

# 2023/24 Annual Report

*Te Kaunihera aa Takiwaa o Waikato |  
Waikato District Council*





## What is an annual report?

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

Annual reports, like this one, show you the progress we've made towards meeting the goals and intentions set in both plans. It's our way of letting you know about our financial position after the 2023/24 year, and highlights the work done in year three of the 2021-2031 LTP. You'll see the work we've done, along with financial statements detailing how we paid for it.

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

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SECTION 1

# Setting the scene

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# Message from the Mayor and Chief Executive



## Striking the right balance between growth and affordability

As we reflect on the past year, it's clear we have much to celebrate. Nestled in the heart of New Zealand's Golden Triangle, that runs between Auckland, Hamilton and Tauranga, our district is positioned in a region full of opportunities and challenges. This year has been one of progress and learning as we strive to create liveable, thriving and connected communities.

Our district finds itself at the crossroads of growth and development, with half of New Zealand's population living within a couple of hours' drive. We're on the verge of a population surge, expected to reach 142,000 by 2068. This growth is exciting, but requires careful planning to ensure we maintain sustainable, inclusive, and resilient communities.

Our rural sector plays a crucial role in shaping the economic development of our district, and the Rural Economic Advisory Panel (REAP) helps keep Council informed about the needs and priorities of our rural communities. While we have six main centres, it's important to recognise our smaller communities are just as significant in connecting our urban and rural landscapes.



## Balancing growth and affordability

One of our most significant challenges is balancing growth with affordability. As our district expands, the demand on infrastructure and services grows. We understand that rapid growth can strain our resources, and it's our responsibility to maintain the quality of life without placing financial pressure on residents.

Affordability is at the forefront of our future decision-making. Every ratepayer is a stakeholder in our district's success, so our goal is to deliver value for money while providing essential services. Through financial management, we have been able to navigate these complexities, ensuring our investments benefit the district long term.



## Infrastructure: The backbone of our communities

Infrastructure remains a foundation of our strategic planning. Roads and water systems are vital to our district's success, facilitating connectivity, economic growth, and an improved quality of life for our residents. However, maintaining and improving these systems can be challenging.

This year, we allocated approximately 33% of our budget to our road network, recognising its role in connecting communities and supporting our rural economy. However, our current funding model, which relies heavily on ratepayer contributions, is insufficient to meet growing demands. We are actively seeking innovative funding solutions to address challenges and ensure the longevity of infrastructure.

Our water infrastructure is equally critical. Rising compliance standards and increasing costs make it essential to prioritise upgrades and maintenance. This year, we reached a significant milestone by opening Stage 1 of the Membrane Bioreactor (MBR) wastewater treatment plant in Te Kauwhata, showcasing our commitment to sustainable management and environmental protection.



### **A year of community engagement and celebration**

In December and January, Ngaaruawaahia's Paterson Park and Huntly West Sports Complex unveiled their new glare-free LED lighting systems, designed to meet competition standards. These projects were a collaborative effort with local community groups, showcasing our commitment to community engagement.

Similarly, the Pookeno Tennis and Recreation Hub has been upgraded with new competition-grade lighting, ensuring its service to the community for years to come.

We hosted the inaugural Waikato District Heritage Day in April, celebrating our district's rich history. This free event explored museums, local heritage sites, and displays at Waikato district libraries. It was a chance to reflect, learn, and appreciate our heritage, fostering community identity and mutual respect.

In May, we celebrated the opening of the Whaingaroa/Raglan Wharf Western Walkway with a karakia ceremony led by Kaumatua Atutahi Riki of Ngaati Maahanga and Tainui. This walkway marks the completion of the Whaingaroa Wharf and wider harbour redevelopment, creating a safe and accessible precinct.

Our achievements this year highlight the strength of our partnerships and the vibrant spirit of our community. We continue to commit to building connected and thriving communities throughout the Waikato district.



### **Preparing for future challenges**

Looking ahead, we acknowledge ongoing challenges, especially water services. Watercare's decision to withdraw from our contract by June 2028 marks a significant change in our water services provision. We are exploring various options, including partnerships with Hamilton City Council as well as other Councils in the region. We will also investigate the option of forming a Waikato District Council owned Council Controlled Organisation (CCO). Water infrastructure is the key to ongoing growth and community development, and we will continue to provide a high-quality service irrespective of the delivery model in the future.

This year, we faced financial planning challenges due to changes in central government policy and uncertainties in funding. In response, we transitioned from the 2024-2034 Long-Term Plan (LTP) process to a 2024/25 Enhanced Annual Plan approach. This change enables us to get some certainty on key issues, such as delivering on essential services, before developing and committing to a new Long Term Plan.

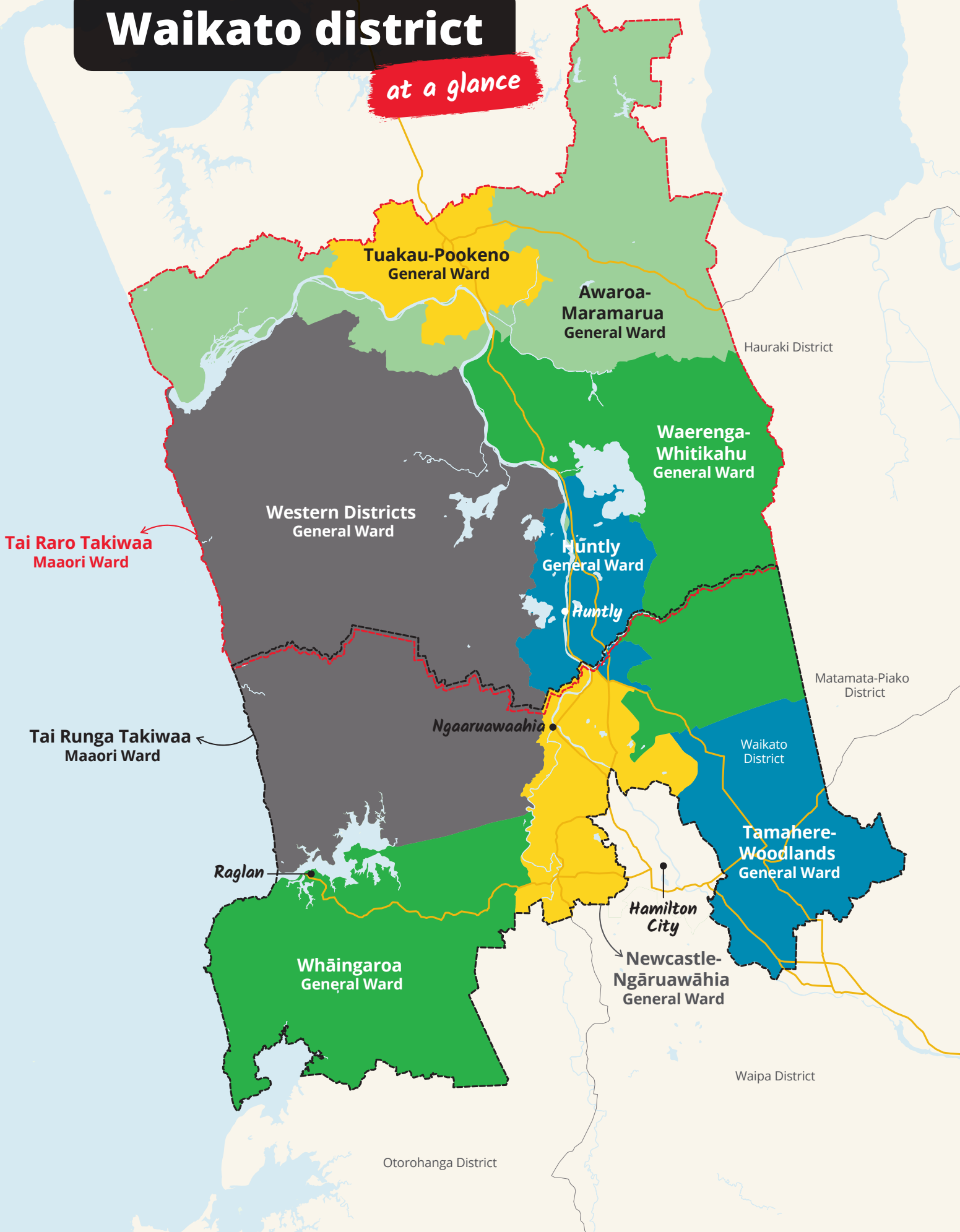
**Her Worship,  
Jacqui Church  
Mayor**

**Gavin Ion  
Chief Executive**



# Waikato district

at a glance



# Your Mayor and Councillors

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



**Jacqui Church**

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# A snapshot of the **Waikato district**



Our district is home to **90,100<sup>1</sup> people**

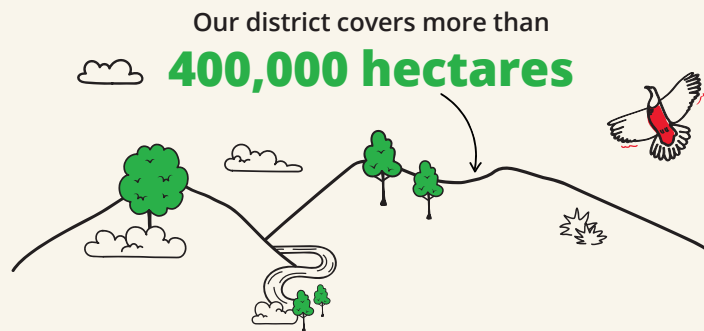
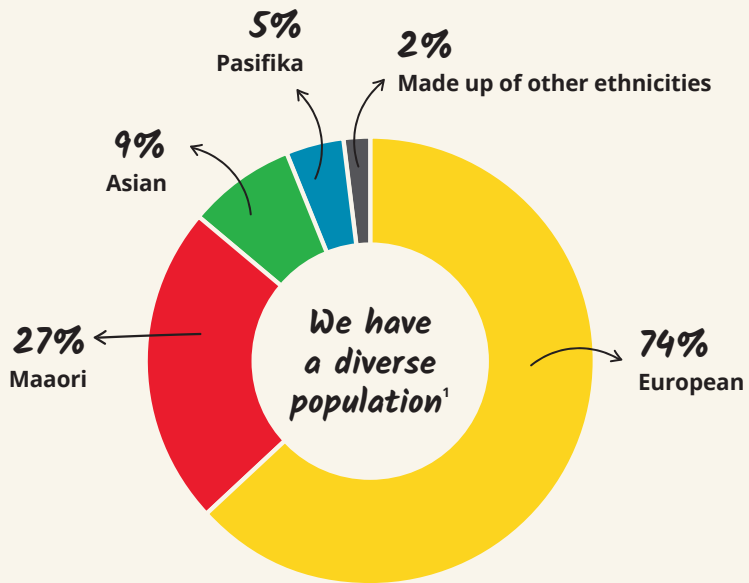
We welcomed **375 new citizens** to the district.



Waikato is the principal iwi in the district, we also have **21 hapuu and 39 marae** within our district.

We own and maintain **229ha of sport and recreation areas** for active communities.

We manage over **2.5 million** individual rubbish and recycling collections per year throughout our district.



Our district covers more than **400,000 hectares**

**We have 61 playgrounds** where our youngsters can play, learn, and grow.



<sup>1</sup> Source: 2023 Census

# A snapshot of the **Waikato district**



We welcomed

**248,327 people**

into our libraries, which house over

**85,000 books.**

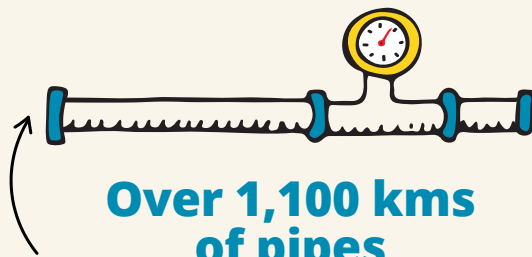


We issued

**1,337 building consents**

and carried out

**9,674 inspections.**



**Over 1,100 kms of pipes**

either supply, drain, or remove water through our residential towns.



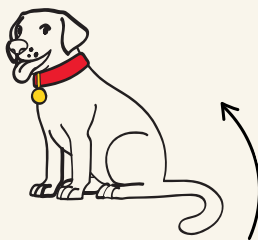
**42 community centres and town halls**

help bring our communities together.

We maintain over

**2,500km of sealed and unsealed roads,**

approximately 20,000 culverts, and 16,000 streetlights.



**13,939 dogs**

were registered and

**169 dogs**

were rehomed in 2023/24.



# Sustainability Snapshot



**66% of our vehicles**  
are hybrid or PHEV.



**Over 20,000 native plants**

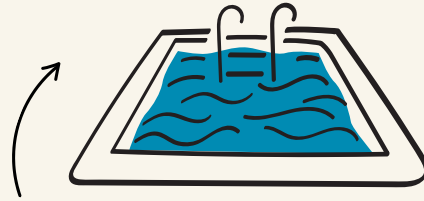
were planted across over five planting sites district wide, with partners like Waikato Regional Council, RiverCare, and Enviroschools.



Out of  
**5,519 streetlights,**  
92% have LED gear and  
78% have LED lamps.



**Our glass recycling**  
is collected and turned into new bottles and jars for New Zealand food companies to use.

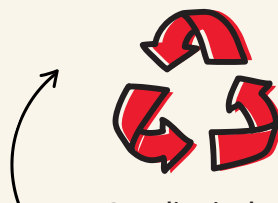


The Huntly Aquatic Centre gas boiler was replaced with a hot water heat pump system, saving more than  
**\$18,000 per year in costs.**

Council received an Energy Efficiency Conservation Authority (EECA) grant of \$158,000 towards this project.



**200 IT products**  
have been recycled.



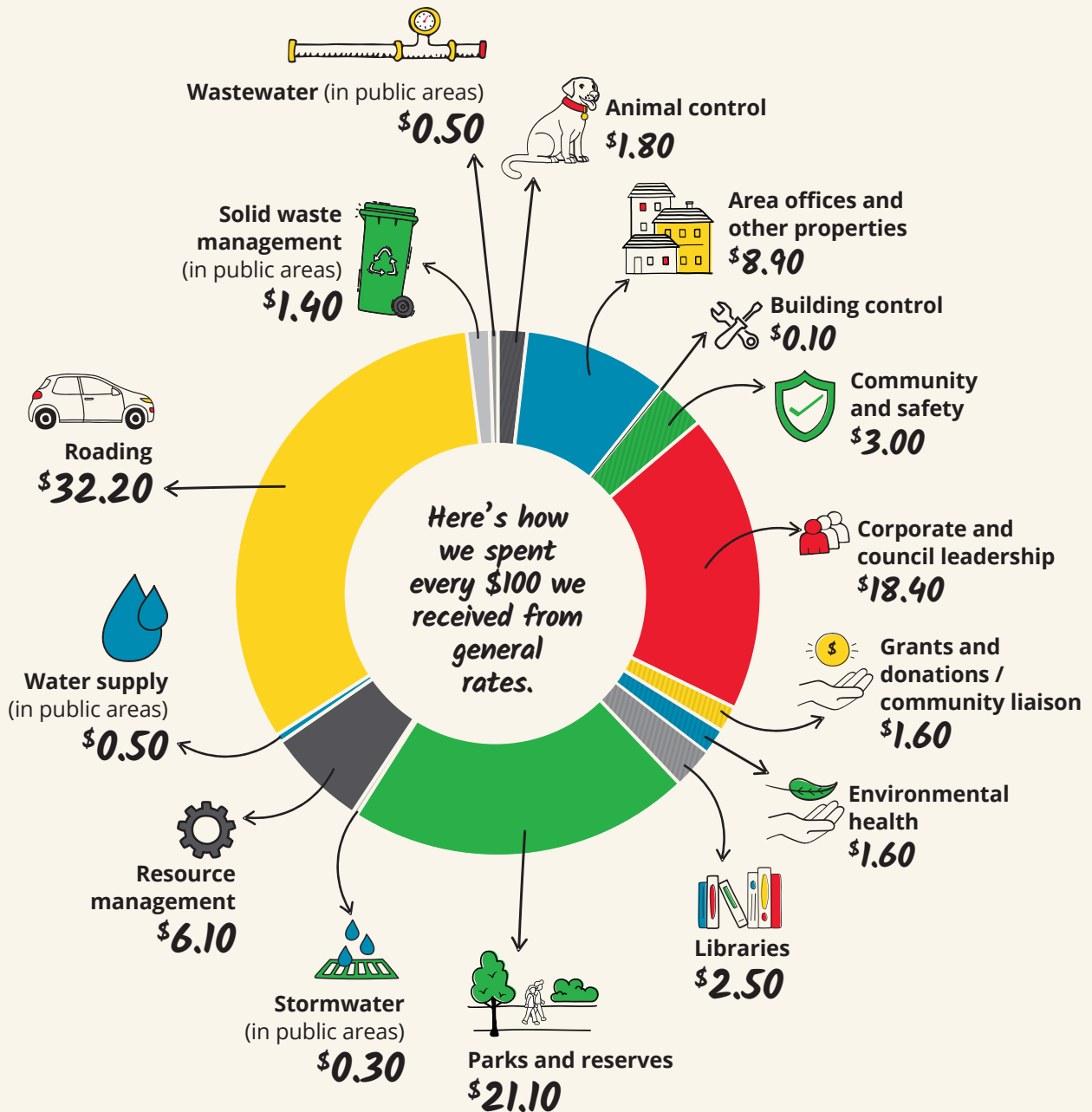
Our district has  
**32 ecological**  
restoration/enhancement sites.



# What you got for \$100

We deliver a broad range of services to our diverse district of residents, business owners, and visitors.

Here's how we spent every \$100 we received from general rates<sup>2</sup>.



<sup>2</sup> 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, refuse collection is paid for through a targeted rate.



# Vision and Strategy for the Waikato River

**Tooku awa koiora me oona pikonga he kura tangihia o te maataamuri**  
**The river of life, each curve more beautiful than the last**

*Kiingi Taawhiao*

## Restoring the Waikato River

The work that Council does helps to deliver on Te Ture Whaimana o te Awa o Waikato – the vision and strategy for the Waikato River:

*“Our vision is for a healthy Waikato River, which sustains abundant life and prosperous communities, which are in turn responsible for restoring and protecting the Waikato River, and all it embraces, for generations to come.”*

### Waikato River Authority

The vision and strategy was developed by the Guardians Establishment Committee and was formed under the Waikato-Tainui and Crown agreement in principle and legislated in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010. Treaty settlement legislation requires Council to give effect to Te Ture Whaimana.

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

## Council's contribution

There are 13 objectives in Te Ture Whaimana, and the work that Council does often helps to deliver on more than one objective. In 2023/24, Council supported restoring and protecting the health and wellbeing of the Waikato River in the following ways.

### Building relationships

It is important to Council to nurture and protect the relationships with Waikato-Tainui, the Waikato River iwi and the Waikato region's communities within the Waikato River area. Some examples of how we have supported these objectives include:

- Working closely with the Waikato Regional Council and Future Proof partners at a regional and subregional level to manage where growth occurs.
- The ongoing work on our joint management agreement (JMA) with Waikato-Tainui, which affirms our commitment to:

- » Achieve the overarching purpose of the settlement to restore and protect the health and wellbeing of the Waikato River for future generations.
- » Provide an enhanced relationship between Waikato-Tainui and Waikato District Council on areas of common interest.
- » Implement a collaborative work programme that involves:
  - Submitting to central government on issues that are important to both Waikato-Tainui and Council, such as fast track consenting and Local Water Done Well.
  - Implementing waters related projects that align with the maintenance and preservation of the Waikato River.
  - Working together with Waikato-Tainui to align the future Waikato District Plan with iwi priorities, including the restoration and protection of the Waikato River.
  - Working with Tainui Group Holdings to identify growth and development opportunities within the district.
- » A JMA with Ngaati Maniapoto (Te Nehenehenui Joint Committee), which fosters a cooperative relationship between the people of Ngaati Maniapoto and the local authorities in managing and protecting the resources within this rohe.
- » This includes protecting and enhancing the health and wellbeing of the Waipaa River, by delivering a strategic work programme alongside Te Nehenehenui. We are currently finalising the development of an implementation plan and JMA schedules.

### **Developing strategy and policy**

Council aims to take a precautionary approach towards decisions that may result in significant adverse effects on the Waikato River, in particular, those effects that threaten serious or irreversible damage to the river. This is considered in strategic, regulatory, and statutory processes that we make, which includes:

- Our district plan, which recognises the importance of ensuring the impacts on the Waikato River are appropriately mitigated through policy, rules, and objectives.
- Including Waikato-Tainui's plans for mixed-use re-development of Hopuhopu, which strongly incorporates principles of environmental sustainability, in the Ngaaruawaahia - Taupiri - Hopuhopu structure plan.
- Ongoing support to Waikato-Tainui for the industrial / housing development at Ruakura.
- Council's new Trade Waste and Wastewater Bylaw adopted in July 2023 aims to protect the Waikato River. This bylaw will strengthen and protect the Waikato River and the environment through a cultural and environmental lens.
- Enhancing the environmental health and wellbeing of the Waikato River while supporting iwi and mana whenua in embracing social and economic opportunities within the sub-region.
- The 2024 Future Proof Strategy update celebrates the Waikato River as the defining ecological feature connecting the Hamilton-Waikato metropolitan area, supporting environmental and recreational use, and creating a sense of space.
- Completed stage one of the Te Kauwhata wastewater treatment plant upgrade in February 2024. This upgrade project is key to addressing environmental concerns as the plant currently discharges into Lake Waikare which is deemed to be tributary of the Waikato River.

### **Promoting ecological health**

Council has completed key works around the protection and enhancement of significant sites, flora, and fauna in 2023/24, including:

- Projects to create new habitats dominated by native species, including planting over 32,000 native plants in coastal, inland, lake, and esplanade reserves. This helps with water quality.
- Partnership projects with Waikato RiverCare across the district including riparian plantings along the Waikato riverbanks.



- Ongoing school planting programmes in association with local schools across the district and Enviroschools. These plantings tend to be riverside plantings.
- Partnership projects with Waikato Regional Council on dune restoration and habitat creation at Ohinewai Lake Reserve, which drains to the Waikato River.
- Advocacy for the removal of stock from Council lands where possible, and replacement with native species plantings or other, lower emissions forms of land management. This will reduce the amount of animal waste (nutrient loading) flowing into the Waikato River.
- Council supports and has representation on Project Echo/Waikato Bat Alliance, Lakes, and Wetlands Memorandum of Agreement Group and the Waikato Biodiversity Forum.
- Various forms of pest control of mammals were carried out on more than 200ha of Council reserves helps reduce the amount of nutrients entering waterways.
- Approximately \$50,000 of funding was received from Waikato Regional Council to support some of the ecological enhancement activities mentioned above.



SECTION 2

# Our performance

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# Our performance

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## Statement of service performance

Council's statement of service performance from page 24 to 85 has been prepared in accordance with the requirements of the Local Government Act 2002, Public Benefit Entity Financial Reporting Standards (PBE FRS 48 Service Performance Reporting), and Generally Accepted Accounting Principles (GAAP).

The service performance information in this annual report has been selected to compare Waikato District Council's actual activities and performance with the intended activities and performance levels outlined for the 2023/24 year in the long-term plan (2021-2031) and the annual plan (2023/24).

## Service performance judgements and assumptions

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

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

Under the Local Government Act 2002 we are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, wastewater treatment and disposal, stormwater drainage, and the provision of roads and footpaths. We are also required to demonstrate regulatory compliance for statutory measures (such as percentage of both building consents and resource consents applications processed within statutory timeframes).

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

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

## Resident satisfaction survey

We currently use our resident satisfaction survey to measure customers' experiences and perceptions regarding Council services.

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

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

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

The surveys are conducted quarterly and are usually electronic, however paper-based questionnaires can be provided upon request. The minimum sample size is 400 residents, however we had an average of 477 responses across the year. The margin of error is +/- 4.7%, with a confidence margin of 95%.

### **Business perception survey**

We undertake a business perception survey bi-annually to measure the net promoter score of businesses operating in the district. The purpose of this survey is to understand how Council and its activities are perceived to be impacting and/or supporting local businesses. A total of 400 surveys are collected from businesses within the district, in each survey cycle (every six months). There is a margin of error of +/-5%, with a confidence rating of 95%. Data collection is via computer assisted telephone interviewing and online (email invitation). The sample is stratified, and data collected by ward to ensure representation across the district. The survey is administered on our behalf by SIL Research.

### **Library customer survey**

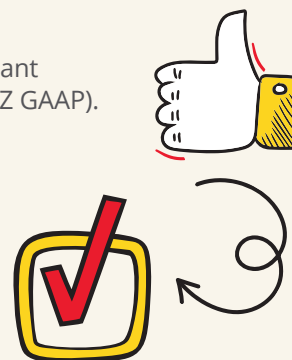
The library survey measures customers' satisfaction with library services and seeks to understand which libraries in our district respondents use, whether they are library members, how often they visit, their overall satisfaction with the library service to name a few. The survey is administered by an in-house team biannually. The survey has been ongoing for a number of years, with reviews undertaken by Council's library leadership group. The survey is available both online, via QR code at our libraries, and using printed questionnaires on site at our libraries. It runs for one week twice a calendar year in May and November. All customers onsite are asked to complete the survey during that time. The link to the online survey is available on our council website and promoted via Council's social media. Sample size varies by site and is determined by the number of participants willing to complete the survey. In the 2023 calendar year there were 648 respondents.

### **External implications for statements about performance**

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

### **Statement of compliance**

The service performance information in this report is compliant with New Zealand generally accepted accounting practice (NZ GAAP).





# Our vision and community outcomes



Our vision and community outcomes describe our aspirations for the Waikato District.

## Our vision

### *Too maatau whakakitenga*

Our vision is that we work together to build:

**Liveable, thriving, and connected communities.**  
*He noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi.*

By working together, we will ensure that we meet present and future needs, so our district is the kind of place we all want for generations to come.



## Community outcomes

### *Ngaa putanga aa-hapori*

We are responsible for improving the wellbeing of our community. Our community outcomes let us define what wellbeing means and how Council and the wider community can contribute to this. They're aspirational statements and recognise that other agencies and the community itself will need to play a part in meeting those goals.



We are required to report on the community outcomes that were included in the 2021-2031 LTP: supporting our communities, building our economy, sustaining our environment, working together with you and providing value for money. This is the last year we will report on these community outcomes as in early 2023, in preparation for the next LTP, Council undertook a review, seeking input directly from our communities about their perceptions of wellbeing and their priorities for the present and future. Based on community feedback, we developed a new set of community outcomes aligned with the four wellbeing pillars: cultural, economic, environmental, and social. We will report against these new community outcomes in the 2024/25 Annual Report.

Below you'll see what work we did in 2023/24 that shows how our community outcomes enable us to make progress towards improving wellbeing.

## Supporting our communities *Kia tautoko ki a taatou Haapori*

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



### **In 2023/24, we undertook these key pieces of work to deliver on this community outcome:**

- Provision of safety improvements, such as speed limits around schools, intersection upgrades and roadside barrier improvements. We also supported this outcome through funding bus trials, and the Te Huia rail service, including associated infrastructure for those projects.
- We supported the Raahui Pookeka, Huntly Museum through training and funding advice which has increased external investment. This helped secure the move into their new building and to build sustainable funding streams for further development and support.
- A dedicated staff resource was made available to work alongside community boards and committees to lead them in developing their community board/committee plans so that priorities around better community and social outcomes could be achieved. The work of boards and committees has been developed so that local communities are more aware of what community and social outcomes are being driven on their behalf.
- To read about additional work undertaken across the organisation to support our communities, refer to the emergency management, strategic and district planning and community connections (parks and facilities) activities in the *Our activities in depth* section.

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## Building our economy *Ka hanga a taatou Oohanga*

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



### **In 2023/24, we undertook these key pieces of work to deliver on this community outcome:**

- Reinstating roads as part of the Cyclone Gabrielle recovery, which enabled communities and industry to use the roading network more efficiently.
- Starting the 'Planning 2 Build 2gether' project, to improve how customers navigate the planning and building consenting processes, which is expected to reduce application and processing timeframes.
- The Rural Economic Advisory Panel met four times during 2023/24 to identify opportunities for rural voices to be heard through policy, regional engagement, and Council business.
- To read more about the work undertaken by our economic and community led development team to build our economy, refer to page 32.

## Sustaining our environment

### *Kia toituu to taatou Taiao*

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



### **In 2023/24, we undertook these key pieces of work to deliver on this community outcome:**

- Delivering our projects in accordance with Resource Management Act 1991 (RMA) requirements, particularly erosion and sediment control. Everyday maintenance activities, such as street sweeping and sump clearing, also contribute to environmental outcomes relating to stormwater discharges and treatment.
- During 2023/24 Council completed resealing and road marking of both the resource recovery centre in Raglan and the McVie Road transfer station in Huntly. These works make the sites easier to use for our community, supporting waste diversion from landfill.
- Council started scoping a climate risk assessment for the district which will help us understand potential impacts of climate change.
- A targeted rate was initiated to fund the Tamahere gully restoration program following consultation with the community. This project is led by the Tamahere community and the Mangaone Restoration Trust who aim to restore the Tamahere gully network through native planting.

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## Working together with you

### *Kia mahi tahi taatou*

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



### **In 2023/24, we undertook these key pieces of work to deliver on this community outcome:**

- Council partnered with local hapuu, Ngaati Tamainupoo, to formally open the Waharoa to Pukeiaahua Paa site in November 2023.
- Two governance representatives from Waikato-Tainui have been appointed to the Waikato District Resilience Governance Group, to help inform decision making for climate change within our most vulnerable, flood prone communities. Collaborative engagement between mana whenua and the Port Waikato community is taking place to build stormwater resilience where it's most needed. \$2.1 million in government funding has been prioritised to support the restoration of key projects in this community, including stormwater pumpstation upgrades, and increasing stormwater resilience at Ooraeroa Marae.
- We created a new organisation-wide communication and engagement strategy, called Our Waikato – Trust and Confidence Strategy. The strategy aims to address the way council staff and elected members communicate, engage with, and serve people and communities in our district. This strategy encourages new ways of communicating and listening, to enable us all to take greater responsibility to build trust and confidence with people across our district.

## Providing value for money

### *Ka whai painga mo te puutea*

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



### **In 2023/24, we undertook these key pieces of work to deliver on this community outcome:**

- Through three waters better off Funding, Council engaged with mana whenua representatives to provide input into projects that will have a direct benefit to all our communities. The following projects are currently in progress:
  - » **Te Ao Moana Whaaingaroa** - Local waka workshops in Whaaingaroa (Raglan) for rangatahi (youth) to reconnect with ancient, traditional knowledge and practices of ocean voyaging and transportation.
  - » **Te Paina pest eradication project** - A project to eradicate koi carp, rabbits, and possums at Te Paina.
  - » **Te Paina restoration project** - A project to repatriate cultural practices to establish maara kai, paataka kai, and rongoaa Maaori and to carry out riparian planting of native species at Te Paina. This project includes opportunities to learn more about Maatauranga Maaori programs and activities that enhance the cultural and social well-being of the whaanau and the community.
  - » **Te Paina 3 waters programme** - A project to install better wastewater, stormwater, and drinking water facilities and processes at Te Paina to align with Maatauranga Maaori.
  - » **Waka energy resources and papakainga project** - This is a feasibility study in Gordonton to consider a whaanau community-based enterprise model in the energy sector, and potential papakainga housing as an affordable accommodation solution.



*Horotiu School Tree Planting*



## SECTION 3

# Our activities in depth

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# Our activities in depth

## How to read this section

This section of the annual report describes our 2023/24 service performance, as grouped in the 2021-2031 Long Term Plan (LTP). Within each group of activities, work is structured into individual activities. Each group of activity includes the following sections.

**What we do** – This section provides a brief description of the activities and services within the activities.

**Why we undertake these activities** – This section provides a brief description of the objectives or purpose of these activities. In other words, it explains what our communities gain from us carrying out these services.

**How this group of activities improves wellbeing** – This section describes how the activities contribute to Council's community outcomes: supporting our communities, building our economy, sustaining our environment, working together with you, and providing value for money.







**What we achieved this year** – This section features key highlights, as well as some business-as-usual activities, for 2023/24.

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

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

Trend data has been provided for each performance measure to illustrate how the result has changed over the last three years of the 2021-2031 LTP. The example below shows the performance measure target as a dotted line for 2021/22, 2022/23, and 2023/24, compared with the actual result as a solid line for the same periods.

The year-on-year change is indicated with the following symbols:

					
Result achieved and increased on previous year	Result not achieved, but increased on previous year	Result achieved and no change from previous year	Result not achieved and no change from previous year	Result achieved and decreased on previous year	Result not achieved and decreased on previous year

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

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

# Governance

This group of activities includes the governance activity.



## What we do

Services provided to the community within this activity include:

- Managing local elections and the induction process for newly elected members.
- Managing conflicts of interest registers for elected members and staff.
- Providing the community with access to information about issues being considered by elected members and communicating decisions made about those issues.
- Support and advisory services to elected members to assist them in making informed decisions that promote the interests and wellbeing of the community.
- Working with iwi, hapuu, and marae members to develop and maintain meaningful partnerships and provide opportunities for participation in decision-making.
- Supporting mahi (work) related to Council's joint management agreements (JMAs) with Waikato-Tainui and Te Nehenehenui, and other partnership agreements.

## Why we undertake these activities

The purpose of this activity is to facilitate democratic decision-making and direction setting, by and for our communities. This includes engaging with Maaori throughout our work programmes to help deliver on our mutual aspirations for the Waikato district. By supporting elected members in their roles, we are ensuring that they can make well-informed and robust decisions that promote our community's social, economic, environmental, and cultural wellbeing.

Through our work in these activities, we aim to uphold our formal obligations under Te Tiriti o Waitangi and our JMAs. We also aim to ensure the collective history of Maaori and all others who call our district home is acknowledged and celebrated, while strengthening relationships and delivering improved outcomes for everyone.

## How this group of activities improves wellbeing

These activities support and contribute to all five of our community outcomes, by ensuring community wellbeing is at the forefront of decision-making. These activities provide opportunities for communities to engage with Council, enabling them to share their future aspirations and identify how the work we do can help support the achievement of outcomes that make a difference in their lives.

The activities also help to ensure that our district's strong cultural heritage is considered and reflected in our work, including the work we collectively do with, iwi, hapuu, marae and mana whenua.



