikato Metropolitan Spatial Plan.

#### Stronger corridor connections

Rapid Intercity Rail Service - An indicative business case for a rapid intercity rail service between Hamilton and Auckland has been prepared and submitted by the Ministry of Transport to the Minister for consideration.

Start-Up Passenger Rail Service between Hamilton and Auckland – the start date for this train service has been delayed due to COVID-19.

Waikato expressway – The 5.9km Longswamp section was opened in December 2019.

#### Papakura-Pokeno sub-region

The Drury Transport Investment Project (DTIP) is completed and was reported to the Ministry of Transport and Auckland Council in May 2020.

A Point of Entry Statement led by Waka Kotahi for southern Auckland/northern Waikato has been approved by the Waka Kotahi Delegations Committee.

COVID-19 has had implications for the timing of the launch of the Pokeno-Tuakau-Pukekohe bus service (which was to happen in June 2020).

#### River Communities Spatial Intent

The development of a Spatial Plan for the River Communities (extending from Tuakau in the north to Taupiri in the south) was put on hold in August 2019 to enable Council to progress the development of a District Growth and Economic Development Strategy (Waikato 2070). With Council having now adopted Waikato 2070, it has since been agreed that the 'spatial plan' will now take the form of a 'spatial intent' for the River communities. Iwi and hapu spatial aspirations will form a key component of the River Communities Spatial Intent.

#### Hamilton-Waikato sub-region

A draft Hamilton-Waikato Metropolitan Spatial Plan has been produced and was reported to the Future Proof governing body (the Future Proof Implementation Committee) in June 2020.

#### New tools and options for implementation

Four shortlisted projects have been identified to form part of an infrastructure funding and financing implementation pilot initiative being led by the Department of Internal Affairs. These projects are: Enhanced Hamilton to Auckland rail; Sub-regional solid waste facility; Waikato River catchment river restoration; and southern Hamilton metropolitan wastewater treatment.

#### Future Proof

The launch of an expanded Future Proof partnership which brings central government, Auckland Council, Auckland iwi, the Franklin Local Board and the Papakura Local Board into the Future Proof governance arrangement to oversee the Hamilton to Auckland corridor initiative was launched in August 2019.

Phase 2 of the review of Future Proof has begun but the completion of the review has been delayed as it is subject to the completion of the River Communities Spatial Intent and the Hamilton-Waikato Metropolitan Spatial Plan.

#### Projects for economic stimulus

As a result of COVID-19, Council has worked with its Future Proof partners in identifying 23 project proposals within the sub-region for submitting to central government for funding consideration. Government is expected to decide on these projects in mid-2020. The proposals will provide the stimulus needed to support the sub-region and country as we recover from COVID-19. The initiatives are bold, transformational and challenge the norm.

As well as the 'shovel ready' projects, the Future Proof sub-region has also submitted a suite of Urban Growth Program initiatives to central Government. These initiatives represent the medium to long term opportunities from the Hamilton to Auckland corridor and the emerging Hamilton-Waikato Metro Spatial Plan.

## Waikato Plan

The Waikato Plan is the vehicle for the Waikato region to collaborate on regional issues, to advocate to Central Government for the Waikato region, and to harness the resources and opportunities of the Waikato as a collective to go further and achieve more together.

Over the past year Council has worked with our partners in progressing the following key projects identified by the Waikato Plan Leadership Committee:

**Waikato Regional Housing Initiative** – A matrix of information about which groups are doing what in the housing space and where was created in 2019.

**Youth and Employment** – Engagement with youth and a commitment to a design thinking process with employers has helped to shape this Waikato Plan project.

**Mental Health and Wellbeing** - A stakeholder matrix has been developed and the following priority areas identified: access to services, prevention and early intervention via multiple agencies; community understanding of mental health first aid; and sustaining support.

**Climate Action** – In partnership with Waikato Regional Council, the Climate Action Now Summit was held in September 2019 to explore regional responsive efforts with youth across the Waikato.

**Waikato Wellbeing Project (Sustainable Development Goals (SDGs))** - The project was established by WEL Energy Trust as a tool to enable Waikato agencies to work together to meet regional Sustainable Development Goals.

## District wide

### Blueprints

In the previous financial year, 2018/19, we co-developed the Waikato Blueprint with our communities through a series of intensive consultation and inquiry-by-design workshops. The Blueprint provides a high-level 'spatial picture' of how the district could progress over the next 30 years, addressing the community's social, economic and environmental needs. The District Blueprint identifies nine themes and related initiatives which will further help in giving effect to Council's vision. In addition to the nine district-wide themes and related initiatives, 15 Local Area Blueprints were developed.

In the past year, Council began implementing the Blueprint by progressing some of the initiatives for which funding and staff resourcing was already available. A full stocktake of progress against all initiatives was completed in June.

Also in June, a series of 10 public workshops began to check in with communities on the various Local Area Blueprints as well as the District-wide Blueprint. These workshops provide information from the stocktake of implementation progress, and ask communities to identify whether the Blueprint priorities are still appropriate in light of recent events. They also ask for guidance as to what initiatives might be led by the community rather than Council, and which might be undertaken in partnership with Council.

## Waikato 2070

Waikato 2070: the District Growth and Economic Development Strategy, was adopted in June, following a consultation period and hearings. Over 90 submissions were received from November – January, and hearings were held in February and March.

The growth indicated in Waikato 2070 has been informed by in-depth analysis and combines economic, community and environmental objectives to create liveable, thriving and connected communities. The growth direction within Waikato 2070 informs long-term planning and therefore affects social, cultural, economic and environmental wellbeing.

Waikato 2070 can inform current hearings on the Proposed District Plan, as well as input into regional planning processes such as Future Proof and Hamilton-to-Auckland Corridor planning. It is also currently informing the development of Asset Management Plans and associated capital works planning for the 2021-2031 Long Term Plan.

### Proposed Waikato District Plan

The Proposed District Plan, which received over 900 submissions covering over 9,000 individual submission points, entered its hearings phase in September 2019. Hearings continued during the COVID-19 lockdown from March to May 2020, through the use of videoconferencing. We are one of the first councils in New Zealand to conduct District Plan Review hearings in this way. Hearings are recorded and posted on the Council website/YouTube channel for the public to view. This method continued during Level 4 and Level 3 to make participation easier for submitters.

A variation to the Proposed District Plan relating to Te Kowhai Airfield was notified in late June.

Land subject to coastal inundation, coastal erosion and flooding from the Waikato and Waipa rivers has been identified through a coastal hazards assessment that focusses mainly on Raglan and Port Waikato urban areas and flood modelling. The flood modelling and coastal hazard assessment attempt to incorporate the effects of climate change over a 100 year period.

### Consents

The Consent Team handled 1084, resource consents and related applications this year which is a similar volume to last year (1046). Of the 1084 consents handled, 869 were issued during the 2019/20 year.

The number of lots consented from subdivisions was 794 (down 33% from last year), however once construction of consented subdivisions were completed by developers, 1326 lots were released for title (up 30% from last year).

Customers continue to utilise our Duty Planner and Pre-Application Services. Our Duty Planners responded to 3,501 enquiries (down slightly by 7%), and we processed 203 pre-application requests (up 25% from last year).

The number of LIMs (Land Information Memorandum) processed over the last year was 1239 (down slightly by 4%), and the number of property enquiries processed was 1658 (down 14% from last year).




## Highlights

The workload serviced by the Consent Team was overall tracking to be an increase on the previous year until April when there was an impact of the COVID-19 – Level 4 lockdown. The most significant drop in volume was with our property services (LIMs and property enquiries) but these rebounded and even increased above pre-lockdown levels (for LIMs) by the end of June.

There was an easing in the number of resource consent and related applications that customers lodged with Council over the months of April and May, it was not significant and the overall volume of all application types was very similar to last year.

The percentage of resource consent applications which are processed within statutory timeframes in 2019/20 was 99.42%. Of the 869 resource consents issued during the year, 5 were not completed within statutory timeframes. The team continued to process all applications during the COVID-19 lockdown and none of the 5 that were overtime were because of lockdown.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The percentage of resource consent applications which are processed within statutory timeframes.	98.85%	100%	99.42%		In June we issued 76 consents. All bar one was issued within statutory time frames. For the year we issued 869 consents. All bar five were processed within statutory timeframes.
The percentage of current land use consents that are older than two years which have been monitored in the past two years.	89%	More than or equal to 80%	78%		Monitoring activity has now resumed back to pre COVID levels and the team has managed to retain the momentum gained by the end of May. Given that almost no monitoring was able to be carried out for close to 8 weeks, this end of year result is as expected.
The number of parking patrols that are carried out in communities that have parking controls under the bylaw.	152	More than or equal to 150	13		Parking patrols have resumed however frequency is still impacted by low township parking use and low freedom camper numbers in some townships. Teams have undertaken some northern patrols to investigate truck parking non-compliance. End of year actual patrol number directly impacted by 8 weeks of almost zero patrol ability at L4/L3 and team members being redeployed to Civil Defence teams.

## What this tells us

This past year has seen a lot of the planning effort being focussed on giving effect to Council's vision. We are also in the process of developing a Planning Roadmap which will further augment this focus over the coming year.

The Proposed Waikato District Plan Stage 1 hearings commenced in September 2019 and Stage 2 notification in early 2020.

While the overall number of resource consents and related applications handled by the Consent Team is down slightly this year (1,084), over the last four years numbers have continued to be elevated (average of 1,104) compared to

5 years ago (only 746) which is a sustained increase of 32% compared to 5 years ago (2014/15).

The overall number of resource consents and related applications handled by the Consent Team is similar to last year. It reflects continued development growth across the district, particularly for subdivision development with a 30% increase in lots being released for titles once construction of subdivisions were completed.

## Potential significant negative effects

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

## Solid Waste

### What we did

The Waikato district generates about 52,000 tonnes of waste, excluding farm waste, to landfill each year, an average of 750kgs per person every year, and diverts about 71,000 tonnes of material through reuse, recycling and composting.

Council partners with 3 contractors in the district who provide kerbside refuse and recycling collections and operate transfer stations and rural drop-off points. Domestic volume accounts for 15-20% of the total waste generated in the district, the balance being commercial and agricultural waste.

Under the Council's Waste Management & Minimisation Plan (WMMP) 2018-2024, the vision of zero waste and resource recovery is integral to the health and wellbeing of our community. The purpose of the WMMP is to set out vision, targets and actions to guide us in a direction that will achieve that vision.

#### Solid waste review

As required by Section 17A of the local Government Act, Council is currently undertaking a review of solid waste services in the district. Since the introduction of China's National Sword program in 2017, international markets for recyclable materials, particularly plastics, have been severely affected with limited options available.

The lack of local infrastructure for the local processing of plastics and capacity constraints for fibre (cardboard), make the situation challenging. The solid waste review has dovetailed strongly into a review and reset of the Solid Waste Activity Management Plan and Council's Long Term Plan from 2021.

#### COVID-19 response

During the COVID-19 lockdown Waikato district was able to maintain kerbside services as an essential service with minimal disruption by working proactively and collaboratively with our contractors. Unlike some other surrounding areas, during this time, we worked hard to ensure no recyclables were sent to landfill to maintain our waste minimisation ethos.

#### Waikato & Bay of Plenty TA Waste Liaison Group

Our Waste Team is one of the members of a wider territorial authority group known as the Waikato and Bay of Plenty Waste Liaison Group. The purpose of the group is to provide a forum for Waikato and Bay of Plenty regions to come together to discuss shared waste minimisation objectives and achieve waste minimisation, recycling and better management of solid waste through the sharing of information and experiences between district and city councils, and to coordinate activities between councils and external organisations, where appropriate. The objective of this group is, in part, to prepare recommendations and submissions that reflect the collective agreement of the group, regarding significant waste minimisation, management and recycling issues.

During the year, the group made two submissions to Ministry for the Environment through a consultation process;

1. Reducing Waste: a more effective landfill levy
2. Managing the trade in plastic waste: New Zealand's approach to implementing amendments to the Basel Convention

The group continues to work on other projects and information sharing. Two ongoing projects are:

- Data licensing - A regional/cross regional approach to licensing and data collection for waste operators
- Cross-regional infrastructure – decide on an approach for waste infrastructure

#### Zero Waste Education

The team at Xtreme Zero Waste continued to work with schools and students during lockdown. They delivered their work via presentation and an online tutor to take the students on the journey of zero waste.

#### Para Kore

Para Kore aims to normalise living without waste on marae, through behavioural change, drawing on Te Ao Maaori

perspectives, and nurturing traditions and practices from our tuupuna.

COVID-19 presented Para Kore with opportunities to reconsider how to engage with communities when Para Kore cannot meet people kanohi ki te kanohi (face to face). They trialled live sessions on topics such as bokashi, making natural paint, gardening and waste reduction for city residents. These sessions engaged anywhere from two to nine thousand each session/video.




#### Enviroschools

The Enviroschools Program supports and empowers children and young people to plan, design and implement sustainability actions that are important to them and their communities. It provides relevant life contexts for learners to

be connected with their environment and their communities, and how to be actively involved in social, cultural, economic and environmental change.

The Waikato District Enviroschools have engaged in a range of different themes within the program and undertake many projects which positively impact on their environment and local communities.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The percentage of schools in the district that receive solid waste education.	63.30%	55%	66%		Target met
The percentage of kerbside collection complaints that are resolved within agreed timeframes.	88.8%	97%	97.13%		Target met
The % of time a contractor was engaged within 5 days from receiving the service request to remove rubbish to resolution.	92%	95%	89%		While we had been on track to meet this target, the target was not met as it reflects when service requests were not accurately recorded during the October-December 2019 period. This administrative issue has since been resolved.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Increase in the amount of refuse to be disposed as population increases over time	Council acts as the advocate for waste reduction through the adoption of the Waste Minimisation & Management Plan. Council also supports education initiatives and provides education material for its customers.
Environmental impacts caused by the discharge of contaminants to land and water from closed landfills	Compliance with resource consent conditions that stipulate the frequency and parameters to be monitored.
Ease of disposal, through convenient waste management services, encourages increased quantities of material to be sent to waste by customers	Education and programmes to build awareness and foster ownership of waste minimisation within the community.
Potential impacts on customer satisfaction due to service failure /delays /responsiveness	Monitor and report on Levels of Service and in service provider contracts. Seek to resolve customer complaints to 'close the loop'.
Health and safety risks associated with the operation, maintenance, or construction of solid waste infrastructure	Ensure compliance with legislation and health & safety management plans. Maintain an incidents register.
Under-provision of recycling facilities fails to promote a positive shift in the community's attitude to waste	Each main urban community in our district has green waste and/or recycling facilities.
Waste entering the water bodies affect the mauri of the environment	Each main urban community in our district has green waste and/or recycling facilities.

# Funding impact statement

## Sustainable environment

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	7,926	8,438	8,723
Targeted rates	3,458	5,406	4,651
Subsidies and grants for operating purposes	-	-	92
Fees and charges	7,347	6,390	7,321
Internal charges and overheads recovered	762	779	576
Local authorities fuel tax, fines, infringement fees, and other receipts	4,215	4,396	3,836
<b>Total operating funding</b>	<b>23,708</b>	<b>25,409</b>	<b>25,199</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	17,509	18,750	19,304
Finance costs	-	-	-
Internal charges and overheads applied	5,938	6,290	5,263
Other operating funding applications	39	56	213
<b>Total applications of operating funding</b>	<b>23,486</b>	<b>25,096</b>	<b>24,780</b>
<b>Surplus (deficit) of operating funding</b>	<b>222</b>	<b>313</b>	<b>419</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve the level of service	-	51	-
- to replace existing assets	153	76	63
Increase (decrease) in reserves	69	186	356
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>222</b>	<b>313</b>	<b>419</b>
<b>Surplus (deficit) of capital funding</b>	<b>(222)</b>	<b>(313)</b>	<b>(419)</b>
<b>Funding balance for Sustainable environment</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ROADING

## What we did

### Waikato District Alliance

The roading maintenance activity is delivered by the Waikato District Alliance (WDA), a partnership between Council and Downer NZ established five years ago. The contract brings together the resources of the two parties under a collaborative structure which is focussed on delivery of a 'best for network' solution. The contract term is for five years with an extension of five years based on satisfactory performance.

A comprehensive review of contract performance carried out over the last six months of the year supported extending the term for another five years. This extension has been approved by Council and took effect from July 2020. The roading network is benefitting from this innovative delivery model with many of our performance measures being exceeded.

### Connected Communities

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

Projects included the new Mangawara Stream Bridge (and Watts Grove) upgrade at Taupiri, providing a safe entranceway to the urupa. This was a joint project involving Waikato Tainui, NZ Transport Agency Waka Kotahi, KiwiRail and Waikato District Council and opened in June 2020.

In addition, the following new footpaths were completed and well received by local communities:

Road Name	Community	Connectivity
Kent Street	Ngaruawahia	Connected start of road to Ngaruawahia High School
Matangi Road	Matangi	Progression of connection from Matangi to Hamilton City
Alexandra Street	Huntly	Connects a number of footpaths in the community
Bailey Street	Huntly	Connect southern end of Bailey Street with remaining houses
Paki Street	Huntly	Connects western end of Paki Street with remaining houses
Wi Neera Street	Raglan	Connection to the town centre
Waingarua Road	Glen Massey	Connection between houses and school
Great South Road	Horotiu	Created safer crossing points in Great South Road for children walking to Horotiu School

Road Name	Community	Connectivity
School Road	Whatawhata	Created safer access and crossing points from bus and to school
Lorenzen Bay Road	Raglan	Connected Lorenzen Bay Road into other footpaths in Raglan
Main Road	Raglan	Created footpath so pedestrians did not have to walk on the road
Jellicoe Road	Tuakau	Connection between old footpath and existing houses
Wainui Road	Raglan	Connected section from Riria Kereopa Road to Wainui Bush Reserve

### Best for network – road surfacing and strengthening

Council has re-surfaced 96.8 kilometres of sealed roads, completed 5.25 kilometres of pavement rehabilitation and graded approximately 1,200 kilometres of unsealed roads.

Council has also approved a move toward best for network practice for their annual re-surfacing program. New Zealand best practice is to have all pre-reseal repairs completed one year ahead of commencement of the annual re-sealing program.

WDA completed a huge number of stabilisation repairs this year (110,000 m<sup>2</sup>) which has resulted in pre-reseal repairs being six months ahead. This will provide greater flexibility for proposing the annual re-sealing and ensures we will achieve the best practice 'year ahead' goal by June 2021

### Emergency work

In addition to providing a 24/7 emergency response service, WDA has repaired several high priority existing slip sites including four on Highway 22 and slips on the following: Hunt, McGovern, Port Waikato, Waikaretu, Wairamarama, Onewhero and Ohautira roads.

### COVID-19 response

Roading as an essential service continued to operate during the COVID-19 Level 4 lockdown in a reduced capacity to support the community need for essential travel. Council worked collaboratively with the WDA to re-calibrate services and maintenance activities.

The WDA prepared and delivered detailed response plans (office and site) during Levels 3 and 4. Toolbox briefings were held with staff and crew to reinforce the risks associated with COVID-19 and to explain the hygiene and physical distancing protocols.

For the duration of the lockdown, WDA also provided two traffic management teams at the Ngaruawahia and Huntly COVID-19 testing sites. COVID-19 has impacted both timing and cost of some activities and renewal programs.

### Planning for growth

We continue to create new infrastructure in Pokeno, Te Kauwhata and Tuakau and we are working with developers to support initiatives in roading and bridgework for the Rangatahi Peninsula development in Raglan.

### Waikato Expressway

The Waikato Expressway Huntly section was completed and will bring long term benefits to the district. We managed the effects of construction traffic on local roads through discussion and agreements with the New Zealand Transport Agency (NZTA) and its contractors. We monitored the impact of increased truck movements on the condition of our roads to adjust maintenance regimes and safety measures as required.

Once the entire Expressway is complete, almost 90kms of old State Highway and 5kms of new local roads will have been added to the local road network.

### Network safety

NZTA introduced a new framework for assessing speed limits in 2016. We used the new guidelines to assess and make changes to speed limits and have completed a three year program. We are part of a team that has developed a regional approach to speed management so there is consistency across the region. Our work on the Speed Bylaw has assisted other councils embarking on their own changes.

Future programs will be prioritised under NZTA's Safer Network Program for the next 10 years and a list of projects has been identified with NZTA using their pipeline tool to create an investment program and to provide greatest crash reduction savings. We will be assessing the implications this has on our future programs in the coming months. It is envisaged that a \$65m investment in our district will be required for road safety to attain "Vision Zero".

### Supporting freight movement

We have adopted a cautious approach to increases in the allowable maximum weights for heavy vehicles, and – except for the Tainui Bridge at Huntly – Council has been guided by structural analysis in deciding not to open our Waikato River bridges to heavier vehicles. We are working with industry in developing our plan for implementation across the network. Council has implemented improvements to the Mercer Ferry Bridge that re-instated freight capacity and are reviewing our network.

### Road safety and education

We have completed more than \$4m of safety improvements in our Low Cost Low Risk program, \$1.5m of which has attracted Enhanced NZTA FAR subsidy of 76% (TEFAR), saving Council more than \$2.5m over the current Long Term Plan.







We continue to work with the New Zealand Police, NZTA and other agencies to deliver a road safety education program covering issues such as driver fatigue, driving to the conditions and drink driving. We ran skills training days, workshops, roadside education stops and advertising campaigns. We worked with community volunteers to mentor young learner drivers and ran 'young driver training days' focussing on driving skills and vehicle maintenance for young drivers about to sit their restricted or full licence.

### Alternative transport modes

Enhanced shared walking cycling paths have commenced in Raglan, connecting isolated parts of the community that rely on vehicle use and connecting the town with the popular beach. We would like to encourage cycling and walking that was especially observed during the COVID-19 lockdown and hope to see a reduction in vehicle use impacts. Local feedback of the completed sections on Wainui Rd has been very positive. 2.8 kilometres of new footpath has been constructed which provides improved linkages and enhanced pedestrian safety across our communities.



## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The change from the previous financial year in the number of fatal and serious injury crashes on the local road network.	-5	Reduction of 1 on previous year -1	+1		This year there was a total of 45 crashes on the local road network, this is one more than the 44 that were recorded in the previous year.
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	97%	Minimum 91%	97%		Target met
The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP.	n/a	Greater than 90% or at category 3 or better	96.40%		Target met
The percentage of the sealed local road network that is resurfaced.	7%	Minimum 6%	5.30%		The year end result of 5.3% is due to delays in work during the COVID-19 shut down period. This work has been re-scheduled for the next financial year.
The percentage of customer service requests relating to roads to which we respond within the timeframes specified.	97.24%	80%	96.60%		Target met
The percentage of customer service requests relating to footpaths responded to within the timeframes specified.	95.51%	80%	96.45%		Target met

## What this tells us

We surpassed our targets for the quality of the roading and for our responsiveness to customers' maintenance requests. We made good progress on planning for new developments, but changes are required to accommodate new proposals and

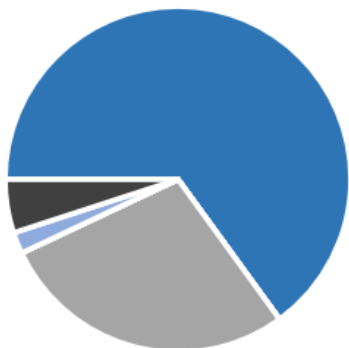
these need to be co-ordinated with requirements for water, power, and telco infrastructure as well as our renewal projects.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Road and environmental factors can contribute to crashes, particularly those that involve loss of control	NZTA monitors and records through the Crash Analysis System (CAS) the percentage of accidents caused by loss of control. Undertake crash reduction studies (CRS). Maximise funding for minor safety works.
Increased traffic congestion on existing transport network	Roading contributions imposed under consent conditions contribute to road upgrading.
The particular needs of cyclists and pedestrians and their conflicts with other forms of traffic	Implement the recommendations of the Walking and Cycling Strategy.
Speed restrictions imposed on inappropriate locations causing speed limits to be ignored	Speed limit surveys carried out and resulting recommendation in accordance with Speed Limit NZ and Transport Agency rules.

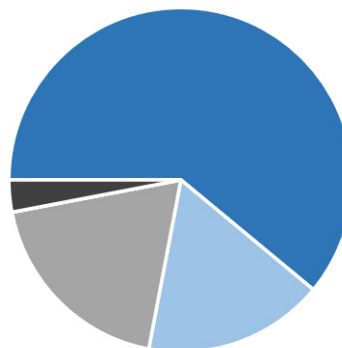
Potential negative effect	How we are addressing this
If effect is not given to the Livestock Movement Bylaw 2011 then existing crossings will remain with resulting traffic hazards and public nuisance	Monitor to ensure the appropriate and safe crossing of cattle as per bylaw.
Economically, the cost of desired infrastructure improvements may exceed the community's ability to pay	Consult with the community on all costs and options for levels of service through the Long Term Plan process.
The quality of surface runoff from roads that discharges into adjacent coastal or other waters	Compliance with resource consents and Council's engineering standards and guidelines. Environmental controls.
Dust nuisance	Track and record complaints and comply with resource consent conditions during construction activities.
Danger to people and property and high social cost from crashes	Continuing the programme of road safety improvements.
Main roads can divide communities	Continuing to advocate for by-passes around urban centres.
Potential for negative impacts from traffic noise and vibration to properties adjoining roads	High use roads are usually surfaced with asphalt to improve useful life and level of service. Traffic calming will avoid use of speed humps. Specific issues will be investigated and mitigation measures undertaken as appropriate.
Potential for air pollution from traffic fumes to affect health	Continuing to advocate for by-passes around urban centres.
Heavy traffic volumes can lead to loss of amenity in urban areas	Continuing to advocate for by-passes around urban centres.
Provides easier access to sites that are culturally sensitive	Continuing to better identify sites of cultural significance.
Potential for road construction to disturb sites of cultural significance, including waahi tapu	Continuing to invest in good relationships with tangata whenua.

