

2021-2031 Long Term Plan

Mahere Whānui



Our investment for 2021-2031

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SECTION 1: Introduction | Whakataki

Overview | Kōrero whakataki

We love where we live in the mighty Waikato and we believe that together we can make it even better.

Our long term plan sets out how we're going to do this over the next 10 years. It includes the tangible outcomes we want to deliver, the money we're going to spend to deliver them, and the impact this will have on rates.

Known as the LTP for short, this document is reviewed every three years, guided by our 10-year strategy and the feedback we receive through public consultation. It sets our direction for the decade ahead, enabling us to meet our legislative obligations as a council.

Our region faces some big challenges, so deciding where to focus our efforts is always a major consideration. Influences that have guided this process include changing community needs and expectations, central government legislation and the fast pace of technological change, as well as the direction set by our past investments.

With the full economic impact of COVID-19 not yet known, we plan to continue steering a steady ship. This means our 2021-2031 LTP reflects strategic adjustments rather than big ticket items and has been designed to address pressing demands while maintaining a resilient financial position.

A big priority in the first three years of this LTP will be preserving and improving fresh water – a policy area that is receiving a big push from central government. We need to address the requirements set out in the National Policy Statement (NPS) for Essential Freshwater and we're excited about building on past successes to meet the growing expectations of iwi and our wider communities in this area.

This is a massive body of work and, of the total 7.7 per cent increase in rates revenue this LTP will introduce in year one, we're estimating that 2.2 per cent will be allocated to this priority alone. It has meant striking the right balance between fresh water and the other important areas our communities told us they wanted us to focus on.

While we were able to follow the community consensus on seven out of eight consultation topics, we opted to stick to our preferred proposal on biodiversity. Recognising the immediate priority that we need to give to our response to freshwater management, we'll be starting work on the significant biodiversity changes we want to make in year two instead of year one. This decision will also give us more time to understand the responsibilities imposed by central government's new National Policy Statement on Indigenous Biodiversity so that we can maximise the efficiency of our programme.

More than 80 per cent of submissions we received were on our rail proposal. The majority were keen to see improvements to extend the new Waikato to Auckland passenger rail service brought forward. Driven by this strong mandate, we decided to approve a 12-month trial for an interpeak service starting no earlier than December 2021 and an extension of Saturday Te Huia services to The Strand in Auckland's CBD.

To find out more about all of the council's decisions on the eight topics, please see the key decisions section.

Looking forward, the council will be keeping an eye on the National Policy Statement on Urban Development. This NPS requires the preparation of a future development strategy for high-growth areas. We plan to give effect to this by reviewing our existing Future Proof Strategy with our partners. A plan change to update the Waikato Regional Policy Statement will also be needed. We expect to notify this in early 2022.

We will be keeping a watching brief, too, on central government's Future for Local Government review. We have assumed that the council's existing role and functions will continue for the life of this long term plan, noting that any proposed changes may impact the next LTP.

Our residents spoke and we listened, using their feedback and our 10-year strategy to develop a plan that we believe strikes the right balance for the Waikato region as we work together for a **healthy environment, strong economy and vibrant communities**.

About our council and region | Mō te kaunihera me te rohe

About Waikato Regional Council

Established in 1989, Waikato Regional Council is responsible for a wide range of activities focused on strengthening regional performance and prosperity. These activities also make a significant contribution to New Zealand's overall wellbeing.

Our role includes:

- **governance and management of natural resources** – land, air, fresh water and coastal marine areas – on which our primary sector and export economy is based
- **strategic planning at the regional scale**, delivered through statutory instruments such as the *Regional Policy Statement*, the *Regional Land Transport Plan*, the *Regional Pest Management Plan*, *Waikato Regional Plan*, *Waikato Regional Coastal Plan*, and non-statutory instruments such as regional economic development strategies
- **provision of regional-scale infrastructure**, such as flood protection assets that protect billions of dollars worth of urban areas, roading infrastructure and productive farmland
- **transport planning and provision** to keep our region moving economically and socially
- **regional-scale response** to, and assessment of, natural hazards, including floods, earthquakes and tsunami, to protect communities and assets.

- **biosecurity and biodiversity activities** to safeguard a sustainable economy with a strong productive and export-earning capacity and to support indigenous biodiversity for its natural amenities and intrinsic value to our communities
- **obtaining, storing and evaluating information** so we know how well the region is doing environmentally and economically
- **managing catchments** in a holistic way.

Council committees

The people of the Waikato region are represented by 14 elected council members. These representatives work in committees and make decisions and/or recommendations on a variety of matters, which are then reported to or decided on by the full council once a month. Two Māori seats and 12 general seats make up the council, and it has a chair and deputy chair who are appointed by the council when they take office every three years. The triennium for our current council started in October 2019.

For more information on the council, local representatives, the committee structure or how we work, visit waikatoregion.govt.nz/committees-and-councillors.



Waikato



Pamela Storey
Strategy and Policy
Committee Chair



Fred Lichtwark



Denis Tegg



Tipa Mahuta

Hamilton



Jennifer Nickel
Climate Action
Committee Chair



Barry Quayle
Finance and Services
Committee Chair
Risk and Assurance
Committee Chair



Russ Rimmington
Chairperson
Healthy Rivers: Wai Ora
Committee Chair
CE Employment and
Remuneration Committee Chair
Waikato Plan Leadership
Committee Chair



Angela Strange
Regional Connections
Committee Chair



Stu Kneebone
Integrated Catchment
Committee Co-Chair



Andrew MacPherson

Ngā Hau e Whā

Thames-Coromandel

Ngā Tai Ki Uta



Kataraina Hodge
Deputy Chairperson

Waihou



Stu Husband
Integrated Catchment
Committee Co-Chair

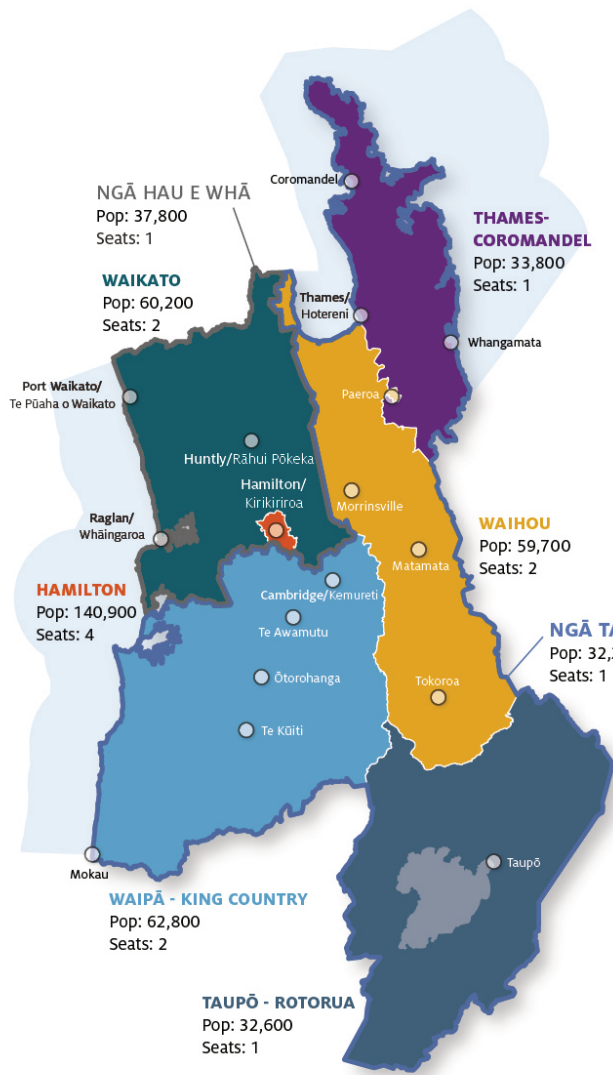


Hugh Vercoe
Regional Transport
Committee
Waikato Civil Defence and
Emergency Management
Joint Committee

Taupō-Rotorua



Kathy White
Environmental Performance
Committee Chair



Waipā-King Country

For contact details please see our website: waikatoregion.govt.nz/committees-and-councillors

Your region

The Waikato region is our home – it's where we live, work and play – and it's also important to New Zealand.

Covering over 35,000km² – approximately 25,000km² (2.5 million ha) of land and 10,000km² of coastal marine area – we're the fourth largest region in New Zealand.

We sit at the heart of the upper North Island, an area important to the national economy because of its scale and contribution to New Zealand's international connections.

The mainland area stretches from the Bombay Hills and Port Waikato in the north, south to Mokau on the west coast, and across to the Coromandel Peninsula and Kaimai Range in the east. In the south, the region extends to the slopes of Mt Ruapehu.

The region is made up of distinct landforms, generally found within four areas: the Taupō volcanic zone, Waikato lowland and Hauraki Plains, western and central hill country and the eastern ranges. The Waikato region contains seven local authority districts and parts of three other districts which cross regional boundaries, as well as one city council.

We are a prime location, sharing boundaries with Auckland, Bay of Plenty, Manawatū-Whanganui and Taranaki.

Your environment

The Waikato region has a diverse landscape, including wetlands, mountain ranges, rivers, geothermal resources and coastal areas.

The region includes:

- the Waikato River — at 425km it's the longest in New Zealand
- Lake Taupō, the largest lake in Australasia at 623km²
- internationally significant wetlands, such as Whangamarino
- over 1200km of coastline
- a total of 70 per cent of New Zealand's geothermal resources
- extensive native and exotic forests
- Tongariro National Park.

The region has more than 100 lakes, including Lake Taupō, more than 20 rivers, including the Waikato, Waipā, Piako, Waihou and Mokau, and about 1420 streams.

The Waikato region has 1200km of diverse coastline, ranging from the white sands of the eastern Coromandel to the rugged west coast (Port Waikato to Mokau), with its distinctive black sands and windswept shoreline. The marine

area is from high tide and extends 22km offshore, covering more than one million hectares (10,239km²) and approximately 30 per cent of the region. Overall, 35.6 per cent of our harbours and open coast are in public ownership and 9 per cent of the coastline is used for roads.

Within our coastal marine area is:

- Cathedral Cove Marine Reserve
- Hauraki Gulf Marine Park
- 431,278ha of marine mammal sanctuaries.

There are also areas of significant conservation value, such as Whaingaroa (Raglan) Harbour, and other forms of 'protection' which include areas designated as local fishing grounds under the Māori Fisheries Act 1989, as well as submarine cable and pipeline zones.

Offshore islands within the regional council boundary include Cuvier Island, the Mercury Islands, Alderman Islands and Slipper Island on the east coast, and Gannet Island on the west coast.

Your people

With 496,700 ⁽¹⁾ people, the Waikato region has the fourth largest population in New Zealand (after the Auckland, Canterbury and Wellington regions). The region's population increased by an estimated 2.3 per cent since 2019 ⁽²⁾. The majority of this growth was in and around Hamilton and northern Waikato.

The region is relatively youthful, with a median resident age of 37.4 ⁽³⁾.

Approximately 131,400 Māori usually live in the Waikato, the second highest Māori population of the 16 regions in New Zealand ⁽⁴⁾. There are multiple groupings of iwi within our region and the council works in partnership with six that have or are about to receive Treaty settlement co-governance and co-management related responsibilities: Tūwharetoa, Raukawa, Te Arawa, Maniapoto, Waikato-Tainui and Hauraki.

The median weekly household income in the Waikato grew from \$1675 in 2018 to \$1712 in 2020. Household income was fourth highest of the 12 regions identified in New Zealand ⁽⁵⁾.

1 Statistics NZ - Sub-national population estimates by age and sex, at 30 June 2020 [accessed 11 February 2021]

2 Statistics NZ - Sub-national population estimates by age and sex, at 30 June 2020 [accessed 11 February 2021]

3 Statistics NZ - Sub-national population estimates 2020 [accessed 11 February 2021]

4 Statistics NZ - Estimated Maori descent resident population, at 30 June 2018 [accessed 11 February 2021]

5 Statistics New Zealand - NZ.Stat. Household income by region, household type, and source of household income. [accessed 11 February 2021]

Your economy

The Waikato region has a medium-sized economy, contributing approximately 8.5 per cent (or \$25.8 million) to New Zealand's gross domestic product ⁽⁶⁾.

Waikato is an agricultural powerhouse and a key contributor to New Zealand's dairy industry, as well as enjoying scale and breadth in manufacturing and services.

The region is New Zealand's most important mineral producing area. Coal, aggregates, iron and limestone are extracted, along with gold and silver.

It is also a major producer of energy, with about one-third of New Zealand's installed generation capacity. We have one large thermal, nine geothermal and more than 10 hydro power stations, along with a number of co-generation plants.

The Māori asset base in the Waikato has been estimated to be worth around \$6.2 billion in 2014, representing 15 per cent of total Māori assets in New Zealand. Agriculture, forestry and fishing (28 per cent), property and business services (23 per cent) and manufacturing (15 per cent) make significant contributions to the overall Māori asset base in the region. It has been estimated that Māori businesses generate \$1.4 billion annually for the regional economy ⁽⁷⁾.

Waikato is at the heart of the 'golden triangle' connecting Hamilton, Auckland and Tauranga, making it a convenient access point for freight and logistics. It also enjoys a significant array of educational opportunities from early childhood centres to institutes of technology and a highly-rated university.

Waikato is home to popular and award-winning visitor destinations such as Hobbiton, the Waitomo Caves, Hamilton Gardens, the Coromandel Peninsula, Raglan and Lake Taupō.



6 Statistics NZ Regional gross domestic product: Year ended March 2019 [accessed 11 February 2021]

7 Te Puni Kōkiri, Maori Economy in the Waikato Region published 2014 [accessed 11 February 2021]

Our 10-year strategy | Tā mātou rautaki tekau-tau

Our 10-year strategy sets out why we are here, what we stand for, our values, the commitment we make to every individual and organisation who uses our services, and the principles that guide the way we work.

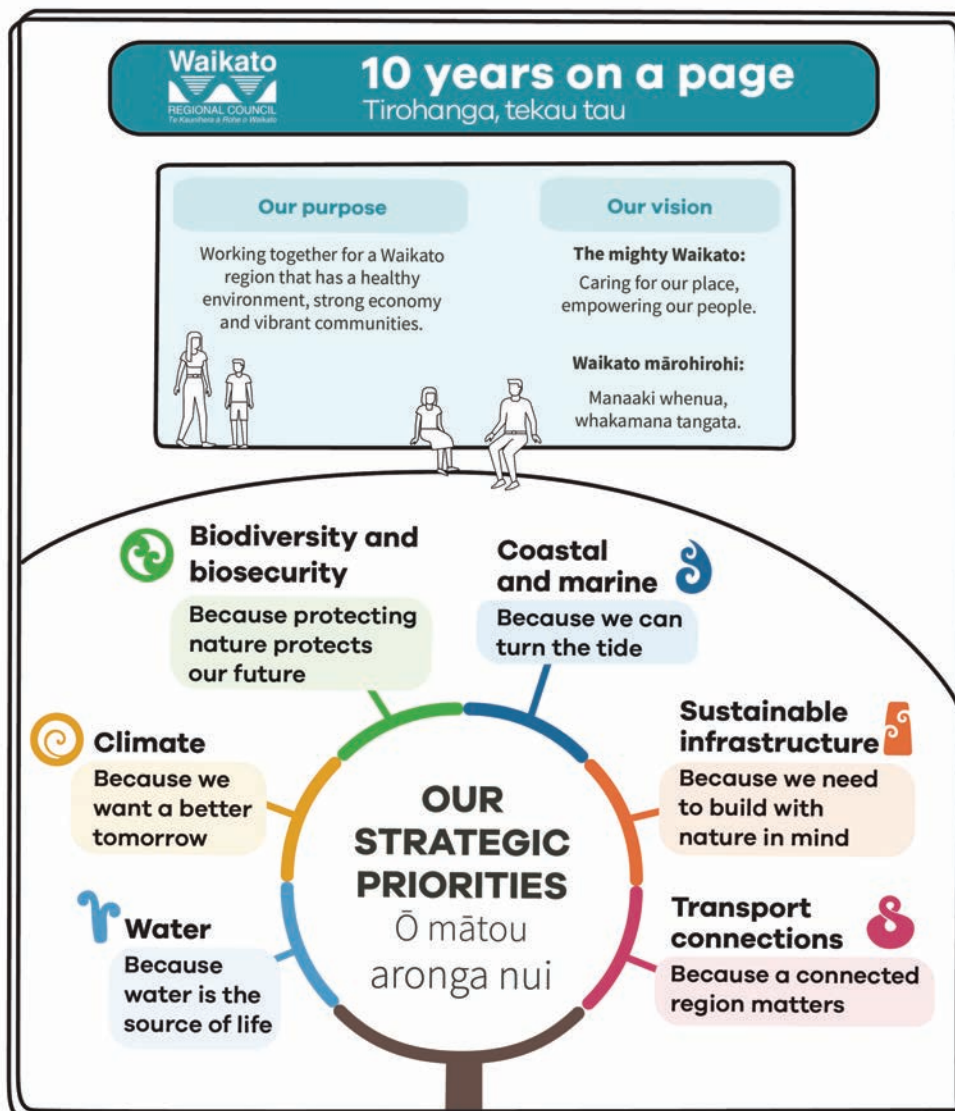
It identifies six strategic priorities that will collectively help us build a more resilient Waikato – a region that is prepared and well positioned to respond to new challenges and tough times.

On the ground, it's about ensuring we work towards our outcomes of a healthy environment, strong economy and vibrant communities. The outcomes are connected, so success in one area cannot be at the expense of another,

with progress against our priorities also reflecting progress towards these outcomes. We're looking to make decisions that provide multiple benefits for the community, now and into the future.

We know we can't deliver on everything in our strategy, nor achieve the best for our region, on our own. That's why we've committed to working in partnership with iwi, businesses, industry groups, central and local government, tertiary education and research providers, economic development agencies and you – the people of the Waikato.

To see the full 10-year strategy visit waikatoregion.govt.nz/wrc-strategy.



Community outcomes | Ngā hua hāpori

Community outcomes are the outcomes we aim to achieve in order to promote the social, economic, environmental and cultural wellbeing of the region, both now and for generations to come. The council's three long-term outcomes are included in our purpose: working together for a Waikato region that has a **healthy environment, strong economy and vibrant communities**. In the *Groups of activities* section we outline the outcomes that each of our activities primarily contribute to.

During 2019, we signed up to the Waikato Wellbeing Project. This project is a community-led initiative to develop a defined set of wellbeing targets for the Waikato, based on

the United National Sustainable Development Goals. The Waikato wellbeing targets were developed in collaboration with the community and ownership of the targets sits with the community as a whole.

We will use the Waikato wellbeing targets as a framework to measure our progress towards our community outcomes.

The table below outlines the sustainable development goal and Waikato wellbeing targets which relate to each of our three high level outcomes. It also identifies how we, as an organisation, contribute to the wellbeing targets. Through our annual report each year, we will report on the activities we have undertaken to help progress community wellbeing.

Community outcome	Sustainable development goal	Waikato wellbeing target	Our contribution
Healthy environment	6. Clean water and sanitation Ensure availability and sustainable management of water and sanitation for all.	Increase the number of swimmable rivers and lakes in the Waikato from 30 per cent (rivers) and 73 per cent (lakes) in 2019 to both waterbody types achieving more than 80 per cent in 2030.	<ul style="list-style-type: none"> • Healthy Waterways plan change • Monitoring of rivers and lakes • Catchment planning activities • River management and stability works.
	13. Climate action Take urgent action to combat climate change and its impacts.	Reduce carbon emissions by a minimum of 25 per cent by 2030 (from 13.8 mega tonnes CO ₂ e to 10.3 mega tonnes CO ₂ e) on the path to net zero carbon by 2050.	<ul style="list-style-type: none"> • Achieve a 70 per cent reduction in carbon dioxide by 2030 and to net zero by 2050 • Climate Action Committee • <i>Climate Action Roadmap</i> • Waikato Plan: <ul style="list-style-type: none"> ◦ Climate workstream
	14. Life below water Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	Maintain or enhance the mauri of our coastal and marine waters to ensure healthy ecosystems so that we can also enjoy mahinga kai and swimming.	<ul style="list-style-type: none"> • Catchment planning and management • Healthy Environments • Monitoring of coastal waters • Coastcare
	15. Life on land Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and biodiversity loss.	Prevent the loss of existing indigenous vegetation and increase indigenous habitat in biodiversity depleted environments to a minimum of 10 per cent of land cover in 2030.	<ul style="list-style-type: none"> • Providing support, funding and advice to environmental groups, iwi, and members of the public • Ecosystem restoration and collaboration with other government organisations and stakeholders to protect vulnerable ecosystems • Pest management • Biodiversity

Community outcome	Sustainable development goal	Waikato wellbeing target	Our contribution
			<ul style="list-style-type: none"> • Policy and regulatory work • Pathways to the Sea
Strong economy	1. No poverty	About one in six children live below the poverty line. By 2030, less than 1 per cent will.	<ul style="list-style-type: none"> • Waikato Plan: <ul style="list-style-type: none"> ◦ Regional housing initiative workstream ◦ Education and employment workstream • Te Waka – supporting shovel ready (job creation), supporting central government funding coming into the region, providing business mentoring services
	2. Zero hunger	About one in six children live below the poverty line. By 2030, less than 1 per cent will.	As above
	4. Quality education	Reduce the number of young people (15-24) who are not in employment, education or training (NEET) from 12.6 per cent in 2019 to less than 5 per cent in 2030.	<ul style="list-style-type: none"> • Education programme – we take on interns and summer students • Waikato Plan: <ul style="list-style-type: none"> ◦ Education and employment workstream • Te Waka – supporting shovel ready (job creation)
	8. Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.	Reduce the number of young people (15-24) who are not in employment, education or training (NEET) from 12.6 per cent in 2019 to less than 5 per cent in 2030.	<ul style="list-style-type: none"> • Public transport makes getting to places of work or training more accessible for youth. • Student work programme – we take on interns in summer • Funding for university scholarships • Waikato Plan: <ul style="list-style-type: none"> ◦ Education and employment workstream
	9. Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	No target – target being developed ETA mid- 2021.	<ul style="list-style-type: none"> • Future Proof • Waikato Plan: <ul style="list-style-type: none"> ◦ Regional housing initiative workstream ◦ Quality housing programme • UNISA – work programmes on transport, waste, ports of Auckland, Tourism • Restoration project • Resilient development work

Community outcome	Sustainable development goal	Waikato wellbeing target	Our contribution
			<ul style="list-style-type: none"> • Sustainable infrastructure strategy • Flood protection, land drainage, river management <ul style="list-style-type: none"> ◦ Pathways to the Sea
	10. Reduced inequalities Reduce inequality within and among countries.	Reduce the number of young people (15-24) who are not in employment, education or training (NEET) from 12.6 per cent in 2019 to less than 5 per cent in 2030.	<ul style="list-style-type: none"> • Public transport makes getting to places of work or training more accessible for youth • Waikato Plan
	12. Responsible consumption and production Ensure sustainable consumption and production patterns.	Increase the number of households, schools, businesses and farms who reduce their waste leading to a 50 per cent reduction in waste to landfill by 2030.	<ul style="list-style-type: none"> • Work with stakeholders to promote waste prevention • Enviroschools • UNISA – waste workstream looking at circular economy • WRC waste strategic plan
Vibrant communities	3. Good health and wellbeing	By 2030, reduce rates of non-communicable diseases and mental health issues, and improve associated health equity outcomes for target groups.	<ul style="list-style-type: none"> • Waikato Plan: <ul style="list-style-type: none"> ◦ Housing workstream (healthy housing)
	5. Gender equality	No target – target being developed, ETA mid-2021.	<ul style="list-style-type: none"> • Waikato Plan – connected communities • Waikato Regional Council's organisational culture – more female leaders
	7. Affordable and clean energy	Reduce the number of people experiencing energy hardship in the Waikato, from 18,000 in 2019 to zero by 2030.	WRC education programmes for clean heat. <i>We acknowledge that our approach may have some inadvertent consequences, like the provision of free firewood temporarily delaying the transition to more efficient alternatives like heat pumps. However, on balance, we see this as a necessary interim step towards an equitable low-carbon future that ensures low-income households are not left behind.</i>
	11. Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable.	Reduce the housing shortfall in the region, from approximately 7500 in November 2019 to a point where all people are well housed by 2030.	<ul style="list-style-type: none"> • Secretariat for the Waikato Plan Housing Initiative • UNISA • Waikato-Hamilton-Waipā Metro Spatial Plan • Hamilton to Auckland Corridor Plan (Future Proof)

Community outcome	Sustainable development goal	Waikato wellbeing target	Our contribution
			<ul style="list-style-type: none"> • Ongoing input into district planning to promote compact urban form and intensification • Ongoing input into district planning to discourage development in areas hazard risk areas
	16. Peace, justice and strong institutions	No target – target being developed, ETA mid-2021.	<ul style="list-style-type: none"> • Waikato Plan • Democracy team work on council and committee agendas, and LGOIMA
	17. Partnerships for the goals	No target developed. This is about partnerships to create a more sustainable, prosperous and inclusive Waikato region by 2030.	<ul style="list-style-type: none"> • Iwi Māori partnerships • Empowering our communities • Waikato Plan and Waikato Regional Council as the temporary backbone structure for the Waikato wellbeing project • UNISA • Future Proof

Facilitating Māori participation | Te whakaāheitia o Ngāi Māori

The Local Government Act 2002 requires local authorities to consider how they can foster the development of Māori capacity to contribute to their decision-making processes. Our approach is captured largely by our co-governance and co-management agreements as well as the work of our internal Tai-ranga-whenua team.

Waikato Regional Council has a number of co-governance and co-management agreements with iwi regarding their participation in natural resource management decision making as a result of Treaty of Waitangi settlements with the Crown. The co-management arrangements include joint management agreements between iwi and the regional council on the way we will work together. There are also iwi management plans — documents developed by iwi to address resource management activity of significance within their respective rohe (regions). The plans can contain information relating to specific cultural values, historical accounts, descriptions of areas of interest (hapū/iwi boundaries), and consultation and engagement protocols for resource consents and plan changes.

The council also has a total of six co-governance forums and committees that help to ensure the co-governance agreements are well implemented. As part of these agreements, the council:

- supports existing Waikato River settlement legislation requirements associated with joint management agreement commitments
- employs iwi interns to undertake river and catchment restoration related work within their rohe
- develops joint strategic work programmes
- works on designing a training programme to enable effective iwi representation on our catchment subcommittees.

The council will continue to work with our iwi partners to implement Treaty settlements, including the implementation of joint management agreements, advancing the *Vision and Strategy for the Waikato River*, and supporting our Māori councillors.

In 2017, Waikato Regional Council contributed to a framework, developed by Local Government New Zealand, that set out the specific commitments or obligations arising from each Treaty settlement arrangements. The resulting report made the case for a greater financial contribution to local government for the implementation of Treaty of Waitangi settlement arrangements. To support Māori capacity, one of the report's six recommendations advocated for the Crown to provide financial assistance to iwi for capacity and capability building. This assistance would be

to ensure iwi could participate and contribute equally in co-governance and co-management arrangements, and to assist in reducing local government costs.

Similarly, the Productivity Commission recommends a comprehensive and independent in-depth analysis of the costs associated with implementing Treaty settlement arrangements – both to councils and to iwi. Such analysis could inform an update of government policy on Crown contributions to support the implementation of Treaty settlements. Positive progress is being made in regard to the Crown's recognition of the role councils play in implementing effective Treaty settlement outcomes on their behalf.

Our council acknowledges that meaningful collaboration produces a broader range of benefits than are currently being achieved through Treaty settlement implementation. Treaty settlement costs often overlap with our other legislative requirements, under the Resource Management Act for example. In these instances, it is difficult to quantify and precisely define what is a Treaty legislation obligation versus what is an existing legislated responsibility.

Tuitui Iwi ā-Rohe – Regional Iwi Partnerships was established in 2019 and includes representatives from seven iwi authorities. The purpose of the new committee is for iwi to provide strategic guidance on significant regional issues such as the implementation of the council's 10-year strategy and climate change roadmap.

Our Tai-ranga-whenua team aims to build capability and confidence within the council to effectively partner with iwi Māori. By strengthening these relationships, we increase the ability of iwi Māori to meaningfully participate in mutually beneficial collaborative initiatives. This activity enables more effective and efficient decisions and creates more robust and lasting solutions to enhance the wellbeing of Māori and the wider community.

We will also continue to foster Māori capacity by:

- maintaining two Māori constituencies and Māori representation on our catchment advisory subcommittees
- working with mātauranga Māori experts to incorporate aspects of this world view into our processes and practices
- implementing strategies, frameworks and education programmes designed to increase staff and councillor capability to effectively engage with Māori
- providing pre and post Treaty settlement advice to council and government agencies.

SECTION 2: Key decisions | Ngā take Matua

Public consultation | He whakawhitiwhitinga kōrero ā-tūmatanui

The 2021-2031 Long Term Plan Consultation Document was adopted for consultation on 24 March 2021, with the formal consultation period taking place from 1 to 30 April 2021. The consultation document and supporting documents were publicly available on Waikato Regional Council's website from 1 April 2021. Copies of the consultation document were made available at public libraries throughout the region as well as being posted to key stakeholders and those who requested a copy. We raised awareness of the consultation through print and digital media channels, as well as on radio and in person. This included ads in local newspapers and on social media, public meetings, and sponsored stories on news websites. Personalised letters were also sent to consent holders and those impacted by the Lake Taupō Protection Project and Te Aroha outlet drain changes.

The public were invited to provide feedback in a variety of ways, including via post, an online submission form, email and in-person delivery to any regional council office. A total of 1499 submissions were received on the eight consultation topics. Submitters were invited to speak to councillors about their feedback during hearings held in Hamilton from 10 to 12 May 2021.

Hearings and deliberations on the Lake Taupō Protection Project were conducted separately, with a specifically convened hearings committee made up of councillors from both Taupō District Council and Waikato Regional Council. The committee provided a recommendation to both councils which was subsequently adopted.

The council deliberated on all other feedback provided by submitters during its meetings on 25 May 2021 and made decisions on the options under consultation. Community feedback and the council's responses to key consultation topics are outlined in the following section.

Key decisions

Proposal 1 – Protecting our biodiversity



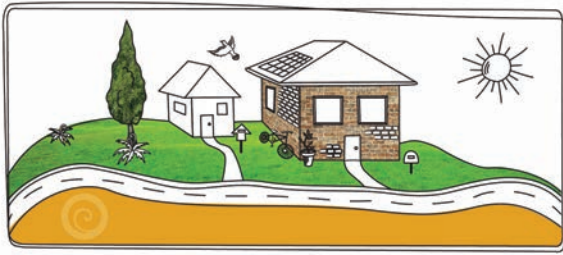
To meet the requirements of the new National Policy Statement on Indigenous Biodiversity and to improve on the gains we are making to protect our unique biodiversity, the council proposed a significant change to the way we undertake biodiversity work.

A wide range of new work was proposed, including: the development of a biodiversity accord, better monitoring, regional policy reform, better information gathering and sharing, and increasing restoration advice and funding. This work requires additional funding but – with more pressing priorities in year one like responding to the Government's direction on fresh water – it was proposed that this would start in year two.

As part of the consultation, we asked the community if the enhanced programme should begin in year two of our LTP or whether it should be brought forward to year one, meaning we'd start the work immediately.

Out of the 241 submissions received on this proposal, 68 per cent were in favour of bringing the work forward to year one of the LTP, with submitters saying biodiversity is an important issue and that delaying the work will make the task harder. Through deliberations, the council decided to keep the commencement of the planned work at year two, however. In arriving at this decision, the council was particularly mindful of overall rates impact of the eight proposals and the more pressing priority of responding to the Government's direction on fresh water in year one.

Proposal 2 – Sustainable homes scheme



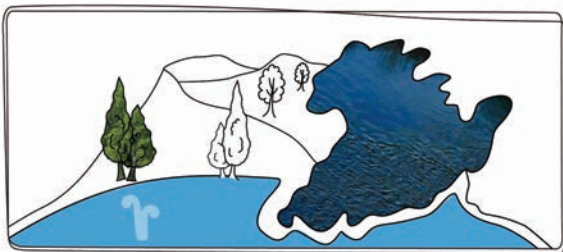
Everyone in the Waikato should have a healthy home, so the council has been investigating whether we should make a sustainable homes programme available throughout the region. The scheme would assist homeowners with loans to make sustainable home improvements like water tank installations, insulation, double-glazing, heating, ventilation, solar power and septic tank upgrades.

We asked the community if they would be supportive of the council borrowing money to help households install sustainable home improvements. Most submitters (78 per cent) were in favour of this option, noting the health benefits, cost savings and increased household resilience it would bring.

The council decided to proceed with the scheme, subject to further work being carried out to put it into practice. The launch is expected in the latter half of 2021/22. Initially, \$5 million will be available in total, with each individual application capped at \$15,000. Operational reviews of the scheme are planned after 50, 100 and 200 applications have been approved.

Only those that opt into the scheme will have to pay the voluntary targeted rate. This would be placed on their property and calculated based on the loan being repaid over 10 years, and would commence for first adopters from 1 July 2022.

Proposal 3 – Lake Taupō Protection Project



In the early 2000s, Waikato Regional Council worked with Taupō District Council and the Crown on a plan to reduce the amount of nitrogen entering Lake Taupō. We took a major step towards achieving this ambition with the establishment of the Lake Taupō Protection Trust. The trust's role was to oversee a work programme to reduce the amount of nitrogen entering the lake by 20 per cent. The

reduction target has been met, and now the 27 landowner agreements that were entered into to help achieve it must be managed for the 999-year life span.

Joint consultation took place with Taupō District Council. Two options were presented. The first, and preferred, option was to retain the trust so that it could continue to oversee the landowner agreements. The second, was that either Waikato Regional Council or Taupō District Council would manage the agreements.

The majority of submissions received by both councils were in favour of the preferred option, with submitters commenting that current arrangements were working well and that they wanted to ensure the continued protection of the lake.

A joint hearings committee of councillors from Taupō District Council and Waikato Regional Council heard submissions and deliberated on the options. It recommended that option one be adopted and that the settlers (Waikato Regional Council, Taupō District Council, and the Crown) undertake and complete a review of the arrangement within 24 months. This review would consider whether the new governance and management structures are the most efficient and cost-effective for managing the agreements.

Both councils subsequently endorsed the hearings committee's recommendation.

Proposal 4 – Passenger rail service



Through the last long term plan, the council agreed to a start-up passenger rail service between Waikato and Auckland. In order to make this successful, we need to start planning for future improvements now.

It was proposed that improvements would begin in year three of the LTP. These would include an additional interpeak service and an investigation of opportunities to extend the current service to Papakura further into Auckland. As part of this proposal, we also identified the need for improvements to carriages and locomotives but noted that this would require central government to fully fund these items.

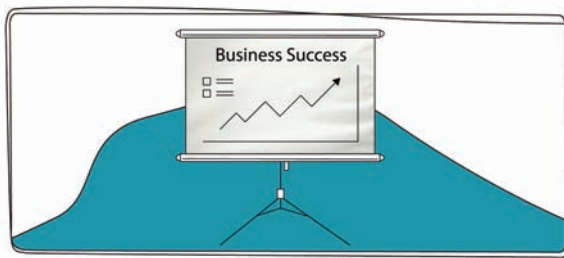
A total of 1240 submissions were received, with an overwhelming majority (95 per cent) agreeing that further improvements are needed, including more services, additional stops and a faster service. Those who were against the proposal thought that the value of the start-up service

should first be demonstrated before adding further improvements. They also noted concern about low patronage.

In response to submitters' overwhelming support for the proposal and their requests for this work to be started now, the council decided an interpeak service will be trialled for 12 months, and this would start in year one of the LTP. The additional service will start no sooner than December 2021 due to the lead times necessary to complete the required work and implement the service, including confirmation of the operating cost, the 75.5 per cent government subsidy and the optimal timetable. In the short term, the additional interpeak service can be funded from operational savings achieved due to the delayed start of the Te Huia service this year.

The council also approved an extension of the Saturday Te Huia services to The Strand in Auckland's CBD for a cost of \$10,000 per annum. A start date for the extended service is to be confirmed, pending completion of the necessary operational requirements.

Proposal 5 – Regional economic development funding



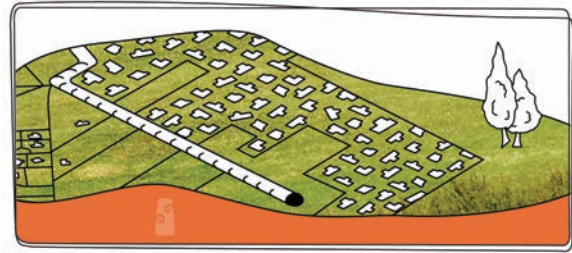
The council proposed to increase funding to our regional economic development agency, Te Waka | Anga Whakamua Waikato. The Waikato has not seen the same level of central government funding as other regions and we believe more support is required to help Te Waka achieve its objectives faster. More funding is also anticipated to attract other funders.

Funding of \$300,000 per annum has historically been provided to Te Waka through the general rate and it was proposed that this amount would be increased to \$750,000 per annum for three years. It was also proposed that the funding would come from investment fund returns, with a consequential reduction in the funding available for the Regional Development Fund.

We received 140 submissions with 57 per cent in favour of this proposal, 40 per cent preferring to keep our level of funding as it is, and 3 per cent not indicating a preferred option.

The council agreed, through its deliberations, to increase the funding to Te Waka, which will be subject to an accountability framework to ensure agreed outcomes are achieved for the funding provided.

Proposal 6 – Te Aroha suburban outlet drain transfer



Increasing urbanisation west of Stanley Avenue in Te Aroha has resulted in more water runoff and made it more difficult for council staff to access the suburban outlet drain for maintenance. There are also inconsistencies with drainage and stormwater rates paid by properties in this area, with most paying Waikato Regional Council drainage rates and Matamata-Piako District Council (MPDC) urban stormwater rates.

Both councils, therefore, believed it would be more logical for Waikato Regional Council to transfer responsibility for a portion of the drain to MPDC, as they would be better placed to manage runoff and drain access issues. Landowners would also pay the correct drainage and stormwater rates based on the benefits received.

In total, 53 submissions were received, with 89 per cent in favour of the proposed transfer. The council subsequently agreed to transfer the urban portion of the suburban outlet drain to MPDC.

Proposal 7 – Rates remission and postponement policies



The council is required to review its rates remission and postponement policies every six years and to consult on any changes. We took the opportunity to review our policies as part of our LTP and consulted on three proposed changes.

- Remission of the Hamilton city public transport rate – it was proposed the maximum value against which an indirect benefit rate is assessed would increase from \$2.5 million to \$5 million to reflect the increase in property prices over the last five years.
- Financial hardship – it was proposed that a new policy be adopted to provide additional support through rates

remissions to ratepayers who are experiencing financial hardship.

- Remission of rates to help landowners protect land-based biodiversity – amendments and better promotion were proposed to increase uptake of the existing remission.

A total of 85 submissions were received on this proposal, with the majority (67 per cent) in support of the changes. The council subsequently adopted the proposed changes.

Proposal 8 – Cost recovery changes for consent holders



The council has a responsibility to manage the region's natural resources. Consents are one of the main tools we have to do this. We monitor the state of our environment to continually assess the impact of these consents and recover a portion of the cost of our monitoring and science investigations where the need for the work is caused by consent holders' activities.

As the focus of our work changes over time, we need to reassess how much of it is funded by general ratepayers and how much is funded by consent holders. Based on our latest assessment, the total contribution from all consent holders will decrease slightly compared to last year.

However, the council proposed the following changes for some individual consent types.

- Increase the cost of dam consents, as we haven't been fully recovering our state of the environment monitoring costs associated with them.
- Increase the cost of agricultural discharge consents, as the collective impact of this activity has created additional monitoring requirements.

- Increase the cost of air discharge consents, as total project costs are increasing in order to comply with central government requirements.
- Decrease the cost of marine farming consents, as we will be doing less work over the next three years on the impacts of this type of activity than we have done in the past.
- Increase the cost of consents for other coastal activities, as the work we will be doing over the next three years will tell us more about the impacts of these consent types.
- Introduce a new charge for moorings, as they contribute to the marine biosecurity work we have to do.
- Increase process discharge consent cost to cover the costs of the extra work we need to do on water quality monitoring and meeting central government expectations.
- Make some category changes for geothermal consents, moving to a uniform charge for all consent types.

The council received 116 submissions in relation to the proposed changes, and the majority (66 per cent) were in favour of the changes. The council subsequently approved these changes, which will come into effect in 2021/22.





SECTION 3: Groups of activities | Ko ngā mahi - ā - rōpū

How to read this section | Me pēwhea te pānui i tēnei wāhanga

Eight groups of activities are outlined in this section. Within each group, a number of different activities are categorised to reflect the types of work we do.

How these activities improve wellbeing

Provides a brief description of how the group helps improve wellbeing and includes the community outcomes to which the activity primarily contributes.

Why we provide these activities

Outlines the strategic intent or goals and objectives the group is trying to achieve.

Levels of service

Describes how we will measure our success.

Significant negative effects

Lists the significant negative effects, if any, that may occur as a result of the activities we undertake.

What we are going to do

Describes the areas of focus and key projects for the council over the next 10 years, with a particular emphasis on proposed changes.

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measures)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024/25 - 2031/32
Name of the activity.	Notes the benefits that the council expects will be generated by this activity.	Identifies specific outputs the council wishes to achieve.	Benchmarks the council's past performance against the target.	Lists the performance targets against which the provision of specified levels of service is meaningfully assessed.			

Financial summary

Outlines the cost of service and expenditure by activity.

Community and services | Hapori me ngā ratonga

This group of activities (GOA) includes:

- governance
- iwi Māori partnerships
- planning, reporting and funding.

How these activities improve wellbeing

These activities help support **vibrant communities**, a **healthy environment** and a **strong economy**.

They provide opportunities for communities to engage with the 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 region's strong cultural heritage is considered and reflected in the way we work and in the work we do.

Why we provide these activities

These activities enable democratic decision making, by and for our communities, in line with the requirements of the Local Government Act 2002.

They support elected members in their roles, helping them to make robust decisions to promote community interests, informing the sustainable management of the region's natural resources while also promoting its social, economic, and cultural wellbeing.

They ensure the provision of clear, accessible information that gives our communities the opportunity to influence decision making and understand whether the council's policies and services are achieving their intended objectives.

And they enhance the council's capacity and capability to effectively partner with iwi Māori and participate in collaborative initiatives of significant mutual benefit.

Significant negative effects

The following significant negative effects may occur as a result of these activities.

- Participation in council processes takes time and effort. People's ability to get involved varies depending on time and resources, which may result in lower levels of participation from some groups.

How we will manage these effects

The council is mindful of people's ability to participate in council processes and considers different methods the council can use to make participation as easy as possible.

What we are going to do

The community and services group of activities will focus on continuing to empower our communities to take action on what is important to them. Support will also be provided to the wider organisation for the implementation of our iwi engagement framework to help meet our obligations under central government's National Policy Statement for Essential Freshwater. It will also be provided to implement a programme of work to embed mātauranga Māori (Māori knowledge) into the work we do.

We will implement the Maniapoto and Hauraki Treaty settlements once they are finalised and participate in the Waikato-Tainui west coast harbours Treaty settlement process.



Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Governance	To provide and promote governance processes that are robust and transparent for the regional community.	Percentage of official information requests responded to within statutory timeframes.	2019/20: 100%	100%	100%	100%	100%
		Percentage of council agendas that are publicly available within statutory timeframes.	2019/20: 100%	100%	100%	100%	100%
Iwi Māori partnerships	To support a Treaty-based partnership approach in our engagement with iwi Māori.	Completion of key actions identified in the Māori partnership approach (MPA).	New measure as the MPA is being reviewed.	Review and set actions for each year of the MPA.	100% of actions completed as per schedule.	100% of actions completed as per schedule.	100% of actions completed as per schedule.
Planning, reporting and funding	To produce high quality and fit-for-purpose long term plans and amendments to long term plans to encourage participation in decision making by the regional community.	Long term plans and amendments to long term plans receive 'unmodified' audit opinions.	2019/20: Unmodified opinion received.	Unmodified opinion received.	Unmodified opinion received if LTP amended.	Unmodified opinion received if LTP amended.	Unmodified opinion received.

Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Governance	3,831	3,489	4,079	3,611	3,700	4,297	3,809	3,881	4,567	4,043	4,130
Iwi Maori Partnerships	1,417	1,290	1,335	1,366	1,808	1,830	1,863	1,894	1,927	1,961	1,997
Planning, reporting and funding	4,729	2,080	2,259	2,670	2,376	2,771	3,464	3,337	3,489	3,949	3,466
TOTAL EXPENDITURE	9,977	6,860	7,673	7,647	7,884	8,898	9,136	9,112	9,983	9,953	9,593

FUNDED BY											
General rates	-	-	-	-	-	-	-	-	-	-	-
UAGC	6,627	6,121	6,228	6,339	6,863	6,990	7,115	7,210	7,420	7,554	7,632
Targeted rates	717	889	1,057	1,057	1,056	1,056	1,056	1,056	1,056	1,056	1,056
Voluntary Targeted rates	-	-	255	640	1,289	2,277	3,623	5,198	6,381	6,999	7,537
Sustainable Homes Scheme loan repayments	-	-	(255)	(640)	(1,289)	(2,277)	(3,623)	(5,198)	(6,381)	(6,999)	(7,537)
Government grants	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	87	214	421	728	1,135	1,585	1,861	1,909	1,910
TOTAL FUNDING	7,344	7,009	7,371	7,610	8,342	8,774	9,306	9,851	10,337	10,518	10,598
TRANSFER TO / (FROM) RESERVES	(40)	93	(526)	(266)	224	(363)	(74)	490	99	305	739
Net operating surplus / (deficit)	(2,593)	56	224	229	234	239	244	249	255	260	266
Loan Drawdown/(Repayment)	2,593	(56)	(224)	(229)	(234)	(239)	(244)	(249)	(255)	(260)	(266)

Waikato Civil Defence Emergency Management Group | Te Rakau Whakamarumarū ā Rohe o Waikato

This group of activities (GOA) includes:

- Waikato Civil Defence Emergency Management (CDEM) Group.

How this activity improves wellbeing

This activity primarily contributes to **vibrant communities**.

It supports the community's personal security by ensuring people, organisations and businesses are prepared for emergency events, as well as supporting recovery efforts to protect future income and employment opportunities.

Ensuring communities feel safe and know how to access help also improves people's wellbeing.

Why we provide these activities

The Group Emergency Management Office (GEMO) supports operational-level planning to ensure that local CDEM organisations and the community have the capacity and capability to respond to and recover from an emergency.

The GEMO, administered by Waikato Regional Council, coordinates all operational activities for regional or complex emergencies through strategic planning and the provision of technical advice and services, but takes direction from the CDEM Joint Committee, an elected body representing all councils in the region.

Significant negative effects

There are no significant negative effects that may occur as a result of this activity.

What we are going to do

The Waikato CDEM group will focus on implementing the recommendations of highest priority from the CDEM Group's post-COVID-19 review. This includes developing processes and tools to enable group members to identify high priority communities across the region and understand their specific needs, continue to develop partnerships with iwi Māori, and review the emergency operating structure that determines how we respond in an event.

A solution will be developed to automate and issue public warnings, post public information on a range of communications channels simultaneously, and notify staff when they are required to attend emergency management facilities during an event.

We will continue to contribute to the National Emergency Management Agency review of legislation and regulations, and respond to the changes once they are implemented.



Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Waikato Civil Defence Emergency Management Group	Sufficient competent staff to operate a Group Emergency Coordination Centre (GECC) and Group Recovery organisation.	The evaluation of our annual exercise as a measure of the effectiveness of training delivery* (mandatory measure)	New measure	Baseline assessment	Increasing trend	Increasing trend	Greater than 60% (advancing)
	To provide a region-wide coordinated response to and recovery from emergencies to reduce the impact on people and the economy.	The time taken for the Group Emergency Coordination Centre (GECC) to be activated in response to an event or emergency	2019/20: Achieved	30 minutes during BAU. 60 minutes afterhours.	30 minutes during BAU. 60 minutes afterhours.	30 minutes during BAU. 60 minutes afterhours.	30 minutes during BAU. 60 minutes afterhours.
*This is a mandatory performance measure set by the Waikato Civil Defence Emergency Management Group Joint Committee which all councils in the Waikato region are required to report against.							

Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Waikato Civil Defence Emergency Management Group	2,618	3,205	3,258	3,265	3,322	3,373	3,363	3,441	3,546	3,601	3,694
TOTAL EXPENDITURE	2,618	3,205	3,258	3,265	3,322	3,373	3,363	3,441	3,546	3,601	3,694

FUNDED BY											
Targeted rates	1,902	2,449	2,492	2,492	2,541	2,584	2,566	2,636	2,732	2,780	2,863
Fees and charges	83	70	71	72	74	75	77	78	80	81	83
Other income	693	689	695	701	707	714	720	727	734	740	747
TOTAL FUNDING	2,678	3,208	3,258	3,265	3,322	3,373	3,363	3,441	3,546	3,601	3,694

TRANSFER TO / (FROM) RESERVES	60	3	-	-	-	-	-	-	-	-	-
Net operating surplus / (deficit)	-	-	-	-	-	-	-	-	-	-	-

Flood protection and control works | Ngā mahi hei ārai, hei ārahi hoki i ngā waipuke

This group of activities (GOA) includes:

- flood protection
- land drainage
- river management.

How these activities improve wellbeing

These activities contribute to **vibrant communities**, a **healthy environment** and a **strong economy**.

These activities help to safeguard public and private assets and investments which provide economic stability for the community.

They also contribute to maintaining the natural environment through rehabilitation and preservation of river channels and riparian areas.

Why we provide these activities

We undertake these activities to reduce the risks to communities from flooding, erosion and other hazards associated with rivers, streams and their catchments. These activities exist to safeguard people's lives, property and economic wellbeing, reduce impacts on the environment, and protect services such as water supply, telecommunications and transport networks.

Our land drainage networks support the productive use of land by enabling landowners to oversee improved water table management on their properties, reducing the surface flooding and pasture damage caused by rainfall events.

The work we undertake on our rivers and streams maintains their stability and capacity, protects valuable soils from erosion, improves water quality by preventing sedimentation, and protects properties from erosion damage. It also supports the rehabilitation and preservation of our river channel and riparian environments.

We also provide advice, maintain and build flood protection infrastructure, and work with the community to improve our environment.

Significant negative effects

The following significant negative effects may occur as a result of these activities.

- Flood protection schemes may have negative effects on the environment, such as the exclusion of safe fish passage.

- Hard infrastructure for flood protection, river works and land drainage may negatively impact on cultural values.
- Some in-stream works may have negative effects on water quality and ecological values.

How we will manage these effects

The council tries to negate the negative effects of flood protection schemes through measures such as introducing fish friendly pumps and developing best practice guidelines.

The council's approach to flood protection delivery is to avoid and/or minimise the effects on cultural values. Engagement with local iwi is also undertaken when required.

What we are going to do

The flood protection and control works group of activities will be focused on ensuring that our flood protection and land drainage infrastructure continues to deliver the agreed levels of service, part of which involves the delivery of our ongoing capital renewal programme. This group of activities will also enable us to continue to work with communities to stabilise, enhance and restore river and stream channels throughout the Waikato region, including the re-establishment of in-stream habitats that are critical to the health of our waterways.

In response to COVID-19, the Government awarded 'shovel ready' funding to the council for multiple infrastructure and environmental restoration projects to stimulate the economy and create jobs. The Mangawhero pump station in the lower Waikato will be the first in our shovel ready series of fish-friendly pump stations across the region to be built.

Another key shovel ready project is the 'Replacement Vessel Construction Project', a new self-propelled vessel that will enable the continued delivery of essential river management and flood control functions in the lower Waikato and Waipā rivers. This project is joint funded by Waikato Regional Council and the Ministry of Business, Innovation and Employment, with the latter contributing \$1.92m towards the \$5m project. In Hauraki, the upgrade to the stopbank on the east and west foreshore of the Firth of Thames will improve resilience of this highly dynamic and changing environment.

Underpinning all of this work is the continued development of the Sustainable Infrastructure Decision-Making Framework, which describes how the council will approach future infrastructure investment decisions in a way that balances our communities' economic, social, environmental

and cultural needs. Before implementing this framework, the council will engage with stakeholders to explain and explore what is being proposed.

Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Flood protection	A standard of flood protection, agreed with communities, as set out in the zone plans and associated documents.	Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents (such as zone management plan, annual works programme or long term plan). <i>Note: The two elements to this measure are described in more detail in parts one and two below.</i>	2019/20: Achieved in part	Achieved	Achieved	Achieved	Achieved
		Part one: percentage of planned mandatory maintenance* actions achieved each year.	2019/20: 92.2%	85%	85%	85%	85%
		Part two: percentage of stopbanks maintained to above designed flood height, as agreed within each zone.	2019/20: Rural: 93.5% Urban: 93.8% not achieved	Rural: 93% Urban: 95%	Rural: 93% Urban: 95%	Rural: 93% Urban: 95%	Rural: 93% Urban: 95%
		Percentage of flood recovery plans** implemented after all major events.	2019/20: 100% achieved	100% compliant	100% compliant	100% compliant	100% compliant
Land drainage	Reliable water table management on land within drainage schemes for the purpose of	Number of reported incidences where it takes more than three days to remove surface water after events with up to a 10% annual exceedance probability***.	2019/20: 0, achieved	≤5	≤5	≤5	≤5

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
	maintaining pastoral production.						
* Maintenance can mean repair, renewal or maintenance.							
** The plans set out timeframes under which flood response actions are to be completed.							
*** This measure is only applicable if a weather event of up to 10% annual exceedance probability occurs.							

Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Flood protection	15,938	16,095	17,753	18,156	18,490	19,141	19,384	19,659	20,555	20,655	20,808
River management	5,725	5,425	5,704	5,946	6,082	6,315	6,512	6,708	6,963	7,190	7,385
Land drainage	2,549	2,845	2,912	2,962	2,979	3,031	3,094	3,201	3,219	3,286	3,395
TOTAL EXPENDITURE	24,212	24,365	26,369	27,064	27,551	28,487	28,990	29,569	30,737	31,132	31,588

FUNDED BY											
General rates	2,931	2,868	3,239	3,326	3,464	3,615	3,624	3,677	3,758	3,805	3,863
UAGC	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	20,093	19,990	22,312	23,504	24,292	25,328	25,490	26,004	26,587	27,018	27,563
Government grants	-	7,078	5,081	1,215	-	-	-	-	-	-	-
Fees and charges	20	10	10	10	109	109	109	109	109	109	109
Other income	774	762	762	762	762	762	762	762	762	762	762
TOTAL FUNDING	23,817	30,708	31,404	28,817	28,627	29,814	29,985	30,552	31,217	31,694	32,297

TRANSFER TO / (FROM) RESERVES	(395)	6,343	5,035	1,753	1,076	1,327	995	983	480	562	709
Net operating surplus / (deficit)	-	-	-	-	-	-	-	-	-	-	-

Integrated catchment management | Te whakahaere ā-tōpū i te rauwiringa wai

This group of activities (GOA) includes:

- biodiversity
- biosecurity
- catchment planning and management
- land management advisory services.