Supporting our communities



Building our economy



Sustaining our environment



Working together with you



Providing value for money

Key  Contributes in a major way  Contributes in a minor way

## What we achieved this year

The governance team continued to support and manage over 50 council and committee meetings, and 32 community board meetings over the year. This included advertising meetings, making agendas available and publishing decisions.

Council introduced a new system to manage and publish our agendas and minutes for council and committee meetings. This system has enabled our meetings to become livestreamed, making them more accessible for our communities.

We have started planning for local government elections in October 2025. In the meantime, we have carried out a successful by-election for the Tuakau Community Board, following an unexpected resignation.

We worked with community boards and committees to develop board/committee plans, which identify their purpose and how they are going to represent their communities. In addition, training programmes for community boards/committees to support good governance, community engagement, and increase community participation in Council consultation processes have started to be developed and this will continue into 2024/25.

In 2023/24, we updated the guidelines relating to petitions. This guideline explains the process of presenting a petition to Council and helps people who want to write a petition.

### Maintaining iwi partnerships

In 2023/24, we continued to focus on improving the ways we engage with mana whenua and other Maaori stakeholders to contribute to Council's decision-making processes.

Council maintained our JMA partnership with Waikato-Tainui, including endorsing a strategic work programme for 2024/25. This will ensure continued delivery of our co-developed strategic work programmes that enables collective decision making to take place. We also participated in the all-council annual hui with Waikato-Tainui, to guide us on their priorities and to help inform our decision making with iwi.

We are currently finalising the co-development of the implementation plan and schedules alongside other councils (Waitomo, Waipaa, Otorohanga, Waikato District, and Waikato Regional Council) for the Te Nehenehenui JMA. This JMA provides a foundation for Te Nehenehenui and the local councils to strengthen partnerships and perform functions, powers, and duties, under the Resource Management Act 1991.

Marae profiles and complete geographic information system (GIS) mapping of iwi, hapuu, and marae within the district are being developed to help support our engagement with mana whenua and knowledge of the land.

Through our Maaori ward councillors, we have engaged with mana whenua to co-develop the Housing Strategy that was adopted by Council in 2024. The strategy will help support the development of papakainga throughout the district and guide our planning alongside our communities.

To read about the work we undertook during the year to build relationships and support objectives of *Te Ture Whaimana o te Awa o Waikato – the Vision and Strategy for the Waikato River*, refer to page 13. You can also read about the marae resilience initiative work undertaken in the emergency management activity on page 32.

## What we delivered

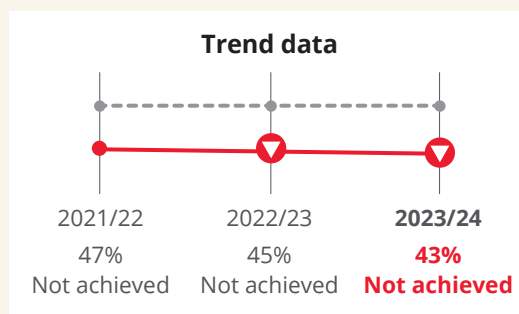
### Governance performance measures

#### Percentage of customers satisfied with the availability of their Councillor<sup>3</sup>.

**2023/24 Target:** 80%

All councillors remain committed to being available to their local communities. Feedback from the resident satisfaction survey showed that there is conflicting satisfaction across wards which has been taken on board.

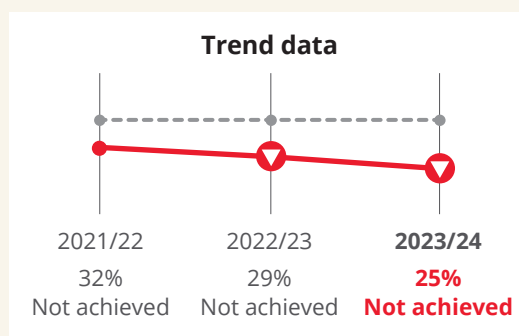
To help ensure they hear the voices of the community, councillors are engaging more with their community boards and committees who represent and act as advocates for the interest of the community, and communicate with community organisations and special interest groups in the community.



#### Percentage of customers satisfied that Council engages with the community regarding the right issues<sup>4</sup>.

**2023/24 Target:** 50%

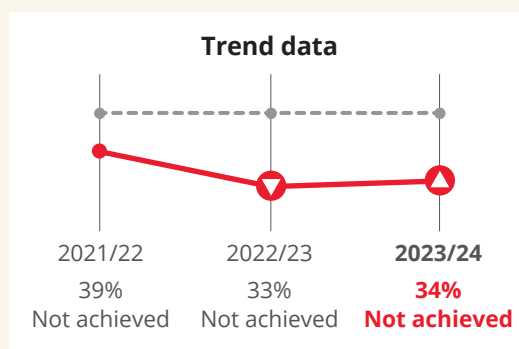
Feedback from our community included dissatisfaction with Council's communication around rates, roading, spending and how we prioritise these things. Our community want more information so they can better understand what is happening, or planned, for their communities. This feedback has been taken on board and will be considered for future community engagement.



#### Percentage of customers satisfied with the ease of access and clarity of information regarding key community issues<sup>5</sup>.

**2023/24 Target:** 50%

There has been a slight improvement on last years' result. Council has developed the Trust and Confidence Strategy which is expected to help improve this result going into the 2024/25 year. One element of this strategy focuses on improving the ease of access and clarity of information around key community issues. All of Council will be involved in improving our approach to communications and engagement to better serve our community.

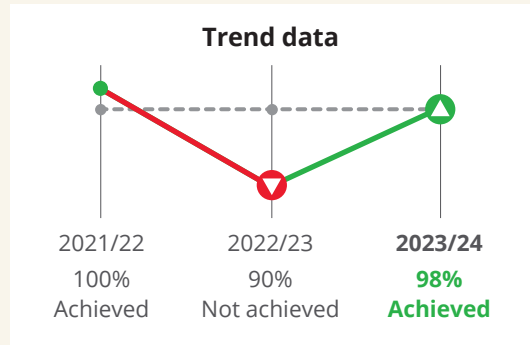


<sup>3,4,5</sup> The Resident Satisfaction Survey results inform this performance measure result.

**Percentage of agendas and minutes of all open meetings that are made publicly available via the Council’s website within legislative timeframes.**

**2023/24 Target: 98%**

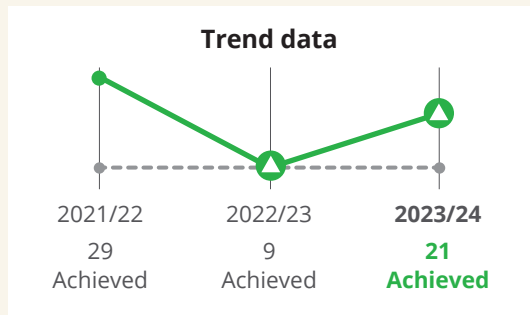
Council has introduced a new system called Resolve to manage agendas and minutes and automatically publish them on our website. This system has also enabled our meetings to become livestreamed.



**Number of formal hui held with iwi, mana whenua and hapuu groups.**

**2023/24 Target: 9**

Our relationship with our joint management agreement (JMA) partners, mana whenua, and other Maaori groups across our rohe are continuing to strengthen and improve. There was an increase in the number of hui held this year in comparison to 2022/23 as a result of increased resourcing in our maaori partnerships team. Going forward connecting with these groups will continue to be a focus.



Potential significant negative effects	
Potential negative effects	How we are addressing this
<b>Iwi and Community Partnerships</b>	
Monitored discharge of wastewater into Lake Waikare.	Working with iwi group to mitigate problems.
Puke-i-ahua Kumara Pits.	Working with all parties for a positive and an agreeable outcome.

**How we paid for it**



Operational	
<b>77%</b>	General rates, uniform annual general charge, rates penalties
<b>3%</b>	Targeted rates
<b>0%</b>	Subsidies and grants for operating purposes
<b>0%</b>	Fees and charges
<b>20%</b>	Internal charges and overheads recovered
<b>0%</b>	Local authorities fuel taxes, infringement fees and other receipts



## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Governance

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	6,625	6,837	6,998
Targeted rates	272	275	281
Subsidies and grants for operating purposes	-	-	35
Fees and charges	-	-	2
Internal charges and overheads recovered	1,532	1,558	1,831
Local authorities fuel tax, fines, infringement fees, and other receipts	157	2	17
<b>Total operating funding (A)</b>	<b>8,586</b>	<b>8,672</b>	<b>9,164</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,288	3,134	3,166
Finance costs	-	-	-
Internal charges and overheads applied	5,271	5,510	5,729
Other operating funding applications	2	2	3
<b>Total applications of operating funding (B)</b>	<b>8,561</b>	<b>8,646</b>	<b>8,898</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>25</b>	<b>26</b>	<b>266</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	25	26	266
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>25</b>	<b>26</b>	<b>266</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(25)</b>	<b>(26)</b>	<b>(266)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Sustainable communities



## This group of activities includes six activities:

- Open spaces and facilities.
- Community venues and events.
- Customer and partnership focus.
- Economic and community development.
- Emergency management.
- Grants and donations.

## What we do

This group of activities focuses on improving the social and economic wellbeing of our communities. We achieve this through providing spaces for a range of leisure options, maintaining our communities' facilities and buildings, strengthening community resilience, and protecting the enduring nature of our communities. Additionally, we support economic development in our district to enrich people's lives through local employment opportunities and improved quality of life.

## Why we undertake these activities

These activities improve people's lives and livelihoods in our communities, strengthening their ability to live, work, and play in the way they want to, and to prepare for and recover from emergency events when they occur. Through these activities, we ensure that people can speak to Council when they need to and are well supported to access our services.

## How this group of activities improves wellbeing

These activities primarily contribute to supporting our communities and sustaining our environment by providing leisure options and support for community-led initiatives, as well as protecting our people and the land in which they live and play.

These activities contribute to the working together outcome by working in partnership and consultation with Iwi, hapuu, marae and other groups to ensure our shared aspirations for the district are brought to life. They also promote economic development activities throughout the district to enhance local employment opportunities and quality of life.



**Supporting our communities**



**Building our economy**



**Sustaining our environment**



**Working together with you**



**Providing value for money**

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

## What we achieved this year

### Open spaces and facilities

We continued to support our communities through a number of projects at parks and facilities across the district, including:

- Delivering sports court renewals at Huntly, Opuatia, Ruawaro, Pukekawa, and Tuakau.
- Upgrading the lighting at Paterson Park in Ngaaruawaahia, Pookeno tennis courts, and Woodlands Estate.
- Completing carpark upgrades at Panthers League Club, Onewhero Domain, Doctor John Lightbody Reserve in Tuakau, Whatawhata Domain, and Lake Puketirini.
- Upgrading the Maraetai Bay playground at Port Waikato.
- Continuing the development of the Pookeno Sports Park project.
- Opening the Whaingaroa/Raglan Wharf Western Walkway in May 2024.

### Community venues and events

During the year we worked with local groups to enable them to host events to bring the community together and we continued future planning for the provision of venues across the district, including:

- Granting a lease to a community group to develop an arts centre at the Hakanoa Domain in Huntly.
- Celebrating the first year of the Whatawhata Community Hall being open.
- Purchasing land in Pookeno for a potential community hub with library, and for the future development of a train station/transport hub.
- Continued to manage 38 Council-owned halls and six community-owned halls in the district.
- Our team helped to support the night markets in Huntly and Ngaaruawaahia, the Te Awa Light the Night ride along the river path, sports team bookings at sports fields across the district and Koroneihana.

### Customer and partnership focus

Customer service staff processed a large number of queries and requests over the 2023/24 year, including:

- 62,065 phone calls.
- 27,368 service requests.
- 26,407 applications, requests, transactions received via our online service tools.

We continue to focus on improving our customer experience, enabling customers greater freedom to conduct business with us at a time that suits them. We saw a 14.5% increase in enquiries and applications submitted through our website, compared to the previous year. The introduction of three new online application forms saw a 57% increase in applications received and processed by our finance team, without requesting additional information from our customers.

As part of the Service Request Transformation Project we introduced automatic responses to customers, setting expectations around Council response times. Since we started giving automatic responses in October 2023, we have saved over 20,747 minutes of administrative time. This efficiency has helped our contact centre improve our service to customers, and reduced wait times.

Council introduced a new Antenno app, which allows customers to report issues, provide photos and geotag customer/photo locations. This technology also improves accuracy and makes sure that issues go to the right council to respond.

In response to customer feedback, Council has improved digital tools that support customers to better understand what can and cannot be recycled in the district. Additionally, the collection day search functionality has been improved.

In our libraries, self-checkout machines and a smart shelf returns system have made it quicker and easier for customers to check out and return library books.

## **Economic and community development**

The economic and community-led development team were involved in several projects and activities in 2023/24, including:

- Hosting a business event for Maaori and Pacific business leaders to learn about procurement processes and how to engage effectively with Council around possible procurement opportunities. Over 84 business leaders attended this event in November 2023.
- Partnering with Hampton Downs to host an event for local businesses to learn about the business support available from local and regional agencies, including mentoring, employment support and networking opportunities.
- Creating business sector groups that include manufacturing, tourism, construction, primary industries, and transport and logistics to better understand how these key sectors can work together to build local and regional links that support sustainability for businesses and grow local employment opportunities.
- Welcoming Soda, Waikato Chamber of Commerce, Ministry of Social Development, and other regional and government agencies to the district on a regular basis to work alongside Council. This enables them to create a presence in our district and support business sustainability and growth.
- Partnering with Waikato-Tainui to create a new economic development brand, Takitini, for the district to attract business investment and growth. A new website has been developed to support businesses through Council processes, and to enable greater connectivity. Through this process Waikato-Tainui gifted us the brand name Takitini which means navigating together.
- Community-led development training continued through 2023/24 for over 20 community groups across the district. This training includes governance, how to make funding applications, including telling their story, and how to grow their network.
- Community identity projects have been a significant focus for Ngaarauwaahia, Te Kauwhata, Raahui Pookeka/Huntly, and Taupiri. This will continue as a focus across the district to grow economic activities through tourism and visitor attraction.

## **Emergency management**

During 2023/24, there has been a significant focus on our district's recovery from extreme weather events, following the effects of Cyclone Gabrielle in early 2023.

Since March 2023, Council has had a dedicated recovery team focused on overseeing the coordination of recovery efforts. This team supports our communities by coordinating activities across Council teams that deliver roading and stormwater initiatives, providing financial and property owner support, facilitating strategic communication, conducting community resilience planning, making funding applications, and ensuring comprehensive reporting after projects.

Council received an additional grant of \$1.1 million from the government's cyclone recovery unit to support property owners whose homes were affected during Cyclone Gabrielle. These funds will be used to establish measures to reduce the risk of further landslides, aiming to keep homes safe from future weather events.

With financial support from the Department of Internal Affairs, Trust Waikato, and Here to Help U, we launched the Marae Resilience Initiative. By strengthening maraes and their surrounding communities, we are aiming to build capacity and resilience, so they are better equipped to handle future emergencies.

During 2023/24 we developed four community response plans for communities, with another nine in progress. These plans empower our communities to take a community-led approach to providing welfare support when an emergency event happens.

## Grants and donations

During 2023/24, we supported 92 local groups with \$252,906 of funding. Some additional funding previously committed in 2022/23, to be paid over multiple years, was paid in 2023/24, bringing our total awarded funds to \$282,922.

Community group	2023/24 funding provided (\$)
<b>Creative Communities Scheme Fund</b>	
Raglan Museum	20,000
Tamahere Community Committee	11,395
Tuakau and District Museum Society Inc.	10,000
Waikato Coalfields Museum	50,000
Waikato Biodiversity Forum	3,000
<b>Community Administration Funding</b>	
Mercer Community Committee	13,200*
Pookeno Community Committee (website development)	5,000
<b>Discretionary Grants Funding</b>	
Discretionary Grants - distributed through the Mayor's Fund and community boards and committees across the district.	170,327*
<b>Total Council funds committed 2023/24</b>	<b>282,922</b>

\*Amount paid out from committed funds relies on groups securing alternative funding, or meeting other similar criteria, and this can mean funding may be held over for one or two financial years. The amounts paid include funds already committed in 2022/23 financial year.

We also continued to support Hamilton and Waikato Tourism, with funding of \$150,000, and *Te Waka | Anga Whakamua Waikato*; Waikato's Regional Economic Development Agency providing \$60,000 of funding. This will be the final funding provided to Te Waka as they ceased operations on 30 June 2024.

Council was successful in its applications for the following contestable funds:

- \$2.85 million from the Department of the Prime Minister and Cabinet (DPMC) for three-waters resilience work in Port Waikato.
- \$2.08 million from DPMC for three waters resilience work at Lake Hakanoa and homeowner support following the 2023 North Island severe weather events.
- \$220,000 from DPMC towards resilience team operational funding for the delivery of the Marae Resilience Strategy.
- \$72,000 from the Ministry for Business, Innovation, and Employment (MBIE) for monitoring team operational support for peak-season freedom camping monitoring, education, and enforcement, funded via the International Visitor Conservation and Tourism Levy.

## Implementation of better off funding projects

During 2022/23 Council was granted \$7.88 million through the government's better off funding package for projects spanning multiple financial years. Twenty projects are being delivered under this funding programme with four being Council-led and 16 community-led. To mitigate financial risks to Council and other applicants, each of the 16 community-led projects require back-to-back funding agreements with Council. So far, 12 of these agreements have been signed by both parties, and of the 12 projects, nine are in the delivery phase and three have been completed. A further four projects are expected to be complete by the end of the 2024 calendar year. Between November 2023 and June 2024, \$3.71 million of the budgeted \$7.88 million has been spent to date.



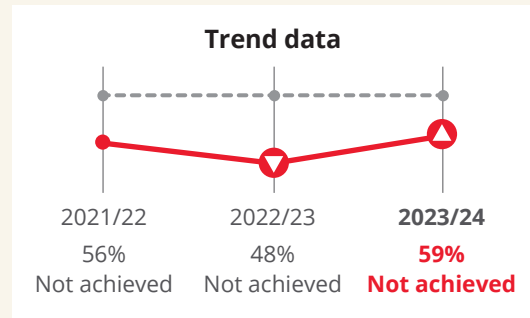
## What we delivered

### Open spaces and facilities performance measures

#### Percentage of customers who are satisfied in the annual satisfaction survey (public toilets)<sup>6</sup>.

**2023/24 Target:** 75%

This year vandalism has increased throughout the district. Staff work closely with our cleaning contractors to resolve emergency works and graffiti issues promptly, so our community has clean facilities available. We will continue to work through options with the contractor to improve services going forward.

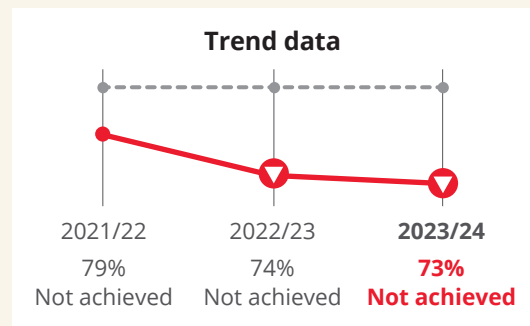


#### Percentage of customers who are satisfied with parks and reserves, including sports fields and playgrounds<sup>7</sup>.

**2023/24 Target:** 85%

Feedback from our community indicates that vandalism, littering, illegal dumping, and the use of prohibited vehicles and the damage they cause, as key areas of dissatisfaction with our parks and reserves.

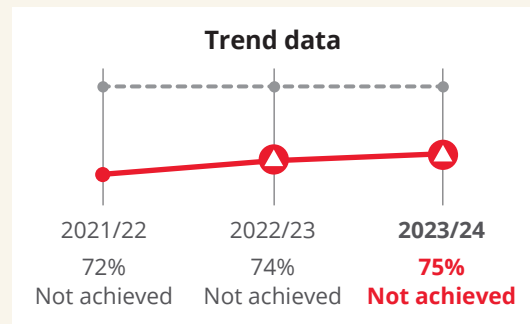
Council will continue to work with our open spaces maintenance contractor, to ensure parks and reserves are well maintained and improvements are made to these spaces.



#### Percentage of customers who are satisfied with the presentation of Waikato District Council cemeteries<sup>8</sup>.

**2023/24 Target:** 85%

All cemeteries continue to be maintained to a high standard by our contractor and Council aims to provide an improved and consistent level of service.

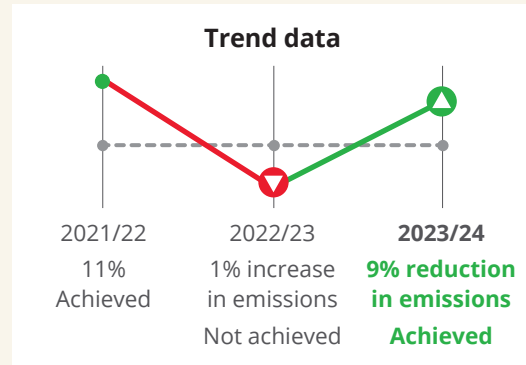


<sup>6,7,8</sup> The Resident Satisfaction Survey results inform this performance measure result.

**Waikato District Council carbon road map shows an improving trend in energy efficiency/emission reduction<sup>9</sup>.**

**2023/24 Target:** 5% reduction per annum

This year saw a reduction of 9% in facilities emissions, this includes electricity, diesel and petrol usage, natural gas, and LPG. The gas boiler at the Huntly Aquatic Centre was replaced this year, which will contribute to future reductions.

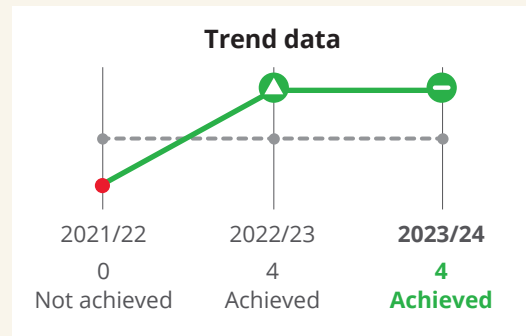


**Community venues and events performance measures**

**The number of events workshops held each year to support event organisers<sup>10</sup>.**

**2023/24 Target:** 2

Workshops were held for staff regarding major event processes and with our zero harm team. Workshops were also held with sports user groups in Ngaaruawaahia and surrounding areas around field bookings. The Raglan Community Board attended a workshop around fees and charges for major events.



<sup>9</sup> The emission sources included this performance measure only relate to council facilities and include electricity and natural gas used in all of Council's buildings, and diesel and petrol used in Council's vehicle fleet. These sources make up 60 per cent of Council's overall emissions with the remaining 40 per cent (excluded from this performance measure) including livestock (cattle at Wainui Reserve), travel and working from home. All of these emission sources (included and excluded from this measure) are categorised as significant. We used an operational control consolidation approach to account for emissions.

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

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

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

<sup>10</sup> Event workshops are run by Council staff to educate event organisers, both internal and external, about the processes involved when arranging an event at Council venues. The number of workshops held during the year is logged at the time of the workshop.

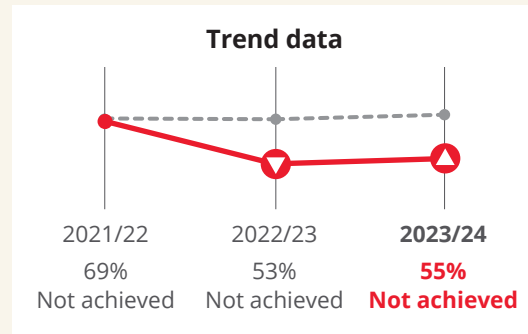
## Customer and partnership focus performance measures

**The percentage of customers satisfied with the overall service received when contacting the Council<sup>11</sup>.**

**2023/24 Target:** 72%

Council is committed to improving our overall service for customers. This measure was set in 2021 and customer expectations have changed significantly over the last year due to new technology. In October 2023, Council introduced the Service Request Transformation Project and the development of online forms.

Starting July 2024, Council will implement new performance measures to monitor service requests and will place more focus on customer-centric training options for staff working with service requests.

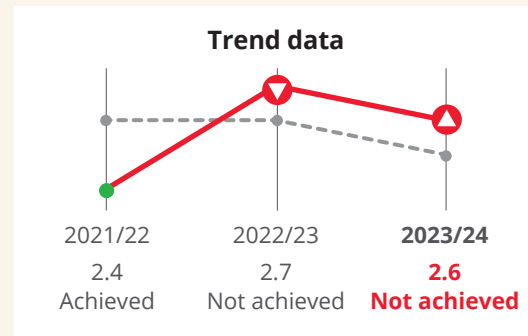


**Average level of effort to conduct business with Council. (On a scale of 1 - 5 (5 being high effort) how much effort did it take to conduct your business with Council?)<sup>12</sup>.**

**2023/24 Target:** <2.5

Our performance in 2023/24 improved with customer satisfaction increasing by 7% over the past year (from 51% in 2022/23 to 58% in 2023/24). We narrowly missed our performance target however, reducing customer effort remains a key focus for Council.

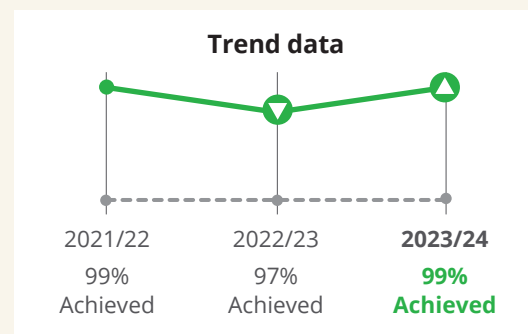
Starting July 2024, Council will implement new performance measures to monitor service requests and will place more focus on customer-centric training options for staff working with service requests.



**Net promoter score (level of likelihood that library users will recommend to friends and family their library as a place to go) – as measured in a bi-annual in-house customer survey<sup>13</sup>.**

**2023/24 Target:** 90%

Feedback from our library users indicates how valuable our libraries are for our communities and that our staff are helpful and friendly.



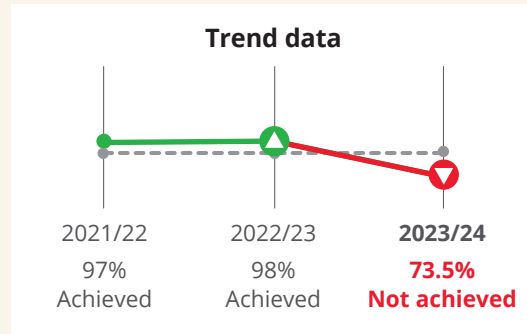
<sup>11,12</sup> The Resident Satisfaction Survey results inform this performance measure result.

<sup>13</sup> The bi-annual in-house library customer survey informs this performance measure result. The question regarding likelihood to recommend the library to friends and family has four response options: highly likely, likely, unlikely, and highly unlikely. To calculate likelihood, the results for highly likely and likely are combined to calculate the Net Promoter Score.

**Level of customer satisfaction that the quality of libraries resources meets their needs - as measured in a bi-annual in-house customer survey<sup>14</sup>.**

**2023/24 Target:** 90%

This result highlights that our customers are satisfied with the services provided by our library, including book selection and staff helpfulness and knowledge. However, our digital library and online resources need improvement. Visibility of our digital offerings will be a focus moving forward.



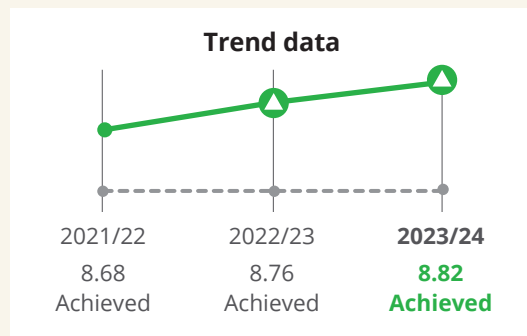
**Economic development performance measures**

**The Business Perception Survey average rating is above target<sup>15</sup>.**

**2023/24 Target:** 8.50

The average rating received was 8.82 out of 10. Our business community is positive around location, loyalty to the area, and positive business experiences.

The main issues highlighted were related to consent processes, communication, and infrastructure maintenance. This feedback was predominantly provided by businesses within the agriculture, construction, and accommodation/food industries.

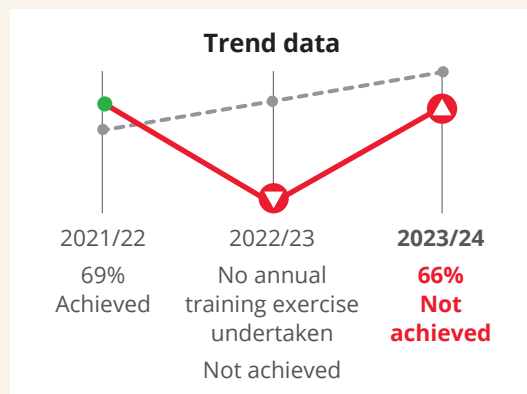


**Emergency management performance measures**

**The evaluation of annual exercise as a measure of effectiveness of training delivery<sup>16</sup>.**

**2023/24 Target:** 90%

While the 66% result did not meet the target, it is still classified as a 'good' result<sup>17</sup> which indicates Council has a good organisational commitment to practice activation methodologies. The capacity of the emergency management team was lower than previous years which impacted the planning and delivery of the annual training exercise. Key learnings identified that the engagement and preparation of newly trained staff leading up to the exercise needs to be prioritised.



<sup>14</sup> The bi-annual in-house library customer survey informs this performance measure result. Digital services have become increasingly important for our libraries to include in their service offering as customer expectations change over time. To reflect this, additional questions were added to the survey in 2023/24.

<sup>15</sup> A total of 400 surveys are collected from businesses across the district, in each survey cycle (every six months). There is a margin of error of +/-5%, with a confidence rating of 95%. Data collection is via computer assisted telephone interview and online (email invitation). The sample is stratified, and data collected by ward to ensure fair representation across Council's territorial area. The survey is administered on our behalf by SIL Research.

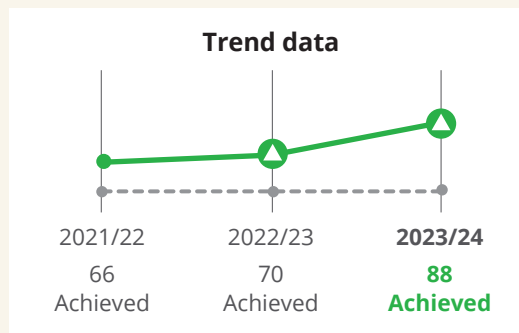
<sup>16</sup> The assessment was conducted by A Parquist an external consultant with a specialised skillset in Emergency Management. A Parquist followed the assessment valuation guidelines and scoring systems implemented by the Group Emergency Management Office and signed off by the Coordinating Executive Group. This is intended to decrease the impact on the business in a year when they are managing large events that makes exercise planning and delivery limited due to the response needs. It should be noted that assessment is focused on the effectiveness of training, not on the overall response capability.

<sup>17</sup> According to the Civil Defence Emergency Management Capability Scoring Guide and Capability Level.

**Council maintains a minimum number of trained staff to intermediate level, to fulfil core Emergency operations centre roles<sup>18</sup>.**

**2023/24 Target: 50**

We have 88 staff currently trained at intermediate level.



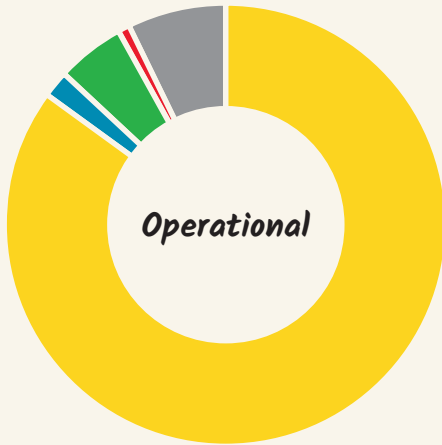
<b>Potential significant negative effects</b>	
<b>Potential negative effects</b>	<b>How we are addressing this</b>
<b>Economic and community development</b>	
Without a targeted and holistic approach to business investment growth a negative impact could be that growth takes place with much reduced benefits to our communities. For example, businesses locate into the district but do not employ local people or the skills of the local people do not meet the new business requirements.	The team is working with regional and national partners to promote high value investors into our district. Business investors will be provided with a specific “one stop” programme to encourage local investments into communities and our people. Partnerships with government agencies to increase skills training for our people is being worked through and partnerships will look to design and deliver to specific investors.
The expectations from both communities and Council for more co-led projects will fall short of delivery and outcomes if the capability of our communities is not supported and encouraged.	The demand for community-led development programmes are increasing across the district and to support this increase the team is working with partners to share community-led development training outcomes for our communities.
<b>Emergency management</b>	
No potential significant effects have been identified for this activity.	N/A
<b>Customer and partnership focus</b>	
Inappropriate books/magazines/material in the collection (i.e. adult material, or offensive to cultures, religion, or in general).	Acquire items in accordance with the collections policy and catalogued as per the nature of the material. Items deemed unsuitable for public display are housed back of house and available on request from the catalogue.
An environmental impact in the travel required to static library sites and carbon cost of importing materials from overseas.	Developing libraries in areas where there is sufficient density of population to justify their development. Continue to promote the use of e-resources as an alternative to physical items.
<b>Open spaces and facilities</b>	
Chemical spill accidents at aquatic facilities.	Pools managed to pool safe certification standards.

<sup>18</sup> Having this number of trained staff allows Council to draw on a selection of staff as required and ensures staff on duty can be rotated. This enables Council to maintain general business activities during an emergency.

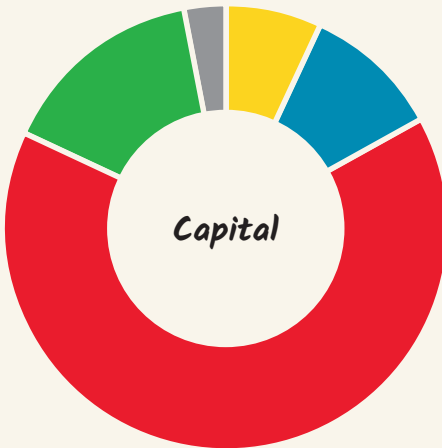


<b>Potential significant negative effects</b>	
<b>Potential negative effects</b>	<b>How we are addressing this</b>
Disability access to facilities.	Development of the disabilities access policy. Design and manoeuvrability for wheelchair access, or mobility scooter. New facilities to be designed in accordance with the Council's HCC development manual.
Congregation of undesirable groups with the potential to vandalise equipment.	Maintenance regimes in place to rectify any issues, installation of CCTV as appropriate. Use crime prevention through environmental design (CPTED) principles.
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 a firebreak 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.
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 CPTED design principles.
Toilets can present a sanitary risk to the community.	Included in water and sanitary services assessments (three yearly).
Considered to have a negative aesthetic effect.	Use of eco design, strategic locations, planting to minimise the impact, environmentally complimentary plain colour.
Noise and disorderly behaviour issues from events at cemeteries and general use of cemeteries.	Restricted opening hours.
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.
<b>Community venues and events</b>	
The community does not comply with required health and safety.	Working with applicants to wrap support around applications to ensure that applicants are educated and empowered.
Negative environmental impacts to reserves due to non-compliant or non-authorized events and volunteer works.	Working with councillors, community engagement, and community development teams to ensure that community groups are engaged with and informed as their requests arise.