## How we paid for it



### Operational funding

<b>65%</b>	General rates, uniform annual general charge, rates penalties
<b>28%</b>	Subsidies and grants for operating purposes
<b>2%</b>	Internal charges and overheads recovered
<b>5%</b>	Local authorities fuel taxes, infringement fees and other receipts



### Capital funding

<b>61%</b>	Subsidies and grants for capital expenditure
<b>17%</b>	Development and financial contributions
<b>19%</b>	Increase (decrease) in debt
<b>3%</b>	Other dedicated capital funding

# Funding impact statement

## Roading

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	21,374	22,151	22,131
Targeted rates	-	-	-
Subsidies and grants for operating purposes	8,284	8,390	9,755
Fees and charges	153	154	151
Internal charges and overheads recovered	2,185	2,379	614
Local authorities fuel tax, fines, infringement fees, and other receipts	2,569	2,615	1,842
<b>Total operating funding</b>	<b>34,565</b>	<b>35,689</b>	<b>34,492</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	20,564	21,160	19,758
Finance costs	-	-	-
Internal charges and overheads applied	4,549	5,038	3,457
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>25,113</b>	<b>26,198</b>	<b>23,215</b>
<b>Surplus (deficit) of operating funding</b>	<b>9,452</b>	<b>9,491</b>	<b>11,277</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	11,050	11,093	11,142
Development and financial contributions	1,011	1,030	3,052
Increase (decrease) in debt	5,274	2,119	3,364
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	511
<b>Total sources of capital funding</b>	<b>17,335</b>	<b>14,242</b>	<b>18,069</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	4,672	1,888	3,743
- to improve the level of service	7,053	2,986	8,081
- to replace existing assets	18,197	19,143	16,937
Increase (decrease) in reserves	(3,135)	(284)	585
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>26,787</b>	<b>23,733</b>	<b>29,346</b>
<b>Surplus (deficit) of capital funding</b>	<b>(9,452)</b>	<b>(9,491)</b>	<b>(11,277)</b>
<b>Funding balance for Roothing</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Other dedicated capital funding for the Roothing group of activities includes a contribution towards the Taupo Mangawara stream crossing project and capital revenue for motorcycle safety upgrades.

# STORMWATER

## What we did

We completed a schedule of minor upgrades across the district, installed new pipes to increase stormwater capacity where required and completed the planning and investigations required for years 2021-24 of the district's Long Term Plan.

We have used Closed Circuit Television (CCTV) to survey 10 kilometres of our critical stormwater pipe. These surveys will be assessed and where condition of the pipes is sub-standard they will be fixed or renewed in our stormwater renewal program.

Council has completed a modelling study which identified overland flow paths for 1% Annual Exceedance Probability (AEP) rain events through much of the district. This will help us identify roads and properties which are flood prone.

### Stormwater services management

We identified a new means of managing all our waters services and began progressing this following consultation with our community on our Long-Term Plan 2018-2028. This resulted in a contract between Council and Watercare Services Limited formally beginning on 1 October 2019. The contract has a strong focus on better environmental outcomes, affordable waters services and reducing risk. Although the three waters assets remain in Council ownership, the contract is about the management and delivery of waters services including capital works and bringing together local knowledge and industry expertise to the benefit of many communities in the Waikato district. The contract runs for a maximum term of 29 years and is overseen and managed by a Council-appointed independent board known as the Waters Governance Board.

Watercare is New Zealand's largest company in the water and wastewater industry. Aligning ourselves with Watercare enables Council to benefit from Watercare's vast experience and expertise in the industry.

### North Waikato

We oversaw development-led extensions of the stormwater network, stormwater treatment ponds and riparian planting beside streams in Pokeno to ensure that stormwater management keeps up with growth in the area. The Pokeno stormwater model has been updated to give more confidence in flood prone locations and to understand the impacts of urban development and climate change.

We completed modelling and riverine flood mapping for Tuakau in 2019 to assist in the support of growth zones. It will also enable work on a stormwater catchment management plan for the Tuakau area.






### Horotiu

In the Horotiu area, significant development is proposed on the Hamilton City side of the Te Rapa catchment. Watercare have recently completed flood hazard modelling of the Waikato District Council portion of the catchment as significant industrial and further residential development is proposed for this area.

### Raglan

We continued work to upgrade the Raglan stormwater network to mitigate flooding issues and to improve catchment management.

## How we did

Performance measures	2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The number of flooding events that occurs in the district.	0	Less than 5 events per annum	0		Target met.
For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system).	0	0.30	0		Target met.
The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	0	Less than or equal to 120 minutes	0		Target met.
The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system.	2.03	Less than 5 per 1,000 properties per year	1.69		Target met.
Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of the following notices, orders or convictions received in relation to those consents:  -Abatement notices -Infringement notices -Enforcement orders -Convictions	0	0	1		Abatement notice was received for Raglan urban area and work to resolve non-compliance is starting early in the 2020/21 year.

## Potential significant negative effects

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

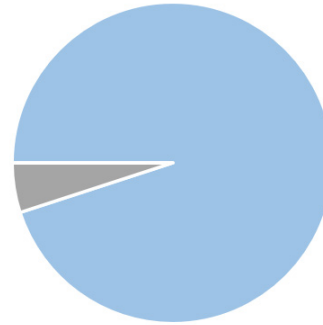
Stormwater can cause public health issues through bacterial contamination of beaches	Establish procedures and emergency response plans with Waikato Regional Council.
Contamination of the receiving environment is unacceptable to tangata whenua	Continuing to better identify sites of cultural significance.

## How we paid for it



### Operational funding

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



### Capital funding

<b>95%</b>	Development and financial contributions
<b>5%</b>	Increase (decrease) in debt

# Funding impact statement

## Stormwater

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	96	101	132
Targeted rates	1,692	1,793	1,830
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	266	244	367
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>2,054</b>	<b>2,138</b>	<b>2,329</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,376	1,515	1,222
Finance costs	-	-	-
Internal charges and overheads applied	496	516	306
Other operating funding applications	6	6	13
<b>Total applications of operating funding</b>	<b>2,878</b>	<b>2,037</b>	<b>1,541</b>
<b>Surplus (deficit) of operating funding</b>	<b>(824)</b>	<b>101</b>	<b>788</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	343	349	724
Increase (decrease) in debt	528	976	40
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>871</b>	<b>1,325</b>	<b>764</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	3,572	1,459	895
- to improve the level of service	528	976	40
- to replace existing assets	160	148	-
Increase (decrease) in reserves	(4,213)	(1,157)	617
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>47</b>	<b>1,426</b>	<b>1,552</b>
<b>Surplus (deficit) of capital funding</b>	<b>824</b>	<b>(101)</b>	<b>(788)</b>
<b>Funding balance for Stormwater</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WASTEWATER

## What we did

In line with our Long Term Plan 2018/28, we completed a major programme of work which invested and upgraded our wastewater systems around the district.

### Wastewater services management

A contract between Council and Watercare Services Limited formally began on 1 October 2019 for the management and delivery of water services including capital works. Refer to the Stormwater Statement of Service Provision for more information.

### District-wide renewal program

In 2019/20 we continued to mitigate the risk of wastewater overflows with a particular focus on protecting waterways and environmentally sensitive areas. We:

Cleaned 18.76 kilometres of wastewater pipes across Waikato district and inspected them via Closed Circuit Television (CCTV) cameras, as part of the third phase of our ongoing wastewater pipeline inspection and cleaning project.

Continued with an inflow and infiltration reduction program in Meremere and Raglan to lower the high wet weather flows.

Replaced 1.1 kilometre of failing asbestos cement gravity sewer located in Waikato Esplanade, Ngaruawahia.

Replaced a severely damaged manhole and 40 meters of degraded AC pipe in Harris Street, Huntly.

Carried out patch repairs on six locations district wide to improve levels of service.

Established a program of priority renewals and replacements for the district's Long Term Plan.

### Development-led work

Waikato District Council updated and refreshed the business case for infrastructure work in Te Kauwhata, including wastewater, to enable the \$38 million from the Government's Housing Infrastructure Fund to be drawn down. Watercare Services Limited has completed a strategic servicing strategy for water and wastewater from Meremere to Huntly. This work will be consulted on with Waikato District Council and other key stakeholders early in 2020/2021.

### Treatment plant upgrades

We continued the maintenance and improvement program for all our treatment plants in order to work towards achieving compliance with discharge consent conditions.

Waikato District Council completed and commissioned the upgrade of the septage processing unit at Huntly Wastewater Treatment Plant.

Watercare undertook major maintenance at Maramarua Wastewater Treatment Plant (WWTP). This means the plant now operates in compliance with its discharge consent.

A short-term discharge consent application was lodged for the Raglan WWTP. Work is continuing to develop a preferred WWTP upgrade option to allow the long-term discharge consent application to be lodged in 2020-21. A contract was awarded in 2019-20 to upgrade the Meremere WWTP to an MBR (Membrane Bioreactor) plant.

This work is expected to be completed by July 2021 and will allow the plant to operate in compliance with the existing consent conditions. We are working towards lodging a new long term discharge consent application in November 2020.



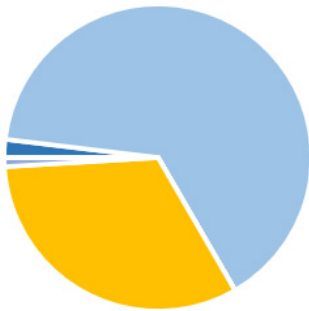
## How we did

Performance measures		2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system.		1.41 per 1,000 connections	Less than or equal to 3	1.29		Target met.
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured:	Attendance time: from the time that Council receives notification to the time that service personnel reach the site	45 minutes	Less than or equal to 1 hour (60 minutes)	34 minutes		Target met
	Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault	151 minutes	Less than or equal to 4 hours (240 minutes)	123 minutes		Target met.
The total number of complaints received by Council about any of the following (expressed per 1,000 connections to the sewage system):	Sewage odour	10.31 per 1,000 connections	Less than or equal to 10 per 1,000 connections	9.45 per 1,000 connections		Target met.
	Sewage system faults					
	Sewage system blockages					
	Council's response to issues with its sewage system					
Council's level of compliance with resource consents for discharge from its wastewater system, measured by the number of:	Abatement notices	2	Equal or less than 2	0		No abatement notices were issued during 2019/20. As at 30 June 2020, there are two active abatement notices outstanding from the previous year (Meremere and Te Kauwhata).
	Infringement notices					
	Enforcement orders					
	Convictions	0	0	0		Target met

## Potential significant negative effects

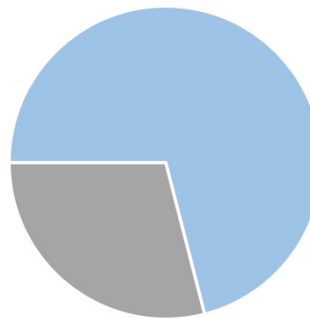
Potential negative effect	How we are addressing this
Discharges to land and waterways not complying with resource consents	Improve processes (may be capital related) and continue to monitor discharge.
Odour from manholes, pump stations and at treatment plants	Improve process and implement improvements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

## How we paid for it



### Operational funding

2%	General rates, uniform annual general charge, rates penalties
63%	Targeted rates
34%	Fees and charges
1%	Internal charges and overheads recovered



### Capital funding

71%	Development and financial contributions
29%	Increase (decrease) in debt

# Funding impact statement

## Wastewater

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	230	238	418
Targeted rates	10,601	11,227	11,126
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,241	1,280	6,142
Internal charges and overheads recovered	55	74	137
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>12,127</b>	<b>12,819</b>	<b>17,823</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,206	4,483	11,597
Finance costs	-	-	-
Internal charges and overheads applied	4,463	4,668	2,633
Other operating funding applications	333	340	168
<b>Total applications of operating funding</b>	<b>11,002</b>	<b>9,491</b>	<b>14,398</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,125</b>	<b>3,328</b>	<b>3,425</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	875	889	4,046
Increase (decrease) in debt	2,303	10,297	1,652
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>3,178</b>	<b>11,186</b>	<b>5,698</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	4,852	10,841	658
- to improve the level of service	2,304	10,333	1,453
- to replace existing assets	2,880	1,931	1,337
Increase (decrease) in reserves	(5,733)	(8,591)	5,675
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>4,303</b>	<b>14,514</b>	<b>9,125</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,125)</b>	<b>(3,328)</b>	<b>(3,425)</b>
<b>Funding balance for Wastewater</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WATER SUPPLY

## What we did

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

### Waters services management

A contract between Council and Watercare Services Limited formally began on 1 October 2019 for the management and delivery of waters services including capital works. Refer to the Stormwater Statement of Service Provision for more information.

### Security of supply

A new watermain to link Huntly and Ngaruawahia was constructed and commissioned to provide security of supply for both townships. This watermain will ensure both townships have sufficient supply into the future over peak water demand periods and will allow both the Ngaruawahia and Huntly treatment plants to be closed for essential maintenance during periods of low demand.

### Safe water

A new water safety plan for the Raglan Water Treatment Plant and distribution network was submitted to the Waikato District Health Board for review and approval.

This plan analyses all risks associated with water supply in the Raglan supply zone and ensures appropriate mitigation measures are in place.

### Growth

Watercare has completed a strategic servicing strategy for water and wastewater from Meremere to Huntly to assess the impact of growth and level of service improvements. This work will be consulted on with Waikato District Council and other key stakeholders early in 2020-2021.

A project to upgrade the Whangamarino Water Treatment Plant to 4.5 million litres per day and to construct a new storage reservoir in Te Kauwhata is entering the detail design and tendering design phase, with work expected to commence on site in early 2021.

### Water meter replacements

Replacement of water meters over 20 years of age was completed in February 2020. This work replaced 302 meters across the district.

## How we did

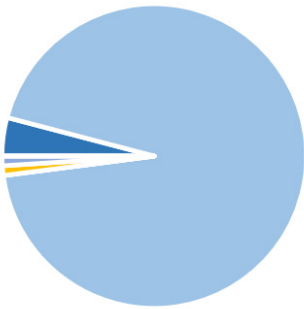
Performance measures		2018/19 result	2019/20 target	2019/20 result	Rating	Explanation
The extent to which Council's drinking water supply complies with:	Part 4 of the drinking water standards for zones (bacteria compliance criteria)	18	18 (no. of zones that comply out of 18)	18		Target met
	Part 4 of the drinking water standards (bacteria compliance criteria)	4	4 (no. of plants that comply out of 4)	4 (no. of plants that comply out of 4)		Target met
	Part 5 of the drinking water standards (protozoal compliance criteria)*	4	4 (no. of plants that comply out of 4)	4		Target met
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:	Attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site	36 minutes	Less than or equal to 60 minutes	40 minutes		Target met
	Resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	117 minutes	Less than or equal to 240 minutes	103 minutes		Target met.
Where Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:	Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site	1 day	Less than or equal to 5 days	1 day		Target met
	Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	1 day	Less than or equal to 5 days	1 day		Target met
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the networked reticulation system):	Drinking water clarity	18.25 per 1,000 connections	Less than or equal to 25.00 per 1000 connections	19.35 per 1,000 connections		Target met
	Drinking water taste					
	Drinking water odour					
	Drinking water pressure or flow					
	Continuity of supply					
The local authority's response to any of these issues						
The average consumption of drinking water per day per resident within the Waikato District.	240L per annum	260L or less per day	210L		Target met	
The percentage of real water loss from Council's networked reticulation system.	Combined System	25.6%	29%	32.9%		Calculated internally by Watercare

## Potential significant negative effects

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

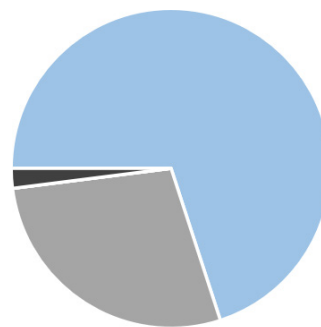
\*The WSP was called the Public health Risk Management Plan (PHRMP) in the LTP 2018/28

## How we paid for it



### Operational funding

4%	General rates, uniform annual general charge, rates penalties
92%	Targeted rates
1%	Fees and charges
3%	Internal charges and overheads recovered



### Capital funding

70%	Development and financial contributions
28%	Increase (decrease) in debt
2%	Other dedicated capital funding

# Funding impact statement

## Water supply

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	170	179	422
Targeted rates	9,191	9,940	9,670
Subsidies and grants for operating purposes	-	-	-
Fees and charges	94	97	150
Internal charges and overheads recovered	273	284	312
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	9
<b>Total operating funding</b>	<b>9,728</b>	<b>10,500</b>	<b>10,563</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,059	4,586	6,665
Finance costs	-	-	-
Internal charges and overheads applied	3,975	4,253	2,588
Other operating funding applications	36	37	85
<b>Total applications of operating funding</b>	<b>11,070</b>	<b>8,876</b>	<b>9,338</b>
<b>Surplus (deficit) of operating funding</b>	<b>(1,342)</b>	<b>1,624</b>	<b>1,225</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,313	1,335	4,666
Increase (decrease) in debt	1,018	1,156	1,882
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	120	124	102
<b>Total sources of capital funding</b>	<b>2,451</b>	<b>2,615</b>	<b>6,650</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	7,750	5,109	2,354
- to improve the level of service	1,018	1,156	550
- to replace existing assets	3,582	2,338	1,774
Increase (decrease) in reserves	(11,241)	(4,364)	3,197
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,109</b>	<b>4,239</b>	<b>7,875</b>
<b>Surplus (deficit) of capital funding</b>	<b>1,342</b>	<b>(1,624)</b>	<b>(1,225)</b>
<b>Funding balance for Water supply</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

# ORGANISATIONAL SUPPORT

## What we did

### Business improvements

Council has made significant progress in several of our digital roadmap initiatives. The digital roadmap enables fast and effective delivery of information to Council, our customers, ratepayers and partners, using digital as a first option.

Achievements include:

- Transition to Office 365 and Windows 10 to improve security, performance and maintainability. Office 365 is cloud-based and Windows 10 enhances prioritization capability for remote working from anywhere within our district
- Deploying new Perimeter Firewalls to improve cyber security, enhance capacity to prioritize cloud-based solutions and enable remote working from anywhere within our district
- Implementing internal and external video conferencing as a Prioritization tool. This has expanded community participation in meetings and enabled improved connectivity
- Implementing an extension of the video conference solution to include presence, communication and collaboration components to improve internal and external communication and collaboration both within teams and with prioritization partners
- Progressing project record prioritization of property files to improve ease of access and enable working from anywhere in our district
- Refreshing the internal intranet to improve accessibility and information management
- Upgrading network servers that host prioritization applications to improve performance, increase capacity and reduce the risk of hardware failure
- Accelerated mobile workforce conversion supporting business resilience by enabling collaboration and greater flexibility of working
- Scoping a customer portal system which could improve customers accessibility to their information

We implemented a recovery plan that considered community and business impacts of COVID-19 and reshaped the business to deliver its services in line with the health and safety guidelines that were put in place throughout each COVID-19 level change. This allowed us to advance process improvement initiatives and ensure our communities continue to be supported in the aftermath of the pandemic. We also operationalized a project prioritization system which will facilitate improved decision-making in the project space.

We partnered with Waikato Regional Council to procure a regional and district emissions stock take. A climate action project was initiated, which will use the stock take to develop a climate resilience action plan and policy. The action plan includes mitigation and adaptation for both Council and the district, advancing Council's commitment to climate leadership on behalf of its communities, while simultaneously implementing operational initiatives.

We launched a Business Continuity Project, developing processes and tools to improve Council's readiness and resilience to business disruption events. The project supports Council's resilience program which addresses key responsibilities for community resilience such as anticipating risk, minimising impact and ensuring rapid recovery through survival, adaptation and growth in the event of significant events.

We invested in developing internal human-centred design capabilities to enable innovation and customer experience improvements and used the approach to review and revise the financial reporting service for Council's budget managers to improve their financial decision-making.

We implemented changes to how we manage our continuous improvement framework which resulted in improved quality of our processes and process governance and we launched an internal online system which captures efficiency gains from organisational improvement initiatives. This resulted in \$200k savings being captured.

We launched a Waikato Local Government Innovation Collective which includes Hamilton City Council, Waikato Regional Council, and South Waikato, Thames-Coromandel and Waipa District Councils. This initiative improves knowledge sharing and identifies opportunities to collaborate.

### Procurement and contract management

As part of the Regional Procurement Project Team, we launched the second tranche of the Waikato Professional Services Panel. The project delivers stable professional fees for councils.

We established a roadmap of required improvement initiatives for Waikato District Council procurement and contract activity. The roadmap aims to implement best practice in the procurement and contracting activity. We also initiated discussions with other councils and authorities on social procurement and special enterprise opportunities.

We achieved initial objectives of reviewing Council's significant contracts. The Waikato District Alliance contract was included in the review; the outcome being no contract sum increase from the previous 5 year term.

We also hosted a procurement graduate for the first time, seconded from MBIE. The graduate program focuses on the upskilling of new procurement professionals and we feel attracting a graduate to the district is significant.

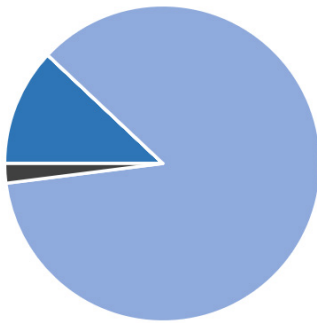


## Zero Harm “Mahi Tika Kaainga ora” (Work Safe, Home Safe) program

Our Zero Harm program continues to focus on the key areas of people, safety management systems and managed risks. Emphasis is placed on monitoring and managing our health and safety critical risks.

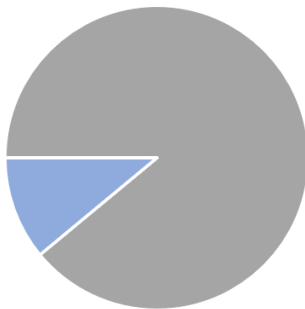
We delivered a Work Safe, Home Safe week which included activities to engage people with the management of our critical risks and to focus on their health and wellbeing. We also reviewed the existing Health and Safety Policy and developed and launched our new “Zero Harm Commitment”.

## How we paid for it



### Operational Funding

<b>12%</b>	General rates, uniform annual general charge, rates penalties
<b>86%</b>	Internal charges and overheads recovered
<b>2%</b>	Local authorities fuel taxes, infringement fees and other receipts



### Capital Funding

<b>89%</b>	Increase (decrease) in debt
<b>11%</b>	Gross proceeds from the sale of assets

# Funding impact statement

## Organisational support

	2018/19 Long term plan \$'000	2019/20 Long term plan \$'000	2019/20 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	3,234	4,052	3,772
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	1
Internal charges and overheads recovered	32,956	35,067	27,465
Local authorities fuel tax, fines, infringement fees, and other receipts	436	508	584
<b>Total operating funding</b>	<b>36,626</b>	<b>39,627</b>	<b>31,822</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	21,558	22,393	22,461
Finance costs	4,267	4,947	4,505
Internal charges and overheads applied	7,480	7,856	7,123
Other operating funding applications	1,382	1,426	1,991
<b>Total applications of operating funding</b>	<b>34,687</b>	<b>36,622</b>	<b>35,080</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,939</b>	<b>3,005</b>	<b>(3,258)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	19,429	13,553	6,523
Gross proceeds from the sale of assets	193	193	789
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>19,622</b>	<b>13,746</b>	<b>7,312</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve the level of service	1,415	1,334	450
- to replace existing assets	2,192	2,911	1,537
Increase (decrease) in reserves	17,560	12,229	(16,193)
Increase (decrease) in investments	394	277	18,260
<b>Total applications of capital funding</b>	<b>21,561</b>	<b>16,751</b>	<b>4,054</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,939)</b>	<b>(3,005)</b>	<b>3,258</b>
<b>Funding balance for Organisational support</b>	<b>-</b>	<b>-</b>	<b>-</b>

# PROGRESS TOWARDS COMMUNITY OUTCOMES

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

## Governance

Community Outcomes		Progress
Supporting our communities	To ensure that our diverse community is represented in a democratically accountable and respectful manner.	We facilitated the local authority elections in October 2019. Residents and ratepayers across the district chose their representatives for their Mayor, 13 councillors across 10 wards and 30 members of our 5 community boards.
Working together with you	To ensure that decisions are underpinned by sound financial governance.	All minutes of open meetings were made available to the public via our website.
Providing value for money	To ensure that decisions and processes take into account both short and long term impacts on our customers and partners.	Council appointed two Maangai Maaori representatives to our three principal Council committees. The representatives will bring their vast skills and experience, as well as a Te Ao Maaori lens, to the decisions that the committees make, benefitting our decision-making process and communities.