How these activities improve wellbeing

These activities primarily contribute to **vibrant communities** and a **strong economy**.

These activities focus on improving our natural environment and preventing the loss of natural amenity for the benefit of all residents. They also work to protect employment and income opportunities through the removal of pests, and support industries to be compliant with regulations.

Why we provide these activities

Through these activities, we aim to: reduce the loss of productive soils; reduce sedimentation of rivers, harbours and estuaries; stabilise catchments; create awareness of land and water sustainability; make improvements to and maintain water quality in the region's harbours, estuaries and shallow lakes; and protect biodiversity. This work is intended to preserve, protect and enhance the region's environment, and help the agricultural sector to meet its obligations.

Our biosecurity activities are also a vital component of the national biosecurity system, which is designed to mitigate and prevent the significant impacts of pest species, which can cause great environmental, social, cultural and economic losses.

Where possible, the work is carried out in collaboration with landowners, community groups, iwi and other agencies.

Significant negative effects

The following significant negative effects may occur as a result of these activities.

- Protection of natural heritage sites may reduce economic opportunities on associated land.
- Making the change to more sustainable land use practices may have economic, cultural and social impacts for individual landowners.

How we will manage these effects

The council will continue to work closely with landowners impacted by these changes.

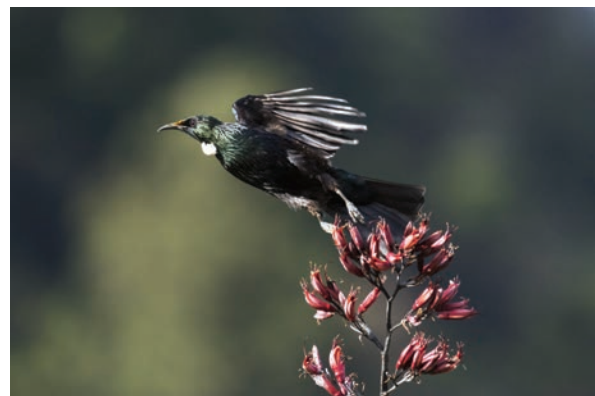
What we are going to do

Along with sustaining our region-wide and highly valued catchment management programme, the integrated catchment management group of activities will focus on implementing several work programmes which give effect to central government's national policy statements for fresh water and indigenous biodiversity. This means increasing the work we are doing to our region's biodiversity and training rural professionals to deliver farm environment plans. This work will also enable our communities to meet the requirements of *Waikato Regional Plan Change 1: Waikato and Waipā river catchments*.

Other key pieces of work related to farm environment plans include collaborating with local iwi, hapū and marae to establish a mahinga kai component to the plan. This will enable farmers to meet objectives from Te Mana o te Wai and provide communities with catchment-focused informative resources called StoryMaps. This spatial data will enable landowners to better understand the history of the catchment and adapt their farming practices accordingly.

'Shovel ready' funding from the Government was also received for this group of activities to accelerate our catchment management and environmental restoration work programme, and undertake wilding pine (conifer) control across nine community-led projects.

Implementation of the new *Regional Pest Management Plan* will be rolled out from July 2021.



Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Biodiversity	We work with private landowners and others to maintain and enhance indigenous biodiversity.	Number of on-the-ground projects on private land, within the top 30% of priority ecosystems, delivering biodiversity restoration.	New measure	14	16	16	18
	We work in partnership with communities to educate on, maintain and enhance indigenous biodiversity.	Number of community groups and individuals funded through the Natural Heritage Partnership Programme that undertake restoration activities, as per their funding agreement.	New measure	60	65	65	70
Biosecurity	We reduce animal pest populations on identified sites with assessed biodiversity values.	Average rat tracking index (RTI) for all rat control operations.	2019/20: 2.26%	≤5%	≤5%	≤5%	≤5%
		Average number of possums* caught for every 100 traps set for possum operations.	2019/20: 1.62%	<5% residual trap catch (RTC) for ground control	<5% RTC for ground control	<5% RTC for ground control	<5% RTC for ground control
	We control low-density, high threat plant pests to minimise impacts on primary industry and human health.	Reducing trend in the coverage of eradication pest plants** at known sites.	2019/20: Achieved	Reducing trend	Reducing trend	Reducing trend	Reducing trend

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Catchment planning and management	We maintain existing works to ensure gains are preserved.	Percentage of sampled catchment works maintained in effective condition to the standards set out in zone plans***.	2019/20: 90%, achieved	80%	80%	80%	80%
	We implement agreed plans (catchment new works) with landowners and land managers for reduced erosion, improved water quality and enhanced biodiversity.	Percentage of catchment new works undertaken in priority catchments and/or at priority sites across all zones.	New measure	70%	80%	80%	80%
Land management advisory services	We work with our partners, stakeholders and the community to improve soil conservation and water quality.	Percentage of rural professionals that provide a rating of good or excellent after engaging with the council****.	New measure	90%	90%	90%	90%
	We provide relevant, useful information and advice to rural communities to support them in changing their behaviours to improve their local environment.	Percentage of agricultural community event attendees that are satisfied that the event met its intended purpose*****.	New measure	90%	90%	90%	90%
<p>* Possums are targeted as they have a detrimental impact on our native flora and fauna, including devastating native forests and impacting on pasture, horticulture and forestry.</p> <p>** Plants included in the operative Regional Pest Management Plan (RPMP) eradication category.</p>							

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031

*** A sample of at least 10 per cent of all catchment scheme and non-scheme works (individual work agreements legally protected on property titles outside schemes) are inspected to assess their condition every year. Works include fencing, planting and erosion control structures.

**** This is for our contribution to the development of farm environment plans.

***** The intended purpose will change according to the event.



Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Catchment planning and management	16,446	21,812	22,396	18,012	16,749	17,539	17,938	18,406	18,693	19,113	19,543
Biosecurity	9,818	10,430	10,765	10,891	11,006	11,217	11,476	11,739	12,143	12,497	12,794
Biodiversity	2,914	2,944	3,284	3,371	3,450	3,612	3,708	3,806	3,906	4,009	4,115
Land management advisory services	2,074	2,795	3,700	3,490	2,609	2,214	2,299	2,337	2,365	2,419	2,476
TOTAL EXPENDITURE	31,253	37,982	40,144	35,764	33,815	34,583	35,420	36,287	37,107	38,038	38,928

FUNDED BY											
General rates	7,744	8,299	9,430	9,478	8,761	9,021	9,283	9,497	9,756	10,073	10,301
UAGC	1,685	1,707	2,027	2,079	2,116	2,231	2,278	2,322	2,370	2,419	2,469
Targeted rates	17,256	18,639	20,376	21,129	21,382	21,923	22,430	23,057	23,571	24,136	24,749
Government grants	-	1,669	1,976	1,352	-	-	-	-	-	-	-
Fees and charges	1,135	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060
Other income	854	5,201	4,848	497	511	278	278	278	278	278	278
TOTAL FUNDING	28,674	36,575	39,717	35,594	33,828	34,513	35,329	36,215	37,036	37,967	38,858
TRANSFER TO / (FROM) RESERVES	(2,354)	(1,407)	(427)	(170)	13	(70)	(91)	(72)	(71)	(71)	(70)
Net operating surplus / (deficit)	(225)	-	-	-	-	-	-	-	-	-	-
Loan Drawdown / (Repayment)	225	-	-	-	-	-	-	-	-	-	-

Regional hazards and emergency response

| Mōreatanga ā rohe me te whakarata ohotata

This group of activities (GOA) includes:

- resilient development
- Waikato Regional Council emergency response.

How these activities improve wellbeing

These activities primarily contribute to **vibrant communities**, a **healthy environment** and a **strong economy**.

This activity supports communities to make informed decisions about their own wellbeing, as well as helping to protect people's financial and personal safety against the effects of emergencies.

The work we do strengthens community networks and supports businesses and individuals to be more resilient.

Why we provide these activities

Providing natural hazard information allows communities to make better decisions about the management of existing and proposed development to minimise risk and harm to people, homes, businesses and infrastructure.

We also ensure that arrangements, standards and processes for emergency response are in place and that emergency management staff have the capability and resources to respond to an emergency event to ensure the best outcomes for the community.

Significant negative effects

The following significant negative effects may occur as a result of these activities.

- Environmental protection measures and regulation put in place for community safety could bring increased costs for landowners and communities.

How we will manage these effects

The council will continue to work closely with landowners impacted by these changes.

What we are going to do

The regional hazards and emergency response group of activities will focus on continuing to ensure the council is prepared for marine oil spill and flooding events and is able to support the Waikato CDEM Group. We will continue to provide hazard and climate advice to territorial authorities, communities and national researchers, as well as guidance to inform district and regional plan reviews.

In addition, we are proposing a much stronger focus on working with our communities to understand their natural hazard risks and how those risks can be managed in a way that creates long-term resilience. Our initial priority areas for this work are the floodplains of the lower Waikato, Waihou and Piako rivers — areas that are vulnerable to a range of natural hazards and environmental changes.



Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Resilient development	We provide hazard information and advice to communities and stakeholders to ensure they are well informed.	Provide relevant and up-to-date hazard information to communities and stakeholders via the online hazards portal.	2019/20: Achieved	Review the data and update if necessary.	Review the data and update if necessary.	Review the data and update if necessary.	Review the data and update if necessary.
WRC emergency response	We provide the community with timely flood event information and situation reports to respond effectively to flood events to lessen the adverse effects.	Percentage of customers satisfied with the Waikato Regional Council's flood warning service (source: contact database survey).	2019/20: 98%	90%	90%	90%	90%
	We reduce the environmental impact of marine oil spills by having a safe, coordinated and effective plan in place, maintaining an effective readiness to respond.	A tier two regional marine oil spill plan is in place and two exercises are undertaken per year.	2019/20: Achieved	Plan in place and two exercises undertaken.	Plan in place and two exercises undertaken.	Plan in place and two exercises undertaken.	Plan in place and two exercises undertaken.

Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
WRC Emergency response	530	846	884	1,011	1,033	1,057	1,085	1,109	1,137	1,166	1,196
Resilient development	798	971	1,520	1,580	1,696	1,735	1,779	1,818	1,560	1,598	1,637
TOTAL EXPENDITURE	1,328	1,817	2,404	2,592	2,729	2,791	2,863	2,927	2,698	2,764	2,833

FUNDED BY											
General rates	-	-	-	-	-	-	-	-	-	-	-
UAGC	1,140	1,601	1,818	2,002	2,136	2,194	2,261	2,321	2,212	2,273	2,337
Fees and charges	188	217	587	590	594	597	602	606	486	490	495
TOTAL FUNDING	1,328	1,817	2,404	2,592	2,729	2,791	2,863	2,927	2,698	2,764	2,833
TRANSFER TO / (FROM) RESERVES	-	-	-	-	-	-	-	-	-	-	-
Net operating surplus / (deficit)	-	-	-	-	-	-	-	-	-	-	-

Regional transport connections | Ngā ara hono ā-rohe

This group of activities (GOA) includes:

- interregional rail
- transport policy and planning
- urban and rural transport delivery.

How these activities improve wellbeing

These activities primarily contribute to **vibrant communities**, a **healthy environment** and a **strong economy**.

They support connectivity and employment, providing our communities with affordable transport options to access jobs, education, essential services, recreational activities and community events.

They also help to limit congestion by encouraging greater use of public transport, reducing the use of single occupancy cars and cutting carbon emissions in the process.

Why we provide these activities

We plan, contract, fund and monitor public transport services in the region. These services give the public an alternative to private vehicle travel, provide access for the transport disadvantaged, support urban growth objectives, reduce congestion, provide rural communities with better access to essential services, and enhance access to special events.

We provide transport planning to meet our obligations under the Land Transport Management Act 2003. Our plans are laid out in the *Regional Land Transport Plan*, which we develop in partnership with local councils and Waka Kotahi NZ Transport Agency.

Significant negative effects

The following significant negative effects may occur as a result of these activities.

- Diesel buses negatively affect the environment through CO₂ emissions and diesel fumes.

How we will manage these effects

The council is currently developing a strategy aimed at transitioning its entire passenger transport fleet to zero-emissions.

What we are going to do

The regional transport connections group of activities will focus on increasing services to meet the diverse and changing needs of our region.

- Continuing to build a network in Hamilton with frequent and direct bus routes, and trialling on-demand public transport.
- Improving connections between Hamilton and surrounding towns.
- Supporting and enabling our regional communities through better access to essential services and employment.
- Work on continued improvements to Te Huia, the passenger rail service between the Waikato and Auckland.
- Implementing a new approach to speed limit setting in the region with the support of the Waikato Regional Asset Technical Accord.
- Developing a response to reduce emissions in the region's transport sector.



Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Interregional rail	We will progressively improve passenger rail services between the Waikato and Auckland.	Year-on-year passenger rail patronage growth.	New measure	Develop baseline.	10% patronage growth compared to the previous 12 months of operations*.	10% patronage growth compared to the previous 12 months of operations.	TBC and informed by the 2-year service review.
		Percentage of customers who are 'satisfied' or better with passenger rail.	New measure	90%	90%	90%	90%
Urban and rural transport delivery	We will transition Hamilton's bus network from a coverage-based system (many low frequency routes) to a ridership orientated network (focusing resources on high frequency routes in areas of greatest demand), supplemented by demand responsive services.	Number of public bus trips per capita (Hamilton).	New measure 2019/20: 12.8	Number of first boardings per capita increase year-on-year	Number of first boardings per capita increase year-on-year.	Number of first boardings per capita increase year-on-year.	Number of first boardings per capita increase year-on-year.
		Percentage of arrivals at bus stops that are on time in accordance with the timetable.	New measure 2019/20: 64.7%	75%	77.5%	80%	85%

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
	We will expand public transport to include more areas within our region, enabling greater access to essential services, education, employment and social opportunities.	Number of public bus trips per capita (regional total outside of Hamilton).	New measure 2019/20: 1.27	Number of first boardings per capita increase year-on-year.	Number of first boardings per capita increase year-on-year.	Number of first boardings per capita increase year-on-year.	Number of first boardings per capita increase year-on-year.
	We deliver bus services that people and communities value and regard as a quality service.	Percentage of customers who are 'satisfied' or better with the bus transport service.	2019/20: >95%	>95%	>95%	>95%	>95%
	We provide attractive, affordable fare products which reflect the value of the service being provided.	Percentage of surveyed passengers who believe bus fares represent good value for money.	2019/20: >84%	>80%	>80%	>80%	>80%
Transport policy and planning	We will complete 3-yearly reviews of regional transport plans, as required by the Land Transport Management Act.	Regional transport plans are reviewed and submitted within statutory timeframes, and implemented.	New measure	Complete a review of the <i>Regional Public Transport Plan</i> .	Maintain and report on implementation of the <i>Regional Land Transport Plan</i> (RLTP) and <i>Regional Public Transport Plan</i> (RPTP).	Complete a review of the <i>Regional Land Transport Plan</i> . Develop a regional speed management plan	Review the RLTP in 2026/27 and every 3 years thereafter. Review the <i>Regional Public Transport Plan</i> in 2024/25 and every 3 years thereafter.
* A total of 12 months of data is required before this measure can be reported.							

Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Urban and Rural Transport delivery	30,720	32,734	35,637	37,474	39,157	39,623	39,949	40,635	41,415	42,221	42,877
Inter-regional rail	5,952	9,279	9,452	11,213	13,650	13,989	14,303	14,552	13,145	13,417	13,688
Transport Policy and Planning	3,128	3,377	3,433	3,573	3,947	3,959	4,052	3,963	3,732	3,859	3,978
TOTAL EXPENDITURE	39,800	45,390	48,522	52,260	56,755	57,571	58,304	59,149	58,292	59,497	60,543

FUNDED BY											
General rates	890	1,096	1,176	1,285	1,411	1,403	1,445	1,417	1,324	1,377	1,424
UAGC	605	518	542	691	754	780	812	845	879	912	947
Targeted rates	10,784	12,432	12,944	13,230	13,948	15,787	15,126	15,397	15,651	15,980	16,232
Government grants	17,907	21,813	29,080	22,463	25,922	25,564	26,131	26,701	27,041	27,629	28,205
Fees and charges	1,546	1,982	2,094	2,263	2,314	2,349	2,385	2,421	2,458	2,496	2,534
Other income	7,639	7,069	8,633	9,617	9,834	9,988	10,145	10,304	10,466	10,631	10,799
TOTAL FUNDING	39,369	44,912	54,469	49,550	54,183	55,871	56,043	57,084	57,820	59,026	60,142
TRANSFER TO / (FROM) RESERVES	116	190	6,818	(1,603)	(1,275)	(519)	(1,294)	(1,302)	91	84	78
Net operating surplus / (deficit)	(547)	(668)	(871)	(1,107)	(1,297)	(1,181)	(967)	(763)	(563)	(555)	(479)

Resource use | Te whakamahinga o te taiao

This group of activities (GOA) includes three activities:

- regional consents processing
- regional compliance
- maritime services
- community education.

How these activities improve wellbeing

These activities primarily contribute to **vibrant communities**, a **healthy environment** and a **strong economy**.

They enable the use of natural resources to support the generation of income and employment, providing financial security to our communities.

This is balanced with protecting the amenity values of those resources and ensuring they can be used and enjoyed by future generations.

Through the provision of funding and advice, community groups are supported by these activities to make environmental improvements.

Why we provide these activities

Waikato Regional Council is responsible for regulating the use of the region's natural resources. We grant and monitor consents to ensure the environmental impacts of people and businesses are minimised or managed appropriately. We also respond to complaints and pollution incidents, look after the region's harbours, and ensure its waterways are safely navigable.

These activities enable the council to meet its statutory obligations and protect the Waikato region's unique environment, while allowing for sustainable growth and development.

Community-led education programmes are delivered to build and maintain strong multi-agency relationships, supporting behavioural change to enhance environmental learning and sustainable communities.

Significant negative effects

The following significant negative effects may occur as a result of the activities undertaken by this GOA.

- National environmental standards will mean additional compliance costs fall on some industry groups.

How we will manage these effects

The council will continue to work closely with landowners impacted by these changes.

What we are going to do

The resource use group of activities will focus on meeting increased demand in our consent processing, compliance monitoring, investigations and incident response areas. These teams will continue to work together to manage how people use our region's natural resources. Our maritime services team is also expanding in response to a higher number of boaties taking to the water.

The significant number of resource consents likely to be required as a result of *Waikato Regional Plan Change 1: Waikato and Waipā river catchments* are anticipated to drive demand in this area. Central government's National Environmental Standards for Freshwater and the subsequent compliance monitoring required is also expected to influence demand for consents, as is the increase in urban growth across the region.

Work will continue on empowering our communities to take action on what is important to them and working in partnership with others including:

- initiating research in what local government can do to support a transition to a circular economy which promises to meet waste prevention and climate mitigation goals
- completing a cross regional stocktake of waste with Bay of Plenty Regional Council to help provide baseline data that enables us to identify current state and opportunities for waste prevention
- collaborating on and co-funding the design, creation and implementation of a tool to assist management of waste created through a natural disaster such as earthquake or tsunami.

Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Regional consents processing	We will efficiently and effectively deliver consenting and compliance monitoring processes under the Resource Management Act 1991 (RMA) to enable the lawful use of natural and physical resources.	Percentage of resource consents processed in accordance with RMA timeframe discount regulations.	2019/20: 99.8%	≥ 95%	≥ 95%	≥ 95%	≥ 95%
		Percentage of highest priority consented sites monitored each year.	2019/20: 100%	100%	100%	100%	100%
		Percentage of serious non-compliance* incidents where action is taken.	2019/20: 100%	100%	100%	100%	100%
Regional compliance	We will provide a dedicated incident response service to ensure the environment, people and property are not seriously affected by pollution incidents or non-compliant activities. We will take appropriate action in response to notifications of serious non-compliance	Percentage of time the 24-hour, 7 day a week response service for reporting environmental incidents is available.	2019/20: 100%	100%	100%	100%	100%
		Percentage of serious non-compliance* incidents that are actioned**.	2019/20: 100%	100%	100%	100%	100%
		Percentage of notifications, related to potential breaches of environmental regulation, that are assessed as requiring, and then receive, a physical attendance.	New measure.	≥90%	≥90%	≥90%	≥90%
Maritime services	We will maintain safe and navigable waterways in the region to protect the people using them.	Percentage of time Category 1 aids*** to navigation are operational within 24 hours of failure or notified to Maritime NZ.	2019/20: 100%	100%	100%	100%	100%

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
		Maintain a 24 hour, 7 day response for serious maritime incidents****.	2019/20: 100%	100%	100%	100%	100%
	We will increase our level of service to meet increased demand and ensure recreational boaties are safe.	Percentage increase in one-on-one contacts with recreational boaties.	New measure. Approximately 2500 people and 800 vessels.	20% increase from baseline.	20% increase from baseline.	20% increase from baseline.	20% increase from baseline.
Community education	We deliver education programmes that bring about behaviour change.	Number of education programmes***** evaluated for their effectiveness.	New measure	1	1	2	1

* There are a number of factors that are relevant in determining whether a breach of the RMA is 'serious', these include (but are not limited to) what the actual or potential adverse environmental effects of the breach are, sensitivity of the receiving environment, whether the parties involved have a history of non-compliance, whether the breach was as a result of careless, negligent or deliberate behaviour, what efforts at mitigation have been made.

** These include: no further enforcement action, letter of direction, abatement notice, formal warning, infringement notice, prosecution.

*** Considered to be of primary navigational significance including leading lights, outer channel markers, isolated danger marks and wreck marks.

**** Maritime incidents are those Waikato Regional Council has jurisdiction over that include, but are not limited to, serious boating mishaps or obstruction of navigable waterways.

***** The programmes include:

- Advancing Maori Medium
- Enviroschools
- Waste Minimisation
- Youth and Secondary.

Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Regional consents processing	11,102	11,928	12,632	14,315	14,096	14,191	14,309	13,978	12,855	13,069	13,292
Regional compliance	4,514	5,200	5,740	6,009	6,226	6,439	6,584	6,842	6,996	7,145	7,108
Maritime Services	1,841	1,977	1,996	2,019	2,060	2,097	2,144	2,187	2,235	2,283	2,332
Community Education	1,347	1,195	1,207	1,227	1,248	1,272	1,302	1,331	1,362	1,394	1,426
TOTAL EXPENDITURE	18,804	20,300	21,575	23,571	23,630	23,998	24,338	24,338	23,448	23,890	24,158

FUNDED BY											
General rates	6,959	7,729	8,240	8,623	8,881	9,017	9,187	9,420	9,491	9,677	9,636
UAGC	2,513	2,470	2,497	2,533	2,587	2,639	2,707	2,767	2,836	2,904	2,974
Targeted rates	1,532	1,443	1,560	1,584	1,670	1,795	1,834	1,987	2,034	2,079	2,126
Fees and charges	6,628	7,606	7,997	9,194	8,922	8,992	9,073	9,392	9,082	9,242	9,410
Other income	638	665	684	684	770	770	770	770	770	770	770
TOTAL FUNDING	18,270	19,912	20,978	22,617	22,830	23,214	23,571	24,337	24,213	24,672	24,917

TRANSFER TO / (FROM) RESERVES	141	(3)	(3)	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)
Net operating surplus / (deficit)	(675)	(385)	(594)	(950)	(796)	(780)	(764)	2	768	785	762
Loan Drawdown / (Repayment)	675	385	594	200	(704)	(720)	(736)	(752)	(768)	(785)	(762)

Science, policy and information | Pūtaiao, kaupapahere, me te mōhiohio

This group of activities (GOA) includes:

- environmental monitoring
- environmental science and information
- social and economic information
- strategic and spatial planning
- resource management policy
- spatial information.

How these activities improve wellbeing

These activities primarily contribute to **vibrant communities**, a **healthy environment** and a **strong economy**.

They help support an environment that can sustain healthy community life by ensuring land is uncontaminated, there is fresh water available, air is kept clean and pollution is controlled.

These environmental factors are balanced with the generation of income and employment from the use of natural resources to support the economy and provide financial security for communities.

Working with our residents allows for their customs, beliefs and identities to be recognised in the way we work, acknowledging our heritage and the values of those who choose to call the Waikato home.

Why we provide these activities

This group of activities covers the collection of data, development of policy and management of resources, as well as the expert analysis we provide to help tell the story of our region.

We provide these activities to help preserve and improve the health of the natural environment and the management of resources for the benefit of our communities.

We monitor our region's natural and man-made resources and collect information about our communities and the economy, analysing this information to better understand current trends and identify new and emerging issues.

The insights gained are used to develop policy to preserve and improve the health of the environment and guide the use of natural resources for future generations. It is also used to develop consent conditions, flood warning systems and set thresholds for water allocation.

We also provide tools to present this information and our strategic advice to the community and key decision makers in more accessible ways in order to help improve wellbeing of the Waikato.

Significant negative effects

The following significant negative effects may occur as a result of these activities.

- New national policy statements (NPS), in particular the NPS on fresh water, will impose additional costs on the council and resource users.

How we will manage these effects

The council has accounted for the additional costs imposed by NPS over the 10 years of the 2021-2031 Long Term Plan. With regard to resource users, the council is working with those affected to understand the additional costs and reasons behind them.

What we are going to do

The science, policy and information group of activities will focus on implementing a number of work programmes which give effect to central government's National Policy Statement for Freshwater and the soon to be released National Policy Statement for Indigenous Biodiversity.

The starting point will be to review the *Waikato Regional Policy Statement* and *Waikato Regional Plan*, which set out our vision for the region. Other key pieces of work will include improving fresh water and coastal water quality, supported by catchment-based resource use limits. There will be further work to understand the interactions between the Waihou and Piako rivers and the Firth of Thames, completing a regional biodiversity inventory and improving our understanding and management of peat soils.

Ensuring joined-up thinking and planning across the region is a key function of this group of activities. We will update the *Future Proof Strategy* and the urban growth management component of the *Waikato Regional Policy Statement*. We will also be looking into how to implement aspects of the *Metro Spatial Plan*.

Further website development will see the introduction of a contaminated land portal and more environmental data, like water quality and rainfall information, to improve accessibility. Additional region-wide spatial information will also be made available online, including new and more precise 3D elevation (LiDAR) data and updated aerial photography.

New environmental monitoring techniques, such as remote sensing to map wetlands and the use of cameras to measure river flow, will be developed.

We will continue to work closely with district councils to support them in giving effect to the *Waikato Regional Policy Statement* through their district plans. A review of our coastal

plan and plan change 1 appeals will take place. And, work will continue on the *Waikato Regional Plan*, with a focus on regional climate action, youth and employment and the regional housing initiative, which are all still of critical importance.

Levels of service

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Environmental monitoring	We will provide high quality and timely data to key decision makers and the community.	External audit of one environmental domain each year shows good quality control of data collection and analysis.	2019/20: Achieved	1 domain audited.	1 domain audited.	1 domain audited.	1 domain audited.
		The percentage of time (during flood events) when data isn't available for more than 70 continuous minutes.	New measure.	<2% of the time.	<2% of the time.	<2% of the time.	<2% of the time.
Environmental science and information	We provide high quality and timely advice and information to key decision makers and the community.	State of the Environment reporting is completed and made available to the public through the WRC website.	New measure.	Full regional SOE report completed and published.	Update of relevant sections of the SOE report and publish results.	Update of relevant sections of the SOE report and publish results.	Full regional SOE report delivered in 2026/27 and updates completed in intervening years.
	We will develop and implement a fresh water quality and quantity accounting framework to measure the effectiveness of our work programme on improving fresh water outcomes.	Develop a fresh water accounting framework.	New measure.	Fresh water accounting framework under development.	Fresh water accounting framework completed.	A new performance measure will be developed once the framework is complete.	A new performance measure will be developed once the framework is complete.

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
Strategic and spatial planning	We will work with territorial authorities and advocate to government to achieve alignment on policies, plans and strategies.	Actively engage in national policy reforms to promote high quality, well-informed national direction.	New measure.	Submissions made to relevant national resource management policy and reform proposal.	Submissions made to relevant national resource management policy and reform proposal.	Submissions made to relevant national resource management policy and reform proposal.	Submissions made to relevant national resource management policy and reform proposal.
		Actively engage with district plan change processes to ensure the RPS is given effect to.	2019/20: Achieved	Formal participation in local TAs' district plan development and plan changes.	Formal participation in local TAs' district plan development and plan changes.	Formal participation in local TAs' district plan development and plan changes.	Formal participation in local TAs' district plan development and plan changes.
	We provide an annual trends and implications report which offers insights to key decision makers and the community.	Annual Trends and Implications report delivered.	New measure.	Technical report updated.	Full refresh of trends and implications report delivered.	Technical report updated.	Technical report updated. 2025/26 and 2028/29: Full refresh of trends and implications report delivered.
Resource management policy	We provide opportunities for the public to be involved in developing a resource management framework that will manage and improve our region's environment.	Preparation, changes or reviews of policies and plans will be carried out in accordance with statutory processes.	New measure.	Compliant with RMA and other legislation.	Compliant with RMA and other legislation.	Compliant with RMA and other legislation.	Compliant with RMA and other legislation.
	We will prioritise our policy programme to meet legislative requirements and community expectations.	Our policy programme will be delivered as per our prescribed planning schedule.	New measure.	Notification of <i>Regional Coastal Plan</i> .	Hearings on <i>Regional Coastal Plan</i> .	No target.	Notification of fresh water plan changes (2024/25). Regional coastal and fresh water

Activity	What we will deliver to the community (level of service)	How we will measure our performance (performance measure)	Baseline result	Targets			
				Year 1	Year 2	Year 3	Years 4-10
				2021/22	2022/23	2023/24	2024-2031
							plan changes will be made operative.
Social and economic information	We undertake robust social and economic science processes to gather data and information in order to provide evidence-based analysis for the council.	Percentage of indicators on the changes and trends in social and economic indicators analysed and reported on as per the indicator monitoring schedule.	2019/20: 100%	100%	100%	100%	100%
Spatial information	We provide high quality and timely data to key decision makers and the community.	Percentage of data and metadata that has quality controls* in place.	New measure.	90%	90%	90%	90%
	We provide quality customer service.	Rolling annual average net promoter score.	New measure.	>82	>82	>82	>82

* Quality controls mean an audit will be done on a regular basis. This will involve checking the metadata to ensure the mandatory fields are filled in and that any restrictions on use are applied to any ARC GIS online applications.

Financial summary

Cost of service statement

	2020/21 Annual plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Environmental monitoring	4,233	4,939	5,498	5,582	6,461	6,609	6,770	6,922	7,127	7,343	7,381
Environmental science and information	8,685	9,312	10,424	10,628	11,726	11,652	11,778	11,387	11,542	11,739	12,119
Social and economic information	1,323	1,244	1,389	1,437	1,411	1,508	1,524	1,523	1,616	1,634	1,635
Strategic and spatial planning	9,090	4,873	5,245	7,997	4,505	4,643	10,531	4,768	4,912	11,589	5,070
Resource management policy	5,635	7,245	7,419	6,203	6,487	5,863	5,060	5,210	5,288	5,402	5,492
Spatial Information	4	1,032	1,302	1,357	1,456	1,471	1,497	1,569	1,586	1,633	1,675
TOTAL EXPENDITURE	28,970	28,645	31,275	33,204	32,045	31,746	37,160	31,379	32,071	39,340	33,371

FUNDED BY											
General rates	18,962	21,635	23,722	23,318	25,364	24,701	24,232	24,039	24,467	24,932	25,477
UAGC	2,165	2,252	2,403	2,464	2,435	2,553	2,591	2,611	2,732	2,781	2,804
Fees and charges	3,109	3,256	3,547	3,625	3,919	3,984	3,976	4,194	4,319	4,428	4,505
Investment income	-	750	750	750	-	-	-	-	-	-	-
Other income	4	863	785	805	825	847	868	890	914	939	964
TOTAL FUNDING	24,240	28,757	31,208	30,962	32,544	32,086	31,669	31,734	32,434	33,081	33,750

TRANSFER TO / (FROM) RESERVES	(5,008)	(200)	(386)	(2,568)	166	-	(5,839)	-	-	(6,630)	-
Net operating surplus / (deficit)	278	312	319	326	333	340	348	355	363	371	379
Loan Drawdown / (Repayment)	(278)	(312)	(319)	(326)	(333)	(340)	(348)	(355)	(363)	(371)	(379)

SECTION 4: Finances | Pūtea

Financial strategy | Rautaki pūtea

The following section presents the council's financial strategy.

1 Introduction

The Local Government Act 2002 requires local authorities to prepare and adopt a financial strategy as part of its long term plan (LTP) (section 101A).

The purpose of the strategy is to facilitate:

- prudent financial management by the local authority, by providing a guide to consider proposals for funding and expenditure against
- consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt and investments.

The financial strategy brings together the overall direction for the financial aspects of the LTP with a summary of the financial issues and consequences that arise from policy and service delivery decisions made by the council through the development of the LTP (consequences of emerging issues, prioritisation and trade-offs).

The objectives set through the financial strategy are implemented through a series of policies and plans which make up the complete LTP, specifically:

- the revenue and financing policy, which sets out how the activities undertaken by the council should be funded
- activity plans, including cost of service statements which summarise the work programme that the council plans to undertake and the impact of these activities on the various funding streams
- asset management plans which define the levels of service provided by the council's key assets, and the costs to maintain these assets
- a funding impact statement, which translates the rating requirements into the rating factors to be applied to properties in the region. This will include the fees and charges policy, which sets out how the council will levy direct charges for the services it provides
- treasury management policy (including investment policy and liability management policy), which sets out how the council will manage its investments and borrowings (if any)
- rates remission policies, which set out the criteria that the council will consider when remitting rates charged.

2 Strategy direction

Over the last year, our communities have faced unprecedented challenges as we adapt and respond to the impacts of COVID-19. These challenges will be with us for

some time, and have been a major influence on the approach the council has taken to the development of this long term plan. It has also influenced our approach to ensuring council finances are managed in a prudent way – for the benefit of both today's ratepayers and our future citizens.

The council maintains a strong financial position. This is illustrated by:

- modest increases in general rates revenue (payable by all ratepayers) of less than 5 per cent per annum for the last three years, with a notable zero rates revenue increase in 2020/21. Prior to this, rates revenue had been increasing by 7 to 7.5 per cent per annum for the previous financial years. This LTP sees the council returning to this level of funding increase
- external debt that is well within the limits set in our Treasury Risk Management Policy
- an externally managed investment fund, valued at \$95.958 million (30 June 2020), providing an annual return which supports the council activities by subsidising the rates revenue requirement, and funds the council's contribution to economic development. The return from the fund over the last three years has been 6.7 per cent – 0.5 per cent ahead of its benchmark.

However, the current environment also presents the council with some challenges.

- Central government direction in relation to fresh water management is resulting in the need to accelerate plan preparation and to scale up our environmental monitoring. This programme of work has been central to the development of this long term plan, with other programmes needing to be prioritised to manage the council's ability to successfully deliver these key activities, and to manage their financial implications on our communities.
- Interest rates are projected to remain low for some time. This reduces the revenue the council can earn on the working capital funds it invests, with these returns typically used to offset our general rate requirements.
- Financial uncertainty, influenced by the lingering effects of the COVID-19 pandemic, will have an enduring impact on some sectors in our community.
- Successful applications through the Government's "shovel ready" programme has seen \$34.8 million of funding included in this LTP budget. Of this:
 - \$5.5 million has been approved by the Ministry for the Environment
 - \$3.5 million has been approved by Te Uru Rākau
 - \$2.0 million has been approved by the Ministry for Primary Industries for biosecurity control

- \$23.8 million has been approved by the Ministry of Business, Innovation and Employment for capital works.

While this funding has allowed us to accelerate some work programmes, it has had a financial impact in the years 2022 to 2026, as the depreciation funding for the accelerated capital works needs to be funded.

The objectives previously stated in the strategy continue to remain relevant:

- rates affordability
- financial risk management
- a diversified investment strategy.

3 Key objectives

The following strategic objectives have been identified by the council as key matters that should be addressed through the financial strategy.

3.1 Rates affordability

The council recognises the need to balance the demand for additional work with the community's ability to pay. Achieving this balance has been particularly difficult as we have developed this LTP. This budget has been prepared following a net zero increase in rates revenue annual plan for 2020/21 – one of council's responses to the economic hardship that has affected our communities in the wake of the COVID-19 pandemic. Because of this, and the need to respond to the NES for Freshwater, the proposed budget reflects higher rates revenue increases than what have previously been experienced, at least in the short term. However, the council believes the proposed rates increases are required in order to deliver to central government's requirements and to provide the services our communities expect of us.

3.2 Financial risk management

The council provides a range of core services to the community. In doing this, it recognises there is a need for clear financial risk mitigation strategies in key areas of its

business. Examples of this are disaster recovery provisions in relation to catchment management works and maintaining the sustainability of the region's flood infrastructure, both from financial and environmental performance perspectives.

3.2.1 Infrastructure assets

Events over the last year have highlighted the importance of the council's flood protection infrastructure to our communities, but also its vulnerability to extreme weather conditions. Given the importance of these assets to the protection of both properties and people, as well as their role in enhancing the productive capacity of the land, adequate protection against the impacts of weather events and other natural disasters is critical.

Insurance coverage for these assets is provided in a variety of ways, with each insurance vehicle providing protection against a different level of risk. The insurance framework is delivered through:

- commercial insurance
- self insurance through:
 - the regional disaster recovery reserve
 - zone disaster recovery reserves
- central government funding through the National Recovery Plan. It is anticipated that this funding agreement will be revised during the period of this LTP. The council has worked to ensure its other financing options (in particular its commercial insurance contracts) provide an appropriate level of cover should any changes occur.

The planned introduction of an external borrowing facility provides a new potential funding stream.

These insurance vehicles fit within a risk financing strategy, summarised in the table below:

Treatment option	Item	Description
Internal financing	Zone funding (operating and zone disaster recovery reserves)	To meet routine damages up to a 20-year (5% AEP) event for both insured and non-insured assets.
	Regional disaster recovery reserve	For the risk cost for insured assets between the 20-year event and events which qualify for insurance cover and/or government funding. For the risk cost of non-insured assets between the 20-year event and events which qualify for government funding.

Treatment option	Item	Description
		For the “insurance excess” in events which qualify for insurance and/or Government funding.
Risk transference	Insurance	For 100% of the risk cost for insured assets and damage between the insurance excess and \$10 million. For 40% of the risk cost for insured assets between the \$10 million primary layer and the probable maximum loss.
	Central government funded (National Recovery Plan)	For 60% of the risk cost for insured assets between National Recovery Plan excess and the probable maximum loss.

Based on updated flood risk assessments, the council has determined that the following reserve balances should be held:

- routine event response costs – an annual provision of \$260,000
- zone disaster recovery reserve – balance of up to \$4.41 million
- regional disaster recovery reserve – balance of up to \$6.01 million.

Implementation of this risk financing strategy started in 2012. Zone disaster recovery reserve balances are forecast to be at \$3.4 million at the end of this LTP period, with the regional disaster recovery reserve balance at its target level. Additional insurance cover has been put in place to address risks associated with the more frequent weather events that may cause damage to assets, reducing the requirement for self-insurance through the regional disaster recovery reserve. While the budget forecasts reserve balances in excess of the limits set above, the council is aware that weather events in early 2018 will require funding to be drawn down from these reserves in order to meet the costs of remedial works.

3.2.2 Sustainability of the infrastructure asset network

The challenges we face with respect to these assets are important both regionally and nationally. They protect productive land that provides economic benefit to the region as a whole, national infrastructure such as state highways, and local communities.

Over the last three years, the council has developed a Sustainable Infrastructure Decision Making Framework. This framework, built around Treasury’s Better Business case approach, is intended to provide a transparent and defensible investment decision-making process that is evidence-based and incorporates sustainability with all four wellbeings (economic, social, environmental and cultural)

at its core. It is expected the framework will be in place from 2024, following collaboration with other councils, iwi partners, landowners and communities.

The Government’s “shovel ready” programme has provided the opportunity to fast-track some planned capital works. The council has been successful in securing \$23.8 million of funding for 10 projects. This is reflected in increases to planned capital expenditure in the first three years of this LTP.

3.3 Diversified investment strategy

The council holds an investment fund which originated from the sale proceeds from shares in the Port of Tauranga and Ports of Auckland in the early 1990s.

The return from the fund is applied:

- to inflation-proof the base capital of the fund
- to provide a subsidy to the general rates revenue requirement
- to contribute to regional economic development through a contribution to the region’s economic development agency and the council’s Regional Development Fund.

It remains important for the council to receive a steady return from the investment fund because of the rates subsidy. Through the review of the investment fund strategy and strategic asset allocation, the council has aimed to balance this requirement for cashflow with what it considers to be an appropriate level of risk for the fund.

As part of its review of the investment fund objectives, the council has identified that if the current asset allocation (40% growth assets) is maintained, the return from the fund is anticipated to be lower than in previous years. Given the balance in the investment equalisation reserve (\$11.705 million at 30 June 2020), it is possible to maintain the current level of spend by using the equalisation reserve to

complement the low investment returns anticipated over the next five years. Beyond this period, if current market trends continue, the council may need to consider either lowering spending or changing the asset mix.

In taking this approach, the council acknowledges there is some risk that investment returns are so poor that the equalisation reserve is eliminated. This would affect spending over both the near and the longer term. This risk needs to be balanced against the potential for returns to be better than anticipated, in which case reserve balances would increase to levels beyond those required for prudent risk management.

3.4 Climate change

In terms of climate change, the council has identified the main specific threat, namely sea level rise. Climate change will also increase the severity and frequency of storm events and cause increased and prolonged periods of drought.

As per our infrastructure policy, the preferred solution for this is:

- short to medium-term (1-5 years);
 - establishment of the Climate Action Committee (this was established in 2020)
 - completion of climate change guidelines and the sustainable decision-making framework
 - consideration of climate change implications in all future operational, corporate and resource decisions made by the council
- medium to long-term (5 years plus);
 - increased investment in flood risk forecasting and prediction tools, continued community engagement regarding climate change, e.g. Thames-Coromandel District Council shoreline management projects
 - monitoring in periods of drought and incorporation feedback into renewals processes
 - investigation of alternative building methodologies to reduce the impact of drought on future assets
- long term (10-30 years);
 - application of an adaptive management approach to account for uncertainty
 - consistent application of the sustainable decision making framework, with emphasis on consultation with affected communities.

4 Growth assumptions

It is important to consider population projections as they provide insights into future challenges such as:

- where development pressures may be expected to accommodate population growth – this results in a need to liaise and collaborate with the relevant territorial authorities to ensure that growth is appropriately located, and infrastructure needs and pressures are understood in advance
- declining populations, which have the potential to signal long term affordability issues – understanding affordability and sustainability issues will support key decisions about what capital expenditure projects needs to be undertaken.

The council has taken a conservative approach regarding assumed regional growth for the period of the LTP. Growth of 1.5 per cent has been assumed for the full 10 years of the plan. This is based on actual regional growth for the 2020/21 financial year to date. This growth rate has been used to determine the level of rates funding that can be anticipated from rates that the council charges on a per-rating-unit basis (for example, the natural heritage rate). The growth estimate has only been used to project likely revenue for those rates set on a per property charge and in the calculation of rating impacts to existing ratepayers.

Overall, population growth projections for the region to 2023 is largely in line with the national average (14 per cent cumulative growth compared to national growth of 15 per cent)⁽⁸⁾ for the period to 2033. However, due to the nature of the services provided by regional councils, growth in population does not have a direct impact on the demand for service or level of operating or capital expenditure.

The impact of changes in land use are set out in the council's key forecasting assumptions.

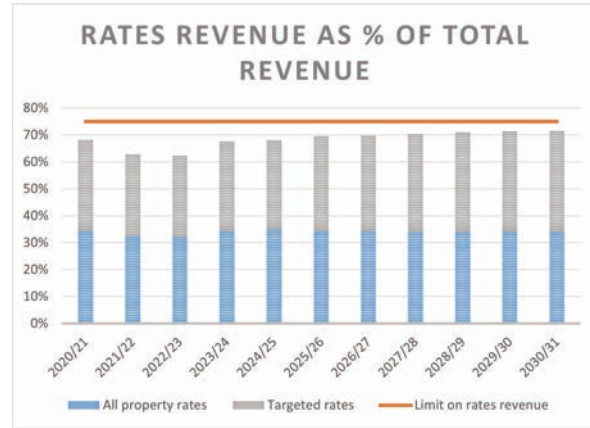
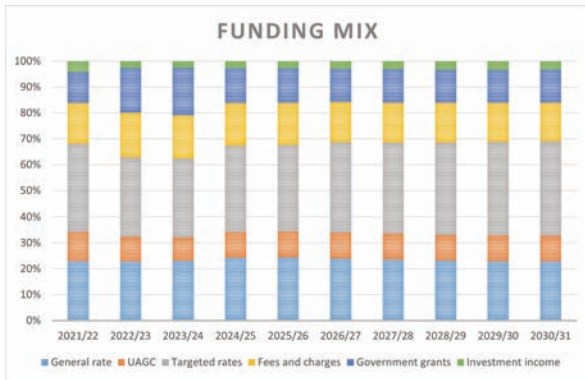
5 Funding mix

The way the council's activities are funded is set out in the *Revenue and Financing Policy*. Key considerations that must be taken into account when determining how to fund an activity include the:

- distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- period over which those benefits are expected to occur
- extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- costs and benefits of funding the activity distinctly from other activities
- overall impact of any allocation of liability for revenue needs on the community.

8 Source: Statistics NZ – based on “medium” growth projections from 2018 to 2033

The funding mix over the period of the LTP is shown below:

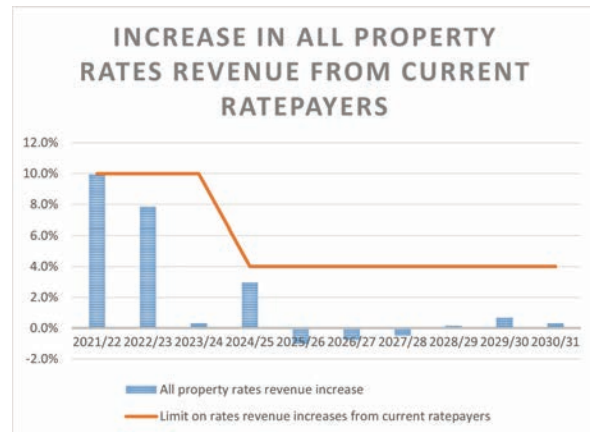


General rate requirements are reduced by the investment income received from the working capital funds invested.

6 Rating limits

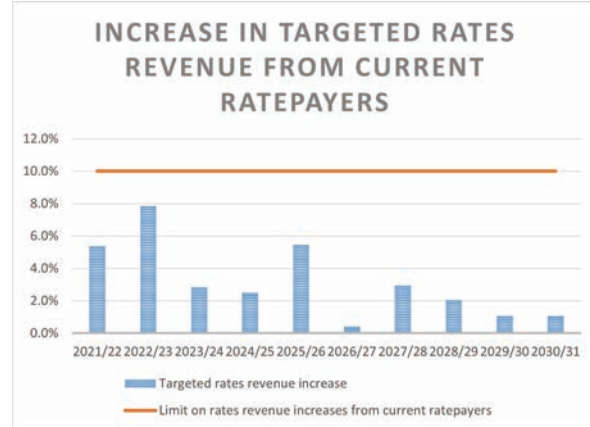
The council has set the following limits in relation to its rates revenue.

- Total rates revenue will comprise up to **75 per cent** of the council’s annual revenue requirements.
- Increases in total rates revenue will be limited to a **10 per cent** increase in rates from current ratepayers. Within this overall limit on rates revenue increases, the following sub-limits will also be applied:
 - Increases in the annual general rate revenue requirement (payable by all regional ratepayers) will be limited to a **10 per cent** increase in rates revenue from current ratepayers for the first three years of this plan. Beyond this, the annual increase will be limited to **4 per cent** from current ratepayers.
 - Increases in targeted rates revenue will be limited to a **10 per cent** increase in rates revenue from current ratepayers.

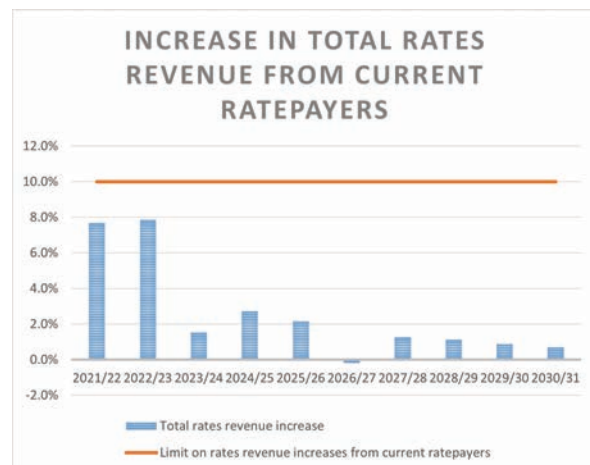


These limits have been set, having had regard to:

- the fact that demand for increased services is coming from those areas of the council’s business that are funded almost entirely through rates
- the need to provide for increases in costs incurred by the council as a result of inflation – the level of these forecast price changes is best illustrated by referencing the local government cost index
- increases to targeted rates are largely driven by increases to levels of service, which are consulted on with those ratepayers who benefit from and fund the services.



The council is confident of its ability to provide and maintain existing levels of service and to meet additional demands for services included in this LTP within these limits.



7 Infrastructure management

The council identifies the following key issues that are driving our approach to asset management:

- asset funding
- community affordability
- asset condition
- asset performance.

These issues and the options available to address them are explored in detail in the council's *Infrastructure Strategy 2021-2070*.

The budget includes provision for the delivery of the council's preferred approach to managing each of these issues.

Overall, the council is satisfied that it can respond to these issues within the overall budget, rating, and borrowing parameters set within the financial strategy.

A summary of planned capital expenditure is shown below:

\$000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Infrastructural capital expenditure	2,930	2,004	148	1,983	1,471	1,508	1,547	1,589	1,634	4,829
• New works										
• Renewals	22,222	22,346	14,045	9,495	9,230	10,727	10,326	9,239	8,194	11,036
Operational capital expenditure	11,061	12,294	6,502	4,605	5,784	4,268	4,395	4,817	4,629	5,115
Total capital expenditure	36,213	36,645	20,694	16,082	16,486	16,502	16,269	15,645	14,456	20,981

Operating capital expenditure by group of activities

Flood protection and control works	5,040	41	42	251	44	46	47	278	49	51
Integrated catchment management	78	80	82	84	87	89	91	94	96	99
Resource use	340	1,945	1,783	151	155	159	163	168	172	177
Science and strategy	1,662	2,101	2,368	1,694	1,405	1,441	1,483	1,524	1,566	1,916
Public transport	2,014	5,454	549	595	2,276	626	642	659	678	695
Community and services	860	1,839	907	1,033	999	1,047	1,126	1,211	1,207	1,296
Finance	1,066	835	771	796	818	860	843	883	860	882
Total operating capital	11,061	12,294	6,502	4,605	5,784	4,268	4,395	4,817	4,629	5,115

8 Capital expenditure

The council's key capital expenditure costs relate to the maintenance and construction of its flood protection networks. At 30 June 2020, these assets were valued at \$541.577 million. Capital expenditure for these assets is funded through:

- depreciation expense
- targeted rates charged in relation to local community works
- reserve funds
- borrowing.

Annual provision is also made for the replacement of operational assets such as vehicles, information technology, plant, and equipment. These assets were valued at \$14.013 million at 30 June 2020.

9 Investments

The council maintains investments in the following assets from time to time.

- Direct equity investments in council controlled organisations (CCO) and other shareholdings.
- In-house managed financial investments incorporating the management of working capital and longer term fixed income investments.
- Externally managed equity and fixed income funds.

The council aims to achieve the following returns from the investments it holds.

- Working capital funds – a return in excess of the Reserve Bank's 90 day bill rate.
- An investment fund – a return of 3 per cent per annum on the real base capital of the fund, net of inflation, tax and investment-related fees. Inflation on the fund is assumed at 1.6 per cent on the inflation-adjusted base capital of the fund. The real capital base of the fund is defined as the fund value in 2009 (\$73 million) plus accumulated fund preservation (inflation proofing) provisions.
- Direct equity investments in CCOs – these investments are generally made for strategic purposes consistent with the council's LTP rather than because of the return on investment achieved. The key objective for the council is to ensure that the capital investment made in such entities is protected.

Projected return from the council's investment fund

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Inflation proofing	1,804	1,362	1,384	1,406	1,428	1,451	1,474	1,498	1,522	1,546	1,571
Rates subsidy	1,987	2,019	2,051	2,084	2,117	2,151	2,186	2,221	2,256	2,292	2,327
Regional development fund	1,580	636	658	680	1,453	1,477	1,500	1,524	1,549	1,573	1,599
Operating funding for Te Waka	-	750	750	750	-	-	-	-	-	-	-
Total fund distribution	5,371	4,766	4,843	4,920	4,999	5,079	5,160	5,243	5,327	5,412	5,498
Funded by:											
Investment fund return	5,371	4,439		4,671	4,630	4,717	4,805	4,823	4,913	5,005	5,078
Drawdown from investment equalisation reserve	-	327	259	249	369	362	355	420	414	407	420

The council may use the investment fund equalisation reserve to smooth the impact of fluctuations in returns from the investment fund. Should investment returns fall below budgeted returns, the *Investment Policy* sets out the points at which some form of intervention should be taken. These interventions include:

- a reduction in operational expenditure to reduce reliance on investment fund returns
- a review of the strategic asset allocation to ensure that the risk profile for the fund remains appropriate given the council's objectives for the fund.

Given the current balance of the investment equalisation reserve, while the forecast return from the fund has been reduced to 3 per cent per annum, the LTP continues to assume a 4 per cent spend rate of fund returns per annum. It is assumed the difference between these amounts will be met through a drawdown from the investment equalisation reserve.

Overall, the return from the council's investment assets is projected to be between 1 per cent and 3 per cent per annum over the term of the LTP.

10 Borrowing

The council proposes to borrow up to \$70 million over the next 10 years to fund capital expenditure. Projected borrowings fall well within the limits set:

Financial covenant	Limit
Net external debt/total revenue	<100%
Net interest on external debt/total revenue	<10%
Net interest on external debt/annual rates revenue	<15%
Liquidity	110%

Total revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial revenue and other revenue. It excludes non-government capital contributions (e.g. developer contributions and vested assets).

Net debt is defined as total consolidated debt, less liquid financial assets/investments.

Liquidity is defined as external debt, plus committed loan facilities, plus liquid investments, divided by external debt.

Net interest is defined as the amount equal to all interest and financing costs, less interest income for the relevant period.

Annual rates revenue is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002, together with any revenue received from other local authorities for services provided and for which the other local authorities rate.

The council's borrowings and interest rate risk management instruments will generally be secured by way of a charge over rates and rates revenue. Where appropriate, the council may seek project financing which may have a charge over the project or specific asset(s) rather than rates. The utilisation of special funds, reserve funds and internal borrowing of special funds or reserve funds and other funds will be on an unsecured basis.

Physical assets will be charged only where:

- there is a direct relationship between the debt and the purchase or construction of the asset which it funds (such as an operating lease or project finance)
- the council considers a charge over physical assets to be appropriate.