## How we paid for it



Operational	
<b>85%</b>	General rates, uniform annual general charge, rates penalties
<b>2%</b>	Targeted rates
<b>0%</b>	Subsidies and grants for operating purposes
<b>5%</b>	Fees and charges
<b>1%</b>	Internal charges and overheads recovered
<b>7%</b>	Local authorities fuel taxes, infringement fees and other receipts



Capital	
<b>7%</b>	Subsidies and grants for capital expenditure
<b>10%</b>	Development and financial contributions
<b>65%</b>	Increase (decrease) in debt
<b>15%</b>	Gross proceeds from the sale of assets
<b>0%</b>	Lump sum contributions
<b>3%</b>	Other dedicated capital funding



## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Sustainable Communities

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	27,068	28,217	33,737
Targeted rates	839	856	981
Subsidies and grants for operating purposes	130	133	102
Fees and charges	1,097	1,075	1,801
Internal charges and overheads recovered	2,488	2,506	526
Local authorities fuel tax, fines, infringement fees, and other receipts	2,985	3,056	2,874
<b>Total operating funding (A)</b>	<b>34,607</b>	<b>35,843</b>	<b>40,021</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	21,870	22,275	23,551
Finance costs	-	-	-
Internal charges and overheads applied	6,608	6,974	8,669
Other operating funding applications	632	647	923
<b>Total applications of operating funding (B)</b>	<b>29,110</b>	<b>29,896</b>	<b>33,143</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,497</b>	<b>5,947</b>	<b>6,878</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	1,170
Development and financial contributions	2,803	1,359	1,577
Increase (decrease) in debt	8,407	11,631	10,420
Gross proceeds from the sale of assets	550	564	2,335
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	444
<b>Total sources of capital funding (C)</b>	<b>11,760</b>	<b>13,554</b>	<b>15,946</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	1,562	4,744	2,998
- to improve the level of service	7,647	8,346	9,986
- to replace existing assets	7,468	7,609	10,024
Increase (decrease) in reserves	580	(1,198)	(184)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>17,257</b>	<b>19,501</b>	<b>22,824</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,497)</b>	<b>(5,947)</b>	<b>(6,878)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

# Sustainable environment



**This group of activities includes five activities:**

- Animal control.
- Building quality.
- Environmental health.
- Solid waste.
- Strategic and district planning.

## What we do

These activities are focused on improving environmental outcomes and public health and safety. Within these activities we plan, regulate, monitor, and consent, with a strategic focus on providing an integrated approach to delivering sustainable, attractive, affordable, and safe living options. We also manage and minimise waste in the district, and manage land use, growth, and support our regional partnerships.

## Why we undertake these activities

These activities protect the amenity and resilience of our district so that it is an enjoyable and safe place to live and visit. These activities also actively work to protect public health and safety and ensure resources are used sustainably and responsibly and do not threaten environmental quality.

Through these activities, we aim to align our planning processes with national and regional requirements and the aspirations and needs of our communities.

## How this group of activities improves wellbeing

These activities contribute to all the community outcomes with a strong focus on sustaining our environment, by providing services that improve environmental outcomes from planning processes, regulation, and monitoring through community education. This work is undertaken in partnership with stakeholders for the betterment of the community.

These activities also contribute to building our economy as they are core components and drivers for our strategic and district planning.



Supporting our communities



Building our economy



Sustaining our environment



Working together with you



Providing value for money

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

## What we achieved this year

### Animal control

Animal control hosted its annual Pound Pups Pool Parties in April 2024. Over 200 dogs and their families enjoyed a day out at the public pools in Ngaaruawaahia and Tuakau. The event was held at the end of the swimming season prior to the pools being closed for the winter so that the dogs are the last to enter the water before the winter shutdown.

This year the events raised \$3,211 for Funding for Impounded Dogs NZ and Country Retreat Animal Sanctuary. These two organisations help Council re-home many dogs and puppies each year.

In July 2023, animal control ran a successful Dirty Dog Challenge with 489 dogs and 600 people participating in the 2.5km or 6km adventure course. This event was run in conjunction with Hamilton City Council, strengthening the relationship between the two animal control teams. The event raised \$21,000, which both councils put towards their desexing programme funds.

The PUP (Preventing Unwanted Puppies) Programme desexed 128 dogs across our district this year.

We have seen an increase in the number of impounded and surrendered dogs. Despite the increase, Council rehomed 169 dogs.

### Building quality

In February 2024, we reconfirmed our accreditation as a Build Consent Authority (BCA), which enables Council to continue to work with property owners and builders to ensure buildings are safe, healthy, and durable. Alongside this, several staff completed training to upskill which helps to complete work efficiently and maintain a high standard.

In 2023/24, Council reviewed its Dangerous, Affected, and Insanitary Buildings Policy. This policy helps us to manage public safety in buildings and addresses the need to reduce the danger to the public posed by dangerous and insanitary buildings. It is a legal requirement to review every five years.

Building quality continues to work alongside emergency response during weather-related events by providing guidance to property owners at Port Waikato about how they can bring their properties up to an appropriate standard which will enable the notice/sticker to be removed following Cyclone Gabrielle. The team will also continue to provide ongoing advice around addressing the effects of the erosion on buildings at Port Waikato.

### Environmental health

Council achieved the annual Joint Accreditation System of Australia and New Zealand (JASANZ) assessment of our food verification quality management systems. This achievement can give the community confidence that Council undertakes its food verification services to a high standard. In addition, all Council-contracted food verifiers also passed their continuous improvement requirements with the Ministry of Primary Industries (MPI).

During the year staff presented with the New Zealand Police at community information sessions aimed at clubs that supply/sell alcohol. The team has worked hard to meet the growing demand from applicants in the sale and supply of alcohol this year. We continue to work with other agencies, such as the Ministry of Health and New Zealand Police to provide reports to the District Licensing Committee and have spoken at several complex hearings.

We contributed to a number of multi-agency environmental events, including participating in the Waikato Regional Council's Water Quality Programme to ensure appropriate health warnings are visible at water locations across the district when they do not meet the required water quality standards.

Our out-of-hours service attended around 994 noise complaints this year, and we responded to 290 environmental health service requests.

To meet legislative requirements, we started a review of the Keeping of Animals Bylaw, gathering feedback from our community on this topic. We also completed the review of Council's Gambling Venues Policy and our Freedom Camping Bylaw.



## Solid waste

In 2023/24, we continued to provide rubbish and recycling kerbside waste collection services to households across the district. Part of this included working closely with our collection contractors to resolve any complaints to ensure a high quality and efficient service is provided to the community.

The solid waste team has a strong focus on education and engagement and has delivered over 1,400 face-to-face engagements around waste minimisation and our resource recovery programme, including:

- Workshops and quizzes to help the community reduce waste.
- Financial support to repair cafés, which are regular events run by volunteers who help with repair advice and practical help in fixing or repairing items bought in by the community.
- Community composting hub programmes in Raahui Pookeka (Huntly) and Te Kauwhata.
- Repair Detective School education on e-waste.
- Green Gorilla recycling centre open day, attended by 70 people.
- Zero waste period school education to over 700 students.

## Strategic and district planning

The strategic and district planning teams were involved in many projects to ensure development and growth across the rohe is well managed and supported by the necessary infrastructure. They also led Council's response to central government reform and ensured the district's needs were heard. Some of these include:

- Contributing to the update of the subregional Future Development Strategy of the Future Proof partnership, which was informed by Waikato 2070 – Council's Growth and Economic Development Strategy. The Future Development Strategy is a 30-year growth management and implementation plan for the Hamilton, Waipaa, Waikato, and Matamata-Piako subregion.
- Signed a memorandum of understanding to investigate future water delivery services and models in response to the government's Local Waters Done Well policy initiative.
- Making submissions on the Local Government Water Services (Transitional Provisions) Bill which spells out the obligations around service delivery planning, the Fast Track Approvals Bill, and the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Bill.
- Preparing briefings for incoming ministers (BIMS) which were prepared for the ministers responsible for infrastructure (including three waters and roading), housing, emergency management, and local government.
- Compiling an information flyer and presentation on development contributions and how they relate to the development of papakainga and kaumatua housing, which will also be translated into te reo Māori.
- The Ngaaruawaahia, Hopuhopu, and Taupiri Structure Plan and the Ngaaruawaahia Town Centre Plan is progressing well and is within the final stages of development prior to adoption.
- We started work on the Raahui Pookeka / Huntly Master Plan.
- Negotiated several development agreements between Council and developers to facilitate the construction of key roading and three waters infrastructure in Horotiu and Ngaaruawaahia.
- Continued to deliver on the Pookeno Public Realm Concept Plan through the purchase of land for community facilities and undertaking work on upgrading Great South Road.
- A range of events to celebrate the inaugural Waikato District Heritage Day was held in April. Local heritage groups, libraries, museums, and heritage location experts celebrated the histories and koorero stories of the communities.
- The resource consent team focused on issuing resource consents, undertaking subdivision post approval work to enable the issuing of records of titles for new lots, providing the duty planner service, issuing property numbers, maintaining the land hazard register, issuing land information memorandums (LIMs), and answering property information enquiries. The team processed 721 resource consents, issued 674 new property lots, and issued 1,327 LIMs.

## Climate action and sustainability

In late 2023, Council approved the Climate Response and Resilience Strategy. This strategy sets clear objectives, and targets for addressing climate change in response to central government’s directive to prepare communities for the effects of climate change. The strategy brings together key Council documents, policies, and plans, as well as considered risk and community resilience.

In 2024, Council’s operational Climate Action Plan was updated to address the needs and priorities of communities to prepare for the effects of climate change and build a resilient future.

Other works completed in 2023/24 include:

- Updating the Climate Response and Resilience Policy.
- Conducting stage 1 of a climate risk assessment for the district.
- Supporting staff to secure \$158,000 in funding via EECA (Energy Efficiency Conservation Authority) to replace the gas boiler at the Huntly Aquatic Centre, saving \$18,000 a year.
- Supporting the installation of EV charging stations for our plug-in hybrid fleet.
- Supporting the Climate Response Programme in partnership with Go Eco and Hamilton City Council.
- Measuring and reporting on our operational CO2e emissions, which have reduced by 5% compared to 2022/23.

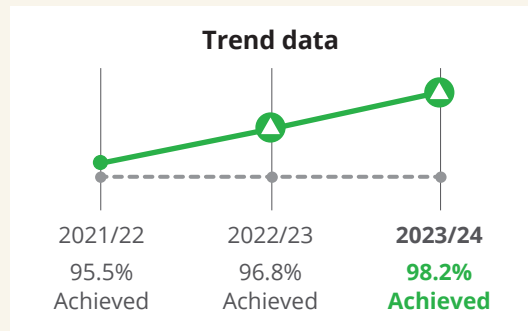
## What we delivered

### Animal control performance measures

**The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within one hour.**

**2023/24 Target:** 95%

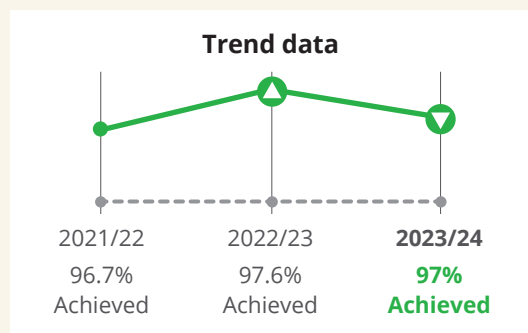
169 aggressive dog behaviour complaints were responded to this year, with 166 (98.2%) of these being within one hour.



**The percentage of complaints regarding straying stock that have Council personnel on site within one hour.**

**2023/24 Target:** 95%

200 straying stock complaints were responded to this year, with 194 (97%) of these being within one hour.

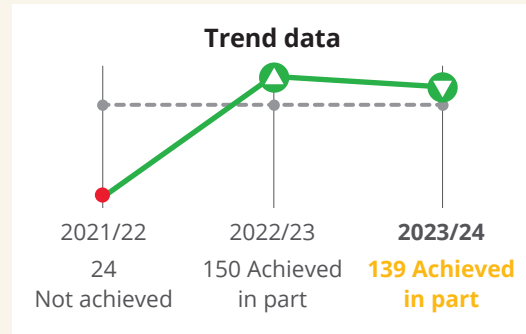


**Complete engagement and education visits throughout the district.**

**2023/24 Target:** 120 per annum / 10 per month

The annual target component has been met, however due to school holidays impacting school visits at certain times of the year, the monthly target component has not been met. The average monthly result was 12.

This measure has been updated through the 2024/25 Enhanced Annual Plan process to change the target to the annual total component only for next year.



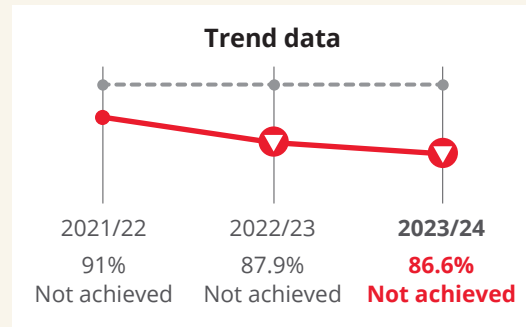
**The percentage of known dogs currently registered.**

**2023/24 Target:** 95%

As at 30 June 2024 we have a total of 16,097 known dogs within our district. 13,939 (86.6%) were registered dogs and 2,158 (13.4%) were unregistered.

This measure is dependent on dog registration fees being paid. Council does what it can to advertise and educate our community to pay their dog registration fees and will continue to do so.

Council has reviewed the way it recruits and trains new staff to increase capacity and resilience in the team which will enable a more proactive approach to increasing registration compliance.

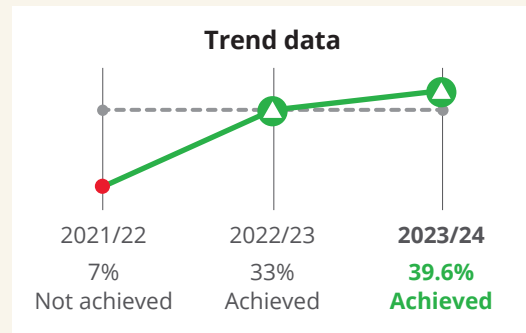


**Building quality performance measures**

**The percentage of existing buildings with building WoFs that are monitored and audited for compliance annually.**

**2023/24 Target:** 33%

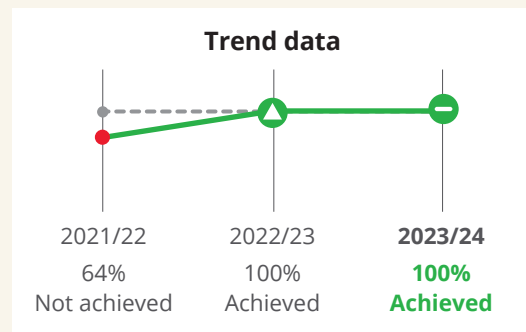
A total of 237 existing buildings out of 599 (39.6%) were monitored and audited for compliance this year as required.



**The percentage of buildings that provide sleeping care or paid accommodation that are audited for compliance annually.**

**2023/24 Target:** 100%

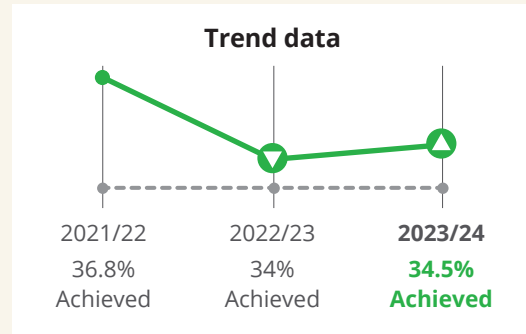
A total of 71 out of 71 (100%) of buildings that provide sleeping care or paid accommodation have been audited and are compliant this year.



**The percentage of swimming pools that are inspected for compliance annually.**

**2023/24 Target:** 33%

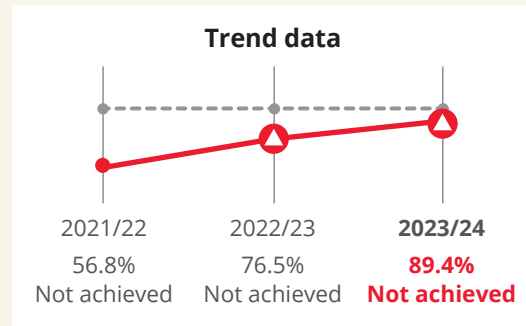
A total of 876 out of 2,538 (34.5%) of swimming pool inspections have been carried out this year as required.



**The percentage of building consent applications that are processed within 20 working days<sup>19</sup>.**

**2023/24 Target:** 98%

A total of 1,337 building consents were received this year with 1,195 (89.4%) processed within 20 working days. The remaining 142 were impacted by lower resourcing capacity at the beginning of the year. This has since been resolved and we continue to see an improvement in processing time.

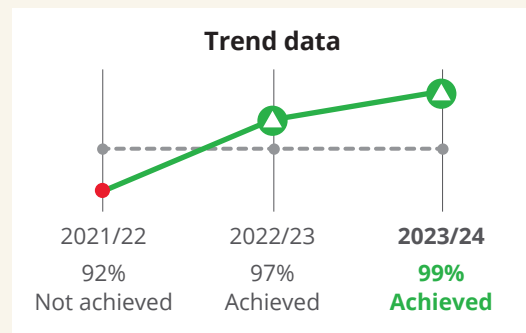


**Environmental health performance measures**

**The percentage of food operations that are required to be verified annually that are verified.**

**2023/24 Target:** 95%

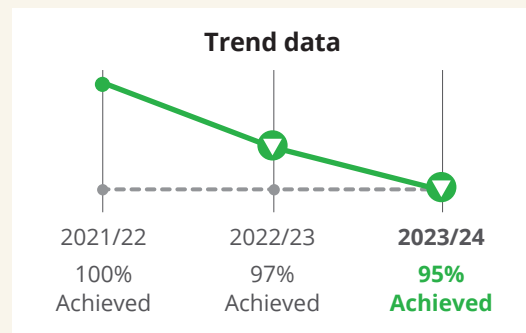
204 food operations were required to be verified annually. 202 (99%) were verified.



**The percentage of medium or higher risk category licensed premises inspected annually.**

**2023/24 Target:** 95%

76 out of 80 (95%) premises categorised as medium and high risk were inspected this year to ensure compliance with licenses to minimise the risk of alcohol-related harm for the community.

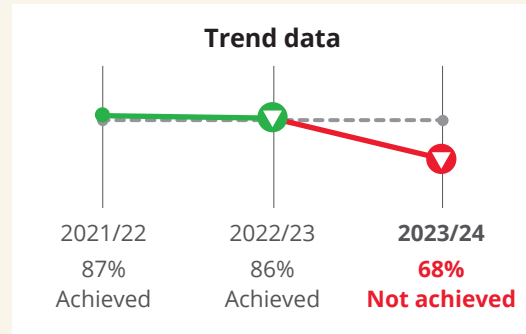


<sup>19</sup> The time it takes to process consents is measured according to the timeframes specified in the Building Act 2004, about when timing starts and stops.

**Percentage of excessive noise complaints responded to within agreed timeframes<sup>20,21</sup>.**

**2023/24 Target:** 85%

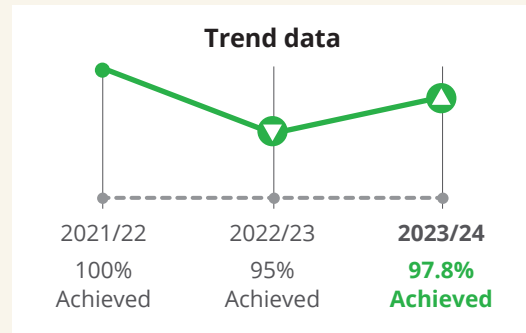
An IT update impacted communications between Council and our contractor for much of the year. A manual process was used to try and minimise customer impact. The issue has been resolved and results will continue to improve.



**The percentage of hazardous land use information (HAIL) reports that will be completed within 10 working days.**

**2023/24 Target:** 90%

46 new HAIL requests were received this year, with 45 (97.8%) processed within 10 working days.

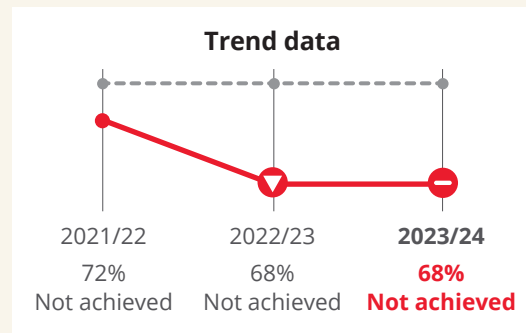


**Solid waste performance measures**

**Customer satisfaction with waste collection services<sup>22</sup>.**

**2023/24 Target:** 75%

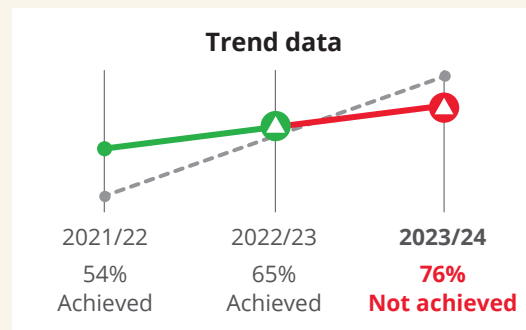
Council makes nearly 3 million kerbside collections over a one-year period. The most common feedback themes from the community were in relation to the cost of the service (stickers or tags and rates), requests for wheelie bins, the recycling process, reinstatement of inorganic collection and roadside litter.



**Meet actions set within Waste Minimisation Management Plan (WMMP).**

**2023/24 Target:** 90%

The target has not been met due to capacity and a changing strategic landscape following a new, New Zealand Waste Strategy coming out in March 2023. We will continue to prioritise delivering against the current Plan whilst developing a new one in 2024/25.



<sup>20</sup> This performance measure result is supplied by Armourguard Security, on behalf of Waikato District Council.

<sup>21</sup> An excessive noise direction directs the occupier of the place from which the sound is being emitted, or any other person who appears to be responsible for causing the excessive noise, to immediately reduce the noise to a reasonable level with effect for 72 hours (as per section 327 of the Resource Management Act 1991).

<sup>22</sup> The Resident Satisfaction Survey results inform this performance measure result.



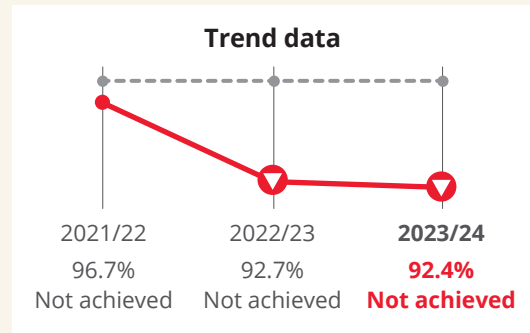
## Strategic and district planning performance measures

### The percentage of resource consent applications which are processed within statutory timeframes<sup>23</sup>.

**2023/24 Target:** 98%

A total of 806 consents were lodged during 2023/24, with 721 consents being issued. Of these 666 (92.4%) were issued within statutory timeframes, and 55 were issued out of time.

Staff manage each consent individually with the intention of completing them within timeframes. However, sometimes factors outside of our control arise. Staff will continue to review the reasons why consents go over time and what further actions can be taken to prevent consents being processed outside of timeframes.

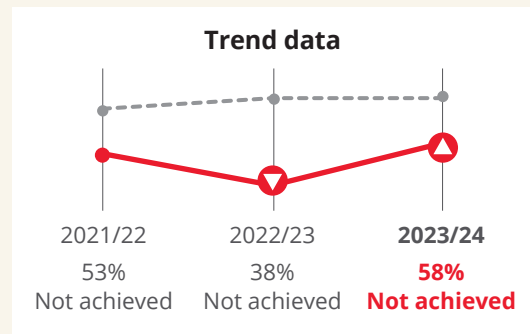


### The percentage of current land use consents that are older than two years which have been monitored in the last two years.

**2023/24 Target:** 80%

A total of 820 out of 1,420 (58%) land use consents older than 2 years were monitored within the last 2 years.

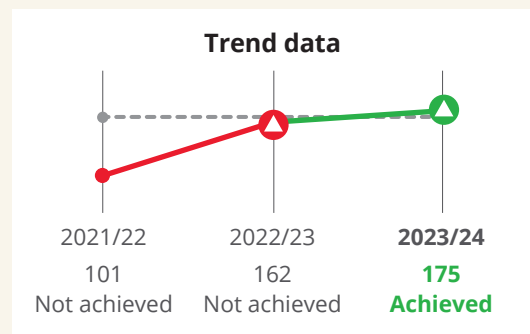
This year's result is a significant improvement on last year's result of 38%. Over previous years, we have seen a trend of new land use consents increasing, however, this year, we saw the volume start to decrease. As the volume decreases available capacity can focus on monitoring older consents.



### The number of parking patrols which are carried out in individual communities under the Public Places Bylaw.

**2023/24 Target:** 168

A total of 175 parking patrols were undertaken across the district this year.



<sup>23</sup> The time it takes to process consents is measured according to the timeframes specified in the Resource Management Act 1991 about when timing starts and stops. A majority of the consents that Council receives are non-notified and are normally required to be processed within 20 working days.

**The percentage of bylaws and policies that are required by legislation are reviewed within their statutory timeframes.**

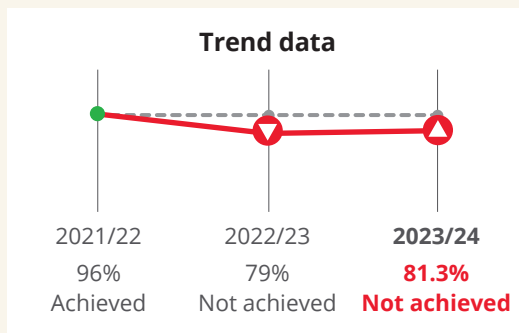
**2023/24 Target:** 95%

Council currently has 16 policies required by legislation and 11 bylaws, none of which are required by legislation. The following policies were not updated within their statutory timeframes, due to high staff workload and other pressing requirements:

- Child Protection Policy
- Standing Orders
- Code of Conduct (elected members).

The Child Protection Policy is currently undergoing internal review, prior to Council adoption. This will be in place in October 2024.

Going forward staff have a programme of work to ensure that legislative policies are adopted within the required timeframes.



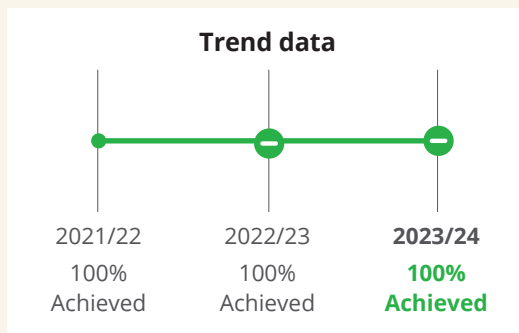
**Adequate land supply (right type in right location) exists to cater for the growth and development of the district. Sufficient development capacity (as required by the National Policy Statement - Urban Development) is provided to meet expected short- and medium-term demand<sup>24</sup>.**

**2023/24 Target:** 100% compliance with NPS-UD land supply requirements

Future Proof housing business assessment outputs show that:

- Residential short-term housing is at 88% sufficiency and medium term is 135% sufficiency.
- Business land short and medium term is at 110% sufficiency.

Sufficiency means that land is available, zoned, and may require infrastructure to be developed by developers.



<sup>24</sup> Future Proof (sub-regional growth forum) undertook a Housing Business Assessment (July 2021) for councils in the sub-region, to determine the demand and land supply availability for both residential and business.

Potential significant negative effects	
Potential negative effects	How we are addressing this
<b>Animal control</b>	
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. Review to take place into processes and procedures post a bow-tie critical analysis in late 2020.
Dog owners disgruntled by enforcement action taken against them.	Professional and courteous enforcement using the 3E model.
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 and current cases of aggression are attended promptly.
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.
<b>Building quality</b>	
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.
Leaky or defective homes are identified.	More thorough vetting of the drawings, inspections by better trained highly skilled inspectors, will assist in reducing the incidence of leaky or defective homes.
Losing staff to the private sector.	Insure we create a workplace and culture where the staff feel valued and respected.
<b>Strategic and district planning</b>	
Consultation fatigue / confusion in the community.	Considering this in the timing our work programme, and providing clear communication.
Over-regulation stifling growth and development.	Applying an economic development lens to our work and ensuring a wide range of views are provided.
<b>Solid waste</b>	
Increase in the amount of waste that is landfilled and or not recovered as population increases over time.	Council is legislated to reduce waste through the adoption of the Waste Management and Minimisation Plan.  Ensure Council services and facilities enable waste reduction and recovery.  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.

Potential significant negative effects	
Potential negative effects	How we are addressing this
Ease of disposal, through convenient waste management services, encourages increased quantities of material to be sent to waste by customers. Continue to offer disposal services over other diversion alternatives.	Education and programmes to build awareness and foster 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 "close the loop".
Health and safety risks associated with the operation, maintenance, or construction of solid waste infrastructure.	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Under-provision of recycling and diversion facilities fails to promote a positive shift in the community's attitude to waste.	Our communities in our district have access to appropriate services and facilities.
Waste entering the water bodies affect the mauri of the environment.	Each main urban community in our district has greenwaste and/or recycling facilities.
Environmental health	
No potential significant effects have been identified for this activity.	N/A

### How we paid for it



Operational	
<b>38%</b>	General rates, uniform annual general charge, rates penalties
<b>19%</b>	Targeted rates
<b>0%</b>	0% Subsidies and grants for operating purposes
<b>27%</b>	Fees and charges
<b>2%</b>	Internal charges and overheads recovered
<b>14%</b>	Local authorities fuel taxes, infringement fees and other receipts



Capital	
<b>0%</b>	0% Subsidies and grants for capital expenditure
<b>0%</b>	0% Development and financial contributions
<b>100%</b>	100% Increase (decrease) in debt
<b>0%</b>	0% Gross proceeds from the sale of assets
<b>0%</b>	0% Lump sum contributions
<b>0%</b>	0% Other dedicated capital funding

## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Sustainable Environment

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	9,726	9,913	12,472
Targeted rates	5,055	5,317	6,383
Subsidies and grants for operating purposes	-	-	35
Fees and charges	9,491	9,492	8,963
Internal charges and overheads recovered	628	644	835
Local authorities fuel tax, fines, infringement fees, and other receipt	4,529	4,728	4,713
<b>Total operating funding (A)</b>	<b>29,429</b>	<b>30,094</b>	<b>33,401</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	23,406	23,243	29,387
Finance costs	-	-	-
Internal charges and overheads applied	7,040	7,513	8,710
Other operating funding applications	57	59	50
<b>Total applications of operating funding (B)</b>	<b>30,503</b>	<b>30,815</b>	<b>38,147</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(1,074)</b>	<b>(721)</b>	<b>(4,746)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,848	122	385
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,848</b>	<b>122</b>	<b>385</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,848	122	457
- to replace existing assets	139	174	116
Increase (decrease) in reserves	(1,213)	(895)	(4,934)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,774</b>	<b>(599)</b>	<b>(4,361)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>1,074</b>	<b>721</b>	<b>4,746</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Roading

This group of activities includes the roading activity.



## What we do

The roading activity provides a well-designed and fit-for-purpose transport network that gives people choices about how they move around our district. This includes urban and rural roads, footpaths, cycleways, and safe crossings within the roading corridor. This activity also supports the development of the public transport network.

Our Waikato District Alliance (WDA) partner delivers the majority of this work, which is subsidised by the New Zealand Transport Agency.

## Why we undertake these activities

Our transport network is a vital infrastructure that connects communities, essential services, and supplies. Safe transport networks allow people to move around and through the district for work, education, and leisure. We strive to support sustainability by providing transport choices for our communities, especially for those who are transport-disadvantaged. Additionally, we aim to achieve our urban growth objectives while reducing congestion.

## How this group of activities improves wellbeing

This activity primarily contributes to supporting our communities by enabling connectivity to employment and education. It also contributes to working together and enabling economic outcomes by supporting social, cultural, and recreational connectivity, as well as safety and sustainability.



**Supporting our communities**



**Building our economy**



**Sustaining our environment**



**Working together with you**



**Providing value for money**

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

## What we achieved this year

Following Cyclone Gabrielle, repairs to the roading network have continued in 2023/24. We have also worked on investigations and design for damaged sites which will be completed in 2024/25.

Council staff and our WDA partners have continued to progress district-wide safety improvements that support the Road to Zero initiative including signage and road marking for schools. Review of the Speed Management Plan was placed on hold with the change in government, however this work will be continued in 2024/25. Our road safety education programme has continued to provide driver, motorcycle and cycle training, safety campaigns and education.

A large infrastructure programme commenced in 2023/24, with projects that support growth in the district underway in Pookeno, Horotiu and Ngaaruawaahia. We have also continued repairs on the Tainui Bridge in Raahui Pookeka (Huntly) and completed replacements on some larger culverts in the district.



Council continues to work with Waikato Regional Council on bus trials across the district and have started a new trial bus route covering Tamahere/Matangi/Tauwhare Paa to Hamilton. This includes installing bus infrastructure to support the service. We also continue to support the Te Huia train service between Hamilton and Auckland.

To meet legislative requirements, we reviewed the Road Closures for Motor Sport Events Policy and adopted the Light Motor Vehicle Prohibition and Traffic Calming Policies.

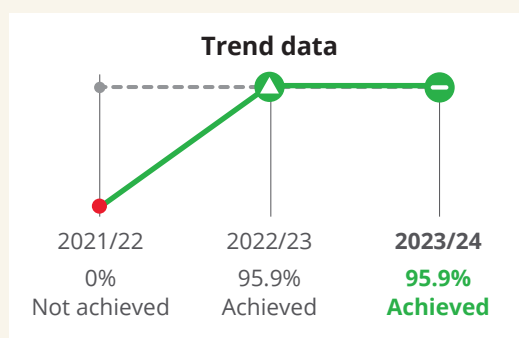
## What we delivered

### Roading performance measures

**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<sup>25,26</sup>.**

**2023/24 Target:** 95%

This result takes into account footpath assets that are condition rated average, good, and excellent.