## Sustainable Communities

Community Outcomes		Progress
Supporting Our communities	To provide our customers and partners with opportunities for engagement thereby providing input into the decision making process.	We have engaged with our communities on plans, bylaws, projects and initiatives in a range of ways from formal submission procedures to open days, public meetings, and market days, and through social media.
Sustaining our environment	To ensure Council and our communities are resilient and have the capability to respond, manage and recover from emergencies.	This year we trained another 30 staff to intermediate level in civil defence. We now have a total of 154 staff trained in civil defence emergency management, 69 at a foundation level, and 85 at an intermediate level (in total).
Building our economy	To build community capacity by encouraging voluntary and community-based organisations to provide activities and services.	We supported the work of 97 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds
Sustaining our environment	To ensure that our open spaces are safe and well maintained and offer opportunities for a wide range of recreational, cultural and community activities.	The renovation of Raglan and Huntly's town centre gardens was completed early in the second quarter of the financial year. Both communities were consulted to identify which plants were preferred for the town centres. The renovation program saw a majority of positive feedback from both communities on these plantings.

Providing value for money	To ensure Council provides safe, accessible and well-maintained community and leisure facilities and general properties which contribute to the community's recreational, economic and cultural needs.	Throughout the year Council has continued to deliver reliable services to our existing customers and the in-house satisfaction survey result at 97% satisfaction supports this.
Supporting our communities	To ensure that a seamless consistent quality service is provided to our customers via a range of channels.	We use a range of engagement methods including social media, our website, letter drops, open days and our new e-newsletter called Waikato District News.
Building our economy	Tourism in the district is enhanced and Council's processes and infrastructure support and facilitate new and existing business.	An annual grant of \$150,000 is provided to Hamilton and Waikato Tourism to support the promotion of our district.
Working together with you	To ensure that we are accountable to our customers for our outcomes.	We opened many of the Councillor workshops to the public, providing transparency and connecting our communities with the early planning stages on key decisions and policies, including the upcoming Long Term Plan. During COVID-19 alert levels 4, 3, and 2, we held virtual/online public meetings and workshops that were livestreamed on Council's YouTube page.
Sustaining our environment	Restoration, protection and enhancement of natural areas in the district to increase natural habitat and biodiversity.	The Waikere walkway project on the eastern shore of Lake Waikere was completed early in the financial year. This was done under budget, and on time. The project completes a short walk to the edge of the lake and is complete with native plantings.

## Sustainable Environment

Community Outcomes		Progress
Sustaining our environment	To ensure that animals are kept in a way that protects their well-being and minimises danger and public nuisance, and provide animal owners with education regarding their responsibilities.	We responded to 2,933 service requests over the last year. We have been proactively patrolling the district to reduce numbers of wandering dogs and work closely with the community when these jobs are called through.
Supporting our community	To ensure that building regulations and standards are met so that people living and working in buildings are safe.	Our inspectors now use portable tablets when undertaking building inspections; this means that documents can be emailed directly to the customer, agent, or contractor at the conclusion of the inspection.
Working together with you	To ensure that development enhances the wellbeing and safety of the community, and that people have the opportunity to participate in the strategic and district planning process.	We checked in with you on our Blueprint to make sure we were still capturing the aspirations of the community after COVID-19. The Blueprint will play an important part in how we secure budget for works in our next LTP.
Sustaining our environment	To ensure communities are well informed about the effects of waste and opportunities they have to reduce waste.	During COVID-19, the team at Xtreme Zero Waste continued to work with schools and students during lockdown on the journey of zero waste. Work was delivered via presentation and an online tutor.
Sustaining our environment	To ensure that activities are managed so that our communities are healthy and safe, legislative requirements are met and nuisance is managed.	A significant number of noise complaints were attended by our out of hours service this year. The service was adapted for lockdown conditions and many cases moved to environmental staff to follow up. This enabled a noise service to the community to continue throughout lockdown.
Providing value for money	To ensure that timely and accurate information and efficient processes are provided to people planning to build on or purchase a property.	We continue to make improvements to our online consenting system, and now receive around 84% of consent online. Feedback on this has been positive, with the customers that use it saying it saves them time and money.
Supporting our communities	To ensure sustainable growth is encouraged in appropriate locations supported by well-planned essential services.	In the past year, Council began implementing its Blueprints by progressing some of the initiatives for which funding and staff resourcing was readily available. Council also began discussing and planning implementation of other initiatives with potential partner agencies and community groups.

Supporting our communities	To ensure that planning controls assist in protecting cultural heritage and the natural and physical environment.	We started hearings for our Proposed District Plan, which provides updated guidelines for development of our communities including rules for protecting the district's environment and heritage.
Sustaining our environment	To ensure that our waste and recycling services are efficient and effective and protect our natural environment.	We diverted nearly 71,000 tonnes of material from landfill through reuse, recycling and composting.

## Roading

Community Outcomes		Progress
Sustaining our environment	To ensure that the district is easy and safe to get around and alternative transport options are available.	Projects included the new Mangawara Stream Bridge (and Watts Grove) upgrade at Taupiri maunga, providing a safe entranceway to the urupa. This was a joint project involving Waikato-Tainui, NZTA, KiwiRail and Waikato District Council.
Providing value for money	To ensure that transport infrastructure is planned at a rate to consider growth and demand in a cost effective manner.	We re-surfaced 96.8 kilometres of sealed roads, and completed 5.25 kilometres of pavement rehabilitation and upgraded approximately 1,200 kilometers of unsealed roads.
Supporting our communities	To ensure that the network is well maintained and negative environmental effects are mitigated.	Waikato District Alliance completed 110,000 m2 of stabilisation repairs this year which has resulted in pre-seal repairs being six months ahead. This will provide much greater flexibility for proposing annual resealing and ensures we will achieve our best practice 'year ahead' goal by June 2021.

## Stormwater

Community Outcomes		Progress
Sustaining our environment	To ensure that Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	In the Horotiu area, Watercare recently completed flood hazard modelling as significant industrial and further residential development is proposed for the area.
Providing value for money	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	A contract between Council and Watercare formally began in October of 2019. The contract has a strong focus on better environmental outcomes, affordable waters service, and reduced risk.
Supporting our communities	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	We completed modelling and riverine flood mapping for Tuakau to assist in the support of growth zones, it will also enable work on a stormwater catchment management plan for the Tuakau area.

## Wastewater

Community Outcomes		Progress
Sustaining our environment	To ensure that Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	We continued to mitigate the risk of wastewater overflows with a particular focus on protecting waterways and environmentally sensitive areas.
Providing value for money	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	Council updated and refreshed the business case for infrastructure work in Te Kauwhata to enable the \$38 million from the Governments Housing Infrastructure Fund to be drawn down.

Providing value for money	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	A contract was awarded to upgrade the Meremere Wastewater Treatment Plant to an MBR (Membrane Bioreactor) plant.
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## Water Supply

Community Outcomes		Progress
Providing value for money	To ensure that Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	A new watermain linking Huntly and Ngaruawahia was constructed to provide security of supply for both townships. This also means that at low demand periods the treatment plants can be closed for essential maintenance without interrupting supply.
Sustaining our environment	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	Watercare has completed a strategic servicing strategy for water and wastewater from Meremere to Huntly to assess the impact of growth and level of service improvements.
Working together with you	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	Replacement of 302 water meters that were over 20 years of age was completed in February.

To be updated

# WHAT YOU GOT FOR \$1

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



**ANIMAL CONTROL**  
**2.2 CENTS**

**AREA OFFICES AND OTHER PROPERTIES**

 **12.0 CENTS**

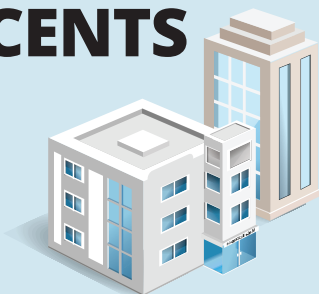
**COMMUNITY AND SAFETY**



**0.3 CENTS**

**CORPORATE AND COUNCIL LEADERSHIP**

**17.7 CENTS**



**ENVIRONMENTAL HEALTH**  
**2.1 CENTS**



**GRANTS AND DONATIONS**  
**2.3 CENTS**

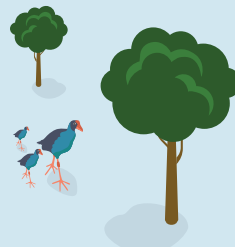


**LIBRARIES**  
**3.9 CENTS**



**PARKS AND RESERVES**

**7.0 CENTS**



**RESOURCE MANAGEMENT**

**13.7 CENTS**



**ROADING**  
**36.8 CENTS**



**SOLID WASTE**  
**0.7 CENTS**

**STORM WATER**  
**0.3 CENTS**



**WASTE WATER**  
**0.7 CENTS**



**WATER SUPPLY**  
**0.3 CENTS**



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



## FINANCIAL PATHWAY TE ARA PUUTEA

- 63 From the Chair of the Strategy and Finance Committee
- 64 Council controlled organisations
- 64 Strada Corporation Limited

- 64 Waikato Regional Airport Limited
- 65 Waikato Local Authority Shared Services Limited
- 67 Waikato District Community Wellbeing Trust



# FROM THE CHAIR OF THE STRATEGY & FINANCE COMMITTEE

Council has been firmly focused on setting up for success this year, with significant work going towards developing the model for the delivery of our three waters services, and ensuring we are geared for growth.

The Council's budgeted income for this financial year was \$137 million, against which actual income earned was \$146 million, a positive variance of \$9 million. Found and vested assets, which are largely unbudgeted, account for the majority of the variance, along with additional contributions received from development.

The Council's operational expenditure budget was \$125 million of which actual operational expenditure was \$156 million. This includes two unbudgeted items; asset write-offs and interest rate swap valuation movements. Following a site specific valuation exercise during the year, \$31 million of assets were written off. This is part of Council's prudent valuation practices to ensure fair asset values are reflected in our accounts. As a result of re-valuing the future dated interest rate swaps (which Council has in place to manage interest rate risk) an accounting loss of \$8 million has been recognised. This is not a cash loss and Council is comfortable with the future interest rates committed to by the Treasury Risk Management strategy. Taking this into account Council incurred \$6 million less than what was budgeted for 2018/19. This variance against budget relates mainly to lower personnel costs, delayed depreciation and amortisation costs along with lower contractor spend tied to relative progress of work programmes. As expected, the high level of asset write-off has directly contributed to the operating deficit position of \$9 million.

The capital programme relates to the 2018/19 projects as well as prior year projects still to be completed. It should be noted that the Annual Report depicts this actual progression against the 2018/19 budget only. In real terms, the \$55 million spend delivered 35 per cent of the entire work programme.

Variance in capital work programmes can arise for various reasons; differences in construction prices, related timing of subdivision activity within the district, adverse weather

resulting in delays, public consultation timeframes, reliance on multi-party funding for some large projects and negotiations over land purchase. In the 2018/19 year it was further impacted as we delayed physical works in the three waters space, notably the Housing Infrastructure Fund projects in Te Kauwhata, as we worked through contract negotiations with WaterCare Services Limited.

\$92 million of capital works budget has been carried forward to the 2019/20 financial year. While this is significantly higher than the carry forward amount in the prior year, a quarter of these projects relate to development projects outside the direct control of Council in terms of timing (\$23 million) with a further \$16 million of work in progress but not completed before the end of the financial year.

Debt at the end of June 2019 was \$80 million; \$37 million lower than the forecast of \$117 million.

In addition to specifying debt limits, the Council's financial strategy stipulated benchmarks for rates increases going forward. These measures are in place to ensure accountability to the public with respect to rates increases and management of debt. The Council were successful in achieving both the rates affordability and debt affordability measures set for 2018/19.

Cr. Janet Gibb  
Chair Strategy & Finance



To be updated

# COUNCIL-CONTROLLED ORGANISATIONS

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

## Strada Corporation Limited

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

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








The operational assets were sold during 2016/17 and liabilities extinguished. The company remains active while we complete some administrative matters.





## 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 core purpose and key objective for the year has been to operate the airport in an efficient and compliant manner whilst maintaining a viable aeronautical business

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

Agreed Measures	Statement of Intent	Actual 2019/20	Target met
Earnings before interest, taxation and depreciation (EBITDA)	\$3.400M	\$3.964M	
Net surplus/(deficit) after tax	\$127K	\$615K	
Shareholders' funds to total assets	65.00%	78.00%	
Percentage of non-landing charges revenue to total revenue	74.00%	68.00%	
Total liabilities/shareholders' funds (debt/equity ratio)	35:65	22:78	
Net operating cashflow	\$1.900M	\$2.310M	
Net investing cashflow	(\$4.300M)	(\$2.610M)	

Agreed Measures	Statement of Intent	Actual 2019/20	Target met
Funding Titanium Park Limited	\$900K	\$1.041M	
Net cashflow (operating & investing)	(\$2.400M)	(\$300K)	
Net debt maximum	\$18.000M	\$13.695M	
Interest rate cover	4.0	7.5	

## Waikato Local Authority Shared Services Limited








Local authorities of the Waikato region established the Waikato Local Authority Shared Services (WLAASS) Limited during 2005/2006, the 12 local authorities of the region, being Waikato Regional Council; Hamilton City Council; Hauraki District Council; Matamata-Piako District Council; Otorohanga District Council; Rotorua District Council; South Waikato District Council; Taupo District Council; Thames-Coromandel District Council; Waikato District Council; Waipa District Council and Waitomo District Council, jointly own the company.












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

WLAASS is in operation to:

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

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

Agreed Measures	Statement of Intent	Target met
Joint procurement initiatives will be investigated and implemented	Implement the recommendations of the Procurement review New suppliers are awarded contracts through a competitive tender process	
Priorities for collaboration are developed and high priority projects implemented	Minimum of three collaborative projects identified Business cases of value are developed for approval and implemented	
Existing contracts are managed and renegotiated as required	Contracts register is maintained Contracts for renewal are tested for competitiveness and renegotiated or tendered through a competitive process	
The company shall maintain a positive cash flow position	The WLAASS board will review the financial statements quarterly	
Administration expenditure shall be managed and monitored	Administration expenditure shall not exceed budget by more than 5% without board approval	
Six monthly reports are provided to shareholders	A written report on the business operations and financial position to be provided every six months Every second report is the annual report with statutory requirements adhered to	
The company shall provide administrative support to the Mayoral forum	Approved invoices for mayoral forum projects are paid by the 20th of the month following receipt	

Agreed Measures	Statement of Intent	Target met
The shared valuation data services is reliable, well maintained and available	SVDS is available to users at least 99% of normal working hours SVDS advisory group meets at least six monthly The Annual Business Plan is accepted by the advisory group by 31 March 2019	
The long-term provision of SVDS services is achieved	Milestones for implementing long term provision of SVDS services are being achieved	
Key performance indicators of the insurance brokerage contract are achieved	Strategic advice received is assessed as satisfactory in the annual shareholder survey Day-to-day service is assessed as satisfactory in the annual shareholder survey	
Deliver better data for decision making across the region, enabling consistent best practice	Reports are provided quarterly Procurement complies with WLASS and NZTA requirements	
Data supplied by contractors is of good quality and meet requirements	Present to a national conference annually At least two RATA good practice guidance documents produced	
Waikato regional transport model is reliable, well maintained and available	Modelling reports requested are actioned by the supplier within the agreed scope, time and budget A status report from RATA on the model status is provided six monthly The quality complies with NZTA guidelines and is independently reviewed when updated	
Waikato Building Consent Group actively pursue improvements	People capability is achieved through recruitment and training programmes Industry compliance results in lower requests for further information and percentages of rejection Full participation in building cluster projects and programmes Quality assurance measured by accreditation, annual audits and customer services is achieved Funding requirements met by each council Report six monthly on the group's activities	
Planning for growth in the sub-region is co-ordinated and collaborative	Consistency in service delivery measured by customer surveys Risk management is visible through regular risk register reviews	
Shareholders are satisfied with the performance of WLASS	Phase 2 of the Future Proof Strategy is adopted by December 2018 The overall Future Proof work programme is delivered within approved budget	
Aligned Resource Planning project is implemented	A shareholder survey is conducted and reported on annually	
Shareholders are informed of the benefits being provided	Common forms are in place for all Councils by December 2018 Information on non-financial and financial benefits are reported on six monthly The WLASS website is regularly maintained and updated	





## Waikato District Community Wellbeing Trust

In 2010, the Waikato Foundation Trust proposed to distribute its capital fund to projects or trusts to fund projects of a community nature which will result in long term benefits to as many people as possible within the geographical area of the three constituent territorial authorities namely the Hamilton City Council, the Waikato District Council and the Waipa District Council. The Waikato District Community Wellbeing Trust was established to receive funds from the Waikato Foundation Trust which wound up in 2010. \$2.56 million was transferred to the Waikato District Community Wellbeing Trust during 2011/12.







The Trust distributes fund that:

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

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

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

## Council's Financial returns

Returns on Investment	Expected return	2019/20 Results	Our performance
Financial	5.55%	7%	
Property	11.00%	8%	
Equity as follows:			
Waikato Regional Airport Ltd	0%	0%	
Civic Financial Services Ltd	0%	0%	
Local Authority Shared Services Ltd	0%	0%	
Waikato District Community Wellbeing Trust	0%	0%	



# FINANCIAL STATEMENTS NGA RAARANGI PUUTEA

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# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2020

	Note	Council			Group	
		2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Revenue</b>						
Rates	2	91,373	91,219	84,036	91,373	84,036
Development and financial contributions		15,101	6,283	10,521	15,101	10,521
Subsidies and grants		21,574	20,068	18,742	21,574	18,742
Finance revenue	3	85	130	555	95	561
Other revenue	4	47,086	58,451	32,639	47,398	33,151
<b>Total revenue</b>		<b>175,219</b>	<b>176,151</b>	<b>146,493</b>	<b>175,541</b>	<b>147,011</b>
<b>Expenses</b>						
Employee costs	6	32,377	36,414	29,487	32,377	29,487
Depreciation and amortisation expense	7	27,749	30,301	27,375	27,750	27,375
Finance costs	3	4,570	4,195	4,316	4,570	4,316
Other expenses and losses	8	78,948	59,645	94,678	79,005	94,968
<b>Total operating expenses</b>		<b>143,644</b>	<b>130,555</b>	<b>155,856</b>	<b>143,701</b>	<b>156,146</b>
Surplus(deficit) before tax		31,575	45,596	(9,363)	31,841	(9,135)
Income tax expense	9	-	-	-	-	-
Surplus(deficit) after tax wholly attributable to Waikato District Council		31,575	45,596	(9,363)	31,841	(9,135)
<b>Other comprehensive revenue and expense</b>						
Gain(loss) on property revaluations	15	(129,064)	45,488	27,218	(129,064)	27,218
Revaluation reserve – landfill		(1,698)	-	616	(1,698)	616
Financial assets at fair value through other comprehensive revenue		1,540	-	1,913	1,540	1,913
<b>Other comprehensive revenue and expense (net of tax)</b>		<b>(129,222)</b>	<b>45,488</b>	<b>29,747</b>	<b>(129,259)</b>	<b>29,747</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>(97,647)</b>	<b>91,084</b>	<b>20,384</b>	<b>97,398</b>	<b>20,612</b>

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



# STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	Council			Group	
		2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	10	27,076	478	10,405	27,113	11,503
Receivables from exchange transactions	11	14,602	5,347	6,998	14,416	6,784
Recoverables from non-exchange transactions	11	4,203	5,551	6,755	4,203	6,755
Prepayments		1,017	785	890	1,014	890
Other financial assets	13	1,115	59	940	5,564	5,241
Cattle	12	103	101	94	103	94
Non-current assets held for sale	14	1,256	-	-	1,256	-
<b>Total current assets</b>		<b>49,372</b>	<b>12,321</b>	<b>26,082</b>	<b>53,669</b>	<b>31,267</b>
<b>Non-current assets</b>						
Investment in CCO's and other similar entities	13	17,663	13,486	16,095	16,963	15,395
Investments in other entities	13	1,362	3,422	1,513	1,362	1,513
Property, plant and equipment	15	1,739,270	2,002,846	1,830,482	1,739,270	1,830,482
Intangible assets	16	4,506	8,883	5,148	4,506	5,148
Investment property	17	560	545	560	560	560
<b>Total non-current assets</b>		<b>1,763,361</b>	<b>2,029,192</b>	<b>1,853,798</b>	<b>1,762,661</b>	<b>1,853,098</b>
<b>Total assets</b>		<b>1,812,733</b>	<b>2,041,513</b>	<b>1,879,880</b>	<b>1,816,330</b>	<b>1,884,365</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables under exchange transactions	18	22,416	20,550	16,526	21,384	16,630
Taxes and transfers payable	18	2,649	1,175	1,340	2,649	1,341
Derivative financial instruments	22	137	-	156	137	156
Borrowing	20	15,000	13,093	5,000	15,000	5,000
Employee entitlements	19	3,846	3,569	3,173	3,846	3,173
Provisions	21	69	352	69	69	69
<b>Total current liabilities</b>		<b>44,117</b>	<b>38,739</b>	<b>26,264</b>	<b>43,085</b>	<b>26,369</b>
<b>Non-current liabilities</b>						
Derivative financial instruments	22	21,478	7,258	15,510	21,478	15,510
Borrowing	20	80,000	118,807	75,000	80,000	75,000
Employee entitlements	19	192	183	143	192	143
Provisions	21	3,008	1,768	1,378	3,008	1,378
<b>Total non-current liabilities</b>		<b>104,678</b>	<b>128,016</b>	<b>92,031</b>	<b>104,678</b>	<b>92,031</b>
<b>Total liabilities</b>		<b>148,795</b>	<b>166,755</b>	<b>118,295</b>	<b>147,763</b>	<b>118,400</b>
<b>Net assets</b>		<b>1,663,938</b>	<b>1,874,758</b>	<b>1,761,585</b>	<b>1,668,567</b>	<b>1,765,965</b>
<b>Net assets/ equity</b>						
Accumulated comprehensive revenue and expense		1,090,345	1,202,189	1,062,038	1,091,830	1,063,353
Other reserves		573,593	672,569	699,547	576,737	702,612
<b>Total net assets/equity</b>		<b>1,663,938</b>	<b>1,874,758</b>	<b>1,761,585</b>	<b>1,668,567</b>	<b>1,765,965</b>

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

# STATEMENT OF CHANGES IN NET ASSETS / EQUITY

for the year ended 30 June 2020

	Council			Group	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Balance at the beginning of the year</b>					
Accumulated comprehensive revenue and expense	1,062,038	1,135,148	1,062,601	1,063,353	1,063,766
Other reserves					
Revaluation	688,564	697,069	667,253	688,564	667,253
Restricted	194	188	187	3,259	3,174
Council-created	30,521	23,852	27,542	30,521	27,542
Special rates and user pays	(6,833)	(14,089)	(6,403)	(6,833)	(6,403)
Capital replacement fund	19,118	6,587	16,086	19,118	16,086
Development contributions	(44,604)	(75,756)	(36,739)	(44,604)	(36,739)
Fair value through other comprehensive revenue and expense	12,587	10,675	10,674	12,587	10,674
<b>Balance at 1 July as previously reported</b>	<b>1,761,585</b>	<b>1,783,674</b>	<b>1,741,201</b>	<b>1,765,965</b>	<b>1,745,353</b>
<b>Comprehensive revenue and expense for the year</b>					
Accumulated comprehensive revenue and expense					
Loss in cessation of joint venture	-	-	-	(17)	-
Surplus(deficit) after tax	31,575	45,596	(9,363)	31,841	(9,135)
Other reserves					
Revaluation	(129,064)	45,488	27,218	(129,064)	27,218
Revaluation – landfill	(1,698)	-	616	(1,698)	616
Fair value through other comprehensive revenue and expense	1,540	-	1,913	1,540	1,913
<b>Total comprehensive revenue for the year wholly attributable to Waikato District Council</b>	<b>(97,647)</b>	<b>91,087</b>	<b>20,384</b>	<b>(97,398)</b>	<b>20,612</b>
<b>Transfers to(from) accumulated comprehensive revenue and expense</b>					
Accumulated comprehensive revenue and expense	(3,268)	21,445	8,800	(3,347)	8,722
Other reserves					
Revaluation	(76)	-	(6,523)	(76)	(6,523)
Restricted	7	-	7	86	85
Council-created	(6,986)	(2,444)	2,979	(6,986)	2,979
Special rates and user pays	(5,565)	(1,917)	(430)	(5,565)	(430)
Capital replacement fund	5,769	589	3,032	5,769	3,032
Development contributions	10,119	(17,673)	(7,865)	10,119	(7,865)
<b>Total transfers to(from) accumulated comprehensive revenue and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>1,663,938</b>	<b>1,874,758</b>	<b>1,761,585</b>	<b>1,668,567</b>	<b>1,765,965</b>

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

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

for the year ended 30 June 2020

	Council			Group	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Represented by net assets/equity at the end of the year					
Accumulated comprehensive revenue and expense	1,090,345	1,202,189	1,062,038	1,091,830	1,063,353
Other reserves					
Revaluation	557,726	742,557	688,564	557,726	688,564
Restricted	201	188	194	3,345	3,259
Council-created	23,535	21,408	30,521	23,535	30,521
Special rates and user pays	(12,398)	(16,006)	(6,833)	(12,398)	(6,833)
Capital replacement fund	24,887	7,176	19,118	24,887	19,118
Development contributions	(34,485)	(93,429)	(44,604)	(34,485)	(44,604)
Fair value through other comprehensive revenue and expense	14.127	10,675	12,587	14.127	12,587
Balance at 30 June wholly attributable to Waikato District Council	1,663,938	1,874,758	1,761,585	1,668,567	1,765,965