11 Balanced budget

The *2021-2031 Long Term Plan* proposes an unbalanced budget for years 3, 6 and 9 of the plan. This means that, in each of these years, the money we expect to spend on operating expenditure is greater than the money we will receive. The following are the main reasons for this position.

- The council's decision not to fully fund depreciation on the new regional ticketing solution for public transport. The capital cost of this new system has been funded from accumulated reserve funds and contributions from Waka Kotahi NZ Transport Agency. It is assumed that any replacement system will also receive partial funding from Waka Kotahi, and so only depreciation on the share of costs paid for by the council has been funded (\$591,092 in years 1 to 4 of the plan, and \$32,213 in year 5).
- System development and set-up required for the implementation of the Healthy Rivers Wai Ora Plan Change is to be funded through borrowing, with the associated loan to be repaid over 10 years. Depreciation expense (\$750,000 in year 3 and \$1.5 million in year 6) for this project will not be funded, as to do so would mean that ratepayers are paying twice.
- Similarly, the redevelopment of the council's premises in Paeroa has been funded through borrowing, so depreciation (\$68,605 for year 3 and \$70,955 for year 6) on the new asset will not be funded for the period of the loan (20 years).
- The council's assumptions regarding the regional development fund also impact on the balanced budget test. It is assumed that funds will be accumulated over three financial years, with the funds fully allocated to a project in the third year. This means that, as funding is allocated, the budget may be in deficit. This comes to \$2.643 million in year 3, \$5.132 million in year 6 and \$5.382 million in year 9.

Overall, the council believes the budget it is proposing for the period of this LTP is financially prudent.

Prospective financial statements | Ngā tauākī pūtea ki te pae

The following pages present the financial projections of the council for 2021/22, indicative information for the following two years and forecast information for the subsequent seven years. In particular the following information is presented.

- The practices and assumptions used in preparing the financial information.
- The sources of income and where it is planned to be spent.
- The effect of the planned income and expenditure on the overall net worth of the council.
- What the council owns and owes.
- The forecast cash payments and receipts for each year.
- Additional supporting information.

The prospective statement of financial position is based on the estimated financial position at 1 July 2021. This position differs from the estimated financial position as at 30 June 2021 included in the *2020/21 Annual Plan* and *2018-2028 Long Term Plan (LTP)* and results in the projected opening balances applied to the *2021/22 Annual Plan* differing from those assumed in the previous LTP.

The prospective financial information presented is based upon best estimate assumptions. Whilst every care has been taken in preparing the prospective financial information, the actual results are likely to differ. These differences may be material.

The forecasts are based on assumptions and information available to the Waikato Regional Council as at February 2021. Actual financial results have been incorporated to the extent that they affect the opening forecast prospective position at 1 July 2021. Comparative information provided for 2020/21 is as presented in the annual plan. There is no intention to update the prospective financial information after the finalisation of this long term plan.

The forecast financial information from page 63 to page 106 has been prepared in accordance with the council's current accounting policies as specified from page 107 to page 138. The forecast financial information presented in this plan has been prepared in accordance with PBE FRS No 42: Prospective Financial Statements.

Prospective statement of comprehensive revenue and expense by activity

The detail by activity is included as section 3 of this document.

Prospective statement of comprehensive revenue and expense

	Annual Plan	Long Term Plan									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
General rates	34,347	40,532	45,106	45,409	47,415	47,201	47,269	47,597	48,305	49,385	50,304
Total UAGC rate revenue	15,310	15,068	15,922	16,740	17,590	18,100	18,489	18,817	19,205	19,614	19,951
Natural heritage	1,037	1,062	1,080	1,112	1,151	1,192	1,235	1,280	1,329	1,381	1,433
Regional services fund	717	717	716	716	716	716	716	716	716	716	716
Total all property rates	51,411	57,379	62,824	63,977	66,872	67,209	67,709	68,410	69,555	71,096	72,404
Targeted rates											
- Civil defence	1,902	2,449	2,492	2,492	2,541	2,584	2,566	2,636	2,732	2,780	2,863
- Stock truck effluent	80	48	89	89	89	89	89	89	89	90	107
- Waikato Regional Theatre rate	-	172	341	341	340	340	340	341	341	340	340
- Biosecurity	7,702	9,175	10,330	10,676	10,781	10,991	11,230	11,514	11,795	12,081	12,371
- Transport	10,784	12,432	12,944	13,230	13,948	15,787	15,126	15,397	15,651	15,980	16,232
- Asset management schemes	28,529	28,346	31,189	32,756	33,653	34,979	35,367	36,177	36,944	37,603	38,400
- Permitted activity monitoring	1,532	1,443	1,560	1,584	1,670	1,795	1,834	1,987	2,034	2,079	2,126
- Voluntary targeted rate - Sustainable Homes Scheme	-	-	255	640	1,289	2,277	3,623	5,198	6,381	6,999	7,537
Total targeted rate revenue	50,529	54,065	59,200	61,808	64,311	68,842	70,175	73,339	75,967	77,952	79,976
Total rate revenue	101,940	111,444	122,024	125,785	131,183	136,051	137,884	141,749	145,522	149,048	152,380

	Annual Plan	Long Term Plan									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Rates penalty income	925	950	978	1,002	1,028	1,055	1,081	1,109	1,139	1,170	1,201
Rates remissions granted	(1,123)	(990)	(1,019)	(1,044)	(1,071)	(1,099)	(1,127)	(1,155)	(1,187)	(1,220)	(1,251)
Sustainable Homes Scheme loan repayments		-	(255)	(640)	(1,289)	(2,277)	(3,623)	(5,198)	(6,381)	(6,999)	(7,537)
Net rates revenue	101,742	111,404	121,728	125,103	129,851	133,730	134,215	136,505	139,093	141,999	144,793

Government grants	17,907	30,561	36,137	25,031	25,922	25,564	26,131	26,701	27,041	27,629	28,205
Direct charges	8,368	9,290	10,159	10,454	10,853	11,164	11,365	11,577	11,649	11,854	12,067
Consent holder charges	4,341	4,910	5,207	6,360	6,138	6,002	5,917	6,283	5,945	6,053	6,131
Investment fund distribution income	3,567	3,077	3,200	3,265	3,202	3,266	3,331	3,325	3,391	3,459	3,507
Investment fund capital protection income	1,804	1,362	1,384	1,406	1,428	1,451	1,474	1,498	1,522	1,546	1,571
Interest income	920	300	387	514	721	1,028	1,435	1,885	2,161	2,209	2,210
Other income	10,015	15,607	16,765	13,424	13,768	12,717	12,902	13,090	13,283	13,480	13,678
Royalties	120	125	125	125	125	125	125	125	125	125	125
Rental income	750	637	637	637	637	637	637	637	637	637	637
Other gains/(losses)											
Total revenue	149,534	177,273	195,729	186,319	192,645	195,684	197,532	201,626	204,847	208,991	212,924

Operating expenditure	97,615	105,875	112,848	114,511	114,015	114,972	122,086	117,852	118,499	127,263	122,133
Employee benefit expenses	51,481	54,143	56,899	57,538	58,855	60,244	61,471	62,966	64,472	66,156	67,947
Interest expense	1,602	921	1,345	1,651	1,843	2,022	2,267	2,550	2,698	2,671	2,666
Depreciation and amortisation	11,155	11,312	13,072	14,821	16,007	16,118	15,710	14,731	13,989	13,934	13,875

	Annual Plan	Long Term Plan									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total cost of service	161,853	172,251	184,164	188,521	190,720	193,356	201,534	198,099	199,658	210,024	206,621
Operating surplus/(deficit) before taxation	(12,319)	5,022	11,565	(2,202)	1,925	2,328	(4,002)	3,527	5,189	(1,033)	6,303
Share of associate surplus/(deficit)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) before income tax	(12,319)	5,022	11,565	(2,202)	1,925	2,328	(4,002)	3,527	5,189	(1,033)	6,303
Income tax expense	-	-	-	-	-	-	-	-	-	-	-
Net surplus/(deficit) after taxation	(12,319)	5,022	11,565	(2,202)	1,925	2,328	(4,002)	3,527	5,189	(1,033)	6,303
Other comprehensive revenue and expenses											
Gain/(loss) on property, plant and equipment revaluations	-	-	26,896	-	-	30,023	-	-	32,276	-	-
Total other comprehensive revenue and expenses	(12,319)	5,022	38,461	(2,202)	1,925	32,351	(4,002)	3,527	37,465	(1,033)	6,303
Total comprehensive revenue and expenses	(12,319)	5,022	38,461	(2,202)	1,925	32,351	(4,002)	3,527	37,465	(1,033)	6,303
Transfer to / (from) reserves	(4,865)	6,168	38,717	(1,388)	2,746	33,006	(3,610)	2,810	35,649	(2,912)	4,336
Total comprehensive revenue and expenses after reserve transfers	(7,454)	(1,146)	(256)	(814)	(821)	(655)	(392)	717	1,816	1,879	1,967

Prospective statement of financial position

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current assets											
Cash and cash equivalents	6,384	4,851	4,315	4,228	4,766	4,557	4,890	4,421	4,489	4,151	4,194
Trade and other receivables	12,289	22,207	24,519	23,340	24,133	24,514	24,745	25,258	25,661	26,180	26,673
Prepayments	1,281	1,144	1,219	1,237	1,232	1,242	1,319	1,273	1,280	1,375	1,320
Inventories	466	507	507	507	507	507	507	507	507	507	507
Work in progress	1,065	1,208	1,272	1,471	1,425	1,437	1,449	1,502	1,449	1,475	1,503
Other financial assets	14,042	11,126	11,252	10,600	11,136	11,960	9,017	10,209	11,832	9,346	9,907
Total current assets	35,527	41,043	43,084	41,383	43,199	44,217	41,927	43,171	45,218	43,034	44,104

Non-current assets											
Financial assets	100,382	104,196	105,098	106,028	106,857	107,712	108,594	109,430	110,293	111,183	112,081
Other financial assets	64	763	2,123	4,830	8,782	14,652	21,672	28,786	29,876	29,416	28,833
Investments in CCOs	1,686	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198
Biological assets	1,422	755	755	755	755	755	755	755	755	755	755
Intangible assets	5,648	7,552	10,056	11,604	9,624	7,671	5,801	4,897	5,001	5,137	5,296
Property, plant and equipment	587,105	584,723	632,689	637,015	639,070	671,413	674,075	676,517	710,345	710,730	717,676
Total non-current assets	696,307	700,187	752,919	762,430	767,286	804,401	813,095	822,583	858,468	859,419	866,839

Current liabilities											
Trade and other payables	21,039	26,940	28,714	29,137	29,011	29,255	31,065	29,988	30,153	32,383	31,078
Employee benefit liabilities	7,826	6,714	7,056	7,135	7,298	7,470	7,622	7,807	7,994	8,203	8,425

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Borrowing	7,000	3,706	4,610	5,480	6,709	7,391	8,745	9,994	10,668	11,263	11,263
Derivative Financial Instruments	7	-	-	-	-	-	-	-	-	-	-
Total current liabilities	35,872	37,360	40,380	41,752	43,018	44,116	47,432	47,789	48,815	51,849	50,766

Non-current liabilities											
Employee benefit liabilities	2,601	2,747	2,887	2,919	2,986	3,056	3,118	3,194	3,270	3,355	3,446
Derivative Financial Instruments	1,250	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397
Borrowing	44,831	47,587	60,738	69,346	72,760	77,375	84,403	91,175	90,541	87,222	90,401
Total non-current liabilities	48,682	52,731	66,022	74,662	78,143	82,828	89,918	96,766	96,208	92,974	96,244

Net assets	647,280	651,139	689,601	687,399	689,324	721,674	717,672	721,199	758,663	757,630	763,933
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Equity											
Accumulated funds	204,805	219,436	224,260	224,659	223,838	223,183	222,791	223,508	225,324	227,203	229,170
Other reserves	442,475	431,703	465,341	462,740	465,486	498,491	494,881	497,691	533,339	530,427	534,763
Total equity	647,280	651,139	689,601	687,399	689,324	721,674	717,672	721,199	758,663	757,630	763,933

Prospective statement of changes in net assets/equity

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity at 1 July	659,599	646,117	651,139	689,601	687,399	689,324	721,674	717,672	721,199	758,663	757,630
Total comprehensive income	(12,319)	5,022	38,461	(2,202)	1,925	32,351	(4,002)	3,527	37,465	(1,033)	6,303
Equity at 30 June	647,280	651,139	689,600	687,399	689,324	721,675	717,672	721,199	758,664	757,630	763,933

Components of equity											
Retained earnings at beginning of year	212,259	213,506	219,436	224,260	224,659	223,838	223,183	222,791	223,508	225,324	227,203
Net surplus / (deficit) for the year	(12,319)	5,022	11,565	(2,202)	1,925	2,328	(4,002)	3,527	5,189	(1,033)	6,303
Net transfer (to) / from reserves	4,865	908	(6,742)	2,601	(2,746)	(2,983)	3,610	(2,810)	(3,373)	2,912	(4,336)
Retained earnings at end of year	204,805	219,436	224,260	224,659	223,838	223,184	222,791	223,508	225,324	227,204	229,171

Council created reserves at beginning of year	55,118	55,849	54,941	61,683	59,081	61,828	64,810	61,200	64,010	67,383	64,471
Transfer to / (from) retained earnings	(4,865)	(908)	6,742	(2,601)	2,746	2,983	(3,610)	2,810	3,373	(2,912)	4,336
Council created reserves at end of year	50,253	54,941	61,683	59,081	61,828	64,810	61,200	64,010	67,383	64,471	68,806

Revaluation reserves at beginning of year	392,222	376,762	376,762	403,658	403,658	403,658	433,681	433,681	433,681	465,957	465,957
Net transfer to / (from) retained earnings	-	-	26,896	-	-	30,023	-	-	32,276	-	-
Revaluation reserves at end of year	392,222	376,762	403,658	403,658	403,658	433,681	433,681	433,681	465,957	465,957	465,957

Total equity at end of year	647,280	651,139	689,600	687,398	689,323	721,675	717,672	721,199	758,664	757,631	763,934
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Prospective statement of cash flows

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Receipts from customers	125,033	138,498	152,309	157,282	160,579	163,994	164,930	167,704	170,329	173,629	176,938
Grants	17,907	30,561	36,137	25,031	25,922	25,564	26,131	26,701	27,041	27,629	28,205
Investment income received	920	300	387	514	721	1,028	1,435	1,885	2,161	2,209	2,210
Receipt of funding on behalf of third parties	-	-	-	-	-	-	-	-	-	-	-
Total cash provided	143,860	169,359	188,833	182,827	187,222	190,586	192,496	196,290	199,531	203,467	207,353
Payments to suppliers	(85,279)	(104,955)	(112,558)	(115,956)	(115,933)	(116,772)	(122,632)	(121,486)	(120,986)	(127,825)	(126,077)
Payments to employees	(51,320)	(53,678)	(56,417)	(57,427)	(58,625)	(60,002)	(61,257)	(62,705)	(64,209)	(65,862)	(67,634)
Payments of funds held on behalf of third parties	-	-	-	-	-	-	-	-	-	-	-
Goods and services tax	-	-	-	-	-	-	-	-	-	-	-
Total cash applied	(136,599)	(158,633)	(168,975)	(173,383)	(174,558)	(176,774)	(183,889)	(184,191)	(185,195)	(193,687)	(193,711)
Net cash flow from operating	7,261	10,726	19,858	9,444	12,664	13,812	8,607	12,099	14,336	9,780	13,642
Loan repayments	41	42	212	426	868	1,548	2,489	3,613	4,520	5,089	5,626
Loan advances		(825)	(1,698)	(3,482)	(5,356)	(8,242)	(10,565)	(11,919)	(6,234)	(5,144)	(5,604)
Sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Sale of investments	3,916	3,624	3,682	3,741	3,801	3,862	3,923	3,987	4,050	4,115	4,180
Total cash provided	3,957	2,841	2,196	686	(687)	(2,832)	(4,154)	(4,319)	2,337	4,061	4,203
Increase in investments	(9,648)	(8,849)	-	1,000	-	-	4,000	-	(1,000)	3,000	-

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
Purchase of intangible assets	(1,796)	(1,156)	(3,191)	(3,253)	(686)	(638)	(654)	(677)	(695)	(715)	(739)
Purchase of property, plant and equipment	(7,312)	(35,056)	(33,454)	(17,442)	(15,396)	(15,848)	(15,848)	(15,592)	(14,949)	(13,741)	(20,241)
Total cash applied	(18,756)	(45,062)	(36,645)	(19,694)	(16,082)	(16,486)	(12,502)	(16,269)	(16,645)	(11,456)	(20,981)
Net cash flow from investing	(14,799)	(42,221)	(34,449)	(19,009)	(16,769)	(19,318)	(16,656)	(20,588)	(14,308)	(7,395)	(16,778)
Proceeds from borrowings	26,109	24,277	24,481	20,974	17,146	19,088	22,855	23,848	17,116	15,026	21,524
Repayment of borrowings	(18,492)	(5,235)	(10,425)	(11,497)	(12,502)	(13,791)	(14,474)	(15,827)	(17,076)	(17,750)	(18,345)
Net cash flow from financing	7,617	19,042	14,055	9,477	4,644	5,297	8,382	8,021	41	(2,724)	3,179
Net cash flow	79	(12,452)	(536)	(87)	539	(209)	333	(468)	68	(339)	43
Cash and cash equivalents at 1 July	6,305	17,304	4,851	4,315	4,228	4,766	4,557	4,890	4,421	4,489	4,151
Net increase / (decrease) in cash and cash equivalents	79	(12,452)	(536)	(87)	539	(209)	333	(468)	68	(339)	43
Cash and cash equivalents at 30 June	6,384	4,851	4,315	4,228	4,766	4,557	4,890	4,422	4,490	4,149	4,193

Notes to the prospective financial statements

Net surplus

The net surplus will be used as follows:

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Transfers to / (from) reserves	(6,669)	4,806	10,438	(2,794)	1,318	1,532	(5,085)	1,313	1,851	(4,459)	2,765
Investment fund preservation	1,804	1,362	1,384	1,406	1,428	1,451	1,474	1,498	1,522	1,546	1,571
Transfer to / (from) retained earnings	(7,454)	(1,146)	(256)	(814)	(821)	(655)	(392)	717	1,816	1,879	1,967
Net surplus / (deficit)	(12,319)	5,022	11,566	(2,203)	1,925	2,328	(4,003)	3,528	5,188	(1,033)	6,303

Capital expenditure

The main components of capital expenditure are:

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	-	-	-	-	-	-	-	-	-	-	-
Building development	109	49	46	5	5	28	-	-	-	-	-
Motor vehicles	623	753	694	703	694	761	778	798	820	843	865
Plant and equipment	945	7,132	5,034	1,031	1,563	1,053	1,132	1,121	1,400	1,154	1,488
Information services	731	1,945	3,309	1,494	1,646	3,292	1,691	1,787	1,890	1,905	2,011
Intangible assets	1,796	1,156	3,191	3,253	686	638	654	677	695	715	739
Furniture and fittings	50	25	21	16	11	11	11	12	12	12	13
Infrastructure	12,318	25,152	24,351	14,193	11,478	10,702	12,235	11,874	10,828	9,827	15,865
Total capital expenditure	16,572	36,213	36,645	20,694	16,082	16,486	16,502	16,269	15,645	14,456	20,981

Depreciation and amortisation

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Community and services	2	2	2	1	0	-	-	-	-	-	-
Civil defence emergency management	44	42	43	29	30	17	3	3	3	3	2
Regional hazards and emergency response	-	-	-	-	-	-	-	-	-	-	-
Flood protection and control works	6,978	6,442	7,445	7,826	7,887	8,313	8,294	8,353	8,758	8,721	8,723
Integrated catchment management	15	6	14	23	32	39	49	59	70	82	94
Public transport	1,075	1,296	1,635	2,001	2,286	2,025	1,602	1,270	957	945	795
Resource use	97	113	120	879	1,638	1,643	1,644	895	163	173	181
Science and strategy	977	1,045	1,218	1,313	1,368	1,336	1,351	1,407	1,518	1,642	1,699
Corporate and self funding	1,967	2,365	2,595	2,748	2,766	2,746	2,768	2,745	2,519	2,369	2,381
Council controlled organisations	-	-	-	-	-	-	-	-	-	-	-
Total depreciation and amortisation	11,155	11,312	13,072	14,821	16,007	16,118	15,710	14,731	13,989	13,934	13,875

Other income

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Contributions from other parties	2,730	8,822	8,347	3,917	3,852	2,648	2,675	2,704	2,735	2,767	2,799
Infringement fines	345	422	441	441	528	528	528	528	528	528	528
Public transport fare revenue	6,940	6,363	7,977	9,065	9,387	9,542	9,698	9,858	10,020	10,184	10,352
Total other income	10,015	15,607	16,765	13,424	13,768	12,717	12,902	13,090	13,283	13,480	13,678

Revenue

	2020/21 Annual Plan	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Exchange revenue	47,447	65,447	73,560	60,774	62,266	61,427	62,789	64,593	65,226	66,464	67,603
Non-exchange revenue	102,087	111,826	122,169	125,544	130,379	134,258	134,743	137,033	139,621	142,527	145,321
Total revenue	149,534	177,273	195,729	186,319	192,645	195,684	197,532	201,626	204,847	208,991	212,924

Reserves

Reserve name	Purpose	Activities
General	To smooth the costs of the triennial elections over the three year term of the council.	Community and services (governance support)
Stock truck effluent	To allow the funding of this activity to be smoothed across financial years.	Community and services
Drainage	To recognise the difference between actual and budgeted expenditure in relation to council's land drainage functions. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.	Flood protection and control works
Natural heritage	To recognise the difference between actual and budgeted natural heritage expenditure. Applications to the natural heritage fund occur in an ad hoc manner. Maintenance of a reserve ensures that funds can be accumulated across financial years, and made available once suitable applications for funding are received.	Integrated catchment management
Biosecurity	To recognise the difference between actual and budgeted biosecurity expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.	Integrated catchment management
Environmental initiatives	To recognise the difference between actual and budgeted expenditure in relation to the Environmental Initiatives Fund. Expenditure from the Environmental Initiatives Fund is dependent on applications received each financial year. The use of a reserve ensures that unspent funds can be accumulated across financial years.	Integrated catchment management
Regional disaster recovery	To provide funding to respond to natural disaster events, including the funding of insurance excesses.	Integrated catchment management Flood protection and control works
Koi carp digester	To allow external funding to be applied to meet the depreciation expense related to this asset.	Integrated catchment management
Zone disaster recovery	To provide funding to respond to natural disaster events of up to a 20 year return period. Events of this magnitude are not covered by insurance, meaning that council needs to make its own provisions to meet costs that may be incurred.	Integrated catchment management Flood protection and control works
Waihou Piako scheme	To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.	Integrated catchment management Flood protection and control works

Reserve name	Purpose	Activities
Watershed	To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.	Integrated catchment management
		Flood protection and control works
Coromandel	To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.	Integrated catchment management
		Flood protection and control works
West Coast	To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.	Integrated catchment management
		Flood protection and control works
Public transport	To recognise the difference between actual and budgeted passenger transport expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.	Public transport
	The reserve balance will be held at a level that provides some mitigation against increasing costs for these services.	
Permitted activity monitoring	To recognise the difference between actual and budgeted permitted activity monitoring expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.	Resource use
Building Act contingency	A legal contingency fund in relation to the council's responsibilities under the Building Act 2004. Waikato Regional Council acts as the consenting authority on behalf of a number of other local authorities.	Resource use
Complaints and enforcement	To smooth the costs associated with large enforcement cases as these occur in an ad hoc manner.	Resource use
Regional development fund	To recognise the provision for the regional development fund and implementation of the regional development fund policy. Also to recognise that application of the fund will not occur in a uniform manner.	Science and strategy
Contaminated land Investigation	Funding set aside to manage the effects of contaminated land, in accordance with the <i>Contaminated Land Strategy</i> .	Science and strategy
Operational fixed asset depreciation	To recognise the difference between budgeted and actual operational fixed asset depreciation. To ensure that depreciation funding is not applied to general council expenditure.	Corporate
Motor vehicle and plant	To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of vehicle and plant capital expenditure.	Corporate
Communications network	To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of communications network capital expenditure.	Corporate
Hauraki Plan change	Surplus funding held in reserve in relation to Hauraki Plan Change 2.	Science and strategy
Asset revaluation reserve	To recognise the change in asset values as a result of the revaluation process.	Corporate
Integrated regional information system (IRIS)	To allow funding for the IRIS project to be smoothed over the development period. The reserve is expected to be fully expended once the project is completed.	Corporate (council controlled organisations)
Investment fund equalisation	To provide a smoothing of the impact of variable investment fund returns over time. The investment equalisation reserve tracks the	Corporate (Treasury)

Reserve name	Purpose	Activities
	difference between the budgeted fund return and the actual fund return each year.	
Investment fund capital protection	To recognise the provision for the investment fund inflation-proofing.	Corporate (Treasury)
Civil defence	To recognise the difference between actual and budgeted expenditure in relation to this activity. The activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.	Emergency management
Derivative financial instruments	To recognise the fluctuations in the value of derivative financial instruments. As financial instruments are held to maturity, movements in the value of the instruments at 30 June 2021 are not realised.	Corporate
Prior Year Surplus	A council owned reserve for the management of operating surplus funds and their use across financial years.	Corporate

Over the term of the long term plan, the following reserve movements are projected:

	Transfer to / (from) reserve											
	2021/22 Opening reserve balance \$000	2021/22 LTP \$000	2022/23 LTP \$000	2023/24 LTP \$000	2024/25 LTP \$000	2025/26 LTP \$000	2026/27 LTP \$000	2027/28 LTP \$000	2028/29 LTP \$000	2029/30 LTP \$000	2030/31 LTP \$000	2030/31 Closing reserve balance \$000
General	140	367	(645)	196	515	(247)	(50)	368	(254)	(66)	370	694
Motor Vehicles & Plant	643	(58)	(87)	(79)	-	-	-	-	-	-	-	419
Operational Fixed Asset Depreciation	1,247	(500)	(400)	(300)	-	-	-	-	-	-	-	47
Communications network	550											550
Public Transport	2,399	501	7,102	(1,613)	(1,273)	(508)	(1,273)	(1,273)	128	128	128	4,446
Stock Truck Effluent	(173)	(100)	-	-	-	-	-	-	-	-	-	(273)
Investment Fund Capital Protection	12,114	1,362	1,384	1,406	1,428	1,451	1,474	1,498	1,522	1,546	1,571	26,756
Investment Fund Equalisation	11,397	(547)	(482)	(476)	(599)	(596)	(592)	(662)	(659)	(656)	(673)	5,455
Regional Development Fund	2,481	855	881	(1,881)	1,684	1,711	(4,101)	1,766	1,794	(4,807)	1,852	2,235
Building Act Contingency	98	2	2	2	2	2	3	3	3	3	3	123
IRIS	297	(48)	(48)	(48)	(48)	(48)	(48)	-	-	-	-	9
Environmental Initiatives	27	-	-	-	-	-	-	-	-	-	-	27
Natural Heritage	784	-	-	-	-	-	-	-	-	-	-	784
Biosecurity	2,447	(736)	(136)	-	-	-	-	-	-	-	-	1,575
Koi Carp Digester	(5)	-	-	-	-	-	-	-	-	-	-	(5)
Permitted Activity Monitoring	141	-	-	-	-	-	-	-	-	-	-	141
Civil Defence	(62)	348	-	-	-	-	-	-	-	-	-	286

	Transfer to / (from) reserve											
	2021/22 Opening reserve balance \$000	2021/22 LTP \$000	2022/23 LTP \$000	2023/24 LTP \$000	2024/25 LTP \$000	2025/26 LTP \$000	2026/27 LTP \$000	2027/28 LTP \$000	2028/29 LTP \$000	2029/30 LTP \$000	2030/31 LTP \$000	2030/31 Closing reserve balance \$000
Complaints and enforcement	72											72
Contaminated Land Investigation	398	-	-	-	-	-	-	-	-	-	-	398
Hauraki Plan Change	93	-	-	-	-	-	-	-	-	-	-	93
Regional Disaster Recovery	4,737	103	107	111	116	121	127	133	139	145	152	5,991
Zone Disaster Recovery	3,519	74	77	80	83	86	90	94	98	102	106	4,409
Drainage	(2,347)	(291)	(152)	(34)	28	43	41	55	56	67	76	(2,458)
Watershed	11,340	(1,325)	(559)	234	617	904	731	680	228	239	259	13,348
Coromandel	3,601	160	193	136	54	57	62	67	69	70	75	4,544
West Coast	318	7	6	7	12	11	11	10	9	9	8	408
Waihou Piako Scheme	379	34	63	(103)	254	110	(61)	(50)	(113)	(62)	41	492
Pathways to the Sea	-											-
Derivative financial instruments	(2,397)											(2,397)
Sustainable Homes Scheme	-	(224)	(217)	(191)	(125)	(116)	(25)	122	353	371	369	317
Prior Year Surplus	1,614	(895)	(350)	(50)	-	-	-	-	-	-	-	319
Asset Revaluation Reserve	376,762	-	26,896	-	-	30,023	-	-	32,276	-	-	465,957
Total reserve transfers	432,611	(911)	33,635	(2,603)	2,748	33,004	(3,611)	2,811	35,649	(2,911)	4,337	534,759

Accounting policies

Reporting entity

Waikato Regional Council is a territorial local authority governed by the Local Government Act 2002, and is domiciled in New Zealand. The main purpose of these prospective financial statements is to provide users with information about core services that the council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Waikato Regional Council requires by way of rates to fund the intended levels of service. The prospective financial statements may not be suitable for any other purpose.

The primary objective of Waikato Regional Council is to provide local infrastructure, local public services, and to perform regulatory functions for the community. The council does not operate to make a profit. Accordingly, the Waikato Regional Council has designated itself a public benefit entity and applies International Public Sector Accounting Standards for Tier 1 organisations.

These prospective financial statements comply with PBE standards. The prospective financial statements were authorised for issue by the council on 29 June 2021. In authorising these prospective financial statements for issue, the council acknowledges its responsibility for the prospective financial statements, including the appropriateness of the assumptions and all other required disclosures.

Statement of compliance and basis of measurement

The prospective financial statements of Waikato Regional Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice.

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets and biological assets. These are detailed in the specific policies below.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Waikato Regional Council is New Zealand dollars.

Foreign currency transactions

The functional and presentation currency is New Zealand dollars. Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange

rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions are recognised in the surplus or deficit.

Property, plant and equipment

Property, plant and equipment consists of:

- operational assets – these include land, buildings, plant and equipment, and motor vehicles
- infrastructure assets – the flood protection and erosion control assets owned by Waikato Regional Council.

Property, plant and equipment is shown at cost or valuation, 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 Waikato Regional Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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

Disposals

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

Subsequent costs

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Waikato Regional Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and drainage networks, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and depreciation rates of the major classes of assets have been estimated as follows.

Operational assets	Useful life (years)
Buildings	25-75
Motor vehicles	7.5
Computer equipment	4-5
Office furniture	7.5
Plant items	7.5-10
Air conditioning	20

Infrastructural assets	Useful life (years)
Bridges	50-100
Channels	100
Control gates	50
Culverts	50-80
Debris traps	100
Detentions	80
Drop structures	50-80
Fencing	30
Floodgates	20-80
General structures	20-80
Plantings	not depreciated
Pump stations	20-80
Retaining structures	30-100
River training works	50-100
Stopbanks	20-100
Weirs	100

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

Revaluation

Land and buildings and infrastructure assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then 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 income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase in 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, and then recognised in other comprehensive income.

Intangible assets Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the Waikato Regional Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when they are incurred.

Costs associated with development and maintenance of the council's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of assets to be amortised have been estimated as follows.

Computer software	4 years	(25 per cent per annum)
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Impairment of property, plant and equipment and intangibles

The carrying values of operational buildings, plant and equipment and infrastructural assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Waikato Regional Council's assets do not generate direct cash inflows, and cannot be grouped into cash generating units. Thus council does not group its assets into cash generating units to assess impairment. The council instead annually tests for internal and external factors which may indicate that the carrying value of its assets exceeds depreciated replacement cost, which would indicate impairment has occurred.

If any such indication exists and where the carrying values are found to exceed the estimated recoverable amount, the assets are written down to their recoverable amount or depreciated replacement cost.

Impairment losses are recognised in the surplus or deficit in the write downs and disposals line item unless they offset a prior revaluation reserve for that asset.

Forestry

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, silviculture costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Inventories

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost (using the weighted average method), adjusted, when applicable, for any loss of service potential. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventory held for use on the production of goods and services on a commercial basis is valued at the lower of cost (using the weighted average method), and net realisable value. The cost of purchased inventory is determined using the first-in first-out method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Receivables

Receivables are initially measured at face value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits held on call and other short term highly liquid deposits with an original maturity of three months or less, and bank overdraft.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Employee entitlements Short term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values 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, and sick leave.

A liability for sick leave is recognised to the extent that compensated 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long term employee entitlements

Employee benefits 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 calculations are 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.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Payables

Short term creditors and other payables are initially recognised at their face value and subsequently measured at amortised cost using the effective interest method.

Borrowing

Borrowings are initially recognised at their fair value plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

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

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

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.

Grant expenditure

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

Discretionary grants are those grants where the Waikato Regional 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 Waikato Regional Council's decision.

Income tax

Income tax expense is the aggregate of current period movement in relation to 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 the assets and liabilities in the prospective financial statements and the corresponding tax bases used in the computation of taxable surplus.

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 substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which 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 and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

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 income or directly in equity.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where the council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange, or where the value given or received is not able to be accurately measured. An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue. A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and/or that future economic benefits or service potential must be returned to the owner. A liability will not be recognised in respect of a transferred asset subject to one or more restrictions.

Specific accounting policies for major categories of revenue are listed below.

Rates revenue

Rates are set annually by a resolution from the council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

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

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

Government grants

Government grants are recognised as revenue upon entitlement, as conditions pertaining to the eligible expenditure have been fulfilled.

Fees and charges

Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of annual charges, when invoiced. Expenditure is recognised when the service has been provided or the goods received.

Interest and dividends

Interest income is recognised using the effective interest method.

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

Sales of goods

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

Goods and services tax (GST)

All items in the financial statements are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the Inland Revenue Department, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables (excluding accruals) are stated with the amount of GST included.

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department, are classified as operating cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Equity

Equity is the community's interest in the council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classed into a number of reserves to enable clearer identification of the specified uses of its accumulated surpluses.

The components of equity are:

- accumulated funds
- restricted reserves
- council created reserves
- asset revaluation reserves.

Reserves

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

Council created reserves are reserves established by council decision. The council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the council.

Asset revaluation reserves represent unrealised gains on assets owned by Waikato Regional Council. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to accumulated funds.

Cost allocation

Waikato Regional Council has derived the net cost of services for each significant activity of the council using the cost allocation system outlined below.

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

Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on a model that allocates cost, by a predetermined level of activity usage.

Other financial assets

The council classifies its financial assets into the following four categories:

- financial assets at fair value through the surplus or deficit
- held-to-maturity assets
- loans and receivables
- financial assets at fair value through comprehensive revenue and expense.

The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are as follows.

Financial assets at fair value through surplus or deficit

This category has two sub-categories:

- financial assets held for trading
- those designated at fair value through surplus or deficit at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Financial assets in this category include council funds under management. The underlying assets of the investment fund may be actively traded by the fund managers, and sold at any point in time to provide operating cash flow in line with council's investment policy.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the

effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Held to maturity investments

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

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

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through comprehensive revenue and expense are those that are designated as fair value through equity at initial recognition or are not classified in any of the other categories above. This category encompasses investments that the council intends to hold long term but which may be realised before maturity.

After initial recognition these investments are measured at their fair value, gains and losses are recognised directly in other comprehensive revenue and expense except for impairment losses, which are recognised in the surplus or deficit. On derecognition the cumulative gain or loss previously recognised in comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

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

Loans and receivables, and held-to-maturity investments

Impairment is established when there is objective evidence that the council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in

term deposits, local authority stock, government stock and community loans, and impairment losses, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

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

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

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

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Prospective financial information

The financial information contained within this document is prospective financial information in terms of accounting standard PBE FRS42. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of Waikato Regional Council.

In preparing these prospective financial statements, Waikato Regional Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has not exercised any critical judgements in applying Waikato Regional Council's accounting policies to the proposed budget.

Funding impact statements by group of activity | Ngā tauākī pānga pūtea mā te kāhui mahi

The following information is presented in compliance with the Local Government (Financial Reporting) and Prudence Regulations 2014. In accordance with the regulations this information is not prepared in compliance with generally accepted accounting principles and should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting) and Prudence Regulations 2014. The key difference between these statements and the prospective financial statements is the exclusion of depreciation expense.

Whole of council

	2020/21 Annual Plan (\$'000)	2021/22 LTP (\$'000)	2022/23 LTP (\$'000)	2023/24 LTP (\$'000)	2024/25 LTP (\$'000)	2025/26 LTP (\$'000)	2026/27 LTP (\$'000)	2027/28 LTP (\$'000)	2028/29 LTP (\$'000)	2029/30 LTP (\$'000)	2030/31 LTP (\$'000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	50,582	56,550	62,005	63,151	66,033	66,355	66,839	67,522	68,649	70,169	71,455
Targeted rates	52,284	55,843	60,995	63,635	66,179	70,750	72,126	75,334	78,013	80,047	82,126
Subsidies and grants for operating purposes	17,907	23,483	31,056	23,816	25,922	25,564	26,131	26,701	27,041	27,629	28,205
Fees and charges	23,250	30,148	32,452	30,558	30,993	30,117	30,417	31,184	31,111	31,620	32,110
Interest and dividends from investments	6,291	4,739	4,884	4,971	4,930	5,017	5,106	5,122	5,213	5,305	5,378
Local authorities fuel tax, fines, infringement fees, and other receipts	345	422	529	655	949	1,256	1,663	2,113	2,389	2,437	2,438
Total operating funding (A)	150,658	171,185	191,922	186,788	195,005	199,060	202,281	207,980	212,415	217,210	221,713
Applications of operating funding											
Payments to staff and suppliers	150,220	161,008	170,766	173,094	173,942	176,315	184,684	181,974	184,158	194,639	191,331

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Finance costs	1,602	921	1,345	1,651	1,843	2,022	2,267	2,550	2,698	2,671	2,666
Other operating funding applications	-	-	255	640	1,289	2,277	3,623	5,198	6,381	6,999	7,537
Total applications of operating funding (B)	151,822	161,929	172,366	175,385	177,074	180,614	190,574	189,722	193,237	204,309	201,534
Surplus (deficit) of operating funding (A-B)	(1,164)	9,256	19,556	11,404	17,932	18,446	11,707	18,259	19,178	12,901	20,179
Sources of capital funding											
Subsidies and grants for capital expenditure	-	7,078	5,081	1,215	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	16,667	19,042	14,055	9,477	4,644	5,297	8,382	8,021	41	(2,724)	3,179
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	16,667	26,120	19,136	10,692	4,644	5,297	8,382	8,021	41	(2,724)	3,179
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	2,756	6,398	13,192	3,207	3,519	4,642	3,104	3,150	3,253	3,296	6,540
- to replace existing assets	13,816	29,814	23,453	17,488	12,564	11,844	13,399	13,119	12,392	11,160	14,440
Increase (decrease) in reserves	(1,069)	(837)	2,047	1,401	6,493	7,257	3,586	10,012	3,574	(4,279)	2,377

Community and services

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	6,627	6,121	6,228	6,339	6,863	6,990	7,115	7,210	7,420	7,554	7,632
Targeted rates	717	889	1,312	1,696	2,345	3,333	4,679	6,254	7,437	8,055	8,593
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	87	214	421	728	1,135	1,585	1,861	1,909	1,910
Total operating funding (A)	7,344	7,009	7,626	8,250	9,631	11,051	12,929	15,049	16,718	17,517	18,135
Applications of operating funding											
Payments to staff and suppliers	7,146	4,639	5,356	5,205	5,244	6,041	5,966	5,616	6,286	6,203	5,808
Finance costs	93	130	178	261	393	588	844	1,123	1,285	1,298	1,284
Internal charges and overheads applied	2,738	2,092	2,140	2,179	2,245	2,269	2,326	2,373	2,412	2,453	2,501
Other operating funding applications	-	-	255	640	1,289	2,277	3,623	5,198	6,381	6,999	7,537
Total applications of operating funding (B)	9,977	6,860	7,928	8,287	9,173	11,175	12,759	14,310	16,364	16,952	17,130
Surplus (deficit) of operating funding (A-B)	(2,633)	149	(302)	(37)	458	(124)	170	739	354	565	1,005
Sources of capital funding											

Waikato Civil Defence Emergency Management Group

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	1,902	2,449	2,492	2,492	2,541	2,584	2,566	2,636	2,732	2,780	2,863
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	776	759	766	773	781	789	797	805	813	822	830
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	2,678	3,208	3,258	3,265	3,322	3,373	3,363	3,441	3,546	3,601	3,694

Applications of operating funding											
Payments to staff and suppliers	1,885	2,317	2,349	2,361	2,408	2,454	2,438	2,495	2,575	2,608	2,675
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	712	868	888	897	907	915	924	945	969	993	1,017
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,598	3,185	3,237	3,258	3,315	3,369	3,362	3,440	3,545	3,600	3,693
Surplus (deficit) of operating funding (A-B)	80	23	21	7	7	4	1	1	1	1	1

Sources of capital funding											
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Regional hazards and emergency response

	2020/21 Annual Plan (\$'000)	2021/22 LTP (\$'000)	2022/23 LTP (\$'000)	2023/24 LTP (\$'000)	2024/25 LTP (\$'000)	2025/26 LTP (\$'000)	2026/27 LTP (\$'000)	2027/28 LTP (\$'000)	2028/29 LTP (\$'000)	2029/30 LTP (\$'000)	2030/31 LTP (\$'000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,140	1,601	1,818	2,002	2,136	2,194	2,261	2,321	2,212	2,273	2,337
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	188	217	587	590	594	597	602	606	486	490	495
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	1,328	1,817	2,404	2,592	2,729	2,791	2,863	2,927	2,698	2,764	2,833
Applications of operating funding											
Payments to staff and suppliers	752	974	1,432	1,490	1,604	1,643	1,683	1,726	1,474	1,515	1,558
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	576	844	973	1,102	1,126	1,148	1,180	1,201	1,224	1,248	1,274
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,328	1,817	2,404	2,592	2,729	2,791	2,863	2,927	2,698	2,764	2,833
Surplus (deficit) of operating funding (A-B)	-	-	-	-	-	-	-	-	-	-	-
Sources of capital funding											

Flood protection and control works

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,931	2,868	3,239	3,326	3,464	3,615	3,624	3,677	3,758	3,805	3,863
Targeted rates	20,093	19,990	22,312	23,504	24,292	25,328	25,490	26,004	26,587	27,018	27,563
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	794	772	772	772	871	871	871	871	871	871	871
Internal charges and overheads recovered	3,062	4,818	4,917	4,970	4,901	4,981	5,101	5,205	5,323	5,443	5,601
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	26,879	28,448	31,240	32,572	33,528	34,795	35,086	35,757	36,539	37,137	37,898
Applications of operating funding											
Payments to staff and suppliers	12,620	12,388	12,913	12,924	13,127	13,485	13,843	14,193	14,790	15,093	15,362
Finance costs	670	327	664	821	918	944	976	1,024	1,057	1,064	1,123
Internal charges and overheads applied	7,088	10,105	10,345	10,538	10,594	10,801	11,050	11,261	11,515	11,756	12,036
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	20,379	22,820	23,922	24,283	24,639	25,230	25,869	26,478	27,362	27,913	28,521
Surplus (deficit) of operating funding (A-B)	6,500	5,628	7,318	8,289	8,889	9,565	9,217	9,279	9,177	9,224	9,377

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	7,078	5,081	1,215	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	16,091	17,377	10,259	5,880	2,251	762	2,608	2,216	1,112	78	6,071
Gross proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	16,091	24,456	15,341	7,095	2,251	762	2,608	2,216	1,112	78	6,071
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	605	2,930	4,062	148	1,983	1,471	1,508	1,547	1,589	1,634	4,829
- to replace existing assets	11,793	27,262	20,329	14,087	9,746	9,275	10,772	10,373	9,517	8,243	11,087
Increase (decrease) in reserves	10,193	(109)	(1,734)	1,149	(589)	(419)	(455)	(426)	(817)	(575)	(468)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	22,591	30,083	22,658	15,384	11,140	10,327	11,825	11,495	10,289	9,302	15,448

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Surplus (deficit) of capital funding (C-D)	(6,500)	(5,628)	(7,318)	(8,289)	(8,889)	(9,565)	(9,217)	(9,279)	(9,177)	(9,224)	(9,377)
Funding balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Integrated catchment management

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	9,428	10,005	11,457	11,557	10,877	11,252	11,561	11,820	12,126	12,492	12,770
Targeted rates	17,256	18,639	20,376	21,129	21,382	21,923	22,430	23,057	23,571	24,136	24,749
Subsidies and grants for operating purposes	-	1,669	1,976	1,352	-	-	-	-	-	-	-
Fees and charges	1,990	6,261	5,908	1,557	1,571	1,338	1,338	1,338	1,338	1,338	1,338
Internal charges and overheads recovered	1,243	2,062	2,125	2,185	2,225	2,262	2,326	2,374	2,427	2,482	2,539
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	29,916	38,636	41,842	37,780	36,055	36,775	37,655	38,589	39,462	40,448	41,396
Applications of operating funding											
Payments to staff and suppliers	22,740	29,633	31,442	26,712	24,481	25,064	25,644	26,294	26,883	27,596	28,254
Finance costs	(75)	(52)	(41)	(34)	(29)	(27)	(26)	(25)	(24)	(23)	(22)
Internal charges and overheads applied	9,815	10,456	10,854	11,249	11,558	11,769	12,079	12,333	12,604	12,864	13,140
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	32,480	40,037	42,255	37,927	36,010	36,806	37,697	38,602	39,463	40,437	41,372
Surplus (deficit) of operating funding (A-B)	(2,564)	(1,401)	(413)	(147)	45	(31)	(42)	(13)	(1)	11	24

	2020/21 Annual Plan (\$'000)	2021/22 LTP (\$'000)	2022/23 LTP (\$'000)	2023/24 LTP (\$'000)	2024/25 LTP (\$'000)	2025/26 LTP (\$'000)	2026/27 LTP (\$'000)	2027/28 LTP (\$'000)	2028/29 LTP (\$'000)	2029/30 LTP (\$'000)	2030/31 LTP (\$'000)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	225	-	-	-	-	-	-	-	-	-	-
Gross proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	225	-	-	-	-	-	-	-	-	-	-

Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	78	80	82	84	87	89	91	94	96	99
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(2,339)	(1,479)	(493)	(229)	(39)	(118)	(131)	(104)	(95)	(85)	(75)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(2,339)	(1,401)	(413)	(147)	45	(31)	(42)	(13)	(1)	11	24

Surplus (deficit) of capital funding (C-D)	2,564	1,401	413	147	(45)	31	42	13	1	(11)	(24)
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2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
-	-	-	-	-	-	-	-	-	-	-
Funding balance ((A-B)+(C-D))										
-	-	-	-	-	-	-	-	-	-	-

Regional transport connections

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,495	1,615	1,718	1,976	2,165	2,183	2,256	2,262	2,203	2,289	2,371
Targeted rates	10,784	12,432	12,944	13,230	13,948	15,787	15,126	15,397	15,651	15,980	16,232
Subsidies and grants for operating purposes	17,907	21,813	29,080	22,463	25,922	25,564	26,131	26,701	27,041	27,629	28,205
Fees and charges	9,184	9,052	10,727	11,880	12,148	12,337	12,530	12,725	12,924	13,127	13,333
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	39,370	44,912	54,469	49,549	54,183	55,871	56,043	57,085	57,819	59,025	60,141
Applications of operating funding											
Payments to staff and suppliers	36,482	41,059	43,744	46,923	51,053	52,043	53,126	54,236	53,598	54,732	55,842
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	2,244	3,036	3,143	3,335	3,417	3,503	3,576	3,643	3,736	3,819	3,905
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	38,726	44,095	46,887	50,258	54,470	55,546	56,702	57,879	57,334	58,551	59,747
Surplus (deficit) of operating funding (A-B)	644	817	7,582	(709)	(287)	325	(659)	(794)	485	474	394

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	50	2,014	5,454	549	595	2,276	626	642	659	678	695
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	594	(1,197)	2,128	(1,258)	(882)	(1,951)	(1,285)	(1,436)	(174)	(204)	(301)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	644	817	7,582	(709)	(287)	325	(659)	(794)	485	474	394

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Surplus (deficit) of capital funding (C-D)	(644)	(817)	(7,582)	709	287	(325)	659	794	(485)	(474)	(394)
Funding balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Resource Use

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	9,472	10,199	10,738	11,156	11,468	11,656	11,894	12,187	12,327	12,580	12,610
Targeted rates	1,532	1,443	1,560	1,584	1,670	1,795	1,834	1,987	2,034	2,079	2,126
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	6,921	7,848	8,240	9,436	9,164	9,235	9,316	9,634	9,325	9,485	9,653
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	345	422	441	441	528	528	528	528	528	528	528
Total operating funding (A)	18,270	19,912	20,978	22,617	22,830	23,214	23,571	24,337	24,213	24,672	24,917
Applications of operating funding											
Payments to staff and suppliers	10,809	11,531	12,143	13,560	12,796	12,910	13,002	13,502	13,165	13,432	13,519
Finance costs	228	120	165	228	213	198	182	166	149	132	113
Internal charges and overheads applied	7,767	8,649	9,268	9,033	9,121	9,390	9,655	9,919	10,135	10,326	10,526
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	18,804	20,300	21,575	22,821	22,130	22,498	22,838	23,588	23,448	23,890	24,158
Surplus (deficit) of operating funding (A-B)	(534)	(388)	(597)	(204)	700	716	733	749	765	782	759

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	2,141	585	2,395	1,835	(704)	(720)	(736)	(752)	(768)	(785)	(762)
Gross proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	2,141	585	2,395	1,835	(704)	(720)	(736)	(752)	(768)	(785)	(762)
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	1,466	200	1,801	1,635	-	-	-	-	-	-	-
- to replace existing assets	140	140	144	148	151	155	159	163	168	172	177
Increase (decrease) in reserves	1	(143)	(147)	(152)	(156)	(159)	(162)	(166)	(171)	(175)	(180)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,607	197	1,798	1,631	(4)	(4)	(3)	(3)	(3)	(3)	(3)

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Surplus (deficit) of capital funding (C-D)	534	388	597	204	(700)	(716)	(733)	(749)	(765)	(782)	(759)
Funding balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Science, policy and information

	2020/21 Annual Plan (\$'000)	2021/22 LTP (\$'000)	2022/23 LTP (\$'000)	2023/24 LTP (\$'000)	2024/25 LTP (\$'000)	2025/26 LTP (\$'000)	2026/27 LTP (\$'000)	2027/28 LTP (\$'000)	2028/29 LTP (\$'000)	2029/30 LTP (\$'000)	2030/31 LTP (\$'000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	21,127	23,888	26,126	25,783	27,800	27,256	26,825	26,651	27,200	27,714	28,281
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	3,113	4,119	4,332	4,430	4,744	4,830	4,844	5,084	5,234	5,367	5,469
Internal charges and overheads recovered	942	155	155	155	155	155	155	155	155	155	155
Local authorities fuel tax, fines, infringement fees, and other receipts	-	750	750	750	-	-	-	-	-	-	-
Total operating funding (A)	25,182	28,912	31,363	31,118	32,699	32,241	31,824	31,890	32,589	33,236	33,905
Applications of operating funding											
Payments to staff and suppliers	19,622	17,840	19,667	21,516	19,830	19,353	24,468	18,398	18,749	25,678	19,416
Finance costs	152	84	77	70	63	56	49	41	33	25	17
Internal charges and overheads applied	10,138	10,876	11,686	11,774	12,307	12,492	12,798	13,096	13,444	13,792	14,093
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	29,912	28,800	31,430	33,360	32,200	31,901	37,315	31,535	32,226	39,495	33,526
Surplus (deficit) of operating funding (A-B)	(4,730)	112	(67)	(2,242)	499	340	(5,491)	355	363	(6,259)	379

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(278)	(312)	(319)	(326)	(333)	(340)	(348)	(355)	(363)	(371)	(379)
Gross proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(278)	(312)	(319)	(326)	(333)	(340)	(348)	(355)	(363)	(371)	(379)

Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	476	951	732	750	775	795	815	841	864	888	918
- to replace existing assets	550	711	1,370	1,618	919	611	626	642	659	678	999
Increase (decrease) in reserves	(6,034)	(1,862)	(2,487)	(4,936)	(1,528)	(1,405)	(7,280)	(1,483)	(1,524)	(8,196)	(1,916)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(5,008)	(200)	(386)	(2,568)	166	-	(5,839)	-	-	(6,630)	-

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Surplus (deficit) of capital funding (C-D)	4,730	(1,112)	67	2,242	(499)	(340)	5,491	(355)	(363)	6,259	(379)
Funding balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Corporate and Management

	2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	(1,639)	254	682	1,013	1,261	1,208	1,304	1,394	1,403	1,462	1,591
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	314	1,120	1,120	1,120	1,120	120	120	120	120	120	120
Internal charges and overheads recovered	38,050	41,088	43,321	44,236	45,496	46,423	47,575	48,658	49,790	50,863	51,927
Local authorities fuel tax, fines, infringement fees, and other receipts	6,261	3,989	4,134	4,221	4,930	5,017	5,106	5,122	5,213	5,305	5,378
Total operating funding (A)	42,987	46,450	49,257	50,590	52,808	52,768	54,105	55,295	56,526	57,750	59,016
Applications of operating funding											
Payments to staff and suppliers	39,123	41,511	42,622	43,302	44,295	44,237	45,448	46,488	47,633	48,798	49,933
Finance costs	533	311	302	306	285	264	242	220	198	175	151
Internal charges and overheads applied	1,260	314	320	541	607	618	632	645	660	675	690
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	40,915	42,137	43,244	44,148	45,187	45,119	46,322	47,353	48,491	49,648	50,775
Surplus (deficit) of operating funding (A-B)	2,071	4,313	6,013	6,442	7,621	7,649	7,782	7,941	8,035	8,102	8,241

	2020/21 Annual Plan (\$'000)	2021/22 LTP (\$'000)	2022/23 LTP (\$'000)	2023/24 LTP (\$'000)	2024/25 LTP (\$'000)	2025/26 LTP (\$'000)	2026/27 LTP (\$'000)	2027/28 LTP (\$'000)	2028/29 LTP (\$'000)	2029/30 LTP (\$'000)	2030/31 LTP (\$'000)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(4,106)	410	182	(938)	(958)	(979)	(1,001)	(1,023)	(1,045)	(1,068)	(1,092)
Gross proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(4,106)	410	182	(938)	(958)	(979)	(1,001)	(1,023)	(1,045)	(1,068)	(1,092)
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	159	225	1,063	43	82	13	66	28	46	-	-
- to replace existing assets	1,333	1,701	1,610	1,635	1,747	1,804	1,841	1,941	2,048	2,067	2,178
Increase (decrease) in reserves	(3,527)	2,797	3,522	3,826	4,833	4,853	4,874	4,950	4,896	4,966	4,971
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(2,035)	4,723	6,195	5,504	6,662	6,670	6,782	6,919	6,990	7,034	7,149
Surplus (deficit) of capital funding (C-D)	(2,071)	(4,313)	(6,013)	(6,442)	(7,621)	(7,649)	(7,782)	(7,941)	(8,035)	(8,102)	(8,241)

2020/21 Annual Plan (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
-	-	-	-	-	-	-	-	-	-	-
Funding balance ((A-B)+(C-D))										
-	-	-	-	-	-	-	-	-	-	-

Financial forecasting assumptions | Ngā taruna matapae ahumoni

Economic context for LTP

Over the first half of calendar 2020, New Zealand's gross domestic product (GDP) fell by more than 13 per cent – by far the largest quarterly fall recorded in this country. This was primarily a reflection of the lockdown of the economy under Alert level 4, which began at the end of March. The agriculture sector, which contributes a relatively large share of the Waikato economy (around 10 per cent, compared with around 4 per cent for the national economy as a whole), was relatively stable, down just 0.8 per cent since the end of 2019. This reflects that fact that farming was, to a large extent, able to carry on through lockdown, and export volumes and prices have held up well. This also showed in the manufacturing sector: while some subsectors were down by as much as 38 per cent on the previous quarter, the food, beverage and tobacco subsector declined by only 2.2 per cent.