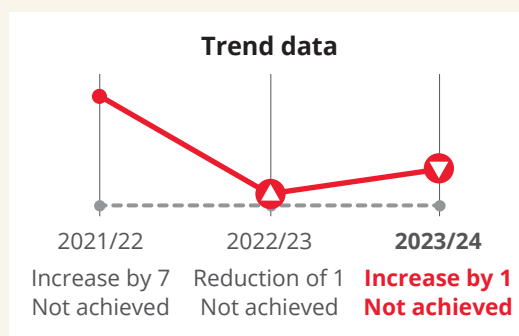
**The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number<sup>27</sup>.**

**2023/24 Target:** Reduction by 2 on the previous year

In 2023/24 there were 54 crashes on roads in the Waikato district, compared to the 2022/23 result of 53. As there was not a reduction of two crashes on the 2022/23 result, the target was not met.

Loss of control on bends continues to be the highest crash type, with loss of control on straight roads and turning movement crashes increasing this year.

The main contributing factors are alcohol/drugs and inappropriate speed and road positioning. Staff will continue to investigate different methods to improve skid resistance on road surfaces.



<sup>25</sup> Specified time frames are defined in Council's Roading Activity Management Plan: local and main streets and urban connectors are two days, rural connectors, and rural roads with footpaths are three days.

<sup>26</sup> These performance measure results are supplied by Waikato District Alliance, on behalf of Waikato District Council.

<sup>27</sup> Results may differ for the same time-period due to dependency on New Zealand Transport Agency's Crash Analysis System, which is updated continuously.

**The percentage of customer service requests relating to roads and footpaths responded to within the timeframe specified in the LTP<sup>28</sup>.**

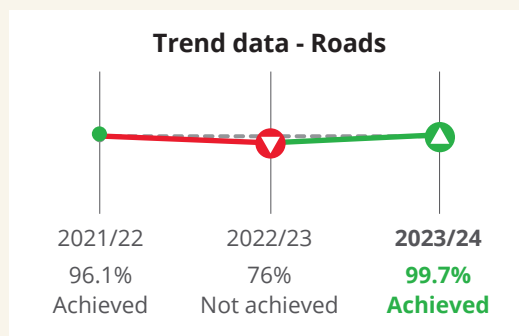
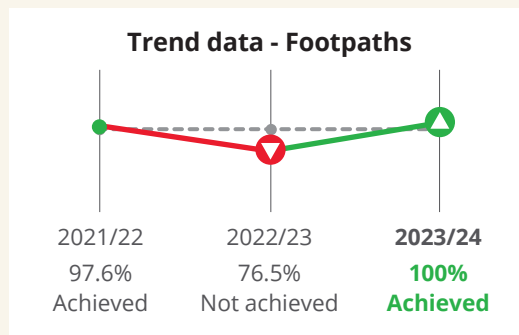
**2023/24 Target: 95%**

Footpaths: 100%

Roads: 99.7%

185 services requests were received relating to footpaths, all were responded to within timeframes.

2,480 service requests relating to roads were received this year, 2,472 (99.7%) were responded to within timeframes.



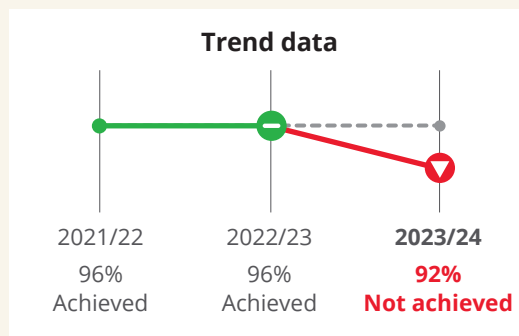
**The average quality of ride on a sealed local road network, measured by smooth travel exposure<sup>29</sup>.**

**2023/24 Target: 96%**

The average quality of ride on our sealed road network has deteriorated. This is largely due to our inability to fund all the necessary maintenance and renewals required across the 1,800km of sealed roads. Council has also experienced significant growth over the last few years which has resulted in an increase in traffic volumes, including heavy vehicles.

In addition, major weather events (such as Cyclone Gabrielle) have contributed to the decrease in road quality.

We are targeting an uplift in works programmes for the sealed network over the next three years to bring about a gradual increase in this measure closer to the desired target.



<sup>28</sup> Specified time frames are defined in Council's Roading Activity Management Plan: local and main streets and urban connectors are two days, rural connectors, rural roads, and unsealed roads are three days.

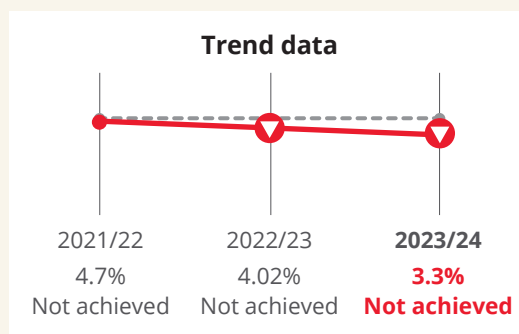
<sup>29</sup> Smooth Travel Exposure (STE) is a customer outcome measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road.

**The percentage of the sealed local road network that is resurfaced<sup>30</sup>.**

**2023/24 Target:** Min 5%

The decrease in sealed road resurfacing is largely due to increased costs associated with the delivery of this programme, including the price of materials, labour, and traffic management.

We are targeting an uplift in works programmes for the sealed network over the next three years to bring about a gradual increase in this measure closer to the desired target, noting that materials and labour continue to provide cost pressures.



Potential significant negative effects	
Potential negative effects	How we are addressing this
Road and environmental factors can contribute to crashes, particularly those that involve loss of control.	Waka Kotahi NZTA monitors and records through the crash analysis system (CAS) the percentage of accidents cause 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 impose 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.
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 LTP 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 bypasses 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.

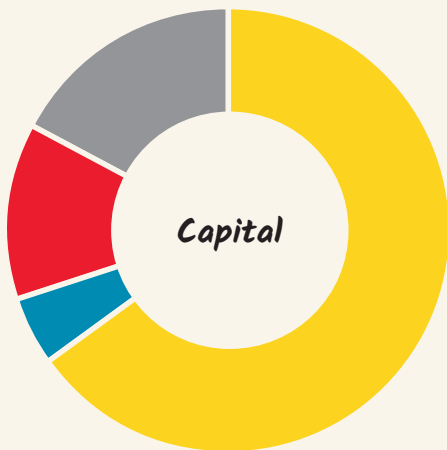
<sup>30</sup> These performance measure results are supplied by Waikato District Alliance, on behalf of Waikato District Council.

Potential significant negative effects	
Potential negative effects	How we are addressing this
Potential for air pollution from traffic fumes to affect health.	Continuing to advocate for bypasses around urban centres.
Heavy traffic volumes can lead to loss of amenity in urban areas.	Continuing to advocate for bypasses 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 wahi tapu.	Continuing to invest in good relationships with tangata whenua.

## How we paid for it



Operational	
<b>63%</b>	General rates, uniform annual general charge, rates penalties
<b>0%</b>	Targeted rates
<b>29%</b>	Subsidies and grants for operating purposes
<b>0%</b>	Fees and charges
<b>3%</b>	Internal charges and overheads recovered
<b>5%</b>	Local authorities fuel taxes, infringement fees and other receipts



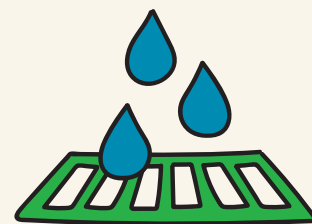
Capital	
<b>65%</b>	Subsidies and grants for capital expenditure
<b>5%</b>	Development and financial contributions
<b>13%</b>	Increase (decrease) in debt
<b>0%</b>	Gross proceeds from the sale of assets
<b>0%</b>	Lump sum contributions
<b>17%</b>	Other dedicated capital funding

## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Roading

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	24,290	25,147	27,211
Targeted rates	-	-	-
Subsidies and grants for operating purposes	9,989	10,273	12,073
Fees and charges	296	296	140
Internal charges and overheads recovered	739	756	1,468
Local authorities fuel tax, fines, infringement fees, and other receipts	2,051	2,086	2,226
<b>Total operating funding (A)</b>	<b>37,365</b>	<b>38,558</b>	<b>43,118</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	23,393	24,063	26,668
Finance costs	-	-	-
Internal charges and overheads applied	3,989	4,409	5,749
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>27,382</b>	<b>28,472</b>	<b>32,417</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>9,983</b>	<b>10,086</b>	<b>10,701</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	17,650	20,938	16,436
Development and financial contributions	3,441	1,443	1,290
Increase (decrease) in debt	2,504	1,856	3,334
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	4,408
<b>Total sources of capital funding (C)</b>	<b>23,595</b>	<b>24,237</b>	<b>25,468</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	6,072	2,354	8,047
- to improve the level of service	6,716	7,185	7,917
- to replace existing assets	19,469	24,980	26,334
Increase (decrease) in reserves	1,321	(196)	(6,129)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>33,578</b>	<b>34,323</b>	<b>36,169</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(9,983)</b>	<b>(10,086)</b>	<b>(10,701)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Stormwater



**This group of activities includes the stormwater activity.**

## What we do

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

Watercare Services Limited currently undertakes the bulk of the operations, maintenance, and capital delivery for Council.

## Why we undertake these activities

We provide these services and manage the infrastructure associated with them to protect our communities from the effects of stormwater overflows.

Modern communities need effective ways for safely discharging the run-off generated on surfaces such as roads and roofs into waterways, alongside other water services such as wastewater disposal and provision of water supply.

## How this group of activities improves wellbeing

This activity contributes primarily to supporting our communities by effectively managing stormwater services to protect public health and minimise the effect of stormwater on the environment. This activity also helps to protect the social wellbeing of our communities, so they are not negatively impacted by stormwater.



**Supporting our communities**



**Building our economy**



**Sustaining our environment**



**Working together with you**



**Providing value for money**

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

## What we achieved this year

During 2023/24, we progressed several planning projects, including:

- Developing a comprehensive stormwater monitoring plan, in collaboration with Waikato Regional Council and Watercare Services Limited.
- Completed a district-wide maintenance plan for wetlands, ponds, and pools.
- Clarified data about stormwater manholes, to help us model stormwater flow more effectively.
- Reviewed the stormwater quality sampling plan, which aims to efficiently collect samples during rainfall events and produce comprehensive reports we can use to improve our network.

The following repair and maintenance work was carried out across the district:

- Port Waikato: Completed recovery work on storm affected banks supporting the water treatment



plant. Funding from central government’s Cyclone Recovery/Flood Resilience Fund enabled more detailed planning and further improvements to be implemented, including upgrading the pumpstation and widening the drains for better stormwater management.

- Te Kowhai: Investigated flooding issues which identified current obstacles in the stormwater drainage system. Works were carried out to reduce these risks including opening drainage channels up.
- Raglan: Completed a stormwater pipe upgrade project on Cambrae Road to replace the existing undersized pipe and associated assets, mitigating the impacts of flooding from the currently piped stream, and replanted and restored the surrounding affected area.
- Raglan: Completed comprehensive stormwater asset maintenance, focusing on SPEL filters (large filters that discharge into the ocean). The investigation covered all of Council’s stormwater filter devices, to assess their current condition and the need for maintenance.
- Hakanoa channel: Received additional funding from central government to upgrade the channel (including bank stability) from Lake Hakanoa to the Waikato River. Design and planning for the project was completed during the year and on the ground improvement works will commence from 2024/25.
- Huntly: Programmed maintenance involving cleaning and CCTV of key stormwater lines to prevent stormwater network issues.
- Te Kauwhata: Following the collapse of a large stormwater culvert that runs beneath the railway crossing, planning for network upgrades to the pipe commenced in January 2024 and a comprehensive land survey is underway.

## What we delivered

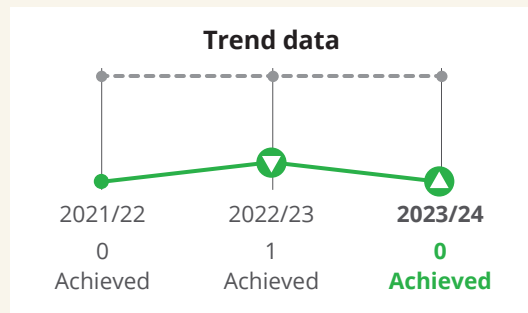
These performance measure results are supplied by Watercare Services Limited, on behalf of Waikato District Council.

### Stormwater performance measures

#### The number of flood events that occur in the territorial authority district.

**2023/24 Target:** <5 events per annum

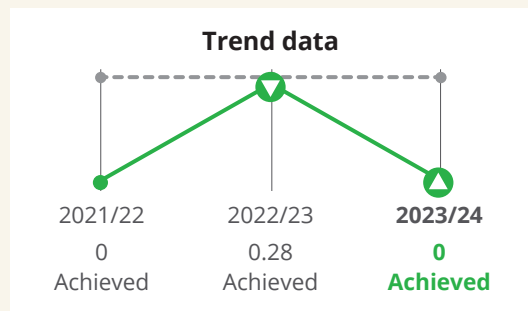
There were no extreme weather events that met the criteria of a flood event in 2023/24. In 2022/23 Cyclone Gabrielle struck the North Island in February 2023 causing widespread flooding and damage across the Waikato district.



#### For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to the Council’s stormwater system).

**2023/24 Target:** 0.3 affected per 1,000 properties per event

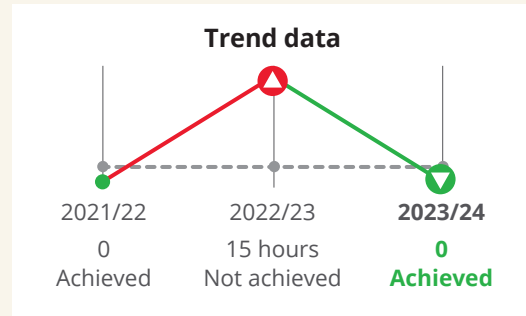
There were no extreme weather events that met the criteria of a flooding event in 2023/24. In 2022/23 Cyclone Gabrielle struck the North Island in February 2023 causing widespread flooding and damage across the Waikato district. This resulted in four properties being flooded in Port Waikato as a result of our stormwater systems not keeping up with the volume of water.



**The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.**

**2023/24 Target:** ≤2 hours

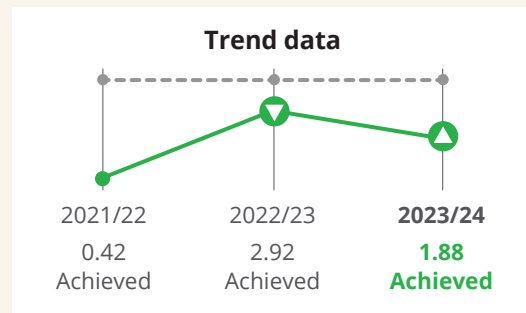
There were no extreme weather events that met the criteria of a flooding event in 2023/24. The target was not achieved in 2022/23 as a result of road closures related to storm-damage from Cyclone Gabrielle which struck the North Island in February 2023 causing widespread flooding and damage across the Waikato district.



**The total number of complaints received by the territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.**

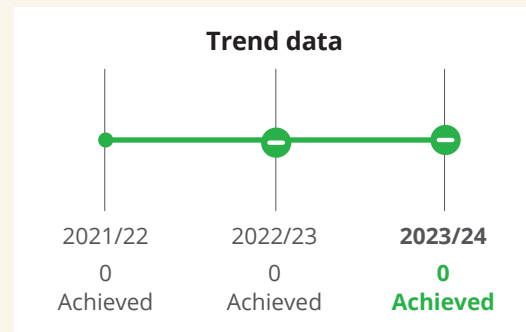
**2023/24 Target:** <4 per 1,000 properties per year

The number of complaints per 1,000 properties was 1.88 which is lower than the result of 2.92 from 2022/23. This illustrates that there were significantly less complaints received this year which is likely due to the extreme weather events in 2022/23, including Cyclone Gabrielle.



**Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders and successful prosecutions received by the Council in relation to those resource consents.**

**2023/24 Target:** 0

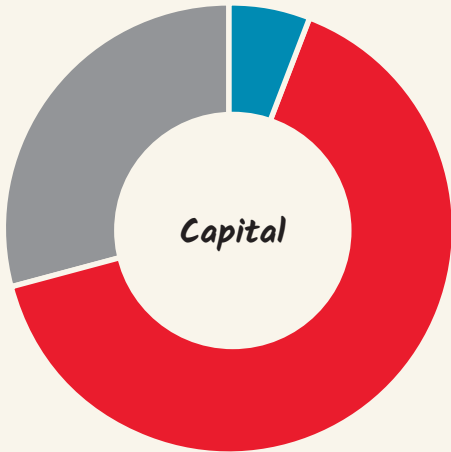


Potential significant negative effects	
Potential negative effects	How we are addressing this
Discharges to land and waterways not complying with resource consents.	Improve processes (may be capital related) and continue to monitor discharges.
Discharge of contaminants to waterways and streams impacting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

## How we paid for it



Operational	
5%	General rates, uniform annual general charge, rates penalties
79%	Targeted rates
0%	Subsidies and grants for operating purposes
0%	Fees and charges
16%	Internal charges and overheads recovered
0%	Local authorities fuel taxes, infringement fees and other receipts



Capital	
0%	Subsidies and grants for capital expenditure
6%	Development and financial contributions
65%	Increase (decrease) in debt
0%	Gross proceeds from the sale of assets
0%	Lump sum contributions
29%	Other dedicated capital funding

## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Stormwater

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	202	209	210
Targeted rates	2,556	2,918	3,025
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	8
Internal charges and overheads recovered	282	293	631
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>3,040</b>	<b>3,420</b>	<b>3,874</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,729	2,184	2,099
Finance costs	-	-	-
Internal charges and overheads applied	325	418	654
Other operating funding applications	7	8	15
<b>Total applications of operating funding (B)</b>	<b>3,061</b>	<b>2,610</b>	<b>2,768</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(21)</b>	<b>810</b>	<b>1,106</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	888	325	161
Increase (decrease) in debt	2,040	1,572	1,870
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	817
<b>Total sources of capital funding (C)</b>	<b>2,928</b>	<b>1,897</b>	<b>2,848</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	316	149	1,399
- to improve the level of service	2,040	1,572	1,941
- to replace existing assets	588	475	114
Increase (decrease) in reserves	(37)	511	500
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,907</b>	<b>2,707</b>	<b>3,954</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>21</b>	<b>(810)</b>	<b>(1,106)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Wastewater

This group of activities includes the wastewater activity.



## What we do

Through this activity we ensure that wastewater is collected, treated, and disposed of to protect our environment and the public's health. We also plan for the renewal of existing infrastructure and work on new infrastructure through growth-driven projects.

Watercare Services Limited currently undertakes the bulk of the operations, maintenance, and capital delivery for Council.

## Why we undertake these activities

Urban areas require proper infrastructure to support residents' needs. This is especially true for wastewater management because urban properties typically lack sufficient space for a septic tank and a disposal field.

Modern communities cannot function adequately without systems for transporting wastewater from densely populated areas for treatment and disposal, alongside other water services including stormwater and water supply.

## How this group of activities improves wellbeing

This activity contributes primarily to supporting our communities by protecting the health of our people and our waterways, treating wastewater to a standard to be discharged into the environment, allowing for growth development within the district and considering cultural values in the way we work.



Supporting our communities



Building our economy



Sustaining our environment



Working together with you



Providing value for money

Key ■ Contributes in a major way ■ Contributes in a minor way

## What we achieved this year

In July 2023, a new Trade Waste and Wastewater Bylaw came into effect. This bylaw helps Council to manage and protect wastewater drainage and regulate the quantity and quality of trade waste in the district.

The following projects were carried out in 2023/34:

- Completed stage one of the Te Kauwhata wastewater treatment plant upgrade in February 2024. This upgrade project is key to addressing environmental concerns, improving water quality, and ensuring sustainable management of wastewater in the area.
- Completed works at the Ngaaruawaahia wastewater treatment plant in response to the predicted population growth.
- Progressed the Tuakau interceptor wastewater pump station upgrade with construction of a new control building and switchboard.



- Upgraded the Raglan wastewater treatment plant to ensure continued compliance with resource consent conditions.
- Upgrades to the Matangi wastewater treatment plant were completed.
- Upgraded the power supply, the inlet screen, and outfall pump station at the wastewater treatment plant in Huntly.
- Upgraded a Horotiu wastewater pump station and rising main to accommodate growth in the catchment and to maintain a reliable, safe, and efficient wastewater network.

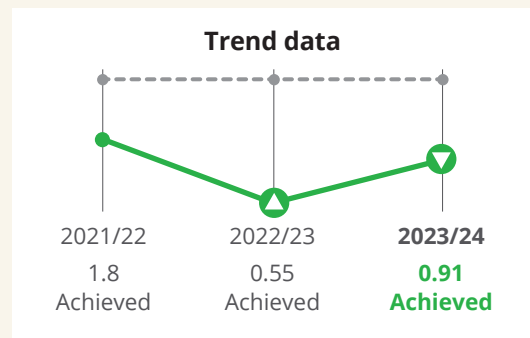
## What we delivered

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

### Wastewater performance measures

**Number of dry weather sewerage overflows from the Council's sewerage system, expressed per 1,000 sewerage connections to the sewerage system<sup>31</sup>.**

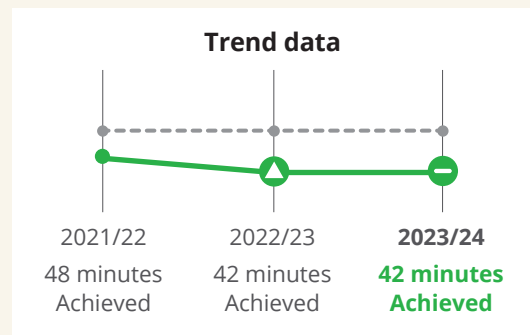
**2023/24 Target:** ≤3 per 1,000 connections



**Where the Council attends to sewage overflows resulting from a blockage or other fault in the Council's sewerage system, median response<sup>32</sup>.**

**Attendance time:** from the time that the Council receives notification to the time that service personnel reach the site.

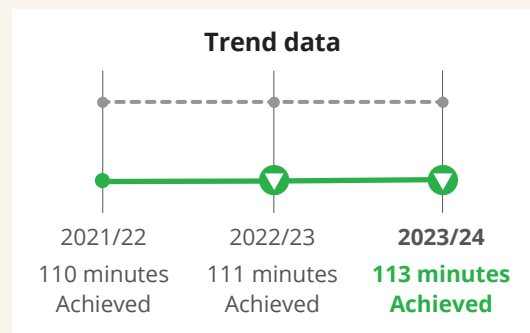
**2023/24 Target:** ≤1 hour (60 minutes)



**Where the Council attends to sewage overflows resulting from a blockage or other fault in the Council's sewerage system, median response.**

**Resolution time:** from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.

**2023/24 Target:** ≤4 hours (240 minutes)

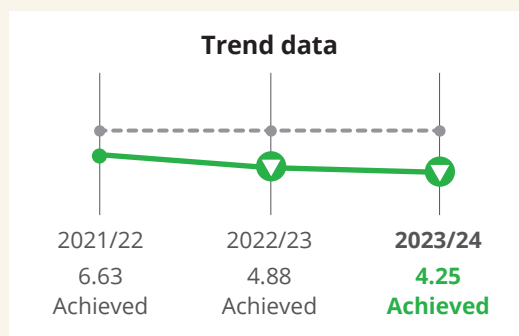


<sup>31</sup> Dry weather sewerage overflow means sewage that escapes a territorial authority's sewerage system and enters the environment during periods of dry weather.

<sup>32</sup> Sewerage overflow means sewerage that escape a territorial authority's sewerage system and enters the environment.

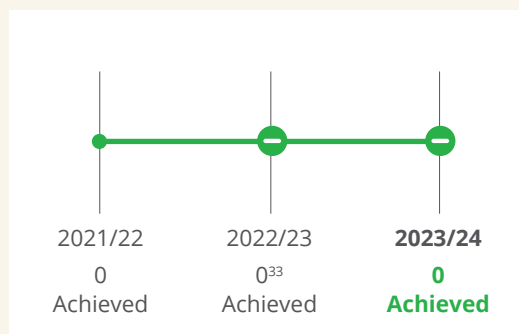
The total number of complaints received by Council about sewage odour, sewerage system faults, sewerage blockages and the Council's response to issues with its sewerage system, expressed per 1,000 connections to the Council's sewerage system.

2023/24 Target: ≤10 per 1,000 connections



Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of convictions received by the Council in relation to those resource consents.

2023/24 Target: 0

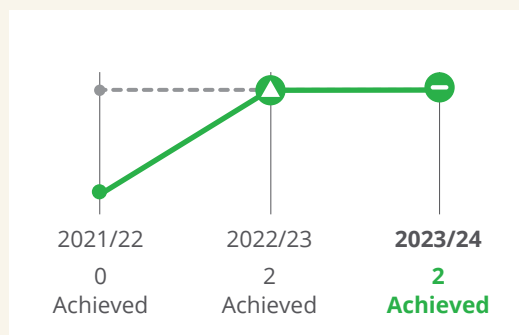


Compliance with the Council's resource consents for discharge from its sewerage<sup>34</sup> system, measured by the number of abatement notices, infringement notices, enforcement orders, and successful prosecutions received by the Council in relation to those resource consents<sup>35</sup>.

2023/24 Target: ≤2

One abatement notice was received for Ngaaruawaahia and one infringement notice was received for Raglan this financial year. Planning has commenced for the Ngaaruawaahia plant upgrade.

It should also be noted that there were two abatement notices carried over from previous years which are still outstanding for Raglan and Te Kauwhata. The Raglan abatement notice was issued in January 2023 and then reissued in November 2023 by the Waikato Regional Council (this was recorded in the 2022/23 financial year only). The Te Kauwhata abatement notice was issued in May 2019. The plants have either since been upgraded or are in the process of being upgraded.



<sup>33</sup> This result was incorrectly reported in the 2022/23 Annual Report as 2 instead of 0. The associated commentary was also incorrect as it applied to Abatement Notices, Infringement Notices, Enforcement Orders, and successful prosecutions received rather than convictions (the second measure in this table was omitted from the 2022/23 Annual Report).

<sup>34</sup> In the 2021-2031 LTP the word 'sewerage' was incorrectly stated as 'stormwater'. Staff have replaced the word to ensure the intent of the measure is clear.

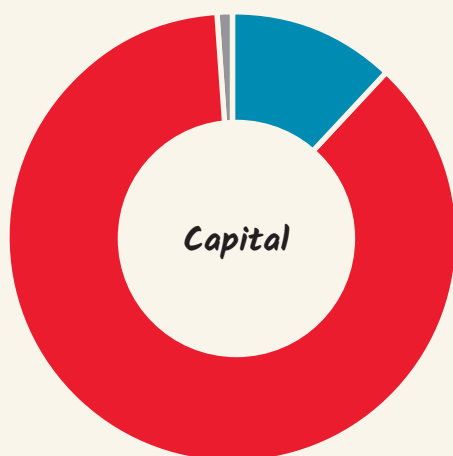
<sup>35</sup> This measure was unintentionally omitted from the 2022/23 Annual Report. The measure was still reported internally and the 2022/23 result was two.

Potential significant negative effects	
Potential negative effects	How we are addressing this
Discharges to land and waterways not complying with resource consents.	Improve processes (may be capital related) and continue to monitor discharge.
Odour from manholes, pump stations, and 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 incident 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 fenced areas and storage facilities are in place.
The cost of providing, operating, and maintaining the schemes is high due to energy requirements.	When looking for solutions for small communities, consider alternatives to traditional public wastewater systems.
Unless properly maintained there can be problems with foul odour from sewage sludge.	We will continue to investigate alternatives for the sustainable disposal of sewage sludge.
Wastewater 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	
2%	General rates, uniform annual general charge, rates penalties
81%	Targeted rates
0%	Subsidies and grants for operating purposes
11%	Fees and charges
5%	Internal charges and overheads recovered
1%	Local authorities fuel taxes, infringement fees and other receipts



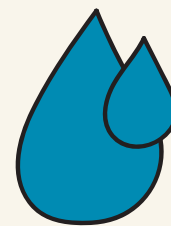
Capital	
0%	Subsidies and grants for capital expenditure
12%	Development and financial contributions
87%	Increase (decrease) in debt
0%	Gross proceeds from the sale of assets
0%	Lump sum contributions
1%	Other dedicated capital funding

## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Wastewater

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	396	408	412
Targeted rates	14,492	16,222	17,236
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,820	3,848	2,206
Internal charges and overheads recovered	219	256	1,126
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>18,927</b>	<b>20,734</b>	<b>20,980</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,995	13,085	13,439
Finance costs	-	-	-
Internal charges and overheads applied	3,148	4,059	4,283
Other operating funding applications	402	434	280
<b>Total applications of operating funding (B)</b>	<b>15,545</b>	<b>17,578</b>	<b>18,002</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,382</b>	<b>3,156</b>	<b>2,978</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	3,981	3,389	2,870
Increase (decrease) in debt	21,586	9,313	20,582
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	144
<b>Total sources of capital funding (C)</b>	<b>25,567</b>	<b>12,702</b>	<b>23,596</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	21,323	10,685	11,849
- to improve the level of service	10,959	3,242	10,318
- to replace existing assets	12,052	7,781	15,936
Increase (decrease) in reserves	(15,385)	(5,850)	(11,529)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>28,949</b>	<b>15,858</b>	<b>26,574</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,382)</b>	<b>(3,156)</b>	<b>(2,978)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Water supply



This group of activities includes the water supply activity.

## What we do

Through this activity, we are responsible for the efficient management of Council's water supply infrastructure across the rohe (district), including treatment plants, pump stations, reservoirs, and the reticulation network.

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

Watercare Services Limited currently undertakes the bulk of the operations, maintenance, and capital delivery for Council.

## Why we undertake these activities

Modern communities cannot function adequately without a clean and dependable water supply, along with other water services, such as managing stormwater and wastewater infrastructure.

We provide these services and manage the infrastructure associated with them so that our communities can access clean water when they need to and are not inundated with stormwater and wastewater.

## How this group of activities improves wellbeing

This activity contributes primarily to supporting our communities by delivering high-quality drinking water so that our people are safe and healthy, while promoting the sustainable use of resources. It also ensures cultural values are considered in the way we work, along with providing modern and robust water infrastructure.



Supporting our communities



Building our economy



Sustaining our environment



Working together with you



Providing value for money

Key Contributes in a major way Contributes in a minor way

## What we achieved this year

In December 2023 we adopted the Water Supply Bylaw, following consultation with the community. The bylaw supports Council to protect its water supply network and infrastructure from damage or contamination.

Council's water compliance was audited by Taumata Arowai, the water regulator for New Zealand, and achieved full compliance for the 2023/24 year.

To meet drinking water standards and ensure safe access and management of large water takes, we have established bulk water supply points equipped with tanker filling stations across the district. Permanent water filling stations have been installed at Raglan, Ngaaruwaahia, Huntly, Te Kauwhata, and Pokeno.



The following projects were carried out across the district in 2023/24:

- District-wide: Started a project to replace all water meters older than 15 years to ensure accuracy and reliable meter performance.
- Raglan: Built new water mains which are now fully connected and operational, improving the water supply infrastructure.
- Rangiriri: Installed larger pipelines to improve the pressure and volume of the water supply for residents.
- Taupiri: Completed upgrades to the water supply pipeline and booster pumpstation. This will improve the current level of service for existing residents and provide for the predicted population growth.
- Te Kauwhata: Progressed the Te Kauwhata reservoir upgrade project with the first replacement reservoir completed, and the second one under construction.
- Pookeno: Completed two upgrades to improve the water supply for residents.
- District-wide: Installed new analysers for raw water ultra-violet transmittance for Te Kauwhata, Huntly, and Ngaaruawaahia in early 2024.

## What we delivered

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

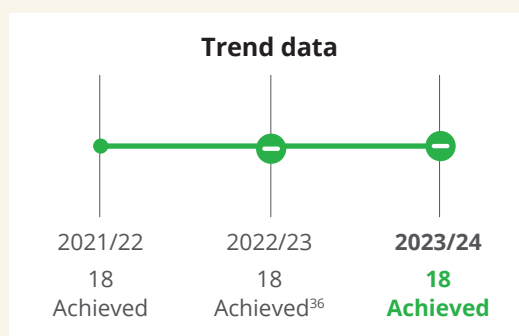
### Water supply performance measures

**The extent to which the Council's drinking water supply (zones) complies with Part 4 of the drinking water standards (bacteria compliance criteria).**

**2023/24 Target:** 18

(number of zones that comply out of 18)

Target achieved.

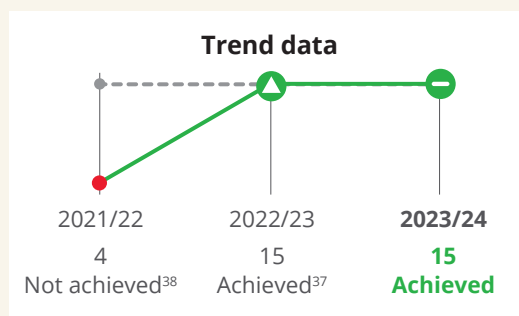


<sup>36</sup> In the 2022/23 Annual Report the result associated with these performance measures was separated into two parts; From 1 July 2022 to 31 December 2022, Council was required to comply with the *Drinking Water Standard NZ 2018*, and from 1 January 2023 to 30 June 2023 Council was required to record, monitor and when necessary, report on compliance against Taumata Arowai's *Drinking Water Quality and Assurance Rules (DWQAR), Aesthetic Values and the new Drinking Water Standards*. The result for 1 July 2022 to 31 December 2022 and 1 January 2023 to 30 June 2023 was '18, Achieved' as noted in the table.

**The extent to which the Council's drinking water supply (zones) complies with Part 5 of the drinking water standards (protozoal compliance criteria).**

**2023/24 Target:** 15 (number of zones that comply out of 15).

Target achieved.



It should be noted that while Council was compliant with drinking water supply standards, during one round of testing we received a result that was above the threshold for E. coli within the Huntly zone. This was investigated which involved resampling and validating evidence, and it was found that a false positive result was received due to a sampling error.