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

# STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	Council			Group	
		2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Receipts from rates revenue		91,320	84,124	83,025	91,320	83,025
Subsidies received		21,108	20,471	18,446	21,108	18,446
Contributions received		13,975	6,274	10,094	13,975	10,094
Receipts from other revenue		23,529	26,560	17,175	23,529	17,187
Interest received		70	130	555	70	560
Dividends received		81	50	39	81	39
Goods and service tax (net)		356	-	55	356	55
<b>Payments</b>						
Payments to employees		(31,656)	(35,998)	(29,174)	(31,656)	(29,174)
Payments to suppliers		(63,147)	(59,836)	(55,146)	(63,263)	(55,364)
Interest paid		(4,595)	(4,195)	(4,145)	(4,595)	(4,145)
<b>Net cash flows from (used in) operating activities</b>	24	<b>51,041</b>	<b>37,580</b>	<b>40,921</b>	<b>50,935</b>	<b>40,723</b>
<b>Cash flows from investing activities</b>						
Proceeds from the sale of property, plant and equipment		447	684	926	447	926
Proceeds from the sale of investments		-	80	-	132	236
Community loan repayments received		49	-	44	49	44
Receipts from repayment of advance		-	-	-	-	500
Purchase of intangible assets		(1)	(2,948)	(329)	-	(329)
Purchase of property, plant and equipment		(49,813)	(69,272)	(45,901)	(49,814)	(45,901)
Acquisition of investments		(54)	(397)	(188)	(1,139)	(412)
<b>Net cash flow from (used in) investing activities</b>		<b>(49,370)</b>	<b>(71,853)</b>	<b>(45,448)</b>	<b>(50,325)</b>	<b>(44,936)</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowing		25,000	39,269	10,000	25,000	10,000
Repayment of borrowing		(10,000)	(5,000)	(10,000)	(10,000)	(10,000)
<b>Net cash flow from financing activities</b>		<b>15,000</b>	<b>34,269</b>	<b>-</b>	<b>15,000</b>	<b>-</b>
Net increase(decrease) in cash, cash equivalents and bank overdrafts		16,671	(4)	(4,527)	15,610	(4,213)
Cash, cash equivalents and bank overdrafts at the beginning of the year		10,405	482	14,932	11,503	15,716
Cash, cash equivalents and bank overdrafts at the end of the year		27,076	478	10,405	27,113	11,503

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

# STATEMENT OF RESERVE FUNDS

for the year ended 30 June 2020

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 2019 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2020 \$'000
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	650	152	(143)	659
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	37	398	(312)	123
Housing for the elderly	Revenue from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(203)	287	(358)	(274)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	472	946	(847)	571
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	198	183	(181)	200
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	1,241	1,932	(2,174)	999
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	282	148	(102)	328
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	17	717	(681)	53
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	535	495	(242)	788
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	60	2	-	62

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

# STATEMENT OF RESERVE FUNDS (continued)

for the year ended 30 June 2020

Reserve	Purpose	Related activities	Opening balance 1 July 2019 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2020 \$'000
North Waikato development reserve	Remaining funds (with interest credits) from the Department of Corrections for use to assist the local community.	Sustainable communities	364	14	-	378
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	Organisational support	2,308	-	-	2,308
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	17	1	(1)	17
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	218	8	(50)	176
Structure plan non-growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development.	Organisational support	921	276	(270)	927
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	457	791	(629)	619
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	1	-	-	1
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest revenue to be used for educational sponsorship.	Sustainable communities	1	-	-	1
Huntly social services	A restricted reserve created by the transfer of funds from the former Huntly Social Services Co-Ordinating Committee Inc when it was wound up in 2015.	Sustainable communities	162	7	-	169
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	27,154	21,322	(24,061)	24,415

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

# STATEMENT OF RESERVE FUNDS (continued)

for the year ended 30 June 2020

Reserve	Purpose	Related activities	Opening balance 1 July 2019 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2020 \$'000
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(6,833)	7,139	(12,704)	(12,398)
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	19,118	23,247	(17,478)	24,887
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, Organisational support	688,564	61	(130,899)	557,726
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	(36,229)	17,746	(10,694)	(29,177)
<b>Total reserves</b>			<b>699,547</b>	<b>75,873</b>	<b>(201,827)</b>	<b>573,593</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 Statement of accounting policies

### Reporting Entity

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

The Group consists of the ultimate parent Waikato District Council; its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust (WBT). Strada was a 50% party to a Joint Venture Agreement, Waikato Quarries Limited. The Joint Venture Agreement ceased during the 2016/17 financial year. All the entities in which Council has an interest, either directly or through Strada, are incorporated and domiciled in New Zealand.

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

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

These financial statements of Council and the Group are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 14 December 2020.

### 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.

The financial statements of Strada have again been prepared on a realisation basis. During the year ended 30 June 2017 almost all of Strada's operational assets were sold and liabilities extinguished.

The Company had remained open in order to receive the final settlement payments in relation to the disposal of the joint venture; the final settlement was received during 2018/19. While Strada is no longer trading it remains dormant until Council has determined what the company will be used for in the future.

### Statement of compliance

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

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

### Presentation currency and rounding

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

### Standards newly effective and which have adopted

#### Interest in other entities

PBE-IPSAS 34 – 38 replace the existing standards for interests in other entities (PBE-IPSAS 6 – 8). These new standards are effective for annual periods beginning on or after 1 January 2019.

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

### 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 which have not been early adopted and which are relevant to Council and the Group are:

#### Financial instruments

The XRB issued PBE-IFRS 41 Financial instruments in March 2019. This standard supercedes PBE-IFRS 9 Financial Instruments which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Council plans to apply the new standards in preparing the 30 June 2023 financial statements. Council has not yet assessed the effects of the new standard.

#### Statement of cash flows

An amendment to PBE-IPSAS 2 Statement of cash flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and from non-cash changes. This amendment is effective for annual period beginning on or after 1 January 2021, with early application permitted. Council does not intend to early adopt the amendment and has not yet assessed the effects of this amendment.

#### Service performance reporting

PBE-FRS 48 replaces the service reporting requirements of PBE-IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. Council has not yet determined how the application of PBE-FRS 48 will affect its statement of performance.

### Other changes in accounting policies

There have been no other changes in accounting policies.



## Summary of significant accounting policies

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

### Basis of consolidation

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

### Critical accounting estimates and assumptions

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

#### Infrastructural assets

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

#### Employee entitlement provisions

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

#### Landfill aftercare provision

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

### Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of recoverable GST.

### Budget figures

The budget figures are those approved by Council at the beginning of the year in its 2020 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### Foreign currency transactions

Foreign currency transactions are translated into NZ dollars using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the

settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### Equity

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

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

#### Revaluation reserves

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

#### Restricted reserves

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

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

#### Council-created reserves

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

Council and the Group's objectives, policies, and processes for managing capital are explained in note 33.

#### Fair value through other comprehensive revenue

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

### Cost allocation policy

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

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

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

## Note 2 Rates

### Accounting policy

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

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

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
General rates	52,481	48,908
Uniform annual general charge	9,739	9,044
<b>Total general rates revenue</b>	<b>62,220</b>	<b>57,952</b>
<b>Targeted rates</b>		
Community boards	244	219
Community centres and facilities	792	716
Refuse & waste management	4,651	3,453
Stormwater	1,830	1,733
Wastewater	11,126	11,000
Metered water supply	6,207	5,184
Other water rates	3,463	3,130
<b>Total targeted rates</b>	<b>28,313</b>	<b>25,435</b>
plus: Penalties revenue	1,463	1,401
<b>Total rates revenue</b>	<b>91,996</b>	<b>84,788</b>
less: Rate remissions	(623)	(752)
<b>Total net rates</b>	<b>91,373</b>	<b>84,036</b>

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

## Rates remissions

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Land used for community and sporting purposes	253	203
Land protected for historical or cultural purposes	46	41
CV's under \$1,500	129	119
Rating exclusions	138	335
Maaori freehold land	57	54
<b>Total rates remissions</b>	<b>623</b>	<b>752</b>

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

## Non-rateable land

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

## Rating base information

Council's rating base is as follows:

	Council	
	2019/20 Actual	2018/19 Actual
Total number of rating units	33,987	33,073
Total land value	\$17,615m	\$17,410m
Total capital value	\$29,308m	\$28,706m

## Note 3 Finance revenue and costs

### Accounting policy

Interest revenue is recognised using the effective interest method.

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Finance revenue</b>				
Interest - bank deposits	55	348	64	354
Interest - financial assets	2	3	2	3
Interest - community loans	7	10	7	10
Interest - other	-	2	1	2
Interest - LGFA borrower notes	21	192	21	192
<b>Total finance revenue</b>	<b>85</b>	<b>555</b>	<b>95</b>	<b>561</b>
<b>less: Finance costs</b>				
Interest - bank borrowing	-	25	-	25
Interest - LGFA borrowing	1,226	1,868	1,226	1,868
Interest - swaps differences	3,279	2,305	3,279	2,305
Provision: discount unwinding	65	117	65	117
Other finance costs	-	1	-	1
<b>Total finance costs</b>	<b>4,570</b>	<b>4,316</b>	<b>4,570</b>	<b>4,316</b>
<b>Net finance costs</b>	<b>(4,485)</b>	<b>(3,761)</b>	<b>(4,475)</b>	<b>(3,755)</b>

## Note 4 Other revenue

### Accounting policy

Found and vested physical assets are recognised at fair value at the time Council obtains control of the asset. The fair value is recognised as revenue and the amount is determined by reference to the costs of purchase and/or construction.

Revenue from the sale or provision of goods is recognised when a product is sold to the customer.

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

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

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

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Found assets	796	3,978	796	3,978
Vested assets	20,234	9,210	20,234	9,210
Dividends	81	39	81	39
Other revenue	11,096	9,549	11,096	9,564
Regulatory revenue	8,575	8,020	8,575	8,020
Fees and charges – Council	6,009	1,647	6,009	1,647
Fair value through surplus (deficit) realised gain	-	-	104	23
Impairment recovered	-	-	-	106
Gain on cessation of joint venture	-	-	8	115
Property, plant and equipment gains on disposal	295	161	295	161
Investment property revaluation gain	-	15	-	15
Fair value through surplus (deficit) – gains on revaluation of property, plant and equipment	-	20	-	20
Fair value through surplus (deficit) unrealised gains	-	-	201	253
<b>Total other revenue</b>	<b>47,086</b>	<b>32,639</b>	<b>47,399</b>	<b>33,151</b>

## Note 5 Exchange and non-exchange revenue

### Accounting policy

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

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

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Revenue from exchange transactions</b>				
Revenue from metered water supply	6,207	5,184	6,207	5,184
Development and financial contributions	15,101	10,521	15,101	10,521
Other fees and charges – Council	15,614	12,024	15,614	12,024
Finance revenue	85	555	95	561
Dividends received	81	39	81	39
Impairment recovered	-	-	-	106
Gain on cessation of joint venture	-	-	-	115
Other exchange revenue	5,220	3,621	5,533	3,912
<b>Total revenue from exchange transactions</b>	<b>42,308</b>	<b>31,944</b>	<b>42,631</b>	<b>32,462</b>
<b>Revenue from non-exchange transactions</b>				
Revenue from rates	85,166	78,852	85,166	78,852
Vested and found assets	21,030	13,188	21,030	13,188
Regulatory revenue	1,687	1,749	1,687	1,749
Infringements and fines	274	202	274	202
NZTA government subsidies	20,898	17,904	20,898	17,904
Petrol tax	579	565	579	565
Other subsidies and grants	676	838	676	838
Other fees and charges – Council	2,316	900	2,316	900
Other non-exchange revenue	285	351	285	351
<b>Total revenue from non-exchange transactions</b>	<b>132,911</b>	<b>114,549</b>	<b>132,911</b>	<b>114,549</b>
Revenue from exchange transactions	42,308	31,944	42,631	32,462
Revenue from non-exchange transactions	132,911	114,549	132,911	114,549
<b>Total revenue per statement of comprehensive revenue and expense</b>	<b>175,219</b>	<b>146,493</b>	<b>175,542</b>	<b>147,011</b>

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised. (2019: \$nil)

## Note 6 Employee costs

### Accounting policy

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Salaries and wages	30,911	28,477
Defined contribution plan employer contributions	745	697
Increase (decrease) in employee liabilities	721	313
<b>Total employee costs</b>	<b>32,377</b>	<b>29,487</b>

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

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

	Council	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Water supply	2,870	2,633
Wastewater	3,222	3,264
Stormwater	848	796
Roading	14,748	14,595
Sustainable environment	83	82
Sustainable communities	4,340	4,217
Governance	-	-
Organisational support	1,638	1,788
<b>Total directly attributable depreciation and amortisation</b>	<b>27,749</b>	<b>27,375</b>

## Note 8 Other expenses and losses

### Accounting policy

#### Grant expenditure

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

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

#### Operating leases

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Audit fees – Annual report	231	160	240	168
Audit fees – Long Term Plan	-	-	-	-
Other payments to Audit New Zealand *	24	36	24	36
<b>Total payments to Audit New Zealand</b>	<b>255</b>	<b>196</b>	<b>264</b>	<b>204</b>
Asset write-off	2,080	30,541	2,080	30,541
Bad debt written off	368	85	368	85
Rates penalty write-offs	334	463	334	463
Other expenditure	59,383	44,712	59,431	44,994
Other personnel expenses	829	1,256	829	1,256
Minimum lease payments under operating leases	86	94	86	94
Legal expenses	337	647	337	647
Other professional fees	80	36	80	36
Consultant expenses	7,941	7,256	7,941	7,256
Grants and sponsorship	794	939	794	939
Fair value loss on cattle	24	8	24	8
Property, plant & equipment – losses on disposal	488	36	488	36
Interest rate swaps revaluation loss	5,949	8,409	5,949	8,409
<b>Total other expenses and losses</b>	<b>78,948</b>	<b>94,678</b>	<b>79,005</b>	<b>94,968</b>

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

In 2019 other payments made to Audit New Zealand were for assurance work relating to procurement processes, for a probity review; for the audit of the Debenture Trust Deed and for ad hoc support.



## Note 9 Income tax

### Accounting policy

Income tax expense includes both current and deferred tax.

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

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

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

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

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

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Operating surplus before tax expense	31,575	(9,363)	31,841	(9,135)
Prima facie tax at 28%	8,841	(2,622)	8,915	(2,558)
Non-assessable income (net)	(8,841)	2,622	(8,915)	2,558
Non-deductible expenditure	-	-	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Made up of:				
Deferred tax	-	-	-	-
Prior period adjustment	-	-	-	-
Income tax expense	-	-	-	-

Deferred tax (assets) liabilities	Plant and Equipment \$'000	Employee entitlements \$'000	Other provisions \$'000	Total tax loss \$'000	Total \$'000
Balance at 1 July 2018	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance at 1 July 2019	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 10 Cash and cash equivalents

### Accounting policy

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Cash at bank and on hand	876	1,505	877	1,809
Short term deposits maturing within three months or less from date of acquisition	26,200	8,900	26,326	9,694
<b>Total cash and cash equivalents per statement of financial position</b>	<b>27,076</b>	<b>10,405</b>	<b>27,113</b>	<b>11,503</b>
Bank overdrafts	-	-	-	-
<b>Cash and cash equivalents per statement of cash flows</b>	<b>27,076</b>	<b>10,405</b>	<b>27,113</b>	<b>11,503</b>

The total value of cash equivalents that can only be used for a specific purpose is \$200,644 (2019: \$194,021).

## Note 11 Recoverables and receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Receivables from exchange transactions</b>				
Receivables from related parties	186	232	-	-
Water rates receivable	532	664	532	664
Other receivables from exchange transactions	14,303	6,151	14,303	6,169
<b>Gross receivables</b>	<b>15,021</b>	<b>7,047</b>	<b>14,835</b>	<b>6,833</b>
Provision for uncollectability	(419)	(49)	(419)	(49)
<b>Net receivables from exchange transactions</b>	<b>14,602</b>	<b>6,998</b>	<b>14,416</b>	<b>6,784</b>
<b>Recoverables from non-exchange transactions</b>				
Rates receivable	5,051	4,125	5,051	4,125
Recoverables from user charges, taxes and other non-exchange revenue	413	3,548	413	3,548
GST refund	(164)	192	(164)	192
<b>Gross recoverables</b>	<b>5,300</b>	<b>7,865</b>	<b>5,300</b>	<b>7,865</b>
Provision for uncollectability	(1,097)	(1,110)	(1,017)	(1,110)
<b>Net recoverables from non-exchange transactions</b>	<b>4,203</b>	<b>6,755</b>	<b>4,203</b>	<b>6,755</b>
<b>Total gross receivables and recoverables</b>	<b>20,321</b>	<b>14,912</b>	<b>20,135</b>	<b>14,698</b>
<b>Total provision for uncollectability</b>	<b>(1,516)</b>	<b>(1,159)</b>	<b>(1,516)</b>	<b>(1,159)</b>
<b>Total net recoverables and receivables</b>	<b>18,805</b>	<b>13,753</b>	<b>18,619</b>	<b>13,539</b>

### 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.

### Assessment of uncollectability

Council provides for uncollectability of rates receivable in certain circumstances; when the property is multiple-owned Maaori land or when there is no guarantor available. In all other circumstances, Council does not provide for any uncollectability because 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.

Strada does not provide for any uncollectability of receivables as it has various powers under the Construction Contracts Act 2002 to recover any outstanding debts and no debtors exhibit a financial status that would lead Strada to believe a debt is impaired.

The ageing profile of recoverables and receivables is:

	Gross \$'000	Uncollectable \$'000	Total \$'000
<b>Council 2020</b>			
Not past due	17,529	-	17,528
Past due 1 – 60 days	703	-	703
Past due 61 – 120 days	205	-	205
Past due > 120 days	1,884	(1,516)	369
<b>Total gross recoverables and receivables</b>	<b>20,321</b>	<b>(1,516)</b>	<b>18,805</b>
<b>Council 2019</b>			
Not past due	12,878	-	12,878
Past due 1 – 60 days	321	-	321
Past due 61 – 120 days	93	-	93
Past due > 120 days	1,620	(1,159)	461
<b>Total gross recoverables and receivables</b>	<b>14,912</b>	<b>(1,159)</b>	<b>13,753</b>
<b>Group 2020</b>			
Not past due	17,519	-	17,529
Past due 1 – 60 days	703	-	703
Past due 61 – 120 days	205	-	205
Past due > 120 days	1,884	(1,516)	368
<b>Total gross recoverables and receivables</b>	<b>20,321</b>	<b>(1,516)</b>	<b>18,805</b>
<b>Group 2019</b>			
Not past due	12,664	-	12,664
Past due 1 – 60 days	321	-	321
Past due 61 – 120 days	93	-	93
Past due > 120 days	1,620	(1,159)	461
<b>Total gross recoverables and receivables</b>	<b>14,698</b>	<b>(1,159)</b>	<b>13,539</b>

### Provision for uncollectability

The uncollectability provision has been calculated based on a review of specific overdue receivables together with a collective assessment. The collective uncollectability provision is based on an analysis of past collection and debt write-off history.

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Individual uncollectability	380	132
Collective uncollectability	1,136	1,027
<b>Total provision for uncollectability</b>	<b>1,516</b>	<b>1,159</b>

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Past due 1 – 60 days	-	-
Past due 61 – 120 days	-	-
Past due > 120 days	380	132
<b>Total individual uncollectability</b>	<b>380</b>	<b>132</b>

Movements in the provision for uncollectability of recoverables and receivables are as follows:

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Balance at 1 July	1,159	1,137
Additional provision made during the year	357	111
Provisions reversed during the year	-	(41)
Debts written off during the period	-	(48)
Balance at 30 June	1,516	1,159

## Note 12 Cattle

### Accounting policy

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Balance at 1 July	94	101
Increase through purchases	127	102
Gains (losses) from fair value adjustments	(24)	(8)
Decrease through sales	(94)	(101)
Balance at 30 June	103	94

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 88 (2018: 101).

Council has no cattle with restricted title.

## Note 13 Other Financial Assets

### Accounting policy

#### Subsidiaries

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

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

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

#### Valuation

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council and the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council and the Group have transferred substantially all the risks and rewards of ownership.

Council and the Group classify their financial assets into the following categories for the purposes of measurement:

- Loans and receivables
- Held to maturity investments
- Fair value through surplus or deficit
- Fair value through other comprehensive revenue and expense

The classification depends on the purpose for which the investment was acquired.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by Council at nil, or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit.

#### Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments, with fixed maturities and with a positive intention and ability to hold to maturity. They are included in current assets, except for those with maturities greater than 12 months after balance date which are included in noncurrent assets.

After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in surplus or deficit.

#### Fair value through surplus or deficit

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 21. 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.

#### Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of or realise the investment within 12 months of balance date.

They comprise of the following:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

#### Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

#### Loans and other receivables

Impairment is established when there is objective evidence that Council and the Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollected, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (ie not past due).

For community loans, impairment losses are recognised directly against the instruments' carrying amount.

#### Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment.

If impairment evidence exists for investments at fair value through other comprehensive revenue, the cumulative loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit. The cumulative loss of a financial asset is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the surplus or deficit.

Impairment losses recognised in the surplus or deficit on equity investments are not reversed through the surplus or deficit.

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Current portion</b>				
Term deposits	829	809	829	809
Equity instruments	-	-	2,449	2,367
Fixed interest instruments	-	-	2,000	1,934
LGFA borrower notes	240	80	240	80
Community loans	46	51	46	51
<b>Total current portion</b>	<b>1,115</b>	<b>940</b>	<b>5,564</b>	<b>5,241</b>
<b>Non-current portion</b>				
<b>Investments in CCO's and other similar entities</b>				
Waikato Local Authority Shared Services Limited (a)	219	219	219	219
Strada - shares	700	700	-	-
Waikato Regional Airport Limited	16,744	15,176	16,744	15,176
<b>Total investment in CCO's and similar entities</b>	<b>17,663</b>	<b>16,095</b>	<b>16,963</b>	<b>15,395</b>
<b>Investment in other entities</b>				
Community loans	44	87	44	87
LGFA borrower notes	1,280	1,360	1,280	1,360
Civic Financial Services Limited	38	66	38	66
<b>Total investment in other entities</b>	<b>1,362</b>	<b>1,513</b>	<b>1,362</b>	<b>1,513</b>
<b>Total non-current portion</b>	<b>19,025</b>	<b>17,608</b>	<b>18,325</b>	<b>16,908</b>
<b>Total other financial assets</b>	<b>20,140</b>	<b>18,548</b>	<b>23,889</b>	<b>22,149</b>

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

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

### Community loans

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

Their fair value is \$78,186 (2019: \$123,145). Fair value has been determined using cash flows discounted at the interest rate (current at 1 July 2020) charged by Council on community loans. The rate used is 5.32% (2019: 5.28%).

The face value of total community loans is \$92,106 (2019: \$140,673).

### 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	
		2019/20	2018/19
Waikato Regional Airport Limited	15.62%	\$16,743,390	\$15,176,460
Civic Financial Services Limited	0.37%	\$38,250	\$65,515



## 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 up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised.

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Land	748	-
Buildings	508	-
<b>Total non-current assets for sale</b>	<b>1,256</b>	<b>-</b>

At balance date, a property at 56 Riverglade Drive was held for sale. The property was originally purchased in order to acquire a strip of land to allow access to the Te Awa Cycleway. Apart from the cycleway portion, the remainder was declared surplus to Council's requirements and actively marketed for sale. The sale will be completed during the 2021 financial year. (See note 31 for further information.)

At 30 June 2019 Council had no non-current assets held for sale.

## Note 15 Property, plant and equipment

### Accounting policy

Property, plant, and equipment consists of:

**Operational assets:** These include land, buildings, improvements, landfill post closure, library books, plant and equipment, furniture, computers and motor vehicles.

**Restricted assets:** These are parks and reserves owned by Council which provide a benefit or service to the community and which can only be disposed of after following a rigorous legal and public consultation process.

**Infrastructural assets:** These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

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

### Additions

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

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

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

### Disposals

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

### Depreciation

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

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

Description	Useful life (years)	Depreciation rate
Audiovisual materials and electronic games Libraries	5	20%
Buildings	15 – 100	1 – 6.7%
Vehicles / moveable plant	4 – 20	5 – 25%
Library books	8	12.5%
Computers	4 – 7	14 – 25%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	4 – 100	1 – 25%
Wastewater	3 – 100	1 – 33.3%
Urban stormwater	5 – 100	1 – 20%
Roading pavement sealed	2 – 100	1 – 50%
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%

Description	Useful life (years)	Depreciation rate
Drainage	50 – 80	1.25 – 2%
Retaining walls	50 – 100	1 – 2%
Footpaths	15 – 80	1.25 – 6.67%
Street lighting	20	5%
Bridges		
- Timber	50	2%
- All others	100	1%
Parks & reserves	1 – 100	1 – 100%
Solid waste		
- refuse transfer stations	10 – 80	1.25 – 10%

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

### Revaluation

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

The carrying values of the revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair value. If there is a material difference, the off-cycle asset classes are revalued.