Parts of the service sector (which makes up the largest share of the economy) were relatively unaffected, either because they represented essential services (such as with the health sector) or because they were largely able to continue to work remotely. However, some service sectors were severely hit; the single largest fall in any sector was for accommodation and food services – down 47.4 per cent nationally. This

reflects not just the Alert level 4 lockdown, but travel restrictions and the closure of borders that resulted in large parts of the tourism sector effectively ceasing to operate. This also shows in the retail trade sector, where activity declined by 15.8 per cent in the quarter.

Measured by expenditure type, private consumption and investment fell markedly – largely as a result of the lockdown. Government consumption was steady (central government was up 1.9 per cent, while the much smaller local government was down 0.2 per cent). The largest positive effect was an improvement in net exports. However, this reflected a particularly sharp drop in our spending on imports – down by 25 per cent (seasonally adjusted) on the previous quarter, outweighing a 16 per cent fall in exports – hardly a reflection of economic strength. The fall in services exports reflects that disappearance of international tourists (and to a lesser extent, students) from our shores.

While the Treasury is projecting a relatively quick rebound, the damage done to the economy can be expected to last some years. Key risks to the outlook include the re-emergence of the COVID-19 virus in the community; economic weakness in our export markets; and the premature tightening of central government fiscal and monetary policy.

Forecasting assumption	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
<p>Projected price change factors</p> <p>Forecast financial information contained in this plan includes a provision for inflation. The council has used the price level change factors supplied by Business and Economic Research Ltd (BERL) in order to calculate the amount of inflation to include.</p> <p>Where expenditure is subject to inflation, the following cumulative rates have been applied.</p>	That actual price changes vary significantly from the levels assumed.	Medium	Medium	<p>Inflation is affected by external economic factors that are outside the control of the council. Given the current economic climate, the actual inflation rates for both the short and long term are uncertain. While the council believes it has taken a conservative approach by applying the rates supplied to the local government sector by BERL, it acknowledges that actual inflation rates may vary from these in any year of the plan.</p> <p>Certain classes of expenditure incurred by the council may be subject to greater price change than others. For example, over recent years, contract costs for our flood protection works have increased at a rate far greater than inflation due to market demands for this type of work.</p>

Forecasting assumption	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
<p>Useful lives of significant assets</p> <p>The useful lives of council's significant assets are as disclosed in the notes to the accounts. The sustainable infrastructure decision making framework will be adopted in first three years of the LTP. The framework will be taking into consideration when looking at the life of an asset.</p>	<p>That the actual life of an asset is shorter than assumed. This may impact on the level of depreciation expense recognised, the asset maintenance work required, and the timing of any asset replacement.</p>	Low	Low	<p>The council's most significant assets are its infrastructure assets which are comprised of flood protection works. The useful lives of these assets have been assessed by engineers and valuers as part of the asset revaluation process undertaken in 2016. Following any significant capital expenditure, the useful life of an asset is also reassessed.</p>
<p>Sources of funds for future replacement of significant assets</p>	<p>That the council has insufficient funds to replace significant assets at the end of their useful lives.</p>	Medium	Low	<p>The external borrowing programme will provide a facility by which the costs to renew/replace significant assets can be funded where these costs exceed the depreciation accumulated on the original asset.</p> <p>The council has accelerated asset renewals based on the funding received for 'shovel ready' programmes.</p> <p>A combination of catchment operating and disaster recovery reserve funds and insurance arrangements are in place to fund repair costs up to prudential limits should damage from climatic events or natural disasters occur.</p> <p>The council's financial strategy sets out how provision is made for damage costs.</p> <p>The revenue and financing policy sets out the funding sources that may be used in relation to capital expenditure.</p>
<p>Revaluation of non-current assets</p> <p>Provision has been made for a three-yearly cycle of revaluations in relation to the council's infrastructural assets. Estimates of changes in value have been based</p>	<p>That actual revaluation changes vary significantly from those forecast.</p>	Low	Low	<p>The council undertook revaluations of those property, plant and equipment assets that are subject to revaluation in 2016/17. The council's accounting policies state that these assets should be revalued at least every three years, with an assessment of values carried out annually. Any change in value will impact the forecast financial statements through the funding of depreciation. Budgeted depreciation</p>

Forecasting assumption	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
on the projected price change factors supplied by BERL.				expense takes account of the estimated impact of the revaluation of assets over the term of this plan. If the results of revaluations vary significantly from the estimates made, the provision for depreciation will be impacted accordingly.
<p>Depreciation rates on planned acquisitions</p> <p>New capital expenditure will be depreciated in line with the depreciation rates set out in the council's accounting policies.</p>	That further review of the nature of capital expenditure may alter the depreciation expense incurred.	Low	Low	Significant capital works are based on detailed asset management plans which specify the nature and timing of capital works. Due to the long-term nature of these capital works, any impact on depreciation is minimal.
<p>Forecast return on investments</p> <p>The council's investment fund return is based on:</p> <ul style="list-style-type: none"> a real return of 3 per cent per annum on the base capital of the fund, after inflation and fees. <p>A 1.6 per cent per annum provision for inflation.</p>	That actual returns achieved by the fund are lower than this average return.	Low	Low	<p>The council's investment fund is invested in a conservative portfolio mix. Regular reviews of investment managers, the investment strategy and strategic asset allocation are undertaken to ensure that the council's objectives in relation to the fund are met.</p> <p>For years where the fund does not achieve the target return, the council has an investment equalisation reserve in place where the return shortfall can be drawn from.</p>
<p>Expected interest rates on borrowing</p> <p>The council will utilise an external borrowing facility through the Local Government Funding Agency (LGFA). The interest rate applied to anticipated borrowing is 2.2 per cent average for the 10 years.</p>	That interest rates will be higher than those forecasted.	Medium	Medium	<p>Assumptions regarding the applicable interest rates have been based on external advice, however, external market conditions are difficult to predict with a high degree of certainty.</p> <p>Variation from these interest rates will have an impact on the funding required to meet borrowing costs.</p>
<p>New Zealand Transport Agency (NZTA) subsidy rates</p> <p>The budget reflects subsidy rates advised by NZTA.</p>	That all funding requested will not be approved as part of the National Land Transport Programme.	Medium	Medium	NZTA subsidies cover a large portion of the costs of the transport operations provided by the council. If the projected funding is not available, the shortfall in funding would need to be met from other sources – user charges (bus fares) or rates – or services would have to be cut.

Forecasting assumption	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
				Rail service is subject to enhanced funding in the first five years, with uncertainty beyond that period.
	Passenger rail service funding will not continue.			<p>The Te Huia rail service started in April 2021 with central government committing 75.5 per cent of the cost less fare revenue for the five years of the start-up service.</p> <p>The council plans to add an additional weekday service no sooner than December 2021. The council assumes the same level of funding will apply for the current service beyond the five year start-up period and for the planned additional services. If the projected funding is not available, the shortfall in the funding need to be met by other sources or rates, which may result in changes being made to the rail service, including not proceeding with the planned improvements.</p>
Public transport fare revenue/patronage	That revenue will decline post the COVID environment.	High	High [2021] Medium [2022-2031]	Decline in revenue due to the risks still associated with public transmission. Expect at least a 20 per cent drop in revenue for 2021.
Regional growth The council has estimated that the change in the capital value of the region through new property development will be 1.5 per cent for year one of the LTP and is used for the outer years as well.	That growth will not be sustained at the level anticipated.	Low	Low	<p>This growth estimate has only been used to project likely revenue for those rates set on a per property charge, and in the calculation of rating impacts to existing ratepayers.</p> <p>This growth estimate has been assessed based on actual growth across the region over the last three years.</p>
Unforeseen or new environmental issues or resource management needs	There will be new environmental or resource management issues requiring work that cannot be funded out of normal budgetary provisions.	Medium	Medium	The potential effect of any new environmental or resource management issue is dependent upon the scale, type, location and impact on the environment. Each issue will be addressed on its merits and any funding requirement addressed in terms of the principles outlined in the <i>Revenue and Financing Policy</i> and <i>Financial Strategy</i> . It is considered that any new issue(s) resulting from climate change will be managed within existing resources.

Forecasting assumption	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
Significant natural or other hazard emergencies	There will be new natural or other hazard emergencies requiring work that cannot be funded out of normal budgetary provisions.	Low	Low	<p>The potential effect of a natural disaster on the council's financial position is dependent upon the scale, duration and location of the event. However, the council's financial position is strong enough to fully replace all infrastructural assets in the case of an event causing total destruction. Disaster recovery reserves are being built up over time and insurance cover is in place to fund up to 40 per cent of qualifying expenditure in the event of a natural disaster.</p> <p>Refer to council's financial strategy for further information on its approach to mitigating the financial risk associated with natural disasters.</p>
Climate change	Costs will change in response to climate change impacts.	Low	Short term: Low Long term: High	Potential climate change impacts are routinely factored into the council's planning and design activities as prediction and adaptation information becomes available. In particular, the council's infrastructure strategy considers the impact of climate change on the management of flood protection scheme assets.

BERL rates to be applied:

Year	Annual	Cumulative
2021/22	-	-
2022/23	2.9%	2.9%
2023/24	2.5%	5.5%
2024/25	2.5%	8.2%
2025/26	2.6%	11.0%
2026/27	2.5%	13.8%
2027/28	2.6%	16.7%
2028/29	2.7%	19.9%
2029/30	2.8%	23.2%
2030/31	2.6%	26.4%

Financial prudence performance measures

| Ngā mehua whakahaere ahumoni

whaitikanga

Long term plan disclosure statement for the period commencing 1 July 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The council is required to include this statement in its long term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

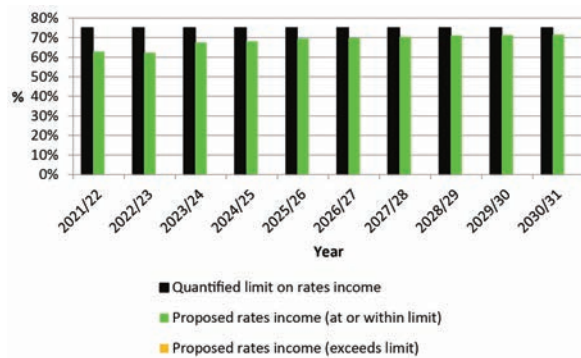
Rates affordability benchmark

The council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

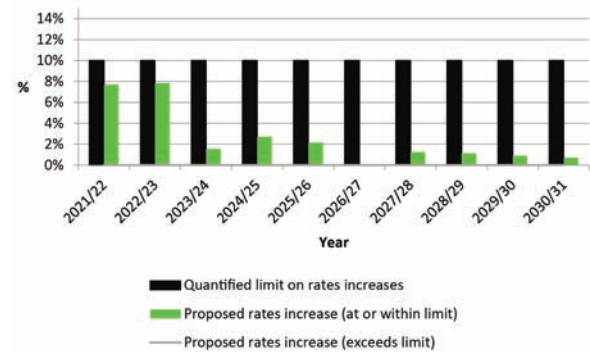
Rates (income) affordability

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy. The quantified limit is that total rates revenue will comprise up to 75 per cent of the council's annual revenue requirements.



Rates (increases) affordability

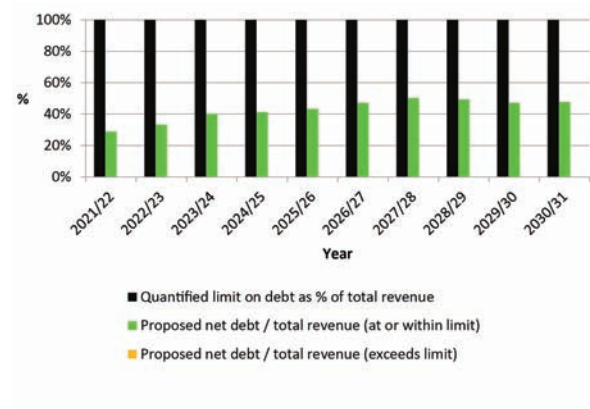
The following graph compares the council's planned rates increases with a quantified limit on rates increases included in the financial strategy. The quantified limit is that increases in the annual rate revenue requirement will be limited to a 10 per cent increase in revenue from current ratepayers.



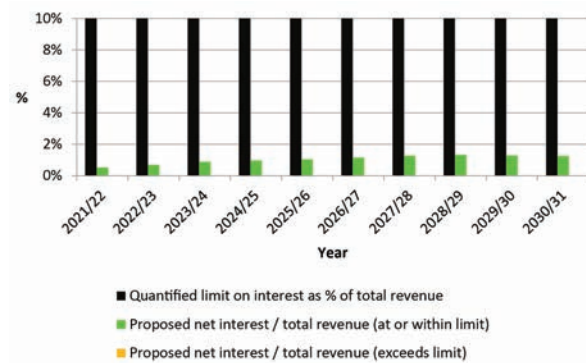
Debt affordability benchmark

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

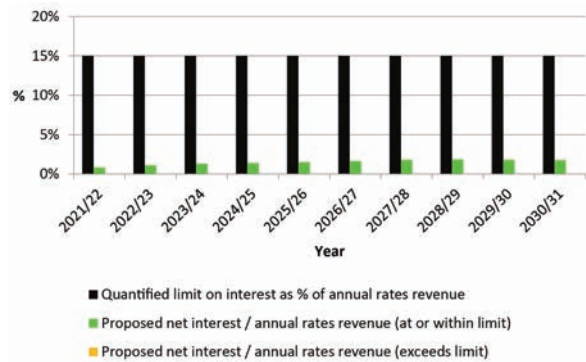
The following graph compares the council's planned debt with a quantified limit on borrowing stated in the financial strategy. The quantified limit is that net debt/total revenue is <100%



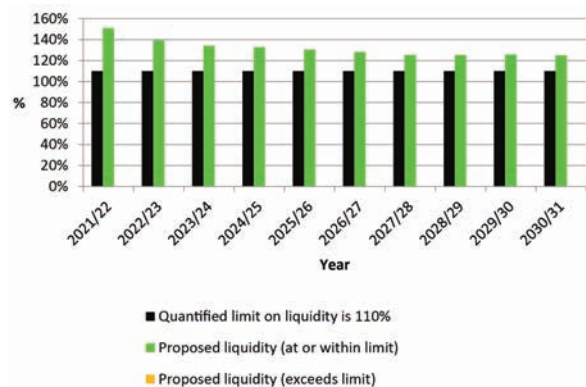
The following graph compares the council's planned borrowing with a quantified limit on borrowing stated in the financial strategy. The quantified limit is that net interest on external debt/total revenue is <10%



The following graph compares the council's planned borrowing with a quantified limit on borrowing stated in the financial strategy. The quantified limit is that net interest on external debt / annual rates revenue is <15%



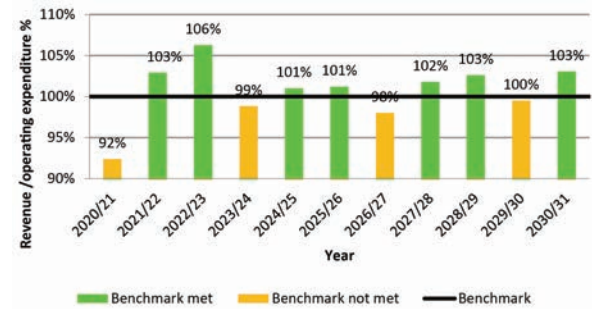
The following graph compares the council's planned borrowing with a quantified limit on borrowing stated in the financial strategy. The quantified limit is that liquidity is >110%. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.



Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

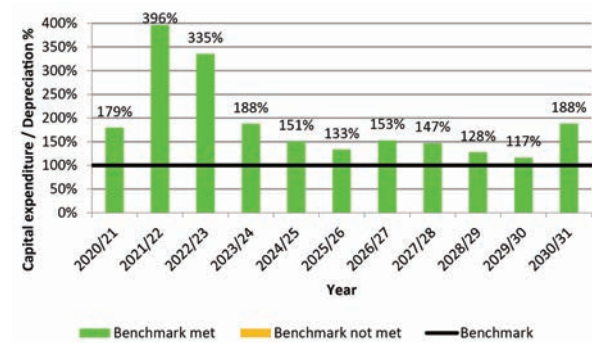
The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

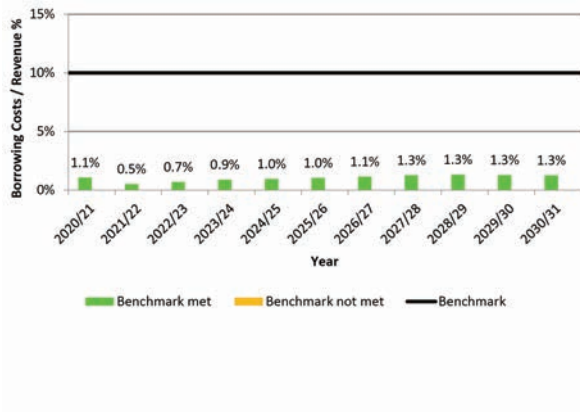
The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned 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 the council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



Additional information and comment Balanced budget benchmark

The council's operating revenues are less than operating expenses for three of the 10 years of this LTP. The reasons for this are set out in the *Financial Strategy*. The council has resolved that an unbalanced budget is financially prudent, having considered the reasons for this.

Revenue and financing policy | Kaupapa here whiwhi me te utu rawa

Background

This document has been prepared in accordance with the Local Government Act 2002, in particular sections 101-103. It identifies the funding sources and mechanisms that will be used to finance the council's operating expenses and capital expenditure for the financial years 1 July 2021 to 30 June 2031.

The council will manage its financial affairs prudently and in a manner that promotes the current and future interests of the community. The aim of its *Revenue and Financing Policy* is to promote consistent, prudent, effective and sustainable financial management of the council and to fund its activities from the most appropriate sources, after consideration of who benefits from each activity.

The council undertakes a range of activities that require funding⁽⁹⁾. This policy outlines how each of these activities is to be funded, taking into account the above considerations. The amount of revenue and the factors required are detailed in the Funding Impact Statement.

Waikato Regional Council has reviewed its revenue and financing policy to maximise the efficiency and equity of its funding mechanisms and to further its objective to promote regional sustainability. The ideal policy will ensure that costs are closely aligned to the receipt of benefits and the need for the work being undertaken. It will also minimise distortion and maximise equity. This ideal is difficult to achieve, nevertheless Waikato Regional Council believes that the policies contained in this document move in that direction.

This policy should be read in conjunction with the *2021-2031 Long Term Plan, Financial Strategy, Treasury Risk Management Policy* and the *Policy on Financial Contributions*.

Guiding principles

Waikato Regional Council's *2021-2031 Long Term Plan* (LTP) contains the following set of guiding principles. It should be noted that conflicts between the principles and practice may arise. Resolving this conflict will involve the need to trade off competing principles.

Affordability

The council's funding decisions are influenced by concepts such as people's ability to pay and the desire to provide broad access for people to particular services, in addition to the concept of user pays. Rates are a form of tax and not

purely a charge for services received. Affordability issues influence both the overall level of rates and the level of uniform charges within rates.

Paying for benefits received

In general, if a council activity mainly benefits a particular person or group, then that person or group should contribute to the cost of the activity. In addition, payment should be made for the activity at the same or similar time as the benefits are received (intergenerational equity).

Paying for costs imposed

In general, if the actions or inaction of a particular person or group create a need for the council to carry out an activity, then that person or group should contribute to the cost of the activity. This is sometimes referred to as the polluter pays principle or the causer pays principle.

Transparency and accountability

Where the principles of payment for benefits and paying for costs (as described above) suggest that a particular person or group should contribute to the cost of an activity, then that activity should be funded separately from other activities if it is practicable to do so.

Financial prudence and sustainability

Waikato Regional Council's revenues, expenses, assets, liabilities, investment and general financial dealings should be managed in a prudent and sustainable manner.

Optimal capital usage

Waikato Regional Council's limited financial resources should be used in such a way as to maximise the benefits provided to the community, while minimising the burden on ratepayers. Among other things, this principle influences the council's decisions on the best mix of funding (between rates income, other revenue sources, borrowings and asset sales) for its assets and activities.

Efficiency and effectiveness

The council's revenue and financing policies should have regard to the costs of implementing them and how effective they will be in achieving their objectives.

9 An "activity" is a good or service provided by, or on behalf of, the council.

Overall impact on the community

Decisions on how the council's needs for revenue will be met (by ratepayer and other groups) should take into account the impact of the decision of the current and future social, economic, environmental and cultural wellbeing of the community.

Funding operating expenditure

Waikato Regional Council will generally fund its operating expenditure out of operating revenue. Rates and levies will usually be set at a level to ensure that Waikato Regional Council achieves this objective. Waikato Regional Council has a number of potential sources of funds - each of these can be considered for funding a particular activity.

General rate

The general rate is used to fund part or all of activities that are of 'public benefit' where no other direct source of revenue is identified as appropriate to cover the cost of the activities. The general rate is a rate applied on a differential basis using projected values (in accordance with section 131 of the Local Government (Rating) Act 2002) on the capital value of every rateable property within the Waikato Regional Council boundary. The differential recognises the different general revaluation cycles of the territorial authorities in the region. The council considers that capital value continues to be the most appropriate basis for the general rate. Under the Local Government Act 2002, an important factor in determining the most appropriate system is deciding which basis best reflected the services provided by the council (the benefit principle).

However, the council also considered other criteria such as:

- whether the activity is deemed to have considerable general community benefit (or direct beneficiaries cannot be accurately determined or identified)
- whether the size of a rateable property reflects the benefit received from these activities. For instance, is there greater benefit accruing to a rural property owner with a large land holding than an urban resident on a 600m² section?
- whether higher value land reflects greater benefit received from such activities
- whether the value of improvements reflect the benefit received
- the degree of development of the land which in return reflects investment in the land for either productive earning or capital gain
- the impact of changing the current rating system on the burden of rates among different individual groups of ratepayers.

Uniform annual general charge

A uniform annual general charge (UAGC) is a fixed amount charged to each rateable property. The impact of a UAGC is to set a component of rates as a fixed charge per property

and separate this charge from the valuation base used to apply the general rate. Under the Local Government (Rating) Act, a limit of 30 per cent of total rates revenue can be applied via a UAGC or fixed rate per property. The council considers that there are three categories where a UAGC could be considered:

- where the expenditure is a 'public good' to which every ratepayer has equal access
- where the expenditure is related to 'people' rather than property, for example, Waikato Regional Council's regional hazards expenditure is directed largely at the protection of people, not property values
- where the expenditure does not directly change the condition or economic value of a property or resource. Waikato Regional Council believes that expenditure that enhances a particular resource or improves the value of a property (such as flood control works) should be funded through a capital value, land value or land area charge. However, more universal costs may be appropriate for a UAGC.

Targeted rates

Targeted rates are rates that are used to fund a discrete activity and can only be used for the purpose for which they were collected. The council can set one or more targeted rates to fund a single function, or a single targeted rate to fund multiple functions. Targeted rates can be set on all properties in the region or only on properties that have been identified as belonging to a defined subset, the same as required for a differential of a general rate.

The categories are:

- property value - annual, land or capital
- location
- land area
- land use
- the provision or availability of a service by or on behalf of the council
- any activities that are permitted, controlled or discretionary for the area in which land is subject under an operative (or proposed) regional plan under the Resource Management Act 1991, subject to there being no submissions in opposition to the plan.

The rates may be calculated as a:

- fixed dollar per rating unit
- fixed charge per factor
- differential charge per factor.

Factors that may be used in calculating targeted rates are also defined in the Act. They are:

- property value - annual, land or capital
- land area

- number of separately used or inhabited parts of the rating unit
- the extent of provision of service to rating unit by the council.

Waikato Regional Council uses targeted rates extensively. A targeted rate allows for multiple factors to be used in calculating the rate. For example, targeted rates provide the flexibility to match benefit to funding in complex flood protection schemes. Waikato Regional Council has also set targeted rates where specific activities can be identified, such as flood protection and catchment management rates.

Fees and charges

The actual costs and fees set are outlined in the Funding Impact Statement. The main fees and charges arise from several pieces of legislation.

Application charges

Section 36(1) of the Resource Management Act 1991 (RMA) authorises the council to fix administrative charges, including those payable by applicants for plan changes or resource consents, and by holders of resource consents. An outline of current policy and charges adopted by the council is provided below.

Changes to policy statements and plans (RMA section 36(1)(a))

For assessing applications for the preparation of, or changes to policy statements or regional plans, the council will charge applicants actual and reasonable costs.

Resource consent application processing (RMA section 36(1)(b))

For carrying out its functions in relation to receiving, processing and deciding on resource consent applications (including assessment of application for certificates of compliance) and for considering and deciding on changes to, or reviews of, consent conditions and transfer of consents, the council will charge applicants and consent holders actual and reasonable costs, or fixed specific amounts for specified consents. Actual and reasonable costs are based on staff time multiplied by the charge-out rate plus direct costs including disbursements, notification and hearing costs. An indication of likely costs, based on average costs for processing a particular category of consent, can be provided at the time of making an application. However, actual charges may vary, depending on the complexity of the environmental issue involved and the process to be followed. Fixed application charges are available for low complexity consents, or those with low environmental and public impact, including:

- dairy discharge
- bridge
- culvert
- Taupo Land Use >20 hectares
- bore consents.

Monitoring and supervision (RMA section 36(1)(c))

All monitoring, excluding that charged under annual consent holder charges, will be charged on an actual cost basis. Consent holders or their agents will be advised that:

- consent site-specific monitoring and supervision may be necessary and an indication of the nature and/or frequency of this work will be given
- they will be required to pay actual and reasonable charges for the consent or site-specific monitoring and supervision once it has been undertaken by the council.

Where costs cannot be attributed to all consents within a class, actual and reasonable costs will be directly charged for monitoring and supervision calculated as staff time multiplied by the charge-out rate plus direct costs including disbursements.

Provision of information and advice (RMA section 36(1)(e))

Actual and reasonable costs will be charged for the provision of documents, technical advice and consultancy services. The first half-hour of staff time involved in providing this advice will be not charged, after which the total staff time spent providing information will be charged.

Navigation safety (LGA section 684B)

Pursuant to section 684B of the Local Government Act 1974, Waikato Regional Council has made a bylaw in respect of navigation safety within the Waikato region. Section 684B(9)(h) of the Local Government Act allows the regional council to set fees in respect of activities that it has to undertake to implement the bylaw. Waikato Regional Council has set fees for the following:

- application for special events (Bylaw 3.8), or suspension or exemption of any provisions within this bylaw (Bylaw 4.2)
- public notice in respect of a special event (Bylaw 3.8)
- lost or destroyed certificate of registration, application for a duplicate copy of any certificate or licence issued under these bylaws that has been lost or destroyed
- mooring registration issued in accordance with Bylaw 3.9
- mooring inspection fee
- visitor mooring rental
- transfer of mooring licence
- registration of personal watercraft
- management of navigation safety related activities in respect of Port Taharoa
- management and inspections related to navigation safety activities
- assessment and report on any RMA consent application which has the potential to affect navigational safety.

Resource consent holder charges

These are charges made to consent holders under RMA section 36 for:

- consent administration
- information gathering
- data monitoring
- compliance monitoring.

Report charges

Copies of technical reports will be charged at a fixed rate plus the cost of colour pages. Policy documents will be charged at fixed charges.

User charges

Legislation including the LGA, RMA 1991, Biosecurity Act 1993, Land Drainage Act 1908 and Soil Conservation and Rivers Control Act 1941 provide for the application of 'user charges' in the provision of works and services. The term 'user charges' is a general term to describe the charges made directly to users of a service or facility for the private benefit received. The concept of user pays is consistent with the 'benefit/contributor principle', in that revenue sources should be related to the benefit received. It is also consistent with the principle that those causing adverse environmental change (exacerbators) pay for the consequential work. Where individual consumers can be identified, and charges for consumption practically administered, user charges for all or part of the cost of service should be pursued.

In some cases user charges may be impractical, as the cost of obtaining information necessary to charge is administratively too expensive or the cost of the charging mechanism itself outweighs any practical benefit.

Investment revenue

The council has a range of investments from which income is derived. This revenue is used to fund a regional development fund and to supplement general rate funding in order to help meet the cost of the council's regular operating activities and thereby reduce the rating burden on ratepayers. The prioritised order of how the investment fund returns are applied is set out in the council's Treasury Risk Management Policy and Statement of Investment Policy and Objectives (SIPO).

Financial contributions

Section 108(2)(a) of the RMA authorises the council to include, as a condition of resource consents, the requirement for a financial contribution for purposes specified in a regional plan. Financial contributions may mean money, land, works or services. The Regional Plan must specify the purpose(s) for which a financial contribution can be required and specify a maximum amount or set out a formula by which such maximum can be determined. The *Waikato Regional Plan* does not currently specify that it will use

financial contributions. However, financial contributions may be required for coastal permits granted under the *Regional Coastal Plan*.

Grants and contributions

The council is able to obtain grants and contributions from central government, Crown entities, territorial authorities and utility operators to fund some of its activities. Grants and contributions are used to fund activities which have both public and private benefit.

Rentals and royalties

The council receives rents from properties it owns. These properties largely relate to land attached to council flood protection schemes. Royalties may also be received for sand extraction and the harvesting of timber on council properties. There is a strong case that the council receive royalties for a wider set of resource uses. This would require some policy changes by the New Zealand Government.

Reserve funds

Reserves arise where funding has been obtained for a particular activity and, at a point in time, not all the revenue has been spent on the activity. Maintaining reserves ensures that revenue is used for its intended purpose and enables revenue to be maintained at a constant level when the service provided is continuing at the same level.

The council maintains reserves relating to targeted rates which have been provided by regional ratepayers for specific activities. While the cash associated with reserves may be used as funding for other activities within the organisation, it will continue to be identified as an asset and interest will be credited to the area for which the revenue was raised.

Borrowing

Where there are targeted rates that do not cover the operating costs of the activity in any one year then the council may use borrowing to fund the deficit. The interest rate charged is based on the rates set as part of council's *Financial Strategy*.

Borrowing may also be considered to smooth the general rate funding impacts of projects in the short-term where expenditure is uneven/cyclical in nature.

All borrowings are subject to Waikato Regional Council's *Liability Management Policy* and the guiding principle of optimal capital usage.

Other mechanisms

The use of any other funding sources should be assessed with regard to the guiding principles.

Funding capital expenditure

Waikato Regional Council considers that the following sources of funding are appropriate for its capital expenses. These funding sources may be applied either directly to

capital projects when expenditure is incurred, or towards financing interest and principal repayments on borrowings that were raised to fund the expenditure.

Intergenerational equity principles, which are dealt with under the council's guiding principle of paying for benefits received when they are received, suggest that the purchase or construction of long-lived assets should be funded by way of borrowings. In that way, repayments are spread over time, instead of paying the entire cost of the assets in the year they are built. For long-lived assets, the funding sources below can be used to finance principal repayments on borrowings, rather than for directly funding capital projects. In the case of the replacement / renewal of existing assets, the council funds the depreciation expense associated with the asset through the sources identified below.

Where the council assesses a targeted rate for the repayment of capital and associated interest costs for the construction of new assets, it will not seek to fund depreciation for the period of the capital loan. This ensures that ratepayers are not charged twice – for the initial construction and for the future replacement of the asset.

General rates

General rates are seen as an appropriate capital funding mechanism for projects where there is a public good element. This approach is consistent with the guiding principle of paying for benefits received.

Where an existing asset provides a public good or positive externalities, it is appropriate to fund replacement of that asset from general rates, especially where the general rate includes an explicit charge to recover depreciation.

General rates are also appropriate for funding capital projects where imposing the cost on the person or groups who will benefit from the project would place too great a burden on them. This is consistent with the guiding principle of affordability.

Targeted rates

Targeted rates are seen as an appropriate capital funding mechanism for projects where the project mainly benefits a specific group of ratepayers or where the action or inaction of that group contributes to the need for the project.

Grants and subsidies

Appropriate (in general) only for funding the costs of providing a particular asset that the grant or subsidy was intended for.

Fees and charges

Appropriate where the benefits provided by an asset are primarily private in nature.

Proceeds from asset sales

It is generally appropriate to use the proceeds of selling an asset to fund the cost of providing another asset.

Borrowing

Borrowing is recognised as an effective method of achieving equity between different generations of ratepayers (intergenerational equity). The funding of assets with long lives particularly benefits from the use of borrowing to allow the matching of costs with the use of the asset.

All borrowings are subject to Waikato Regional Council's Liability Management Policy and the guiding principle of optimal capital usage.

5 Rating policy

In calculating the liability for rates, council will consider the following principles.

- The rating system will be simple and transparent.
- Targeted rates may be applied to fund specific programmes/projects in specific areas.
- Differential rates may be applied where it is determined that one ratepayer sector is deriving a greater/lesser benefit than other ratepayer sectors.
- The system of rating used (land value, capital value, land area, per rating unit) will be the one that most closely aligns to the benefits received by ratepayer sectors.
- Individual ability to pay issues will be addressed through specific mechanisms such as rebates, remissions and postponements.

Prior to any rating requirement being calculated, the council will first identify the extent to which costs can be recovered through third parties (for example government or industry contributions and grants) or through direct charging mechanisms where a direct benefit can be directly attributed to individual users of a service.

General rates

In meeting its general revenue requirements, the council will set the following rates.

- A differential general rate in accordance with s13 of the Local Government (Rating) Act 2002. The general rate will be set on the basis of differential capital value.
- A uniform annual general charge in accordance with s15 of the Local Government (Rating) Act 2002.

A differential is applied to the general rate to recognise the different revaluation cycles of the territorial authorities within the region.

The council will consider the following criteria when determining whether an activity should be funded via the uniform annual general charge.

- Where the expenditure does not directly change the condition or economic value of a property or resource.
- Where the expenditure is a 'public good' to which every ratepayer has equal access.
- Where the expenditure is related to 'people' rather than property.

Targeted rates

S16 of the Local Government (Rating) Act 2002 authorises the council to set targeted rates and fixed targeted rates to fund functions that are identified in its long term plan or annual plan.

The following targeted rates are currently assessed by council:

- catchment management rates
- drainage rates
- biosecurity rate

- public transport rate
- permitted activity monitoring rate
- stock truck effluent rate
- civil defence and emergency management rate
- natural heritage rate
- regional services rate
- regional facilities rate.

In addition, the council has signalled its intent to set a voluntary targeted rate in relation to its proposed sustainable homes scheme from July 2022.

Funding analysis of group activities

Group of activities: Community and services

Governance

This activity supports the chairperson and councillors in their roles and ensures council processes such as triennial elections and meetings are run correctly and decision making processes are robust and transparent. This includes working in partnerships and collaboratively by providing for iwi, community and key stakeholder representation on the council's standing subcommittees and councillor representation on other local government, key stakeholder and community groups. Maintaining the integrity of the council's processes is also supported by the provision of corporate legal advisory services and timely and appropriate responses to official information requests and Ombudsmen's office enquiries.

Activity	Primary community outcome			
Governance	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low
	The entire regional community benefits from robust and democratic local government that enables democratic local decision making and action by and on behalf of communities, and promotes the social, economic, environmental and cultural wellbeing of communities now and in the future.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	100%		100%	
Funding mechanism				UAGC

Planning, reporting and funding

This activity involves development of statutory plans and reports to improve transparency and accountability to our residents and ratepayers. These include long term plans, annual plans and annual reports. Financial and service performance is reported to the council quarterly and reported to the public annually via an annual report. Regular monitoring and reporting is important as it assesses whether the council's policies and services achieve their intended objectives. This area also includes the regional theatre rate funding.

Activity	Primary community outcome
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Planning, reporting and funding	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low
	<p>The entire regional community benefits from robust and democratic local government that enables democratic local decision making and action by and on behalf of communities, and promotes the social, economic, environmental and cultural well-being of communities now and in the future.</p> <p>The statutory plans and reports prepared under this activity constitute key consultation and accountability documents for the council which underpin these democratic processes.</p> <p>The council's contribution to the Waikato Regional Theatre is included in this activity. This targeted rate will be assessed against regional ratepayers, excluding those in Hamilton city.</p> <p>The council's funding of regional services is also included in this activity.</p>			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
		100%		100%
	Funding mechanism			UAGC, targeted rates (regional services and Waikato Regional Theatre)

Iwi Maori partnerships

Waikato Regional Council works with iwi and hapu at a political and operations levels to ensure the traditional role of tangata whenua as kaitiaki is respected and to ensure there are avenues available for tangata whenua and Maori communities to contribute to the council's decision making. The council is building its capacity to deliver on co-management obligations that are arising from Treaty of Waitangi settlements.

Activity	Primary community outcome			
Iwi Maori partnerships	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Low	Low	Low
	<p>Working in partnership with iwi is integrated with the council's governance and management arrangements.</p> <p>This activity provides benefits at a national, regional and local level:</p>			

	<ul style="list-style-type: none"> At a national level, the activity implements the Crown obligations under the Treaty of Waitangi that have been delegated to local government. While this work is relevant to the community as a whole, recovery of costs should be sought from the government for processes required to implement new legislation. All sectors of the community will benefit from improvements to the environment as a result of settlement initiatives. Maori will benefit through increased capacity and opportunity to be involved in, and contribute to, council's decision making processes. 			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
		100%		100%
Funding mechanism				UAGC

Group of activities: Waikato Civil Defence Emergency Management Group

Waikato Civil Defence Emergency Management Group

Under the Civil Defence Emergency Management Act 2002, CDEM is a function and responsibility of regional, district and city councils. Consequently, all local authorities throughout New Zealand have joined together on a regional basis to form CDEM groups. These groups, in partnership with emergency services and other organisations, are responsible for emergency management locally.

The Waikato CDEM Group comprises the Waikato Regional Council and 10 territorial authorities, in conjunction with emergency services, welfare agencies and utility providers. It has four emergency operating areas – South Waikato, Taupo, Waikato Valley and Thames Valley. The Waikato CDEM Group works closely with research institutions, utility operators and central government, who have vested interests and responsibilities to reduce risks and improve community resilience.

The Waikato CDEM Group is responsible for delivering on the 4 Rs (readiness, response, reduction and recovery) outlined in the CDEM Group Plan. This involves operational planning to ensure that CDEM organisations and the community have the capacity and a capability to respond to an emergency.

The Waikato Regional Council performs the statutory role of administering authority on behalf of the Waikato CDEM Group Joint Committee and the Coordinating Executive Group (CEG). Waikato Regional Council is also responsible for the CDEM Group Emergency Management Office (GEMO) which co-ordinates the “day to day” planning and project work on behalf of the group and CEG.

Activity	Primary community outcome			
Waikato Civil Defence Emergency Management Group	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Low	Low	Med
	The Waikato Civil Defence and Emergency Management Group works across all territorial authorities and key agencies in the region. It enables co-ordinated planning and response to regional civil defence emergencies, which can occur at any location at any time.			
	Economic benefit assessment		Funding targets	
Private	Public	Private	Public	

		100%		100%
Funding mechanism	A separate targeted rate is applied to fund this activity as the regional council administers this work on behalf of the territorial authorities in the region. By separating the funding mechanism, it is clear to ratepayers how much they are contributing for this activity.			Civil defence rate

Group of activities: Regional hazards and emergency response

WRC emergency response

Waikato Regional Council provides facilities, staff, resources and information in support of the Waikato CDEM Group.

The council also collates information on hazardous substances and responds to emergencies involving the accidental release of hazardous substances. We also provide round the clock monitoring and provision of flood event information to the community as required.

The council plans for and responds to certain marine oil spills within the region. Tier 1 (industry) and tier 2 (regional) marine oil spill contingency plans are kept updated and approved by the Waikato Regional Council and Maritime New Zealand respectively. Regional (tier 2) marine oil spill exercises with relevant agencies are also undertaken annually.

Activity	Primary community outcome			
WRC emergency response	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low
	The council's emergency management activity provides proactive information and advice in relation to flood warnings, marine oil spills, hazardous substances management and support for the Waikato Civil Defence Emergency Management Group. These activities provide benefit to the regional community as a whole.			
	A portion of costs is recovered for programmes such as tier 2 oil spill responses and training and tsunami modelling. These recoveries are taken into account before the council's funding requirements are determined.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	100%		100%	
Funding mechanism			UAGC	

Resilient development

This activity involves the collection and provision of strategic information and advice to district councils, the Waikato CDEM Group and landowners on a range of hazards, on behalf of the regional community and stakeholders. This information is used to help identify areas of the region most at risk from hazard events, and to minimise risk and damage to people, homes, businesses and infrastructure. This ensures that the risks from hazards are reduced over time and that sound decisions are made about the future development of hazard prone areas.

By better understanding natural hazard risks, communities can prepare for or avoid them. The council pulls together and analyses a wide range of information to identify where homes and businesses are most at risk from floods, erosion and other natural hazards as well as building and maintaining infrastructure to reduce identified risks. This work includes collaborating with district councils to ensure people avoid building in hazardous areas in the future.

Activity	Primary community outcome			
Resilient development	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low
	Council's Civil Defence planning and response functions work across all territorial authorities and key agencies in the region. They enable co-ordinated planning and response to regional civil defence emergencies, which can occur at any location at any time.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	100%		100%	
Funding mechanism			UAGC	

Group of activities: Flood protection and control works

Flood protection

Waikato Regional Council provides communities with an agreed level of protection from floods. The council is the primary agency responsible for flood protection and assets include stopbanks, floodgates, pump stations, channel/streams and pumps. The flood protection services are focused on those specific geographic areas where schemes have been agreed with communities. The services are closely connected to hazard, risk and land use management.

This activity also includes the Lake Taupo Foreshore Erosion and Flood Strategy and associated work programme. The strategy was developed jointly with Taupo District Council to manage foreshore erosion around Lake Taupo. It is implemented in conjunction with Taupo District Council, Tuwharetoa Māori Trust Board, hydro power generators and property owners.

In the first three years of the LTP, we will receive funding from MBIE associated with the Shovel Ready/COVID response programme to aid the acceleration of renewals of flood control assets.

Activity	Primary community outcome	
Flood protection	Vibrant communities	
	Funding principles	

	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	High	Med	Med	Med
	<p>Private benefits accrue to individual landowners and occupiers who are enabled to use the land for economic gain. Local benefits occur because a range of public facilities, infrastructure and services receive security from flooding.</p> <p>The wide range of benefits provided to different groups and individuals suggest that a mix of funding tools is appropriate to meet the costs of this activity.</p> <p>Detailed zone funding policies set out the analysis of exacerbators and contributors in relation to this activity, and include how capital works will also be funded.</p>			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	85%	15%	85%	15%
Funding mechanism	The wide range of benefits provided to different groups and individuals suggest that a mix of funding tools is appropriate to meet the costs of this activity.		Targeted catchment rates; fees and charges; borrowing	General rate

Land drainage

Waikato Regional Council manages a multi-million dollar system of natural and built infrastructure to keep productive pastoral land draining freely. There are over 90 individual land drainage schemes. Each scheme is fully funded under its own targeted rating.

Activity	Primary community outcome			
Land drainage	Strong economy			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	High	Med	High	High
	Land drainage works are undertaken in response to the location of the land, and the desire to maintain the productive capacity of that land. This work is undertaken for the benefit of the land owners.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
100%		100%		
Funding mechanism			Targeted drainage rates	

River management

Waikato Regional Council manages rivers and streams to reduce the effects on communities of bank erosion, channel instability and blockages. Programmes are based on priority and the level of risk to people and property.

A guiding principle for the council is “integrated” catchment management which seeks to promote the sustainable management of the region’s natural resources. There are strong linkages between the activities of this group and the Integrated Catchment Management and Emergency Management groups of activities.

Activity	Primary community outcome			
River management	Healthy environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Med	Med	Med	Med
	Private benefits accrue to individual landowners and occupiers who are enabled to use the land for economic gain. Local benefits occur because a range of public facilities, infrastructure and services receive security from flooding.			
	Regional benefit is realised through maintaining the economic productivity of the land.			
	The wide range of benefits provided to different groups and individuals suggest that a mix of funding tools is appropriate to meet the costs of this activity.			
Detailed zone funding policies set out the analysis of exacerbators and contributors in relation to this activity.				
Economic benefit assessment		Funding targets		
Private	Public	Private	Public	
87%	13%	87%	13%	
Funding mechanism		Targeted catchment rates; borrowing	General rate	

Group of activities: Integrated catchment management

Biosecurity

The biosecurity programme delivers animal and plant pest management through the provision of information and advice, surveillance, monitoring and inspections, direct control, pathway management, working with people on community based initiatives and research.

The council sets objectives, methods and rules through the *Regional Pest Management Plan* (RPMP). The RPMP details which plants and animals are declared pests in the Waikato region. It explains why they are pests, and outlines how each pest will be managed over a 10 year period. The current RPMP was made operative in August 2014.

Activity	Primary community outcome			
Biosecurity	Strong economy			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Low	Low	Low
	<p>The Biosecurity activity provides a mix of national, regional and individual / landowner benefits. The activity involves the control of specific plant and animal pests throughout the region or a sub-region where it is economically efficient to contain their spread and ultimately reduced their presence to a minimal level. These pests may be threats to community values such as biodiversity or to private interests such as farming.</p> <p>Landowners obtain a private benefit through having the threats to their production removed.</p> <p>National benefits arise from the prevention of the spread of pests to other regions.</p> <p>The review of the Regional Pest Management Plan, which is included in this activity is funded by way of the general rate in order to be consistent with the funding of other policy projects⁽¹⁰⁾.</p>			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	100%		100%	
Funding mechanism				Biosecurity rate; general rate

Biodiversity

The biodiversity activity focuses supporting landowners and communities to protect and enhance the region's natural heritage. The Waikato region contains numerous natural areas that provide habitats for native plant and animal species, and provide ecosystem services to the region. Priorities for this activity include significant natural areas (SNAs) that are rare and/or contain threatened species. Other projects include Hamilton Halo, Project Echo and pest plant control at geothermal sites.

This activity also manages the council's relationships with community groups involved in ecological protection and restoration, such as the Waikato Biodiversity Forum and Coastcare programme. Through the Natural Heritage Partnerships Programme (NHPP), the council provides contestable grant funding for environmental projects ranging from land purchases to protect special places of ecological significance to small scale community grants.

Activity	Primary community outcome			
Biodiversity	Healthy environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low

	The work is mainly of benefit to the wider region by ensuring that representative examples of the region’s indigenous biodiversity and those areas that give the region its character are preserved.			
	Landowners may obtain some benefit in that this protection may enhance the market value of their property to a small degree.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	100%		100%	
Funding mechanism			UAGC; Natural heritage rate	

Land management advisory services

This activity aims to educate, raise awareness of agricultural sustainability issues and promote best practice. The projects include sustainable agriculture, industry education, farmer education, and integrated catchment management.

Activity	Primary community outcome			
Land management advisory services	Strong economy			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Med	Low
	Work programmes in this activity are primarily focused on working with and supporting the rural sector, in anticipation of changes to the regulatory environment within which they operate.			
	Ensuring that the rural sector is operating effectively and in a manner that minimises the impacts on the environment has a positive benefit for the wider regional community in terms of both economic prosperity as well as protection of the environment.			
	Economic benefit assessment		Funding targets	
Private	Public	Private	Public	
	100%		100%	
Funding mechanism			General rate	

Catchment planning and management

This activity includes both maintenance of existing soil conservation schemes and new works projects according to the priorities established within each zone. This activity also includes shallow lakes and harbour management.

New works projects include erosion protection, fencing and planting, weed control, lake and wetland restoration, and bush fragment protection.

Sites owned and managed by the council (principally grazing lease land that is part of our various flood protection and drainage schemes) are prioritised for ecological enhancement works in partnership with local stakeholders and community groups. In particular, lowland areas of the Waihou, Waipa and Waikato rivers lend themselves to development of wetlands and habitats for native bird and fish species.

Stock truck effluent involves construction and maintaining of sites across the region.

In the first three years of the LTP, we will receive funding from MBIE associated with the Shovel Ready/COVID response programme to accelerate on groundworks in priority catchment within the region.

Activity	Primary community outcome			
Catchment planning and management	Healthy environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Med	Med
	Private benefits from this activity accrue to individual landowners and occupiers who are enabled to use the land for economic gain. Local benefits occur because a range of public facilities, infrastructure and services receive security from flooding. Regional benefits arise because productive land in the catchment areas provides economic benefits to the wider region.			
	Cumulative benefits from the ongoing nature of this work programme have the potential to provide benefits for future generations.			
	Detailed zone funding policies set out the analysis of exacerbators and contributors in relation to this activity. A targeted rate contribution to the construction and maintenance of stock truck effluent facilities recognise the contribution to the need for such facilities.			
Economic benefit assessment		Funding targets		
Private	Public	Private	Public	
60%	40%	60%	40%	
Funding mechanism			Targeted catchment rates; borrowing; targeted stock truck effluent rate	General rate

Group of activities: Regional transport connections

Urban and rural transport delivery

Waikato Regional Council provides public transport services within the Hamilton urban area and to key rural centres around the region. It also provides other services in the region to serve local needs, and seasonal services to meet strong summer demand. In addition, the council provides Total Mobility services in three urban areas in the region.

Activity	Primary community outcome			
Urban and rural transport delivery	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Med	Low	Low	Med
	The provision of public transport services provides a mix of national, regional, local and individual benefits: <ul style="list-style-type: none"> • National and regional benefits arise because public transport services allow all people who do not have access to private transport (both residents and visitors) to move from place to place. • Local benefits arise for those who live in close proximity to services. • Private benefits accrue to those using public transport services, with these benefits being reflected in the fares charged to use the service. 			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
22%	78%	22%	78%	
Funding mechanism			Fees and charges (fare revenue)	Government grants; targeted public transport rate; territorial authority charges; UAGC

Inter-regional rail

This activity includes the current Hamilton to Auckland passenger rail service. It supports the generation of employment and income by providing our communities with affordable transport options to access employment, education, and essential services.

Activity	Primary community outcome			
Inter-regional rail	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Med	Low	Low	Med

	The provision of public transport services provides a mix of national, regional, local and individual benefits:			
	<ul style="list-style-type: none"> • National and regional benefits arise because public transport services allow all people who do not have access to private transport (both residents and visitors) to move from place to place. • Local benefits arise for those who live in close proximity to services. • Private benefits accrue to those using public transport services, with these benefits being reflected in the fares charged to use the service. 			
	In the case of the start up rail services, an enhanced funding rate has been provided by central government. This is reflected in the higher public funding support for this activity relative to other transport modes.			
	Economic benefit assessment		Funding targets	
Private	Public	Private	Public	
10%	90%	10%	90%	
Funding mechanism			Fees and charges (fare revenue)	Government grants; targeted public transport rate

Transport policy and planning

This activity includes the delivery of key transport policy and planning activities, including the *Regional Land Transport Plan* and *Regional Public Transport Plan*. This activity also includes the provision of road safety education services.

Activity	Primary community outcome			
Transport policy and planning	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Med	Low	Low	Med
	The Transport policy and planning activity provides benefits across the region by seeking to take a strategic view of the region's transport future, and the identification of methods to achieve council's strategic direction. Central government contributes to the funding of Road Safety activities.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	100%		100%	
Funding mechanism			Government grants; general rate	

Group of activities: Resource use

Regional consents processing

The consent processing activity provides consenting and compliance monitoring for all Resource Management Act (RMA) related activities and Building Act responsibilities. Compliance with resource consents is monitored on a prioritised basis.

Activity	Primary community outcome			
Regional consents processing	Healthy environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	High	Low	Low	Med
	The consenting activity provides a mix of private and public benefits. Private benefits accrue to consent holders who hold a legal right to undertake an activity. Public benefits accrue at a regional level. They result from the sustainable management of natural resources through the consenting process.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
65%	35%	65%	35%	
Funding mechanism			Fees and charges	General rate; permitted activity monitoring rate

Regional compliance

This activity involves responding to notifications from members of the public about environmental incidents, investigating serious breaches of environmental or maritime regulation and co-ordinating any subsequent enforcement action.

The council runs a 24 hour/7 day a week response service to ensure the environment, people or property are not seriously affected on an on-going basis by pollution incidents or non-compliant activities of resource users. Where significant non-compliance has been found to occur, the council investigates and incident to enable decisions to be made on appropriate enforcement actions.

The council proactively monitors compliance with two of the 73 permitted activities in the *Waikato Regional Plan*, namely farm animal effluent and soil disturbance.

Activity	Primary community outcome			
Regional compliance	Healthy environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Low	Med	Low

	Enforcement is a critical element of implementing an effective regulatory regime. As such, benefits are spread across the regional community.			
	The impact of the actions / inactions of individuals may be addressed through fines imposed through the court.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	10%	90%	10%	90%
Funding mechanism			Fees and charges (fines)	General rate

Maritime services

This activity is split into three primary workstreams namely policy and procedures, compliance with navigation safety bylaw and education, and operations. Operations include compliance activities, debris removal, and inspecting and maintaining the region's network of navigation aids.

Activity	Primary community outcome			
Maritime services	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Low	Low	Low
	This activity provides local and individual benefits because navigation aids help commercial and recreational vessels to avoid accidents and the associated financial and personal costs.			
	Oversight of activities on the region's waterways results in a safe recreational environment for all users of these areas.			
	Economic benefit assessment		Funding targets	
Private	Public	Private	Public	
	5%	95%	5%	95%
Funding mechanism	The activity has no correlation to property values, so the UAGC is considered the most appropriate funding mechanism		Other income	UAGC

Community education

This activity provides programmes which focus on multi-agency relationships to bring about behavioural change to enhance sustainability through education.