### Source data and judgements

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

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

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

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

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

<sup>37</sup> In the 2022/23 Annual Report the result associated with these performance measures was separated into two parts; From 1 July 2022 to 31 December 2022, Council was required to comply with the *Drinking Water Standard NZ 2018*, and from 1 January 2023 to 30 June 2023 Council was required to record, monitor and when necessary, report on compliance against Taumata Arowai's *Drinking Water Quality and Assurance Rules (DWQAR), Aesthetic Values and the new Drinking Water Standards*. The result for 1 July 2022 to 31 December 2022 and 1 January 2023 to 30 June 2023 was '15, Achieved' as noted in the table.

<sup>38</sup> In the 2021/22 Annual Report the result associated with this performance measure was reported as four. This reflects the four treatments plants that we have in our district. Each treatment plant within our district services a number of zones, and we also receive water from two treatments plants outside of Council's control (being Hamilton and Auckland). All four treatments plants within our district were compliant with Part 5 of the drinking water standards. In 2021/22 three of our zones provided supply to a low number of residents and thus didn't meet the servicing thresholds that would require Council to test that zone for compliance against Part 5 of the drinking water standards. Therefore 15 of the zones were compliant in 2021/22.

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

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

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

### 2023/24 result

Council was compliant with Part 4 (bacteria compliance) and compliant with Part 5 (protozoal compliance) for the 2023/24 year.

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

From 1 January 2023, new DWQAR) introduced by Taumata Arowai took effect. These requirements measure compliance against the following criteria: bacteria, protozoal, chemicals and cyanotoxin for treatment plants and microbiological, residual disinfection, disinfection by-products and plumbosolvent metal rules for distribution networks. Compliance is monitored and reported through on-line monitoring along with a sampling regime, with minimum samples specified for various zones. Council adhered to the minimum sampling requirements and in some zones, exceeded the sampling requirements. This is the same methodology for collecting and analysing data to report on the drinking water quality performance measures. Our compliance performance against each of the criteria is listed below.

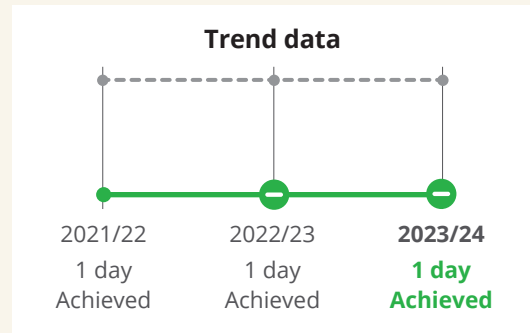
\*The table below outlines if Council met each requirement required from 1 July 2023 to 30 June 2024.

Requirement	Result
Bacterial	Met
Protozoal	Met
Chemical	Met
Cyanotoxins	Met
Residual disinfection (Chlorine)	Met
Microbiological	Met
Disinfection by-products	Met
Plumbosolvent metals	Met

## Water supply performance measures continued

Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - attendance for non-urgent callouts: from the time that the Council receives notification to the time that service personnel reach the site<sup>39</sup>.

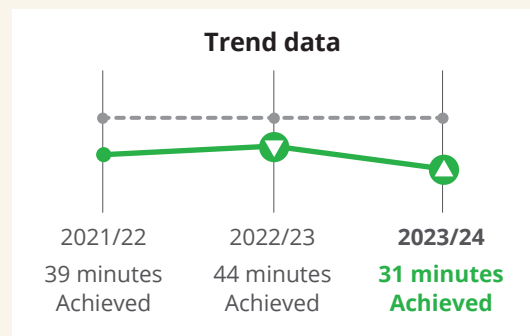
**2023/24 Target:** ≤5 Days



Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - attendance for urgent callouts: from the time that the Council receives notification to the time that service personnel reach the site<sup>40</sup>.

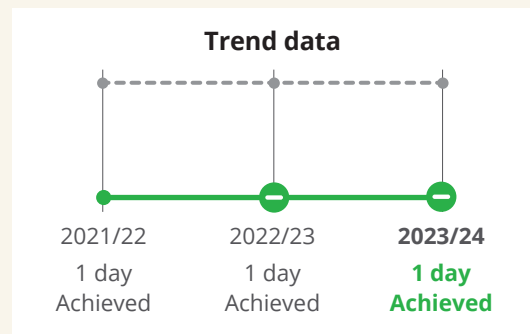
**2023/24 Target:** ≤60 minutes

The median response time of 31 minutes is lower than the response time of 44 minutes from 2022/23. Staff continue to focus on improving performance in this area. The location and frequency of call outs can impact the overall performance.



Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - resolution of non-urgent callouts: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption<sup>41</sup>.

**2023/24 Target:** ≤5 Days



<sup>39</sup> A non-urgent call-out is where there is still a supply of drinking water e.g. water meter inspection, slow leaks. This measure reflects the time taken from notification to attending on-site.

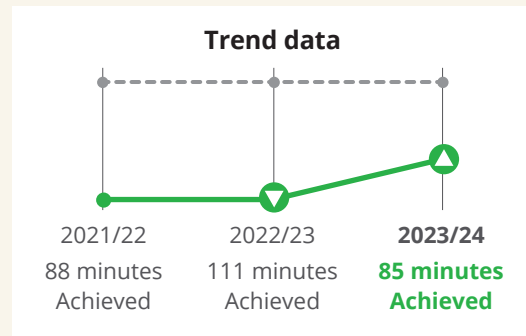
<sup>40</sup> An urgent call-out is due to a complete loss of supply of drinking water, significant leakage, or high levels of turbidity. This measure reflects the time taken from notification to attending on-site.

<sup>41</sup> A non-urgent call-out is where there is still a supply of drinking water e.g. water meter inspection, slow leaks. This measure reflects the time taken from arriving on site to resolution of the request e.g. inspection completed or leak repaired.

Where the Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, median response time - resolution of urgent callouts: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption<sup>42</sup>.

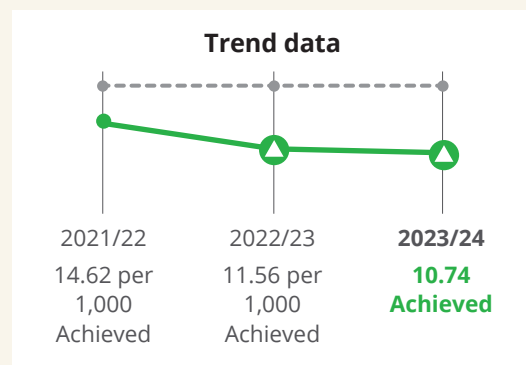
**2023/24 Target:** ≤240 minutes

The median response time of 85 minutes is lower than the response time of 111 minutes from 2022/23. Staff continue to focus on improving performance in this area. The location and frequency of call outs can impact the overall performance.



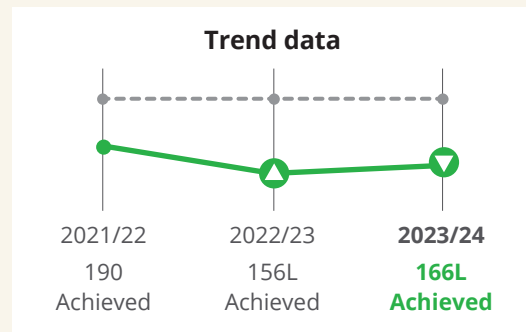
The total number of complaints received by Council on drinking water clarity, drinking water taste, drinking water odour, drinking water pressure or flow, continuity of supply, and Council's response to any of these issues, expressed per 1,000 connections to the Council's water system.

**2023/24 Target:** ≤25 per 1,000 connections



The average consumption of drinking water per day per resident within the Waikato district<sup>43</sup>.

**2023/24 Target:** 250L



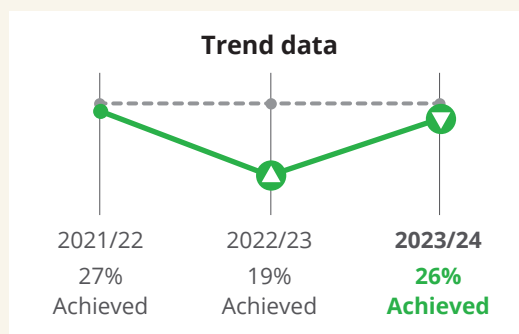
<sup>42</sup> An urgent call-out is due to a complete loss of supply of drinking water, significant leakage, or high levels of turbidity. This measure reflects the time taken from arriving on-site to resolution of the request e.g. restoration of water or repair of leak.

<sup>43</sup> A current Department of Internal Affairs (DIA) mandatory measure to provide information on whether the water supply system is being managed to ensure demand does not outstrip capacity. Careful management of the demand for water is an important component of integrated water resources management to ensure that demand does not exceed capacity, that water is allocated efficiently, and that productivity is maximised. We continue to use Statistics NZ's 2018 medium projections for population which include consumers living in commercial rest homes, hotels and hospitals, and other similar dwellings. We use multiplier 2.7 occupants per dwelling for the current number of connected dwellings (metered and rates based) and exclude the large-scale commercial users.

**The percentage of real water loss from Council's networked reticulation system (including a description of the methodology used to calculate this).**

**2023/24 Target: 28%**

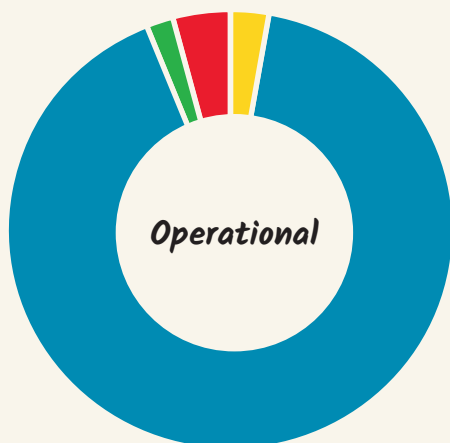
The water supply process starts with the consented collection of water from multiple sources, including the Waikato River, groundwater sources and the Maraetai Stream in Port Waikato. These source waters require treatment before they become suitable for supply to households across the district. All commercial and domestic customers across the district have water meters for charging, water use efficiency, and leak identification. To calculate the level of leakage across the district, we compare the total amount of water produced at the treatment plants, against the water used for the operation of the network and customers meters. The difference between these figures is the water lost from Council's networked reticulation system for various reasons, e.g., leakage and unauthorised use.



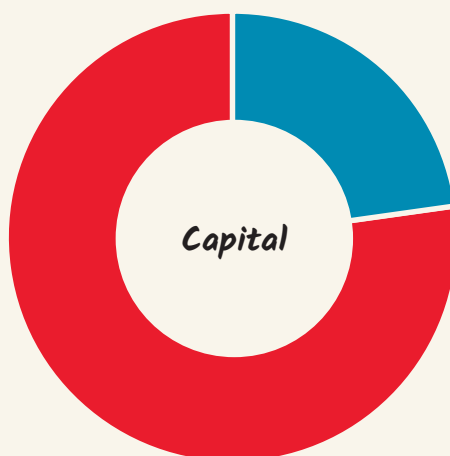
Potential significant negative effects	
Potential negative effects	How we are addressing this
Potential contamination of the raw water supply.	Emergency response plans, operational procedures and monitoring of the raw water supply as per the water safety plan (WSP) are all in place.
Discharges of backwash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



## How we paid for it



Operational	
<b>3%</b>	General rates, uniform annual general charge, rates penalties
<b>91%</b>	Targeted rates
<b>0%</b>	Subsidies and grants for operating purposes
<b>2%</b>	Fees and charges
<b>4%</b>	Internal charges and overheads recovered
<b>0%</b>	Local authorities fuel taxes, infringement fees and other receipts



Capital	
<b>0%</b>	Subsidies and grants for capital expenditure
<b>23%</b>	Development and financial contributions
<b>77%</b>	Increase (decrease) in debt
<b>0%</b>	Gross proceeds from the sale of assets
<b>0%</b>	Lump sum contributions
<b>0%</b>	Other dedicated capital funding

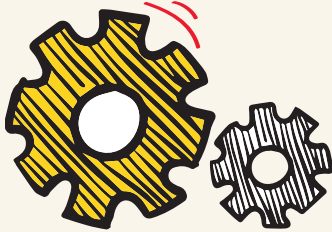
## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Water Supply

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	351	363	403
Targeted rates	12,421	13,895	14,305
Subsidies and grants for operating purposes	-	-	-
Fees and charges	113	118	258
Internal charges and overheads recovered	287	278	574
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	5
<b>Total operating funding (A)</b>	<b>13,172</b>	<b>14,654</b>	<b>15,545</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,388	9,668	11,253
Finance costs	-	-	-
Internal charges and overheads applied	2,609	2,890	4,312
Other operating funding applications	69	71	196
<b>Total applications of operating funding (B)</b>	<b>12,066</b>	<b>12,629</b>	<b>15,761</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,106</b>	<b>2,025</b>	<b>(216)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,213	1,619	1,527
Increase (decrease) in debt	3,822	3,087	5,175
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	208	216	3
<b>Total sources of capital funding (C)</b>	<b>6,243</b>	<b>4,922</b>	<b>6,705</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	3,767	7,039	8,216
- to improve the level of service	3,767	3,030	5,368
- to replace existing assets	2,512	2,635	2,095
Increase (decrease) in reserves	(2,697)	(5,757)	(9,190)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,349</b>	<b>6,947</b>	<b>6,489</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,106)</b>	<b>(2,025)</b>	<b>216</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

# Organisational support



This group of activities includes one the organisational support activity.

## What we do

This activity is at the core of Council’s operations. It includes communications and engagement, information management, business improvement, planning and reporting, finance, legal counsel, procurement, contract management, and people and capability. These teams work together behind the scenes to enable our external facing teams to deliver their services to our community. These activities play a key role in moving Council and the district forward, making services more efficient and cost effective for ratepayers, and fostering continuous improvement.

## Why we undertake these activities

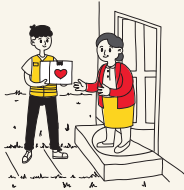
This activity helps Council engage with our communities and keep them informed, look after our people, attract new staff, and deliver projects. It also provides the information technology, resources and equipment that we need to cost-effectively meet goals, deliver services, and fulfil statutory obligations.

These activities also provide internal financial and legal services, which ensures:

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

## How this group of activities improves wellbeing

These activities contribute primarily to working together and providing value for money by working behind the scenes to support all our customer-facing teams and ensuring that we are a well-functioning, legally compliant, and efficient organisation.



Supporting our communities



Building our economy



Sustaining our environment



Working together with you



Providing value for money

Key  Contributes in a major way  Contributes in a minor way

## What we achieved this year

This year Council took a one-off opportunity provided by central government to defer its 2024-2034 Long Term Plan and instead delivered an Enhanced Annual Plan for 2024/25. This was adopted at the end of June and provides us with an opportunity to engage with our communities over the next year about the services that we deliver.

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

- Embedding our enterprise project management office (EPMO) which delivers both internal improvement and external infrastructure projects. A benefit of this has been a 60% increase in the delivery of capital works projects.
- Developing a new organisation-wide communication and engagement strategy to deliver improved outcomes for our communities and staff.
- Completing the first phases of the Finance Transformation Project to improve efficiency and information sharing throughout the organisation.
- Continuing to refine our Information Management Disaster Recovery Plan.
- Implementing cyber security measures to enhance protection of our data and systems.
- A focused programme of work resulted in an increase in our level of staff engagement.
- Refining our learning and development framework for our staff, including onboarding and training.
- Implementing improvements to our recruitment processes which resulted in efficiencies and financial savings.
- Continuing to support the organisation on health and safety with a focus on:
  - » Safety leadership and worker engagement and participation.
  - » Effective safety management system.
  - » Managing critical safety risks.
- Delivering a 'Work Safe, Home Safe' series of events to engage with staff on safety leadership, and to focus on the critical risks of work-related mental wellbeing and personal health.

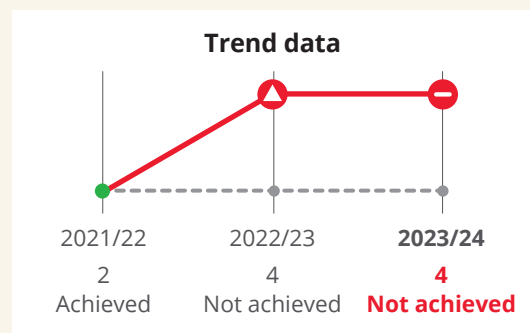
## What we delivered

### Organisational support performance measures

#### The number of total recordable injuries at Waikato District Council.

##### 2023/24 Target: 2

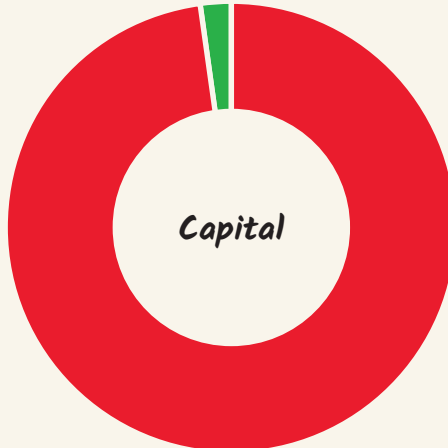
Four total recordable injuries (TRI) occurred, including two that required medical treatment and two that resulted in lost work time. All incidents were investigated.



How we paid for it



Operational	
13%	General rates, uniform annual general charge, rates penalties
0%	Targeted rates
3%	Subsidies and grants for operating purposes
0%	Fees and charges
78%	Internal charges and overheads recovered
6%	Local authorities fuel taxes, infringement fees and other receipts



Capital	
0%	Subsidies and grants for capital expenditure
0%	Development and financial contributions
98%	Increase (decrease) in debt
2%	Gross proceeds from the sale of assets
0%	Lump sum contributions
0%	Other dedicated capital funding



## Funding impact statement

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 for Organisational Support

	2022/23 Long Term Plan \$'000	2023/24 Long Term Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	8,201	9,188	7,491
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	1,681
Fees and charges	-	-	2
Internal charges and overheads recovered	33,862	36,854	45,472
Local authorities fuel tax, fines, infringement fees, and other receipts	741	787	3,519
<b>Total operating funding (A)</b>	<b>42,804</b>	<b>46,829</b>	<b>58,165</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	24,171	24,065	32,882
Finance costs	5,463	7,064	9,727
Internal charges and overheads applied	9,105	9,395	12,983
Other operating funding applications	1,739	1,930	2,730
<b>Total applications of operating funding (B)</b>	<b>40,478</b>	<b>42,454</b>	<b>58,322</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,326</b>	<b>4,375</b>	<b>(157)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	66
Development and financial contributions	-	-	-
Increase (decrease) in debt	19,936	14,489	45,934
Gross proceeds from the sale of assets	257	408	811
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>20,193</b>	<b>14,897</b>	<b>46,811</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	528	-
- to improve the level of service	904	27	1,598
- to replace existing assets	4,188	3,037	2,966
Increase (decrease) in reserves	16,536	14,947	29,055
Increase (decrease) in investments	891	733	13,035
<b>Total applications of capital funding (D)</b>	<b>22,519</b>	<b>19,272</b>	<b>46,654</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,326)</b>	<b>(4,375)</b>	<b>157</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Funding impact statement Whole of Council

### Waikato District Council Funding Impact Statement for the year ended 30 June 2024 (Whole of Council)

	2022/23 Annual Plan \$'000	2022/23 Actual \$'000	2023/24 Annual Plan \$'000	2023/24 Actual \$'000
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	78,102	81,043	86,383	88,939
Targeted rates	36,439	36,516	40,360	42,211
Subsidies and grants for operating purposes	10,082	13,840	10,566	13,926
Fees and charges	17,137	15,956	17,857	13,378
Interest and dividends from investments	50	1,595	180	3,257
Local authorities fuel tax, fines, infringement fees, and other receipts	10,517	10,747	10,978	10,099
<b>Total operating funding (A)</b>	<b>152,327</b>	<b>159,697</b>	<b>166,324</b>	<b>171,810</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	123,255	127,068	132,533	141,073
Finance costs	5,769	5,105	5,950	9,727
Other operating funding applications	2,877	3,741	3,409	4,197
<b>Total applications of operating funding (B)</b>	<b>131,901</b>	<b>135,914</b>	<b>141,892</b>	<b>154,997</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>20,426</b>	<b>23,783</b>	<b>24,432</b>	<b>16,813</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	13,356	11,346	14,632	17,672
Development and financial contributions	13,326	12,051	8,134	7,425
Increase (decrease) in debt	62,543	26,966	68,649	87,701
Gross proceeds from the sale of assets	3930	115	564	3,146
Lump sum contributions	-	-	-	-
Other dedicated capital funding	208	2,981	216	5,816
<b>Total sources of capital funding (C)</b>	<b>93,363</b>	<b>53,459</b>	<b>92,195</b>	<b>121,760</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	33,857	14,935	36,632	32,508
- to improve the level of service	32,914	24,003	26,278	37,585
- to replace existing assets	47,000	39,098	45,710	57,585
Increase (decrease) in reserves	1,345	(5,267)	6,492	(2,140)
Increase (decrease) in investments	(1,327)	4,473	1,515	13,035
<b>Total applications of capital funding (D)</b>	<b>113,789</b>	<b>77,242</b>	<b>116,627</b>	<b>138,573</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(20,426)</b>	<b>(23,783)</b>	<b>(24,432)</b>	<b>(16,813)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



SECTION 4

# Financial Pathway

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# Financial Pathway

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## From the Chair of the Performance and Strategy Committee

The past financial year has presented significant challenges, driven largely by a turbulent national economic climate and persistently high inflation rates. Despite this, I am pleased with the Annual Report results when compared with our 2023/24 budgets.

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

The Council's income for the 2023/24 financial year was \$225 million, a positive variance of \$35 million compared to the budget. Above budget revenue was as a result of higher revenue from found and vested assets, higher growth in General and Targeted rates and due to higher-than-expected subsidies and finance revenue received. This was partially offset by lower revenue from Development and Financial Contributions impacted by the timing of the development cycle.

The Council's operational expenditure amounted to \$204 million, which is \$20m above budget. Above budget expenditure was largely due to heightened activity levels and increased use of external consultants to cover employee vacancies and meet higher demand for services. Finance costs also exceeded the budget due to higher-than-forecasted interest rates.

Higher than expected infrastructure asset values led to depreciation and amortisation costs being higher than budget. These increases were partially mitigated by savings in employee costs.

Council's operating surplus was \$20 million exceeding the budgeted surplus of \$5.5m, attributed to the variances detailed above.

Council's capital programme includes 2023/24 projects as well as projects from the previous year still to be completed. It should be noted, therefore, that the Annual Report depicts actual progress against the 2023/24 budget only.

In real terms, the \$127 million spend delivered 53% per cent of the entire capital work programme, including budgets carried forward from previous years.

**Janet Gibb**  
*Chair*

# Council-controlled organisations

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

## Strada Corporation Limited

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

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

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

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

## Waikato Regional Airport Limited

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

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

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

### Core Purpose

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

### Key Objectives of the Group (incorporating Titanium Park Limited & Hamilton Waikato Tourism Limited)

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

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

Agreed Measures	Actual 2023/24 \$'000	Target 2023/24 \$'000	Target met
Earnings before interest, taxation and depreciation (EBITDA) excluding land sales	5,843	6,000	✘
Earnings before interest, taxation and depreciation (EBITDA) including land sales	8,702	7,500	✔
Land sales	3,623	3,000	✔
Net surplus/(deficit) before tax	2,382	1,000	✔
Net operating cashflow (excluding land sales)	1,499	6,000	✘
Percentage of non-landing charges revenue to total revenue	67%	60%	✔
Shareholders' funds to total assets	84%	75%	✔
Net debt (less than)	22,790	35,000	✔
Interest rate cover	3.9	3.0	✔

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

Performance Target	Comment	Target met
Reduce Group electricity purchases by at least 20% on 2023 levels (measured in kWh used) upon commissioning of the first stage of the solar farm development.	Due to a delay in commissioning the farm, this metric was not met for the full year	✘

### Waikato Local Authority Shared Services Limited

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

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

#### The objectives of WLISS are:

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



**The Company has two fundamental roles:**

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

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




## Co-Lab's Performance Framework



<b>Our vision</b>	Our councils are maximising the value they provide to their communities					
<b>Our purpose</b>	We support them in doing so by making it easier for councils to identify and realise shared opportunities					
<b>Outcomes we are seeking</b>	Council costs are reduced / performance is improved, without increase cost		The experiences of councils' communities are improved		Central government investment into and engagement with Waikato councils is increased	
<b>Our specific objectives</b>	<p>Achieve effectiveness and efficiency gains</p> <p>Reduce duplication of effort and eliminate waste through repetition</p> <p>Helping the councils achieve an appropriate balance in risk and return</p>		<p>Promote and contribute to the development of best practice</p> <p>Make it easier for communities to engage with councils in the Waikato region on a consistent basis</p> <p>Promote business transformation to improve communities experiences</p>		<p>Enable the Waikato councils to collectively be more effective as a region on the national stage</p> <p>Contribute to building central government's confidence in the Waikato region, and to encourage central government investment</p>	
<b>Priorities: How we will achieve our outcomes</b>	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide services that meet the needs of councils	Foster cross-council collaboration	
<b>What we must manage well</b>	Our relationships	Our services	Our projects	Our people	Our resources	Our reputation

The performance measures as at 30 June 2024 are as follows:

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	<ul style="list-style-type: none"> <li>Business cases will include measurable benefits linked to one or more of the outcomes sought</li> </ul>	Projected savings/ increased revenue to councils of at least \$300k	<p>Co-Lab advanced various opportunities during the period:</p> <ul style="list-style-type: none"> <li>Right People Right Place</li> <li>Road Asset Technical Accord (RATA) Spaces &amp; Places</li> <li>Project Management shared service</li> <li>Restructure of the Waikato Regional Transport Model (WRTM) service</li> <li>Parking enforcement shared service</li> <li>EV charging opportunity</li> <li>Waikato Waters Done Well</li> <li>Food &amp; Alcohol Licensing Shared Service</li> </ul> <p>No business cases were presented to The Co-Lab Board but there were various discovery reports, progress reports and the significant Right People, Right Place report.</p> <p>Opportunities only become services when participating councils are confident the service will deliver benefit. This has tended to mean that councils treat the opportunity as a procurement. Accordingly, Co-Lab has focused on delivering proposals rather than business cases. A business case assumes that the strategic decision has been made and then presents a range of options to the decision makers.</p> <p>Co-Lab's new benefits framework highlights that some of our opportunities will deliver value that is not specifically aligned with 'projected savings/ increased revenue'. This is reflected in all communications with councils.</p>	Unable to currently measure
	<ul style="list-style-type: none"> <li>Opportunity assessments are supported by councils (evidenced by Board minutes)</li> </ul>	75% of councils	<p>Average (across 3 initiatives) is 42%</p> <p>5 (45%) councils (out of 11 possible councils) have agreed to participate in the RATA Spaces &amp; Places collaboration.</p> <p>2 councils (out of 12 possible councils) indicated willingness to participate in the Project Management Shared Service pilot. Ultimately the pilot did not proceed.</p> <p>The Building Consent Cadetship opportunity was supported by 6 (75%) councils (out of a possible 8). The Cadetship was not established because it was decided that it needed 100% participation.</p>	

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
Develop opportunities and deliver projects within agreed budgets and timelines	<ul style="list-style-type: none"> <li>Opportunities / projects are developed / delivered within agreed timelines</li> </ul>	80%	44% (4/9) for the 12 months to 30/6/24 Within timeline 1. Future Proof Data Analytics 2. Right People, Right Place 3. Project Ohu 4. Waikato Waters Done Well Modelling Not completed as per plan were: 1. AMCE (Now RATA Spaces & Places) Opportunity Assessment (slow council response) 2. Project Wakanda Round 1 (delayed to allocate effort to another project) 3. WRTM restructure 4. Wakanda Round 2 (reports 2 weeks late to Steering Group) 5. Voltage – No timeline set	
	<ul style="list-style-type: none"> <li>Opportunities / projects are developed / delivered, within approved budget</li> </ul>	90%	80% (8/10) for the 12 months to 30/6/24 80%: Eight of the Ten projects were completed within budget. The exceptions were 1) Future Proof Data project where actual cost was \$2k over the plan. 2) Wakanda Round 2 which continued over the stage estimate (but was still well within the funds The Board allocated to the initiative).	
	<ul style="list-style-type: none"> <li>Overall, Company Management / support functions will be undertaken within budget, unless additional expenditure has board pre-approval</li> </ul>		Company Management & Support expenditure was less than budget largely due to the LAPP insurance costs, which is recovered from councils, included in the budget no longer being required by councils.	

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
Ensure projects realise their expected benefits	<ul style="list-style-type: none"> <li>Measurable benefits are actively monitored and reported against</li> </ul>	Six-monthly	<p>Management presented one “Project Benefit Assessment” to the Audit &amp; Risk Committee (ARC). The assessment covered Waikato OneView. Following the completion of the Waikato OneView Benefits Assessment (reported in half year report), the practise of Benefit Assessments has been discontinued with approval from the Audit and Risk Committee.</p> <p>The Co-Lab Benefits framework is now being used as the vehicle to report project and service benefits.</p>	
	<ul style="list-style-type: none"> <li>Audit &amp; Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)</li> </ul>	<p>For \$200k+ Projects (based on cost of opportunity development and ongoing investment)</p> <p>Assessment within 15 months</p>	No “Project Benefit Assessments” for \$200k Projects were undertaken in the 6 months to 31/12/23.	Unable to currently measure
		90% of projected quantifiable benefits are realised		Unable to currently measure
Ensure existing services are meeting the needs of councils	<ul style="list-style-type: none"> <li>The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> <li>» RATA – roading &amp; waters</li> <li>» Waikato Building Cluster</li> <li>» Regional Infrastructure Technical Specifications</li> <li>» Energy &amp; Carbon Management</li> <li>» Professional Services Panel</li> <li>» Health &amp; Safety pre-qualification</li> </ul> </li> </ul>	80% of councils	84% of survey respondents for shared services said we met or exceeded their expectations.	