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

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

### Impairment of property, plant and equipment

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

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

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

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

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

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

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

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a series of service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### Value in use for cash-generating assets

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

## Work in progress

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

	Council and Group	
	2019/20 Actual \$'000	2018/20 Actual \$'000
Buildings - operational	2,558	1,262
Buildings – restricted	362	194
Parks and reserves	11,388	13,987
Wastewater	143	4,935
Stormwater	4,279	3,344
Water	4,481	5,199
Solid waste	3,935	80
Roading	14,439	4,468
<b>Total work in progress</b>	<b>41,585</b>	<b>33,469</b>

## Infrastructural assets – further disclosures

Council 2020	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	*Assets transferred to Council \$'000	
Water treatment plants and facilities	8,162	-	-	16,018
Other water assets	116,481	5,943	2,536	165,118
Wastewater treatment plants and facilities	17,024	879	-	26,807
Other wastewater assets	105,749	3,022	4,007	174,232
Stormwater and drainage	75,255	-	5,024	92,788
Roads, footpaths, bridges and culverts	1,016,388	19,164	5,106	1,427,376
<b>Total infrastructural assets</b>	<b>1,359,051</b>	<b>29,008</b>	<b>16,673</b>	<b>1,902,339</b>
<b>Council 2019</b>				
Water treatment plants and facilities	8,095	1,984	2,938	15,604
Other water assets	109,639	13,684	-	155,431
Wastewater treatment plants and facilities	17,486	1,968	3,556	25,644
Other wastewater assets	97,478	7,144	-	160,707
Stormwater and drainage	65,032	1,455	2,800	79,913
Roads, footpaths, bridges and culverts	1,167,719	28,132	2,344	1,464,157
<b>Total infrastructural assets</b>	<b>1,465,449</b>	<b>54,367</b>	<b>11,638</b>	<b>1,901,456</b>

\*This includes found assets of \$795,958 (2019: \$3,977,984).

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<b>Council and Group 2019/20</b>	<b>Cost / valuation 1 Jul 2019 \$'000</b>	<b>Accumulated depreciation and impairment charges 1 Jul 2019 \$'000</b>	<b>Carrying amount 1 Jul 2019 \$'000</b>	<b>Current year additions \$'000</b>	
<b>Operational assets</b>					
Land	20,694	-	20,694	300	
Buildings	28,394	(2,064)	26,330	1,349	
Library books	6,018	(4,627)	1,391	-	
Vehicles / moveable plant	6,068	(3,323)	2,745	605	
Office equipment	1,404	(1,182)	222	-	
Computer equipment	5,570	(5,096)	474	-	
Furniture	1,557	(1,028)	529	35	
<b>Total operational assets</b>	<b>69,705</b>	<b>(17,320)</b>	<b>52,385</b>	<b>2,289</b>	
<b>Infrastructural assets</b>					
Wastewater	114,963	-	114,963	7,908	
Stormwater	62,717	-	62,717	5,021	
Water	117,734	-	117,734	8,479	
Drainage	2,316	-	2,316	3	
Solid waste	1,729	-	1,729	-	
Roading	1,023,561	-	1,023,561	23,362	
Bridges / culverts / pipes	144,158	-	144,158	908	
Land under roads	108,288	-	108,288	813	
Work in progress	33,469	-	33,469	8,116	
<b>Total infrastructural assets</b>	<b>1,608,935</b>	<b>-</b>	<b>1,608,935</b>	<b>54,501</b>	
<b>Restricted assets</b>					
Land	99,307	-	99,307	3,562	
Buildings	26,899	(1,964)	24,935	134	
Parks and reserves	44,920	-	44,920	7,084	
<b>Total restricted assets</b>	<b>171,126</b>	<b>(1,964)</b>	<b>169,162</b>	<b>10,780</b>	
<b>Total Council and Group</b>	<b>1,849,766</b>	<b>(19,284)</b>	<b>1,830,482</b>	<b>67,679</b>	

Current year Disposals and transfers from WIP \$'000	Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2020 \$'000	Accumulated depreciation and impairment charges 30 Jun 2020 \$'000	Carrying amount 30 Jun 2020 \$'000
(80)	-	-	-	3,878	24,792	-	24,792
(13)	-	(1,077)	-	147	26,736	-	26,736
-	-	(297)	-	-	6,018	(4,924)	1,094
(1,173)	-	(547)	665	-	5,500	(3,205)	2,285
-	-	(41)	-	-	1,404	(1,223)	181
-	-	(202)	-	-	5,570	(5,298)	272
-	-	(109)	-	-	1,592	(1,337)	455
(1,267)	-	(2,273)	665	4,025	71,612	(15,787)	55,815
(802)	-	(3,035)	41	3,698	122,773	-	122,773
(226)	-	(817)	3	6,126	72,824	-	72,824
(943)	-	(2,856)	32	2,197	124,643	-	124,643
-	-	(28)	-	140	2,431	-	2,431
-	-	(72)	-	182	1,839	-	1,839
(296)	(3,538)	(11,792)	30	(266,891)	764,436	-	764,436
-	3,538	(2,931)	-	106,271	251,944	-	251,944
-	-	-	-	-	109,101	-	109,101
-	-	-	-	-	41,585	-	41,585
(2,267)	-	(21,531)	106	(138,610)	1,491,576	-	1,491,576
-	-	-	-	13,208	116,072	-	116,072
(72)	-	(982)	33	3,506	27,554	-	27,554
79	-	(2,321)	2	(1,526)	48,238	-	48,238
7	-	(3,303)	35	15,188	191,869	-	191,869
(3,526)	-	(27,117)	806	(129,064)	1,755,057	(15,787)	1,739,27

<b>Council and Group 2018/19</b>	Cost / valuation 1 Jul 2018 \$'000	Accumulated depreciation and impairment charges 1 Jul 2018 \$'000	Carrying amount 1 Jul 2018 \$'000	Current year additions \$'000	
<b>Operational assets</b>					
Land	20,347	-	20,347	697	
Buildings	28,013	(1,014)	26,999	411	
Library books	5,596	(4,303)	1,293	422	
Vehicles / moveable plant	5,737	(3,259)	2,478	1,136	
Office equipment	1,391	(1,132)	259	13	
Computer equipment	5,380	(4,887)	493	190	
Furniture	1,479	(925)	554	78	
<b>Total operational assets</b>	<b>67,943</b>	<b>(15,520)</b>	<b>52,423</b>	<b>2,947</b>	
<b>Infrastructural assets</b>					
Wastewater	109,096	-	109,096	12,669	
Stormwater	59,291	-	59,291	4,174	
Water	106,471	-	106,471	18,786	
Drainage	2,231	-	2,231	81	
Solid waste	1,845	-	1,845	27	
Roading	1,012,317	-	1,012,317	21,142	
Bridges / culverts / pipes	133,756	-	133,756	9,334	
Land under roads	107,656	-	107,656	822	
Work in progress	50,665	-	50,665	49,007	
<b>Total infrastructural assets</b>	<b>1,583,328</b>	<b>-</b>	<b>1,583,328</b>	<b>116,042</b>	
<b>Restricted assets</b>					
Land	95,476	-	95,476	3,831	
Buildings	26,658	(987)	25,671	241	
Parks and reserves	42,468	-	42,468	5,010	
<b>Total restricted assets</b>	<b>164,602</b>	<b>(987)</b>	<b>163,615</b>	<b>9,082</b>	
<b>Total Council and Group</b>	<b>1,815,873</b>	<b>(16,507)</b>	<b>1,799,366</b>	<b>128,071</b>	



Current year Disposals and transfers from WIP \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2019 \$'000	Accumulated depreciation and impairment charges 30 Jun 2019 \$'000	Carrying amount 30 Jun 2019 \$'000
(350)	-	-	-	20,694	-	20,694
(30)	(1,050)	-	-	28,394	(2,064)	26,330
-	(324)	-	-	6,018	(4,627)	1,391
(805)	(633)	569	-	6,068	(3,323)	2,745
-	(50)	-	-	1,404	(1,182)	222
-	(209)	-	-	5,570	(5,096)	474
-	(103)	-	-	1,557	(1,028)	529
(1,185)	(2,369)	569	-	69,705	(17,320)	52,385
(5,383)	(3,076)	123	1,534	114,963	-	114,963
(238)	(767)	2	255	62,717	-	62,717
(7,659)	(2,619)	206	2,549	117,734	-	117,734
(8)	(27)	-	39	2,316	-	2,316
-	(82)	-	(61)	1,729	-	1,729
(17,092)	(11,844)	374	18,664	1,023,561	-	1,023,561
(12)	(2,753)	-	3,833	144,158	-	144,158
(190)	-	-	-	108,288	-	108,288
(66,203)	-	-	-	33,469	-	33,469
(96,785)	(21,168)	705	26,813	1,608,935	-	1,608,935
-	(977)	-	-	99,307	-	99,307
-	(2,160)	-	-	26,899	(1,964)	24,935
(873)	(3,137)	47	428	44,920	-	44,920
(873)	26,674	47	428	171,126	(1,964)	169,162
(98,843)	(26,674)	1,321	27,241	1,849,766	(19,284)	1,830,482

## Valuation

### Operational and restricted land and buildings

Land, buildings and properties valued by their components have been valued at fair value either as determined by an independent valuer using market-based evidence or by using a replacement cost approach. The most recent valuation was performed by Mairi MacDonald and Maria McHugh of Quotable Value Limited (QV) and dated 30 June 2020.

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

### Land

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

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

### Buildings

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

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

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

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

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

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

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Operational buildings</b>		
Depreciated replacement cost	24,886	25,395
Market-based evidence	1,850	935
<b>Total carrying value of operational buildings</b>	<b>26,736</b>	<b>26,330</b>
<b>Restricted buildings</b>		
Depreciated replacement cost	25,660	23,475
Market-based evidence	1,894	1,460
<b>Total carrying value of restricted buildings</b>	<b>27,554</b>	<b>24,935</b>

### Classification of property

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

### Parks and reserves

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

Parks and reserves assets have been valued at fair value as determined on an optimised depreciated cost basis by an independent valuer. The most recent valuation was performed by Robert Berghuis and approved by Marvin Clough of Beca Limited and is dated 30 June 2020.

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 2020 Datasets and from information gained by Beca during previous assessments of this type. Remaining useful life (RUL) is assessed on useful life less age, with adjustments depending on condition and performance which may vary from one asset to another. Minimum remaining useful life is assumed to be two years.
- Assets are assumed to have zero residual value at the end of their effective useful lives.

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

Utilities and solid waste assets have been valued at fair value determined on an optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Stephen Garlick, Michelle Too and Luke Elsen of AECOM New Zealand Limited. It was reviewed by Ian Martin and is dated 30 June 2020.

Estimates and assumptions for the revaluation of these assets included:

- Straight-line depreciation was used.
- Waters and solid waste 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; this included rates from four peer Councils in the Waikato/Bay of Plenty area. 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 (not including bridges) have also been valued at fair value as determined using the optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Shahaanan Arulgnanapragasam of WSP Limited; it was reviewed by Gregg Morrow and approved for release by John Vessey. The valuation is effective at 30 June 2020.

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

- Replacement cost is the cost of building the existing infrastructure using present-day technology while maintaining the originally designed level of service.
- A review of unit rates has been undertaken and the results of that review have been factored into the current valuation. The review has resulted in no change to the basecourse rate, a significant decrease (-57%) in the sub-base rate and a smaller increase (+40%) in the overhead rate.
- Unit cost rates are factored to allow for other direct costs such as professional fees. Unit costs represent brown-field costs which reflect increased difficulties and constraints of undertaking construction, maintenance and renewal work simultaneously with continuous operation of infrastructure.
- Overhead factors of 4% (2019:10%) 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.

Revaluation of the roading asset and in particular the use of the revised sub-base unit costs mentioned above has resulted in a decrease of \$266.9 million. The revised unit rates were used in order to better align with the actual costs and with the industry's average unit rate.

### Infrastructural asset class: bridges and culverts

In recognition of the inherent differences between the nature of roads and of bridges and culverts, these asset classes have been valued separately by Beca Limited (Beca) - an independent valuer. The valuation is dated 30 June 2020.

Estimates and assumptions for the revaluation of these assets included:

- Replacement cost rates have been derived from first principles allowing for demolition of the existing structure, design services, physical works costs and contract administration. Replacement costs are based on maintaining the current level of service using standardised structural elements.
- Depreciation is calculated on a straight-line basis with remaining useful life adjusted based on the 2018/19 inspection round.
- A minimum remaining useful life of two years has been applied to all structures reaching the end of their expected life cycle.

## 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 (2019: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2019: nil).

Gains on disposal of property, plant and equipment of \$295,474 (2019: \$161,600) has been recognised in the Statement of comprehensive revenue and expense in the line item Other revenue. Losses on disposal amounting to \$488,049 (2019: \$2,422,701) 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 straightline basis, has a finite useful life of three to seven years and the amortisation rates are between 14% and 33%.

#### Consents

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

#### Impairment of intangible assets

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

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

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

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

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

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

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

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

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

	Council and Group		
	Computer software \$'000	Consents \$'000	Total \$'000
<b>Balance at 1 July 2019</b>			
Cost	6,288	5,491	11,779
Accumulated amortisation and impairment	(5,135)	(1,496)	(6,631)
<b>Opening carrying amount</b>	<b>1,153</b>	<b>3,995</b>	<b>5,148</b>
<b>Year ended 30 June 2020</b>			
Additions	-	-	-
Disposal – cost	-	-	-
Disposal – accumulated amortisation	-	-	-
Impairment losses	-	-	-
Amortisation charge	(424)	(218)	(642)
<b>Closing carrying amount</b>	<b>729</b>	<b>3,777</b>	<b>4,506</b>
<b>Balance at 30 June 2020</b>			
Cost	6,288	5,491	11,779
Accumulated amortisation and impairment	(5,559)	(1,714)	(7,273)
<b>Closing carrying amount</b>	<b>729</b>	<b>3,777</b>	<b>4,506</b>
<b>Balance at 1 July 2018</b>			
Cost	5,981	5,491	11,472
Accumulated amortisation and impairment	(4,653)	(1,277)	(5,930)
<b>Opening carrying amount</b>	<b>1,328</b>	<b>4,214</b>	<b>5,542</b>
<b>Year ended 30 June 2019</b>			
Additions	330	-	330
Disposal – cost	(23)	-	(23)
Disposal – accumulated amortisation	-	-	-
Impairment losses	-	-	-
Amortisation charge	(482)	(219)	(701)
<b>Closing carrying amount</b>	<b>1,153</b>	<b>3,995</b>	<b>5,148</b>
<b>Balance at 30 June 2019</b>			
Cost	6,288	5,491	11,779
Accumulated amortisation and impairment	(5,135)	(1,496)	(6,631)
<b>Closing carrying amount</b>	<b>1,153</b>	<b>3,995</b>	<b>5,148</b>

The carrying amount of the assets has been assessed as less than their replacement cost.

There are no restrictions over the title of the Council's intangible assets, nor are any intangible assets pledged as security for liabilities.

There are no intangible assets which have been internally generated.

## Note 17 Investment property

### Accounting policy

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Balance at 1 July	560	545
Fair value gains (losses) on valuation	-	15
Disposals	-	-
Balance at 30 June (at valuation)	560	560

### Valuation

At 30 June 2020 the valuation was performed by Mairi Macdonald, an independent valuer from Quotable Value Limited. Quotable Value is an experienced valuer with extensive market knowledge in the types and locations of investment properties owned by Council.

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

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

- All land is valued on a fair market basis determined from market based evidence and conditions that prevailed at 30 June 2020
- Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.
- All buildings have been valued on either a fair market or depreciated replacement cost basis. Where the fair value of an asset can be determined by reference to the price in an active market for the same or similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value.

### Revenue and expenses relating to investment property

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Rental revenue	44	44
Expenses from investment property generating revenue	-	-

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

## Note 18 Payables, taxes and transfers

### Accounting policy

Short-term payables are recorded at their face value.

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Payables under exchange transactions</b>				
Trade payables	8,704	2,445	8,705	2,451
Water rates in advance	545	427	545	427
Accrued expenses	10,355	12,182	10,411	12,280
Amounts due to related parties	1,089	-	-	-
Revenue in advance	1,723	1,472	1,723	1,472
<b>Total payables under exchange transactions</b>	<b>22,416</b>	<b>16,526</b>	<b>21,384</b>	<b>16,630</b>
<b>Taxes and transfers payable under non-exchange transactions</b>				
Rates in advance	2,196	965	2,196	965
Deposits and bonds	218	221	218	221
GST and FBT payable	46	38	46	39
Other non-exchange payables	189	116	189	116
<b>Total taxes and transfers payable</b>	<b>2,649</b>	<b>1,340</b>	<b>2,649</b>	<b>1,341</b>
<b>Total payables, taxes and transfers</b>	<b>25,065</b>	<b>17,866</b>	<b>24,033</b>	<b>17,971</b>

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



## Note 19 Employee entitlements

### Accounting policy

#### Short-term employee entitlements

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

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

#### Long-term employee entitlements

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Current portion</b>		
Annual leave	2,256	1,717
Long service leave	19	17
Sick leave provision	104	132
Accrued payroll	765	542
Other employee liabilities	7025	765
<b>Total current portion</b>	<b>3,846</b>	<b>3,173</b>
<b>Non-current portion</b>		
Long service leave	89	72
Retirement gratuities	103	71
<b>Total non-current portion</b>	<b>192</b>	<b>143</b>
<b>Total employee entitlements</b>	<b>4,038</b>	<b>3,316</b>

### Estimating retirement and long service leave obligations

The present values of Council's non-current retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from 10 year New Zealand Government bonds. The salary inflation factor has been determined in accordance with the inflation factors forecast by Berl in September 2019 for the years 2020-2030. A discount rate of 0.89% (2019: 1.62%) and an inflation factor of 2.1% (2019: 1.86%) have been used.

## Note 20 Borrowing

### Accounting policy

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Current portion</b>		
LGFA borrowing	15,000	5,000
<b>Total current portion</b>	<b>15,000</b>	<b>5,000</b>
<b>Non-current portion</b>		
LGFA borrowing	80,000	75,000
<b>Total non-current portion</b>	<b>80,000</b>	<b>75,000</b>
<b>Total borrowing (all secured)</b>	<b>95,000</b>	<b>80,000</b>

Council secured debt of \$95,000,000 (2019: \$80,000,000) is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. Council has 30 swap contracts in place (2019: 36). During the year six swaps matured (2019: one) and no contracts were cancelled and replaced by contracts with more suitable terms (2019: two); no outright new contracts (2019: none) were undertaken. Council has seven (2019: 12) swaps with start dates after 30 June 2020.

Council's committed cash advance facility of \$15,000,000 (2019: \$15,000,000) expires on 31 July 2021.

At 30 June 2020 total borrowings from Local Government Funding Agency Limited (LGFA) were \$95,000,000 (2019: \$80,000,000). The average rate of interest was 1.13% (2019: 2.56%).

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

	Carrying amount		Fair value	
	2019/2020 \$'000	2018/19 \$'000	2019/20 \$'000	2018/19 \$'000
<b>Council and Group</b>				
Secured loans	80,000	75,000	80,008	74,582
<b>Total non-current borrowing</b>	<b>80,000</b>	<b>75,000</b>	<b>80,008</b>	<b>74,582</b>

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

		2019/20	2018/19
	From	1.02%	2.4%
	To	1.39%	2.8%

## Internal loans

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

Council	Balance at 1 July \$'000	Borrowing \$'000	Repayments \$'000	Balance at 30 June \$'000	Interest paid \$'000
<b>2020</b>					
Water supply	17,384	1,882	(586)	18,680	755
Wastewater	10,276	1,652	(381)	11,547	446
Stormwater	3,853	40	(154)	3,739	167
Roading	21,751	3,364	(1,829)	23,286	922
Sustainable environment	363	-	(34)	329	15
Sustainable communities	17,128	1,539	(1,013)	17,654	735
Governance	-	-	-	-	-
Organisational support	1,029	326	(131)	1,224	42
<b>Total internal loans (gross)</b>	<b>71,784</b>	<b>8,803</b>	<b>(4,128)</b>	<b>76,459</b>	<b>3,082</b>
<b>2019</b>					
Water supply	16,258	1,900	(774)	17,384	671
Wastewater	10,226	482	(432)	10,276	423
Stormwater	3,479	513	(139)	3,853	144
Roading	22,699	802	(1,750)	21,751	923
Sustainable environment	395	-	(32)	363	16
Sustainable communities	15,960	2,104	(936)	17,128	655
Governance	-	-	-	-	-
Organisational support	527	530	(28)	1,029	22
<b>Total internal loans (gross)</b>	<b>69,544</b>	<b>6,331</b>	<b>(4,091)</b>	<b>71,784</b>	<b>2,854</b>

## Note 21 Provisions

### Accounting policy

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Current portion</b>		
Landfill aftercare	69	69
<b>Total current portion</b>	<b>69</b>	<b>69</b>
<b>Non-current portion</b>		
Landfill aftercare	3,008	1,378
<b>Total non-current portion</b>	<b>3,008</b>	<b>1,378</b>
<b>Total provisions</b>	<b>3,077</b>	<b>1,447</b>

Movements for each class of provision are as follows:

	Landfill aftercare \$'000	Total \$'000
<b>2020</b>		
Balance at 1 July 2019	1,447	1,447
Change in provision made during the year	1,698	1,698
Amounts used	(133)	(133)
Unused amounts reversed	-	-
Discount unwind	65	65
<b>Balance at 30 June 2020</b>	<b>3,077</b>	<b>3,077</b>
<b>2018</b>		
Balance at 1 July 2018	2,119	2,119
Change in provision made during the year	(616)	(616)
Amounts used	(173)	(173)
Unused amounts reversed	-	-
Discount unwind	117	117
<b>Balance at 30 June 2019</b>	<b>1,447</b>	<b>1,447</b>

## Weathertightness claims

No claims remain with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2020 (2019: none).

At 30 June 2020, no further claim had been received directly by Council (2019: none).

## Landfill aftercare costs

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

The cash outflows for landfill post-closure are expected to occur over 35 years. The long term nature of the liability means that there are inherent uncertainties in estimating the costs which will be incurred. The provision has been made taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$4,630,149 (2019: \$3,286,794). A discount rate of 1.8% (2019: 1.8%) and an inflation factor of 2.5% (2019: 2.5%) have been used.

## Note 22 Derivative financial instruments

### Accounting policy

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Current liability portion</b>		
Interest rate swaps	137	156
<b>Non-current liability portion</b>		
Interest rate swaps	21,478	15,510
<b>Total derivative financial instruments liabilities</b>	<b>21,615</b>	<b>15,666</b>

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

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

	2019/20 Actual	No.	2018/19 Actual	No.
	\$'000		\$'000	
Active swaps	78,500	23	95,500	24
Forward starting swaps	47,000	7	51,000	12
	<b>125,500</b>	<b>30</b>	<b>146,500</b>	<b>36</b>

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Land	85,485	70,177
Buildings	34,196	30,615
Parks and reserves	20,928	22,494
Wastewater	42,515	39,090
Water	45,623	43,082
Bridges	195,687	89,415
Roading	111,826	378,622
Urban stormwater	20,151	14,076
Rural drainage	158	18
Solid waste	1,157	975
Balance at 30 June	577,726	688,564

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Net surplus (deficit) after tax	31,575	(9,363)	31,841	(9,135)
<b>Plus (minus) non-cash items</b>				
Depreciation, amortisation and asset write-off	29,829	57,916	29,828	57,916
Vested and found assets	(21,030)	(13,188)	(21,030)	(13,188)
(Gains) losses on fair value of investment property	-	(15)	-	(15)
(Gains) losses on derivative financial instruments	5,949	8,409	5,949	8,409
(Gains) losses on revaluation of property, plant and equipment	-	(20)	-	(20)
(Gains) losses on cattle	24	8	24	8
Interest revenue on financial assets not at fair value through surplus (deficit)	(2)	(3)	(2)	(3)
Capitalised internal charges	(1,025)	(1,087)	(1,025)	(1,087)
Impairment recovered (related party receivable)	-	-	-	(106)
Gain on cessation of joint venture	-	-	-	(115)
Gain on fair value through surplus (deficit)	-	-	(303)	(276)
<b>Plus (minus) items classified as investing or financing activities</b>				
(Gains) losses on disposal of property, plant and equipment	193	(125)	193	(125)
Decrease (increase) in creditors for capital expenditure	2,935	(1,692)	2,935	(1,692)
<b>Plus (minus) movements in working capital items</b>				
Receivables and recoverables	(4,195)	(2,745)	(4,241)	(2,746)
Prepayments	(131)	(73)	(131)	(73)
Cattle	(33)	(1)	(33)	(1)
Payables, taxes and transfers	6,298	2,644	6,275	2,715
Changes in provision	(67)	(56)	(67)	(56)
Employee entitlements	721	313	721	313
Net cash inflow (outflow) from operating activities	51,041	40,922	50,935	40,723

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

	Council	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Total comprehensive revenue wholly attributable to Waikato District Council	(97,647)	20,384
Surplus (deficit) of operating funding per Whole of Council funding impact statement	18,773	22,053
Difference	(116,419)	(1,669)
The difference comprises:		
Capital revenue	27,699	21,510
Revaluation of assets	(129,064)	27,218
Revaluation reserve - landfill	(1,698)	616
Financial assets at fair value	1,540	1,913
Depreciation and amortisation	(27,749)	(27,375)
Profit (loss) on sale	(193)	125
Write off of assets	(2,080)	(30,541)
Vested and found assets	21,030	13,188
Change in provisions	67	56
Interest revenue from financial assets	2	3
Unrealised gains	-	35
Unrealised losses	(5,973)	(8,417)
Total difference	(116,419)	(1,669)

## Note 26 Capital commitments and operating leases

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Capital commitments are for expenditure on:		
Water	34,145	818
Wastewater	46,925	1,383
Stormwater	8,127	-
Parks and reserves	1,922	1,202
Buildings - operational	-	-
Roading	89,575	24,526
Bridges	244	-
Library books	373	-
Intangible assets	1,111	17
Total capital commitments	203,442	27,946

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

## Operating leases as lessee

Council and the Group lease property, plant and equipment in the normal course of business. The leases have non-cancellable terms of between three years three months and two years three months (2019: between three years three months and two years three months).