Activity	Primary community outcome		
Community education	Vibrant communities		
	Funding principles		

	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low
	<p>This programme supports and advises staff and works alongside local authorities, schools and the other stakeholders. Businesses, community groups, schools and individuals from across the region all benefit from the programme.</p> <p>A portion of costs is recovered from territorial authorities for programmes such as Enviroschools. These recoveries are taken into account before the council's funding requirements are determined.</p>			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	2%	98%	2%	98%
Funding mechanism				General rate; UAGC; Grants and other income

Group of activities: Science, policy and information

Environmental monitoring

This activity focuses on the collection, storage, management and analysis of quality-assured data on the current state of air, water, land, coastal resources, ecosystems, the community and the economy in the Waikato region. Both spatial and non-spatial data are gathered from other agencies, the council's networks or sites that provide cost-effective, scientifically defensible and fit-for-purpose data. These complex data are then translated into easy-to-understand key measures (indicators) that are accessible via the web and shared with other councils and the public, and are used for state of the environment reporting, community outcomes reporting and trend analysis.

Activity	Primary community outcome			
Environmental monitoring	Healthy Environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Med	Low	Low	Low
	<p>Consent holders who hold consents to discharge contaminants or extract resources are exacerbators. They also benefit from regional knowledge about the state or quality of resources. Other landowners who undertake permitted activities that have an effect on the environment are also exacerbators.</p> <p>Section 36 of the RMA provides for the recovery of a portion of the costs of this activity. The balance of costs after user charges is met by the general rate in recognition of the regional benefit of the knowledge gained about the state or quality of resources.</p>			
	Economic benefit assessment		Funding targets	

	Private	Public	Private	Public
	25%	75%	25%	75%
Funding mechanism	The council recovers a portion of the costs of this activity through state of the environment monitoring charges on consented resource users.		Fees and charges	General rate

Environmental science and information

The environmental science and information activity supports evidence based planning and decision making through gathering, analysing and documenting environmental, social, cultural and economic information. The information is used to:

- advise the development, implementation and review of council policies
- assess resource consents
- monitor the state and trends of the environment
- track progress towards the council's strategic direction
- meet the council's legislated responsibilities.

The environmental science and information activity includes scientific investigations that assess and predict how natural resources respond to past, present and future pressures, and how to manage or mitigate existing and potential impacts. Gaining a better understanding of natural processes is integral to strategy and policy development and monitoring, consent processes, restoration work and co-management programmes. The information assists us to communicate to our community if there are improvements, or decline, in the state of our natural and physical resources, and why this is happening.

Waikato Regional Council has a statutory obligation to monitor contaminated land and maintain a regional database of contaminated land sites. Monitoring and investigation of contaminated sites is included in this activity.

Activity	Primary community outcome			
Environmental science and information	Healthy Environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Med	Med	Low	Med
	Consent holders who hold consents to discharge contaminants or extract resources are exacerbators. They also benefit from regional knowledge about the state or quality of resources. Other landowners who undertake permitted activities that have an effect on the environment are also exacerbators.			
	Section 36 of the RMA provides for the recovery of a portion of the costs of this activity. The balance of costs after user charges is met by the general rate in recognition of the regional benefit of the knowledge gained about the state or quality of resources.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
25%	75%	25%	75%	

Funding mechanism	The council recovers a portion of the costs of this activity through state of the environment monitoring charges on consented resource users.	Fees and charges	General rate
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Social and economic information

This activity gathers, analyses and reports on social and economic data and information and connects this to environmental knowledge to support the council's policy and decision making. Community research, robust stakeholder processes and models enable informed debate towards achieving the council's outcomes and strategic goals. Economic statistics and models enable informed debate towards achieving the council's outcomes and strategic goals.

Activity	Primary community outcome			
Social and economic information	Vibrant communities			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Low	Low	Low
	This activity provides information that helps to inform development of key strategy and policies, and as such provides benefit across the region.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
	100%		100%	
Funding mechanism				General rate; UAGC

Strategic and spatial planning

This activity involves leading the Waikato region towards becoming more strategic and forward-thinking. The council undertakes strategic thinking with key regional stakeholders including scanning and research, development of non-statutory regional strategies and plans, economic and spatial plans and collaborative management of regional issues.

Activity	Primary community outcome			
Strategic and spatial planning	Strong economy			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low
	The strategic and spatial planning activity provides benefits across the region by seeking to take a strategic view of the region's future, and the identification of methods to achieve council's strategic direction.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public

		100%		100%
Funding mechanism	The regional development fund receives its funding from returns from the investment fund. This recognises the regional benefits expected to accrue as a result of the fund over time.			General rate; UAGC; Investment income; borrowing

Resource management policy

This activity develops and reviews policy for the Waikato that meets statutory requirements. The Resource Management Act 1991 requires the council to produce a regional policy statement (RPS) and review it every 10 years. The council is also required to maintain and review the effectiveness of the regional plan and regional coastal plan.

Activity	Primary community outcome			
Resource management policy	Healthy Environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately
	Low	Med	Low	Low
	This activity provides benefit to the regional community as a whole through the delivery of integrated plans, policies and strategies that guide the management of our natural and physical resources.			
	Sectors of the community who interact with the natural environment most directly may receive a greater benefit from the work delivered through this activity, but equally the activities they wish to undertake may be restricted as a result of plans and strategies developed by the council.			
	Economic benefit assessment		Funding targets	
Private	Public	Private	Public	
	100%		100%	
Funding mechanism				General rate

Spatial information

This activity enables the delivery of spatial information such as maps, data and interactive maps on the intranet and internet as well as spatial analysis and the development of decision-making models. The spatial modelling and interpretation bring together complex layers of data to create meaningful information for the organisation and the community. Spatial activities also involve working regionally and nationally to develop datasets (such as tracks and aerial photography) that are not constrained by council boundaries. The council is able to use the data and models to make decisions and undertake its business such as support for land use development, infrastructure planning and tsunami modelling.

Activity	Primary community outcome			
Spatial information	Healthy Environment			
	Funding principles			
	Distribution of benefits (user pays)	Period of benefits (intergenerational equity)	Extent of action / inactions (exacerbator pays)	Cost / benefit of funding separately

	Low	Med	Low	Low
	This activity provides benefit to the regional community as a whole through the delivery of spatial information and analysis which guides decision-making.			
	Economic benefit assessment		Funding targets	
	Private	Public	Private	Public
		100%		100%
Funding mechanism				General rate

7 Overall impact on the community

Section 103(3)(b) of the Local Government Act requires the *Revenue and Financing Policy* to demonstrate that the council has considered “the overall impact of any allocation of liability for revenue needs on the community.”

In considering its *Revenue and Financing Policy*, the council has taken into account those matters set out in the Local Government Act:

- the distribution of benefits across the community
- the period in, or over which those benefits are expected to accrue
- the extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake an activity.

In setting its overall budget, the council has also been mindful of its overall costs, and has sought to identify savings wherever possible. This focus on cost efficiency assists with ensuring that the rates requirement remains affordable for the regional community.

The council has reconfirmed the application of the Uniform Annual General Charge to fund the activities it undertakes, and believes it has struck an appropriate balance between equity and affordability.

The council continues to use a range of targeted rates in order to match the costs of the work it undertakes with the identification of beneficiaries and exacerbators.

Overall, the council believes that the revenue needs in this plan can be supported by the regional economy without undue effects on community-well being. Considerable benefits will result from this plan, across environmental, social, cultural and economic outcomes.

Annual funding impact statement for 2021/22 | Te tauākī pānga pūtea ā-tau 2021/22

Funding mechanisms

Waikato Regional Council proposes to use the following funding mechanisms:

- general rate
- uniform annual general charge
- targeted rates
- fees and charges
- investment revenue
- financial contributions
- grants and contributions
- rentals and royalties
- borrowing
- reserves funds
- proceeds from asset sales.

Details of these mechanisms can be found in the Revenue and Financing Policy (July 2016), available on our website www.waikatoregion.govt.nz

Funding mix

The funding mix resulting from the council's *Revenue and Financing Policy* is as follows:

Revenue	2021/22 %	2020/21 %
General rate	23	23
UAGC	8	10
Targeted rates	32	35
Government grants	17	12
Direct charges	5	6
Consent holder charges	3	3
Interest income	0	1
Investment income	3	4
Rental income	0	1
Other income	9	7
Total Revenue	100	100

The funding mix by activity is detailed in the Revenue and Financing Policy.

The forecast of revenue for the period of the 2021 -2031 Long Term Plan is as follows:

	2020/21 AP	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP	2028/29 LTP	2029/30 LTP	2030/31 LTP
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
General rate	34,347	40,532	45,106	45,409	47,415	47,201	47,269	47,597	48,305	49,385	50,304
UAGC	15,310	15,068	15,922	16,740	17,590	18,100	18,489	18,817	19,205	19,614	19,951
Targeted rates	52,283	55,844	60,996	63,636	66,178	70,750	72,126	75,335	78,012	80,049	82,125
	101,940	111,444	122,024	125,785	131,183	136,051	137,884	141,749	145,522	149,048	152,380

Government grants	17,907	30,561	36,137	25,031	25,922	25,564	26,131	26,701	27,041	27,629	28,205
Direct charges	8,368	9,290	10,159	10,454	10,853	11,164	11,365	11,577	11,649	11,854	12,067
Consent holder charges	4,341	4,910	5,207	6,360	6,138	6,002	5,917	6,283	5,945	6,053	6,131
Investment fund distribution income	3,567	3,077	3,200	3,265	3,202	3,266	3,331	3,325	3,391	3,459	3,507
Investment fund capital protection income	1,804	1,362	1,384	1,406	1,428	1,451	1,474	1,498	1,522	1,546	1,571
Interest income	920	300	387	514	721	1,028	1,435	1,885	2,161	2,209	2,210
Other income	9,817	15,567	16,469	12,742	12,436	10,396	9,233	7,846	6,854	6,431	6,091
Royalties	120	125	125	125	125	125	125	125	125	125	125
Rental income	750	637	637	637	637	637	637	637	637	637	637
Other gains/(losses)	-	-	-	-	-	-	-	-	-	-	-
Total other Income	47,594	65,829	73,705	60,534	61,462	59,633	59,648	59,877	59,325	59,943	60,544
Total Revenue	149,534	177,273	195,729	186,319	192,645	195,684	197,532	201,626	204,847	208,991	212,924

The projected number of rating units within the region for each year covered by the 2021-2031 Long Term Plan are:

Financial Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Projected number of rating units	213,000	216,000	219,000	222,000	225,000	228,000	231,000	234,000	238,000	242,000

The projected total capital value of all rating units within the region at 30 June 2021 is \$184.723 billion.

The projected total land value of all rating units within the region at 30 June 2021 is \$107.583 billion.

All rate figures in this policy are GST inclusive unless otherwise stated.

General rate

What it funds

The general rate is used to fund part or all of the activities that are of 'public benefit', where no other direct source of revenue is identified to cover the cost of the activities. The general rate and investment income provide the funding for general revenue.

The general rate amounts to 23 per cent of the council's total revenue for the year. For this year, the amount of general rate revenue required is \$46,612,000 (GST Inclusive) compared with \$39,499,000 (GST Inclusive) in 2020/21.

The general rate revenue (GST Inclusive) will be used to fund the following activities.

Activity	\$000 (GST inclusive)
Community and services	-
Waikato civil defence emergency management group	-
Regional hazards and emergency response	-
Flood control and protection works	3,299
Integrated catchment management	9,543
Regional Transport Connections	1,261
Resource use	8,889
Science, Policy and Information	24,880
Corporate	(1,260)
Total	46,612

How it is applied

The general rate is set on a capital value basis. It is set on a differential basis using projected values and the location of the land within the Waikato region in accordance with section 131 of the Local Government (Rating) Act 2002. A process to consider projected values is undertaken on an annual basis to take account of the different revaluation cycles of the territorial authorities in the region.

The rate in the dollar per dollar of capital value of a rating unit is determined by dividing the general rate revenue requirement, by the capital value of all rateable properties in the Waikato region, taking account of the differential. The capital value of the region used for the 2021/22 year is \$184,723 billion.

The 2021/22 rate

Area of benefit (GST inclusive)	Percentage of region	Rate \$1 per \$1 CV (GST inclusive)	\$(000) GST inclusive
Hamilton City	26.25%	0.00028181	12,248
Matamata-Piako	8.83%	0.00026271	4,114
Ōtorohanga	3.05%	0.00028532	1,421
Rotorua	1.24%	0.00023000	578
South Waikato	3.85%	0.00026637	1,794
Taupō	10.18%	0.00025748	4,743
Thames-Coromandel	12.98%	0.00024278	6,048
Waikato	15.21%	0.00020340	7,087
Waipā	12.26%	0.00025121	5,713
Waitomo	2.07%	0.00027651	965
Hauraki	4.08%	0.00027054	1,901
Total	100.00%		46,612

Uniform annual general charge (UAGC)

What it funds

The UAGC is used to fund portions of activities that have been identified through the *Revenue and Financing Policy* as meeting one of the following criteria:

- The expenditure is a “public good” to which every ratepayer has equal access.
- The expenditure is related to “people” rather than property.
- The expenditure does not directly change the condition of economic value of a property or resource.

For this year, the amount of UAGC revenue required is \$17,328,000 (GST Inclusive). This amounts to 8 per cent of the council's total revenue for the year, and 13.5 per cent of total rates revenue.

The UAGC will be used to fund the following activities:

Activity	\$(000) (GST inclusive)
Governance	4,210
Planning, reporting and funding	1,345
Iwi Maori Partnerships	1,484
Transport Policy and Planning	596
Waikato Regional Council emergency response	771
Resilient development	1,070
Environmental monitoring	1,039
Regional consents processing	728
Biodiversity	1,963
Maritime services	2,112

Activity	\$000 (GST inclusive)
Social and economic information	1,097
Strategic and spatial planning	456
Corporate	459
TOTAL	17,328

How it is applied

The UAGC is set on every rating unit in the Waikato region. The estimated number of rating units is 210,349

The 2021/22 rate

The rate is \$82.36 per rating unit (GST inclusive). This is a decrease of \$2.83 from 2020/21.

Targeted rates

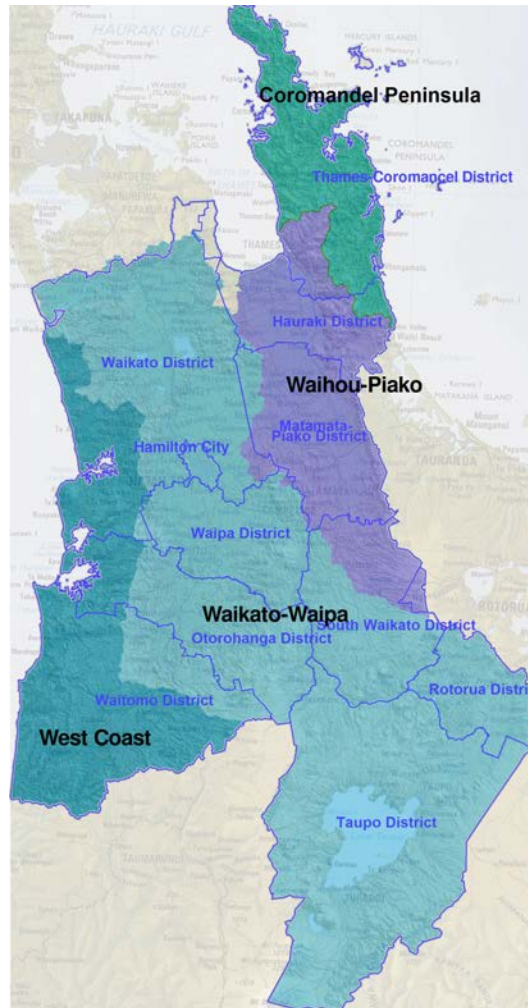
The following map illustrates the areas over which the council's targeted catchment rates are assessed.

The council proposes to set and assess the following targeted rates.

The council may consider lump sum contributions in relation to capital new works rates only.

Waihou-Piako schemes

The Waihou Valley Scheme and Piako River Scheme are two major historic schemes that provide a range of flood protection, river management, land drainage and soil conservation services that cover most of the Waihou-Piako zone. The objectives for each scheme are set out in the relevant zone management plans



What it funds

Piako River Scheme	Projected expenditure (\$000) (GST inclusive)	Targeted rate revenue (\$000) (GST Inclusive)
Flood protection	4,478	3,792
River management	615	530
Catchment new works	1,053	289
Catchment maintenance	-	-
Catchment oversight	776	659

Information and advice	221	189
Total Piako River Scheme	7,144	5,458

Waihou Valley Scheme	Projected expenditure (\$000) (GST inclusive)	Targeted rate revenue (\$000) (GST Inclusive)
Flood protection	5,571	4,417
River management	1,617	1,385
Catchment new works	1,090	302
Catchment maintenance	440	278
Catchment oversight	919	781
Information and advice	260	221
Total Waihou Valley Scheme	9,897	7,384

How it is applied

This rate is assessed on a benefit/contributor classification basis, using a combination of capital value, land value, land area and direct benefit:

- a targeted differential catchment rate, on a capital value basis
- a targeted differential urban direct benefit rate, on a capital value basis
- relief from the land value portion of the catchment rate for land that is in indigenous vegetation or exotic forests, is more than 10 hectares in area and has stock excluded
- a rural direct benefit rate which is made on a benefit classification basis using equalised land value in the Waihou Valley Scheme and on a benefit classification basis using land area in the Piako River Scheme.

Local protection – Piako River scheme maintenance

Piako River scheme: Total targeted rate revenue per layer

Layer	Targeted rate revenue (\$000) (GST Inclusive)
Tidal flooding	928
River flooding	726
Drainage	2,019
Residential, industrial/commercial	366
Total	4,038

The 2021/22 rate

The following tables show the \$ per hectare and \$1 per \$1 capital value rates for the Piako River scheme.

Piako Classifications

Area of benefit (GST inclusive)	Factor used	TF1	TF2	TF3	TF4
Tidal flooding	\$ per hectare	74.9974	56.2480	37.4987	3.7499

Area of benefit (GST inclusive)	Factor used	RF1	RF2	RF3	RF4	RFPZ1	RFPZ2	RFPZ3
River flooding	\$ per hectare	52.4642	26.2321	19.6741	6.5580	20.9857	10.4928	2.6233

Area of benefit (GST inclusive)	Factor used	D1	D2	D3	D4	D5	D6	D7	D8	D9
Drainage	\$ per hectare	57.6572	46.1257	34.5943	28.8286	26.9067	24.9848	15.3752	5.7657	1.9219

Area of benefit (GST inclusive)	Factor used	RIC1	RIC2
Residential, industrial/commercial	\$1 per \$1 Capital value	0.00100059	0.00050029

Local protection - Waihou Valley scheme maintenance

Layer	Targeted rate revenue (\$000) (GST Inclusive)
Rural	4,357
Urban	1,108
Total	5,465

The 2021/22 rate

The following table shows the rate in the \$1 per \$1 land value and capital value for the Waihou Valley scheme.

Waihou Classifications

Area of benefit (GST inclusive)	Factor used	U1	U2	U3	U4
Urban	\$1 per \$1 Capital value	0.00063559	0.00036319	0.00018160	0.00006810

Area of benefit (GST inclusive)	Factor used	A	B	C	D	E
Rural	\$1 per \$1 Land value	0.00880649	0.00455508	0.00273305	0.00060734	0.00030367

Layer	Targeted rate revenue (\$000) (GST Inclusive)
Catchment	3,339

The 2021/22 rate

The following rate is applied to all rating units within the Waihou and Piako zones.

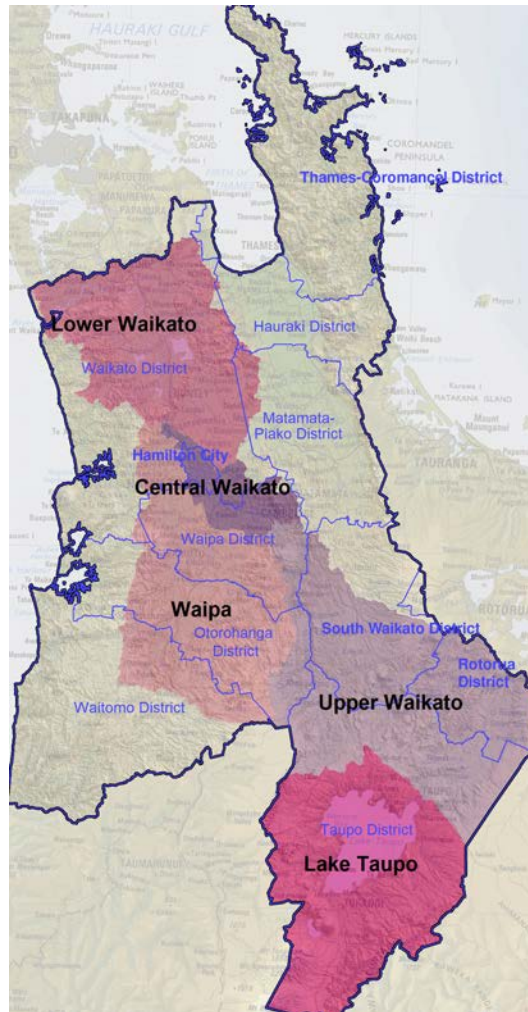
Area of benefit (GST inclusive)	Factor used	WPC1	WPC2	WPC3
Catchment	\$1 per \$1 Capital value	0.00021297	0.00012778	0.00008519

Waikato-Waipā (Watershed)

The Watershed scheme provides flood protection, river management, land drainage and soil conservation to the Waikato/Waipā river catchment. The catchment includes the Waikato and Waipā rivers and the areas of land that drain into them.

Details of the scheme can be obtained from the funding document.⁽¹¹⁾ The scheme was adopted under special order on 27 June 2002, under part V of the Rating Powers Act 1988, and subsequent special order on 29 November 2002, for the hydro contributor and the Tauranga-Taupō river management and flood protection layer, the Tongariro River management and flood protection layer, the Whangamaire pump area, the Uapoto drainage subdivision and the Kawa drainage area.

11 Waikato River Catchment Services, "Project Watershed". Level of Service and Funding Policy, June 2002. Docs # 752002.



What it funds

The funding provides for the following projected expenditure for 2021/22:

Zone	Projected expenditure (\$000) (GST inclusive)	Targeted rate revenue (\$000) (GST Inclusive)
Lake Taupō management zone	1,818	722
Upper Waikato management zone	1,432	583
Central Waikato management zone	2,287	1,140
Waipā management zone	5,191	2,755
Lower Waikato management zone	14,276	8,425
TOTAL	25,004	13,626

The targeted rate requirement is \$13,626,000 (GST Inclusive), a decrease of \$463,000 on the amount required in the 2020/21 year. The targeted rate includes funding of operating expenses, depreciation, interest expense, provision for debt repayment.

How it is applied

This rate is assessed on a benefit/contributor classification basis, using a combination of capital value, land value, land area and direct benefit.

The scheme consists of several differentials that are applied to the rating unit.

Greater Waikato catchment differential

This is based on the capital value of all rating units within the catchment boundary. The rate is set on a differential basis, according to the location of the land. This differential aims to smooth the impact of the timing of general property revaluations undertaken by district councils.

Contributor differential

This is based on land value of all rating units within the catchment boundary except for those identified in the differential classification as being hydro properties.

Contributor differential – hydro

This is based on capital value of all rating units identified as being hydro classification within the catchment boundary.

Beneficiary differential – hydro

This is based on capital value of all rating units identified as being hydro classification within the catchment boundary.

Management zone differential

This is based on the capital value of all rating units within the management zone boundaries. The different management zones are Lake Taupō, Upper Waikato, Middle Waikato, Waipā and Lower Waikato.

River control and flood protection direct benefit differential

This is based on a differential basis of capital value, land area, or per rating unit for each differential classification. The land within the scheme is assigned to the appropriate classification, which corresponds to a level of benefit the land receives from the scheme. The details of the classifications can be found in the funding document.

How it is applied

Differential	Targeted rate revenue (\$000) (GST Inclusive)
Greater Waikato catchment differential	3,128
Contributor differential urban	1,697
Contributor differential rural	984
Contributor differential - hydro	643
Management zone differential	-
- Lower Waikato	2,174
- Central Waikato	612
- Upper Waikato	293
- Waipā	897
- Lake Taupō	238
- River control and flood protection benefit	2,961
- Total	13,626

The 2021/22 rate

Greater Waikato Catchment differential

Zone	Factor used	Rate in the \$1 per \$1 of value (GST inclusive)
Greater Waikato catchment differential		
- Hamilton city	capital value	0.00002186
- Waipā district	capital value	0.00002562
- Waikato district	capital value	0.00002403
- Ōtorohanga district	capital value	0.00003097
- Hauraki district	capital value	0.00003766
- Matamata-Piako district	capital value	0.00003041
- South Waikato district	capital value	0.00002881
- Waitomo district	capital value	0.00003331
- Taupō district	capital value	0.00002909
- Rotorua district	capital value	0.00004163
Contributor differential urban	land value	0.00003787
Contributor differential rural	land value	0.00003787
Contributor differential - hydro	capital value	0.00058656

Lake Taupō management zone differential	Factor used	Rate in the \$1 per \$1 of value (GST inclusive)
- Taupō district	capital value	0.00001764

Upper Waikato management zone differential	Factor used	Rate in the \$1 per \$1 of value (GST inclusive)
- Ōtorohanga district	capital value	0.00002360
- South Waikato district	capital value	0.00002117
- Taupō district	capital value	0.00001756
- Rotorua district	capital value	0.00003065
- Waipā district	capital value	0.00003560
- Matamata-Piako district	capital value	0.00000566

Central Waikato management zone differential	Factor used	Rate in the \$1 per \$1 of value (GST inclusive)
- Hamilton city	capital value	0.00001030
- Waipā district	capital value	0.00000958
- Waikato district	capital value	0.00000948

Lower Waikato management zone differential	Factor used	Rate in the \$1 per \$1 of value (GST inclusive)
- Waikato district	capital value	0.00011447
- Matamata-Piako district	capital value	0.00013599
- Hauraki district	capital value	0.00013087
- Hamilton city	capital value	0.00003011

Waipā management zone differential	Factor used	Rate in the \$1 per \$1 of value (GST inclusive)
- Waipā district	capital value	0.00005016
- Waikato district	capital value	0.00003972
- Ōtorohanga district	capital value	0.00005300
- Waitomo district	capital value	0.00005711
- Hamilton city	capital value	0.00001065

River control and flood protection benefit differential

The following tables show the rate for each of the direct benefit classifications

Lower Waikato direct benefit rates

Rated at \$ per hectare

Main channel works

Area of benefit (GST inclusive)	1	2	3	4	5	6	6A
Waikato	9.6180	6.7326	5.7708	4.8090	3.8472	2.8854	-
Mangawara	3.4060	2.7248	2.3842	1.3624	0.8515	0.5109	0.3406

Main channel works continued

Area of benefit (GST inclusive)	7	8	9A	9B	9C
Waikato	2.4045	1.9236	1.4427	0.9618	0.4809
Mangawara	0.1703	-	-	-	-

Community works

Area of benefit (GST inclusive)	1	2	3	4	5	6	6A	7	8
Waikato	21.5741	17.2593	15.1019	12.9445	10.7871	8.6296	-	7.5509	2.1574
Mangawara	7.0752	5.6602	4.9527	2.8301	1.7688	1.0613	0.7075	0.3538	-

Local protection works

Franklin district

Area of benefit (GST inclusive)	1	2	3	4	5	6	7	8
Motukaraka	-	83.7476	79.3398	-	-	-	-	-
Bell Road	-	-	-	-	165.6495	-	-	-
Tickles	717.7270	-	-	-	-	-	-	-
Waller	-	-	-	612.7065	-	-	-	-
Orton	-	-	-	276.5045	227.7094	178.9145	-	-
Parish Polder	-	-	-	351.7466	-	-	-	-
Whangamarie	98.4553	59.0732	39.3821	14.7683	-	-	-	-
Te Kohanga	87.9881	-	-	74.7898	-	-	-	-
Tuakau	-	-	-	179.2160	-	-	-	-
Onewhero West	-	-	-	216.7079	-	-	-	-

Mangatawhiri								
- Comp 1	-	-	-	55.7822	-	-	29.5317	26.2504
- Comp 2	-	-	178.3248	168.4180	-	-	-	-
- Comp 3	-	-	-	119.2419	-	-	-	-
- Comp 4	-	-	179.5759	-	-	-	-	-
- Comp 5	-	-	-	354.7740	-	-	-	-

Waikato district

Area of benefit (GST inclusive)	1	2	3	4	5	6	7	8
Waahi	-	-	-	-	-	-	-	-
Meremere west	-	-	-	186.2152	-	-	-	-
Meremere	-	-	-	-	181.0180	-	-	-
Waikare	76.7239	-	69.0515	65.2153	-	-	34.5257	30.6895
Huntly west	75.3712	-	-	-	-	-	33.9170	30.1485
Kimihia	110.3772	-	99.3395	93.8207	-	-	-	44.1509
Deroles	-	-	-	-	170.5827	-	-	-
Vrsalijkos	-	303.8095	-	-	-	-	-	-
Churchill	-	-	133.3623	-	-	-	-	-
Ruawaro	-	-	-	304.0621	-	-	-	-
Swan	-	69.2703	-	-	-	40.1038	32.8123	-
Island Block	-	-	383.5959	-	-	-	-	-
Orchard Road	-	-	-	1,269.4547	-	-	-	-
Locke	-	-	201.3140	-	-	-	-	-

Waikato district continued

Area of benefit (GST inclusive)	9	10	11	12
Waahi	-	24.1938	-	9.6775
Meremere west	-	-	-	-
Meremere	-	-	-	-
Waikare	-	-	15.3448	-
Huntly west	-	-	-	7.5371
Kimihia	-	-	-	-
Deroles	-	-	-	-
Vrsalijkos	-	-	-	-
Churchill	-	-	-	-

Ruawaro	107.3166	-	-	35.7720
Swan	-	-	-	-
Island Block	127.8650	-	-	-
Orchard Road	-	-	-	-
Locke	-	-	-	-

Area of benefit (GST inclusive)	1	2	3	4	5	6	7	8	9
Aka Aka (LPSECB)	5.4354	-	-	-	-	-	-	-	-
Aka Aka (LPG)	13.5824	-	-	-	-	-	-	-	-
Aka Aka (LPPG)	45.2747	-	-	-	-	-	-	-	-
Aka Aka (LPP)	58.8570	56.5931	113.1870	-	-	-	-	-	-

Area of benefit (GST inclusive)	1	2	3	4	5	6	7	8	9
Mercer west									
- Southern	-	-	-	-	-	-	40.6881	-	-
- Morrisons	-	-	-	-	-	-	-	85.9027	-
Mangawara	57.3791	45.9033	40.1654	22.9516	14.3448	8.6069	2.8690	-	-
Mangawara A	-	-	-	-	-	5.7379	-	-	-

Waikato zone - fixed direct benefit rate

Area of benefit (GST inclusive)	Factor used	Rate (\$) GST inclusive
Huntly	per rating unit (GST inclusive)	\$ 53.04

Waipā zone - direct benefit rate

Rated at \$ per hectare

Area of benefit (GST inclusive)	1	2
Kawa	11.1430	5.5715

Waipā zone - fixed direct benefit rate

Area of benefit (GST inclusive)	Factor used	Rate (\$) GST inclusive
Ōtorohanga	per rating unit (GST inclusive)	\$ 36.94

Taupo zone - direct benefit rates

Rated at \$1 per \$1 of capital value

Area of benefit (GST inclusive)	5	6	7
Tongariro	0.00009054	0.00004527	0.00002263
Tauranga/Taupō	0.00005380	-	-
Tauranga/Taupō A	-	-	-

Area of benefit (GST inclusive)	1	2	3	4	5	6	7	8	9
Deroles capital	-	-	-	-	486.8587	-	-	-	-
Mercer west - Morrisons capital	-	-	-	-	-	-	-	203.9519	-
Jefferis capital	-	208.3405	-	-	-	-	-	-	-

Taupō zone

Rated at \$1 per \$1 of capital value

Area of benefit (GST inclusive)	1	2	3	3A	4
Tongariro capital	0.00032543	0.00019526	0.00013017		0.00011390
Tauranga/Taupō capital	0.00054825	0.00043860	0.00019189		0.00015351
Tauranga/Taupō A capital				0.00013706	

Rated at \$1 per \$1 of capital value

Area of benefit (GST inclusive)	5	6	7
Tongariro	0.00006509	0.00003254	0.00001627
Tauranga/Taupō	0.00005483		
Tauranga/Taupō A			

Drainage rates

The drainage rates for Thames Valley, Waikato north, Waikato south, Franklin and Waikato district areas provide land drainage in these areas. Details of the areas covered can be obtained from the funding documents.

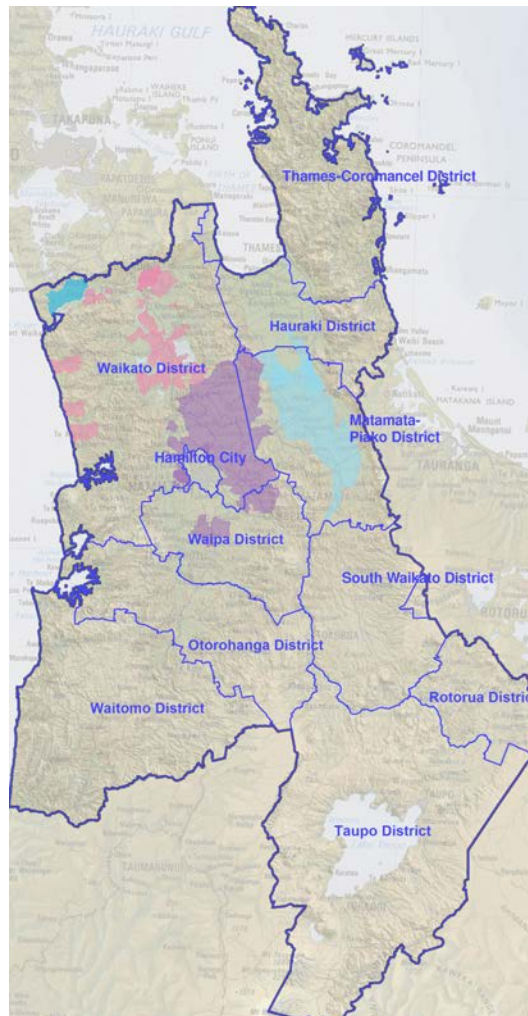
(12)

These schemes were implemented under the Land Drainage Act 1908, and more recently the Rating Powers Act 1988.

This rate is assessed on a benefit classification basis, using land area.

What it funds

The revenue requirement for each area is based on expenditure as shown below.



12 Thames Valley: Tahuna Subdivision Drainage District, Classification Report. Elstow Subdivision Drainage District, Classification Report. Waihou Subdivision, Classification Report. Whakahoro Drainage District, Classification Report. Tatuani Subdivision, Classification Report. Waiheke Subdivision and Manawaru Extension, Classification Report, 1986 and 1987. Manawaru Subdivision, Classification. Hungahunga Special Order Waikato North: Te Rapa Drainage, Classification Report. Fencourt and Eureka, Funding Policy. Komakorau Subdivision, Classification Report. Waikato South: Hautapu Drainage District, Special Order. Ōhaupo-Ngaroto, Classification Report. Franklin District: Franklin district drainage areas Funding Policy. Doc # 1620129 Waikato District: Waikato district drainage areas Funding Policy. Doc # 1922441

Expenditure	(\$000) (GST inclusive)
Thames Valley drainage maintenance	665
Waikato Central drainage maintenance	1,255
Franklin Waikato drainage maintenance	672
Aka Aka / Otaua drainage maintenance	334
Total expenditure	2,926

These requirements have been developed in consultation with the council's drainage advisory subcommittees.

How it is applied

These rates are assessed on a benefit classification basis, using land area. The land within the scheme is given a classification, which corresponds to a level of benefit the land receives from the scheme. Details of the classifications can be found in the funding document.

Rate revenue per subdivision

Thames Valley	(\$000) (GST inclusive)
Hungahunga	44
Manawaru	58
Waihekeau	55
Tatuanui	83
Whakahoro	100
Waitoa	57
Waihou	20
Elstow	87
Tahuna	52
Ahikope pumping	19
Tahuna pumping	48
Rowes East	6
Bancroft	4
Matamata Urban	34
Total	665

Waikato Central	(\$000) (GST inclusive)
Rotomanuka	40
Hautapu	83
Fencourt	88

Ōhaupō-Ngāroto	27
Freshfield maintenance	77
Freshfield pumping	48
Komokorau 1	161
Komokorau 2	3
North Mangawara	18
South Mangawara	43
Tauhei	87
Tenfoot	50
Uapoto	28
Ngāruawahiā	85
Rotokauri	44
Ohote Basin	13
Mangaonua	67
Waitakaruru	140
Manor Park	29
Greenhill	10
Hopuhopu	12
Kirikiroa	9
Koromatua	6
Matangi	52
Ngāruawahiā North	11
Pukeroro	11
Puketaha	6
Te Kōwhai	10
Total	1255

Franklin Waikato	(\$000) (GST inclusive)
Waller Commins	0
Motukaraka	134
Bell Road	8
Tuakau Swamp	14
Mangatawhiri compartment 1	4
Mangatawhiri compartment 2	21
Mangatawhiri compartment 3	13
Mangatawhiri compartment 4	42

Mangatawhiri compartment 5	2
Orton	5
Morrison's Swamp	2
Te Kohanga	13
Kaawa	35
Onepoto	8
Onewhero Downstream	0
Okowhau	16
Huntly West	21
Hills	6
Horohoro	52
Austins	13
Blairs	8
Guests	11
Ruawaro Furniss	5
Ruawaro Central	1
Ruawaro North	10
Kimihia pumped	2
Kimihia	7
Ohinewai	0
Rangiriri	11
Island Block	11
Orchard Road	6
Swan Road	34
Vrsalijkos Road	5
Churchill East	43
Meremere East	25
Mangati	3
Mangawara	7
Pukekapia 1	7
Pukekapia 2	9
Ruawaro East	0
Ruawaro West	6
Waikare Frost	14
Waikare Ohinewai	5
Waikare Nikau	4

Waikare Rangiriri	4
Waikare West	18
Waikorea	6
Total	672

Aka Aka	(\$000) (GST inclusive)
Aka Aka	334

The 2021/22 Thames Valley Drainage Area

\$ per hectare

Area of benefit (GST inclusive)	Urban	A	B	C	D	E	F
Hungahunga	110.7064	11.0706	8.8565	5.5353	2.7677	1.6606	0.5535
Manawaru	138.6140	13.8614	11.0891	6.9307	3.4654	2.0792	0.6931
Waihekeau	122.1799	12.2180	9.7744	6.1090	3.0545	1.8327	0.6109
Tatuanui	-	253.6735	20.2939	12.6837	6.3418	3.8051	1.2684
Whakahoro	-	28.0945	22.4756	14.0472	7.0236	4.2142	1.4047
Waitoa	164.6865	16.4686	13.1749	8.2343	4.1172	2.4703	0.8234
Waihou	-	12.0209	9.6167	6.0105	3.0052	1.8031	0.6010
Elstow	241.9910	24.1991	19.3593	12.0996	6.0498	-	1.2100
Tahuna	-	22.1192	17.6953	11.0596	5.5298	3.3179	1.1060
Ahikope pumping	-	30.5255	24.4204	15.2628	7.6314	4.5788	1.5263
Tahuna pumping	-	38.4813	30.7850	19.2407	9.6203	5.7722	1.9241
Rowes East	-	74.1845	59.3476	37.0923	18.5461	11.1276	3.7092
Bancroft	-	7.7619	6.2095	3.8809	1.9405	1.1643	0.3881
Matamata Urban	-	185.2225	148.1780	92.6112	46.3069	27.8699	9.2611

Waikato Central Drainage Area

\$ per hectare

Area of benefit (GST inclusive)	Urban	A	B	C	D	E	F
Rotomanuka	-	20.5188	8.6550	1.1275	-	-	-
Hautapu	254.2942	25.4294	17.8006	12.7147	6.3574	3.8144	1.2715
Fencourt	539.4381	53.9438	37.7607	26.9719	10.7888	8.0916	2.6972
Ōhaupō-Ngāroto	-	21.1805	14.8263	10.5902	5.2951	4.2361	1.0590

Freshfield maintenance	281.7551	28.1755	21.1316	14.0878	7.0439	4.2263	1.4089
Freshfield pumping	-	271.8040	203.8528	135.9020	67.9511	40.7706	-
Komokorau 1	-	24.4196	17.0937	12.2098	7.3259	3.6629	1.2210
Komokorau 2	-	-	-	57.2784	28.6391	-	2.8639
North Mangawara	177.1492	17.7149	12.4004	8.8575	3.5430	2.6572	1.0629
South Mangawara	208.2510	20.8251	14.5776	10.4125	4.1650	3.1238	1.2495
Tauhei	213.3526	21.3353	14.9347	10.6676	4.2671	3.2003	1.2801
Tenfoot	224.6384	22.4638	15.7247	11.2319	4.4928	3.3696	1.3478
Uapoto	264.0402	26.4040	18.4828	13.2020	5.2808	3.9606	1.5842
Ngāruawahiā	830.3445	83.0344	66.4276	41.5172	20.7587	12.4552	4.1517
Rotokauri	497.0160	49.7016	39.7613	24.8508	12.4254	7.4552	2.4849
Ohote Basin	96.2135	24.0534	15.6347	14.4320	-	6.0133	3.6080
Mangaonua	370.1811	37.0181	25.9127	18.5091	7.4036	5.5527	-
Waitakaruru	393.4251	39.3425	27.5398	19.6713	7.8685	5.9014	1.9671
Manor Park	3,530.1220	706.0244	-	-	-	353.0089	-
Greenhill	-	115.1717	103.6546	72.5574	-	-	-
Hopuhopu	-	59.1119	39.0138	19.6842	6.5021	-	-
Kirikiroa	-	-	-	36.5698	18.2849	-	3.6570
Koromatua	-	49.3982	32.9239	8.2149	-	-	-
Matangi	-	26.9376	-	-	-	-	-
Ngāruawahiā North	-	322.7538	-	-	-	-	-
Pukeroro	-	90.8567	60.5106	45.4284	-	-	-
Puketaha	343.3534	34.3354	24.0347	17.1677	10.3006	5.1506	1.7168
Te Kōwhai	-	131.3973	98.4164	49.2743	32.8490	16.4245	-

Aka Aka Drainage Area

Subdivision			
Aka Aka		\$ 69.16	fixed rate per hectare (GST inclusive)

Franklin Waikato Drainage Areas

\$ per hectare

Area of benefit (GST inclusive)	Urban	A	B	C	D	E	F
Waller Commins	-	-	-	-	-	-	-
Motukaraka	-	93.4679	-	-	-	-	-

Bell Road	-	-	-	60.3546	-	-	-
Tuakau Swamp	-	-	152.0482	-	33.7885	-	-
Mangatawhiri Compartment 1	-	-	-	37.2497	12.4166	7.4499	-
Mangatawhiri Compartment 2	-	-	193.6942	129.1295	43.0432	25.8259	-
Mangatawhiri Compartment 3	-	-	23.3660	15.5773	5.1925	-	-
Mangatawhiri Compartment 4	-	-	103.2029	68.8019	22.9340	-	9.1736
Mangatawhiri Compartment 5	-	-	-	-	60.2006	-	-
Orton	-	25.0511	15.0306	10.0204	5.0102	-	-
Morrisons Swamp	-	22.6478	16.9859	11.3239	5.6620	-	-
Te Kohanga	-	22.1031	7.3677	3.6839	-	-	-
Kaawa	-	222.9753	111.4876	-	-	-	-
Onepoto	-	179.0263	134.2697	89.5132	-	-	-
Onewhero Downstream	-	-	-	-	-	-	-
Okowhau	-	183.2607	104.7334	52.3760	26.1513	-	-
Huntly West	-	71.8762	51.3412	20.5350	10.2784	-	-
Hills	-	86.5118	61.8040	24.7164	12.3798	-	-
Horohoro	-	106.9367	76.3742	30.5518	15.2706	-	-
Austins	-	69.1025	43.1960	17.2757	-	-	-
Blairs	-	143.4478	102.4646	40.9831	20.5129	-	-
Guests	-	68.1786	45.4752	-	-	-	-
Ruawaro Furniss	-	-	84.6631	56.4273	-	-	-
Ruawaro Central	-	52.4741	37.4822	-	-	-	-
Ruawaro North	-	114.1200	84.9852	32.6384	-	-	-
Kimihia SRA	-	90.0881	45.0618	-	-	-	-
Kimihia	-	74.5364	37.2831	-	-	-	-
Rangiriri	-	132.0494	110.0368	66.0380	-	-	-
Island Block	-	127.4945	63.7218	31.8864	-	-	-
Swan Road	-	-	73.1396	48.7549	24.3841	-	-
Vrsalijkos	-	154.8077	-	77.3882	-	-	-
Orchard Road	933.2938	93.3294	65.3304	46.6647	-	13.9994	4.6781
Churchill East	-	98.0160	78.4030	58.8095	-	-	-
Meremere East	-	71.2831	53.4623	35.6344	17.8208	-	-
Mangati	-	58.3628	46.6897	-	-	-	-
Mangawara	-	18.7323	11.6889	9.3661	2.3228	-	-
Pukekapia 1	-	40.2583	20.1292	10.0646	-	-	-
Pukekapia 2	-	89.2599	44.6300	22.3153	-	-	-

Ruawaro East	-	-	-	-	-	-	-
Ruawaro West	-	49.1504	36.8628	24.5752	12.2876	-	-
Travers Road	-	-	-	-	-	-	-
Waikare Frost	-	96.8062	48.4030	24.2014	12.1975	-	-
Waikare Ohinewai	-	-	112.7264	56.3633	27.9566	-	-
Waikare Nikau	-	55.3591	45.8376	36.8691	-	18.4346	9.1896
Waikare Rangiriri	-	53.9595	32.3218	10.7919	-	-	-
Waikare West	-	44.3468	35.3887	17.6944	8.8250	-	-
Waikorea	-	47.7819	-	-	-	-	-

Peninsula project (Coromandel Zone)

The Peninsula Project (Coromandel Zone) scheme provides for work to address the issues of flood protection, soil conservation and river management on the Coromandel Peninsula. Details of the funding policy and the area covered by this scheme can be obtained from the Peninsula Project (Coromandel zone) Revenue and Funding Policy⁽¹³⁾

What it funds

The funding provides for projected costs of \$3,465,000 (GST inclusive).

Activity	Projected expenditure (\$000) (GST inclusive)	Targeted rate revenue (\$000) (GST Inclusive)
Flood protection	419	444
River management	580	393
River improvement	107	85
Catchment new works	1,003	421
Catchment maintenance	40	30
Catchment oversight	458	325
Information and advice	162	120
Works and services - coastal marine area	697	435
Total	3,465	2,253

How it is applied

The rate is assessed on a benefit/contributor classification basis, using a combination of capital value, land value and land area.

The scheme consists of the following differentials that are applied to a rating unit.

Catchment differential – capital value basis

This is based on the capital value of all rating units within the catchment boundary.

Catchment differential – per rating unit basis

13 Peninsula Project (Coromandel Zone) Revenue and Funding Policy, Peninsula Project (Coromandel Zone) Revenue and Funding Policy, Doc # 889245

This is based on a uniform fixed amount per rating unit on all rating units within the catchment boundary.

River and flood control direct benefit differential

This is based on the amount of benefit a rating unit receives from river and flood control works. The land within the scheme is classified on this basis and assigned within rating differentials. Rating is calculated on a capital value or per rating unit basis within each differential. This applies to capital works and maintenance associated with capital works. Base level stream maintenance is funded by one differential across the whole scheme. The details of the classifications can be found in the funding document.

The targeted rate requirement is as follows:

Differential	Targeted rate revenue (\$000) (GST inclusive)
Catchment - Coromandel	1,331
River and flood control direct benefit	923
Total	2,253

The 2021/22 rate

Differential	Factor Used	Rate (\$) GST inclusive
Catchment		
CV Basis	Capital value \$1 per \$1	0.00003937
Per rating unit basis	Per rating unit	36.37
Coromandel Retirement Village		
Maintenance	Capital value \$1 per \$1	0.00007020
Coromandel township		
Maintenance	Capital value \$1 per \$1	0.00008013
Coromandel township capital		
Capital channel 1	Capital value \$1 per \$1	0.00032389
Capital channel 2	Capital value \$1 per \$1	0.00016194
Capital channel 3	Capital value \$1 per \$1	0.00008097
Capital indirect	Capital value \$1 per \$1	0.00000701
Grahams Creek		
Indirect maintenance	Capital value \$1 per \$1	0.00003643
Indirect capital	Capital value \$1 per \$1	0.00000926
Capital channel CH1	Capital value \$1 per \$1	0.00011765
Capital stopbank SB2	Capital value \$1 per \$1	0.00006921
Capital channel CH2	Capital value \$1 per \$1	0.00002941
Capital stopbank SB1	Capital value \$1 per \$1	0.00020762
Karaka Stream capital		
Capital KL1	Capital value \$1 per \$1	0.00028409

Capital KL2	Capital value \$1 per \$1	0.00014205
Capital KL3	Capital value \$1 per \$1	0.00004735
Pohue Channel capital		
Capital channel 1	Capital value \$1 per \$1	0.00046156
Tairua Harbour		
Maintenance	Per rating unit	17.84
Tapu		
Maintenance	Capital value \$1 per \$1	0.00022404
Te Puru		
Maintenance	Capital value \$1 per \$1	0.00025399
Te Puru capital Indirect		
Te Puru capital Indirect	Per rating unit	59.04
Te Puru channel capital		
Capital channel 1	Capital value \$1 per \$1	0.00005385
	Per rating unit	30.29
Capital channel 1a	Capital value \$1 per \$1	0.00005385
	Per rating unit	754.50
Capital channel 2	Capital value \$1 per \$1	0.00002692
	Per rating unit	15.14
Capital channel 2a	Capital value \$1 per \$1	0.00002692
	Per rating unit	42.40
Capital channel 3	Capital value \$1 per \$1	0.00001346
	Per rating unit	7.57
Te Puru stopbank capital		
Capital stopbank 1	Capital value \$1 per \$1	0.00033978
	Per rating unit	190.00
Capital stopbank 1a	Capital value \$1 per \$1	0.00033978
	Per rating unit	4,732.79
Capital stopbank 2	Capital value \$1 per \$1	0.00016989
	Per rating unit	95.00
Capital stopbank 2a	Capital value \$1 per \$1	0.00016989
	Per rating unit	265.99
Capital stopbank 3	Capital value \$1 per \$1	0.00008494
	Per rating unit	47.50
Waiomu channel capital		
Capital channel 1	Capital value \$1 per \$1	0.00050549
Capital channel 2	Capital value \$1 per \$1	0.00025274
Capital channel 3	Capital value \$1 per \$1	0.00012637

Waiomu stopbank capital		
Capital Stopbank 1	Capital value \$1 per \$1	0.00030028
Capital Stopbank 3	Capital value \$1 per \$1	0.00005005
Waiomu-Pohue		
Capital indirect	Capital value \$1 per \$1	0.00002904
Maintenance	Capital value \$1 per \$1	0.00025447
Whangamata Harbour		
Maintenance	Per rating unit	13.35

West coast

The West Coast scheme provides for work to address the issues of flood protection, soil conservation and river management within the West Coast Zone. Details of the funding policy and the area covered by this scheme can be obtained from the West Coast Zone Funding Policy.⁽¹⁴⁾

What it funds

The funding provides for projected costs of \$2,416,000 (plus GST at the prevailing rate).

Activity	Projected expenditure (\$000) (GST inclusive)	Targeted rate revenue (\$000) (GST Inclusive)
River management	301	151
Catchment new works	1,567	258
Catchment maintenance	46	335
Catchment oversight	425	185
Information and advice	76	38
Total activity	2,416	966

How it is applied

The rate is assessed on a per rating unit and capital value basis.

The scheme consists of the following differentials which are applied to rating unit.

Catchment differential – capital value basis

This is based on the capital value of all rating units within the catchment boundary.

Catchment differential – per rating unit basis

This is based on a uniform rate on all rating units within the catchment boundary.

The targeted rate requirement is as follows:

Differential	Targeted rate revenue (\$000) (GST Inclusive)
Catchment - West Coast	966

The 2021/22 rate

West Coast

Differential	Factor Used	Rate (\$) GST inclusive
Catchment - West Coast		
Capital value basis	\$1 per \$1 capital value	0.00007721
Per rating unit basis	\$ per rating unit	68.64

Public transport rate

What it funds

The public transport rate funds part of the cost of the Hamilton city urban public transport service. The revenue required in 2021/22 is \$14,296,000 (GST inclusive).

How it is applied

The scheme consists of two differentials, direct and indirect to reflect the access that properties have to public transport services.

- Direct – rate in the dollar per dollar of capital value of all rating units within Hamilton city boundary that are within 800 metres of a bus route. The total rate requirement for 2021/22 for the direct rate is \$10,613,000 (GST inclusive).
- Indirect – rate in the dollar per dollar of capital value of all rating units within Hamilton city boundary. The total rate requirement for 2021/22 for the indirect rate is \$1,922,000 (GST inclusive).
- Rail unit rate – based on a uniform fixed amount per rating unit on all rating units within the Hamilton city boundary. The total rate requirement for 2021/22 for the unit rate is \$1,216,000 (GST inclusive)
- Indirect rail – rate in the dollar per dollar of capital value of all rating units within Hamilton city boundary. The total rate requirement for 2021/22 for the indirect rate is \$545,000 (GST inclusive).

The 2021/22 rate

Area of benefit (GST inclusive)	Factor Used	Rate (\$) GST inclusive
Public transport - indirect	Capital value \$1 per \$1	0.00004429
Public transport - direct	Capital value \$1 per \$1	0.00025095
Public transport - rail - unit rate	Per rating unit	20.00
Public transport - rail - indirect	Capital value \$1 per \$1	0.00001260

Biosecurity rate

What it funds

The biosecurity rate funds the cost of plant and animal control works aimed at improving biodiversity across the region.

The total biosecurity rate revenue requirement for 2021/22 is \$10,551,000 (GST inclusive), an increase of \$1,693,000 from 2020/21.

How it is applied

The biosecurity rate is set on a capital value basis. It is set on a differential basis using equalised capital value and the location of the land within the Waikato region. An equalisation process is undertaken on an annual basis to take account of the different revaluation cycles of the territorial authorities in the region.

The rate in the dollar per dollar of capital value of a rating unit is determined by dividing the biosecurity rate revenue requirement by the capital value of all rateable properties in the Waikato region taking account of the differential. The capital value of the region used for the 2021/22 year is \$184,723 billion.

The 2021/22 rate

Area of benefit (GST inclusive)	Percentage of region	Rate \$1 per \$1 CV (GST inclusive)	\$(000) GST inclusive
Hamilton City	26.25%	0.00006381	2,770
Matamata-Piako	8.83%	0.00005949	932
Ōtorohanga	3.05%	0.00006461	322
Rotorua	1.24%	0.00005208	131
South Waikato	3.85%	0.00006032	406
Taupō	10.18%	0.00005830	1,074
Thames-Coromandel	12.98%	0.00005498	1,370
Waikato	15.21%	0.00004606	1,605
Waipā	12.26%	0.00005689	1,294
Waitomo	2.07%	0.00006261	218
Hauraki	4.08%	0.00006126	430
Total	100.00%		10,551

Natural heritage rate

What it funds

This rate funds the cost of work associated with protecting natural heritage areas in the region.