Priority	Performance measure	Target	Outcome (progress toward target)	Target met
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	» Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	No ideas were received through our website.  Ideas continue to arrive from other sources. Notably, 'Parking Enforcement Shared Service' and the 'EV charging' opportunity came to us from council staff and are already being escalated.  Project Wakanda is a board directive to search for ideas by looking for shared-service success stories (internationally and in other sectors).	✔

Returns on Investment	Expected return	2023/24 Results	Our performance
Financial	5.55%	5.57%	✔
Property	11.00%	7.19%	✘
<b>Equity as follows:</b>			
Waikato Regional Airport Ltd	0%	0%	✔
Civic Financial Services Ltd	0%	0%	✔
Local Authority Shared Services Ltd	0%	0%	✔

# Financial Statements

For the year ended 30 June 2024

## Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2024

	Note	Council and Group		
		2023/24 Actual \$'000	2023/24 Budget \$'000	2022/23 Actual \$'000
<b>Revenue</b>				
Rates	2	130,394	126,743	116,785
Development and financial contributions		7,425	8,134	12,051
Subsidies and grants		31,600	25,198	25,186
Finance revenue	3	3,264	340	1,545
Other revenue	4	52,288	29,507	68,025
<b>Total revenue</b>		<b>224,971</b>	<b>189,922</b>	<b>223,592</b>
<b>Expenses</b>				
Employee costs	6	44,997	47,202	39,875
Depreciation and amortisation expense	7	47,055	42,500	40,447
Finance costs	3	9,839	5,950	5,179
Other expenses and losses	8	102,803	88,739	92,460
<b>Total operating expenses</b>		<b>204,694</b>	<b>184,391</b>	<b>177,961</b>
<b>Surplus (deficit) before tax</b>		<b>20,277</b>	<b>5,531</b>	<b>45,631</b>
Income tax expense	9	-	-	-
<b>Surplus (deficit) after tax wholly attributable to Waikato District Council</b>		<b>20,277</b>	<b>5,531</b>	<b>45,631</b>
<b>Other comprehensive revenue and expense</b>				
Gain (loss) on property revaluations	15	249,582	65,500	53,619
Revaluation reserve – landfill		8	-	49
Gain (loss) on cessation of joint venture		-	-	-
Financial assets at fair value through other comprehensive revenue		(802)	-	3,591
<b>Other comprehensive revenue and expense (net of tax)</b>		<b>248,788</b>	<b>65,500</b>	<b>57,259</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>269,065</b>	<b>71,031</b>	<b>102,890</b>

# Statement of Financial Position

as at 30 June 2024

		Council and Group		
		2023/24 Actual	2023/24 Budget	2022/23 Actual
	Note	\$'000	\$'000	\$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	13,967	9,886	22,385
Receivables from exchange transactions	11	23,163	11,599	14,921
Recoverables from non-exchange transactions	11	9,597	7,827	6,264
Prepayments		3,131	6,544	2,606
Other financial assets	13	21,824	3	1,622
Cattle	12	-	48	11
Derivative financial instruments	22	36		
Non-current assets held for sale	14	438	2,581	5,423
<b>Total current assets</b>		<b>72,156</b>	<b>38,488</b>	<b>53,232</b>
<b>Current assets</b>				
Investment in CCO's and other similar entities	13	36,658	33,863	37,459
Investments in other entities	13	5,576	5,426	3,438
Property, plant and equipment	15	2,654,059	2,467,059	2,305,021
Intangible assets	16	4,733	4,451	1,783
Investment property	17	615	625	635
Derivative financial instruments	22	2,973	1,551	4,323
<b>Total non-current assets</b>		<b>2,704,614</b>	<b>2,512,975</b>	<b>2,352,659</b>
<b>Total assets</b>		<b>2,776,770</b>	<b>2,551,463</b>	<b>2,405,891</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables under exchange transactions	18	41,968	32,907	28,679
Taxes and transfers payable	18	2,794	2,452	2,402
Derivative financial instruments	22	-	-	-
Borrowing	20	20,977	23,134	20,967
Employee entitlements	19	5,770	5,891	5,214
Provisions	21	115	223	114
<b>Total current liabilities</b>		<b>71,624</b>	<b>64,607</b>	<b>57,376</b>
<b>Non-current liabilities</b>				
Derivative financial instruments	22	-	-	-
Borrowing	20	192,331	163,309	104,640
Employee entitlements	19	44	273	89
Provisions	21	1,861	1,985	1,942
<b>Total non-current liabilities</b>		<b>194,236</b>	<b>165,567</b>	<b>106,671</b>
<b>Total liabilities</b>		<b>265,860</b>	<b>230,174</b>	<b>164,047</b>
<b>Net assets</b>		<b>2,510,910</b>	<b>2,321,289</b>	<b>2,241,844</b>
<b>Net assets/ equity</b>				
Accumulated comprehensive revenue and expense		1,328,562	1,380,082	1,270,395
Other reserves		1,182,348	941,207	971,449
<b>Total net assets/equity</b>		<b>2,510,910</b>	<b>2,321,289</b>	<b>2,241,844</b>

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



# Statement of Changes in Net Assets / Equity

as at 30 June 2024

	Council and Group		
	2023/24 Actual \$'000	2023/24 Budget \$'000	2022/23 Actual \$'000
<b>Balance at the beginning of the year</b>			
Accumulated comprehensive revenue and expense	1,270,395	1,351,403	1,214,408
Other reserves			
Revaluation	933,490	931,586	880,799
Restricted	446	151	477
Council-created	22,971	17,412	29,251
Special rates and user pays	(20,621)	(23,735)	(15,016)
Capital replacement fund	33,173	6,133	27,527
Development contributions	(31,934)	(63,024)	(28,825)
Fair value through other comprehensive revenue and expense	33,924	30,332	30,332
<b>Balance at 1 July as previously reported</b>	<b>2,241,844</b>	<b>2,250,258</b>	<b>2,138,953</b>
<b>Comprehensive revenue and expense for the year</b>			
Accumulated comprehensive revenue and expense			
Loss in cessation of joint venture	-	-	-
Surplus (deficit) after tax	20,277	5,531	45,631
Other reserves			
Revaluation	249,582	65,500	53,619
Revaluation – landfill	8	-	49
Fair value through other comprehensive revenue and expense	(802)	-	3,591
<b>Total comprehensive revenue for the year wholly attributable to Waikato District Council</b>	<b>269,066</b>	<b>71,031</b>	<b>102,890</b>
<b>Transfers to (from) accumulated comprehensive revenue and expense</b>			
Accumulated comprehensive revenue and expense	37,890	23,148	10,356
Other reserves			
Revaluation	(676)	-	(976)
Restricted	39	(11)	(31)
Council-created	(6,181)	(904)	(6,280)
Special rates and user pays	(11,346)	13,074	(5,605)
Capital replacement fund	7,031	3,835	5,645
Development contributions	(26,757)	(39,142)	(3,109)
<b>Total transfers to(from) accumulated comprehensive revenue and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>2,510,910</b>	<b>2,321,289</b>	<b>2,241,844</b>
<b>Represented by net assets/equity at the end of the year</b>			
Accumulated comprehensive revenue and expense	1,328,562	1,380,082	1,270,395
Other reserves			
Revaluation	1,182,404	997,086	933,491
Restricted	485	140	446
Council-created	16,790	16,508	22,971
Special rates and user pays	(31,967)	(10,661)	(20,621)
Capital replacement fund	40,204	9,968	33,173
Development contributions	(58,691)	(102,166)	(31,935)
Fair value through other comprehensive revenue and expense	33,122	30,332	33,924
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>2,510,910</b>	<b>2,321,289</b>	<b>2,241,844</b>

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 35

# Statement of Cash Flows

as at 30 June 2024

Council and Group

	2023/24 Actual	2023/24 Budget	2022/23 Actual
Note	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from rates revenue	127,145	118,889	117,339
Subsidies received	29,508	26,065	24,084
Contributions received	8,675	8,565	13,917
Receipts from other revenue	22,509	35,944	29,948
Interest received	3,072	180	1,747
Dividends received	78	-	68
Goods and service tax (net)	-	-	-
<b>Payments</b>			
Payments to employees	(44,486)	(46,564)	(39,462)
Payments to suppliers	(78,923)	(89,623)	(85,342)
Interest paid	(8,502)	(5,950)	(5,481)
Goods and service tax (net)	399	-	(107)
<b>Net cash flows from (used in) operating activities</b>	<b>24</b>	<b>59,475</b>	<b>47,506</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of property, plant and equipment	5,577	564	436
Proceeds from the sale of investments	-	250	-
Community loan repayments received	(62)	-	(106)
Receipts from repayment of advance	-	-	-
Purchase of intangible assets	(2,548)	(2,758)	(274)
Purchase of property, plant and equipment	(137,249)	(112,506)	(83,201)
Acquisition of investments	(22,280)	(1,765)	(1,124)
<b>Net cash flow from (used in) investing activities</b>	<b>(156,562)</b>	<b>(116,215)</b>	<b>(84,269)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowing	109,668	78,649	47,966
Repayment of borrowing	(21,000)	(10,000)	(21,000)
<b>Net cash flow from financing activities</b>	<b>88,668</b>	<b>68,649</b>	<b>26,966</b>
<b>Net increase(decrease) in cash, cash equivalents and bank overdrafts</b>	<b>(8,419)</b>	<b>(60)</b>	<b>(592)</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year	22,386	9,946	22,977
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>13,967</b>	<b>9,886</b>	<b>22,385</b>

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 35

# Statement of Reserve Funds

for the year ended 30 June 2024

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 2023 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2024 \$'000
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	538	32	(26)	544
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	(391)	1,454	(3,580)	(2,517)
Housing for the elderly	Revenue from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(557)	325	(511)	(743)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	(305)	1,245	(1,431)	(490)
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	231	279	(223)	287
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	1,989	2,664	(2,525)	2,128

<b>Reserve</b>	<b>Purpose</b>	<b>Related activities</b>	<b>Opening balance 1 July 2023</b> \$'000	<b>Transfers into fund</b> \$'000	<b>Transfers out of fund</b> \$'000	<b>Closing Balance 30 June 2024</b> \$'000
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	613	199	(91)	721
Hillary Commission grants	These funds are committed to a club development programme for the future	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates.	Sustainable communities	15	83	(75)	23
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	1,979	582	(1,767)	795
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.	Sustainable communities	(111)	1	(7)	(117)
North Waikato development reserve	Remaining funds (with interest credits) from the Department of Corrections for use to assist the local community.	Sustainable communities	364	21	(98)	287
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	Organisational support	2,308	-	-	2,308
Mayoral Relief Fund	Fund set aside for use in the event of a natural disaster.	Sustainable communities	243	195	(250)	188
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	-	-	-	-

<b>Reserve</b>	<b>Purpose</b>	<b>Related activities</b>	<b>Opening balance 1 July 2023</b> \$'000	<b>Transfers into fund</b> \$'000	<b>Transfers out of fund</b> \$'000	<b>Closing Balance 30 June 2024</b> \$'000
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	42	5	(55)	(8)
Structure plan non- growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development.	Organisational support	2,106	125	(165)	2,066
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	1,391	1,662	(709)	2,344
Huntly College Jubilee Award	A restricted reserve for the interest revenue to be used as educational sponsorship.	Sustainable communities	13	1	(1)	13
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest revenue to be used as sponsorship for educational purposes.	Sustainable communities	2	-	-	2
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest revenue to be used for educational sponsorship.	Sustainable communities	1	-	-	1
TK WW Treatment Consultation Group Mitigation Fund	A restricted reserve that requires Waikato District Council to contribute \$45,000 per annum as per the consent conditions in the contract , to be used for ecological enhancement works in the Lake Waikare Catchment, and to reserve any unspent budget for future years for spent as approved by the TKWTCG.	Organisational support	241	60	(32)	269
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	190	13	(4)	199

<b>Reserve</b>	<b>Purpose</b>	<b>Related activities</b>	<b>Opening balance 1 July 2023</b> \$'000	<b>Transfers into fund</b> \$'000	<b>Transfers out of fund</b> \$'000	<b>Closing Balance 30 June 2024</b> \$'000
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	40,608	12,851	(16,436)	37,022
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	(20,621)	9,580	(20,926)	(31,967)
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	33,173	35,142	(28,110)	40,205
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	933,491	249,590	(676)	1,182,404
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	(26,126)	12,283	(39,797)	(53,639)
<b>Total reserves</b>			<b>971,450</b>	<b>328,392</b>	<b>(117,495)</b>	<b>1,182,348</b>

# Notes to the Financial Statements

## Note 1 Statement of accounting policies

### Reporting Entity

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

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

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

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

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

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

These financial statements of Council and the Group are for the year ended 30 June 2024. The financial statements were authorised for issue by Council on 31 October 2024..

### Basis of preparation

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

### Statement of compliance

The financial statements of Council 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.

### New or amended standards adopted

#### 2022 Omnibus amendments to PBE standards

The 2022 Omnibus Amendments include several general updates and minor amendments to Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. The aim of the amendments is to align PBE Standards with their international counterparts by adopting changes made to IPSAS standards and those issued by the IASB.

These amendments include:

- PBE IAS 12 Income Taxes and PBE FRS 47 for first-time Adoption of PBE Standards
- PBE IPSAS 16 Investment Property – Clarifies that fair value measurement of self-constructed investment property could commence before the completion of construction.



- PBE IPSAS 17 Property, Plant and Equipment - Prohibits proceeds from selling items produced before an asset is available for use to be deducted from the cost of property, plant, and equipment.
- PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets - Clarifies the costs of fulfilling a contract that an entity should include when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised)
- PBE IPSAS 27 Agriculture - Removes the exclusion of taxation cash flows when measuring fair value in PBE IPSAS 27
- PBE IPSAS 41 Financial Instruments - Clarifies which fees an entity includes when it applies the '10 percent' test for the derecognition of a financial liability. and
- Various other minor wording amendments in order to clarify accounting treatment, update references and provide additional guidance

The Council have reviewed these standards in the preparation of the Annual Report and there are no material impacts on the financial statements.

#### Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

This amending Standard sets out amendments to PBE IPSAS 1 Presentation Financial Reports. The amendments require an entity to describe the services provided by its audit or review firm and to disclose the fees incurred by the entity for those services.

The amending Standard has been issued to enhance the existing requirements concerning the disclosure of information about fees incurred by the reporting entity during the reporting period for:

- the audit or review of the entity's financial report; and
- other types of service provided by the entity's audit or review firm.

Additional commencement and application date provisions have been provided to ensure consistency with relevant sections of the Financial Reporting Act 2013 and Legislation Act 2019. The Council have reviewed the amendment in the preparation of the Annual Report and included the additional disclosure in Note 8 of the financial statements. There are no material impacts to the financial statements.

### Other changes in accounting policies

There have been no other changes in accounting policies.

### Summary of significant accounting policies

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

#### Critical accounting estimates and assumptions

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

##### *Other financial assets*

Note 13 provides information about the estimates and assumptions applied in determining the fair value of the equity investment in Waikato Regional Airport Limited.

##### *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 in its 2023/24 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's and the Group's objectives, policies, and processes for managing capital are explained in note 34.

***Fair value through other comprehensive revenue***

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

**Cost allocation policy**

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

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

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

## Note 2 Rates

### Accounting policy

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

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

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

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
General rates	72,597	66,372
Uniform annual general charge	13,559	12,285
<b>Total general rates revenue</b>	<b>86,156</b>	<b>78,657</b>
<b>Targeted rates</b>		
Community boards	281	275
Community centres and facilities	981	865
Refuse & waste management	6,383	5,361
Stormwater	3,025	2,551
Wastewater	17,236	15,162
Metered water supply	7,449	6,708
Other water rates	6,856	5,594
<b>Total targeted rates</b>	<b>42,211</b>	<b>36,516</b>
plus: Penalties revenue	2,783	2,386
<b>Total rates revenue</b>	<b>131,150</b>	<b>117,559</b>
less: Rate remissions	(756)	(774)
<b>Total net rates</b>	<b>130,394</b>	<b>116,785</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	
	2023/24 Actual	2022/23 Actual
	\$'000	\$'000
Land used for community and sporting purposes	355	347
Land protected for historical or cultural purposes	51	48
CV's under \$1,500	136	131
Rating exclusions	140	178
Maaori freehold land	74	70
<b>Total rates remissions</b>	<b>756</b>	<b>774</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 and Group	
	2023/24 Actual	2022/23 Actual
<b>Total number of rating units</b>	<b>36,839</b>	<b>36,536</b>
<b>Total land value</b>	<b>\$27,507m</b>	<b>\$22,194m</b>
<b>Total capital value</b>	<b>\$45,626m</b>	<b>\$37,348m</b>

## 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 and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Finance revenue</b>		
Interest - bank deposits	2,039	1,187
Interest - financial assets	85	18
Interest - community loans	61	50
Interest - other	-	1
Interest - LGFA borrower notes	305	289
Interest - swaps differences	774	-
<b>Total finance revenue</b>	<b>3,264</b>	<b>1,545</b>
<b>less: Finance costs</b>		
Interest - bank borrowing	-	-
Interest - LGFA borrowing	9,726	5,015
Interest - swaps differences	-	90
Provision: discount unwinding	112	74
Other finance costs	1	-
<b>Total finance costs</b>	<b>9,839</b>	<b>5,179</b>
<b>Net finance costs</b>	<b>(6,575)</b>	<b>(3,634)</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 and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Found assets	1,207	2,731
Vested assets	20,336	32,114
Dividends	78	68
Other revenue	17,208	15,019
Regulatory revenue	9,110	9,820
Fees and charges – Council	3,075	5,021
Fair value through surplus (deficit) realised gain	967	260
Interest rate swaps revaluation gain	-	2,772
Gain on cessation of joint venture	-	-
Property, plant and equipment gains on disposal	307	210
Investment property revaluation gain	-	10
Fair value through surplus (deficit) unrealised gains	-	-
<b>Total other revenue</b>	<b>52,288</b>	<b>68,025</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 Council.

Council receives government grants from NZ 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 and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Revenue from exchange transactions</b>		
Revenue from metered water supply	7,449	6,708
Development and financial contributions	7,425	12,051
Other fees and charges – Council	13,674	17,032
Finance revenue	3,264	1,545
Dividends received	78	68
Other exchange revenue	9,836	8,140
<b>Total revenue from exchange transactions</b>	<b>41,726</b>	<b>45,544</b>
<b>Revenue from non-exchange transactions</b>		
Revenue from rates	122,945	110,077
Vested and found assets	21,543	34,845
Regulatory revenue	2,066	2,032
Infringements and fines	150	204
NZTA government subsidies	28,510	22,025
Petrol tax	604	577
Three Waters funding from the Department of Internal Affairs (DIA)*	199	636
Other subsidies and grants	2,891	2,525
Other fees and charges – Council	1,798	1,399
Other non-exchange revenue	2,539	3,728
<b>Total revenue from non-exchange transactions</b>	<b>183,245</b>	<b>178,048</b>
Revenue from exchange transactions	41,726	45,544
Revenue from non-exchange transactions	183,245	178,048
<b>Total revenue per statement of comprehensive revenue and expense</b>	<b>224,971</b>	<b>223,592</b>

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

There are no unfulfilled conditions or other contingencies attached to other subsidies and grants recognised. (2023: \$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	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Salaries and wages	43,338	38,522
Defined contribution plan employer contributions	1,150	940
Increase (decrease) in employee liabilities	509	413
<b>Total employee costs</b>	<b>44,997</b>	<b>39,875</b>

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

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Water supply	5,102	3,723
Wastewater	6,386	3,756
Stormwater	1,434	1,260
Roading	23,969	22,391
Sustainable environment	138	124
Sustainable communities	8,008	7,200
Governance	-	-
Organisational support	2,018	1,993
<b>Total directly attributable depreciation and amortisation</b>	<b>47,055</b>	<b>40,447</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 and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Fees to Audit NZ for Audit of Financial Statements	318	251
Fees to Audit NZ for LTP	-	-
Fees to Audit NZ for Assurance services	62	40
Fees to Audit NZ for the Ltd assurance engagement of the Debenture Trust Deed	11	-
<b>Total payments to Audit New Zealand</b>	<b>391</b>	<b>291</b>
Asset write-off	1,454	2,278
Bad debt written off	31	220
Rates penalty write-offs	742	588
Other expenditure	83,192	75,904
Other personnel expenses	1,458	1,519
Inventories consumed	-	-
Minimum lease payments under operating leases	65	63
Legal expenses	491	495
Other professional fees	40	38
Consultant expenses	11,609	10,356
Litigation settlement	-	-
Insurance proceeds	-	-
Grants and sponsorship	1,499	638
Fair value loss on cattle	60	66
Investment property revaluation loss	20	-
Loss on revaluation of assets	-	-
Property, plant and equipment losses on disposal	436	4
Interest rate swaps revaluation loss	1,315	-
<b>Total other expenses and losses</b>	<b>102,803</b>	<b>92,460</b>

## 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 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 and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Operating surplus before tax expense	20,277	45,631
Prima facie tax at 28%	5,678	12,777
Non-assessable income (net)	(5,678)	(12,777)
Non-deductible expenditure	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>
<b>Made up of:</b>		
Deferred tax	-	-
Prior period adjustment	-	-
Income tax expense	-	-

<b>Deferred tax (assets) liabilities</b>	<b>Plant and Equipment</b> \$'000	<b>Employee entitlements</b> \$'000	<b>Other provisions</b> \$'000	<b>Total tax loss</b> \$'000	<b>Total</b> \$'000
Balance at 1 July 2022	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance at 1 July 2023	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
<b>Balance at 30 June 2024</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.

	<b>Council and Group</b>	
	<b>2023/24 Actual</b> \$'000	<b>2022/23 Actual</b> \$'000
Cash at bank and on hand	767	4,485
Short term deposits maturing within three months or less from date of acquisition	13,200	17,900
<b>Total cash and cash equivalents per statement of financial position</b>	<b>13,967</b>	<b>22,385</b>
Bank overdrafts	-	-
<b>Cash and cash equivalents per statement of cash flows</b>	<b>13,967</b>	<b>22,385</b>

The total value of cash equivalents that can only be used for a specific purpose is \$484,036 (2023: \$446,489).

## Note 11 Recoverables and receivables

### Accounting policy

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

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

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

Rates are “written-off”:

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

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

### Previous accounting policy

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

### Fair value

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

	<b>Council and Group</b>	<b>Council</b>
	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
	\$'000	\$'000
<b>Receivables from exchange transactions</b>		
Receivables from related parties	-	-
Water rates receivable	79	-
Other receivables from exchange transactions	23,283	15,093
<b>Gross receivables</b>	<b>23,362</b>	<b>15,093</b>
Provision for uncollectability	(199)	(172)
<b>Net receivables from exchange transactions</b>	<b>23,163</b>	<b>14,921</b>
<b>Recoverables from non-exchange transactions</b>		
Rates receivable	8,482	5,000
Recoverables from user charges, taxes and other non-exchange revenue	1,379	1,149
GST refund	236	634
<b>Gross recoverables</b>	<b>10,097</b>	<b>6,783</b>
Provision for uncollectability	(500)	(519)
<b>Net recoverables from non-exchange transactions</b>	<b>9,597</b>	<b>6,264</b>
Total gross receivables and recoverables	33,459	21,876
Total provision for uncollectability	(699)	(691)
<b>Total net recoverables and receivables</b>	<b>32,760</b>	<b>21,185</b>

## Assessment of expected credit loss

### Rates receivable

Council provides for ECLs 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 ECLs on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council is able to apply to the Registrar of the High Court to have the judgement enforced by the sale or lease of the rating unit.

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

### Other receivables

The ECL rates for other receivables at 30 June 2024 and 1 July 2023 are based on the payment profile of revenue on credit over the prior of one year at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2023 in the estimation techniques or significant assumptions in measuring the loss allowance.

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



	Gross \$'000	Uncollectable \$'000	Total \$'000
<b>Council and Group 2024</b>			
Not past due	19,212	-	19,212
Past due 1 – 60 days	727	-	727
Past due 61 – 120 days	899	-	899
Past due > 120 days	12,621	(699)	11,922
<b>Total gross recoverables and receivables</b>	<b>33,459</b>	<b>(699)</b>	<b>32,760</b>
<b>Council and Group 2023</b>			
Not past due	9,595	-	9,595
Past due 1 – 60 days	1,415	-	1,415
Past due 61 – 120 days	556	-	556
Past due > 120 days	10,310	(691)	9,619
<b>Total gross recoverables and receivables</b>	<b>21,876</b>	<b>(691)</b>	<b>21,185</b>

### Allowance for expected credit losses (ECL)

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Revenue from exchange transactions</b>		
Individual uncollectability	199	172
Collective uncollectability	500	519
<b>Total provision for uncollectability</b>	<b>699</b>	<b>691</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	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Revenue from exchange transactions</b>		
Past due 1 – 60 days	-	-
Past due 61 – 120 days	-	-
Past due > 120 days	199	172
<b>Total individual uncollectability</b>	<b>199</b>	<b>172</b>

Movements in the allowance for credit losses are as follows:

	<b>Council and Group</b>	
	<b>2023/24</b>	<b>2022/23</b>
	<b>Actual</b>	<b>Actual</b>
	\$'000	\$'000
<b>Revenue from exchange transactions</b>		
Balance at 1 July	691	637
Additional provision made during the year	9	60
Provisions reversed during the year	171	121
Debts written off during the period	(172)	(127)
<b>Balance at 30 June</b>	<b>699</b>	<b>691</b>

In accordance with the write-off criteria of sections 90A and 90B of the Local Government (Rating) Act 2002, Council have written off a total of \$198,970.28 during the year. (2023: \$171,573).

## 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.

	<b>Council and Group</b>	
	<b>2023/24</b>	<b>2022/23</b>
	<b>Actual</b>	<b>Actual</b>
	\$'000	\$'000
Balance at 1 July	11	3
Increase through purchases	60	77
Gains (losses) from fair value adjustments	(60)	(66)
Decrease through sales	(11)	(3)
<b>Balance at 30 June</b>	<b>-</b>	<b>11</b>

Council keeps cattle to graze on one of its reserves as part of reserve maintenance. Although a financial gain is achieved in most years it is not Council's primary purpose. The cattle are normally sold within the next twelve months after balance date. The number of cattle at balance date was nil (2023: 16).

Council has no cattle with restricted title.

## Note 13 Other financial assets

### Accounting policy

#### Subsidiaries

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

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

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

#### Other financial assets

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

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

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

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

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

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

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

#### Initial recognition of concessionary loans

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

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

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

### **Subsequent measurement of financial assets at FVTOCRE**

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

### **Subsequent measurement of financial assets at FVTSD**

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

### **Expected credit loss allowance (ECL)**

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

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

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

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

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

### **Shares in subsidiaries (at cost)**

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

Previous accounting policy (summarised)

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

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

The main differences for the prior year policies are:

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

	<b>Council and Group</b>	
	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
	\$'000	\$'000
<b>Current portion</b>		
Term deposits	1,409	1,373
Equity instruments	-	-
Fixed interest instruments	20,000	-
LGFA borrower notes	320	160
Community loans	95	89
<b>Total current portion</b>	<b>21,824</b>	<b>1,622</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
Strada - shares	700	700
Waikato Regional Airport Limited	35,739	36,540
<b>Total investment in CCO's and similar entities</b>	<b>36,658</b>	<b>37,459</b>
<b>Investment in other entities</b>		
Community loans	1,048	906
Fixed interest instruments	-	-
LGFA borrower notes	4,490	2,494
Civic Financial Services Limited	38	38
<b>Total investment in other entities</b>	<b>5,576</b>	<b>3,438</b>
<b>Total non-current portion</b>	<b>42,234</b>	<b>40,897</b>
<b>Total other financial assets</b>	<b>64,058</b>	<b>42,519</b>

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

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

## Fair value

### Term deposits

The carrying amount of term deposits approximates their fair value.

### Community loans

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

Their fair value is \$904,937 (2023: \$981,865). Fair value has been determined using cash flows discounted at the interest rate (current at 1 July 2023) charged by Council on community loans. The rate used is 4.18% (2023: 5.36%).

The face value of total community loans is \$861,996 (2023: \$906,415).

### 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 through other comprehensive revenue and expenditure. The fair value for the investment in WRAL has been determined based on the Council's proportion of ownership of WRAL's net assets (15.625%). Net assets are considered to provide an appropriate estimate of WRAL's fair value, this is because WRAL's fair value derives mainly from the underlying fair value of its assets net of liabilities.

The details are:

	Share of net assets	Fair Value	
		2023/24	2022/23
Waikato Regional Airport Limited	15.62%	\$35,738,560	\$36,540,178
Civic Financial Services Limited	0.37%	\$38,242	\$37,089

## Note 14 Non-current assets held for sale

### Accounting policy

Non-current assets no longer required in Council's operations and therefore intended for sale have been measured at the lower of their carrying amount and their fair value, less costs to sell.

Any impairment losses for write-downs of such assets are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have been previously recognised.

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

	Council and Group	
	2023/24 Actual	2022/23 Actual
	\$'000	\$'000
Land	438	2,004
Buildings	-	3,419
<b>Total non-current assets for sale</b>	<b>438</b>	<b>5,423</b>

Council has classified 2 properties as Non-Current Assets held for sale as at June 2024. (2023: 39 properties were classified as held for sale.)

## Note 15 Property, plant and equipment

### Accounting policy

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

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

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

#### Additions

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

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

In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a 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
Audio visual materials and electronic games - Libraries	5	20%
Buildings	15 - 100	1 - 6.7%
Vehicles / moveable plant	4 - 20	5 - 25%
Library books	8	12.5%
Computers	3 - 7	20 - 33%
Office equipment	3 - 15	6.67 - 33.3%
Furniture and fixtures	10	10%
Water supply	4 - 100	1 - 25%
Wastewater	3 - 100	1 - 33.3%
Urban stormwater	5 - 100	1 - 20%
Roading pavement sealed	2 - 100	1 - 50%
Pavement (basecourse)		
sealed	65 - 105	0.95 - 1.5%
unsealed metal	20	5%
Surface water channel	20 - 80	1.25 - 5%
Culverts	50 - 80	1.25 - 2%
Guardrails / barriers	40 - 80	1.25 - 2.5%
Drainage	50 - 80	1.25 - 2%
Retaining walls	50 - 100	1 - 2%
Footpaths	15 - 80	1.25 - 6.67%
Street lighting	20	5%

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

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

## Revaluation

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

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

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

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

### Impairment of property, plant and equipment

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

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

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

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

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

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

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

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

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

### Value in use for cash-generating assets

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

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

## Work in progress

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Buildings - operational	6,535	3,354
Buildings - restricted	8,008	6,818
Parks and reserves	17,083	14,414
Wastewater	73,212	35,532
Stormwater	6,165	2,796
Water	29,048	15,267
Solid waste	946	373
Roading	25,843	10,524
<b>Total work in progress</b>	<b>166,839</b>	<b>89,077</b>

## Infrastructural assets - further disclosures

	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	*Assets transferred to Council \$'000	
<b>Council 2024</b>				
Water treatment plants and facilities	22,491	-	-	46,015
Other water assets	177,917	1,943	3,782	253,003
Wastewater treatment plants and facilities	35,957	-	-	72,991
Other wastewater assets	149,039	426	4,886	252,294
Stormwater and drainage	117,059	84	4,631	144,680
Roads, footpaths, bridges and culverts	1,500,931	26,199	7,059	2,106,097
<b>Total infrastructural assets</b>	<b>2,003,393</b>	<b>28,652</b>	<b>20,358</b>	<b>2,875,080</b>
<b>Council 2023</b>				
Water treatment plants and facilities	20,727	-	-	41,190
Other water assets	170,621	9,386	5,296	240,999
Wastewater treatment plants and facilities	36,675	5,351	-	71,010
Other wastewater assets	142,908	560	8,933	240,119
Stormwater and drainage	110,491	-	9,145	135,808
Roads, footpaths, bridges and culverts	1,254,311	20,395	8,745	1,812,475
<b>Total infrastructural assets</b>	<b>1,735,733</b>	<b>35,692</b>	<b>32,119</b>	<b>2,541,601</b>

\*This includes found assets of \$1,206,677 for 2024 (2023: \$2,730,614).

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

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

Watercare is responsible for upgrading and maintaining the entire network in the district. At the end of the contract period, which is due to end on 30 June 2028, the network must be in the same, or better overall condition than that which existed at the time the contract commenced in 2019. The Council retains ownership of the infrastructure assets operated by Watercare.

	Council and Group			
	Water supply	Wastewater	Stormwater and drainage	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2023</b>				
Cost	191,348	179,583	110,491	481,422
Accumulated depreciation	-	-	-	-
<b>Opening carrying amount</b>	<b>191,348</b>	<b>179,583</b>	<b>110,491</b>	<b>481,422</b>
<b>Year ended 30 June 2024</b>				
Additions	5,725	5,312	4,715	15,752
Reclassification	-	-	-	-
Revaluation surplus (deficit)	8,869	6,822	3,296	18,987
Disposal – cost	(448)	(399)	(10)	(857)
Disposal – accumulated depreciation	11	22	-	33
Depreciation	(5,098)	(6,345)	(1,432)	(12,875)
<b>Closing carrying amount</b>	<b>200,407</b>	<b>184,995</b>	<b>117,060</b>	<b>502,462</b>
<b>Balance at 1 July 2024</b>				
Cost	200,407	184,995	117,060	502,462
Accumulated depreciation	-	-	-	-
<b>Closing carrying amount</b>	<b>200,407</b>	<b>184,995</b>	<b>117,060</b>	<b>502,462</b>

<b>Council and Group 2023/24</b>	<b>Cost / valuation 1 Jul 2023</b>	<b>Accumulated depreciation and impairment charges 1 Jul 2023</b>	<b>Carrying amount 1 Jul 2023</b>	<b>Current year additions</b>	<b>Current year Disposals and transfers from WIP</b>	<b>Current year reclassification cost</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operational assets</b>						
Land	48,801	-	48,801	1,959	-	-
Buildings	38,897	(1,629)	37,268	640	-	1,709
Library books	7,664	(5,982)	1,682	437	-	-
Vehicles / moveable plant	6,363	(3,714)	2,649	1,474	(1,254)	-
Office equipment	1,418	(1,308)	110	-	-	-
Computer equipment	3,251	(2,293)	958	497	-	-
Furniture	1,906	(1,506)	400	11	-	-
<b>Total operational assets</b>	<b>108,300</b>	<b>(16,432)</b>	<b>91,868</b>	<b>5,018</b>	<b>(1,254)</b>	<b>1,709</b>
<b>Infrastructural assets</b>						
Wastewater	179,583	-	179,583	5,312	(399)	-
Stormwater	105,595	-	105,595	4,715	(10)	-
Water	191,348	-	191,348	5,725	(448)	-
Drainage	4,896	-	4,896	-	-	-
Solid waste	3,406	-	3,406	73	-	-
Roading	943,972	-	943,972	29,633	(332)	-
Bridges / culverts / pipes	310,339	-	310,339	3,625	(19)	-
Land under roads	110,269	-	110,269	1,052	-	-
Work in progress	87,245	-	87,245	126,107	(46,513)	-
<b>Total infrastructural assets</b>	<b>1,936,653</b>	<b>-</b>	<b>1,936,653</b>	<b>176,242</b>	<b>(47,721)</b>	<b>-</b>
<b>Restricted assets</b>						
Land	158,329	-	158,329	468	(2,770)	1,566
Buildings	36,359	(1,531)	34,828	1,766	-	2,192
Parks and reserves	81,511	-	81,511	10,670	(365)	-
<b>Total restricted assets</b>	<b>276,199</b>	<b>(1,531)</b>	<b>274,668</b>	<b>12,904</b>	<b>(3,135)</b>	<b>3,758</b>
<b>Total Council and Group</b>	<b>2,321,152</b>	<b>(17,963)</b>	<b>2,303,189</b>	<b>194,164</b>	<b>(52,110)</b>	<b>5,467</b>

\* Work in progress opening balance adjusted to disclose Work in progress related to Intangible assets separately in Note 16.