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Not later than one year	147	223
Later than one year and not later than five years	30	177
Later than five years	-	-
<b>Total minimum operating lease payments payable</b>	<b>177</b>	<b>400</b>

### Council

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

No contingent rent relating to copiers was recognised during the period. (2019: \$nil)

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

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

### Strada

Strada has no leased property.

## Operating leases as lessor

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

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Not later than one year	456	369
Later than one year and not later than five years	1,230	1,273
Later than five years	526	600
<b>Total minimum operating lease payments receivable</b>	<b>2,212</b>	<b>2,242</b>

Council has recognised no contingent rents during the period (2019: \$nil).



## Note 27 Contingencies

### Contingent liabilities

Quantifiable contingent liabilities are as follows:

	Council and Group	
	2019/20 Actual \$'000	2018/19 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 (2019: none) in progress.

#### Capital contributions

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

#### Unquantified claims

##### Weathertight claims

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

##### Ministry of Education and Carter Holt Harvey (CHH)

In 2013 the Ministry of Education (MoE) initiated High Court proceedings against Carter Holt Harvey Limited and others alleging inherent defects in the shadowclad plywood sheets manufactured and distributed by CHH. The MoE's claim against CHH is for 833 school buildings, 50 of which are located within the Waikato District.

In 2016 CHH commenced proceedings against 48 Councils, including Waikato District Council, alleging a breach of duty on the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

28 school buildings (none in the Waikato District) built outside the 10 year-long stop contained within the Building Act 2004 have since been struck out by the High Court.

The court has directed that the trial be staged. The first stage will be a 6-month hearing commencing in April 2020, to determine whether shadowclad is inherently defective.

At balance date there is still insufficient information to conclude on potential liability and claim quantum, if any. However, see Note 31 for information about a favourable development which occurred after 30 June 2020.

##### 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 are set down for a two day hearing on 12 October 2020.

The insurer directed the external solicitors to make a without prejudice offer of settlement, which was made on 29 June 2020 in the sum of \$100,000.00. The plaintiff has not yet responded to the offer.

There is insufficient information to quantify the potential cost to Council.

##### WorkSafe v Smart Environmental, Waikato District Council & Sekhon Group Limited – prosecution

Council has been charged under the Health and Safety at Work Act 2015 in relation to the death of a rubbish truck operator on 14 December 2017. The operator was an employee of a subcontractor (Sekhon Group Limited) to Council's contractor (Smart Environmental), both entities are also facing charges.

WorkSafe alleges that Council had a duty to ensure the health and safety of workers who worked for Council, and that Council breached that duty leading to the workers death by failing to appropriately and sufficiently audit and monitor health and safety practices by its contractors at the commencement of, and throughout the contract term.

The insurer has appointed Duncan Cotterill and Adam Ross QC to act in relation to the defence of the prosecution. A trial date has yet to be set.

## Other claims

At balance date no other claims (2019: none) expose Council or the Group to contingent liabilities. Council's maximum financial exposure is \$nil (2019: \$nil).

## NZ Local Government Funding Agency Limited (LGFA)

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

Council is one of 54 local authority guarantors - 30 of which are also shareholders of LGFA. The aggregate amount of uncalled shareholder capital (\$20m) is available in the event that an imminent default is identified. Also, together with other guarantors and shareholders, Council is guarantor of all LGFA's borrowings. At 30 June 2020 LGFA had borrowings totalling \$11.66 billion (2019: \$9.531 billion).

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

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

## Contingent assets

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

## Note 28 Related party transactions

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

All related party transactions and related payments are on normal commercial terms. There was no impairment of any of these transactions (2019: nil).

The following transactions were carried out between related parties:

	Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Between Council and Waikato District Community Wellbeing Trust (WBT)</b>		
Council's accounts receivable from WBT	186	232
<b>Between Council and Strada Corporation Limited (Strada)</b>		
Council's accounts payable to Strada	1,089	-
<b>Between Council and Local Authority Shared Services (LASS)</b>		
Services provided to LASS	114	322
Charges from LASS	615	583
Council's accounts payable to LASS	135	236
Council's accounts receivable from LASS	-	85
<b>Between Council and Waikato Regional Airport Limited (WRAL)</b>		
Dividend paid by WRAL	46	39
Regional Tourism funding payment to WRAL	150	150
<b>Between Council and Civic Financial Services Limited (Civic)</b>		
Dividend paid by Civic	34	-
<b>Between Strada and Waikato Quarries Limited (WQL)</b>		
Share of WQL cash received	8	-
Deferred settlement receivable from WQL	-	500

## Key management personnel compensation

Council's key management personnel include the Mayor, Councillors, the Chief Executive, General Managers and other members of the Executive Leadership Team. The Group enters into various transactions such as rates, water charges and the sale of goods

or services with key management personnel in the ordinary course of business and on an arm's length basis. No disclosure has been made for these transactions.

	Council	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Remuneration</b>		
Councillors	917	777
Senior management team (including CE)	2,304	2,337
<b>Total key management personnel remuneration</b>	<b>3,221</b>	<b>3,114</b>
	2019/20 Actual	2018/19 Actual
<b>Full-time equivalent members</b>		
Councillors	14	14
Senior management team (including CE)	11	11
<b>Total full-time equivalent personnel</b>	<b>25</b>	<b>25</b>

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

### Related party transactions requiring disclosure

There were no other related party transactions requiring disclosure.

## Note 29 Remuneration

### Remuneration of elected members

	Council	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Councillors</b>		
<b>Cash benefits</b>		
A Sanson, Mayor	153	147
A Bech	68	42
J Church	47	42
C Eyre	33	-
D Fulton	34	62
J Gibb	76	54
S Henderson	47	42
S Lynch	55	51
B Main	14	42
R McGuire	47	42
F McNally	47	42
E Patterson	61	42
J Sedgwick	74	53
N Smith	55	57
L Thomson	47	42
C Woolerton	33	-
<b>Total cash benefits paid to Councillors</b>	<b>891</b>	<b>760</b>
<b>Non-cash benefits</b>		
A Sanson, Mayoral car	26	17
<b>Total non-cash benefits paid to Councillors</b>	<b>26</b>	<b>17</b>
<b>Total remuneration of Councillors</b>	<b>917</b>	<b>777</b>
	<b>Council</b>	

	2019/20 Actual \$'000	2018/19 Actual \$'000
Community board and committee members		
Cash benefits		
D Amooore	3	-
J Ayers	4	-
S Bains	3	-
K Bredenbeck	5	5
B Cameron	3	11
C Conroy	5	5
R Cork	4	-
W Diamond	2	5
R Farrar	2	5
D Firth	4	-
B Green	2	-
P Haworth	1	4
J Henry	1	-
S Jackson	9	5
R Kereopa	1	4
R Kirkwood	5	5
D Lamb	2	5
K Langlands	3	10
J Lovatt	4	-
D Lovell	4	3
H Lovell	2	1
R MacLeod	6	9
G McCutchan	4	-
M Moana-Tuwhangai	3	-
K Morgan	5	5
J Morley	2	1
K Ngatika	4	-
A Oosten	4	4
S Ormsby-Cocup	2	1
G Parson	7	4
J Pecekajus	1	1
L Petersen	2	5
C Rayner	3	-
C Rees	2	5
V Reeve	5	5
V Rice	4	-
B Sherson	2	5
J Stevens	2	5
S Stewart	2	1
R Van Dam	2	4
A Vink	1	1
B Watson	5	5
E Wawatai	4	-
J Whetu	3	10
D Whyte	7	-
G Wiechern	7	-
R Wooton	4	-
<b>Total cash benefits paid to community board and committee members</b>	<b>162</b>	<b>143</b>
<b>Total remuneration of Councillors and other elected representatives</b>	<b>1,079</b>	<b>920</b>

### Remuneration of Chief Executive

The Chief Executive of Waikato District Council is appointed under section 42 of the Local Government Act 2002. He received a salary of \$342,442 (2019: \$338,227) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	Council	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Salary and other short-term employee benefits	342	338
Vehicle	17	17
Defined contribution plan employer contributions (KiwiSaver)	11	11
Expenses and other allowances	10	8
Other fringe benefits (value of benefit plus FBT)	10	13
<b>Total Chief Executive's remuneration</b>	<b>390</b>	<b>387</b>

## Employee numbers

	Council	
	2019/20 Actual	2018/19 Actual
<b>Number of employees (at 30 June)</b>		
Full-time employees	311	321
Part-time employees (including casual employees)	79	74
<b>Total employees</b>	<b>390</b>	<b>395</b>
A full-time employee works 40 hours per week		
<b>Full-time equivalent employees</b>		
Full-time employees	310.86	321.05
Part-time employees (in full-time equivalents)	32.87	32.38
<b>Total full-time equivalent employees</b>	<b>343.73</b>	<b>353.43</b>

## Total annual employee remuneration by band

	Council	
	2019/20 Actual \$'000	2018/19 Actual \$'000
\$0 - \$60,000	155	187
\$60,001 - \$80,000	80	78
\$80,001 - \$100,000	69	59
\$100,001 - \$120,000	44	44
\$120,001 - \$140,000	21	12
\$140,001 - \$160,000	10	5
\$160,001 - \$200,000	5	6
\$200,001 - \$400,000	6	4
<b>Total employees</b>	<b>390</b>	<b>395</b>

Total remuneration includes non-financial benefits provided to employees.

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

In 2019 the two bands between \$140,001 - \$180,000 were combined as there were fewer than five employees in of them. There were nine employees in total in the combined band. There were also fewer than five employees in each of the bands from \$180,001 - \$380,000 so those bands were also combined. The bands used in the comparative amounts in the table have been updated to correspond with those used in the current year.

## Note 30 Severance payments

For the year ended 30 June 2020, Council made two (2019: two) severance payments to employees. The payment amounts were: \$5,230 and \$10,800. (2019: Total \$23,000).

Strada had no employees during the year (2019: none).

## Note 31 Events after balance date

An action involving the Ministry of Education and Carter Holt Harvey has been mentioned as a contingent liability in note 27. Although the potential liability still existed at 30 June 2020 subsequent events have resulted in the resolution of this matter with no liability to Council. A notice of Discontinuance was signed by the parties on 3 September 2020.

In early August 2020 Government announced a plan for a Three Waters Stimulus and Reform Funding arrangement. Later that month, Council entered into a Memorandum of Understanding which commits to engage in the first stage of the programme and to work together with both central Government and neighbouring councils. Council subsequently submitted an application for funding of \$11.34m for a package of projects. The outcome of that application is expected to be known at the end of October 2020.

In 2019 a disclosure was made which detailed an agreement between Council and Watercare Services Limited for the operation and maintenance of water, wastewater and stormwater services. The contract came into effect on 1 October 2019.

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

## Note 32 Financial instruments

A: Financial instruments categories

The accounting policies for financial instruments have been applied to the line items below:

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	27,076	10,405	27,113	11,503
Recoverables and receivables	18,805	13,753	19,708	13,539
Community loans	90	138	90	138
Term deposit	829	809	829	809
LGFA borrower notes	1,520	1,440	1,520	1,440
<b>Total loans and receivables</b>	<b>48,320</b>	<b>26,545</b>	<b>49,260</b>	<b>27,429</b>
<b>Fair value through surplus (deficit)</b>				
Fixed interest investments	-	-	2,000	1,934
Equity investments	-	-	2,449	2,367
<b>Total fair value through surplus (deficit)</b>	<b>-</b>	<b>-</b>	<b>4,449</b>	<b>4,301</b>
<b>Fair value through other comprehensive revenue</b>				
Unlisted shares in Civic Financial Services Limited	38	66	38	66
Waikato Regional Airport Limited	16,744	15,176	16,744	15,176
<b>Total fair value through other comprehensive revenue</b>	<b>16,782</b>	<b>15,242</b>	<b>16,782</b>	<b>15,242</b>
<b>Financial assets at cost</b>				
Local Authority Shared Services Limited	219	219	219	219
Shares in Strada Corporation Limited (subsidiary)	700	700	-	-
<b>Total financial assets at cost</b>	<b>919</b>	<b>919</b>	<b>219</b>	<b>219</b>
<b>Financial liabilities</b>				
<b>Fair value through surplus (deficit)</b>				
Derivative financial instruments liabilities	21,615	15,666	21,615	15,666
<b>Financial liabilities at amortised cost</b>				
Payables, taxes and transfers	25,065	17,866	25,123	17,972
Borrowing -secured loans	95,000	80,000	95,000	80,000
<b>Total financial liabilities at amortised cost</b>	<b>120,065</b>	<b>97,866</b>	<b>120,123</b>	<b>97,972</b>

## B: Fair value hierarchy disclosures

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

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

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Valued at quoted market price (level 1)				
Fixed interest investments	-	-	2,000	1,934
Equity investments	-	-	2,449	2,367
<b>Total financial instruments valued at quoted market price</b>	<b>-</b>	<b>-</b>	<b>4,449</b>	<b>4,301</b>
Valued using observable inputs (level 2)				
Financial liabilities – derivatives	21,615	15,666	21,615	15,666
Valued using significant non-observable inputs (level 3)				
Unlisted shares	16,782	15,242	16,782	15,242

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

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

	Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Balance at 1 July	15,242	13,329
Gains and losses recognised in other comprehensive revenue	1,540	1,913
Other movements	-	-
<b>Balance at 30 June</b>	<b>16,782</b>	<b>15,242</b>

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

## C: Financial instruments risks

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

### Market risk

#### Price risk

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

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it has minimum foreign currency transactions. WBT holds investments in foreign currencies and is exposed to currency risk. KWL, on behalf of the trustees, enters into forward currency contracts on all fixed interest investments. The default currency exposure for equity investments is 50%.

#### Fair value interest rate risk

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

Borrowings and investments issued at fixed rates of interest expose Council to interest rate risk. Council's Treasury Risk Management Policy sets a range of control limits for the fixed rate proportion of borrowings with different maturities. The range is from a maximum of 100% for debt maturing in the current period through to 55% for debt maturing in ten years.

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

#### Cash flow interest rate risk

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

Generally, Council raises longterm 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 floatingrate interest amounts calculated by reference to the agreed notional principal amounts.

#### Credit risk

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

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

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 27.

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



## Maximum exposure to credit risk

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Cash and cash equivalents	27,076	10,405	27,113	11,503
Recoverables and receivables	18,805	13,753	18,619	13,539
Term deposits	829	809	829	809
Community loans	90	138	90	138
Fixed interest investments	-	-	2,000	1,934
Equity investments	-	-	2,449	2,367
LGFA borrower notes	1,520	1,440	1,520	1,440
<b>Total credit risk</b>	<b>48,320</b>	<b>26,545</b>	<b>52,620</b>	<b>31,730</b>

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Counterparties with credit ratings</b>				
Cash and cash equivalents				
AA-	27,076	10,405	27,113	11,503
Term deposits				
AA-	829	809	829	809
Borrower notes				
AA+	1,520	1,440	1,520	1,440
<b>Counterparties without credit ratings</b>				
Community loans with no defaults in the past				
	90	138	90	138
Unrated equity investments				
	17,701	16,161	20,150	17,828
Unrated fixed interest investments				
	-	-	2,000	1,934

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 (2019: \$500,000) and a committed cash advance facility of \$15,000,000 (2019: \$15,000,000), of which \$15,000,000 (2019 \$15,000,000) is available to be drawn. Council's committed cash advance facility expires on 31 July 2021.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2020 Council had borrowed \$95,000,000 (2019: \$80,000,000) and held borrower notes with a face value of \$1,520,000 (2019: \$1,280,000).

Council is also exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is contained in note 26.

## Contractual maturity analysis of financial liabilities, excluding derivatives

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Carrying amount</b>				
Payables, taxes and transfers	25,065	17,866	25,123	17,972
Secured loans	95,000	80,000	95,000	80,000
<b>Total carrying amount</b>	<b>120,065</b>	<b>97,866</b>	<b>120,123</b>	<b>97,972</b>
<b>Contractual cash flows</b>				
Payables, taxes and transfers	25,065	17,866	25,123	17,972
Secured loans	98,883	88,329	98,883	88,329
<b>Total contractual cash flows</b>	<b>123,948</b>	<b>106,195</b>	<b>113,452</b>	<b>106,301</b>

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Council 2020</b>				
Payables, taxes and transfers	25,065	-	-	-
Secured loans	16,108	15,874	51,656	15,245
<b>Total</b>	<b>41,173</b>	<b>15,874</b>	<b>51,656</b>	<b>15,245</b>
<b>Council 2019</b>				
Payables, taxes and transfers	17,866	-	-	-
Secured loans	7,018	16,867	38,298	26,146
<b>Total</b>	<b>24,884</b>	<b>16,867</b>	<b>38,298</b>	<b>26,146</b>
<b>Group 2020</b>				
Payables, taxes and transfers	25,123	-	-	-
Secured loans	16,108	15,874	51,656	15,245
<b>Total</b>	<b>41,231</b>	<b>15,874</b>	<b>51,656</b>	<b>15,245</b>
<b>Group 2019</b>				
Payables, taxes and transfers	17,972	-	-	-
Secured loans	7,018	16,867	38,298	26,146
<b>Total</b>	<b>24,990</b>	<b>16,867</b>	<b>38,298</b>	<b>26,146</b>

### Contractual maturity analysis of derivative financial instruments

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

	Council and Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Net settled derivative liabilities</b>		
Carrying amount	21,615	15,666
Contractual cash flows	23,431	20,433

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Net settled derivative liabilities</b>				
2019/20	3,689	3,691	9,914	6,137
2018/19	2,457	2,561	7,970	7,445

### Contractual maturity analysis of financial assets

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

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

	Council		Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
<b>Carrying amount</b>				
Cash and cash equivalents	27,076	10,405	27,113	11,503
Recoverables and receivables	18,805	13,753	19,671	13,539
Other financial assets				
- term deposit	829	809	829	809
- community loans	90	138	90	138
- LGFA borrower notes	1,520	1,440	1,520	1,440
<b>Total carrying amount</b>	<b>48,320</b>	<b>26,545</b>	<b>49,223</b>	<b>27,429</b>
<b>Contractual cash flows</b>				
Cash and cash equivalents	27,076	10,405	27,113	11,503
Recoverables and receivables	18,805	13,753	19,671	13,539
Other financial assets				
- term deposit	829	829	829	829
- community loans	96	153	97	153
- LGFA borrower notes	1,565	1,416	1,565	1,416
<b>Total contractual cash flows</b>	<b>48,371</b>	<b>26,556</b>	<b>49,275</b>	<b>27,440</b>

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Council 2020</b>				
Cash and cash equivalents	27,076	-	-	-
Recoverables and receivables	18,805	-	-	-
Other financial assets				
- term deposit	829	-	-	-
- community loans	49	47		
- LGFA borrower notes	253	250	819	243
<b>Total</b>	<b>47,012</b>	<b>297</b>	<b>819</b>	<b>243</b>
<b>Council 2019</b>				
Cash and cash equivalents	10,405	-	-	-
Recoverables and receivables	13,753	-	-	-
Other financial assets				
- term deposit	829	-	-	-
- community loans	57	96	-	-
- LGFA borrower notes	190	107	694	425
<b>Total</b>	<b>25,234</b>	<b>203</b>	<b>694</b>	<b>425</b>
<b>Group 2020</b>				
Cash and cash equivalents	27,113			
Recoverables and receivables	19,671			
Other financial assets				
- term deposit	829			
- community loans	49	47	-	-
- LGFA borrower notes	253	250	819	243
<b>Total</b>	<b>47,915</b>	<b>297</b>	<b>819</b>	<b>243</b>
<b>Group 2019</b>				
Cash and cash equivalents	11,503	-	-	-
Recoverables and receivables	13,548	-	-	-
Other financial assets				
- term deposit	829	-	-	-
- community loans	57	96	-	-
- LGFA borrower notes	190	107	694	425
<b>Total</b>	<b>26,127</b>	<b>203</b>	<b>694</b>	<b>425</b>

## Sensitivity analysis

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

	2019/20		2018/19	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Interest rate risk</b>				
<b>Council</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(271)	271	(104)	104
Term deposits	(8)	8	(8)	8
<b>Financial liabilities</b>				
Derivatives	(28,889)	(14,816)	(7,745)	7,112
<b>Group</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(271)	(271)	(115)	115
Term deposits	(8)	8	(8)	8
Fixed interest investments			(18)	18
<b>Financial liabilities</b>				
Derivatives	(28,889)	(14,186)	(7,745)	(7,112)

	2019/20		2018/19	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Foreign exchange risk</b>				
<b>Group</b>				
<b>Financial assets</b>				
Cash and equity investments	14	(14)	8	(8)

	2019/20		2018/19	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Equity price risk</b>				
<b>Group</b>				
<b>Financial assets</b>				
Equity investments	24	(24)	24	(24)

## Explanations of sensitivity analysis

The interest rate, foreign exchange and equity price sensitivities are based on reasonably possible movements in interest rates, exchange rates and equity market valuations; with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on parallel shift in interest rates of -100bps/+100bps (2019: -100bps/+100bps).

## Note 33 Capital management

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

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

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

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

Council has the following Council-created reserves:

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

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

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

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

## Note 34 Explanation of major variances against budget

The major variance explanations are set out below and explain the significant differences between actual results for 2019/20 compared to the budget for 2019/20.

### Statement of comprehensive revenue and expense

Overall revenue was \$0.9m greater than budgeted. Contribution revenue was \$8.8m higher than budgeted from growth exceeding budgeted levels throughout the district. Charges for wastewater services were \$3.6m more than budget while General Fees and Charges were \$3.4m less than budget.

Overall expenses were \$13.1m greater than budget. Other operating costs were \$19.3m more than budget, partly offset by savings in Employees costs \$4m and Depreciation and amortisation expense (\$2.6m).

The above movements resulted in a surplus of \$31.6m at an operating level. (Compared to the budgeted surplus of \$45.6m)

Total comprehensive revenue and expense was \$174.7m below budget. Property revaluations resulted in a loss of \$129.1m compared to the budgeted surplus of \$45.5m. This loss results from a change in the valuation rate for one class of Roding assets, partially offset by a change in the basis of valuation of Bridges. This is more fully explained in Note 15: Property, Plant and Equipment.

### Statement of financial position

The statement of financial position shows decrease increase in overall net assets of \$210.8m compared to budget. The biggest variance was for property, plant and equipment which was lower than budget due to a change in the valuation rate for one class of Roding assets, partially offset by a change in the basis of valuation of Bridges.

### Statement of cash flows

The cash flow statement highlights how the capital programme was below budget and borrowings increased during the year, resulting in cash balances being \$26.6m 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 \$18.8m which was \$1m below budget. Total sources of operating funding (revenue) was \$6m more than budget therefore the difference was a result of operating expenditure being \$7m more than budgeted.

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

The increase in operating expenditure was primarily due to above budget payments to suppliers partially offset by lower staff costs because a number of budgeted positions were vacant for a significant period of time throughout the year. Finance costs also exceeded budget due to higher than planned fixed-rate borrowings.

Sources of capital funding were \$10m less compared to budget. Borrowings increased less than budget due to lower actual spend on the capital programme. Contribution income was \$9m higher than budgeted from growth exceeding budgeted levels throughout the district.

Capital expenditure was \$24m less than budget. Some growth projects did not proceed such as extensions of Te Kauwhata and Pokeno wastewater reticulation, new parks and stormwater development projects at Pokeno and the Housing Infrastructure Fund.

In summary, because Council is a net borrower only \$15m was needed due to the net effect of capital expenditure \$24m less than budget and capital funding \$9m below budget

## Note 35 Insurance of assets

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2020 is \$698,579 (2019: \$597,285,430) and the maximum amount to which they are insured is \$253,424,033 (2019: \$253,980,613).

Insurance Class	Total Declared Value	Policy Limit
Infrastructure	\$433,120,102	<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	\$262,035,344	<p>\$150,000,000 combined limit any one loss or series of losses arising out of any one event in excess of policy deductible</p> <p>\$25,000,000 fire limit</p>
Motor Vehicle	\$2,967,603	\$2,967,603
Other	\$456,430	\$456,430
<b>Total</b>	<b>\$698,579,479</b>	<b>\$253,424,033</b>

In addition to the insurance contracts noted above, the council maintains a disaster recovery reserve to meet the costs of damage that may not be recoverable through insurance. At 30 June 2020 the balance of this reserve was \$788,265 (2019: \$535,138).

## Note 36 Statutory Breach

A review of Annual Plan disclosures required by the Local Government Act 2002 identified that property examples were not included in the Rates funding impact statement for 2019-20. This does not affect the amount of rates charged or how they are calculated. Council will ensure full compliance with the details of the legislative disclosure requirements in future.

## Note 37 EFFECTS OF THE COVID-19 PANDEMIC

The Covid-19 Pandemic and the response measures undertaken by the New Zealand Government have had a wide-ranging impact on Council's operations; those impacts, on the District and on specific areas of operations been described throughout this document.

In terms of the content and preparation of these financial statements the major effect has been to increase the level of uncertainty surrounding the economic assumptions required in the valuation of Council's assets and future levels of income.

From a practical viewpoint the increased uncertainty has hampered and delayed the process of preparing these financial statements. There has however, been no significant impact on the result of operations and financial position to 30 June 2020.

A specific effect was that in March 2020 a Covid-19 related wage subsidy amounting to \$143,155.20 was received by Raglan Holiday Park Papahua (RHPP). RHPP is a fully self-funding activity of Council; as such the operation was eligible for the assistance.

Between April & June 2020 \$119,988.97 was paid out to employees leaving a balance of \$23,166.23 at 30 June 2020. The balance is included in Trade payables above.

Of that balance, a further \$6,971.59 has been paid out in July; the remaining \$16,194.64 is to be repaid to the Ministry of Social Development.