How it is applied

The revenue required is \$1,220,000 (GST inclusive). It is applied on a uniform basis to every rating unit in the Waikato region.

The 2021/22 rate

The 2021/22 rate is \$5.80 per rating unit (GST inclusive).

Permitted activity monitoring rate

What it funds

This rate funds the monitoring of activities permitted under the Waikato Regional Plan in order to assess compliance with the rules, and the effect of allowing the activities to be undertaken.

How it is applied

The revenue required is \$1,660,000 (GST inclusive). It is applied on a uniform basis to every rating unit of two hectares or greater in the Waikato region on a differential basis.

The 2021/22 rate

The 2021/22 rate is \$65.55 (GST inclusive) per rating unit of two hectares or greater in land area.

Regional services rate

What it funds

This rate funds the region's contribution to voluntary emergency services operating within the Waikato region.

How it is applied

The revenue required is \$824,000 (GST inclusive). It is applied on a uniform basis to every rating unit in the Waikato region.

The 2021/22 rate

The 2021/22 rate is \$3.92 per rating unit (GST inclusive).

Stock truck effluent rate

What it funds

This rate funds the construction and maintenance of stock truck effluent stations across the region in accordance with the Stock Truck Effluent Strategy.

How it is applied

The revenue required is \$54,000 (GST inclusive). It is applied on the capital value of every rating unit in the Waikato region of two hectares and above.

The 2021/22 rate

The rate is \$0.00000089 per \$1 capital value (GST inclusive).

Civil defence and emergency management

What it funds

This rate funds the region's civil defence and emergency management services, on behalf of the Civil Defence and Emergency Management Group.

How it is applied

The revenue required is \$2,817,000 (GST inclusive). It is applied on a uniform basis to every rating unit in the Waikato region.

The 2021/22 rate

The rate is \$13.39 per rating unit (GST inclusive).

Sustainable Homes Scheme

What it funds

Financial assistance for the Sustainable homes programme.

How it is applied

From 2022/23, the council will set and assess a voluntary targeted rate for financial assistance for sustainable homes, which will be assessed on rating units in respect of which the council has provided financial assistance with the rate being set at 10 per cent of financial assistance provided.

Waikato Regional Theatre rate

What it funds

The Waikato Regional Theatre rate funds the council's contribution to the capital construction of the theatre

How it is applied

The scheme consists of two differentials.

- A uniform rate applied to every rating unit within the boundaries of Waikato District, Waipa District and Matamata-Piako District. The total rates requirement for 2021/22 is \$178,000 (GST inclusive).
- A uniform rate applied to every rating unit within the boundaries of Thames-Coromandel District, Hauraki District, Otorohanga District, South Waikato District, Waitomo District, Taupo District and Rotorua District. The total rates requirement for 2021/22 is \$20,000 (GST inclusive).

The 2021/22 rate

Territorial authority area	\$ Per rating unit	\$(000) GST inclusive
Waikato District	2.61	82.1
Waipa District	2.61	58.3
Matamata-Piako District	2.61	37.7
Thames-Coromandel District	0.24	6.6
Hauraki District	0.24	2.5
Otorohanga District	0.24	1.1
South Waikato District	0.24	2.3
Waitomo District	0.24	1.2
Taupo District	0.24	5.5
Rotorua District	0.24	0.3
Total		197.5

Separately used or inhabited parts of a rating unit

Separately used or inhabited parts of a rating unit can be defined as:

- any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement, but excluding uses of a minor or incidental nature
- each use that involves different activity conducted by a person, company or organisation different to the ratepayer is considered to be a separate use.

Note that the council does not currently use separately used or inhabited parts of a rating unit as a basis for its rating.

Other financing mechanisms

Borrowing

Borrowing is recognised as an effective method of achieving equity between different generations of ratepayers (inter-generational equity). Where there are targeted rates that do not cover the operating costs of the activity in any one year then the council uses borrowing to fund the deficit.

Reserve funds

Reserves arise where funding has been obtained for a particular activity and, at a point in time, not all the revenue has been spent on the activity. Maintaining reserves ensures that revenue is used for its intended purpose and enables revenue to be maintained at a constant level when the service provided is continuing at the same level. They also allow the ability to fund works of an inter-generational nature, capital expenditure in particular, over the most appropriate time period.

The council only maintains reserves relating to targeted rates which have been provided by regional ratepayers for specific activities. While the cash associated with reserves may be used as funding for other activities within the organisation, it will continue to be identified as an asset and interest will be credited to the area for which the revenue was raised.

Rates collection

Waikato Regional Council will be issuing a single invoice in September with payment due by 29 October 2021 (being the last business day of the month). Payment options available are:

- internet/phone banking
- direct debit/automatic payment
- credit card (via internet)
- eftpos/cash payment at NZ Post shops
- eftpos payment at Waikato Regional Council's Hamilton office
- payment at Hamilton City Council's office.

Pursuant to section 53 of the Local Government (Rating) Act 2002, the council has appointed Hamilton City Council to act as a collection agent on its behalf in relation to outstanding rates on rating units within the Hamilton City Council boundary.

Current year rates not paid by the due date will attract a penalty of 10 per cent to the extent of non-payment on 1 November 2021. Prior year rates not paid by 30 June 2021 will attract a further penalty of 10 per cent to the extent of non-payment on 1 July 2021 (being 5 working days from the date of the council resolution to assess the 2021/22 rates). Prior year rates remaining unpaid six months after 1 July 2021 will attract a further penalty of 10 per cent to the extent of non-payment on 5 January 2022.

Penalties will not be applied to accounts with an outstanding balance where an agreed arrangement to pay is in place.

Where any payment is made by a ratepayer that is less than the amount now payable, the council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due.

Postponed rates will attract a yearly interest rate of one per cent above the average 90 day bill rate on the outstanding yearly balance, including interest charges from any previous years.

Rates enquiries – how your regional rates are spent

Any queries about how your regional rates are spent should be directed to the Waikato Regional Council's freephone – 0800 800 401.

Schedule of fees and charges | Te rārangi o ngā nama me ngā utu

The council may fix charges relating to its functions and responsibilities under Section 36 of the Resource Management Act 1991. An outline of current policy and charges is provided below.

Application charges

Changes to policy statements and plans (section 36(1)(a))

When assessing applications for the preparation of, or changes to policy statements or regional plans, the council will:

- charge applicants actual and reasonable costs
- require applicants to pay a \$1,000 deposit per application or a deposit of up to 50 per cent of the estimated costs of the council carrying out its functions in relation to such applications
- require applicants or their agent to pay for the costs incurred on an ongoing basis.

Resource consent application processing

For carrying out its functions in relation to the receiving, processing and deciding on resource consent applications (including assessment of applications for certificates of compliance), and for considering and deciding on changes to or reviews of consent conditions and transfer of consents, the council will:

- charge applicants and consent holders actual and reasonable costs
- charge a fixed amount for specified consents (see table below) and require applicants and consent holders to pay the full charge prior to work commencing on the application or review
- require applicants or consent holders, where a specific amount has not been fixed, to pay a deposit of up to 50 per cent of the estimated costs with a minimum deposit of \$1000 prior to consideration of the application or review, with the balance of the costs to be paid on a regular basis as costs are incurred
- require applicants or consent holders, where a specific amount has not been fixed, to pay the actual and reasonable costs for the processing of the application as determined, according to the following formula:

Charge = staff time x charge rate + administration fee + direct costs including disbursements + notification and hearing costs

Fixed application charges	\$ (GST exclusive)
Bore consent (controlled activity)	400
Mooring consent inside zoned mooring area (ZMA)	400
Change to mooring consent	150
Consent application lodgement fee (fee per activity)	
• one activity	250
• two activities	200
• three activities	175
• four or more activities	150
Consent transfer fee (per consent)	90

Staff charge rate

	Rate per hour (\$) (GST exclusive)
Technical expert	190
Technical officer	145
Team leader	170
Senior resource officer	140
Resource officer	125
Business support	90

Annual consent holder charges Consent administration charge (section 36(1)(c))

The resource consent annual administration fee contributes to the cost the council incurs for undertaking its consenting and monitoring functions required under the Resource Management Act 1991. This includes generating resource consents, maintaining consent and compliance information, updating consent status, processing consent surrenders and expiries, annual charge enquiries as well as general oversight of the consenting and monitoring activities of the council. This charge is the same for all categories of resource consent.

Information gathering and research (section 36(1)(c))

Councils have a duty to gather information and monitor the environment under the Resource Management Act. A key part of this includes field monitoring (e.g., river flow, groundwater availability, water quality, ecology, air quality) and scientific investigations to enable activities to occur in a sustainable way in the Waikato region.

Where the council considers the need for this work is caused by or benefits consent holders, it can apportion some of the charge to consent holders.

The scale of charge assessed for each class of consent is based on the forecast expenditure for the relevant Council work programmes and an assessment of the share of these costs that should be borne by consent holders or the public. Overall, the total funding contribution from consent holders is equivalent to approximately one-third of the total cost.

The monitoring and investigations undertaken are not usually specific to the location of an individual consent. It provides for managing the cumulative impacts of many activities and consents on a broader catchment, aquifer or airshed scale.

Consent compliance monitoring

All monitoring of compliance with consent conditions, excluding farm dairy water take consents, will be charged on an actual cost basis.

Actual and reasonable costs for monitoring consent compliance will be directly charged according to the following formula:

Charge = staff/contractor time x charge rate (*refer to staff charge rate table) + direct costs including disbursements

Consent holders or their agent are required to pay for costs incurred on an ongoing basis as they occur, unless otherwise agreed by Waikato Regional Council.

Where a consent is held to take water for farm dairy purposes, an annual compliance monitoring charge of \$65 applies, which is included as part of the annual consent holder charge. This charge applies so long as monitoring determines that compliance has been achieved. If the consent holder is found to be non-compliant, any costs in addition to the \$65 charge will be directly charged in accordance with the above charging formula.

Permitted activity compliance monitoring

Monitoring of permitted activities under:

- (a) the National Environmental Standard for Plantation Forestry 2017 (NESPF) pursuant to Part 3, Regulation 106, and
- (b) the National Environmental Standard for Freshwater 2020 (NESF) pursuant to Part 4, Regulation 75

will be charged actual and reasonable costs for monitoring compliance according to the following formula:

Charge = staff/contractor time x charge rate (*refer to staff charge rate table) + direct costs including disbursements

Parties operating under the NESPF and/or NESF will be charged for costs incurred on an ongoing basis as they occur, unless otherwise agreed by Waikato Regional Council.

Waikato Regional Council may set fixed charges for monitoring activities carried out under the NESPF and/or NESF. The council may require operators to pay the full charge towards monitoring the activity prior to any monitoring taking place.

2021/22 Resource consent holder charges

All amounts are GST exclusive.

Consent class	Description	Consent administration	Information gathering, research and data monitoring	Compliance monitoring	Total
Air					
• Discharge of contaminants	Discharges of NES contaminants to the air	140	616	-	756
• Other discharges	Other discharges to air including odour	140	-	-	140
Agricultural					
Agricultural discharges	Discharges to land and water from agricultural sector activities	140	430	-	570
Process discharges					
• Major	Stormwater discharge >4ha land; Sewage >15m ³ per day; mine wastewater >100m ³ per day	140	715	-	855
• Minor	Industrial, mining, quarry, urban and commercial discharges to land and water that do not fall into 'Major' class	140	390	-	530
Geothermal discharges					
• Discharge	Discharge of geothermal sourced fluids	140	12 cents per tonne or m ³ (daily rate)		
• Take	Takes of geothermal sourced fluids	140	22 cents per tonne or m ³ (daily rate)		
Water takes					
Water takes	Takes of surface or ground water, excluding farm water takes	140	Minimum charge of \$65, then 43 cents per m ³	-	
Farm water takes	Takes of surface or ground water for farming support	140	Minimum charge of \$65, then 43 cents per m ³	65	
Non-consumptive water takes (no impact)	Non-consumptive water takes with no impact on water availability, or for flood management or environmental purposes	140	-	-	140
Non-consumptive water takes (impact)	Non-consumptive water takes that impact flow regimes or water availability	140	600	-	740

Consent class	Description	Consent administration	Information gathering, research and data monitoring	Compliance monitoring	Total
Dams					
• Waikato	Large dams within the Waikato hydro network used for electricity generation	140	8,150 per dam	-	8,290
• Large	Dams deeper than 3 metres and which hold more than 20,000m ³ of water	140	5,216 per dam	-	5,356
• Small	All dams not covered by the consent classes above	140	245 per dam	-	385
Coastal					
• Marine farms		140	49 per hectare	40	
• Moorings	All mooring structures, refer to the bylaw requirement table for further charges.	140	23	15	178
• Other	Activities requiring consent which may significantly impact upon the coastal environment and/or do not sit within the classes listed above	140	540	-	680
Land use					
• Major	Large scale land use activities that have potential to generate significant land instability or sediment discharges. Including (but not limited to):	140	1,499	-	1,639
	Forestry harvesting >20ha				
	Metal extraction >500m ³				
	Earthworks >10,000m ³				
• Minor	Large scale land use activities that have some potential to generate significant land instability or sediment discharges. Including (but not limited to):	140	281	-	421
	Forestry harvesting <20ha				
	Metal extraction <500m ³				
	Earthworks <10,000m ³				
Land use - Lake Taupō					
• Large	Land areas greater than 100 hectares	140	795	-	935
• Medium	Land areas from 20 to 100 hectares	140	400	-	540

Consent class	Description	Consent administration	Information gathering, research and data monitoring	Compliance monitoring	Total
• Small	Land areas less than 20 hectares	140	190	-	330
Administration charge					
Administration charge only	Activities requiring consent which do not fit within the consent classes above, and which are not expected to have environmental effects that will require some supervision and monitoring by Waikato Regional Council	140	-	-	140

Note:

1. All charges exclude GST.
2. GST at the prevailing rate will be added to all charges when invoiced.
3. Whitebait stands and bore permits will not be charged an annual charge.

Remission

Under Section 36(5) of the RMA, council has discretion to remit the whole or any part of any charge. Charges will be remitted where:

- charges to individual consent holders are deemed to be unreasonable
- a redress of relative benefits to the consent holder is necessary

- the information produced by an applicant for a resource consent benefits the community as a whole
- for land use – Lake Taupo a remission of the information gathering, research and data monitoring component of this charge will be considered where the consent holder can demonstrate that the consented land use is primarily a low nutrient discharge.

Navigation safety related charges

Pursuant to section 33M of the Maritime Transport Act 1994, Waikato Regional Council has made a bylaw in respect of navigation safety within the Waikato region. Section 33R of the Maritime Transport Act 1994 allows Waikato Regional Council to set fees in respect of activities that it has to undertake to implement the bylaw.

Any costs incurred for particular services provided for navigation safety which are not outlined below are fully recoverable from the person or organisation causing this cost to be incurred.

Bylaw requirement	Fee (\$) (GST exclusive)
Application for temporary events (Clause 5.6), or suspension or exemption of any provisions within this bylaw (Bylaw 4.2)	\$108.70
Application for permanent speed upliftings (Clause 5.8)	Actual and reasonable costs
Public notice for a temporary event (Clause 5.6.5)	Actual and reasonable costs
Mooring fee – harbourmaster activities (charged annually). Refer to the moorings charge in the resource consent holder charges table for additional charges.	\$62.50
Visitor mooring rental	\$17.39 per night
	\$86.96 per week
Registration of personal watercraft (with registration sticker provided)	\$66.09
(without registration sticker)	\$48.70
Transfer of registration	Free
Dealer registration	\$43.48

Bylaw requirement	Fee (\$) (GST exclusive)
Management of navigation safety related activities for Port Taharoa	Actual and reasonable costs
Management and inspection of navigation safety-related activities	Actual and reasonable costs
Assessment and report on any RMA consent application which has the potential to affect navigational safety	Actual and reasonable costs

Rating impact for sample properties | Ngā pānga ā-reiti mō ngā whenua taurira

The following table provides a range of examples of the impact of the council's planned budgets on the rates requirement. The actual rates charged to a property will depend on where it is located, its size and its value. To understand the impact the proposed budget will have on your property, please refer to the Waikato Regional Council website: www.waikatoregion.govt.nz.

General rates charged to all properties in the region

Territorial authority	\$350,000 property			\$500,000 property			\$1,000,000 property			\$2,000,000 property		
	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
Hamilton	81.60	98.63	17.03	116.58	140.90	24.33	233.16	281.81	48.65	466.31	563.62	97.30
Hauraki	81.44	94.69	13.25	116.34	135.27	18.93	232.68	270.54	37.86	465.37	541.08	75.71
Matamata-Piako	80.24	91.95	11.71	114.63	131.36	16.72	229.26	262.71	33.45	458.52	525.42	66.90
Otorohanga	75.40	99.86	24.46	107.71	142.66	34.95	215.43	285.32	69.89	430.85	570.64	139.79
Rotorua	77.31	80.50	3.19	110.45	115.00	4.55	220.90	230.00	9.10	441.80	460.01	18.21
South Waikato	82.57	93.23	10.66	117.95	133.18	15.23	235.91	266.37	30.46	471.81	532.74	60.92
Taupo	75.79	90.12	14.33	108.27	128.74	20.47	216.54	257.48	40.93	433.09	514.95	81.86
Thames-Coromandel	77.29	84.97	7.68	120.95	121.39	0.44	241.91	242.78	0.88	483.81	485.57	1.75
Waikato	82.20	71.19	(11.01)	117.42	101.70	(15.72)	234.85	203.40	(31.45)	469.69	406.80	(62.89)
Waipa	74.91	87.92	13.02	107.01	125.61	18.60	214.02	251.21	37.20	428.03	502.43	74.39
Waitomo	83.38	96.78	13.40	119.11	138.26	19.14	238.23	276.51	38.29	476.45	553.03	76.58

Revalued

Uniform annual general charge – charged to all properties in the region

2020/21 rate	85.19	per rating unit
2021/22 rate	82.36	per rating unit
Change	(2.83)	per rating unit

Civil defence emergency management rate – charged to all properties in the region

2020/21 rate	10.58	per rating unit
2021/22 rate	13.39	per rating unit
Change	2.81	per rating unit

Natural heritage rate – charged to all properties in the region

2020/21 rate	5.80	per rating unit
2021/22 rate	5.80	per rating unit
Change	-	per rating unit

Biosecurity rate – charged to all properties in the region

Territorial authority	\$550,000 property			\$500,000 property			\$1,000,000 property			\$2,000,000 property		
	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
Hamilton	18.30	22.33	4.03	26.15	31.91	5.76	52.30	63.81	11.51	104.60	127.63	23.03
Hauraki	18.27	21.44	3.17	26.10	30.63	4.53	52.20	61.26	9.06	104.40	122.52	18.12
Matamata-Piako	18.00	20.82	2.82	25.72	29.74	4.03	51.43	59.49	8.06	102.86	118.98	16.12
Otorohanga	16.92	22.61	5.70	24.16	32.30	8.14	48.33	64.61	16.28	96.66	129.22	32.56
Rotorua	17.14	18.23	1.09	24.48	26.04	1.56	48.96	52.08	3.12	97.92	104.16	6.24
South Waikato	18.52	21.11	2.59	26.46	30.16	3.70	52.92	60.32	7.40	105.84	120.63	14.79
Taupo	17.00	20.41	3.40	24.29	29.15	4.86	48.58	58.30	9.72	97.16	116.61	19.45
Thames-Coromandel	17.34	19.24	1.90	27.13	27.49	0.35	54.27	54.98	0.71	108.54	109.95	1.41
Waikato	18.44	16.12	(2.32)	26.34	23.03	(3.31)	52.68	46.06	(6.62)	105.36	92.12	(13.24)
Waipa	16.80	19.91	3.11	24.01	28.44	4.44	48.01	56.89	8.88	96.02	113.77	17.75
Waitomo	18.70	21.92	3.21	26.72	31.31	4.59	53.44	62.61	9.17	106.88	125.23	18.35

Revalued

Regional services rate – charged to all properties in the region

2020/21 rate	3.99	per rating unit
2021/22 rate	3.92	per rating unit
Change	(0.07)	per rating unit

Public transport rate – charged to all properties in the region

Property location	\$350,000 property			\$500,000 property			\$1,000,000 property			\$2,000,000 property		
	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
Within 800 metres of bus stop (serviced)	90.29	103.33	13.04	128.99	147.62	18.63	257.97	295.24	37.27	515.94	590.48	74.54
Beyond 800 metres of bus stop (unserviced)	13.54	15.50	1.96	19.35	22.14	2.80	38.70	44.29	5.59	77.39	88.57	11.18
Rail - unit rate	20.00	20.00	-	20.00	20.00	-	20.00	20.00	-	20.00	20.00	-
Rail - indirect benefit rate	4.82	4.54	(0.27)	6.88	6.49	(0.39)	13.76	12.98	(0.78)	27.52	25.97	(1.55)

Permitted activity monitoring – charged to all properties in the region

2020/21 rate	69.99	per rating unit
2021/22 rate	65.55	per rating unit
Change	(4.44)	per rating unit

Stock truck effluent – charged to all properties in the region

2020/21	\$500,000 property		\$1,000,000 property		\$2,000,000 property	
	2021/22	Change	2020/21	2021/22	2020/21	2021/22
0.78	0.45	(0.33)	1.56	0.89	(0.67)	3.12
						1.79
						(1.33)

Regional Theatre rate – charged to all properties in the region excluding Hamilton city

Regional Theatre rate - charged to all properties in the primary layer

2020/21 rate	-	per rating unit
2021/22 rate	2.61	per rating unit
Change	2.61	per rating unit

Regional Theatre rate - charged to all properties in the secondary layer

2020/21 rate	-	per rating unit
2021/22 rate	0.24	per rating unit
Change	0.24	per rating unit

Waihou Piako catchment rate – charged on a differential basis to all properties in the zone

Property type	\$350,000 property			\$500,000 property		
	2020/21	2021/22	Change	2020/21	2021/22	Change
Residential	78.98	74.54	(4.44)	112.84	106.49	(6.35)
Property type	\$2,000,000 property			\$3,500,000 property		
	2020/21	2021/22	Change	2020/21	2021/22	Change
Rural	451.34	425.94	(25.40)	789.84	745.40	(44.44)

Waikato-Waipua Scheme (Watershed) – charged on a differential basis to all properties in the zone

Management zone / territorial authority	\$350,000 property			\$500,000 property			\$1,000,000 property			\$2,000,000 property		
	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
Central Waikato zone - Hamilton City	19.15	17.05	(2.10)	27.36	24.36	(2.99)	54.71	48.72	(5.99)	109.42	97.45	(11.97)
Central Waikato zone - Waipua District	23.07	20.77	(2.31)	32.96	29.67	(3.30)	65.92	59.33	(6.59)	164.81	148.34	(16.48)
Lower Waikato zone - Waikato District	70.70	59.39	(11.31)	101.00	84.84	(16.16)	202.00	169.67	(32.33)	505.00	424.18	(80.82)
Waipua zone - Otorohanga District	41.57	34.95	(6.63)	59.39	49.93	(9.46)	118.79	99.86	(18.93)	296.96	249.64	(47.32)
Upper Waikato - South Waikato District	20.01	19.72	(0.29)	28.58	28.17	(0.41)	57.16	56.34	(0.82)	142.90	140.86	(2.05)
Upper Waikato - Rotorua District	29.34	28.66	(0.69)	41.92	40.94	(0.98)	83.84	81.87	(1.97)	209.61	204.69	(4.92)
Lake Taupo zone - Taupo District	24.10	21.82	(2.28)	34.42	31.17	(3.25)	68.85	62.34	(6.51)	172.11	155.85	(16.27)

Coromandel Zone rate – charged on a differential basis to all properties in the zone

\$350,000 property			\$500,000 property			\$1,000,000 property			\$2,000,000 property		
2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
42.77	50.15	7.38	53.16	56.05	2.90	74.17	75.74	1.57	116.20	115.11	(1.09)

West Coast Zone rate – charged on a differential basis to all properties in the zone

\$350,000 property			\$500,000 property			\$1,000,000 property			\$2,000,000 property		
2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
91.64	95.67	4.02	103.96	107.25	3.28	145.04	145.85	0.81	227.19	223.05	(4.14)

Drainage rate – charged on a differential basis to all properties in the zone

	0.2 ha property (Residential)		2.0 ha property (Lifestyle)		75 ha property (Dairying)				
	2020/21	2021/22	Change	2020/21	2021/22	Change			
Thames Valley	20.91	22.14	1.23	16.73	17.71	0.98	784.24	830.30	46.06

	0.2 ha property (Residential)		2.0 ha property (Lifestyle)		75 ha property (Dairying)				
	2020/21	2021/22	Change	2020/21	2021/22	Change			
Waikato Central	40.30	44.93	4.63	28.21	31.45	3.24	1,511.08	1,684.79	173.70

	0.2 ha property (Residential)		2.0 ha property (Lifestyle)		75 ha property (Dairying)				
	2020/21	2021/22	Change	2020/21	2021/22	Change			
Aka Aka	11.33	13.83	2.50	113.28	138.33	25.05	4,248.00	5,187.26	939.26

SECTION 5: Infrastructure strategy | Rautaki hangarau

Executive summary

Waikato Regional Council's vision is:

The mighty Waikato: Caring for our place, empowering our people.

Waikato mārohirohi: Manaaki whenua, whakamana tāngata

The infrastructure we manage as a council exists to protect communities across the region from the effects of flooding after storm events and the future impacts of climate change.

Our flood protection schemes have been developed over the last 80 years and primarily consist of assets like stopbanks, pump stations, and floodgates. The assets span eight management zones and have a replacement value of \$643 million (December 2019 values). These assets are also supported by over 2400km of drains across the region.

This Infrastructure Strategy outlines council's approach to managing and maintaining these assets over the next 50 years. This work is crucial to support the council's purpose: *working together for a Waikato region that has a healthy environment, a strong economy and vibrant communities.*

Our approach to infrastructure management is guided by the following principles:

- decisions are aligned with council's 10-year strategy
- established infrastructure and levels of service are maintained
- the best possible data and information is collected and maintained
- replacement of existing infrastructure (renewals) is appropriate
- account is taken of climate and morphological change
- responding to the demands for new capital
- service sustainability.

Regarding the management of council's flood management and land drainage assets, the following issues have been identified:

- economic conditions and affordability
- land use change
- climate change
- risk of natural disasters, and residual risk
- environmental and regulatory performance expectations
- business and knowledge capability.

The preferred approach for addressing these issues is presented here as well as the alternative strategies and actions that were considered.

The council's forecast expenditure, accounting for inflation, in relation to the management of flood management and land drainage assets over the next 50 years, is as follows:

- Capital expenditure: **\$1026.4 million**
 - \$813.1 million on renewals
 - \$213.3 million on new capital
- Operational expenditure: **\$2239 million**
 - Includes ongoing operating, maintenance and labour costs, and depreciation.
 - The total annual expenditure is shown below from 2021/22 to 2031/32. The average spend over subsequent five-year periods is shown between 2031 and 2071.

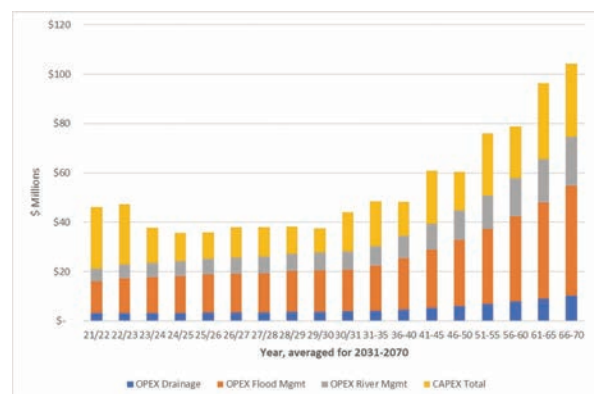


Figure 1: Total expenditure summary (forecast inflation included)

For the first 10 years, confirmed works programmes and project estimates are the dominant influence on the forecast expenditure associated with asset renewals. There are large amounts of capital expenditure in the first two years of the programme, relating to the \$23.8 million of central government funding which was recently awarded to ten flood management and catchment projects, as part of the available shovel ready project funding.

Beyond the 10-year horizon, the combination of current asset values (determined through asset revaluation⁽¹⁵⁾) and remaining asset lives are used to estimate longer term renewal forecasts out to 50 years in the future. There is an ongoing requirement to make decisions on renewals expenditure on a cyclical basis as part of the processes associated with council's LTP.

This strategy comes during a transitional phase in council's flood management and land drainage approach. This transitional period will be a challenging time as the council and affected communities explore the key issues and seek to achieve the right balance between conflicting priorities while still meeting legislative requirements. The council's

primary ambition is to support communities by providing the relevant information via the right communication channels as we look to develop our infrastructure approach.

This 50 Year Infrastructure Strategy refresh is to be adopted as part of council's 2021-2031 Long Term Plan and needs to also be considered in the context of the other council documents and processes it references, including our Financial Strategy, Regional Asset Management Plan, and zone/asset plans.

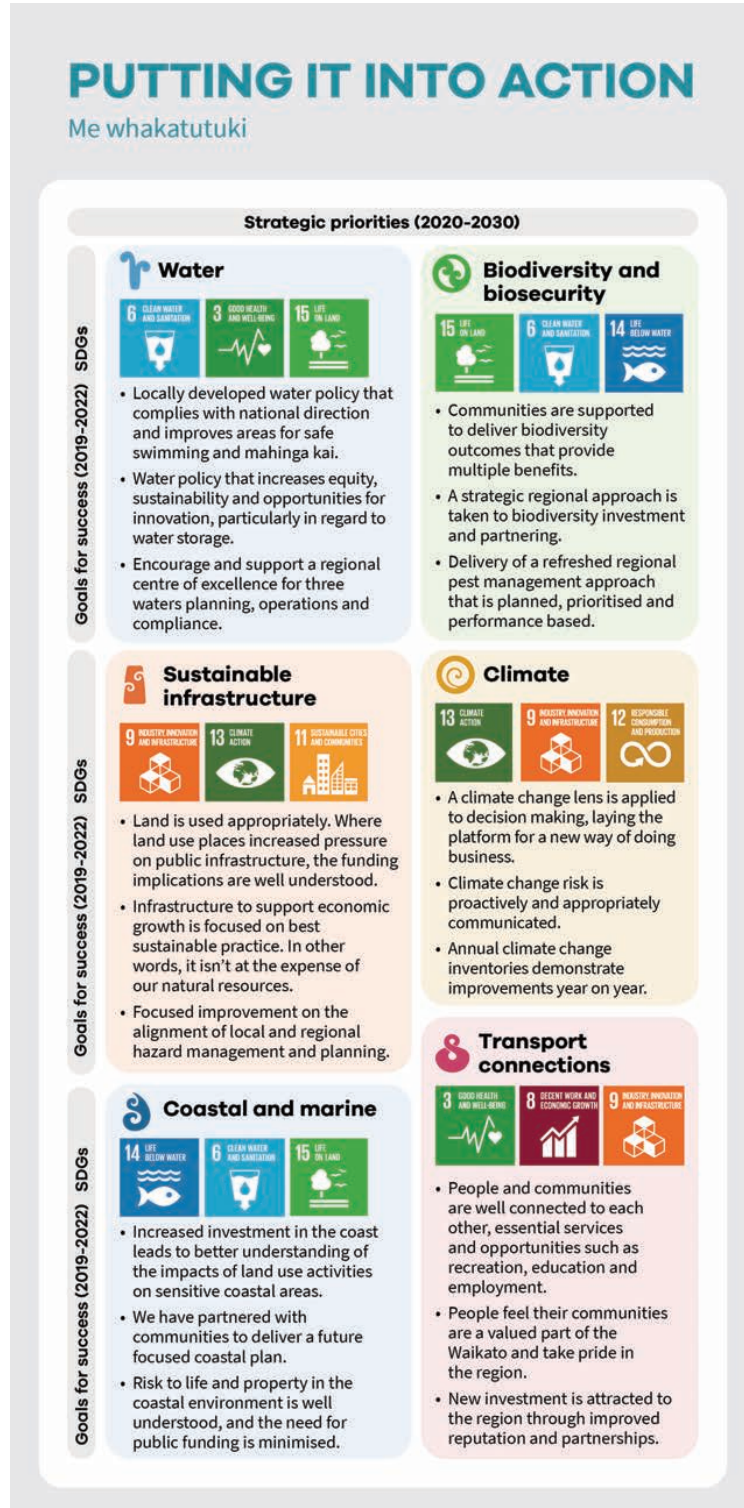


Figure 2 Strategic priorities of the council 2020-2030

1 Purpose of the Infrastructure Strategy

The purpose of the infrastructure strategy is to:

- identify significant infrastructure issues for the council over the next 50 years
- consider and assess potential management options
- identify a preferred way to manage these issues

- outline the associated service and financial implications of managing these issues
- help our communities understand the long term investment needs associated with our flood management assets over this timeframe.

The strategy sits within other internal and external legislation and policy frameworks, as shown in Figure 3.



Figure 3: Overview of the council's strategic framework for flood management and land drainage infrastructure

1.1 Scope

This strategy has been prepared as required under Local Government Act 101B 6 (a) (iv). It covers the following infrastructure assets:

- flood management schemes
- river management where there is a relationship to flood management assets
- land drainage schemes
- catchment management assets owned by the council.

In preparing this strategy non-asset solutions to address significant infrastructure issues have also been identified and discussed where appropriate. Within the renewals programme discussed in Section 5, several assets have been excluded, including:

- dams
- powerlines
- bridges
- monitoring sites
- resource consents
- plant and equipment (including the Tamahere barge)
- depots and offices
- fleet
- software.

2 Strategic context

2.1 Achievements since the 2018 strategy

This is the council's third updated infrastructure strategy and builds on the two previous iterations. Updates have been made to incorporate elements of best practice in the local government sector, identified through various reviews, and to reflect the fact that infrastructure management and the evolution of this strategy is ongoing.

The main achievements from the previous strategy include the following.

- Inclusion of sustainable infrastructure as a strategic priority in our 10-year strategy, launched in 2020. This priority has goals for success which are aligned to the UN's Sustainable Development Goals.
- Creation of a new Climate Action Committee in 2020. Councillors now meet regularly to focus specifically on climate change. It has been agreed that all future Waikato Regional Council decisions will reflect a consideration of climate change implications.
- Publication of the Climate Action Roadmap in November 2020. The roadmap details nine pathways to reduce emissions and adapt to the changing climate the Waikato region is already experiencing.
- Setting of the target to reduce carbon emissions by a minimum of 25 per cent by 2030 as an interim step on the path to net zero by 2050. This target was set as part of the collective Waikato wellbeing targets for achieving a more environmentally sustainable, prosperous and inclusive Waikato by 2030.
- Developing a sustainable infrastructure decision making framework help guide an integrated approach to the sustainable management of the council's land drainage and flood management infrastructure.
- Launching the 'come high water' campaign In 2019 to raise community awareness of flood risk and the benefits of our flood management assets.

- Launching the Waikato Regional Hazards Portal to improve access to hazard information and help the public, local authorities and others make informed decisions about their exposure to natural hazards.
- Improving our project framework, implementing monthly zone project control groups, and creating a stop-go approval process to prevent overspend on projects and improve quality management.
- Review and audit of project costs and suppliers to ensure quality and cost expectations are being met by suppliers.
- Taking the whole life cost of an asset renewal option into consideration when making decisions.

2.2 Geographic and historical context

The Waikato region is the fourth largest region in New Zealand, accounting for 22 per cent of land on the North Island (25,000km²). It stretches from the Bombay Hills and Port Waikato in the north to the Kaimai Ranges and Mt Ruapehu in the south, and from Mokau on the west coast across to the Coromandel Peninsula in the east.

The region has 11 territorial authorities, three of which lie across the regional boundary. The territorial authorities within the region are:

- Hamilton City Council
- Hauraki District Council
- Matamata-Piako District Council
- Ōtorohanga District Council
- Rotorua Lakes Council
- South Waikato District Council
- Taupō District Council
- Thames-Coromandel District Council
- Waitomo District Council
- Waipā District Council
- Waikato District Council.

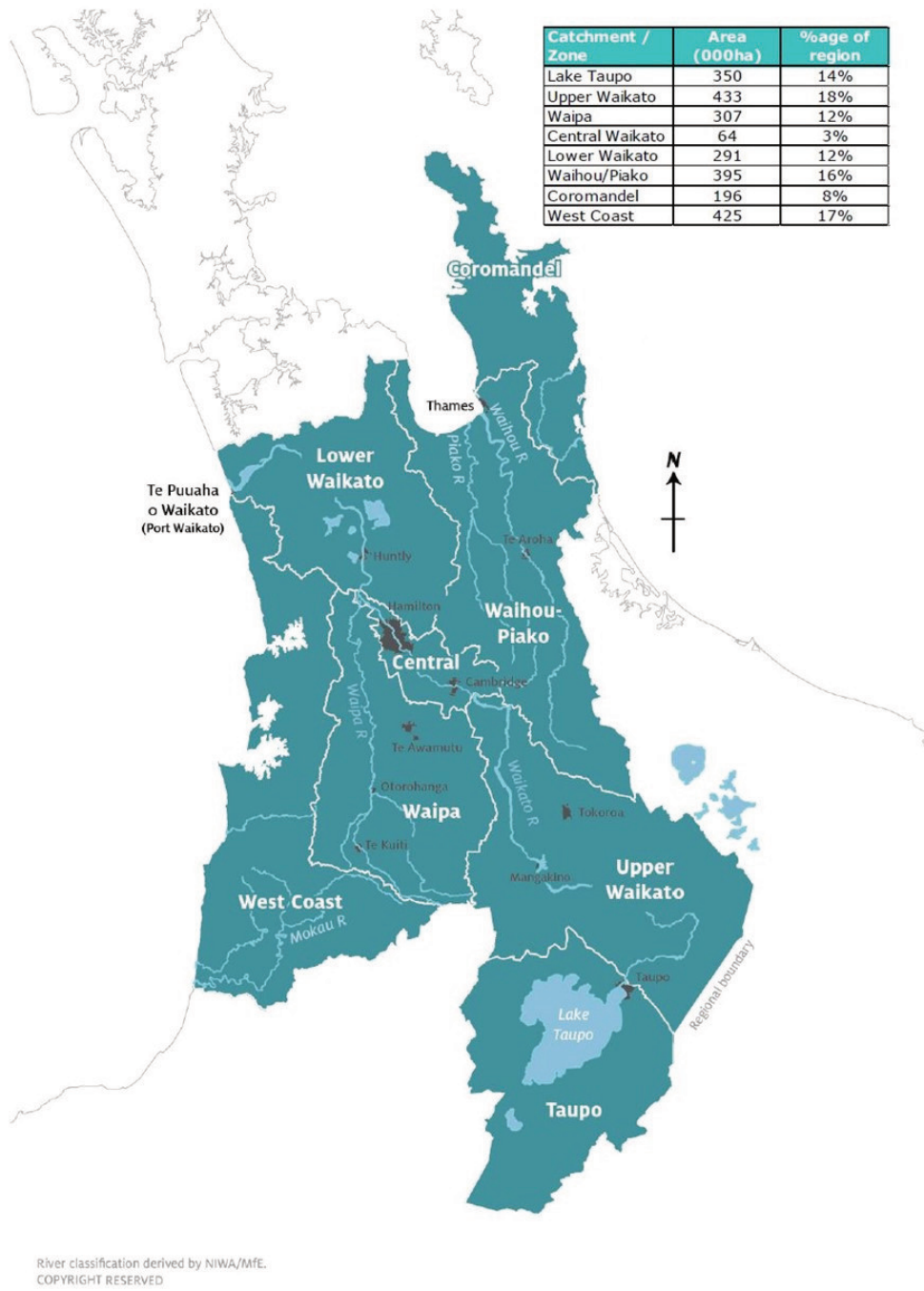


Figure 4: Waikato region and sub catchments

2.3 Demographic context

The population of the Waikato region is expected to keep growing over the next 50 years, as shown in Figure 3 (source: Waikato region projection working group, specifically, the University of Waikato medium growth projection based on the 2018 Census). Current forecasts suggest that the region will be home to over 600,000 people by 2065.

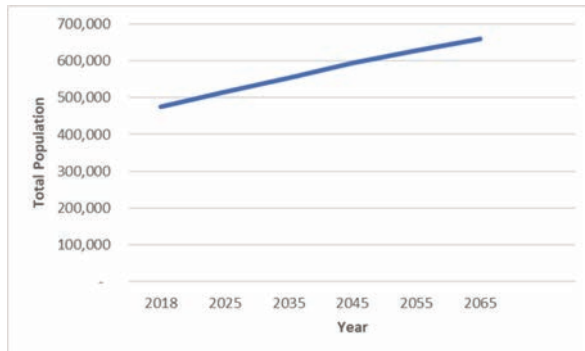


Figure 5: Waikato region population 2018-2065

The majority of the regional population growth is forecast to occur in the Hamilton City surrounds. The corridor of land between Hamilton and Auckland is also forecast to have considerable growth, with population expected to nearly double over the next 50 years. Modest growth or small declines are expected across the more outlying provincial areas of the region. The forecast population changes over the next 50 years, by catchment zone, are shown below in Figure 6.

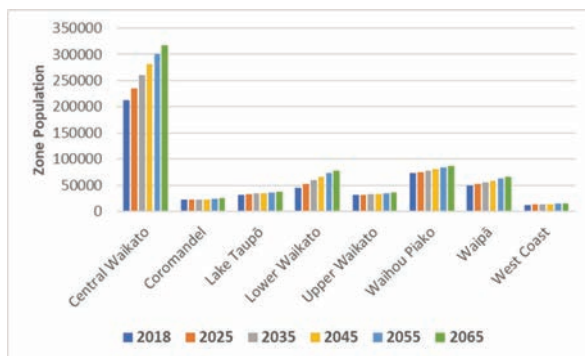


Figure 6: Catchment zone population forecasts ⁽¹⁶⁾

It is important to consider population projections as they provide insights into future challenges:

- Where development pressures are expected to accommodate population growth. This results in a need to liaise and collaborate with the relevant territorial authorities to ensure that developments are appropriately located, and that infrastructure needs and pressures are understood in advance
- Declining populations have the potential to signal long term infrastructure affordability and sustainability issues.

Understanding them will help support key decisions about infrastructure renewals.

The council has taken an active role in managing growth across the Waikato through collaborative involvement in a number of strategies, including:

- **Coromandel Blueprint** – a combined planning approach to create a common direction for the Coromandel Peninsula for the next 20 to 50 years
- **Future Proof | Te Tau Titoki** – set up to manage growth in the Hamilton, Waipā and Waikato District Council sub-region
- **Shore Futures** – a framework to manage the long-term future of communities within the Kawhia and Aotea catchments.

While population is an important consideration, the demand for and management of flood management and river management assets is also driven by the following.

- **Location of growth and land use** – for example, growth outside flood-prone areas is unlikely to drive additional infrastructure requirements. However, increasing urbanisation may have an impact on infrastructure requirements as increasing the amount of impervious surface within mature flood management schemes may trigger the need for upgrades or improvements.
- **Tourism and recreational use** – ensuring that both visitors and residents continue to be able enjoy the many environments that Waikato has to offer.
- **Connections with other key infrastructure** – such as transportation networks which are crucial to both the region and country.
- **Changing climatic conditions** – more frequent storm and flood events and rising sea levels will change the requirements for flood management assets and services.

All of these drivers have a relationship to flood management and river management assets and services.

2.4 Economic context

The Waikato region has the fourth largest regional economy in New Zealand, with the latest official estimates showing a regional gross domestic product (GDP) of \$25.8 billion in 2019. ⁽¹⁷⁾ Agriculture is one of the main sectors that benefits from the services provided by our flood management and land drainage assets, and is estimated to have contributed 9 per cent of total regional GDP in 2019 ⁽¹⁸⁾ (\$2.3 billion). ⁽¹⁹⁾

Growth over the period 2014-19 has been driven primarily by construction, manufacturing, and retail trade, which together accounted for approximately 40% of GDP growth

¹⁶ Based on University of Waikato medium growth projections

¹⁷ Statistics NZ, GDP by region (provisional)

¹⁸ Infometrics estimates

¹⁹ Statistics NZ, GDP by region (provisional)

over that period. Agriculture grew by an average of 0.9% per year (4.6% in total over 5 years), contributing only around 3% of New Zealand's total GDP growth since 2014.

2.4.1 Covid-19 recession

The nation's recovery from our COVID-19-induced recession is the dominant driver of economic conditions at present. The lockdown in the June quarter resulted in the largest shock in New Zealand's recent economic history. But, the success of the lockdown in eliminating the virus, along with government policies to support jobs, enabled a reopening that saw a similarly large bounceback in the September quarter.

Nevertheless, our recovery remains both fragile and patchy with the December quarter seeing another fall in GDP. While the worst case scenarios for employment and household incomes were avoided, the outlook remains highly uncertain.

One feature of the early stages of the recession has been the stability of New Zealand's agricultural exports. While many other sectors have been severely affected (notably the tourism and hospitality sectors), the agriculture sector has continued to operate, and maintained a crucial core level of activity. The robustness of this sector provides a solid base for the regional economy, although its dependence on uncertain export markets remains a risk.

The future beyond the short-term also remains uncertain. This includes high-levels of uncertainty about the duration of economic weakness (and consequently, ratepayers' incomes). While the deflation (falling prices) seems to have been avoided, there are concerns about the potential for disruptions to supply chains to drive increasing prices, which then become embedded in expectations for ongoing price rises. If this does occur, it may lead to higher levels of inflation. This will have important implications for the expected costs of the council's infrastructure expenditure, and for the cost of capital (if higher inflation results in the Reserve Bank raising interest rates).

2.4.2 Climate change and policy

Over the last decade, there has been a move away from focusing solely on economic factors and an increased focus on land use sustainability and improving the natural environment. These changes are affecting legislation at a national level and decision making at a council level and require additional investments by councils across the country.

As our understanding of climate change improves, its primary and secondary effects and the costs they will create are beginning to be explored in greater depth. Who will need to fund these costs and who will be liable for damages caused by the changing environment remains an unknown. Although it is noted that the New Directions for Resource Management in New Zealand Report 2020 (the Randerson review) recommended that central government develop a Managed Retreat and Climate Change Act.

2.4.3 Infrastructure support for the economy

The services provided through our flood management and land drainage schemes have a variety of quantifiable benefits that contribute to the region's economy. By protecting land and infrastructure, our flood management assets:

- reduce associated potential flood damage and increase the value of the land
- improve the productivity of land, adding value to the regional economy
- protect regionally and nationally important infrastructure associated with activities such as transport (e.g. road and rail) and electricity transmission.

Schemes within the two major catchment zones of Lower Waikato (the area between Ngāruawāhia and Port Waikato) and Waihou-Piako (all of the Hauraki plains between the firth of Thames and Matamata) provide protection to land and property which has a combined value of approximately \$19 billion.

The annual value-added to the regional economy by land protected by the schemes in these two zones is estimated to be approximately \$1 billion (nearly 85 per cent from the Waihou-Piako schemes, with the remainder from the Lower Waikato scheme), based on current prices and value-added multipliers. This value added ⁽²⁰⁾ can be interpreted as the contribution of this land to regional GDP (gross domestic product) that is enabled through the provision of the infrastructure. ⁽²¹⁾

Since it is the flood management and land drainage assets that enable this land to be utilised, the importance of these two schemes alone is clearly of significant benefit to the regional economy. To put it into context, the replacement value of these two schemes is \$596 ⁽²²⁾ million – approximately half the contribution to the regional GDP that they enable from land productivity improvements alone.

20 The different methodologies used to determine regional GDP by Statistics NZ and the value-add by the council may mean the two figures are not directly comparable, and the value-add may be wider than agriculture only.

21 This should not, however, be interpreted as the value added by the scheme. The expected value of additional production, or damage avoided will be less than this.

22 December 2019 Waikato Regional Council Asset Revaluation Report

The value of other infrastructure protection or avoided damages are not estimated at this time. Previous studies have identified a variety of benefits of flood management and drainage in addition to the above, which could, in principle, be valued.⁽²³⁾ These include:

- a more secure investment environment for land adjacent to the flood control area, leading to increased intensification of that land
- the regional economic impact of changes in the sub-catchment
- social benefits associated with peace of mind, recreation, reduced risk and security of access to schools and hospitals.

These assets and schemes also have some negative economic impacts that are not included in the overall economic context at this time. These include their environmental impacts. For example, main channel plantings and stability control represent benefits of management but there are also environmental impacts, such as the drainage of wetlands (which typically have high ecosystem service values)⁽²⁴⁾ and the subsidence of peat soils (requiring increasing costs to pump), which reduce the benefits provided.

It is intended that, over time, additional information will be incorporated to enable the inclusion of the wider benefits (and costs) of the services that flood management and land drainage assets provide.

2.5 Environmental context

Greater awareness of the need to deliver increased environmental protection whilst supporting sustainable development and adopting a more mātauranga Māori influenced approaches is leading to changes in regulatory requirements and community expectations. Decisions relating to the council's infrastructure need to factor in societal elements in addition to their basic purpose of providing safety and security to people and property.

2.5.1 Water resources

Current trends are placing greater importance on the social, cultural, and environmental values of water resources. This is evidenced by new initiatives and legislative changes, notably co-management arrangements with tangata whenua, three waters reform and the National Policy Statement (NPS) for Freshwater Management 2020. The NPS will require councils to set a long term vision that is informed by the aspirations of tangata whenua and their wider communities for what waterbodies should look like in the future. It will also require more investigation of our options for increasing tangata whenua involvement.

2.5.2 Climate change

Since the Infrastructure Strategy 2018, the need to take more action to mitigate against the impacts of climate change has become increasingly salient. Central government has developed a number of programmes and legislative changes. The most significant of these is the introduction of a new domestic emissions reduction target by 2050. This was set into law with the Climate Change Response (Zero Carbon) Amendment Act in November 2019. Then, in August 2020, the Ministry for the Environment released the first National Climate Change Risk Assessment, this assessment will give us more information on the potential impacts of climate change.

The flood management and drainage schemes in the Waikato region support current land uses. There are, however, more external factors that may also affect our ability to sustain these land uses (and therefore, the benefits attributable to these schemes). The National Policy Statement for Freshwater Management and associated regulations and treaty settlements may limit the discharges from land uses to freshwater, and hence the future viability of particular land uses.

Anticipated changes in the region's climate are expected to affect land uses too, as well as affecting the optimal level of service provision. Sea level rise, an increase in rainfall events (and associated flood risks), and more frequent and/or extended dry periods will affect the profitability of land-based industries (principally agriculture) and the use and cost of flood and drainage infrastructure.

The rising standard of environmental outcomes that society and the community expect is something that needs to be considered, especially with regard to the impacts on the funding, depreciation, and renewals of river scheme assets. These changing requirements can mean increased expenditure is required or that asset lives are not fully utilised if upgrades are implemented before the assets would otherwise require investment.

2.5.3 Legislation changes

The council recognises that there are some significant changes to existing legislation to consider and that new legislation and national policy will be introduced, for example:

- A draft National Policy Statement for Indigenous Biodiversity was released in 2019 and is expected to be finalised in early 2021.
- The National Policy Statement on Urban development came into effect on 20 August 2020.
- The National Policy Statement for Freshwater Management came into force on 3 September 2020.

23 Covec (2018), *Economic value of river control, flood management and drainage*

24 For example, in 2013, the value of ecosystem services provided by wetlands was estimated to be from \$45,000 to \$60,000 per hectare (Patterson MG, Cole AO 2013. "Total economic value" of New Zealand's land-based ecosystems and their services. In Dymond JR ed. *Ecosystem services in New Zealand – conditions and trends*. Manaaki Whenua Press, Lincoln, New Zealand).

Councils are required to fully implement this NPS in their policies and plans by 31 December 2025.

- A replacement of the Resource Management Act 1991 (RMA) is expected following the New Directions for Resource Management in New Zealand Report 2020 (the Randerson review).
- There will be significant reform to Three Waters management in terms of funding and legislation.
- Emissions budgets will be set under the Climate Change Response (Zero Carbon) Amendment Act 2019, the first of which will be for the period 2022-2025.

The council is already responding these changes. Some of our key flood management assets are pumpstations and pumps, many of which are near the end of their usable life. Under the NPS for Freshwater Management there is a requirement to reduce the occurrence of fish loss as a result of pumping. Council have worked alongside central government in developing the Pathways to the Sea programme to help address this. This programme looks at the most practical and cost-effective methods available to reduce the occurrence of fish loss while maintaining levels of service. We have worked closely with the National Institute of Water and Atmospheric Research (NIWA) to allow greater

fish movement through floodgates. We have worked with pump suppliers to design a more energy efficient impellor for our existing pump housings that enables the safe passage of Tuna. And, we have worked with European suppliers to procure Archimedes screw pumps that allow for safe fish passage.

2.5.4 Peat soils

Drained peat soils, although altered from their original state, remain economically important. Approximately 60 per cent in the Waikato are used for dairy farming,^{*} (25) but they are subsiding at an average rate of about 2cm per year, based on current estimates. The loss of peat soils through subsidence occurs by processes of shrinkage, consolidation, and oxidation of the dewatered peat.

The negative effects of subsidence include the loss of ecosystem services, a need to upgrade flood management and drainage assets, damage to infrastructure, and impacts on farm productivity. In some areas, the effects of peat shrinkage will be compounded by sea level rise. This is particularly the case for already low-lying and near-coastal areas of drained peatland, such as the Hauraki plains. The spatial distribution of peat soils is shown in Figure 7.