Current year reclassification accumulated depreciation \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2024 \$'000	Accumulated depreciation and impairment charges 30 Jun 2024 \$'000	Carrying amount 30 Jun 2024 \$'000
-	-	-	-	50,760	-	50,760
(262)	(1,736)	-	-	41,246	(3,627)	37,619
-	(426)	-	-	8,101	(6,408)	1,693
-	(656)	749	-	6,583	(3,621)	2,962
-	(23)	-	-	1,418	(1,331)	87
-	(377)	-	-	3,748	(2,670)	1,078
-	(80)	-	-	1,917	(1,586)	331
<b>(262)</b>	<b>(3,298)</b>	<b>749</b>	<b>-</b>	<b>113,773</b>	<b>(19,243)</b>	<b>94,530</b>
-	(6,345)	22	6,822	184,995	-	184,995
-	(1,377)	-	3,092	112,015	-	112,015
-	(5,098)	11	8,869	200,407	-	200,407
-	(55)	-	204	5,045	-	5,045
-	(115)	-	(92)	3,272	-	3,272
-	(16,957)	35	229,840	1,186,191	-	1,186,191
-	(6,972)	1	7,766	314,740	-	314,740
-	-	-	-	111,321	-	111,321
-	-	-	-	166,839	-	166,839
-	<b>(36,919)</b>	<b>69</b>	<b>256,501</b>	<b>2,284,825</b>	<b>-</b>	<b>2,284,825</b>
-	-	-	-	157,593	-	157,593
(221)	(1,667)	-	-	40,317	(3,420)	36,898
-	(4,736)	51	(6,919)	80,212	-	80,212
<b>(221)</b>	<b>(6,403)</b>	<b>51</b>	<b>(6,919)</b>	<b>278,122</b>	<b>(3,420)</b>	<b>274,703</b>
<b>(483)</b>	<b>(46,620)</b>	<b>869</b>	<b>249,582</b>	<b>2,676,720</b>	<b>(22,663)</b>	<b>2,654,059</b>

<b>Council and Group 2022/23</b>	<b>Cost / valuation 1 Jul 2022</b>	<b>Accumulated depreciation and impairment charges 1 Jul 2022</b>	<b>Carrying amount 1 Jul 2022</b>	<b>Current year additions</b>	<b>Current year Disposals and transfers from WIP</b>	<b>Current year reclassification cost</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operational assets</b>						
Land	43,015	-	43,015	4,667	-	1,119
Buildings	38,479	-	38,479	421	(6)	2
Library books	7,215	(5,562)	1,653	449	-	-
Vehicles / moveable plant	5,796	(3,613)	2,183	1,258	(691)	-
Office equipment	1,404	(1,287)	117	14	-	-
Computer equipment	2,742	(1,919)	823	509	-	-
Furniture	1,906	(1,384)	522	-	-	-
<b>Total operational assets</b>	<b>100,557</b>	<b>(13,765)</b>	<b>86,792</b>	<b>7,318</b>	<b>(697)</b>	<b>1,121</b>
<b>Infrastructural assets</b>						
Wastewater	163,899	-	163,899	14,844	(335)	(100)
Stormwater	94,109	-	94,109	9,145	(14)	-
Water	171,606	-	171,606	14,682	(1,255)	100
Drainage	2,756	-	2,756	-	-	-
Solid waste	2,979	-	2,979	218	(23)	-
Roading	916,427	-	916,427	26,588	(170)	-
Bridges / culverts / pipes	302,597	-	302,597	2,552	-	-
Land under roads	110,269	-	110,269	-	-	-
Work in progress	59,618	-	59,618	78,035	(48,576)	-
<b>Total infrastructural assets</b>	<b>1,824,260</b>	<b>-</b>	<b>1,824,260</b>	<b>146,064</b>	<b>(50,373)</b>	<b>-</b>
<b>Restricted assets</b>						
Land	158,329	-	158,329	-	-	-
Buildings	36,359	-	36,359	-	-	-
Parks and reserves	74,371	-	74,371	7,481	(252)	-
<b>Total restricted assets</b>	<b>269,059</b>	<b>-</b>	<b>269,059</b>	<b>7,481</b>	<b>(252)</b>	<b>-</b>
<b>Total Council and Group</b>	<b>2,193,876</b>	<b>(13,765)</b>	<b>2,180,111</b>	<b>160,863</b>	<b>(51,322)</b>	<b>1,121</b>



Current year reclassification accumulated depreciation \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2023 \$'000	Accumulated depreciation and impairment charges 30 Jun 2023 \$'000	Carrying amount 30 Jun 2023 \$'000
-	-	-	-	48,801	-	48,801
-	(1,630)	1	-	38,897	(1,629)	37,268
-	(420)	-	-	7,664	(5,982)	1,682
-	(568)	467	-	6,363	(3,714)	2,649
-	(21)	-	-	1,418	(1,308)	110
-	(374)	-	-	3,251	(2,293)	958
-	(122)	-	-	1,906	(1,506)	400
-	<b>(3,135)</b>	<b>468</b>	-	<b>108,300</b>	<b>(16,432)</b>	<b>91,868</b>
-	(3,668)	16	4,927	179,583	-	179,583
-	(1,222)	-	3,577	105,595	-	105,595
-	(3,715)	41	9,889	191,348	-	191,348
-	(35)	-	2,175	4,896	-	4,896
-	(103)	1	334	3,406	-	3,406
-	(15,707)	21	16,813	943,972	-	943,972
-	(6,644)	-	11,834	310,339	-	310,339
-	-	-	-	110,269	-	110,269
-	-	-	-	89,077	-	89,077
-	<b>(31,094)</b>	<b>79</b>	<b>49,549</b>	<b>1,938,485</b>	-	<b>1,938,485</b>
-	-	-	-	158,329	-	158,329
-	(1,530)	-	-	36,359	(1,531)	34,828
-	(4,169)	10	4,070	81,511	-	81,511
-	<b>(5,699)</b>	<b>10</b>	<b>4,070</b>	<b>276,199</b>	<b>(1,531)</b>	<b>274,668</b>
-	<b>(39,928)</b>	<b>557</b>	<b>53,619</b>	<b>2,322,984</b>	<b>(17,963)</b>	<b>2,305,021</b>

## Valuation

### *Operational and restricted land and buildings*

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

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

### *Land*

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

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

### *Buildings*

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

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

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

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

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

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

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

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

	<b>Council and Group</b>	
	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
	\$'000	\$'000
<b>Operational buildings</b>		
Depreciated replacement cost	37,619	37,267
Market-based evidence	-	-
<b>Total carrying value of operational buildings</b>	<b>37,619</b>	<b>37,267</b>
<b>Restricted buildings</b>		
Depreciated replacement cost	36,898	34,829
Market-based evidence	-	-
<b>Total carrying value of operational buildings</b>	<b>36,898</b>	<b>34,829</b>

### **Classification of property**

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

### **Parks and reserves**

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

Parks and reserves assets have been valued at fair value as determined on an optimised depreciated cost basis by an independent valuer. The most recent valuation was performed by WSP as at 30 June 2024.

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

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

- Assets are assumed to have zero residual value at the end of their effective useful lives.

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

Utilities have been valued at fair value determined on an optimised depreciated replacement cost basis by an independent valuer. The most recent valuation performed by AECOM New Zealand and is dated 30 June 2024.

Estimates and assumptions for the revaluation of these assets included:

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

### **Infrastructural asset classes: roading**

Roading assets including bridges and culverts have also been valued at fair value as determined using the optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by WSP Limited as at 30 June 2024.

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 unit rate review was undertaken on some of the asset groups and where there was no available information, the June 2023 unit rates were updated using the NZ Transport Agency cost adjustment factors. The June 2024 indices were not yet available at the time the valuation was undertaken so June 2023 to March 2024 were used to derive a forecasted June 2024 value.
- Unit cost rates are factored to allow for other direct costs such as professional fees. Unit costs represent brown-field costs which reflect increased difficulties and constraints of undertaking construction, maintenance and renewal work simultaneously with continuous operation of infrastructure.
- Overhead factors of 14% (2023:14%) have been applied to allow for all expenses incidental to the asset acquisition and all costs directly attributable to bringing the asset into working condition and location.
- An optimisation approach was employed. Optimisation means provision of the required utility at a minimum overall cost.
- Assets have been valued based on unit costs provided and quantities expressed as length, area or each.
- Useful life has been calculated in accordance with the International Infrastructure Management Manual and further modified if local knowledge and experience suggest it is appropriate. Remaining useful life is then assessed as the difference between useful life and the age of the asset.
- A zero residual value is assumed for all assets.
- Straight line depreciation is used.

### **Infrastructural asset class: Solid Waste**

Solid waste assets revaluation was performed by WSP as at 30 June 2024.

The valuation uses the optimised approach as described above.

Estimates and assumptions for the revaluation of these assets included:

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

### **Land under roads**

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

### **Other comments**

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

No impairment losses have been recognised for property, plant and equipment in the current period (2023: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2023: nil).

Gains on disposal of property, plant and equipment of \$307,052 (2023: \$210,328) has been recognised in the Statement of comprehensive revenue and expense in the line item Other revenue. Losses on disposal amounting to \$436,282 (2023: \$3,964) have also been recognised in comprehensive revenue and expense in the line item Other expenses and losses.

## Note 16 Intangible assets

### Accounting policy

#### Software acquisition and development

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

#### Consents

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

#### Impairment of intangible assets

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

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

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

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

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

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

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

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

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

	Council and Group		
	Computer software \$'000	Consents \$'000	Total \$'000
<b>Balance at 1 July 2023</b>			
Cost	5,403	5,826	11,229
Accumulated amortisation and impairment	(4,681)	(4,765)	(9,446)
Work in progress	1,833	-	1,833
<b>Opening carrying amount</b>	<b>2,555</b>	<b>1,061</b>	<b>3,616</b>
<b>Year ended 30 June 2024</b>			
Additions	981	-	981
WIP additions	1,568	-	1,568
Disposals and transfer from WIP	(981)	-	(981)
Disposal – accumulated amortisation	-	-	-
Impairment losses	-	-	-
Amortisation charge	(378)	(73)	(451)
<b>Closing carrying amount</b>	<b>3,745</b>	<b>988</b>	<b>4,733</b>
<b>Balance at 30 June 2024</b>			
Cost	6,384	5,826	12,210
Accumulated amortisation and impairment	(5,058)	(4,838)	(9,896)
Work in progress	2,419	-	2,419
<b>Closing carrying amount</b>	<b>3,745</b>	<b>988</b>	<b>4,733</b>
<b>Balance at 1 July 2022</b>			
Cost	5,129	5,826	10,955
Accumulated amortisation and impairment	(4,287)	(4,643)	(8,930)
<b>Opening carrying amount</b>	<b>842</b>	<b>1,183</b>	<b>2,025</b>
<b>Year ended 30 June 2023</b>			
Additions	274	-	274
WIP additions	1,833	-	1,833
Disposals and transfer from WIP	-	-	-
Disposal – accumulated amortisation	-	-	-
Impairment losses	(394)	(122)	(516)
Amortisation charge	-	-	-
<b>Closing carrying amount</b>	<b>2,555</b>	<b>1,061</b>	<b>3,616</b>
<b>Balance at 30 June 2023</b>			
Cost	5,403	5,826	11,229
Accumulated amortisation and impairment	(4,681)	(4,765)	(9,446)
Work in progress	1,833	-	1,833
<b>Closing carrying amount</b>	<b>2,555</b>	<b>1,061</b>	<b>3,616</b>

\* Work in progress opening balance adjusted to disclose Work in progress related to Intangible assets separately in Note 16.

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	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Operational buildings</b>		
Balance at 1 July	635	625
Fair value gains (losses) on valuation	(20)	10
Disposals		-
<b>Balance at 30 June (at valuation)</b>	<b>615</b>	<b>635</b>

### Valuation

At 30 June 2024 the valuation was performed by Quotable Value Limited. Quotable Value is an experienced valuer with extensive market knowledge in the types and locations of investment properties owned by Council.

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

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

- All land is valued on a fair market basis determined from market-based evidence and conditions that prevailed at 30 June 2024.
- 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	
	2023/24	2022/23
	Actual	Actual
	\$'000	\$'000
<b>Operational buildings</b>		
Rental revenue	44	41
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 and Group	
	2023/24	2022/23
	Actual	Actual
	\$'000	\$'000
<b>Payables under exchange transactions</b>		
Trade payables	4,806	9,915
Water rates in advance	1,500	1,621
Accrued expenses	32,374	14,122
Amounts due to related parties	1,085	1,086
Revenue in advance	2,203	1,935
<b>Total payables under exchange transactions</b>	<b>41,968</b>	<b>28,679</b>
<b>Taxes and transfers payable under non-exchange transactions</b>		
Rates in advance	2,472	2,047
Deposits and bonds	246	219
GST and FBT payable	-	42
Other non-exchange payables	76	94
<b>Total taxes and transfers payable</b>	<b>2,794</b>	<b>2,402</b>
<b>Total payables, taxes and transfers</b>	<b>44,762</b>	<b>31,081</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	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Current portion</b>		
Annual leave	2,878	2,668
Long service leave	71	28
Sick leave provision	213	196
Accrued payroll	1,661	1,397
Other employee liabilities	947	925
<b>Total current portion</b>	<b>5,770</b>	<b>5,214</b>
<b>Non-current portion</b>		
Long service leave	3	59
Retirement gratuities	41	30
Sick leave	-	-
<b>Total non-current portion</b>	<b>44</b>	<b>89</b>
<b>Total employee entitlements</b>	<b>5,814</b>	<b>5,303</b>

## Estimating retirement and long service leave obligations

The present values of Council's non-current retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from 10-year New Zealand Government bonds. The salary inflation factor has been determined in accordance with the inflation factors forecast by Berl in September 2021 for the years 2022-2032. A discount rate of 4.67% (2023: 4.67%) and an inflation factor of 2.0% (2023: 1.9%) have been used.

## Note 20 Borrowing

### Accounting policy

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

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Current portion</b>		
Housing Infrastructure Fund (HIF) Loan	977	967
LGFA borrowing	20,000	20,000
<b>Total current portion</b>	<b>20,977</b>	<b>20,967</b>
<b>Non-current portion</b>		
Housing Infrastructure Fund (HIF) Loan	7,331	4,640
LGFA borrowing	185,000	100,000
<b>Total non-current portion</b>	<b>192,331</b>	<b>104,640</b>
<b>Total borrowing (all secured)</b>	<b>213,308</b>	<b>125,607</b>

Council secured debt of \$213,308,469 (2023: \$125,607,000), \$8,308,469 of this is interest free debt secured from the Housing Infrastructure Fund (HIF). The balance of \$205,000,000 is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. Council has 26 swap contracts in place (2023: 26). No swaps matured during the year (2023: 1); no outright new contracts (2023: nil) were undertaken. Council has 2 (2023: 4) swaps with start dates after 30 June 2024.

Council's committed cash advance facility of \$15,000,000 (2023: \$15,000,000) expires on 20 September 2024.

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

At 30 June 2024 total borrowings from Local Government Funding Agency Limited (LGFA) were \$205,000,000 (2023: \$120,000,000). The average rate of interest was 6.03% (2023: 6.01%). The carrying amounts and the fair values of non-current LGFA borrowings are as follows:

	Carrying amount		Fair Value	
	2023/24	2022/23	2023/24	2022/23
	\$'000	\$'000	\$'000	\$'000
<b>Council and Group</b>				
Secured loans - Interest bearing	185,000	100,000	182,283	98,220
Secured loans - Interest free	7,331	4,640	7,331	4,640
<b>Total non-current borrowing</b>	<b>192,331</b>	<b>104,640</b>	<b>189,614</b>	<b>102,860</b>

### Secured loans – Interest bearing:

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

	2023/24	2022/23
From	2.98%	2.98%
To	6.67%	6.57%

### Secured loans – Interest free:

The fair values are based on cash flows discounted using a market rate of 2.32% (2023: 3.36%)

### Internal loans

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

Council and Group 2023/24	Balance at 1 July	Borrowing	Repayments	Reclassification	Balance at 30 June	Interest paid
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2024</b>						
Water supply	22,772	5,174	(767)	-	27,179	1,180
Wastewater	29,626	20,582	(868)	-	49,340	1,539
Stormwater	3,773	1,870	(190)	-	5,453	203
Roading	24,034	3,389	(1,720)	-	25,703	1,213
Sustainable environment	3,299	385	(105)	-	3,579	171
Sustainable communities	28,052	8,974	(1,288)	-	35,738	1,445
Governance	-	-	-	-	-	-
Organisational support	5,054	3,321	(133)	-	8,242	263
<b>Total internal loans (gross)</b>	<b>116,610</b>	<b>43,695</b>	<b>(5,071)</b>		<b>155,234</b>	<b>6,014</b>
<b>2023</b>						
Water supply	19,061	4,435	(724)	-	22,772	870
Wastewater	21,979	8,361	(714)	-	29,626	1,006
Stormwater	3,809	150	(186)	-	3,773	181
Roading	23,251	2,471	(1,688)	-	24,034	1,036
Sustainable environment	3,197	204	(102)	-	3,299	146
Sustainable communities	22,363	7,008	(1,319)	-	28,052	1,011
Governance	-	-	-	-	-	-
Organisational support	3,857	1,307	(110)	-	5,054	177
<b>Total internal loans (gross)</b>	<b>97,517</b>	<b>23,936</b>	<b>(4,843)</b>		<b>116,610</b>	<b>4,427</b>

## Note 21 Provisions

### Accounting policy

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Current portion</b>		
Landfill aftercare	115	114
<b>Total current portion</b>	<b>115</b>	<b>114</b>
<b>Non-current portion</b>		
Landfill aftercare	1,861	1,942
<b>Total non-current portion</b>	<b>1,861</b>	<b>1,942</b>
<b>Total provisions</b>	<b>1,976</b>	<b>2,056</b>

Movements for each class of provision are as follows:

	Landfill aftercare \$'000	Total \$'000
<b>2024</b>		
Balance at 1 July 2023	2,056	2,056
Change in provision made during the year	(8)	(8)
Amounts used	(183)	(183)
Unused amounts reversed	-	-
Discount unwind	112	112
<b>Balance at 30 June 2024</b>	<b>1,976</b>	<b>1,976</b>
<b>2023</b>		
Balance at 1 July 2022	2,208	2,208
Change in provision made during the year	(49)	(49)
Amounts used	(176)	(176)
Unused amounts reversed	-	-
Discount unwind	73	73
<b>Balance at 30 June 2023</b>	<b>2,056</b>	<b>2,056</b>

### Weathertightness claims

No claims remain with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2024 (2023: none).

At 30 June 2024, no further claim had been received directly by Council (2023: none).

## Landfill aftercare costs

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

The cash outflows for landfill post-closure are expected to occur over 30 years. The long term nature of the liability means that there are inherent uncertainties in estimating the costs which will be incurred. The provision has been made taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$3,841,942 (2023: \$3,834,094). A discount rate of 5.30% (2023: 5.43%) and an inflation factor of 2.5% (2023: 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	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Current assets</b>		
Interest rate swaps	36	-
<b>Non-current assets</b>		
Interest rate swaps	2,973	4,323
<b>Total derivative financial instruments assets</b>	<b>3,009</b>	<b>4,323</b>
<b>Current liability portion</b>		
Interest rate swaps	-	-
<b>Non-current liability portion</b>		
Interest rate swaps	-	-
<b>Total derivative financial instruments liabilities</b>	<b>-</b>	<b>-</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 are:

	<b>2023/24 Actual</b> \$'000	<b>No.</b>	<b>2022/23 Actual</b> \$'000	<b>No.</b>
Active swaps	105,500	24	97,500	22
Forward starting swaps	7,000	2	15,000	4
	<b>112,500</b>	<b>26</b>	<b>112,500</b>	<b>26</b>

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

	<b>Council and Group</b>	
	<b>2023/24 Actual</b> \$'000	<b>2022/23 Actual</b> \$'000
Land	131,563	131,555
Buildings	60,049	60,049
Parks and reserves	35,894	43,002
Wastewater	88,003	81,362
Water	103,457	94,810
Bridges	256,186	248,434
Roading	465,397	235,623
Urban stormwater	36,471	33,383
Rural drainage	2,923	2,720
Solid waste	2,461	2,553
<b>Balance at 30 June</b>	<b>1,182,404</b>	<b>933,491</b>

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Net surplus (deficit) after tax	20,277	45,631
<b>Plus (minus) non-cash items</b>		
Depreciation, amortisation and asset write-off	46,885	42,724
Vested and found assets	(21,543)	(34,845)
(Gains) losses on fair value of investment property	20	(10)
(Gains) losses on derivative financial instruments	1,315	(3,031)
<b>Impairment of non current assets held for sale</b>	0	0
(Gains) losses on cattle	60	66
Interest revenue on financial assets not at fair value through surplus(deficit)	(967)	-
Capitalised internal charges	(1,373)	-
<b>Plus (minus) items classified as investing or financing activities</b>		
(Gains) losses on disposal of property, plant and equipment	129	(206)
(Gains) losses on investments	-	-
Disposal of non-current assets for sale	-	-
Decrease (increase) in creditors for capital expenditure	12,732	5,470
<b>Plus (minus) movements in working capital items</b>		
Receivables and recoverables	(11,575)	916
Prepayments	(525)	(415)
Cattle	(11)	-
Payables, taxes and transfers	13,622	150
Changes in provision	(80)	(152)
Employee entitlements	509	413
<b>Net cash inflow (outflow) from operating activities</b>	<b>59,475</b>	<b>56,711</b>

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Total comprehensive revenue wholly attributable to Waikato District Council	269,065	102,890
Surplus (deficit) of operating funding per Whole of Council funding impact statement	16,813	23,783
<b>Difference</b>	<b>252,252</b>	<b>79,107</b>
<b>The difference comprises:</b>		
Capital revenue	30,831	26,376
Revaluation of assets	249,582	53,619
Revaluation reserve - landfill	8	49
Financial assets at fair value	165	6,623
Depreciation and amortisation	(47,055)	(40,447)
Profit (loss) on sale	(129)	206
Write off of assets	(1,454)	(2,278)
Vested and found assets	21,543	34,845
Change in provisions	71	152
Interest revenue from financial assets	85	18
Unrealised gains	-	10
Unrealised losses	(1,395)	(66)
Fair value through surplus(deficit) realised gain	-	-
<b>Total difference</b>	<b>252,252</b>	<b>79,107</b>

## Note 26 Reconciliation of Liabilities arising from Financial Activities

Council and Group

Actual  
\$'000

<b>2023</b>	
<b>Opening balance</b>	
Current borrowings	20,967
Non-current borrowings	104,640
<b>Total Opening balance</b>	<b>125,607</b>
<b>Cash flow movements - current</b>	
Repayment of borrowings - current	(21,000)
New borrowings	20,000
Cash flow movements - non-current	88,701
<b>New borrowings</b>	
<b>Total Cash movements</b>	<b>87,701</b>
Non-cash flow movements	-
<b>Total movements</b>	<b>87,701</b>
<b>Closing balance</b>	
Current borrowings	20,977
Non-current borrowings	192,331
<b>Total closing balance</b>	<b>213,308</b>
<b>2022</b>	
<b>Opening balance</b>	
Current borrowings	20,963
Non-current borrowings	77,678
<b>Total opening balances</b>	<b>98,641</b>
<b>2023</b>	
<b>Cash flow movements - current</b>	
Repayment of borrowings - current	(21,000)
New borrowings	10,000
Cash flow movements - non-current	37,966
<b>New borrowings</b>	
<b>Total Cash movements</b>	<b>26,966</b>
Non-cash flow movements	-
<b>Total movements</b>	<b>26,966</b>
<b>Closing balance</b>	
Current borrowings	20,967
Non-current borrowings	104,640
<b>Total closing balance</b>	<b>125,607</b>

## Note 27 Capital commitments and operating leases

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

	Council and Group	
	2023/24	2022/23
	Actual	Actual
	\$'000	\$'000
<b>Capital commitments are for expenditure on:</b>		
Water	66,178	134,023
Wastewater	37,154	214,483
Stormwater	21,963	32,865
Parks and reserves	2,285	2,568
Buildings - operational	114	971
Roading	35,680	29,541
Bridges	2,448	4,750
Library books	0	5
Intangible assets	0	4,528
<b>Total capital commitments</b>	<b>165,822</b>	<b>423,734</b>

### Operating leases as lessee

Council and the Group lease property, plant and equipment in the normal course of business. The lease has a non-cancellable term of one year and three months (2023: one year and three months).

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

	Council and Group	
	2023/24	2022/23
	Actual	Actual
	\$'000	\$'000
<b>Capital commitments are for expenditure on:</b>		
Not later than one year	37	37
Later than one year and not later than five years	46	74
Later than five years	0	46
<b>Total minimum operating lease payments payable</b>	<b>83</b>	<b>157</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 2021.

No contingent rent relating to copiers was recognised during the period. (2023: \$nil)

Council's Tuakau office is leased from Young Investors Limited. The current agreement has been extended for a further two years effective from October 2023 with an option to extend for a further two years.

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

### Strada

Strada has no leased property.

## Operating leases as lessor

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

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Capital commitments are for expenditure on:</b>		
Not later than one year	328	696
Later than one year and not later than five years	504	536
Later than five years	372	381
<b>Total minimum operating lease payments receivable</b>	<b>1,204</b>	<b>1,613</b>

Council has recognised no contingent rents during the period (2023: \$nil).

## Note 28 Contingencies

### Contingent liabilities

Quantifiable contingent liabilities are as follows:

	Council and Group	
	2023/24 Actual \$'000	2022/23 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 (2023: none) in progress.

### Capital contributions

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

### Unquantified claims

#### Weathertight claims

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

In November 2023 a call was made on all councils contributing to claims for \$12.9 million. Waikato District Council's share amounted to \$178,681 (excluding GST) and this was paid in December 2023. There are a number of other claims which are waiting on the outcome of reviews and Court decisions. Further information is being sought about the actual or anticipated liability in respect of non-weathertight defects.

### Pakau Trust

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

the insurer is covering the costs of the defence 60:40 with Council as Council has no insurance for the declaratory judgement proceedings. Council has successfully defended the proceedings in the High Court, and the Court of Appeal. Following the Court of Appeal decision dismissing the Trust's appeal, the Trust then filed an application to recall the Court of Appeal judgment, and an application for leave to appeal to the Supreme Court. The application to recall the Court of Appeal judgment was dismissed by the Court in a decision dated 23 May 2024

Council has opposed the Trust's application for leave to appeal to the Supreme Court, arguing that the appeal does not involve any matter of general or public importance. The issues in the case are limited to the specific factual matrix of this matter. Additionally, the relevant planning rules have been significantly amended, such that the findings in this case will not have any general applicability at all.

The Supreme Court's decision on the application for leave to appeal is anticipated in September or October 2024.

### **Lord Cowell Holdings Limited**

There is currently a claim against Council in the High Court filed by Lord Cowell Holdings Limited. The claim relates to alleged defects in the construction of a large replica manor house and other associated outbuildings. The claim is essentially a leaky building claim involving defects as a result of water ingress, however there are other aspects of the claim that relate to structural defects. The claim is as yet unquantified, however is likely to be between \$1,000,000 and \$3,400,000 including likely costs and disbursements if significant. Council has filed third party claims against seven other entities and individuals involved in the construction of the buildings.

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

The trial date is scheduled for late 2025, if the claim is not settled. The proceedings are currently on hold.

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

### **Kodiak Consulting/Jon Hall**

This matter involved fraudulent Producer Statements provided by Jon Hall/Kodiak Consulting Limited to Council (design and construction). Council was one of many Councils throughout New Zealand affected by this situation.

Council notified this matter to the insurer on a precautionary basis in the event that any affected property owners try to make a claim against Council in relation to this matter. To date, no claims have been made against Council relating to this situation.

Mr. Hall pleaded guilty to a number of charges relating to this matter and was sentenced on 10 May 2024 to four years and six months prison.

### **14 Harihari Lane, Whatawhata - Coker as trustees of the Bling Dynasty Trust**

There is currently a claim against Council in the High Court filed by Scott and Sarsha Coker as Trustees of the Bling Dynasty Trust. WDC is one of seven defendants and was served on 25 August 2023.

The claim relates to damage and remediation costs to a home at 14 Harihari Lane Whatawhata. The plaintiffs' allegations include that there is cracking and distortion of cladding, that the foundations are inadequate, and that there are issues with the fill on the site.

The claim against Council is one of negligence; essentially that Council was negligent in issuing consent, inspection, reliance on producer statements, and in issuing CCC for the building.

The remediation costs are estimated to be \$1,122,600 plus GST. The plaintiffs are also claiming general damages for stress anxiety and distress, together with costs associated with the remedial works (for example investigation costs, relocations costs, consultant costs and TA costs for the development).

The parties are currently attending to procedural and interlocutory matters (such as discovery, applications for joinder of other parties, third party statements of defence and discovery). A further

case management date is due to be set on a date following 2 August 2024 and mediation is being considered

### **Other claims**

At balance date no other claims (2023: none) expose Council or the Group to contingent liabilities. Council's maximum financial exposure is \$nil (2023: \$nil).

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

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

Council is one of 72 local authority guarantors, 30 of which are also shareholders of LGFA. The LGFA has an aggregate amount of uncalled shareholder capital (\$20m) which is available in the event that an imminent default is identified. At 30 June 2024, the LGFA had borrowings totalling \$23.02 billion (2023: \$17.68 billion), for which Council is a guarantor along with other shareholders and guarantors.

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

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

### **Contingent assets**

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



## Note 29 Related party transactions

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

All related party transactions and related payments are on normal commercial terms. There was no impairment of any of these transactions (2023: nil).

The following transactions were carried out between related parties:

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Between Council and Strada Corporation Limited (Strada)</b>		
Council's accounts payable to Strada	1,085	1,086
<b>Between Council and Local Authority Shared Services (LASS)</b>		
Services provided to LASS	-	-
Charges from LASS	637	593
Council's accounts payable to LASS	265	320
Council's accounts receivable from LASS		
<b>Between Council and Waikato Regional Airport Limited (WRAL)</b>		
Dividend paid by WRAL	78	68
Regional Tourism funding payment to WRAL	-	-
<b>Between Council and Civic Financial Services Limited (Civic)</b>		
Dividend paid by Civic	-	-
<b>Between Strada and Waikato Quarries Limited (WQL)</b>		
Share of WQL cash received	-	-
Deferred settlement received from WQL	-	-

### Key management personnel compensation

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Remuneration</b>		
Councillors	1,016	996
Senior management team (including CE)	2,667	2,508
<b>Total key management personnel remuneration</b>	<b>3,683</b>	<b>3,504</b>

	2023/24 Actual	2022/23 Actual
<b>Full-time equivalent members</b>		
Councillors	14	14
Senior management team (including CE)	9	10
<b>Total full-time equivalent personnel</b>	<b>23</b>	<b>24</b>

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

### Related party transactions requiring disclosure

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

# Note 30 Remuneration

## Remuneration of elected members

	Council	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Councillors</b>		
<b>Cash benefits</b>		
J Church, Mayor	183	123
C Eyre	93	79
J Gibb	80	76
E Thomson	80	70
E Patterson	80	76
T Matatahi-Poutapu	61	43
M Turner	61	43
K Ngataki	54	38
M Raumati	54	38
C Beavis	54	38
V Reeve	54	38
M Keir	54	38
P Thomson	54	38
D Whyte	54	38
A Sanson	-	43
A Bech	-	24
F McInally	-	15
C Woolerton	-	15
S Henderson	-	15
S Lynch	-	17
R McGuire	-	15
J Sedgwick	-	21
N Smith	-	24
<b>Total cash benefits paid to Councillors</b>	<b>1,016</b>	<b>965</b>
<b>Non-cash benefits</b>		
J Church, Mayoral car	32	32
<b>Total non-cash benefits paid to Councillors</b>	<b>32</b>	<b>32</b>
<b>Total remuneration of Councillors</b>	<b>1,048</b>	<b>997</b>

	Council	
	2023/24 Actual	2022/23 Actual
	\$'000	\$'000
<b>Councillors</b>		
<b>Community board and committee members</b>		
Cash benefits		
S Matenga	11	8
K Bredenbeck	6	5
G McCutchan	6	5
E Wawatai	6	5
F McNally	6	5
J Sandhu	6	4
D Cork	-	2
L Wootton	-	2
D Whyte	-	3
K Morgan	12	9
J Ayers	6	6
D Firth	6	6
K Hooker	6	4
V Rice	6	6
G Wiechern	6	7
R Kirkwood	-	2
D Amooore	10	8
S Bains	5	5
K Binnersley	5	5
A Oosten	5	5
C Rayner	5	5
R Wallis	5	4
G Parson	-	3
J Morley	5	4
D Lovell	2	3
H Lovell	2	2
S Ormsby-Cocup	2	2
J Henry	-	1
R Van Dam	-	1
G Tema-Liapaneke	11	8
D Henderson	6	4
S Henderson	6	2
F Semau	6	2
C Morgan	6	2
C Conroy	-	2
S Jackson	-	3
J Lovatt	-	2
B Watson	-	2
K Ngataki	-	2
V Reeve	-	2
B Cameron	10	7
F Coker-Grey	5	3
R Costar	5	3

L Fry	5	3
R Gee	1	-
<b>Total cash benefits paid to community board and committee members</b>	<b>190</b>	<b>174</b>
<b>Total remuneration of Councillors and other elected representatives</b>	<b>1,238</b>	<b>1,171</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 \$422,655 (2023: \$416,022) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	Council	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Remuneration</b>		
Salary and other short-term employee benefits	378	367
Vehicle	17	17
Defined contribution plan employer contributions (KiwiSaver)	11	11
Expenses and other allowances	10	11
Other fringe benefits (value of benefit plus FBT)	7	10
<b>Total Chief Executive's remuneration</b>	<b>423</b>	<b>416</b>

## Employee numbers

	Council	
	2023/24 Actual	2022/23 Actual
<b>Number of employees (at 30 June)</b>		
Full-time employees	375	350
Part-time employees (including casual employees)	111	111
<b>Total employees</b>	<b>486</b>	<b>461</b>

## A full-time employee works 40 hours per week

Full-time equivalent employees		
	2023/24	2022/23
Full-time employees	375.06	350.05
Part-time employees (in full-time equivalents)	56.26	50.06
<b>Total full-time equivalent employees</b>	<b>431.32</b>	<b>400.11</b>

## Total annual employee remuneration by band

	Council	
	2023/24 Actual	2022/23 Actual
<b>Number of employees (at 30 June)</b>		
\$0 - \$59,999	145	175
\$60,000 - \$79,999	96	91
\$80,000 - \$99,999	89	70
\$100,000 - \$119,999	66	58
\$120,000 - \$139,999	43	34
\$140,000 - \$159,999	22	10
\$160,000 - \$179,999	9	10
\$180,000 - \$219,999	7	6
\$220,000- \$259,999	7	5
\$260,000- \$439,999	2	2
<b>Total employees</b>	<b>486</b>	<b>461</b>

Total remuneration includes non-financial benefits provided to employees.

## Note 31 Severance payments

For the year ended 30 June 2024, Council made two (2023: 6) severance payments to employees. The payments totalled: \$49,500; they comprised of \$17,000 and \$32,500 (2023: Total \$154,103).

Strada had no employees during the year (2023: none).

## Note 32 Events after balance date

### Huntly section of SH1

NZ Transport Agency Waka Kotahi is planning to revoke the Huntly section of SH1 when the consultation process is completed. No indication of timing has been provided. NZTA has committed to invest sufficient funds to improve the condition of this road.

### Raglan Airfield

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

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

### Strada

For Strada, no material events are expected to occur subsequent to 30 June 2024 which affect the financial position at that date. (2023: none)

## **Water services reform**

The water services reform legislation, namely the Water Services Entities Act 2022, the Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023, was repealed on 17 February 2024. The Government has recently enacted the Local Government Water Services Preliminary Arrangements Act 2024. The new legislation requires Council to deliver a Water Services Delivery Plan (WSDP) to the Secretary for Local Government by 3 September 2025. The plan must include the anticipated or proposed model or arrangements and implementation plan for delivering water services. Council will not know what the model or arrangements are until the WSDP is approved by the Secretary.

For Council, this means whilst we are waiting to understand how this will impact on our service delivery and infrastructure delivery, Council is continuing on a business-as-usual basis.

Our current position within the 2021-31 Long Term Plan (LTP) will be revisited in the 2024-34 LTP to ensure water services are financially sustainable. This may mean a lessening of infrastructure design whilst still ensuring environmental compliance or deferment of some projects. Council will remain agile to regulatory change whilst ensuring our levels of service and public health obligations are maintained through our resource consent commitments.