# ANNUAL REPORT DISCLOSURE STATEMENT

## for the year ended 30 June 2020

What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definition of some of the terms used in this statement.

Council's 2018-28 long-term plan set revised limits for its rates and debt affordability benchmarks. For this reason results for the previous targets are included for the years ending 2016-2018 together with graphs depicting the results for the revised targets for the 2019 and 2020 years.

### Rates affordability benchmarks

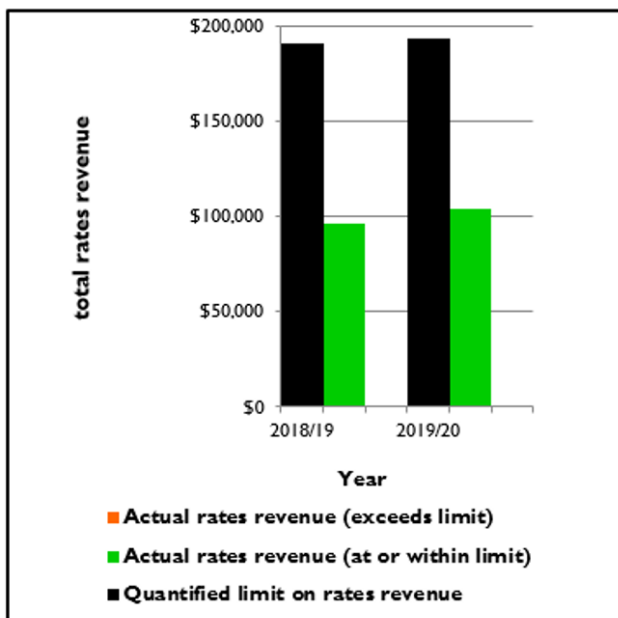
Council meets the rates affordability benchmarks if:

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

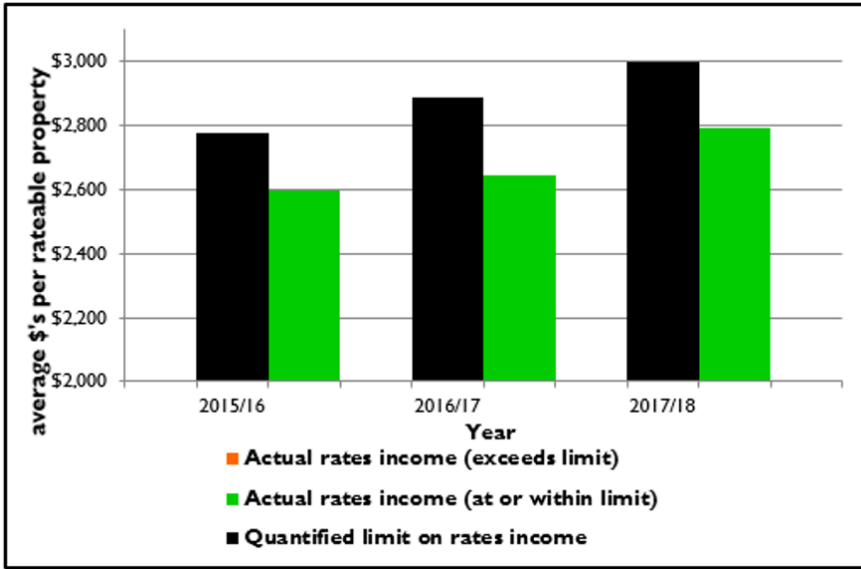
### Rates (income) affordability

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

The quantified limit for the current year is that total rates revenue will not exceed 0.7% (2019: 0.7%) of the total capital value of the District (based on 2017 rating valuations and inclusive of GST). That limit equates to \$193,294 (2019: \$190,659).



The quantified limit on rates revenue contained in Council's 2015-2025 long-term plan was based on an amount per rateable property. That amount ranged from \$2,943 in 2015 to \$2,999 in 2018

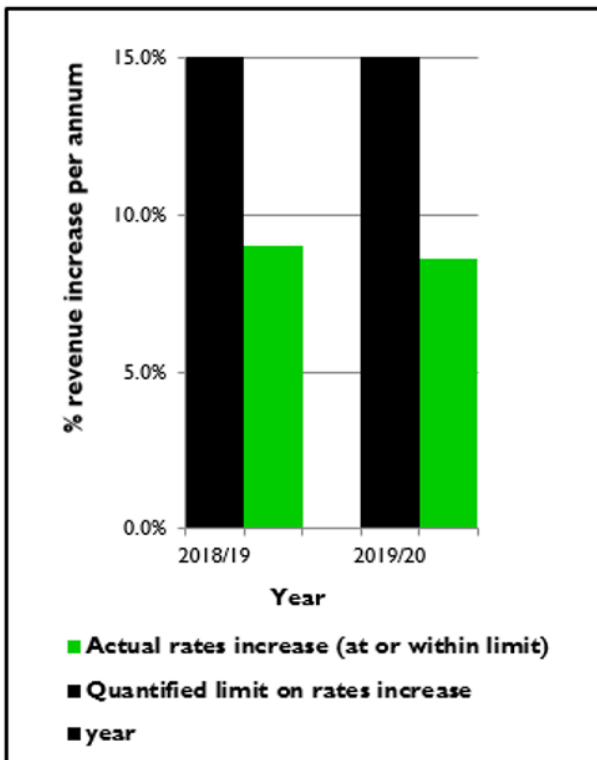


### Rates (increases) affordability

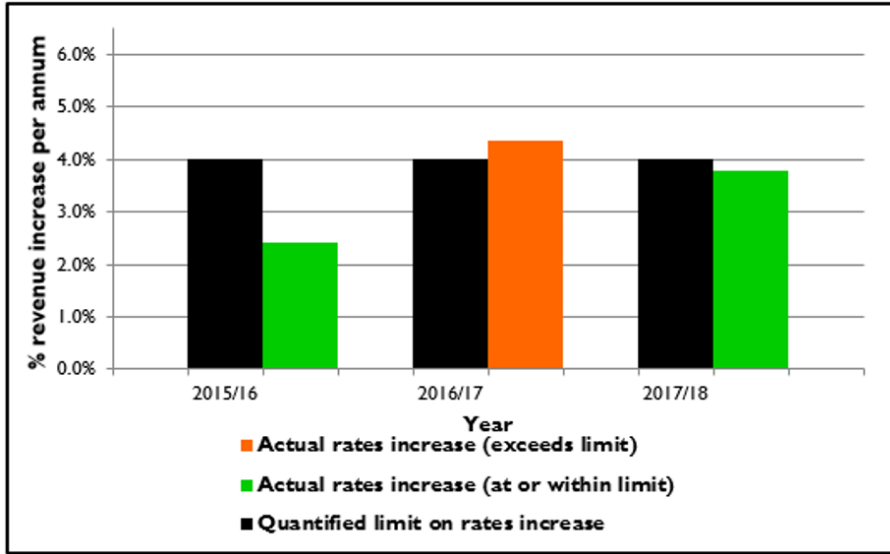
This graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's 2018-28 long-term plan (pg 10).

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

\*Based on 2017 rating valuations.



Council's previous limit on rates increases was set at 4% per annum (measured cumulatively from 2015/2016).



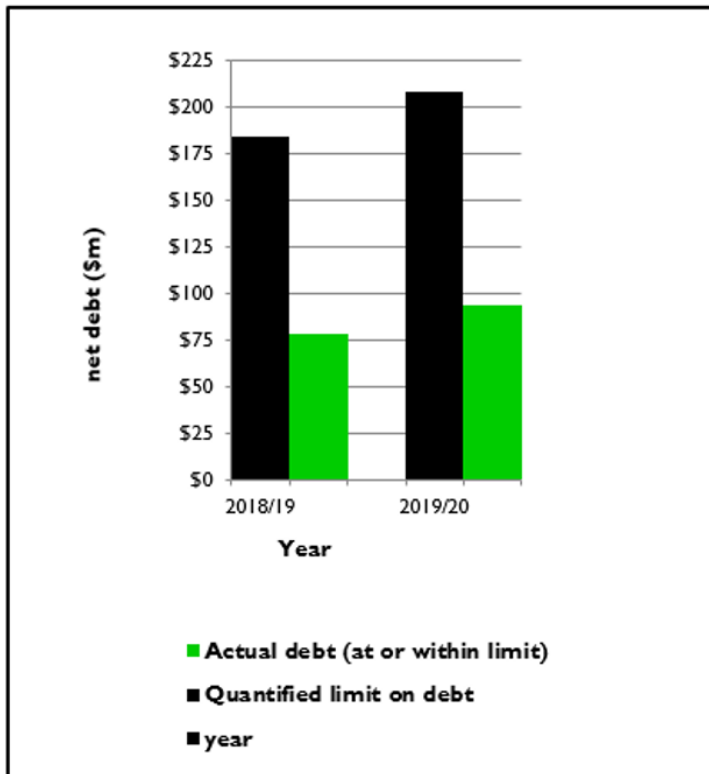
### Debt affordability benchmarks

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

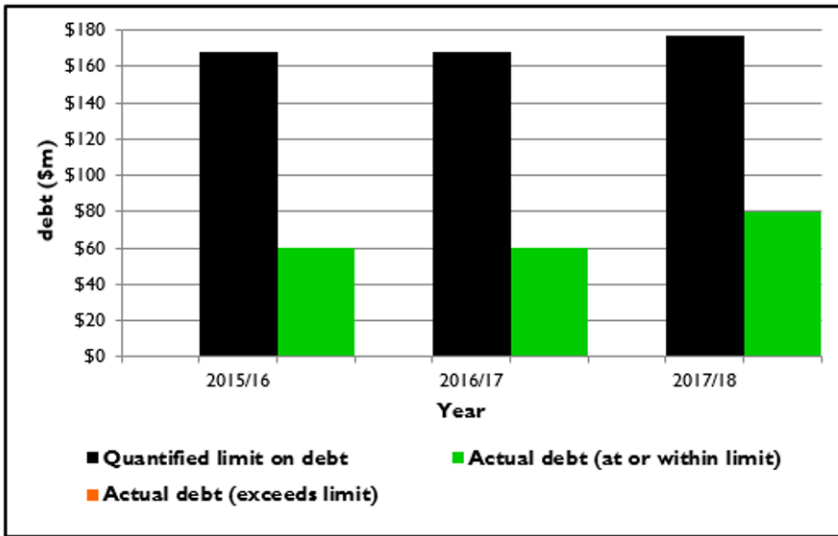
The quantified limit on net debt<sup>1</sup> is that it does not exceed 150 percent of revenue<sup>2</sup>.

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

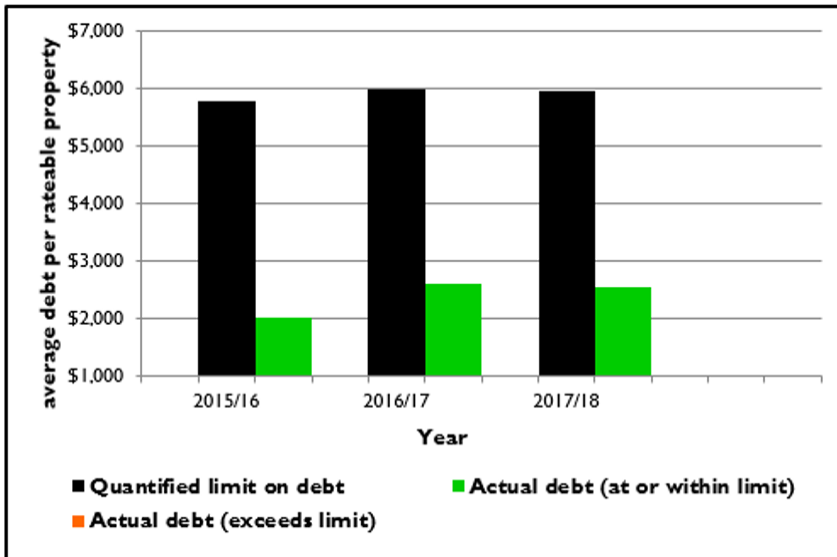
2 Revenue is net of developer contributions and vested asset



Council's revised financial strategy only contains one debt limit but the previous strategy had two limits on net debt. The first of the previous limits ranged from \$167.8m in 2016 to \$178.9m in 2018.



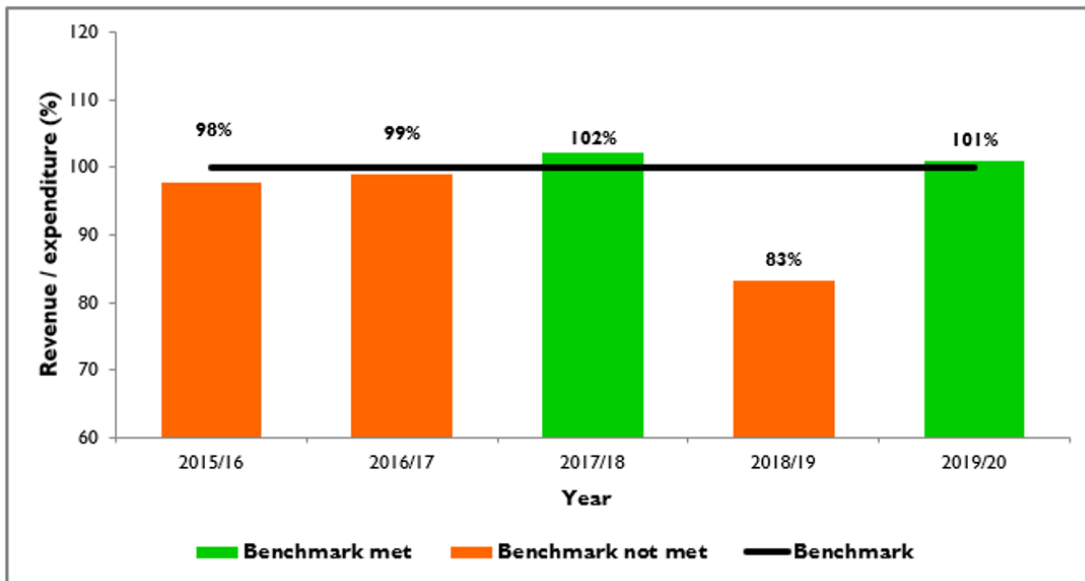
The previous strategy also limited the average net debt per dwelling. That limit ranged from \$5,788 in 2016 to \$5,957 in 2018.



### Balanced budget benchmark

This graph displays Council's revenue (excluding development contributions; financial contributions; vested assets; gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

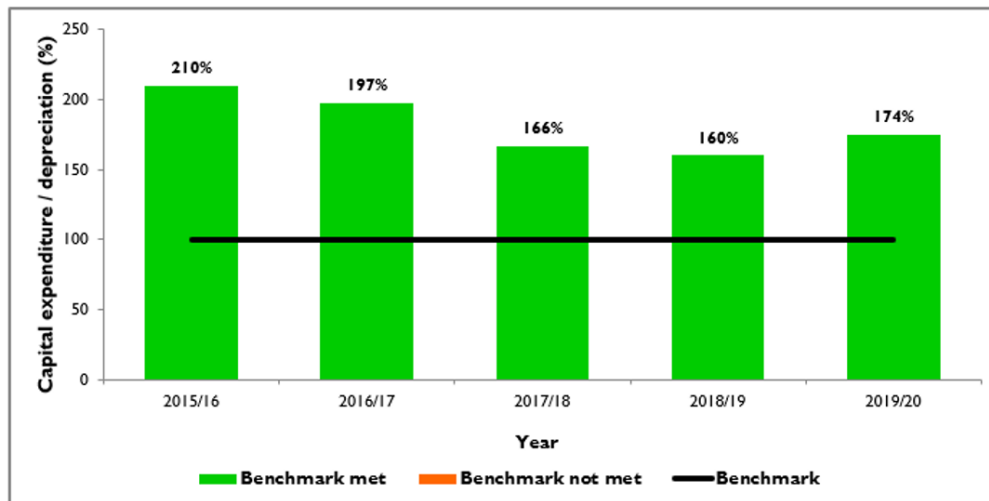
Council meets this benchmark if its revenue equals or is greater than its operating expenses



### Essential services benchmark

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

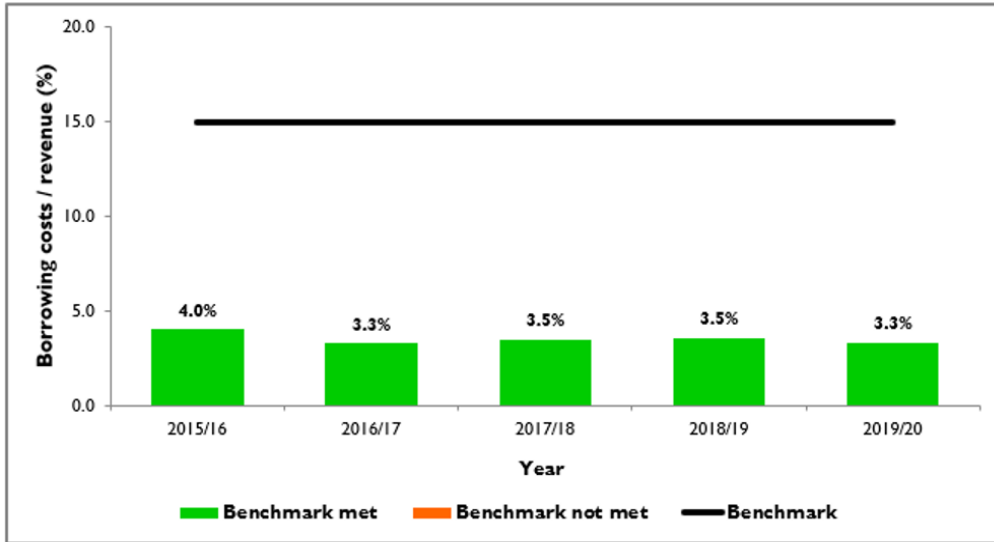
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt servicing benchmark

This graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant or equipment).

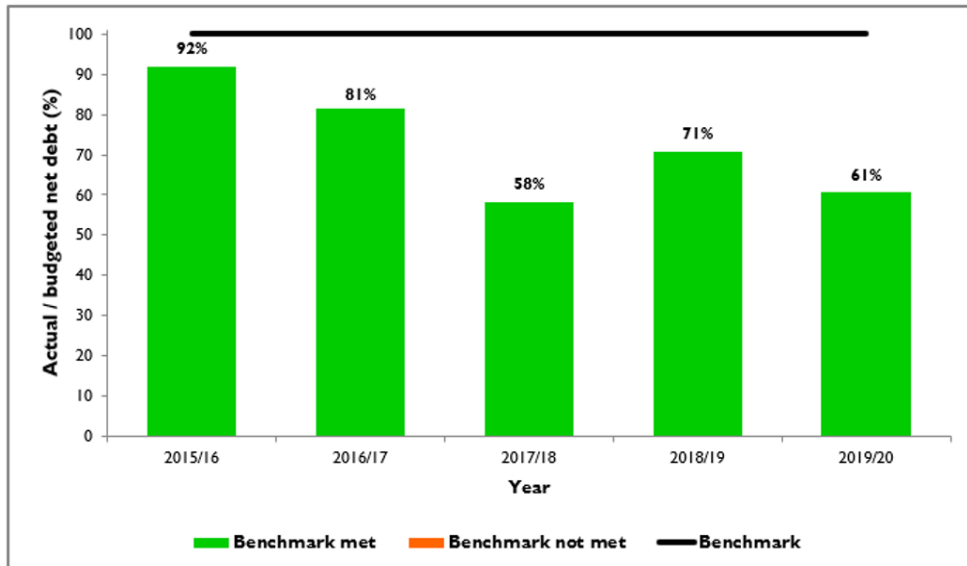
Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its planned revenue.



## Debt control benchmark

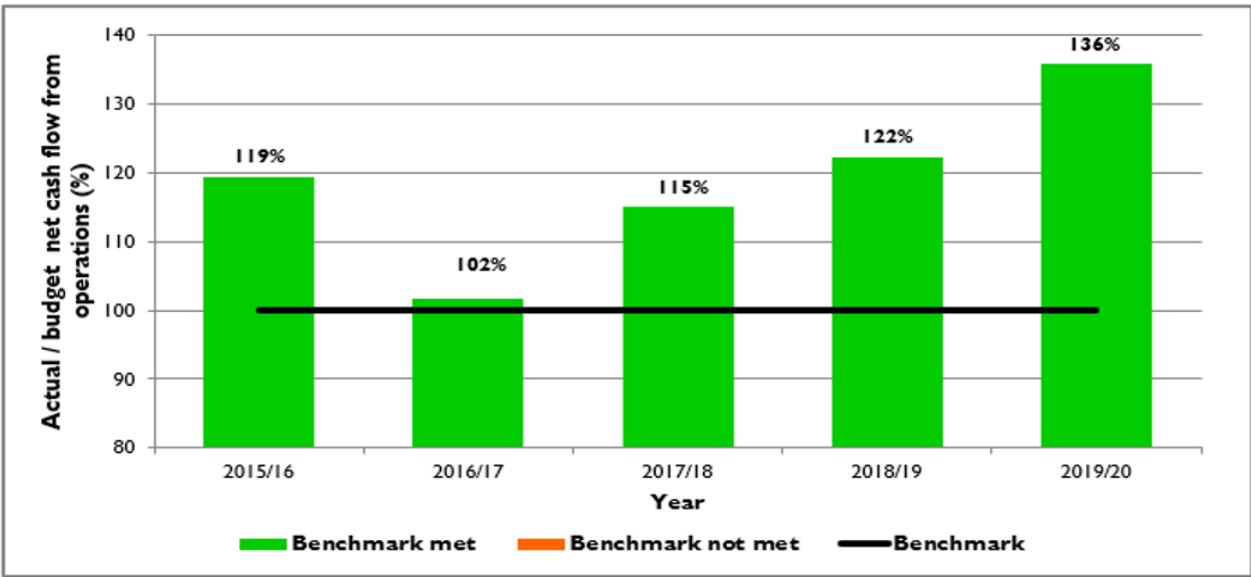
This graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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



### Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Auditors report to come



Auditors report to come

Auditors report to come

Auditors report to come

# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## Statement of Compliance

The Council and management of the Waikato District Council confirm that all the statutory requirements in relation to the Annual Report have been complied with.

## Statement of Responsibility

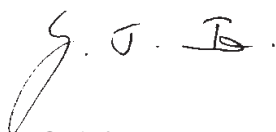
The Council and management of the Waikato District Council accept responsibility for:

- (a) the preparation of the Annual Financial Statements and the judgements used in them, and
- (b) establishing and maintaining internal control systems to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Waikato District Council, the Annual Financial Statements and Statements of Service Provision for the year ended 30 June 2020 fairly reflect the financial position and operations of the Council.



Allan Sanson  
Mayor



Gavin Ion  
Chief Executive



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Freephone: 0800 492 452

2019/20




# ANNUAL REPORT SUMMARY

*Te Riipoata-a-tau me te tuhinga whakaraapopoto*







OUR VISION:  
LIVEABLE, THRIVING  
AND CONNECTED  
COMMUNITIES

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



# WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2019/20



- 03 Creating liveable, thriving and connected communities
- 04 Economic Development
- 04 Working together with our communities
- 04 Building connected communities
- 05 Funding for local groups
- 05 Caring for our environment
- 06 Learning to be 'DogSmart'
- 06 Road and footpath networks growing
- 06 Three Waters
- 07 What you got for \$1
- 08 How we did
- 09 Performance target results
- 10 Summary Financial Statements

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

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

## Creating liveable, thriving and connected communities

Our vision of 'liveable, thriving and connected communities - he noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi', continues to guide how we shape our growth so we create communities that people feel connected to and want to live in.

### People-friendly living

The Waikato District Blueprint and the 15 Local Area Blueprints, which were adopted in June 2019, entered their implementation phase in 2019/20. The Waikato District Blueprint helps give effect to our vision because it carries the voice of our community.

It is a tool to move from vision to strategy, and from strategy to action, by setting out specific, prioritised initiatives at the district and local level. The District Blueprint identifies nine themes and related initiatives which will further help in giving effect to Council's vision. In addition to the nine district-wide themes and related initiatives, 15 Local Area Blueprints were developed.

In the past year, Council began implementing the Blueprint by progressing some of the initiatives for which funding and staff resourcing was already available. It also began discussing and planning implementation of other initiatives with potential partner agencies and community groups. A full stocktake of

progress against all initiatives was completed in June, as part of monitoring how the Blueprint is being put into action. The Blueprint initiatives identified and prioritised by the community will also help with the development of the 2021-2031 Long Term Plan.

### Sustainable development

Waikato Our Resource Consents team handled 1,046 resource consent and related applications this year. While this is down from last year, 3,774 enquiries were handled by our Duty Planners. Because of the popularity of our Duty Planning service, we are now providing this service at our Tuakau office once a week, for our northern customers. Our pre-application requests are up 25% on last year too. The overall number of consents we are processing reflects the continued development growth across the district, particularly for subdivision development, as well as our work towards achieving Council's vision.



“ The Waikato District Blueprint helps give effect to our vision because it carries the voice of our community ”

## Economic Development

The complete impact of COVID-19 on our district is still largely unknown. However, the Waikato 2070 Economic and Growth Strategy, which was adopted by Council in June 2020, has generated a work program that not only focusses on continued growth for our district, but also the ability to support business and community sustainability.