25 *Refer to Figure 5 for an approximate location of the peat soils within the Waikato region

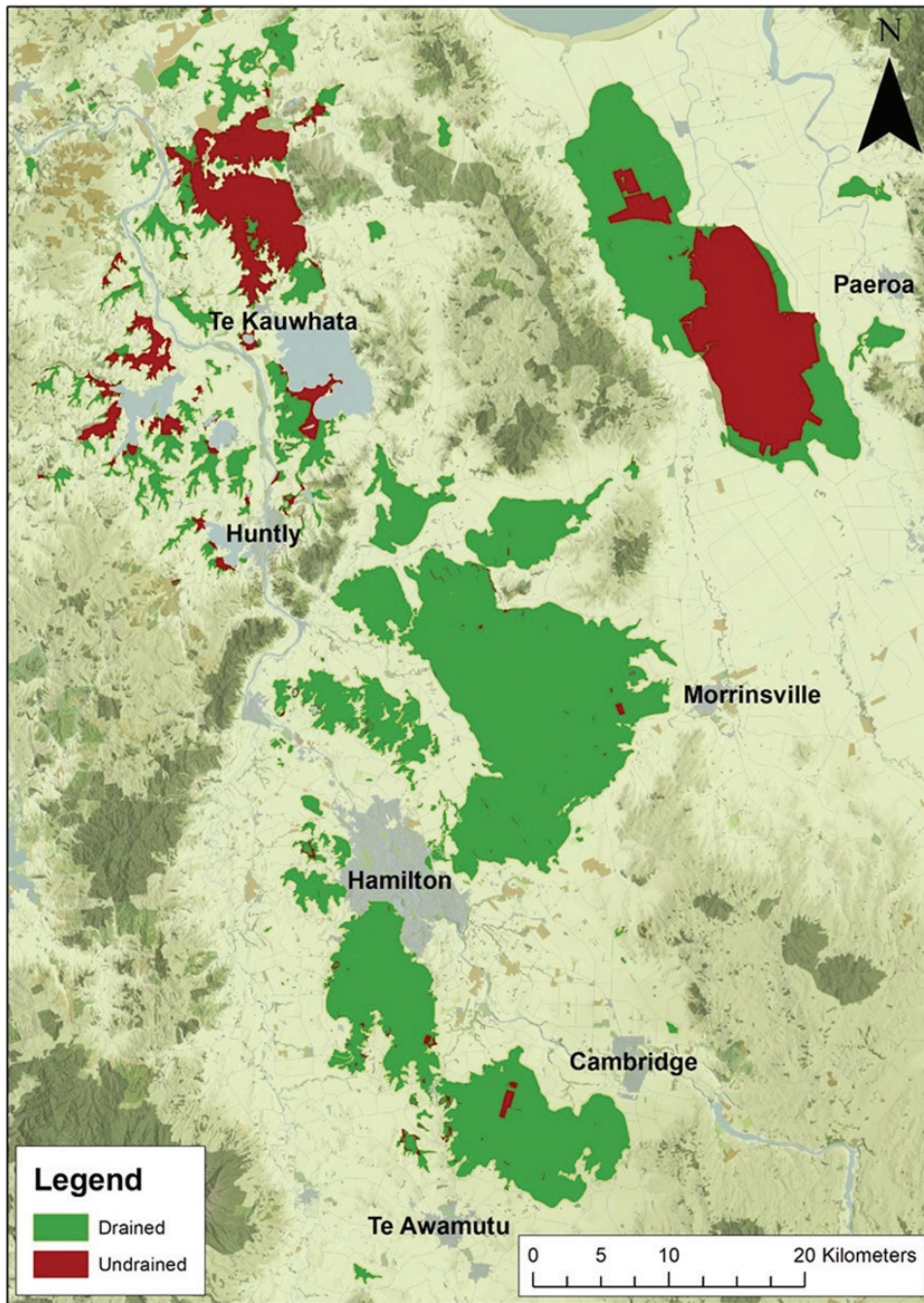


Figure 7: Map of the approximate extent of peat soils in the Waikato region.

*<https://www.waikatoregion.govt.nz/environment/environmental-information/environmental-indicators/land-and-soil/peat-subsidence-report-card/>

3 Infrastructure overview

3.1 Flood management and land drainage asset overview

Our infrastructure assets predominantly consist of stopbanks, pumpstations and floodgates and have a replacement value of \$643 million (see Table 1). They have been built and managed over time to provide the required outcomes and levels of service for past, present, and future generations.

The assets range in age from pumpstations originally built in the 1920's in the Hauraki Plains, to the newest schemes in the Coromandel built in the early 2000s. Levels of service vary across catchments as they were agreed with communities when the schemes were installed. The early

schemes (those prior to 1992) were largely funded by central government, which is different to current practice where the region is responsible for funding these protection scheme assets. Prior to the late 1990s, depreciation was not funded. This has placed a higher burden on current (and future) ratepayers, as many of the assets are now reaching the point where significant renewals are required.

While the schemes were implemented successively over time on a catchment-by-catchment basis, they now collectively provide extensive benefits to the region as a whole. It is for these reasons that the current funding model includes a regional rate component in addition to targeted rating (which reflects the direct beneficiaries).

Table 1 provides an overview of the flood management and river management assets that the council is responsible for.

Table 1: Catchment asset summary

Zone	Area (000 ha)	Stopbanks km	Pumpstations no.	Floodgates no.	Other	Replacement value (\$m)
Lake Taupo	350	7.5		25	✓	8.3
Upper Waikato	433				✓	0.3
Waipa	307				✓	1.4
Central Waikato	64				✓	0.05
Lower Waikato	291	248	63	279	✓	191.7
Waihou/Piako	395	350	52	136	✓	404.7
Coromandel	196	1.3		5	✓	3.1
West Coast	4					-
All drainage assets	n/a	11.2	3	32	✓	33.8
TOTAL	2,040	618	118	477	✓	643.35
*Other refers to assets such as retaining, control and miscellaneous structures, fencing, drains, culverts, bridges, floodwall and river training works.						

3.2 Infrastructure challenges

The assets involved in flood management and land drainage have long lives and are important to both the region and the national economy. Associated with these assets, there are significant costs, particularly in terms of maintenance and renewals, and we need to ensure that future expenditure is affordable. This presents a challenge for the region – ensuring that the required costs to maintain the infrastructure can be met.

3.2.1 Asset funding

Our assets are primarily funded through targeted rates from those who directly benefit from or contribute to the need for them. Targeted rates make up approximately 75 per cent to 80 per cent of the funding, with the remainder coming from general rates across the region. The balance of direct beneficiary versus regional contribution is intended to reflect both the direct benefits that landowners are provided but also the wider community benefits and environmental improvements that are delivered. From time to time there will be a need to revisit this funding split in determining appropriate funding policy.

3.2.2 Community affordability

For most catchment zones, the value of infrastructure assets is relatively small and the issue is not considered to be significant. However, as shown in Figure 8, the Lower Waikato catchment and Waihou-Piako river schemes have a considerable replacement value, for which the costs are largely borne by modest populations. Within the Waihou-Piako scheme, these populations are projected to shrink within the next 50 years. In the Lower Waikato, they are expected to increase.

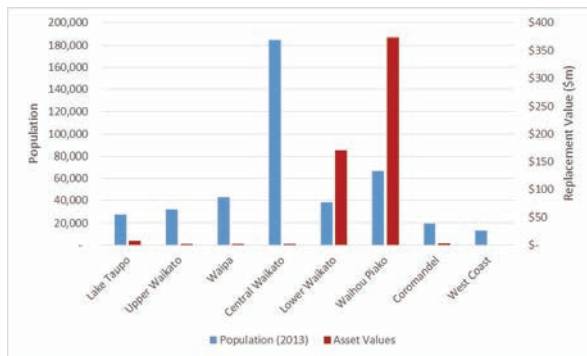


Figure 8: Catchment zone population and asset values

As noted above, these two schemes enable a significant contribution to the regional economy so, while the population may be small, the value-added (on average) should mean that their rates contributions are more affordable. Within the catchment area, this is likely to be variable. For example, properties on drained peat will have considerably higher costs.

This issue of affordability is one that the council is aware of and is seeking to better understand over the long term, particularly considering some of the significant issues that have been identified within Section 5.

Balancing the need to fund the increasing costs of these assets and other calls on spending against overall rates affordability is a key challenge. Ensuring that the funding of asset-related costs matches the period of benefit derived from the assets will continue to be important in managing the affordability of these services.

Another consideration is the national benefit that the council's assets provide and enable. For example, the protection that is provided to state highways (particularly State Highway 1) and the North Island Main Trunk enables both the regional and national movement of people and freight. As previously noted, the initial investment in most of the schemes was made by central government, but ongoing costs are now borne by the region, and, in particular, the direct beneficiaries (who are effectively subsidising the national beneficiaries). The wider range of beneficiaries are not necessarily accounted for or contributing at this time. This approach to funding is simplistic and is not consistent across all of our infrastructure schemes. It is an area that the council is working on to improve equity and transparency.

3.2.3 Asset condition

Asset condition data supports the prediction of remaining asset lives and allows the development of projections of long term asset renewal requirements. Asset condition is assessed on a five-point scale in accordance with the council's Regional Asset Management Plan.

Over 300 floodgates, 120 pumpstations, and 540km of stopbanks were recently assessed over the summer months of 2020/21 to assess their current condition. This data has been collected every year for the last five years, allowing trends in their changing condition to be measured and used to prioritise repair works.

There is a high level of confidence in that a) all infrastructure assets are recorded within the asset management system, and b) that condition is understood, and plans are developed to maintain those assets identified as either most at risk or with a very poor condition.

3.2.4 Asset performance

The performance of flood management and land drainage systems is recorded against level of service targets within the Regional Asset Management Plan.

Stopbank performance

Due to the nature of the underlying soils in the Waikato region, our stopbanks experience settlement over time. This is particularly common for stopbanks built on peat or marine mud. This settlement reduces the height (crest level) of the stopbank and can lead to the crest level falling below that required to protect against the design flood level. The performance grading for stopbanks and detention dams is explained in our Regional Asset Management Plan.

Performance is assessed by comparing the current crest level against the design crest level (DCL). In the last 10 years, 274km of 616km of stopbanks have been assessed through the ongoing Crest Level Survey project.

Stopbanks are defined in 100m sections, called links. The lowest height of any link of the stopbank represents the overall performance grade of the stopbank, whether it is a 50cm area or a 100m section. A three-year surveying programme is currently underway to gather information and update the stopbank performance measures for those most at risk of subsidence.

Table 2: Current actions underway to resolve performance issues

Area	Actions underway
Tuakau to Port Waikato reach	The two stopbanks in this area highlighted in red are not a concern. The long northern bank is made of river silt. It has never had a design height, so shows as red until it has been determined whether this bank is required as part of the Lower Waikato Scheme review currently underway.
North Huntly to Rangariri river reach	There are several sections along these banks where stock have caused low points beside fences, or where vehicle tracks have traversed the banks. Until the banks can be fixed, sandbags are available for the low areas.
Hauraki foreshore & Ngatea northern bank	Works are currently in the design stage to repair the low areas of the eastern and western foreshore banks.
Piako ponding banks	In the last floods, these banks were identified as being too high, so the ponding areas did not activate as expected. This is currently under investigation to determine the appropriate actions needed going forward.

The performance of the stopbanks in each of the relevant zones (as of May 2021) is shown in Figure 10.

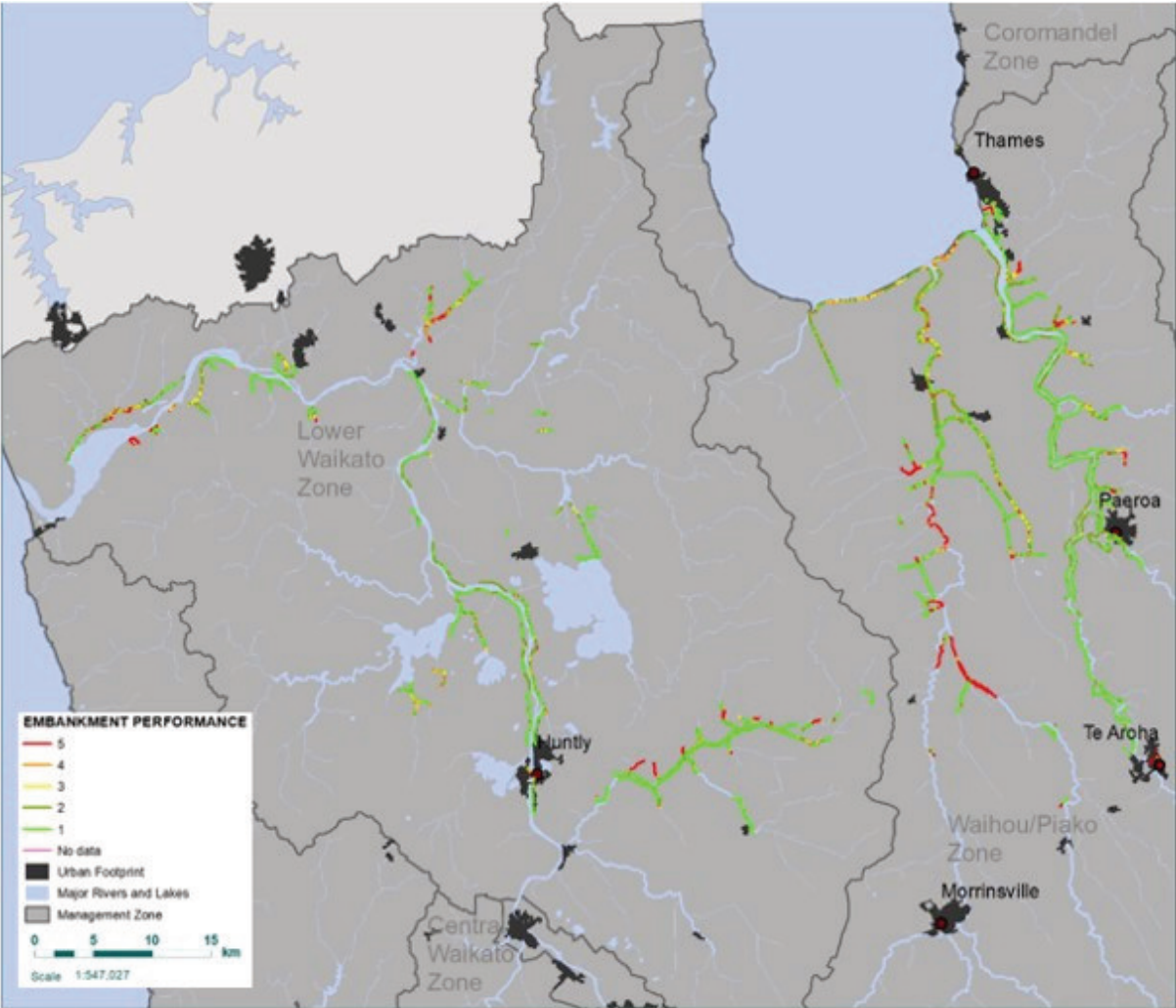


Figure 10: Stopbank current performance by location

As reported in the 2020 Annual Report ⁽²⁶⁾, 92.2 per cent of planned mandatory maintenance was completed over the 2019/20 period. The target of maintaining stopbanks above the designed flood height was achieved in part. A total of 93.5 per cent of rural stopbanks and 93.8 per cent of urban stopbanks were above the design flood level. Focus over the next three years will be on the Hauraki foreshore banks and repairing the low areas in stopbanks at Ngatea and Huntly.

3.2.5 Critical assets

The identification of critical assets is an important part of overall asset risk management. Critical assets are those assets that are likely to result in a more significant financial, environmental, or social costs or consequences if they fail. Critical assets have a lower threshold for action than non-critical assets.

A list of high and medium risk critical assets is maintained in the Regional Asset Management Plan based on consequences of them failing. Currently 6 per cent of assets have a high consequence score.

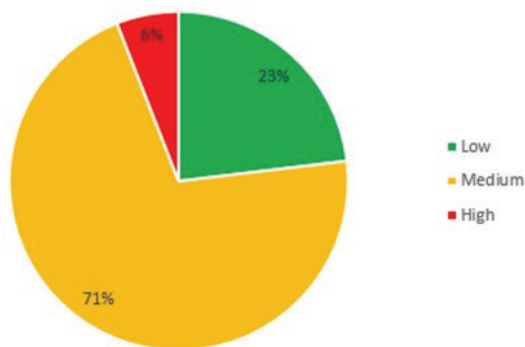


Figure 11: Overall criticality split of ICM assets

The risk analysis for each individual asset is maintained in the Conquest asset management database via the completed Risk Assessment and Criticality Assessment actions. A list of critical assets is available in Appendix B.

It is important to note that flood management assets were constructed to drive economic growth in the agriculture sector. Towns have since evolved around the flood management assets, and protecting these towns and their populations was not the primary driver of the works.

3.3 Future direction of the infrastructure management approach

Along with the rest of New Zealand, Waikato Regional Council is at a key stage in its journey to better understanding of climate change and how its impacts can be addressed. We recognise that various factors will impact the long-term future of asset condition and the demand for flood management in the Waikato region.

We are developing our understanding of the potential impacts of climate change and putting in place frameworks for adaptation and sustainable decision making. Over the next three years, council plans to define, design and develop a sustainable decision-making framework, ready for delivery within the 2024-2034 LTP. This work will include collaboration with stakeholders such as local iwi, territorial authorities, and the Waikato River Authority.

We recognise that the development of the current programme has assumed a business-as-usual approach to infrastructure and that there will still be demand for assets in their current locations. But this context is changing fast and there will be difficult decisions and conversations for the council and our communities regarding the levels of service provided and what is realistically achievable.

There has been significant movement within council and central government in the three years since the last Infrastructure Strategy and Long Term Plan. As knowledge and understanding of the challenges across the Waikato region has developed there, is a growing recognition that the current approach to flood management and land drainage will need to shift to meet predicted changes and bring greater transparency to the decision making process.

In 2018 council set a challenge to develop a Sustainable Infrastructure Decision-making Framework (SIDF) that could be used to assess drivers, issues and options and ensure long-term decisions regarding the Waikato’s critical flood management and land drainage infrastructure are evidence-based, transparent, and underpinned by robust logic.

We have designed an operable framework, built around Treasury’s Better Business case approach. The framework is still to be formally adopted but will provide a suite of tools to apply to regional, zone and local-scale planning and decision-making as part of a more holistic, wellbeing-focused approach. The implementation will mark a significant shift in approach to flood risk management within the Waikato, and will require considerable collaboration with other councils, iwi partners, landowners and communities. It is expected that the framework will be in place for the 2024 LTP.

Council are still developing their understanding of the changes required to meet future challenges and this Infrastructure Strategy iteration comes at a transitional phase while we work to develop the tools and approaches to build a clearer decision making framework. This transitional period will be a challenging time as the council and affected communities explore the relationships between different issues to achieve the right balance between conflicting priorities while meeting legislative requirements. We want to support communities during this process by making it as clear and transparent as possible.



Sustainable infrastructure

Hanganga tauwhiro

Because we need to build with nature in mind

Our flood schemes protect 3000km² of land, as well as critical services and infrastructure from the impact of floods. Being able to productively use this land boosts our regional economy by \$2.2b every year.

Most schemes were built in the 1960s and 70s. Expectations have changed and so have climate patterns. Urban areas are ever expanding too, meaning more stormwater runoff into our waterways. The challenge now is maintaining and upgrading these schemes in a way that meets future needs without impacting the natural environment. And it has to be affordable.

Takatū ake rā

Photo location: Paeroa

Figure 12: extract from the 10-year strategy

4 Approach to infrastructure management

Our approach to infrastructure asset management is based on the key principles outlined below.

- Council services and infrastructure assets provide appropriate, sustainable, and long-term levels of service.
- Council infrastructure assets are managed in accordance with statutory and regulatory requirements.
- A whole-of-life approach is taken for all decisions on infrastructure assets, incorporating asset lifecycles and condition ratings.
- An integrated catchment management approach is taken to the planning, delivery, operation, renewal and disposal of infrastructure assets.
- Council has regard to iwi, community and relevant stakeholders associated with the delivery of services and the management of infrastructure assets

4.1 Council's strategic direction and priorities

Waikato Regional Council has management responsibility for the delivery of flood management and land drainage services within the Waikato region. Infrastructure assets associated with these services that have a carrying amount of \$541.5 million (as at June 2020) and include stopbanks, flood gates, and pump stations.

Council seeks to meet the needs of the community and support the delivery of those services set out in the council's Long Term Plan. The council has reviewed its strategic direction and priorities for the period 2021-24. We will ensure that infrastructure services are managed in alignment with the council's 10-year strategy (appendix A).

4.2 Maintaining established infrastructure and levels of service

Our existing flood management and land drainage infrastructure has developed over the last 60 years and has contributed to and enabled regional population and

economic growth. This infrastructure underpins the regional economy by providing safety, certainty and protection from natural events.

Levels of service are not consistent across the Waikato Region. The primary driver for flood management infrastructure was to drive agricultural production. Levels of service were agreed on a when the defences were constructed, specifically with local communities at that point in time.

The level of service often relates to the Annual Exceedance Probability (AEP) storm event which the flood management infrastructure was designed to protect against while, for drainage assets, it relates to the length of time taken to remove flood waters from a paddock under a particular AEP.

There are differences in approach across the two largest catchments, owing to previous level of service agreements. While the Waihou-Piako catchment was developed across two main schemes, the Lower Waikato catchment contains a much greater number of smaller catchments. This has resulted in discrepancies in the management approach to the two catchments.

Council is guided by our communities on whether they want these levels of service to be maintained or changed. We will periodically consult with the community in regard to levels of service provision and provide appropriate emergency responses to ensure services are uninterrupted where possible.

4.3 Funding infrastructure investment

The cost of council services is funded through a combination of income sources, including:

- General and targeted rates
- Internal borrowing
- External borrowing
- Central government grants (e.g. for shovel ready projects)
- Investment income
- Participating landowners
- Sale of items e.g. harvested poplar logs
- Grazing licenses.

The budgeted income from the investment fund is treated as an offset to the general rate and does not directly fund any work programme. Internal borrowing is used to fund much of the river and catchment management works.

Specific debt repayment plans are in place with each affected catchment zone, funded from targeted rates, to ensure that this debt is repaid over an agreed time period (generally 10 years). Funds generated from the internal debt repayment are added into the council's general investment fund.

External borrowing is used where planned expenditure exceeds available depreciation funding.

Government grants and subsidies are being used to accelerate the work programme associated with shovel ready projects.

4.4 Data management

The council places high importance on regular river surveys, structural auditing and condition and performance surveys to inform work programmes and associated activities. This also enables us to identify and ensure appropriate management of the most critical assets.

Improving the data quality and accuracy that informs these decisions is an ongoing activity that the council is committed to.

4.5 Asset replacement (renewals)

Different infrastructure assets will deteriorate at different rates over time. This may lead to underperformance, increased risk of failure and increased maintenance requirements. Undertaking asset renewals is an appropriate way to extend an asset's working life and these are planned (in conjunction with asset lifecycle assessments) to deliver the most efficient use of expenditure. To help with renewals programming, assets are revalued on a three-yearly cycle to inform future financial projections.

Historically, the council has planned capital renewals based on asset life expectancy. Each type of asset, having a known construction date and assumed life span would be replaced when the end date was reached. While developing this programme the council have evaluated alternative renewals planning approaches which consider available asset condition information (collected yearly) and adjust the end date when the asset should be replaced accordingly. The adopted additional renewals approach involves identifying each asset renewal date based on the remaining life, as indicated by the asset's condition score. As each asset deteriorates, its condition is reflected by a reduction in its remaining life.

4.6 Climate and morphological change

It is predicted that the effects of climate change will impact on infrastructure and the way the council manage it. The work programme will include the level of response needed based on national climate change forecasts. These changes will be agreed with communities. Within this LTP, we have incorporated the cost of climate change on stopbanks. The predicted increasing impacts of climate change will require the core height and/or width of stopbanks to be increased. As the cost of the stopbank core is not depreciated within our financial policies, this additional cost is considered as new capital and will fall within the new capital accounting principles. The impacts of climate change on pumpstations, floodgates, and other structures is currently unknown has not been budgeted for.

Rivers and catchments are natural systems that are subject to continual change. These changes and their consequences in terms of the continuity of service delivery need to be

understood and actively managed. For instance, some the beds of river systems are aggrading due to higher silt loads and changes in the characteristics of the river channel. These changes have the potential to compromise levels of service. We will therefore actively monitor and survey rivers as part of the regular review of scheme performance.

4.7 New capital

The council will consult with communities on requests for new capital work initiatives. Funding will be agreed based on our funding policy – a requirement of the Local Government Act. In general terms, this means that costs will be met by those that benefit or contribute to the need for the capital work.

The council have processes for new capital works which are used when a community requests a new scheme, or when a community indicate a scheme is no longer required.

During this LTP period, a decision has been made to classify permanent river management structures as capital works rather than within operational budgets.

4.8 Service sustainability

Council intends to carry out regular reviews of the long-term sustainability of river and flood management assets and the service they provide. This is required in light of the potential challenges discussed in Section 3.

5 Significant infrastructure issues

This section summarises the significant infrastructure issues facing the council over the next 50 years, the potential consequence of these issues and our proposed approach to managing the issue. The significant issues that have been identified are as follows:

- Economic conditions and affordability
- Land use change
- Climate change
- Risk of natural disasters and residual risk
- Environmental and regulatory performance expectations
- Business and knowledge capability.

These issues are discussed along with the council’s preferred management approach in the following tables. To determine the proposed approach, council has considered a number of options and their potential implications along with the drivers for changes identified in our 10-year strategy (shown in Appendix A). Options have been considered across the short (1-3 years), medium (3-10 years) and long term (10-50 years). It is important to recognise that these issues are highly interconnected. The responses will require a joined-up, approach across council.

5.1 Economic conditions and affordability

Issue: ability to pay for maintenance, renewals and new works

The region’s economic conditions impact on the ability of communities to pay for the services provided. There are also increasing pressures on the current level of funding to deliver more. The affordability of our levels of service will be impacted in the future by: levels of perceived risk; increasing input costs; reducing returns from reduced productivity; increasing compliance costs; reducing insurance availability; and ongoing changes in public perception and acceptance of land use practises.

Unforeseen events have the potential to significantly lower the trajectory of economic activity within the region, such as with COVID-19. They potentially have a knock-on effect for funding services, delaying critical works upgrades and increasing the risks of failure for communities and businesses across the region.

Our flood management and drainage infrastructure generates economic benefits for the region. This is highlighted through the protection of critical national infrastructure (e.g. state highways, rail infrastructure and crown land), whose caretakers do not contribute any funding towards the assets protecting them. As management of these assets has moved from a new capital to maintenance and renewal funding model, the stress on communities paying for the maintenance of the assets has increased. This was recently recognised in the proactive release of Cabinet material about improving resilience to flood risk and supporting the COVID-19 recovery on 1 July 2020⁽²⁷⁾ This paper acknowledged that *‘the current funding model where local government is the primary funder of flood risk management and central government does not contribute funding despite national benefits accrued is no longer sustainable’*.

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
1. Prioritised work programmes	<ul style="list-style-type: none"> • Continue current funding policies, implemented in consultation with communities. • Unlikely to be sustainable in the long term. 	✓			H (long term)
2. Improved evaluation	<ul style="list-style-type: none"> • Improvements in forecasting of market trends, costs, and resource availability. • Better management of programmes and understanding future costs and impacts. 	✓	✓		L

27 [https://www.dia.govt.nz/diawebsite.nsf/Files/Central-Local-Government-Partnerships/\\$file/Resilience-Cab-material-August-2020.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Central-Local-Government-Partnerships/$file/Resilience-Cab-material-August-2020.pdf)

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
	<ul style="list-style-type: none"> Better understanding at a local level of which schemes are close to being financially non-viable so we can plan engagement with communities. May require changes to procurement practices including letting of longer-term large-scale contracts to provide greater certainty. 				
3. Amend funding policies	<ul style="list-style-type: none"> Need to review scheme beneficiaries to assess if current funding policies continue to be appropriate. Clear policy and frameworks will be required to steer the assessment approach. May adversely impact on community affordability. 	✓			M
4. Asset withdrawal	<ul style="list-style-type: none"> Managed withdrawal from assets may involve handing asset maintenance back to communities. Challenging in terms of political reputation if not approached appropriately. 				H
5. Community Engagement	<ul style="list-style-type: none"> Flood protection will not be economically viable in all communities. Dependent on early engagement with communities and improved estimation and forecasting. Some decisions may not be accepted by councillors and communities. This approach aligns to anticipated changes to the Resource Management Act. 		✓	✓	M
6. Leverage and influence	<ul style="list-style-type: none"> Apply pressure to central government to leverage funding for flood resilience. Requires collaboration with other authorities and stakeholders. Use shovel ready funding to improve climate resilience and create over 200 short and long-term jobs. Potential to further leverage funding opportunities for projects that are not currently feasible or deliverable due to affordability issues. Apply lessons learnt from historical central government funding. 	✓	✓		M
Preferred approach	<p>Council recognises the need to balance both the demand for current and additional services with the community's ability to pay. This balance can be achieved through the prioritisation of work requirements, sustainable revenue and financing policies, and awareness of community needs. This will likely require a combination of options 2-6 over the next 50 years.</p>				

5.2 Land use change

Issue: Land use intensification

Across the Waikato region, there is a general pattern of rural depopulation and urban growth. While some rural towns on the fringes of Hamilton are growing, the populations of other more distant towns are shrinking.⁽²⁸⁾ The depopulation of rural areas has implications for affordable levels of service, with fewer people paying more of the costs of our flood management schemes.

Where urban growth continues, the demand for new schemes and higher levels of protection are expected. Increased urbanisation can increase surface water runoff due to increasing amounts of impervious surface area. This is important in areas along the State Highway 1 corridor (e.g. Pokeno and Te Kauwhata), where current systems are not sized for increased catchment runoff. It is currently a problem that we are not consulted with by default regarding new development. Instead, we rely on others to engage with us for support, advice and planning on these issues to ensure they align with the 2016 Regional Policy Statement. In some cases, we have been required to designate areas to prevent planned developments increasing the risk of flooding within a catchment.

As fertile viable land reduces, the Pukekohe and Tuakau areas from Auckland continue to grow south. Land traditionally used for sheep, dairy, and beef farming may be used for crops and, in the future, more glass houses and high-intensity farming options be developed. The current flood management systems are not designed for these new needs and future increased demand for additional levels of service. No funding is currently collected to account for these types of requests.

Drained peat soils, which make up approximately 60 per cent of soil structures in the Waikato, are economically important. As they are almost entirely made up of organic matter, drainage of peat results in ongoing land subsidence and carbon loss. This impacts the levels of service of flood management infrastructure built on it (e.g. stopbanks subsiding reducing the embankment height and pump levels being impacted).

Ongoing Treaty of Waitangi settlements will also result in land use in changes in the Waikato, although the extent of these changes remains uncertain at this time.

The National Policy Statement on Urban Development requires councils to ensure that there is development capacity for housing and business needs. This is likely to put pressure on existing flood management and drainage systems and requires careful decisions about land that is appropriate for development.

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
1. Continue to collaborate and share knowledge with stakeholders	<ul style="list-style-type: none"> Provide information on natural hazard management and assess required service levels. Continue growth planning and population projection workstreams. Continue Treaty of Waitangi settlement engagement. Assist territorial authorities in their planning approach. Assist in developing a more collaborative approach for wider engagement and leverage with central government. 	✓			L
2. Increase focus on sustainable development in service-level reviews	<ul style="list-style-type: none"> Opportunity to use hydraulic modelling to better inform communities and territorial authorities to ensure development is sustainable. This avoids at-risk areas, and doesn't have an adverse impact on flood risk within the catchment. Requires increased application of two-dimensional flood modelling to be incorporated within scope of 	✓	✓		L

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
	<p>existing service-level reviews, with greater stakeholder involvement.</p> <ul style="list-style-type: none"> Requires additional financial contributions from stakeholders but offers efficiency overall to both parties. 				
3. Active role in managing peat settlement issues, through adaptive or mitigating approaches	<ul style="list-style-type: none"> Council acknowledge the need to better understand the rates of peat settlement and potential impacts within the Waikato, and to be more active in meeting the challenges posed. This should be undertaken through informative and collaborative approaches with communities, that enable them to make informed decisions. 	✓			L
4. Advise stakeholders on the best use of land types	<ul style="list-style-type: none"> We have a duty to inform and advise stakeholders on the best use of land types. In the current policy environment, some land types (e.g. peat) land may have greater value as a carbon sink to meet wider legislative targets and/or budgets. Develop land use projections and mapping that incorporates climate adaptation and green house gas mitigation, increasing environmental aspirations, and changing socio-economic drivers, to better understand what the Waikato will look like in 50 years. 		✓	✓	L
5. Amend funding policies	<ul style="list-style-type: none"> Land use change does not fall within current asset renewal or operational funding guidelines. In the future, changes to systems to meet new land use policy requirements will need to be funded under new capital policies. This may impact community affordability. 		✓	✓	M
6. Take a more restrictive role in land use change	<ul style="list-style-type: none"> To address the changes in central government policy, one option would be to take a more hands-on role in managing land use that does not align to policy requirements, potentially through the Waikato Regional Policy Statement. This would require a hands-on role in restricting development and land use, e.g. in areas at risk of peat settlement and natural hazards. This would have a have political impact 		✓	✓	H
Preferred approach	<p>Option 1 is part of business as usual and the council is already considering ways to implement options 2-5 through strategic development processes, the current Long Term Plan and in developing the SIDF.</p> <p>Option 6 is considered to be too restrictive to be adopted and is not a preferred approach.</p>				

5.3 Climate change

We recognise that climate change is the biggest challenge we are facing. This is acknowledged in the decision to create a new Climate Action Committee and reflect a consideration of climate change implications in future decisions.

The Ministry for the Environment’s climate change risk assessment⁽²⁹⁾ for New Zealand has identified that local authorities are highly sensitive to the financial risks from climate change, with varying but generally limited capacity to respond to economic risks. The second highest of all assessed risks was the risk to authorities from the economic costs associated with lost productivity, disaster relief expenditure and unfunded contingent liabilities due to extreme events and ongoing, gradual changes.

There are three key climate change issues facing our flood management and land drainage infrastructure: increased frequency and severity of storm events, sea level rise, and an increased likelihood of drought events. It is anticipated that agriculture practice will change to adapt to the predicted changes as will the council’s infrastructure management approach.

Issue: Increased frequency and severity of storm events

According to predictions from the Ministry for the Environment, flood risk is expected to rise in the Waikato by 2090, due to more frequent, high-intensity rainfall events. This will likely increase the risk of inland flooding in the west and in river catchments in the Coromandel.

It will not be sustainable to keep building larger stopbanks and continually increasing pumping capacity, either technically or economically. Ratepayers and the council will be faced with difficult choices about whether they continue to supply flood management.

Issue: Sea level rise

Coastal flooding is currently a risk to 8000 Waikato residents, \$1.46 billion worth of buildings, and 540 km² of productive land. A rise in sea level of one metre is projected by the end of the century and considered appropriate for coastal hazard planning purposes.

Rising sea levels and storm surge will increase the risk of salt-water intrusion and coastal inundation in low-lying coastal areas. They will also impact the frequency of flood events across flood management land drainage, increasing wear and tear and causing assets to degrade at a faster pace.

29 <https://www.mfe.govt.nz/climate-change/assessing-climate-change-risk>

Issue: Increased frequency and severity of drought events

Increased and prolonged periods of drought are occurring now and are predicted to increase over the next 30 to 50 years in parts of the Hauraki district, Matamata and Thames-Coromandel. More frequent droughts are likely to lead to water shortages, increased demand for irrigation and an increased risk of wildfires⁽³⁰⁾

Soil strength is partially determined by moisture content. Over 90 per cent of the council’s stopbanks are earthen structures. As moisture content reduces during a drought, soil strength reduces and cracks occur, increasing the likelihood of failure during an extended flood event.

Over 50 per cent of pump stations and floodgates are built on marine muds and peat. During a drought, cracks can occur between concrete structures and foundational soils, allowing water to permeate and increasing the risk of asset failure.

Droughts also impact water levels, dissolved oxygen levels, and water acidity within council and tertiary authority drainage systems. This will increase the likelihood of localised extinction events for aquatic and bird life, as experienced recently during the botulism event in the Piako river.

Increased acidity also reduces the life of pumps, pipes, and other concrete structures, significantly shortening asset lifespans. It is predicted that this will lead to a significant number of asset failures in 20 to 30 years’ time.

It is expected there will be increased sedimentation issues in rivers due to lack of consistent flows, which will have additional impacts on the ‘blue economy’⁽³¹⁾ and environment of the Hauraki Gulf.

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
1. Continue with current management approach	<ul style="list-style-type: none"> Reliance on current infrastructure approach to accommodate the short to medium-term effects of climate change. Deferral to a time when more substantial provision is needed. Accumulation of infrastructure debt. Risk that insufficient provision is in place. 	✓			H
2. Amend decision making processes	<ul style="list-style-type: none"> Impacts of climate change will become part of all asset-related decision-making processes. Complete and have approved internal climate change guidelines and the Sustainable Infrastructure Decision Making Framework. Recognise the inherent uncertainty faced across the region and apply a Dynamic Adaptive Policy Pathways (DAPP) approach to policy and decision-making. Changing in decision making will require resource and effort to consult, collaborate and change processes. 	✓	✓		M
3. Build knowledge	<ul style="list-style-type: none"> Implement monitoring in years where there is a drought to assess infrastructure damage and alter renewals priorities accordingly. Monitor pumps and floodgates to better understand the impacts of climate change on asset use and lifespan. Continue investing in flood risk forecasting and coastal inundation and prediction tools. Improved understanding will allow council to better 	✓	✓		L

30 <https://www.mfe.govt.nz/climate-change/likely-impacts-of-climate-change/how-could-climate-change-affect-my-region/waikato>

31 <https://gulffournal.org.nz/article/blue-economy/>

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
	<p>communicate with communities and stakeholders via the regional hazard’s portal and other channels.</p> <ul style="list-style-type: none"> Additional cost impacts to additional monitoring and investment. 				
4. Community engagement	<ul style="list-style-type: none"> Continue to find ways to engage with and influence stakeholders and community groups. For example as board members in the Hauraki District Council's Wharekawa Coast 2120 and Thames Coromandel District Council's Shoreline Management Plan projects. Develop joint solutions with stakeholders to mitigate the impacts to inland water species and water quality in drainage systems. 		✓	✓	L
5. Change in practice	<ul style="list-style-type: none"> Investigate alternative building methodologies to reduce the impact of drought conditions on future assets. Consistently apply the SIDF, which will require different methods of communication with the affected communities, particularly in considering managed realignment of communities. Apply DAPP as part of the SIDF. This will require a more holistic and long-term approach, informed by evidence. 		✓	✓	M
6. Change in funding agreements	<ul style="list-style-type: none"> Consider changing agreed levels of service provided by flood management infrastructure or alter level of service agreements. This needs to be done alongside communities and stakeholders. Could be done by including the impacts of climate change in updates to the council’s Regional Plan. 	✓	✓		L
7. Increase coastal protection asset base	<ul style="list-style-type: none"> Engineered solutions could be used to provide respite from the effects of coastal inundation and associated erosion. However, these will only buy time until a long term strategy can be developed, agreed on and implemented. Considerable cost implications. May have negative effects on the natural environment and coastal processes. The council’s influence is primarily focused on land management and information for coastal inundation. 		✓	✓	H
Preferred approach	<p>Council wants to respond to the challenges posed by climate change, so option 1 is considered unsustainable and council are already considering ways to implement option 2.</p> <p>Options 3-5 are being considered as part of this LTP, recognising the increased resource implications. Option 6 requires further investigation and consultation before it is a preferred option. Option 7 is not considered a viable option due to the high risk and high costs.</p>				

5.4 Risk of natural disasters and residual risk

Issue: Managing planning, response and recovery from a natural disaster

Extreme events such as tsunamis, coastal storm surge, land instability, earthquakes and volcanic eruptions pose significant threats to infrastructure assets and the services they provide.

In addition, there will always be a residual risk associated with flood events if our assets were to fail or the Civil Defence response was inadequate.

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
1. Build knowledge	<ul style="list-style-type: none"> Continue to improve data and monitoring to enhance flood warning and monitoring outcomes as well as response capabilities following natural disasters. For example, by developing flood forecasting models in partnership with stakeholders. Monitor the structural integrity of assets through regular condition inspections. 	✓	✓		L
2. Contingency planning	<ul style="list-style-type: none"> The Regional Asset Management Plan will continue to incorporate residual risk from natural disasters and discuss how they are included in regional asset management planning. Continue to collaborate with local and national Civil Defence and improve response planning. Maintain regional recovery funds, ready for when a significant event does occur. 	✓	✓		L
3. Build back better	<ul style="list-style-type: none"> In the event of a natural disaster causing catastrophic failure of an asset, there is an option to consider how to build back There may be opportunities to actively improve a community following an event. When considering the long-term future of a community, the best outcome may not be to build the same type of asset in the same location, and this is where a better long-term view of assets is required. Would require additional resource from a range of sources. May not be possible to improve future for whole communities. 		✓	✓	M
Preferred approach	<p>The preferred option is to maintain a business as usual approach through options 1 and 2. The council will look to collaborate with stakeholders and central government while considering how option 3 could be implemented following a major event.</p>				

5.5 Environmental and regulatory performance expectations

Issue: Increased regulatory demands

We recognise that there will likely be significant changes to existing legislation and that new legislation will be (or has already been) introduced (refer to Section 2.5.3). For example, the recent decisions on Regional Plan Change 1 will see a change in land use over the next 80 years as part of the Healthy Rivers Wai Ora strategy that aims to achieve complete water quality restoration by reducing the amount of contaminants from point and non-point source discharges linked to agriculture. The changes will affect approximately 10,000 properties over a land area of 1.1 million hectares within the Waikato and Waipā river catchments.

It is anticipated that significant changes in land use farming practices will be required, as well as land use change over time. The effect on existing infrastructure is currently unknown.

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
1. Influence	<ul style="list-style-type: none"> Recognise that while we can influence legislation it is not possible to change it once in force. Take an active role in special interest groups and other platforms to collaborate with other local government agencies. 	✓	✓		L
2. Respond	<ul style="list-style-type: none"> Develop methods to deliver increased environmental protection while supporting sustainable development before legislation takes effect. Self-fund or seek community funding. Will require additional levy to be raised alongside additional capital requirements. Retreat from flood protected lands may be favoured as a result of central government directives. 	✓	✓		L
3. Amend decision making processes	<ul style="list-style-type: none"> Set a long-term intergenerational vision for waterbodies, informed by the aspirations of tangata whenua and our wider communities. Requires an understanding of current pressures and an understanding of waterbodies' history, and investigation of options for tangata whenua involvement. Continue to apply the decision-making frameworks being developed (SIDF, Pathways to the Sea). Consider opportunities for greater promotion of catchment-wide initiatives through use of green infrastructure, including promotion of afforestation in upper catchments as a means of mitigating flooding. 		✓	✓	M
4. Compliance	<ul style="list-style-type: none"> Minimum compliance within resource consent and other regulatory requirements. Achievement of currently agreed standards. Likely to result in failure to meet increasing expectations. 	✓			H

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
	<ul style="list-style-type: none"> Declining environmental outcomes, some issues not addressed. Decline in the long-term sustainability of protection schemes. 				
Preferred approach	<p>A combination of options 1-3 will be implemented. We will continue to influence and respond to changes in policy where possible. It will be important to further develop our understanding of the financial and community impacts of these changes. In the long term, we will look at how to set visions and collaborate with communities.</p> <p>Option 4 is not considered sustainable.</p>				

5.6 Business and knowledge capability

Issue: Long-term staff capability

Experienced and skilled personnel are required if a high standard of service is to be provided to the regional community into the future. In relation to infrastructure management, staff must not only possess the necessary skills to carry out routine or core business activities but also the ability to function effectively in emergency situations.

This is a matter of both resource capability and business capacity to continue business as usual works during an emergency. The council recently experienced this issue during the COVID-19 pandemic.

There are concerns nationally and within the council regarding the availability and retention of skilled and experienced staff. There are also issues associated with resilience during CDEM incidents to ensure that the council can respond to incidents without BAU suffering.

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
1. Role requirements	<ul style="list-style-type: none"> Undertake a gap analysis of role requirements in the present and future. Future technology and industry changes will impact this process. Continue to train and involve staff in CDEM. 	✓	✓		L
2. Staff capability	<ul style="list-style-type: none"> Identify training and development solutions to meet role requirements. Monitor, develop and implement solutions. There are additional budget implications to this approach. Actively engage with professional and educational institutions to develop national capabilities. 	✓	✓		L
3. Succession planning	<ul style="list-style-type: none"> Identify staff approaching retirement (or leaving) and develop plans to capture their knowledge. Provide these staff the opportunity to mentor and teach others, allowing them to step back from BAU work. 		✓	✓	

Options	Implications of the options	Year 1-3	Year 3-10	Year 11-50	Risk (L/M/H)
4. Outsourcing	<ul style="list-style-type: none"> Consider alternatives to current recruitment policy and whether talent always needs to be recruited within the council or if this can be outsourced. Outsourcing may impact long-term business capability. 		✓	✓	M
Preferred approach	<p>Options 1 and 2 are a continuation of business as usual. There is a recognised need to implement option 3 to improve succession planning.</p> <p>Option 4 is to be considered on a case-by-case basis but does not currently form part of the council's recruitment strategy.</p>				

6 Infrastructure investment programme

The council recognise that the development of the current programme has assumed a business as usual approach to infrastructure and that there will still be demand for assets in their current locations. As discussed within Section 3.3, council recognise that a business as usual approach is unlikely in reality. There will be difficult decisions and conversations for the council and communities regarding the levels of service provided in terms of what is realistically achievable.

6.1 Planning asset renewals

Council undertake physical inspections of above-ground assets on an annual basis. This allows asset condition to be determined, which confirms or influences the assigned remaining life of the asset (asset lives are contained in zone management plans and in the council's asset management information system).

In addition to visual inspections, the council has undertaken a programme of structural audits which commenced in 2012. To date, structural audits of 95 out of 119 pumpstations (80 per cent), 312 of 429 stopbanks (73 per cent), and 198 out of 479 floodgates (41 per cent) have been undertaken. This programme is ongoing.

For the first 10 years, confirmed works programmes and project estimates are the dominant influence on the forecast expenditure associated with asset renewals. Beyond the ten-year horizon, the combination of current asset values (determined through asset revaluation)⁽³²⁾ and remaining asset lives are used to estimate longer term renewal forecasts out to 50 years in the future. Where practical and safe to do so, the council will smooth planned replacement programmes to ensure effective use of resources and management of risk. Critical assets have a lower threshold for action than non-critical assets.

6.2 Infrastructure expenditure assumptions

The Infrastructure Strategy investment programme is based on the following assumptions:

General
All capital renewal expenditure is based on the continued provision of current levels of service.
Council's zone management plans and a significant planning and consultation exercise have been used to determine issues and understand the asset management requirements.
Council's renewals forecasting and modelling tool has been used as the basis for determining capital renewals costs. Assumptions made by this tool have been adopted by the Infrastructure Strategy.
Asset lifecycle costs are based on useful remaining lives, condition assessments, and replacement values.
Asset replacement costs are based on like-for-like part replacements.
Policy and planning frameworks will limit growth and development in flood-prone areas. Thus, there will be only limited associated impact on additional growth-related investment.
It is assumed responses to major natural disasters will be funded through insurance and damage reserves.
There are sufficient internal and external resources to deliver the planned program.
2021-2024
Any asset health and safety deficiencies identified by operations teams are addressed.
All 2017-20 structural audit report critical recommendations are addressed.
Known asset performance deficiencies are addressed.
All poor condition (grades 4 & 5) assets have been Investigated, scoped, and programmed into the first three years of the LTP.
All projects with a total cost greater than \$150k have investigation and design costs included in the year preceding construction.
All stopbank and spillway bank upgrade projects have been confirmed as below target (grades 4 & 5) performance.
Priority will be given to banks associated with dams (legal responsibility) and spillway banks to ensure emergency storage is utilised correctly.
2024-2031
Pump station and floodgate assets with condition score 1-2, reaching end of life (EOL) can be moved out to beyond years 8-12.
Pump station/floodgate assets with condition score 4-5 reaching EOL should be replaced within years 1-3.
Pump station/floodgate assets with condition score 3 will be replaced at EOL date.
Stopbank renewal frequency calculated from individual bank settlement rates, accounting for subsoil conditions and available freeboard.

Further details on the underlying assumptions, associated uncertainty and the potential implications is provided in Appendix C.

6.3 Total expenditure

In addressing the issues identified in Section 5 of this strategy, the council expects to spend a total of \$1,026 million on capital expenditure between 2021 and 2071. The capital forecasts are discussed in more detail below. Over the same period, \$2,239 million is expected to be spent on non-capital related cost including ongoing operating and maintenance, labour, and depreciation. It is anticipated these figures will be spread across the zones and land drainage schemes as shown in Table 2.

Table 3 Expected infrastructure expenditure, 2021-2071 (forecast inflation included)

Catchment zone	Capital expenditure (\$m)	Operational expenditure (\$m)	Total expenditure (\$m)
Central Waikato	23.2	269.6	292.8
Coromandel	1.1	98.6	99.8
Lake Taupō	380.4	699.9	1080.3
Lower Waikato	2.7	54.7	57.4
Upper Waikato	0.0	9.7	9.7
Waihou-Piako	573.1	974.2	1547.3
Waipā	40.4	105.9	146.3
West Coast	5.5	26.1	31.6
Total	1,026	2,239	3,265

The council were recently awarded \$23.8 million of central government funding towards 10 flood management and catchment projects, as part of the Shovel Ready post-COVID-19 programme, creating over 200 short and long-term jobs across the project's lifetime.⁽³³⁾ Of this funding, \$18 million forms part of the infrastructure capital programme for the LTP period and is required to be spent by 2024. The government funding has been flagged separately within the programme as it is outside of the council's typical funding mechanisms.

The operational expenditure is split between river management, flood control, and land drainage, with depreciation shown separately.

The total expenditure profile over time across the capital and operating expenditure categories is shown in Figure 13. The total annual expenditure is shown from 2021/22 to 2030/31 and then an average spend over five-year periods is shown between 2031 and 2071.

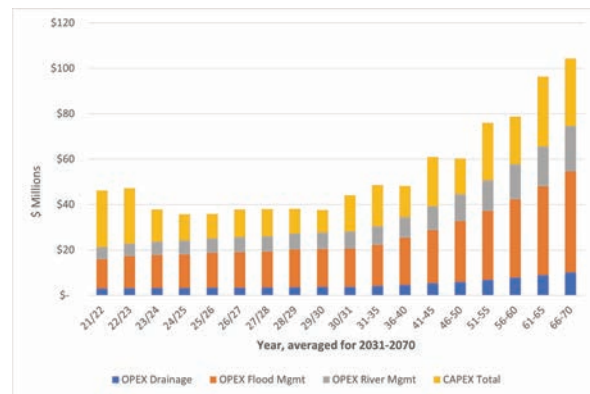


Figure 13: Total expenditure summary (forecast inflation included)

As shown in both Table 2 and Figure 11 above, the vast majority of the forecast expenditure in relation to flood control and river management assets is associated with operational requirements and depreciation.

6.4 Capital expenditure

The capital expenditure consists primarily of expenditure associated with asset renewals (\$1,813.1 million), with new capital expenditure totalling \$213.3 million (including inflation). There is considerable increase in new capital from the previous LTP, predominantly due to proposed changes to capitalising stopbank core upgrades (Section 4.6) and capitalising river works (Section 4.7), which contribute \$112 million and \$58.8 million respectively.

There will be an ongoing requirement to make decisions on renewals expenditure on a cyclical basis as part of the processes associated with the council's long term plan. Figure 14 shows the expected renewal expenditure profile against depreciation (an Operational cost). This expenditure forecast has been developed in line with the assumptions outlined in Section 6.2.

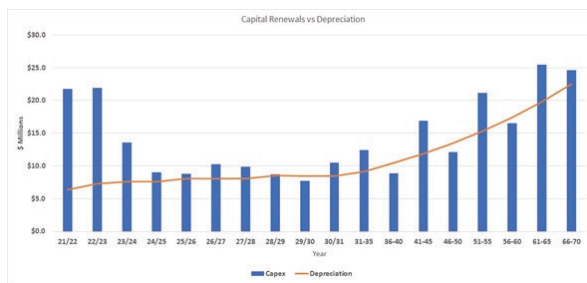


Figure 14: Capital renewals compared to depreciation

Points to note in regard to Figure 14:

- Values are shown **inflated**.
- There is a greater level of capital expenditure in the first three years and this is related to the required asset renewal programme and the shovel ready projects, driven by the asset age profile and deferred works from previous years.
- Assumes climate change provision as from Year 4 (2024/2025).

The split between capital renewal expenditure by asset type is shown in Figure 15 below.

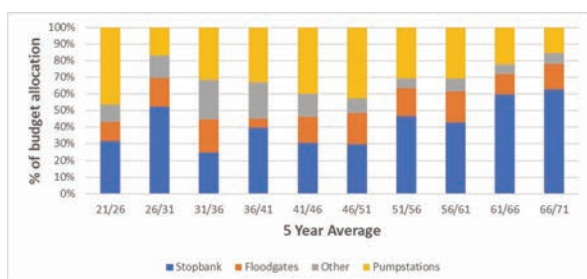


Figure 15: Renewal expenditure by asset type ⁽³⁴⁾

³⁴ Other includes river management and other land drainage works

³⁵ Inflation is included

6.4.1 Significant capital expenditure

There are a number of significant individual expenditure programmes and projects which make up this forecast. Significant capital expenditure is defined as where the project or programme of works exceeds \$100,000.

In terms of renewal expenditure, the schemes within the Lower Waikato and Waihou-Piako zones have the most significant planned expenditure across the region. Table 4 summarises the total zone expenditure by category over the next 50 years.

Table 4: Significant renewal expenditure ⁽³⁵⁾ 2021-2071

Renewal category	Catchment zone	
	Lower Waikato	Waihou-Piako
Floodgate	\$9.8m	\$62.3m
Pumpstation	\$94.6m	\$68.9m
Stopbank	\$128.9m	\$315.7m
Other	\$18.9m	\$4.9m
Total	\$252.2m	\$451.8m

Only one significant project is currently planned within the next 10 years to increase the current level of service provided: the Muggerridge's pumpstation. It will deliver an increase level of service and increase resilience within the lower Piako catchment. Additional new capital projects will likely be identified over the next 50 years, and these will be developed and included during regular revisions to this strategy and other relevant planning documents.

Although not currently classed as new capital, an internal policy change has been made to consider the upgrade to stopbank cores due to the impacts of climate change as new capital, as discussed in Section 4.6. While there are no specific new capital expenditure projects named in the 20 – 50-year window, it is expected that climate change and land subsidence will lead to either additional pump stations or increased sizes of pumps within existing pump stations and increases in stopbank heights if the council is to continue to meet its current levels of service. Additionally, a decision has been made to classify permanent river management structures as capital works instead of their current classification within operational budgets.

There is an ongoing project for the replacement of the Tamahere barge with a self-propelled vessel. The barge is considered plant, so has not been included as new capital below.

Table 5: Significant new capital expenditure (inflated), 2021-2071

Project	Expenditure	Timing	Project assumptions
Waihou Piako			
Investigation, design and construction of new Muggerridge's pumpstation (Piako River Scheme)	\$2.47m	2021-2023	This expenditure assumes community support and adoption of a funding policy to enable this project to proceed. The project will deliver an increase level of service and catchment resilience. Additional central government funding of \$4.4m is being used to deliver the project.
Stopbanks			
Stopbank core upgrades due to climate change	\$112m	2021-2071	Estimates based on assumption of 3.2°C temperature rise. These works are to meet additional requirements to meet levels of service due to the impacts of climate change.
River Management			
Transfer of building permanent river structures from operations budget to capital budget	\$58.8m	2021-2071	Costs based on historic costs to create permanent structures for the last few years, then extrapolated over 50 years. Works will maintain existing levels of service but there is a change in how they are budgeted for.

6.5 Updating expenditure forecasts

It is expected that, with each review, zone/asset management, long term plan and infrastructure strategy, the cost estimates will be updated, particularly in the early stages of the plan. This will allow the forecasts to be updated to reflect more detailed design and understanding of costs associated with those projects progressing in the early years.