## **Future for Local Government Review Reorganisation**

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

## Note 33 Financial instruments

### A: Financial instrument categories

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Financial assets</b>		
<b>Amortised cost</b>		
Cash and cash equivalents	13,967	22,385
Recoverables and receivables	32,760	15,551
Community loans	1,143	995
Term deposit	1,409	1,373
LGFA borrower notes	4,810	2,654
<b>Total amortised cost</b>	<b>54,089</b>	<b>42,958</b>
<b>Fair value through surplus (deficit) (FVTSD)</b>		
Fixed interest investments	20,000	-
Equity investments	-	-
Derivative financial instruments assets	3,009	4,323
<b>Total FVTSD</b>	<b>23,009</b>	<b>4,323</b>
<b>Fair value through other comprehensive revenue (FVTOCRE)</b>		
Unlisted shares in Civic Financial Services Limited	38	38
Waikato Regional Airport Limited	35,739	36,540
<b>Total FVTOCRE</b>	<b>35,777</b>	<b>36,578</b>
<b>Financial assets at cost</b>		
Local Authority Shared Services Limited	219	219
Shares in Strada Corporation Limited (subsidiary)	700	700
<b>Total financial assets at cost</b>	<b>919</b>	<b>919</b>
<b>Financial liabilities</b>		
<b>FVTSD</b>		
Derivative financial instruments liabilities	-	-
<b>Financial liabilities at amortised cost</b>		
Payables, taxes and transfers	38,529	25,423
Borrowing -secured loans	213,308	125,607
<b>Total financial liabilities at amortised cost</b>	<b>251,837</b>	<b>151,030</b>



## B: FAIR VALUE HIERARCHY DISCLOSURES

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

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

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 and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Valued at quoted market price (level 1)</b>		
Fixed interest investments	-	-
Equity investments	-	-
<b>Total financial instruments valued at quoted market price</b>	<b>-</b>	<b>-</b>
<b>Valued using observable inputs (level 2)</b>		
Financial liabilities – derivatives	-	-
Financial assets - derivatives	3,009	4,323
<b>Valued using significant non-observable inputs (level 3)</b>		
Unlisted shares	35,777	36,578

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

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
Balance at 1 July	36,578	32,987
Gains and losses recognised in other comprehensive revenue	(802)	3,591
Other movements	-	-
<b>Balance at 30 June</b>	<b>35,777</b>	<b>36,578</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.

#### ***Currency risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it has minimum foreign currency transactions.

#### ***Fair value interest rate risk***

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

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

#### ***Cash flow interest rate risk***

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

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

### **Credit risk**

Credit risk is the risk that a third party will default on its obligation to Council 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.

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:

	<b>Council and Group</b>	
	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
	\$'000	\$'000
Cash and cash equivalents	13,967	22,385
Recoverables and receivables	32,760	15,551
Term deposits	1,409	1,373
Community loans	1,143	995
Fixed interest investments	20,000	-
LGFA borrower notes	4,810	2,654
Derivative financial instruments assets	3,009	4,323
<b>Total credit risk</b>	<b>77,098</b>	<b>47,281</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:

	<b>Council and Group</b>	
	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
	\$'000	\$'000
<b>Counterparties with credit ratings</b>		
<b>Cash and cash equivalents</b>		
AA-	13,967	22,385
<b>Term deposits</b>		
AA-	1,409	1,373
<b>Derivative financial instruments assets</b>		
AA-	3,009	4,323
<b>Borrower notes</b>		
AA+	4,810	2,654
<b>Counterparties without credit ratings</b>		
Community loans with no defaults in the past	1,143	995
Unrated equity investments	36,696	37,497
Unrated fixed interest investments	-	-

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 (2023: \$500,000) and a committed cash advance facility of \$15,000,000 (2023: \$15,000,000), of which \$15,000,000 (2023: \$15,000,000) is available to be drawn. Council's committed cash advance facility expires on 20 September 2024.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2024 Council had borrowed \$205,000,000 (2023: \$120,000,000) and held borrower notes with a face value of \$4,810,000 (2022: \$2,345,000).

Council is also exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is contained in note 27.

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

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

	Council and Group	
	2023/24 Actual \$'000	2022/23 Actual \$'000
<b>Carrying amount</b>		
Payables, taxes and transfers	38,529	25,436
Secured loans	213,308	125,607
<b>Total carrying amount</b>	<b>251,837</b>	<b>151,043</b>
<b>Contractual cash flows</b>		
Payables, taxes and transfers	38,529	25,436
Secured loans	248,175	146,152
<b>Total contractual cash flows</b>	<b>286,704</b>	<b>171,588</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 2024</b>				
Payables, taxes and transfers	38,529	-	-	-
Secured loans	31,939	40,511	138,877	36,848
<b>Total</b>	<b>70,468</b>	<b>40,511</b>	<b>138,877</b>	<b>36,848</b>
<b>Council 2023</b>				
Payables, taxes and transfers	25,436	-	-	-
Secured loans	26,449	25,656	50,684	43,363
<b>Total</b>	<b>51,885</b>	<b>25,656</b>	<b>50,684</b>	<b>43,363</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.

	<b>Council and Group</b>	
	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
	\$'000	\$'000
<b>Net settled derivative assets</b>		
Carrying amount	3,009	4,323
Contractual cash flows		-
<b>Net settled derivative liabilities</b>		
Carrying amount	-	0
Contractual cash flows	7,655	9,006

	<b>Less than 1 yr</b>	<b>1-2 yrs</b>	<b>2-5 yrs</b>	<b>More than 5 yrs</b>
	\$'000	\$'000	\$'000	\$'000
<b>Net settled derivative liabilities</b>				
2023/24	1,798	1,578	3,068	252
2022/23	1,870	1,402	3,339	1,044

### 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.

	<b>Council and Group</b>	
	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
	\$'000	\$'000
<b>Carrying amount</b>		
Cash and cash equivalents	13,967	22,385
Recoverables and receivables	32,760	15,551
Other financial assets		
- term deposit	1,409	1,373
- community loans	1,143	995
- LGFA borrower notes	4,810	2,654
- Fixed interest investments	20,000	-
<b>Total carrying amount</b>	<b>74,089</b>	<b>42,958</b>
<b>Contractual cash flows</b>		
Cash and cash equivalents	13,967	22,385
Recoverables and receivables	32,760	15,551
Other financial assets		
- term deposit	-	-
- community loans	1,343	1,359
- LGFA borrower notes	6,093	2,919
<b>Total contractual cash flows</b>	<b>54,163</b>	<b>42,214</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 2024</b>				
Cash and cash equivalents	13,967	0	0	0
Recoverables and receivables	32,760	0	0	0
Other financial assets				
- term deposit	0	0	0	0
- community loans	95	178	267	803
- LGFA borrower notes	274	590	3,220	2,009
<b>Total</b>	<b>47,096</b>	<b>768</b>	<b>3,487</b>	<b>2,812</b>
<b>Council 2023</b>				
Cash and cash equivalents	22,385	-	-	-
Recoverables and receivables	15,551	-	-	-
Other financial assets				
- term deposit	-	-	-	-
- community loans	89	186	282	802
- LGFA borrower notes	290	439	1,110	1,080
<b>Total</b>	<b>38,315</b>	<b>625</b>	<b>1,392</b>	<b>1,882</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.

	2023/24		2022/23	
	Actual -100bps \$'000	Actual +100bps \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Interest rate risk</b>				
<b>Council</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(140)	140	(219)	219
Term deposits	(14)	14	(14)	14
<b>Financial liabilities</b>				
Derivatives	(566)	6,424	(5)	8,444

	2023/24		2022/23	
	Actual -100bps \$'000	Actual +100bps \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Foreign exchange risk</b>				
<b>Group</b>				
<b>Financial assets</b>				
Cash and equity investments	-	-	-	-

	2023/24		2022/23	
	Actual -100bps \$'000	Actual +100bps \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Equity price risk</b>				
<b>Group</b>				
<b>Financial assets</b>				
Equity investments	-	-	-	-

### 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 (2023: -100bps/+100bps).

## Note 34 Capital management

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

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

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

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

Council has the following Council-created reserves:

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

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

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

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

## Note 35 Explanation of major variances against budget

The major variance explanations are set out below and explain the significant differences between actual results for 2023/24 compared to the budget for 2023/24. Please note that the abbreviations used in this note are \$Xm, millions of dollars; \$Xk, thousands of dollars.

### Statement of comprehensive revenue and expense

Overall revenue exceeded budget by \$35m. This favourable outcome was primarily driven by \$21.5m from found and vested assets and an additional \$3.6m from greater growth in General and Targeted Rates. Higher-than-expected subsidies added another \$6.4m to the positive variance. Finance revenue also exceeded budget by \$2.9m, due to benefiting from increased interest rates on higher funds on deposit. These gains were partially offset by a decrease in Development and Financial Contributions, influenced by the timing of the development cycle.

Total expenses for the year amounted to \$204.6m, which is \$20.3m above budget. Other Expenses were \$14m over budget due to heightened activity levels and increased use of external consultants to cover employee vacancies and meet higher demand for services. Finance costs also exceeded budget by \$3.8m due to higher-than-forecasted interest rates. Higher than expected infrastructure asset values led to depreciation and amortisation costs being \$4.5m higher than budget. These increases were partially mitigated by a \$2.2m saving in employee costs.

These changes led to an operating surplus of \$20.2m, exceeding the budgeted surplus of \$5.5m. Additionally, total other comprehensive revenue and expense amounted to \$269m, which is \$198m above budget. This variance is primarily due to the revaluation gain from the annual asset valuation that surpassed budget expectations.

### Statement of financial position

The statement of financial position indicates a \$189.6m increase in net assets compared to the budget. The largest variance is in Non-Current Assets, where property, plant, and equipment exceed the budget by \$187m, primarily due to revaluation gains from the annual asset valuation. Investments in CCOs and similar organizations are \$2.8m above budget, driven by a higher-than-expected increase in the value of Waikato Regional Airport Limited.

Current assets are \$33.6m higher than budgeted. This is mainly due to an increase in financial assets, including \$20m placed in fixed-term deposit to pre-finance loan repayments due in April 2025. Receivables are \$13m above budget, largely because of higher NZTA subsidies receivable because of increased capital expenditure and higher than expected rates and water account receivable. Cash and cash equivalents are \$4m over budget, reflecting greater year-end funds on hand than planned.

Total liabilities are \$35.6m higher than budgeted, largely due to increased borrowings to pre-finance the loan repayments in April 2025 and payables resulting from higher levels of activity.

### Statement of cash flows

The cash flow statement reveals that net cash flows from operating activities were below expectations for the year, primarily due to higher-than-anticipated operational activity. Conversely, net cash flows from investing activities exceeded plans because of additional unplanned funds placed in fixed-term deposits. Net cash flows from financing activities were also higher than expected due to an increased capital works program, which led to increased borrowings. As a result, cash balances at the end of the year were \$4m above budget.

### 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 \$16.8m, compared to a budgeted surplus of \$24.4m. Operating funding was \$5.5m above budget, driven by increased growth in General and Targeted Rates, higher-than-expected grants and subsidies and higher interest received from investments.



Operating expenditure exceeded the budget by \$13m, mainly due to greater payments to suppliers and staff, resulting from higher activity levels, and increased finance costs due to higher-than-planned interest rates.

Capital funding sources were \$29.5m above budget, primarily due to greater-than-anticipated subsidies and increased borrowings resulting from a rise in capital expenditure.

## Note 36 Insurance of assets

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2024 is \$1,064,749,393 (2023: \$990,271,305) and the maximum amount to which they are insured is \$254,998,459 (2023: \$254,050,871).

Insurance Class	Total Declared Value	Policy Limit
Infrastructure	\$687,351,311	\$10,000,000 per loss (Primary layer contracts provide for recovery of 100% of the costs of loss or damage to declared assets) \$100,000,000 per loss (For anything that falls outside primary layer cover, these insurance contracts provide for the recovery of 40 per cent of the costs of loss or damage to declared assets)
Material Damage	\$372,399,623	\$150,000,000 combined limit any one loss or series of losses arising out of any one event in excess of policy deductible \$25,000,000 fire limit
Motor Vehicle	\$4,566,169	\$4,566,169
Other	\$432,290	\$432,290
<b>Total</b>	<b>\$1,064,749,393</b>	<b>\$1,064,749,393</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 2024 the balance of this reserve was \$795,105 (2023: \$1,979,506).		

## Note 37 Statutory Breach

A review of the Annual Plan 2023/2024 document revealed an inconsistency regarding the basis for rating for Water Supply – Available. The annual report document states this rate is charged as a fixed amount per separately used or inhabited part of a rating unit. The correct basis for charging is a fixed amount per rating unit. The latter (correct) basis for charging was adopted by Council and rates were charged correctly. This does not affect the amount charged. Council has ensured full compliance with the detail of the legislated requirements.

# Annual Report Disclosure Statement

For the year ended 30 June 2024

## What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definition of some of the terms used in this statement.

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

## Rates affordability benchmarks

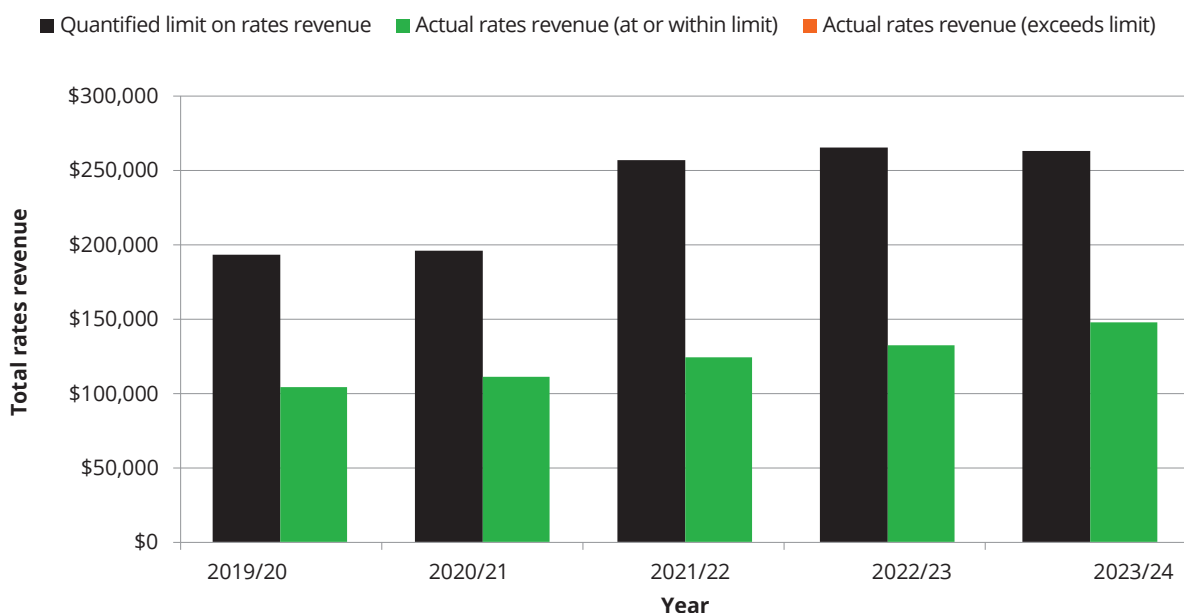
Council meets the rates affordability benchmarks if:

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

## Rates (income) affordability

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

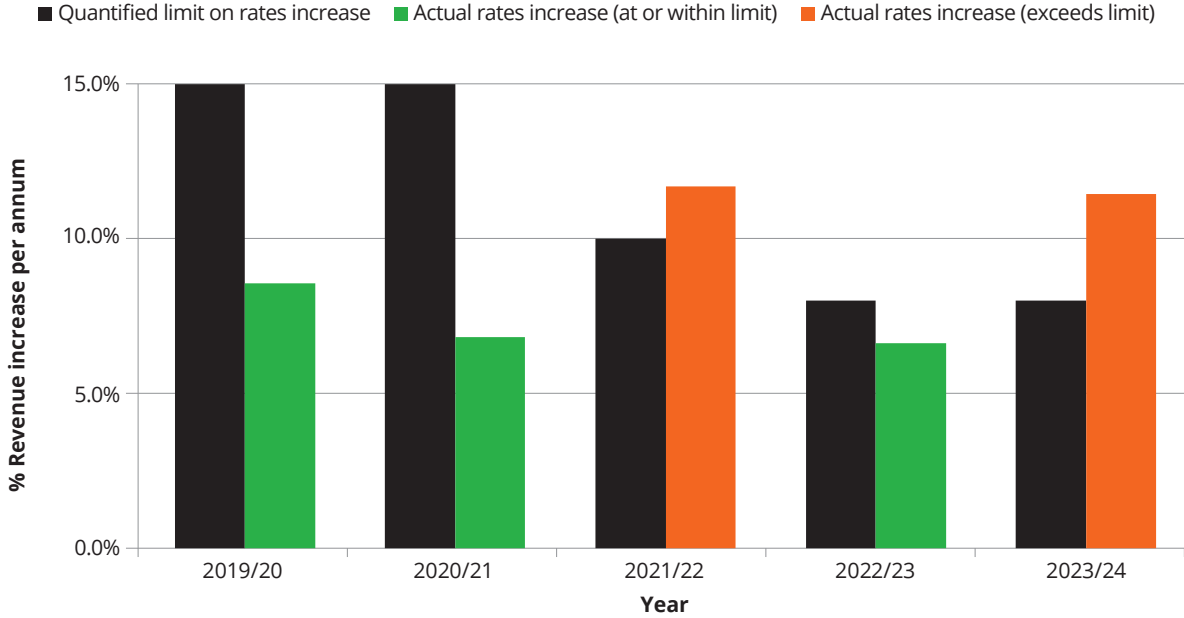
The quantified limit for the current year is that total rates revenue will not exceed \$263,245 (2023: \$265,427)



**Rates (increases) affordability**

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

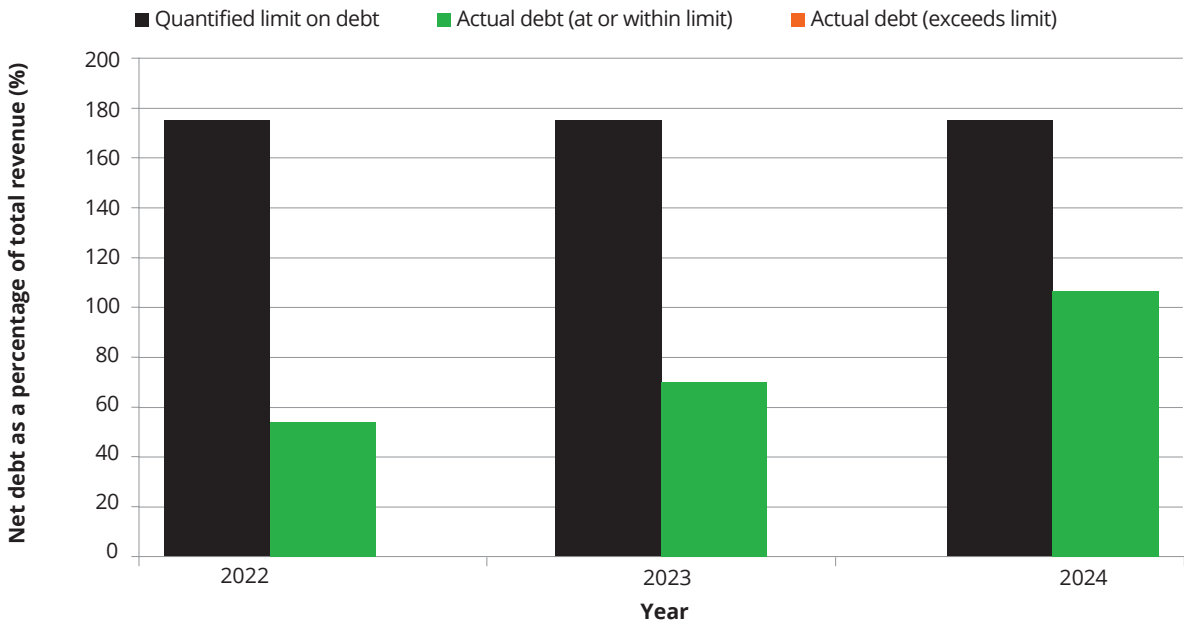
The quantified limit on increases in rates is that average annual rate increases to existing ratepayers\* are not to exceed 15 percent in the first three years, reducing to 8 percent in 2023 and 8 percent per annum from 2024.



**Debt affordability benchmarks**

Council meets its debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. This graph compares Council's actual borrowing with the quantified limit on borrowing stated in the financial strategy included in Council's 2021-31 long-term plan (pg. 110).

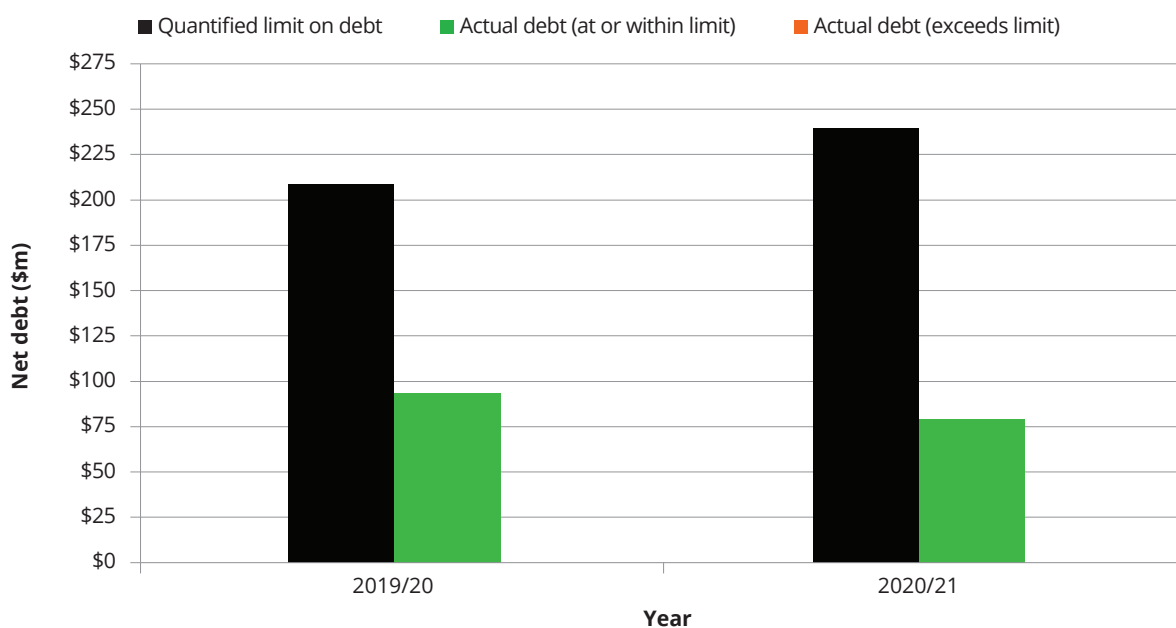
The quantified limit on net debt<sup>45</sup> is that it does not exceed 175 percent of revenue<sup>46</sup>.



<sup>45</sup> Net debt equals total external debt, net of borrower notes.

<sup>46</sup> Revenue is net of developer contributions and vested asset.

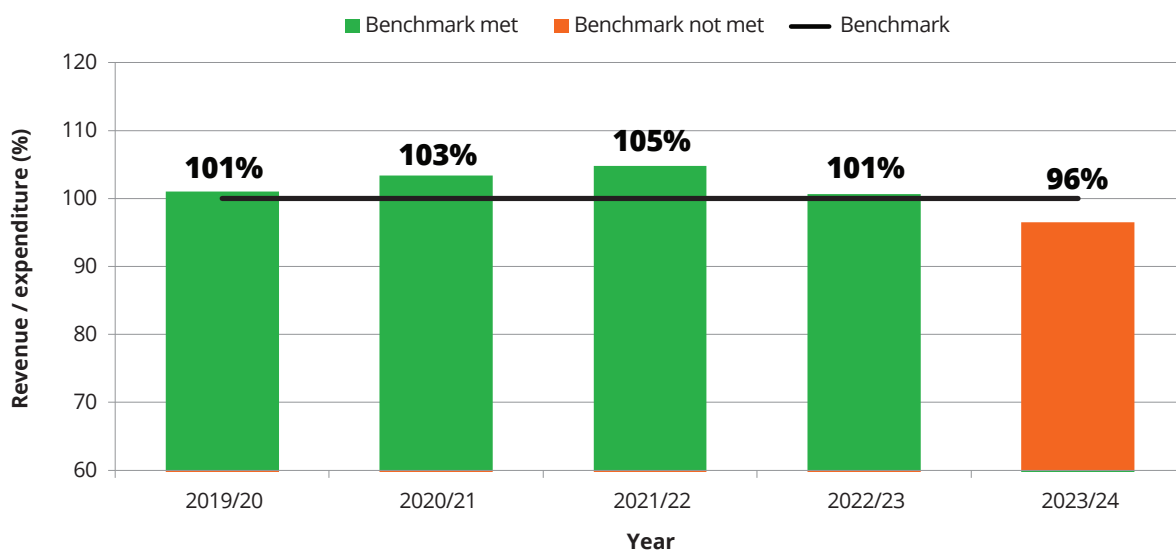
Council's previously reported its quantified limit on net debt as not exceeding 150 percent of revenue as shown below.



### Balanced budget benchmark

This graph displays Council's revenue (excluding development contributions; financial contributions; vested assets; gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

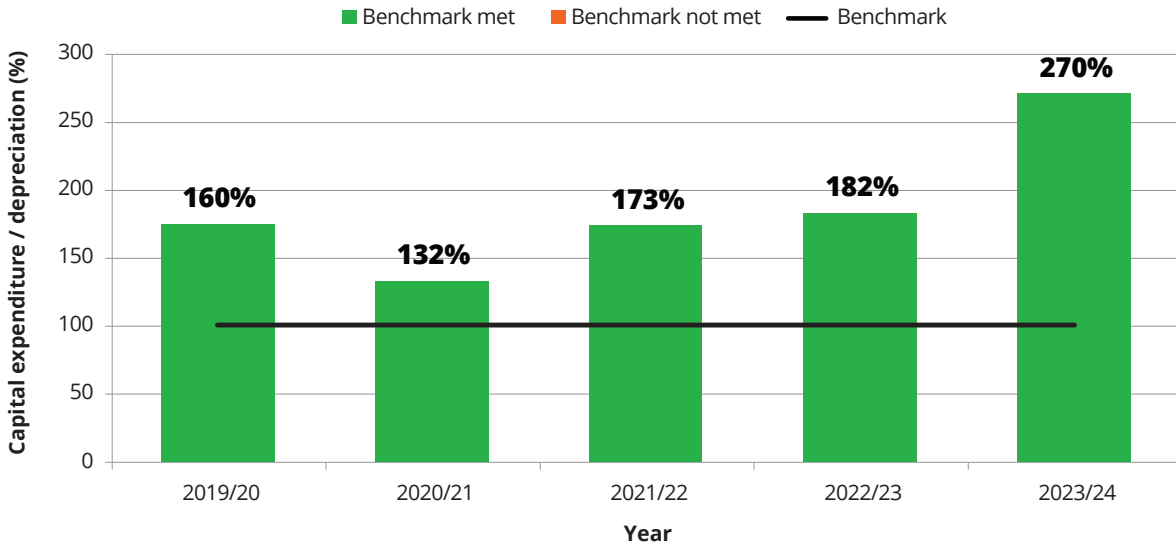
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

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

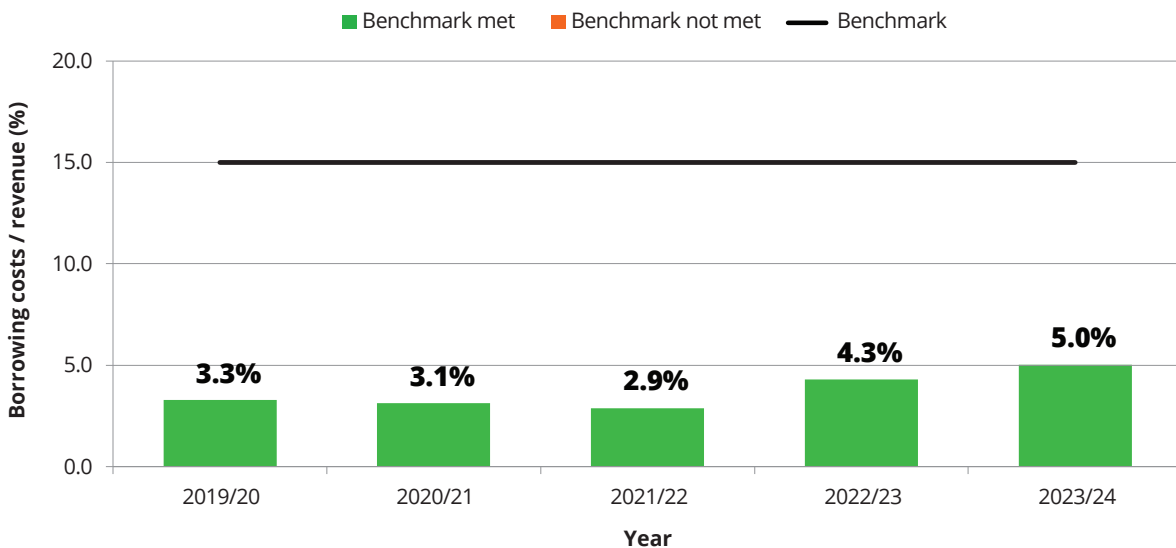
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Debt servicing benchmark

This graph displays Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant or equipment).

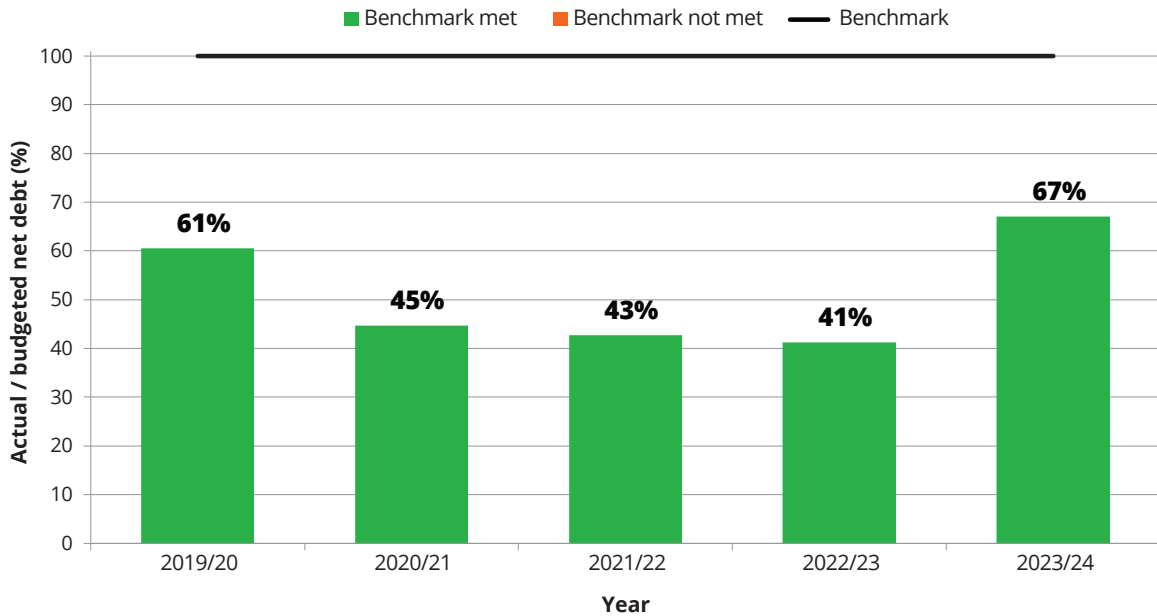
Because Statistics New Zealand projects that Council’s population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its planned revenue.



## Debt control benchmark

This graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

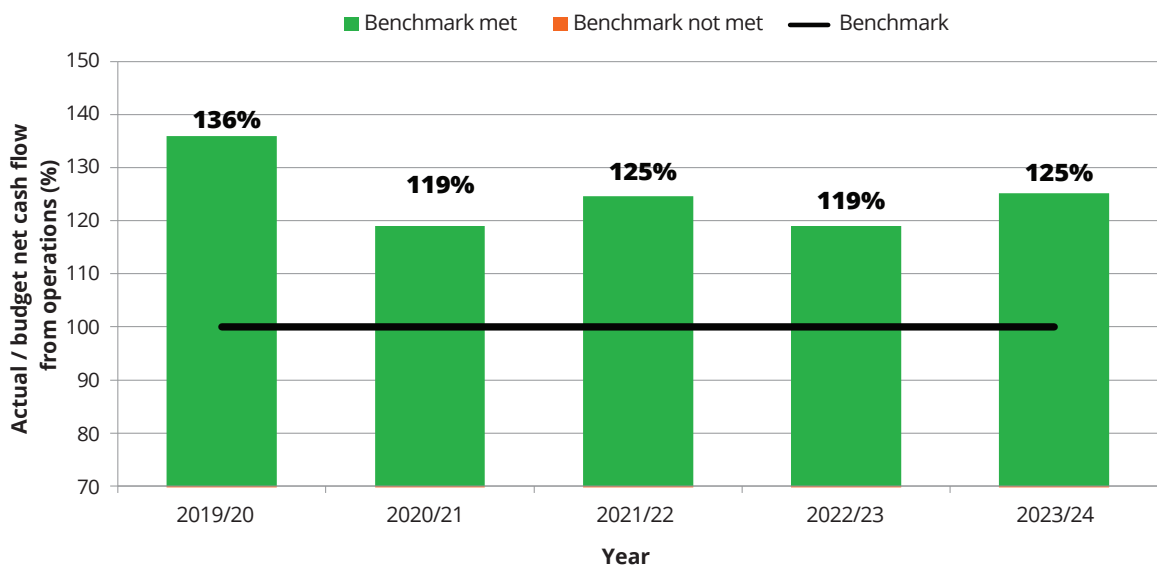
Council meets the debt control benchmark if its actual net debt equals or is less than planned net debt.



## Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations set in the 2024 Annual Plan.



# 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

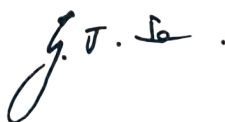
The Council and management of the Waikato District Council accept responsibility for:

- 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 2024 fairly reflect the financial position and operations of the Council.



**Jacqui Church**  
Mayor



**Gavin Ion**  
Chief Executive

# Audit report

## Independent Auditor's Report

### To the readers of Waikato District Council's annual report for the year ended 30 June 2024

The Auditor-General is the auditor of Waikato District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2024. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 96 to 171:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2024;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;



- the funding impact statement on page 85, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s annual plan;
- the statement of service performance on pages 24 to 83:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2024, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 29 to 84, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 29 to 84, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 172 to 176, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

## **Emphasis of Matter - Inherent uncertainties in the measurement of greenhouse gas emission**

The District Council has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 35 of the statement of service performance, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

## **Basis for our opinion on the audited information**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan and Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure, and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

## **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 23 and 88 to 95 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

## **Independence**

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the

independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed and assurance engagements in relation to procurement of significant contracts, which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



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













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