The growth indicated in Waikato 2070 has been informed by in-depth analysis and combines economic, community and environmental objectives to create liveable, thriving and connected communities. The growth direction within Waikato 2070 informs long-term planning and therefore affects social, cultural, economic and environmental wellbeing. Waikato



## Working together with our communities

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

We facilitated the local authority elections in October 2019. Residents and ratepayers across the district chose their representatives for their Mayor, 13 councillors across 10 wards and 30 members of our 5 community boards. Throughout the election period we connected with our community through our Vote Waikato website, held candidate evenings and voting drop-in centres in our offices and libraries. Mobile voting booths in the last weeks of the campaign were operational to enable as many voters as possible to have their say. We are proud that voter turnout increased compared to the last two elections

We've appointed two Maangai Maaori ('Voice of Maaori') representatives on our three principal Council committees in the past year. These representatives will bring their vast skills and experience, as well as a Te Ao Maaori lens, to the decisions that the Council committees make, which will benefit our decision-making process and our communities.

We opened many of the Councillor workshops to the public,

## Building connected communities

This year Council adopted a Libraries Strategy that applies to all 6 of the libraries in our district. The strategy will prioritise 4 key themes which are broadly described as: building the reading experience with a focus on increasing literacy, creating Hubs that provide spaces and activities to bring people together, increasing access to library services through

2070 will also provide input into regional planning processes such as Future Proof and Hamilton-to-Auckland Corridor planning. It is also currently informing the development of Asset Management Plans and associated capital works planning for the 2021-2031 Long Term Plan.

Waikato 2070 was adopted in June following a period community consultation. We received over 90 submissions, with a number of submitters speaking at a hearing.

## Funding for local groups

We supported the work of 97 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds.

From Council-owned funds we committed more than \$671,000 for distribution to 71 local groups.

On behalf of the Creative Communities Scheme Fund we distributed \$58,581 to benefit 24 local groups, and the work of two more groups benefited from \$28,000 we distributed on behalf of an independent trust we administer, the Waikato District Community Wellbeing Trust



providing transparency and connecting our communities with the early planning stages on key decisions and policies, including the upcoming Long Term Plan 2021-31.

libraries (91%), parks and reserves (83%), wastewater (90%), water (82%), rubbish (83%) and recycling (82%). Overall, 66% of survey respondents were satisfied with the way rates are spent on the services and facilities provided by the Council.

a mobile library, and developing knowledge and skills within our communities by delivering or facilitating meaningful programs and events. We've also completed building the library and service centre in Meremere this year, which was opened at a spirited community day including performances from the local school and Te Kauwhata College.

Our shared library services agreement with Hamilton City Council has benefitted over 3,000 of our residents. Waikato district residents accounted for 8% of Hamilton City borrowers and the number of members signing up was 14% higher than modelled. These results support the value of this relationship and the desire to work collaboratively with Hamilton City for many years to come.

## Caring for our environment

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

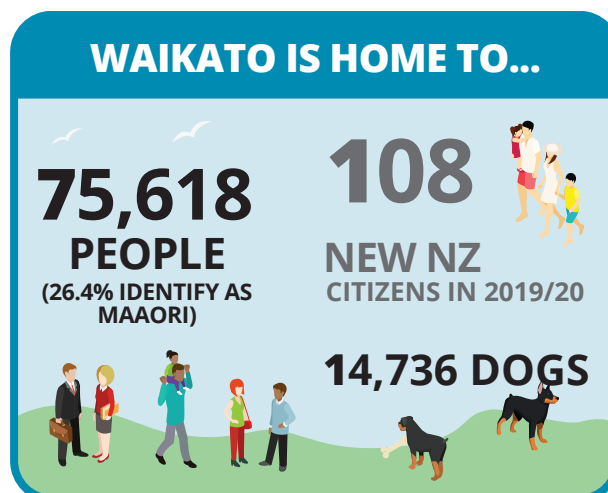
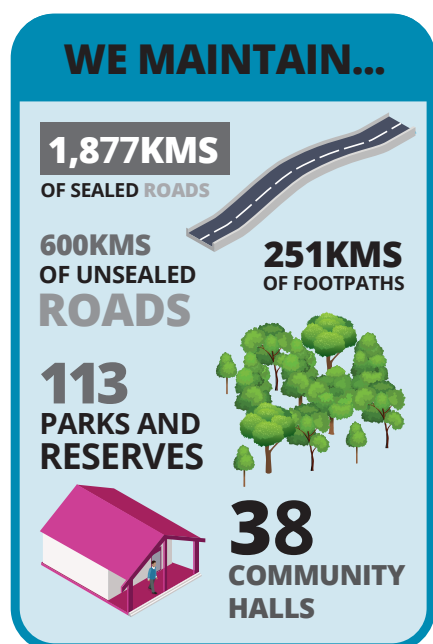
### Learning about waste minimisation

Our district generates about 52,000 tonnes of waste that goes to landfill each year. This is an average of 750kgs per person! But we are also diverting about 71,000 tonnes of material from going to landfill through reuse, recycling and composting.

Under the Council's Waste Management & Minimisation Plan (WMMP) 2018-2024, the vision of zero waste and resource recovery is integral to the health and wellbeing of our community. To achieve our vision of zero waste, we are continuing our work with Zero Waste Education, Para Kore, and Enviroschools program.

During the COVID-19 Level 4 lockdown, the team at Xtreme Zero Waste delivered their lessons online, and a tutor took students on the journey of zero waste using a digital presentation.

Likewise the Para Kore, which aims to normalise zero waste by drawing on Te Ao Maaori (the maori world) perspectives and the traditions and practices of our tupuna (ancestors), went online and trialed a number of live learning sessions that covered topics such as bokashi, making natural paints, and gardening and waste reduction for people living in urban areas. Each of these live learning sessions attracted two to nine thousand digital learners. Enviroschools program empowers young people to plan, design and implement sustainability actions that are important to them. Connecting with their own



communities, Enviroschools learners become actively involved in social, cultural and environmental change. At Maramara School, students are revitalising the school's gardens, Huntly West School are continuing to create a sustainable mara kai (vegetable garden) facility, and students at Pukekawa School have replanted many of their school's gardens to increase biodiversity in the area.

### Environmental Health

Our Environmental Health team has maintained its status as a recognised agency by the Ministry for Primary Industries (MPI) to provide verification services within the district. Three Environmental Health Officers were appointed by the Ministry of Primary Industries (MPI) as verifiers of food operations during the year, and two staff also progressed to Food Safety Officer status for enforcement activities.

Because of COVID-19, our Environmental Health team has work hard with food operators in the district to assist with adapting to our new environment and the additional safety considerations that come with it.

### Our natural environment

In preparation for notifying Stage 2 of our Proposed District Plan in the 2020/21 year, we've identified land that is subject to coastal inundation, coastal erosion and flooding from the Waikato and Waipa rivers through a coastal hazards assessment. This assessment focusses mainly on Raglan and Port Waikato urban areas and flood modelling. The flood modelling and coastal hazard assessment incorporate the effects of climate change over a 100 year period.

The Waikere walkway project on the eastern shore of Lake Waikere was completed early in the 19/20 financial year under budget and on time. The section of walkway completes a short walk to the edge of Lake Waikere and is completed with native plantings.

Council have also partnered with Waikato Regional Council to procure a regional and district emissions stock take. A climate action project was initiated, which will use the stock take to develop a climate resilience action plan and policy. The action plan includes mitigation and adaptation for both Council and the district, advancing Council's commitment to climate leadership on behalf of its communities, while simultaneously implementing operational initiatives.

## Learning to be 'DogSmart'

Our Animal Control team responded to 2,933 service requests over the last year with an average of 7 dedicated officers on the road at any one time for the Waikato district. Of these service requests, nearly one-third were related to straying dogs. We have been proactively patrolling the district to reduce the number of wandering dogs and Council has worked closely with our communities to resolve issues as the jobs arise. In addition to our 'Dogs in Libraries' program and our school education visits, we were involved with two successful public events this year with the 'Get Your

Pups Out for Breast Cancer' pink walk in Horotiu and Tuakau, and the 'Safe Kids' Halloween event in Huntly.

While COVID-19 meant we put a temporary stop to our community events, we look forward to engaging with our communities at our popular events like Pound Pups Pool Party and our annual Dirty Dog Challenge.

In June of 2020, 14,736 dogs known are known to be residing in the district. Of these dogs, 13,735 are registered.

## Road and footpath networks growing

### Connecting Communities

We successfully completed several projects which supported Council's liveable, thriving and connected communities vision. The new Mangawara Stream Bridge (and Watts Grove) upgrade at Taupiri provides a safe entranceway to the urupa. This bridge was a joint project involving Waikato Tainui, NZ Transport Agency Waka Kotahi, KiwiRail and Waikato District Council. The bridge was opened in June 2020.

### Alternative transport

We are supporting alternative transport modes and have started work to enhance shared walking and cycling paths in Raglan. These shared paths connect isolated parts of the community that rely on vehicle use with the town and popular beaches. During the COVID-19 lockdown, an increase in walking and cycling in the community was observed, and we hope to see this continue, along with a reduction in vehicle use. Local feedback of the completed sections on Wainui Road has been very positive. 2.8 kilometres of new footpath has been constructed which provides improved linkages and enhanced pedestrian safety across our communities.

## Three Waters

On 1 October 2019, Council and Watercare Services Limited officially began their contract for the delivery of drinking water, wastewater, and stormwater services across the district. While waters assets like treatment plants and our wastewater networks remain in Council ownership, the contract with Watercare is about the management and delivery of waters services, which includes capital works and bringing together local knowledge and industry expertise to the benefit of the district.

### Water Supply

To ensure security of supply, a new watermain to link Huntly and Ngaruawahia was commissioned and constructed. This watermain will ensure both townships have sufficient supply into the future over peak water demand periods and will allow both the Ngaruawahia and Huntly treatment plants to be closed for essential maintenance during periods of low demand. We also replaced 302 water meters that were over 20 years of age around the district. This work was completed in February 2020.

### Wastewater

In 2019/20 we continued to mitigate the risk of wastewater overflows with a particular focus on protecting waterways and environmentally sensitive areas. We cleaned 18.76 kilometres of wastewater pipes across Waikato district and inspected them via Closed Circuit Television (CCTV) cameras, as part of the third phase of our ongoing wastewater pipeline inspection and cleaning project. We replaced a severely damaged manhole and 40 meters of degraded AC pipe in Huntly, we continued with an inflow and infiltration reduction program in Meremere and Raglan to lower the high wet weather flows and established a program of priority renewals and replacements for the district's Long Term Plan.

### Stormwater

We oversaw development-led extensions of the stormwater network, stormwater treatment ponds and riparian planting beside streams in Pokeno to ensure that stormwater management keeps up with growth in the area. The Pokeno stormwater model has been updated in flood prone locations to help us better understand the impacts of urban development and climate change in the area. Because significant industrial and residential development has been proposed on the Hamilton City side of the Te Rapa catchment area, Watercare have recently completed flood hazard modelling of the Waikato District Council portion of the catchment in Horotiu.



# WHAT YOU GOT FOR \$1

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



**ANIMAL CONTROL**  
**2.2 CENTS**

**AREA OFFICES AND  
OTHER PROPERTIES**

**12.0 CENTS**

**COMMUNITY AND SAFETY**



**0.3  
CENTS**

**CORPORATE AND  
COUNCIL LEADERSHIP**

**17.7  
CENTS**



**ENVIRONMENTAL  
HEALTH**

**2.1 CENTS**



**GRANTS AND  
DONATIONS**

**2.3 CENTS**



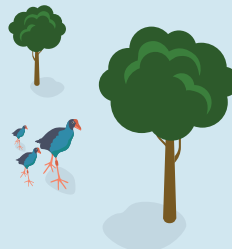
**LIBRARIES**



**3.9  
CENTS**

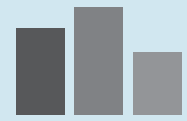
**PARKS AND RESERVES**

**7.0  
CENTS**



**RESOURCE MANAGEMENT**

**13.7  
CENTS**



**ROADING** **36.8  
CENTS**



**SOLID WASTE** **0.7  
CENTS**

**STORM WATER** **0.3 CENTS**



**WASTE WATER** **0.7  
CENTS**



**WATER SUPPLY**  
**0.3 CENTS**



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

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

Supported our vision of building 'liveable, thriving and connected communities' by creating and adopting our Libraries Strategy, and 'Waikato 2070', our Economic Development and Growth Strategy

Successfully completed verifying and registering all food operators in the Waikato district under new Food Act 2014 guidelines

Appointed 2 Maangai Maaori representatives to our 3 principle Council committees

Diverted from landfill around 71,000 tonnes of material through reuse, recycling and composting

Through our Civil Defence team, we provided welfare support to our community during the COVID-19 national response, which was led by the Ministry of Health


Handled 3,501 duty planning inquiries through our pre-application services.

Added 10 hectares of parkland to the existing portfolio of 1,669 hectares we already maintain

## HOW WE DID

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

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

-  We've achieved
-  We're on track towards the target but haven't quite made it (within 5%)
-  We've not met the target (variance greater than 5%)
-  We didn't measure these targets this year



# PERFORMANCE TARGET RESULTS

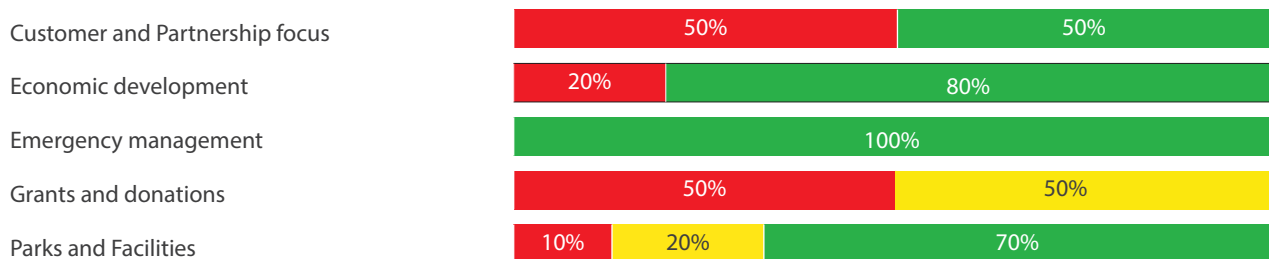
## Governance

We've met four of our seven targets for how we make decisions, how we conduct our meetings, and how we consult with our iwi partners. We facilitated local authority elections this year and are pleased to have seen an increase in voter turnout compared to the last two elections. We are proud that we were able to continue holding online/virtual public meetings during the COVID-19 lockdown so that the community were able to engage in the decision making process from their own homes. We are advocating for permanent legislation changes, through the local government sector, so that virtual/online meetings can continue. This will further strengthen our accountability and transparency to the district's residents and ratepayers.



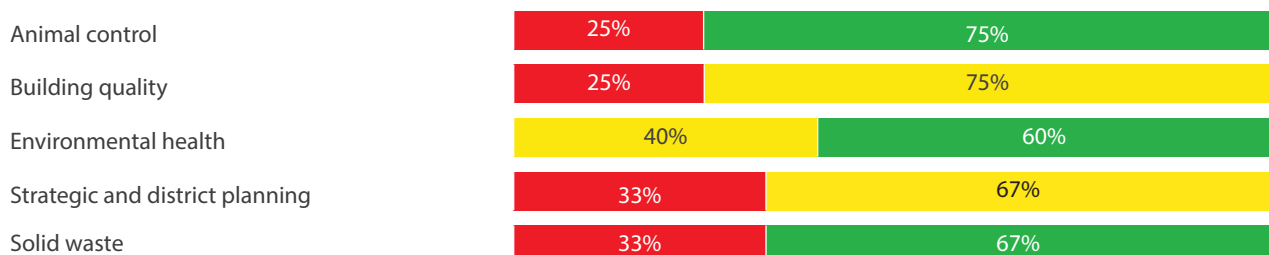
## Sustainable Communities

We have once again achieved 100% on all three of our Emergency Management targets this year, and have successfully registered all food operators in our district. We have a new engagement platform that will be launched in the new year and that we hope will have a positive impact on our customer engagement measures. COVID-19 meant we postponed the last of our 4 funding rounds, which was deferred to August 2020. We engaged with or consulted our communities on subjects ranging from speed limit changes, cemeteries, community halls, reserve management plans, and Blueprints to District and strategic plans.



## Sustainable Environment

Council has surpassed our target and achieved a score of 66% against a target of 55% for the percentage of schools in the district where students receive solid waste education. While we were on track to meet our solid waste target for resolution of service requests, our result of 89% against a target of 95% reflects an administrative error during the October-December 2019 period. We are currently processing 99.84% of our standard building consents within the 20-day statutory timeframes, that means for this year of the 1,889 building consents we granted, 3 were not processed within the timeframe.



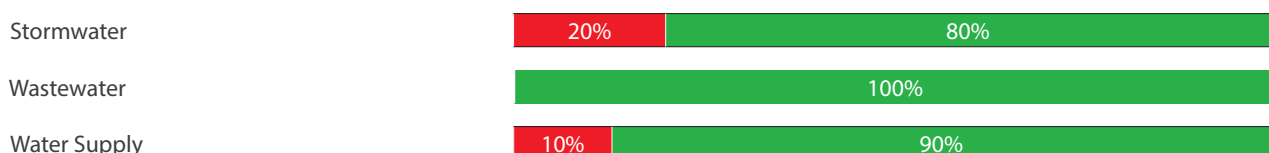
## Roading

The Waikato District Alliance has met 5 of its 6 targets this year. We were on track to meet all of our targets, but were unable to complete all of the sealed local road network resurfacing that we had planned due to COVID-19.



## Waters Services

We have met all our targets for our wastewater services this year – we attribute this to our ongoing programme of network improvement across the district. We have not met one of our Water Supply targets (for the percentage of real water loss from Council's system) or one of our Stormwater targets (1 abatement notice was received for Raglan urban area).





# SUMMARY FINANCIAL STATEMENTS

## Statement of comprehensive revenue and expense

For the year ended 30 June 2020

	Council		Group		
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Total revenue	175,219	176,151	146,493	175,542	147,011
Finance costs	(4,570)	(4,195)	(4,316)	(4,570)	(4,316)
Operating expenditure excluding finance costs	(139,074)	(126,360)	(151,540)	(139,131)	(151,830)
Surplus (deficit) before tax	31,575	45,596	(9,363)	31,841	(9,135)
Income tax expense	-	-	-	-	-
Surplus (deficit) after tax wholly attributable to Waikato District Council	31,575	45,596	(9,363)	31,841	(9,135)
<b>Other comprehensive revenue and expense</b>					
Gain (loss) on property revaluations	(129,064)	45,488	27,218	(129,064)	27,218
Revaluation reserve – landfill	(1,698)	-	616	(1,698)	616
Loss on cessation of joint venture	-	-	-	(17)	-
Financial assets at fair value through other comprehensive revenue and expense	1,540	-	1,913	1,540	1,913
Total other comprehensive revenue and expense	(129,222)	45,488	29,747	(129,239)	29,747
Total comprehensive revenue and expense wholly attributable to Waikato District Council	(97,647)	91,084	20,384	(97,398)	20,612

## Statement of financial position

As at 30 June 2020

	Council		Group		
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Current assets	49,372	12,321	26,082	53,669	31,267
Non-current assets	1,763,361	2,029,192	1,853,798	1,762,661	1,853,098
Total assets	1,812,733	2,041,513	1,879,880	1,816,330	1,884,365
Current liabilities	44,117	38,739	26,264	43,085	26,369
Non-current liabilities	104,678	128,016	92,031	104,678	92,031
Total liabilities	148,795	166,755	118,295	147,763	118,400
Net assets	1,663,938	1,874,758	1,761,585	1,668,567	1,765,965
Total equity	1,663,938	1,874,758	1,761,585	1,668,567	1,765,965

## Statement of changes in net assets/equity

For the year ended 30 June 2020

	Council			Group	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Balance at start of year					
Accumulated funds including share of joint venture	1,062,038	1,135,148	1,062,601	1,063,353	1,063,766
Reserves	699,547	648,526	678,600	702,612	681,587
Balance at 1 July as previously reported	1,761,585	1,783,674	1,741,201	1,765,965	1,745,353
Total comprehensive revenue and expense for the year wholly attributable to Waikato District Council	(97,647)	91,084	20,384	(97,398)	20,612
Other equity movements	-	-	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	1,663,938	1,874,758	1,761,585	1,668,567	1,765,965
Represented by equity at the end of the year					
Accumulated funds	1,090,345	1,202,189	1,062,038	1,091,830	1,063,353
Other reserves	573,593	672,569	699,547	576,737	702,612
Balance at 30 June wholly attributable to Waikato District Council	1,663,938	1,874,758	1,761,585	1,668,567	1,765,965

## Statement of cash flows

For the year ended 30 June 2020

	Council			Group	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Net cash from operating activities	51,041	37,580	40,922	50,946	40,724
Net cash from investing activities	(49,370)	(71,853)	(45,449)	(50,336)	(44,937)
Net cash from financing activities	15,000	34,269	-	15,000	-
Net (decrease) increase in cash and cash equivalents	16,671	(4)	(4,527)	15,610	(4,213)

# SUMMARY ACCOUNTING POLICIES

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

The Group consists of the ultimate parent Waikato District Council (Council), its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust. Strada was previously a 50% party to a Joint Venture Agreement, Waikato Quarries Limited. All the companies in which Council has an interest, directly or through Strada, are incorporated and domiciled in New Zealand.

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

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

The full financial statements of Council and the Group have been prepared in accordance with Tier 1 PBE accounting standards, the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R)

which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). These summary financial statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards as they relate to summary financial statements. These summary financial statements comply with *PBE-FRS 43 Summary financial statements*.

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

The summary financial statements of Council and the Group are for the year ended 30 June 2020. The full annual report and summary financial statements were authorised for issue by Council on 14 December 2020.

# SUMMARY ADDITIONAL DISCLOSURES

## Contingencies

Contingent liabilities for Council at balance date are \$10,000 (2019: \$10,000) The Group's contingent liabilities at balance date are: \$10,000 (2019: \$10,000). The contingent liabilities are uncalled capital contributions in Local Authority Shared Services Limited.

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

## Commitments

Council has \$203,442,000 (2019: \$27,946,702) of capital commitments. Strada had no capital commitments at balance date (2019: \$nil).

## Events after balance date

An action involving the Ministry of Education and Carter Holt Harvey has been mentioned as a contingent liability in the main document. Although the potential liability still existed at 30 June 2020 subsequent events have resulted in the resolution of this matter with no liability to Council. A notice of Discontinuance was signed by the parties on 3 September 2020.

In early August 2020 Government announced a plan for a Three Waters Stimulus and Reform Funding arrangement. Later that month, Council entered into a Memorandum of Understanding which commits to engage in the first stage of the programme and to work together with both central Government and neighbouring councils. Council subsequently submitted an application for funding of \$11.34m for a package of projects. The outcome of that application is expected to be known at the end of October 2020.

In 2019 a disclosure was made which detailed an agreement between Council and Watercare Services Limited for the operation and maintenance of water, wastewater and stormwater services. The contract came into effect on 1 October 2019.

For Strada, no material events are expected to occur subsequent to 30 June 2020.

## Adjustments to the comparative year financial statements

There have been no adjustments to the comparative year financial statements for the year ended 30 June 2019.

## Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2019/20 compared to the budget for 2019/20.

Overall revenue was \$0.9m greater than budgeted. Contribution revenue was \$8.8m higher than budgeted from growth exceeding budgeted levels throughout the District.

Charges for wastewater services were \$3.6m more than budget while general fees and charges were \$3.4m less than budget.

Overall expenses were \$13.1m greater than budget. Other operating costs were \$19.3m more than budget, partly offset by savings in employee costs (\$4.0m) and depreciation and amortisation expense (\$2.6m).

The above movements resulted in a surplus of \$31.6m at an operating level when compared to the budgeted surplus of \$45.6m.

Total comprehensive revenue and expense was \$174.7m below budget. Property revaluations resulted in a loss of \$129.1m compared to the budgeted surplus of \$45.5m. This loss results from a change in the valuation rate for one class of roading assets, partially offset by a change in the basis of valuation of Bridges. This is more fully explained in Note 15: Property, plant and equipment.

The statement of financial position shows a decrease in overall net assets of \$210.8m compared to budget. The biggest variance was for property, plant and equipment which was lower than budget due to a change in the valuation rate for one class of roading assets, partially offset by a change in the basis of valuation of bridges

The cash flow statement highlights how the capital programme was below budget and borrowings increased during the year, resulting in cash balances being \$26.6m higher than budget at the end of the year.

## Effects of the Covid-19 pandemic

The Covid-19 Pandemic and the response measures undertaken by the New Zealand Government have had a wide-ranging impact on Council's operations; those impacts, on the District and on specific areas of operations been described throughout this document.

In terms of the content and preparation of these financial statements the major effect has been to increase the level of uncertainty surrounding the economic assumptions required in the valuation of Council's assets and future levels of income.

From a practical viewpoint the increased uncertainty has hampered and delayed the process of preparing these financial statements. There has however, been no significant impact on the result of operations and financial position to 30 June 2020.

A specific effect was that in March 2020 a Covid-19 related wage subsidy amounting to \$143,155.20 was received by Raglan Holiday Park Papahua (RHPP). RHPP is a fully self-funding activity of Council; as such the operation was eligible for the assistance.

Between April & June 2020 \$119,988.97 was paid out to employees leaving a balance of \$23,166.23 at 30 June 2020. The balance is included in Trade payables above. Of that balance, a further \$6,971.59 has been paid out in July; the remaining \$16,194.64 is to be repaid to the Ministry of Social Development.

## Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue on 14 December 2020.

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 14 December 2020.

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



# Waikato



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