PUTTING IT INTO ACTION

Me whakatutuki

Strategic priorities (2020-2030)

Goals for success (2019-2022) SDGs

Water



- Locally developed water policy that complies with national direction and improves areas for safe swimming and mahinga kai.
- Water policy that increases equity, sustainability and opportunities for innovation, particularly in regard to water storage.
- Encourage and support a regional centre of excellence for three waters planning, operations and compliance.

Biodiversity and biosecurity



- Communities are supported to deliver biodiversity outcomes that provide multiple benefits.
- A strategic regional approach is taken to biodiversity investment and partnering.
- Delivery of a refreshed regional pest management approach that is planned, prioritised and performance based.

Goals for success (2019-2022) SDGs

Sustainable infrastructure



- Land is used appropriately. Where land use places increased pressure on public infrastructure, the funding implications are well understood.
- Infrastructure to support economic growth is focused on best sustainable practice. In other words, it isn't at the expense of our natural resources.
- Focused improvement on the alignment of local and regional hazard management and planning.

Climate



- A climate change lens is applied to decision making, laying the platform for a new way of doing business.
- Climate change risk is proactively and appropriately communicated.
- Annual climate change inventories demonstrate improvements year on year.

Goals for success (2019-2022) SDGs

Coastal and marine



- Increased investment in the coast leads to better understanding of the impacts of land use activities on sensitive coastal areas.
- We have partnered with communities to deliver a future focused coastal plan.
- Risk to life and property in the coastal environment is well understood, and the need for public funding is minimised.

Transport connections





- People and communities are well connected to each other, essential services and opportunities such as recreation, education and employment.
- People feel their communities are a valued part of the Waikato and take pride in the region.
- New investment is attracted to the region through improved reputation and partnerships.

Appendix B: critical assets in the Waikato

Asset type	Effect			
	Environment / H&S	Reputation	Items of national significance	Social / economic cost
Tongariro River Flood Management Scheme	High risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
Taupō – Kiko Spillway	Medium risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
LW – Harris Street (Huntly West) stopbanks	High risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
LW – SH1 (Huntly East) stopbanks	High risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
LW – Rangiriri stopbanks	Medium risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
Waihou – Te Aroha stopbanks	Medium risk if asset failed	High risk if asset failed	Medium risk if asset failed	High risk if asset failed
Piako – Ngatea stopbanks	Medium risk if asset failed	High risk if asset failed	Medium risk if asset failed	High risk if asset failed
Waihou – Kopu stopbanks	Medium risk if asset failed	High risk if asset failed	Medium risk if asset failed	High risk if asset failed
Waihou – Turua stopbanks	Medium risk if asset failed	High risk if asset failed	Medium risk if asset failed	High risk if asset failed
Waipā – Ōtorohanga stopbanks	Medium risk if asset failed	High risk if asset failed	Medium risk if asset failed	High risk if asset failed
Lake Waikare scheme	High risk if asset failed	Medium risk if asset failed	Medium risk if asset failed	Medium risk if asset failed
Whangamarino scheme	High risk if asset failed	Medium risk if asset failed	Medium risk if asset failed	Medium risk if asset failed
Coromandel – Coromandel town scheme (inc. Karaka and Whangarahi)	Medium risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
Coromandel - Te Puru Scheme	Medium risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
Coromandel – Tapu Scheme	Medium risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
Coromandel – Graeme’s Creek	Medium risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
Coromandel – Waiomu Scheme (inc. Pohue)	Medium risk if asset failed	High risk if asset failed	High risk if asset failed	High risk if asset failed
Hauraki - Kauaeranga Scheme	Medium risk if asset failed	High risk if asset failed	Medium risk if asset failed	High risk if asset failed

Key:

-  High risk if asset failed
-  Medium risk if asset failed

Appendix C: infrastructure assumptions and uncertainty

Forecasting assumption	Risk	Likelihood of occurrence	Reasons and financial effect of uncertainty
<p>Projected price change factors —</p> <p>forecast financial information contained in this plan includes a provision for inflation. The council has used the price level change factors supplied by Business and Economic Research Ltd (BERL) to calculate the amount of inflation to include.</p> <p>Where expenditure is subject to inflation, the following cumulative rates have been applied.</p>	<p>That actual price changes vary significantly from the levels assumed.</p>	<p>Uncertainty level: Medium</p> <p>Sources of uncertainty: National inflation rates and economy</p>	<p>Inflation is affected by external economic factors that are outside the control of the council. Given the current economic climate, the actual inflation rates for both the short and long-term are uncertain. While the council believes it has taken a conservative approach by applying the rates supplied to the local government sector by BERL, it acknowledges that actual inflation rates may vary from these in any year of the plan.</p>
<p>Useful lives of significant assets — the useful lives of the council's significant assets are as disclosed in the notes to the accounts.</p>	<p>That the actual life of an asset is shorter than assumed, most likely due to the impacts of climate change. This may impact on the level of depreciation expense recognised, the asset maintenance work required, and the timing of any asset replacement.</p>	<p>Uncertainty level: Medium</p> <p>Sources of uncertainty: Weathering of assets, increasing impacts of environmental changes such as water acidity</p>	<p>Council's most significant assets are its infrastructure assets, which are comprised of flood management works. The useful lives of these assets have been assessed by engineers and valuers. Following any significant capital expenditure, the useful life of an asset is also reassessed.</p>
<p>Sources of funds for future replacement of significant assets.</p>	<p>That the council has insufficient funds to replace significant assets at the end of their useful lives.</p>	<p>Uncertainty level: Low</p> <p>Sources of uncertainty: Changes in the financial climate and financial policies</p>	<p>As part of this LTP, the council is proposing to continue an external borrowing programme. This will provide a facility by which costs to renew / replace significant assets can be funded where these costs exceed the depreciation accumulated on the original asset.</p> <p>The financial strategy sets out how provision is made for damage costs.</p> <p>The revenue and financing policy sets out the funding sources that may be used in relation to capital expenditure.</p>
<p>Sufficient internal and external resources to deliver the planned program</p>	<p>That the forecasted program is not delivered in full due to lack of available resource.</p>	<p>Uncertainty level: Medium</p>	<p>Council will alter resources and project scheduling to meet the program demands. If there is insufficient resource to meet demand then projects will be</p>

Forecasting assumption	Risk	Likelihood of occurrence	Reasons and financial effect of uncertainty
		Sources of uncertainty: Resource availability	outsourced to external suppliers, or projects may be re-phased. This approach is currently implemented as required and is considered business as usual.
Resource consents valid — it has been assumed that resource consents for council assets will be renewed on an as-required basis and that budget is available within the programme.	Resource requirements change and new consents are required, risk of insufficient budget within the programme estimate.	Uncertainty level: Medium Sources of uncertainty: Legislative changes	As identified within Section 5.5, council will influence and adapt to changes in legislation and consent requirements. Engagement with central government will allow council to identify and plan for legislative requirements.
Depreciation rates on planned acquisitions New capital expenditure will be depreciated in line with the depreciation rates set out in the council's accounting policies.	That further review of capital expenditure may alter the depreciation expense incurred.	Uncertainty level: Low Sources of uncertainty: Changes in the financial climate and financial policies	Significant capital works are based on detailed asset management plans which specify the nature and timing of capital works. Due to the long-term nature of these capital works, any impact on depreciation is minimal.
Risk of natural hazards Our region is at risk of a range of natural hazards and disasters, such as earthquakes, tsunamis, flooding, drought, land instability, severe storms, fire and volcanic activity. Based on projections and modelling, it is assumed that natural hazards and disasters will increase in both frequency and severity over time.	There will be new natural or other hazard emergencies requiring work that cannot be funded out of normal budgetary provisions.	Uncertainty level: Medium Sources of uncertainty: While modelling and monitoring are carried out, exactly when or how severe an occurrence will be cannot be predicted. When it comes to the climate change related hazards such as sea level increase and flooding, the main uncertainty is the time until infrastructure service level thresholds will be reached.	There is a possibility that the region will have to cope with a severe adverse event in the LTP timeframe. The potential effect of a natural disaster on the council's financial position is dependent upon the scale, duration and location of the event. Business continuity planning is critical so that the council can continue to perform the functions needed when adverse effects happen. Building resilience into infrastructure may result in increased capital costs. Future events such as flooding, severe storms or earthquakes are likely to result in increased closures of transport networks in coastal, low lying or slip prone areas with links to some communities disrupted. Natural disasters would likely increase insurance costs and have a major economic impact in the region
Climate change	Impacts of climate change will be significantly greater than predicted.	Uncertainty level: Medium	Potential climate change impacts are factored into the council's planning and design activities as prediction and adaptation information becomes available. In particular, the council's infrastructure strategy considers the impact of climate change on the management of stopbank assets.

Forecasting assumption	Risk	Likelihood of occurrence	Reasons and financial effect of uncertainty
<p>Regional growth —</p> <p>the council has estimated that the change in the capital value of the region through new property development will be 1.5 per cent growth. This estimate is used to project likely revenue for those rates set on a per-property charge and in the calculation of rating impacts to existing ratepayers.</p> <p>It should be noted this percentage is based on historical trends and we are in an exceptional point in history.</p>	<p>That growth will not be sustained at the level anticipated.</p>	<p>Uncertainty level: Medium</p> <p>Sources of uncertainty: A portion of regional growth is attributed to net migration. Net migration may be lower or higher than expected.</p> <p>There is a risk of significant deflationary pressure. How this plays out in asset values is currently unclear.</p>	<p>If growth is significantly lower than expected this will impact rates revenue. It will also impact activities such as infrastructure and spatial planning if the region does not follow projected growth.</p>
<p>Treaty of Waitangi settlements —</p> <p>it is assumed that central government will require the council to implement Treaty settlements over the life of this long term plan. This will come at an increasing and significant cost, for which the council will continue to seek recompense from central government.</p> <p>Post-Treaty settlement iwi are likely to want to increase their economic footprint through investment in primary production, housing, commercial development or other ventures. The scale of new ventures will vary but may generate proposals that seek changes to current district plan zoning of Treaty settlement land.</p>	<p>That no financial recompense is made by central government.</p>	<p>Uncertainty level: High</p> <p>Sources of uncertainty: A change in government may change the priority and/or process of addressing Treaty settlements at a national level.</p>	<p>The council is taking a conservative approach to resourcing Treaty settlements as implications are unclear at this stage. No additional resources have been allocated given the uncertainty.</p> <p>If central government does not provide recompense for settlement implementation, this will mean an increased funding requirement which will have to be budgeted to fund the cost to implement Treaty settlement legislation.</p>
<p>Iwi expectations — there is increasing influence of iwi in the region. Existing and nearly completed Treaty settlements are increasing the economic power of iwi and this will increase expectations of council, for example, over natural resource management.</p>	<p>That the council cannot meet iwi expectations and an increased level of service is required.</p>	<p>Uncertainty level: Medium</p> <p>Sources of uncertainty: The expectations of iwi may change or be otherwise different to what the council has assumed them to be, requiring additional</p>	<p>Evolution of the partnership approach and co-management will result in higher expectations from iwi partners,</p> <p>Elevating the maturity of partnership responsibilities and responsiveness in areas such as the meaningful integration of mātauranga Māori.</p>

Forecasting assumption	Risk	Likelihood of occurrence	Reasons and financial effect of uncertainty
<p>Iwi interest in council’s activities will continue to increase, including demands from iwi to participate as a partner in decision making.</p> <p>The council is assuming 20-30 partnership agreements as a result of Resource Legislation Amendment Act 2017 but is taking a conservative approach to resourcing as implications are still unclear.</p>			
<p>Community expectations — public interest in the council’s activities is expected to continue to increase, including demands from communities to participate at all stages of local decision-making processes in ways which suit their interests and needs, as well as increased access to information and decision making.</p> <p>The increasing availability of information creates a more informed public with higher expectations, but is accompanied by the polarising impacts of social media in civic engagement. Increasing public expectations of environmental quality also drive up treatment standards, and therefore the costs of meeting them.</p>	<p>That the council cannot meet community expectations and an increased level of service is required.</p>	<p>Uncertainty level: Low</p> <p>Sources of uncertainty: Uncertainty is linked to both potential population and demographic changes and the unknown impact of disruptive technologies</p>	<p>Individuals who might otherwise have remained voiceless may connect more and voice their concerns through engagement processes. This may lead to the need for the council to make unexpected changes to service delivery. With increased expectations for co-creation and citizen input in council business that was historically hands-off, increases in costs and longer timeframes may be required.</p>
<p>Global crisis or pandemic — it is assumed that the council will be able to maintain its level of service during a global crisis or pandemic, with sufficient systems and procedures in place to ensure business continuity.</p> <p>It is also assumed that the council will be able to adequately resource and</p>	<p>The effect of a crisis or pandemic on the council will be greater than assumed and levels of service will be significantly affected.</p>	<p>Uncertainty level: Medium — high</p> <p>Sources of uncertainty: The full impact of the COVID-19 pandemic in New Zealand and specifically in the Waikato region is as yet unknown. Even if the COVID-19 pandemic does not end up having a significant impact on</p>	<p>The council has systems and procedures in place for many staff to be able to work remotely if needed, however some of the council’s activities simply cannot be performed remotely.</p> <p>The council may be required to drop many of its business-as-usual activities to focus resources on a major Civil Defence response around the region. Widespread self-isolation, quarantine or</p>

Forecasting assumption	Risk	Likelihood of occurrence	Reasons and financial effect of uncertainty
support any Civil Defence response in the event of a global crisis or pandemic.		the council's activities and levels of service, when another pandemic or other crisis might occur is also unknown.	<p>complete lockdown may have an impact on staff ability to operate flood management assets if not deemed essential work by government.</p> <p>There would likely also be a significant impact on some ratepayers' ability to pay their rates, therefore affecting the council's income.</p> <p>The council's investment fund would be negatively affected by national and global economic downturn due to pandemic responses.</p>

SECTION 6: Supplementary material
| Ngā āpitihanga

Regional assumptions | Ngā taruna ā-rohe

Assumption	Risk	Level of uncertainty	Implications
Environmental pressures			
<p>Climate change</p> <p>Projected climatic changes present significant implications for the Waikato region’s environment, economy, and the safety of our communities. Over the next century, the Waikato region can expect:</p> <ul style="list-style-type: none"> • rising sea levels, • more extreme weather, • more droughts in the east, • more intense rainfall and increased wind in the west, • warmer, drier summers, milder winters and shifting seasons. <p>It is also expected that there will be increased risks to communities from natural hazards such as river and coastal flooding, coastal erosion and severe weather.</p> <p>It is assumed that council will continue to have greater involvement in climate adaptation responses, including:</p> <ul style="list-style-type: none"> • building resilience within communities and reducing vulnerability to climate influenced natural hazards; • understanding the impacts of increased rainfall intensity on our flood protection and drainage assets; • ensuring the climate influenced changes in the characteristics of natural resources are provided for when allocating natural resources; and • providing for the transition and translocation of indigenous biodiversity and the ecosystem services that the citizens and businesses of the region depend upon. <p>Additionally, council’s involvement in climate mitigation activities is assumed to increase, including ensuring residents are able to access no/low carbon sources of energy and reduce their demand for energy to improve social and economic wellbeing.</p>	<p>The impacts of climate change could be felt sooner or be greater than assumed.</p>	<p>Uncertainty level:</p> <p>Medium</p> <p>Sources of uncertainty:</p> <p>The council has commissioned studies to better understand how the impacts of climate change will affect the region. Further analysis is required to determine the implications of those impacts on communities, flora and fauna, infrastructure, and the regional economy and to identify appropriate adaptation responses.</p> <p>Long term projections of climate change impacts depend on future greenhouse gas emissions, which are uncertain. There are four main global emissions scenarios (from the IPCC), ranging from low to high greenhouse gas concentrations.</p> <p>The projected changes are calculated for 2031–2050 (referred to as 2040) and 2081–2100 (2090), and compared with the climate of 1986–2005 (1995). These show increasing effects in</p>	<p>The forecast work programmes include provision for the impacts of climate change. Internal policies require climate change impacts to be assessed and reported on for decision making purposes. The implications of climate change impacts occurring earlier or being greater than assumed would be insufficient resilience in Waikato landscapes and WRC’s assets, along with the financial impact of any necessary unbudgeted recovery work.</p>

Assumption	Risk	Level of uncertainty	Implications
		<p>the latter half of the century. This means that in the 10-year time period of this LTP, it is understood that there will be slight differences between the global emissions scenarios, but that changes will occur from the delayed effects of carbon dioxide already emitted and locked into the global climate system. The council will incorporate updated projections as they are developed and confirmed by the IPCC during the lifetime of this long term plan.</p>	
<p>Natural hazards/disasters</p> <p>Our region is at risk of a range of natural hazards and disasters such as earthquakes, tsunamis, flooding, drought, land instability, severe storms, fire and volcanic activity.</p> <p>Based on projections and modelling, it is assumed that natural hazards and disasters will increase in both frequency and severity over time.</p> <p>The requirement in the Resource Management Act 1991 to manage risks from natural hazards as a matter of national importance was enacted following the 2011 Canterbury Earthquakes and has resulted in a greater focus on natural hazards risks during planning and consenting processes.</p>	<p>Natural hazards and disasters are felt with more severity and occur more frequently than predicted.</p>	<p>Uncertainty level:</p> <p>Medium</p> <p>Sources of uncertainty:</p> <p>While modelling and monitoring are carried out, it cannot be predicted exactly when or how severe an occurrence will be. When it comes to the climate change related hazards such as sea level increase and flooding, the main uncertainty is the time until infrastructure service level thresholds will be reached. By 2050, around 30cm of sea level rise is anticipated due to the carbon emissions already in the atmosphere. However, from 2050 to 2100, there is uncertainty regarding</p>	<p>There is a possibility that the region will have to cope with a severe adverse event in the LTP timeframe. The potential effect of a natural disaster on the council's financial position is dependent upon the scale, duration and location of the event.</p> <p>Business continuity planning is critical so that the council can continue to perform the functions needed when adverse effects happen.</p> <p>Building resilience into infrastructure may result in increased capital costs. Future events such as flooding, severe storms or earthquakes are likely to result in increased closures of transport networks in coastal, low-lying or slip-prone areas, with links to some communities disrupted. Natural disasters would likely increase</p>

Assumption	Risk	Level of uncertainty	Implications
		<p>how much sea level rise will occur. This is because it is dependent on the rest of the planet decarbonising. The climate change induced signal on our weather is a consequence of energising (adding heat) to the atmosphere. It is additional to the historic seasonal and annual variations, and manifests through the increasing frequency and magnitude of extreme weather events.</p>	<p>insurance costs and have a major economic impact in the region.</p>
<p>Land use changes</p> <p>There are several development trends that are currently having or are predicted to have an impact on land use change in the region.</p> <ul style="list-style-type: none"> • Since the mid-1990s there has been a net reduction in exotic forestry in the region and net increase in high producing grassland. This trend (mainly conversions from forestry to dairy) has slowed in recent years. • The Government’s commitment to reduce net carbon emissions may result in a reversal of the above trend, i.e. increased afforestation. • Intensive farming is continuing to move onto less suitable land, especially for dairying and dairy support. • Diversification of rural land use (such as goat farming, poultry and Mānuka). • There has been an increase in cropland to support intensive farming, market gardening, and orchards. This is expected to continue. • The amount of high-quality rural land developed for residential and industrial growth and subdivided for lifestyle blocks continues to increase. • Increasing demand for housing and house prices in the Waikato region, driven by high Auckland prices and enhanced accessibility (Waikato to Auckland railway). 	<p>Growth pressures in the region accelerate more than anticipated.</p>	<p>Uncertainty level:</p> <p>Low</p> <p>Sources of uncertainty:</p> <p>Changes to national regulation will have an impact on land use in the region.</p> <p>International drivers and trends such as milk prices, migration and trade also contribute to the uncertainty of this assumption.</p> <p>Negative economic impacts post-COVID-19 pandemic may result in lower growth or different patterns of land use change than predicted.</p>	<p>If growth accelerates at a rate which puts increased pressure on the region, there is a risk that ad hoc development will occur without the appropriate strategic and planning rigour being applied.</p> <p>Conflicting demand on a finite resource such as land will have pricing implications, and growth pressure will increase in locations with strategic benefit.</p> <p>Land use change in response to increased regulation for water quality and quantity may negatively impact communities which have previously relied on dairy and other industries most affected by land use restrictions, affecting the community’s ability to service rates.</p> <p>Implementation of the National Environmental Standards for Freshwater and any other national regulation may require the</p>

Assumption	Risk	Level of uncertainty	Implications																																															
<p>Land use projections for the life of the LTP can be found in the table below*. The projections are based on actual 2013 data as a starting point. Projections of population and economic drivers for the Waikato region until 2061 are then considered. The projections assume some land use restrictions (for example, zoning to stop further intensification) as a result of Plan Change 1 for the Waikato and Waipā River catchments.</p> <table border="1"> <thead> <tr> <th rowspan="2">Land use</th> <th colspan="2">Projected hectares</th> </tr> <tr> <th>2021</th> <th>2031</th> </tr> </thead> <tbody> <tr> <td>Indigenous vegetation</td> <td>656,741</td> <td>656,290</td> </tr> <tr> <td>Forestry</td> <td>318,348</td> <td>318,287</td> </tr> <tr> <td>Dairy farming</td> <td>650,002</td> <td>648,041</td> </tr> <tr> <td>Sheep, beef or deer farming</td> <td>635,293</td> <td>632,339</td> </tr> <tr> <td>Other agriculture</td> <td>6,930</td> <td>6,580</td> </tr> <tr> <td>Horticulture</td> <td>2,431</td> <td>2,749</td> </tr> <tr> <td>Vegetable cropping</td> <td>6240</td> <td>6235</td> </tr> <tr> <td>Other cropping</td> <td>3495</td> <td>3499</td> </tr> <tr> <td>Manufacturing</td> <td>2906</td> <td>3265</td> </tr> <tr> <td>Commercial</td> <td>873</td> <td>984</td> </tr> <tr> <td>Residential - lifestyle blocks</td> <td>37005</td> <td>39721</td> </tr> <tr> <td>Residential - low density</td> <td>13738</td> <td>15710</td> </tr> <tr> <td>Residential - medium/high density</td> <td>363</td> <td>488</td> </tr> <tr> <td>Community services</td> <td>2067</td> <td>2320</td> </tr> </tbody> </table> <p>Regional and national regulations, such as the proposed National Environmental Standards for Freshwater, will further restrict land use activities which have a negative impact on the environment.</p>	Land use	Projected hectares		2021	2031	Indigenous vegetation	656,741	656,290	Forestry	318,348	318,287	Dairy farming	650,002	648,041	Sheep, beef or deer farming	635,293	632,339	Other agriculture	6,930	6,580	Horticulture	2,431	2,749	Vegetable cropping	6240	6235	Other cropping	3495	3499	Manufacturing	2906	3265	Commercial	873	984	Residential - lifestyle blocks	37005	39721	Residential - low density	13738	15710	Residential - medium/high density	363	488	Community services	2067	2320			council to incur additional costs in policy development, implementation, and regulation.
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*WISE Projections Land Use Projections and Population Density Modelling by Census Area Unit Report 2016.

Assumption	Risk	Level of uncertainty	Implications
<p>Declining natural capital</p> <p>We are increasingly moving towards limitations of how much we can manage use of our natural resources without also impacting the economy. In general, the public increasingly values a healthy environment and are becoming less accepting of environmental damage. This is reinforced by accessible data on social media and by a central government, with a renewed environmental focus.</p> <p>Intensified land use, urban growth, pollution, physical changes to our landscapes and coasts and introduced species will continue to result in declining natural capital and associated ecosystem services. It is assumed that this will increase pressure on the council to implement effective policy and undertake more rigorous policy effectiveness and state of the environment monitoring to demonstrate the dependency of the economy and people’s wellbeing on adequate and healthy natural resources (climate, water, soil, air, coast, biodiversity). This, in turn, requires landowners and developers to invest more in maintaining and, where necessary, restoring degraded natural capital in order to sustain economic profitability.</p>	<p>A greater level of service may be required, leading to increased funding requirements.</p>	<p>Uncertainty level:</p> <p>Low</p> <p>Sources of uncertainty:</p> <p>Changes in government may change the priority of addressing the decline of natural capital.</p> <p>Other external factors such as climate change may accelerate the decline of natural capital, for example damage to soils through erosion and biodiversity loss through ecosystem degradation.</p>	<p>There are financial implications for the council if a higher level of service is demanded to address declining natural capital.</p> <p>Increased tension between balancing the drive for economic development against environmental and landscape protection and enhancement.</p> <p>There is also reputational risk if the council is not seen to be doing enough to prevent environmental damage.</p>
<p>Economic and population changes</p>			
<p>Population growth and demographic changes</p> <p>Ageing will increasingly affect demand for services, including public transport and housing patterns. In the near future, we will have many more older people, with comparatively fewer younger and working-age people to support them.</p> <p>Rural depopulation means that many district populations are static or reducing. This will have implications for affordable levels of service, worsened by the post-COVID-19 pandemic recovery. Other parts of the region, around Hamilton and towards Auckland are growing quickly, which will increase servicing and infrastructure needs.</p> <p>Ethnic diversity is increasing in New Zealand. Within the next decade or so, the Asian population is expected to equal the Māori population in size. This trend is expected to continue, meaning the way we have traditionally consulted with our communities may need to change.</p>	<p>Growth and population demographic assumptions could be incorrect, which will affect the decisions made in reliance of these projections and may lead to increased funding requirements.</p>	<p>Uncertainty level:</p> <p>Medium</p> <p>Sources of uncertainty:</p> <p>Net migration may be lower or higher than expected. Economic impact of the COVID-19 pandemic may affect population distribution and may lead to a mismatch between the available skills and the employment opportunities available.</p>	<p>There may be demand for new services and infrastructure in areas of growth and maintaining services in areas of decline. The council may need to meet increased costs associated with increased public expectations.</p> <p>There is potential for the need for data sharing in novel ways so the public, particularly elderly and vulnerable communities, can make informed decisions.</p>

Assumption	Risk	Level of uncertainty	Implications																																							
<p>Population projections are shown in the table below and are based on the 2018 Census data. A medium rather than a high-growth scenario was used to reflect likely reduced international migration as a result of the COVID-19 pandemic.</p> <table border="1"> <thead> <tr> <th>Council</th> <th>2021</th> <th>2031</th> </tr> </thead> <tbody> <tr> <td>Thames-Coromandel</td> <td>31326</td> <td>31385</td> </tr> <tr> <td>Hauraki</td> <td>21178</td> <td>21618</td> </tr> <tr> <td>Waikato</td> <td>83384</td> <td>93272</td> </tr> <tr> <td>Matamata-Piako</td> <td>36391</td> <td>38062</td> </tr> <tr> <td>Hamilton City</td> <td>179456</td> <td>201855</td> </tr> <tr> <td>Waipā</td> <td>57676</td> <td>62559</td> </tr> <tr> <td>Ōtorohanga</td> <td>10841</td> <td>11386</td> </tr> <tr> <td>South Waikato</td> <td>25068</td> <td>24755</td> </tr> <tr> <td>Waitomo</td> <td>9592</td> <td>9341</td> </tr> <tr> <td>Taupō</td> <td>39513</td> <td>40661</td> </tr> <tr> <td>Rotorua (part)</td> <td>3911</td> <td>4039</td> </tr> <tr> <td>Waikato Region</td> <td>498,337</td> <td>538,934</td> </tr> </tbody> </table>	Council	2021	2031	Thames-Coromandel	31326	31385	Hauraki	21178	21618	Waikato	83384	93272	Matamata-Piako	36391	38062	Hamilton City	179456	201855	Waipā	57676	62559	Ōtorohanga	10841	11386	South Waikato	25068	24755	Waitomo	9592	9341	Taupō	39513	40661	Rotorua (part)	3911	4039	Waikato Region	498,337	538,934			
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Assumption	Risk	Level of uncertainty	Implications
		housing – creating the possibility of an asset price bubble.	
<p>Economic change</p> <p>It is assumed that there will be a significant economic downturn regionally, nationally and internationally due to the COVID-19 pandemic. Some key sectors that have already been affected, include:</p> <ul style="list-style-type: none"> • travel and tourism • forestry • hospitality • entertainment • and retail. <p>While there may be some initial bounce-back from recession, there is a risk of a protracted period of weak economic activity. There is expected to be a continued rise in unemployment, while labour shortages in some industries, especially those reliant on international seasonal workers may continue.</p> <p>In addition to the effects of the COVID-19 pandemic, it is projected that the following key longer term trends will cause economic change within the Waikato region over the life of the long term plan:</p> <ul style="list-style-type: none"> • uneven economic growth and slow productivity, • risk to people, property and infrastructure from climate change, • effects from Auckland as a fast-growing neighbour, including the effects on Waikato house prices, • differing challenges of population growth and decline in different areas of the Waikato, • growing economic influence of iwi, • ongoing biosecurity risk to primary industries, health and indigenous biodiversity. 	<p>That different levels of service are required to respond to disparate economic growth throughout the region and over time.</p>	<p>Uncertainty level:</p> <p>High</p> <p>Sources of uncertainty:</p> <p>It is currently unclear what the extent of the economic impact of COVID-19 will be, both domestically and overseas. It is uncertain when international travel recommence, which will have an impact on the tourism sector and jobs that are often filled by migrants.</p> <p>The impact of global political trends and upcoming national elections are also a source of uncertainty.</p> <p>Housing market conditions are creating increasing welfare issues; a significant correction in the housing market would create a different set of issues.</p>	<p>There may be a negative impact on council revenue through investment fund performance and pressure to relieve affordability issues for ratepayers. At the same time, there may be a higher level of service required from council in response to higher unemployment, a higher proportion of the community on fixed income, exacerbation of existing inequalities in our communities, changes in employment types and skill requirements.</p> <p>Current trends in house prices are likely to create ongoing hardship for many in the community. The effect of council’s rating on this issue will depend on the extent to which the cost of rates are passed through to renters, and whether there is a significant correction in property prices.</p>
Governance, partnering and engagement			
<p>Treaty of Waitangi settlements</p> <p>It is assumed that central government will require Waikato Regional Council to implement Treaty settlements over the life of this long term plan. This will come at an increasing and</p>	<p>That no financial recompense is made by central government.</p>	<p>Uncertainty level:</p> <p>Low</p>	<p>The council is taking a conservative approach to resourcing Treaty</p>

Assumption	Risk	Level of uncertainty	Implications
<p>significant cost to council, for which we will continue to seek recompense from central government.</p> <p>Post-Treaty settlement iwi are likely to want to increase their economic footprint through investment in primary production, housing, commercial development or other ventures. The scale of new ventures will vary but may generate proposals that seek changes to current district plan zoning of Treaty settlement land.</p>		<p>Sources of uncertainty:</p> <p>A change in government may change the priority and/or process of addressing Treaty settlements at a national level.</p>	<p>settlements as implications are unclear at this stage. No additional resources have been allocated given the uncertainty.</p> <p>If central government does not provide recompense for settlement implementation, this will mean an increased funding requirement which will have to be budgeted to fund the cost to implement Treaty settlement legislation.</p>
<p>Iwi expectations</p> <p>There is increasing influence of iwi in the region. Existing and nearly completed Treaty settlements are increasing the economic power of iwi and this will increase expectations of council, for example, over natural resource management.</p> <p>Iwi interest in council's activities will continue to increase, including demands from to participate as a partner in decision making.</p> <p>Council is assuming 20-30 partnership agreements as a result of Resource Legislation Amendment Act 2017 but is taking a conservative approach to resourcing as implications are still unclear.</p>	<p>That council cannot meet iwi expectations and an increased level of service is required.</p>	<p>Uncertainty level:</p> <p>Medium</p> <p>Sources of uncertainty:</p> <p>The expectations of iwi may change or be otherwise different to what the council has assumed it to be, requiring additional funding to respond to the change.</p>	<p>Evolution of the partnership approach and co-management will result in higher expectations from iwi partners, e.g. iwi based honorary enforcement officers, more training/mentoring of iwi staff. This may also require additional resources in the areas of:</p> <ul style="list-style-type: none"> • policy and strategy that seek to incorporate shared priorities; • relationship management - including an increase in the number and requirements of the JMAs and/or similar agreements/arrangements; • elevating the maturity of partnership responsibilities and responsiveness in areas such as the meaningful integration of mātauranga Māori.
<p>Community expectations</p> <p>Public interest in the council's activities is expected to continue to increase, including demands from communities to participate at all stages of local decision making processes in ways which suit their interests and needs, as well as increased access to information and decision making.</p> <p>The increasing availability of information creates a more informed public with higher expectations. However, this is accompanied by</p>	<p>That the council cannot meet community expectations and an increased level of service is required.</p>	<p>Uncertainty level:</p> <p>Low</p> <p>Sources of uncertainty:</p> <p>Uncertainty is linked to both potential population and demographic</p>	<p>Individuals who might otherwise have remained voiceless may connect more and voice their concerns through changes to engagement processes. This may lead to the need for the council to make unexpected changes to service delivery. With increased expectations for co-creation and citizen input in council business</p>

Assumption	Risk	Level of uncertainty	Implications
the polarising impacts of social media in civic engagement. Increasing public expectations of environmental quality also drive up treatment standards, and therefore the costs of meeting them.		changes and the unknown impact of disruptive technologies.	that was historically hands-off, increases in costs and longer timeframes may be required. Policies such as the Significance and Engagement Policy will need to be reviewed and updated as community expectations and preferences evolve.
Technology			
<p>Disruptive technology</p> <p>Technology is progressing faster, at a rate that is overwhelming society's ability to adapt. Whereas, in the past, technology replaced muscle, today technology is replacing cognition. This may affect how the workforce of the future is structured through a shift in the demand of skills. Adaption of new technology by the council and our communities will require support to remove barriers to desirable change.</p> <p>Use of new technology will be necessary to help provide communities with data, and a way to engage with council. Through technology, communities will be increasingly involved in the council's work in different ways and be empowered to take action.</p>	<p>Loss of opportunity and innovation from failure to adopt new technology.</p> <p>New technology is developed that fundamentally disrupts local government at a pace or scale that overwhelms the sector's ability to adapt.</p>	<p>Uncertainty level:</p> <p>Medium</p> <p>Sources of uncertainty:</p> <p>Disruption is, by definition, uncertain. The nature or timing of any disruption is unexpected and is outside the control of the council. However, the council can manage this uncertainty by fostering a working environment which allows for agility in decision making and change at both a governance and operational level.</p>	<p>There could be wide and varied impacts on the council and the Waikato regional community depending on the nature of the disruption.</p> <p>It is emerging that technology disruption will likely be a consequence of the recovery from the COVID-19 pandemic. An existing trend of transition to online work and dissolution of the traditional workplace could be accelerated, which will have impacts on many things including how commercial buildings are used, and how people travel throughout the region and internationally.</p>
Global pressure			
<p>Global crisis or pandemic</p> <p>It is assumed that the council will be able to maintain its level of service during a global crisis or pandemic with sufficient systems and procedures in place to ensure business continuity.</p> <p>It is also assumed that the council will be able to adequately resource and support any Civil Defence response in the event of a global crisis or pandemic.</p>	<p>The effect of a crisis or pandemic on the council will be greater than assumed and levels of service will be significantly affected.</p>	<p>Uncertainty level:</p> <p>Medium - High</p> <p>Sources of uncertainty:</p> <p>The full impact of the COVID-19 pandemic in New Zealand and specifically in the Waikato region is, as yet, unknown. Even if the pandemic does not end up having a significant impact on the council's</p>	<p>The council has systems and procedures in place for many staff to be able to work remotely if needed, however some of the council's activities simply cannot be performed remotely.</p> <p>The council may be required to drop many of its business-as-usual activities to focus resources on a major Civil Defence response around the region.</p>

Assumption	Risk	Level of uncertainty	Implications
		activities and levels of service, it is unknown when another pandemic or other crisis might occur.	<p>Widespread self-isolation, quarantine or complete lockdown would have an impact on public transport requirements, as well as other customer-facing, direct contact activities.</p> <p>There would likely also be a significant impact on some ratepayers' ability to pay their rates, therefore affecting the council's income.</p> <p>The council's investment fund would be negatively affected by national and global economic downturn due to pandemic responses.</p>
Government review			
The council's existing role and functions will continue for the life of the plan, noting that any changes brought about by the government's <i>Future for Local Government</i> review may impact the 2024-2034 LTP.	That any changes brought about by the review will come into effect prior to the next LTP.	<p>Uncertainty level:</p> <p>Low</p> <p>Sources of uncertainty:</p> <p>Precise dates for the review process are unknown but, using the information we do know, it is unlikely any changes will come into force before 2025.</p>	Implementation of any changes would need to occur earlier than anticipated and the necessary council resource deployed to do so.

Council controlled organisations | Ngā hinonga kaunihera

Waikato Local Authority Shared Services

Waikato Local Authority Shared Services (WLASS) is a council controlled organisation (CCO) owned by the 12 Waikato local authorities – Waikato Regional, Hamilton City, Hauraki District, Matamata-Piako District, Otorohanga District, Rotorua District, South Waikato District, Taupo District, Thames-Coromandel District, Waikato District, Waipa District and Waitomo District.

It was established in 2005 as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis. More recently, shareholders embarked on a transformation of the company. The purpose of that transformation was to move the company to a true service delivery agent for, and strategic partner of, the councils. The structural changes of that transformation were completed in late 2019 and bedded in throughout 2020.

The outcomes the company is seeking are:

- Council costs are reduced / performance is improved, without increased cost;
- The experiences of councils' communities are improved;
- Central government investment into and engagement with the Waikato is increased.

The company fulfils the roles of:

- Ideas laboratory - taking ideas that have the potential to create value, from their genesis through to business case; and
- Service provider to councils.

Member councils currently pay an annual levy, depending on their size, to support the operating costs of WLASS. Services provided to councils are funded on a user pays basis.

The WLASS board has six directors – five council-representative directors (including one appointed by Waikato Regional Council) and an independent Chair.

More detailed information about WLASS can be found at waikatolass.co.nz

Performance measures

Last year's Statement of Intent introduced a new suite of performance measures. We will continue to track how well we are delivering on our strategic priorities using these.

Priority	Performance measure	Target
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"> • Business cases will include measurable benefits linked to one or more of the outcomes sought • Businesses cases are supported by councils (evidenced by take up of the opportunity) 	<p>Projected savings/increased revenue to councils of at least \$300k</p> <p>75% of councils</p>
Develop opportunities and deliver projects within agreed budgets and timelines Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery	<ul style="list-style-type: none"> • Opportunities / projects are developed / delivered within agreed timelines • Opportunities / projects are developed / delivered, within approved budget • Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval 	<ul style="list-style-type: none"> • 80% Time and cost targets for the development of opportunities and delivery of projects have been initially set based on what, in practical terms, are consider stretch goals, but achievable. However, we aspire to <i>always</i> better, or at least meet, timetables and budgets. • 90% Time and cost targets for the development of opportunities and delivery of projects have been initially set based on what, in practical terms, are consider stretch goals, but achievable. However, we

Priority	Performance measure	Target
		aspire to <i>always</i> better, or at least meet, timetables and budgets.
Ensure projects realise their expected benefits	<ul style="list-style-type: none"> Measurable benefits are actively monitored and reported against 	<ul style="list-style-type: none"> Six-monthly
	<ul style="list-style-type: none"> Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised) 	<ul style="list-style-type: none"> For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months 90% of projected quantifiable
Ensure existing services are meeting the needs of councils	<ul style="list-style-type: none"> 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"> RATA – roading & waters Waikato Building Cluster Regional Infrastructure Technical Specifications Energy & Carbon Management Professional Services Panel Health & Safety pre-qualification 	80% of councils
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	<ul style="list-style-type: none"> Across these groups, ideas for future consideration and/or initiatives are identified each year 	Four per annum

Lake Taupō Protection Trust

The Lake Taupō Protection Trust (the Trust) CCO was settled on 9 February 2007.

Lake Taupō is recognised as a national icon. Its importance, not only as an attraction for locals and people living in the Waikato region but nationally and as an attraction for international tourists, has been recognised. Work undertaken by a number of organisations has shown that the quality of Lake Taupō has begun to degrade for a number of reasons. The Lake Taupō Protection Trust was established as a CCO to administer a public fund to protect Lake Taupō.

The purpose of the trust (as set out in the draft deed) is the maintenance of water quality in Lake Taupō through reducing nitrogen levels in the lake’s catchment. The trust is jointly administered by four organisations: Waikato Regional Council, Taupō District Council, Tūwharetoa Trust Board and the Crown.

Company objectives

The trust’s role is to protect Lake Taupō’s water quality by reducing manageable nitrogen leaching into the lake by 20 per cent or approximately 153,000kg. After a review of the project in 2011 and on consideration of the final figures on the total nitrogen obtained from the benchmarking exercise undertaken by Waikato Regional Council, the project's nitrogen reduction target was increased to 170,300kg.

The effect of this increase was that the remaining project funds were not able to achieve this new nitrogen reduction target. Additional Crown funding was received in April 2013 which enabled the two local authorities to subsequently release additional funds to enable the project to progress to the new nitrogen reduction target.

The term of the project agreement signed by the Crown, Waikato Regional Council and Taupō District Council establishing the Lake Taupō Protection Project was due to

come to an end on 30 June 2021. However, after joint 2021-2031 Long Term Plan consultation between Taupo District Council and Waikato Regional Council on the future of the project, both councils agreed that the trust would continue to oversee the nitrogen discharge agreements into the future. However, the settlors (Waikato Regional Council, Taupo District Council and the Crown) will undertake and complete a review of the arrangement within 24 months’ time to consider whether the new governance and management structures are the most efficient and cost-effective ways to manage the agreements.

Regional Software Holdings Limited (RSHL)

Regional Software Holdings Limited (RSHL) was formed in October 2012 by Northland, Taranaki, Horizons, West Coast and Waikato regional councils and Environment Southland. The six councils worked closely together over a number of years to develop and maintain a software application suite for use by the councils in the delivery of their activities. This application suite is called Integrated Regional Information Software (IRIS). In recent years, RSHL has extended its scope to provide a framework for collaboration and delivery of shared services across the regional council sector, supporting the procurement or development of shared solutions.

Company objectives

The objective of RSHL is to deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional council specific processes and functions
- Value through economies of scale
- Greater influence for the sector with central government through cohesion and collaboration
- Reduced risk through ensuring continuity of supply and control of the destiny of regional sector specific software.

Performance measures

Non-financial	Performance measure	2021/22	2022/23
	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support.	Applies each year	
	Provide a summary of the survey results in the annual report, including performance against the baseline.		
	Survey results to be the same or better than the previous year.		
	Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Applies each year	

	Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Applies each year
	Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	Applies each year
Financial	RSHL will operate within approved budget, with any material variations approved by the Board	Applies each year
	Annual charges for shareholders and customers to be at level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	Applies each year
Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Applies each year
	Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	Applies each year
	Be a service delivery vehicle for wider regional council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	Applies each year

The targets noted above are for the three-year forecast period. They will form the baseline from which we will seek to continually improve.

Martha Trust

The Martha Trust (the Trust) was established in 2001 by a joint venture known as the Waihi Gold Company, setting the sum of \$10 to create the trust fund. The purpose of the trust is to take the title to land currently part of the Martha Mine operation following completion of mining and closure of the site and to monitor and maintain that land so it can be used for recreational purposes by the general public.

Although some supporting mechanisms of the Martha Trust exist, such as the trust structure and bond, the trust will not actually become an operative entity until such time as the closure and rehabilitation conditions are finalised in the future.

Exemption of Martha Trust as a CCO

The Local Government Act 2002 (LGA) section 7(3) provides for the exemption of a small organisation that is not a council controlled trading organisation from being a CCO and from

the accountability requirements of the LGA. The Martha Trust was exempted from being a CCO by resolution of the council in May 2007. It is not practical for accountability requirements and performance monitoring of the Martha Trust to take place until such a time as it becomes operative, therefore by granting an exemption the council has provided a dispensation from any form of accountability and monitoring processes. The trust was briefly active from February to June 2021 to revise its deed but is dormant once again. The exemption was reconfirmed at the June 2021 council meeting.

Trustees

Once the time comes for the Martha Trust to become operative, it is appropriate for trustees to be nominated. The trustees will include representatives nominated by Waikato Regional Council, Hauraki District Council and Ngāti Tamatera.

Significance and Engagement Policy | Te Kaupapahere Tāpuatanga me te Whakapānga

Introduction | Kupu whakataki

Waikato Regional Council’s Significance and Engagement Policy was adopted in 2014, then reviewed in 2017 and again in 2020 to meet our legislative requirements under the Local Government Act 2002 (the LGA). The policy:

- enables the council and our communities to understand the significance council places on certain issues, proposals, assets, decisions and activities
- identifies how and when communities can expect to be engaged or specifically consulted on these items.

The Significance and Engagement policy applies across our council. When assessing the degree of significance and deciding on appropriate engagement or consultation processes, the policy requires us to take into consideration other legislative requirements, as well as any other agreements that might already be in place. To ensure council engages as effectively as possible with the Waikato region’s diverse communities, we gather information on people’s views and preferences in a variety of ways. Sometimes that

might be via formal statutory consultation, or it might be via a more informal engagement process. Either way, the overall intent is to ensure that, wherever possible, anyone who wishes to contribute ideas or information to important council processes and decisions has the opportunity to do so.

Purpose and scope | Koronga me te aranga

1. To enable the council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
2. To provide clarity about how and when communities can expect to be engaged in decisions made by the council.
3. To inform the council from the beginning of a decision-making process about the extent, form and type of engagement required.
4. This policy does not apply to decision making under the Resource Management Act 1991 and or other legislation that includes a prescribed consultative/engagement process.

Definitions | Rārangi whakamārama

Asset class	Council operational assets and council infrastructure assets, as disclosed in the council’s Annual Report - Property, Plant and Equipment table.
Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
Decisions	Refers to all the decisions made by or on behalf of the council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of council decisions will not be deemed to be significant).
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision making. There is a continuum of community involvement.
Significance	As defined in Section 5 of the LGA2002 “in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,— (a) the district or region: (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter: (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant Activity	Is an activity the council deems to be significant as per section 5 of the Local Government Act 2002, defined above.
Strategic Asset	<p>As defined in Section 5 of the Local Government Act 2002 “in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—</p> <p>(a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and</p> <p>(b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and</p> <p>(c) any equity securities held by the local authority in –</p> <p>i. a port company within the meaning of the Port Companies Act 1988:</p> <p>ii. an airport company within the meaning of the Airport Authorities Act 1996”.</p>

Policy | Kaupapahere

- Engaging with the community is needed to understand the views and preferences of people likely to be affected by or interested in a proposal or decision.
- An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops.

Assessment of significance | Whakataunga o te tāpuatanga

1. The council will take into account the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- There is a legal requirement to engage with the community
- The level of financial consequences of the proposal or decision
- Whether the proposal or decision will affect a large portion of the community
- The likely impact on present and future interests of the community
- The likely impact on Māori cultural values and their relationship to land and water (also refer section 9)
- Whether the proposal affects the level of service of a significant activity
- Whether community interest is high
- Whether the likely consequences are controversial and/or has a likely impact on the reputation of Council

- Whether community views are already known, including the community's preferences about the form of engagement
- The form of engagement used in the past for similar proposals and decisions.

2. The council will take into account the degree to which the issue has a financial impact on the council or the rating levels of its communities, using the following thresholds:

- The unbudgeted operating expenditure greater than 5 per cent of total operating expenditure in that year, excluding amortisation and depreciation.
- A funding decision involving expenditure exceeds 20 per cent of the total asset class value.

3. If a proposal or decision is affected by the above considerations, it is more likely to have a high degree of significance.

4. In general, the more significant an issue, the greater the need for community engagement.

Engagement and consultation | Te whakapānga me te akoakotanga

1. The council will apply a consistent and transparent approach to engagement.

2. The council is required to undertake a special consultative procedure as set out in Section 83 of the Local Government Act 2002, or to carry out consultation in accordance with or giving effect to Section 82 of the Local Government Act 2002 on certain matters (regardless of whether they are considered significant as part of this policy).

3. For all other issues requiring a decision, the council may determine the appropriate level of engagement (section 82 of the Local Government Act 2002) on a case by case basis.

4. The Community Engagement Guide (schedule two, attached) identifies the form of engagement the council will use to respond to some specific issues. It also provides examples of types of issues and how and when communities could expect to be engaged in the decision-making process.

5. Where Joint Management Agreements, Memorandum of Understanding or any other similar high-level agreements exist, these will be considered as a starting point when engaging with Māori.

6. For mana whenua groups without a formal agreement a separate engagement plan will be developed as appropriate.

7. When the council makes a decision that is significantly inconsistent with this policy, the steps identified in Section 80 of the Local Government Act 2002 will be undertaken.

Note: Council's Māori Engagement Framework provides council staff with guidance and introduces a set of tools that will assist them to determine when and how to successfully engage with iwi Māori. The framework can be accessed on our website.

Schedule 1 | Wāhanga 1

Strategic assets | Ngā rawa mauroa

Section 5 of the Local Government Act requires the following to be listed in this Policy:

- (a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- (b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- (c) any equity securities held by the local authority in –
 - (i) a port company within the meaning of the Port Companies Act 1988;
 - (ii) an airport company within the meaning of the Airport Authorities Act 1996.

The following is a list of assets or group of assets that the council needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community.

- infrastructural fixed assets owned or maintained by the Waikato Regional Council such as its river management, flood protection and drainage assets
- the council's investment fund
- data held in the council's geographic information system (GIS).
- the council's shareholding in CCOs and CCTOs

Schedule 2 | Wāhanga 2

Community engagement guide | Ngā tohutohu whakapānga hapori

Community engagement | Te whakapānga ki te hapori

- is a process
- involves all or some of the public
- is focussed on decision-making or problem-solving

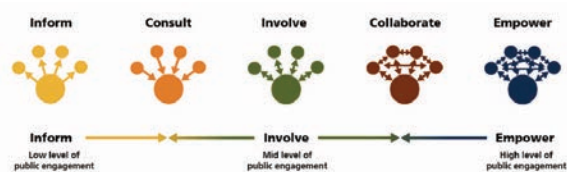
The International Association for Public Participation (IAP2) has developed a Public Participation Spectrum to demonstrate the possible types of engagement with the community. This model also shows the increasing level of public impact as you progress through the spectrum from left to right - 'inform' through to 'empower'. In simply 'informing' stakeholders there is no expectation of receiving feedback, and consequently there is a low level of public impact. At the other end of the spectrum, 'empowering' stakeholders to make decisions implies an increase in expectations and therefore an increased level of public impact. Differing levels of engagement may be required during the varying phases of decision-making on an issue, and for different stakeholders.

It will not always be appropriate or practicable to conduct processes at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach. Time and money may also limit what is possible on some occasions.

In general, the more significant an issue, the greater the need for community engagement.

When engaging with the community, the council will:

- Seek out and encourage contributions from people who may be affected by or interested in a decision,
- Provide reasonable access to relevant, timely and balanced information so people can contribute in a meaningful way,
- Provide a variety of appropriate ways and opportunities for people to have their say and
- Tell the community what the council's decision is and the reasons for that decision
- Provide a clear record or description of the relevant decisions made by council and explanatory material relating to the decision.



Forms of engagement | Ngā tūmomo hanga o te whakapānga

The council will use the Special Consultative Procedure (as set out in section 83 of the LGA 2002) where required to do so by law, including the following issues requiring decisions:

- Adoption or amendment of the long term plan (sections 93(2) and 93A).
- Making, amending or revoking a bylaw that the council identifies using this policy as having significant interest to, or significant impact on, the public (section 156(1)(a))

The council will consult in accordance with, or using a process or a manner that gives effect to the requirements of, section 82 of the LGA 2002 where required to do so by law, including for the following specific issues requiring decisions:

- Adopting or amendment the annual plan if required under section 95 of the LGA 2002.
- Transferring responsibilities to another local authority under section 17 of the LGA 2002.
- Establishing or becoming a shareholder in a council-controlled organisation.
- Adopting or amending a revenue and financing policy, development contributions policy, financial contributions

policy, rates remission policy, rates postponement policy, or a policy on the remission or postponement of rate on Māori freehold land.

For such consultation, Council will develop information fulfilling the requirements of Section 82A of the LGA 2002.

For all other issues, the following table provides an example of the differing levels of engagement that might be considered appropriate, the types of tools associated with each level and the timing generally associated with these types of decisions/levels of engagement.

Engagement tools and techniques | Ngā utauta me ngā āhua ā-mahi o te whakapānga

Over the time of decision making, the council may use a variety of engagement techniques on any issue or proposal and the tools may be adapted based on a range of other factors, including history and public awareness of the issue, stakeholder involvement, and timing related to other events and budgets. The council will also take into consideration other engagements underway, and combined initiatives will be utilised where appropriate to maximise efficiencies and to alleviate ‘consultation/engagement fatigue’

Each situation will be assessed on a case-by-case basis.

Level	Inform	Consult	Involve	Collaborate	Empower
What the consultation involves	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision making.	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions.	The final decision making is in the hands of the public, however, under the Local Government Act 2002, the Regional Council Chair and Councillors are elected to make decisions on behalf of their communities.
Types of issue that we might use for this	Flood warnings	Consultation document for the LTP	Regional Policy Statement Regional Plan	Healthy Rivers: Plan for Change/Wai Ora: He Rautaki Whakapaipai	Local body elections
Tools we might use	Websites Information in “Your Waikato” Public notices Subscribed email/text alerts.	Formal submissions and hearings Information in “Your Waikato” Websites	Workshops Focus groups Citizens Panel.	Collaborative stakeholder group Technical alliance.	Binding referendum Local body elections.

Level	Inform	Consult	Involve	Collaborate	Empower
		Public notices Focus groups, Surveys.			
When the community can expect to be involved	The council would generally advise the community once a decision is made.	The council would advise the community once a draft decision is made the council and would generally provide the community with up to 4 weeks to participate and respond.	The council would generally provide the community with a greater lead in time to allow them time to be involved in the process.	The council would generally involve the community throughout the process - at the start to scope the issue, throughout the information collection, and to consider options.	The council would generally provide the community with a greater lead in time to allow them time to be involved in the process. e.g. typically a month or more.

SECTION 7: Audit opinion | Arotake

To the reader:

Independent Auditor's report on Waikato Regional Council's 2021-31 long-term plan

I am the Auditor General's appointed auditor for Waikato Regional Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 29 June 2021.

Opinion

In our opinion:

- the plan provides a reasonable basis for:
 - long term, integrated decision making and co ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 118 to 120 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Emphasis of Matter – Uncertainty over funding of Te Huia services

Without modifying our opinion, we draw attention to the disclosures on pages 17 to 18 and 115 to 116 of the plan, which outline that the Council has launched a start-up passenger rail service (Te Huia) in April 2021 and intends to extend the service. The Government has approved funding for the first five-year trial service. Council assumes that the Government will continue to fund this rail service after the trial period. The Council also assumes that additional funding will be provided to support the proposed extension of the service's operation after December 2021. If the start-up funding is not continued or the additional funding for the planned additional services is not received, the shortfall in funding would need to be met by other sources or rates, which may result in changes being made to the rail service, including not proceeding with the planned improvements.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the International Standard on Assurance Engagements 3400 The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;

- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

Independence and quality control

We have complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

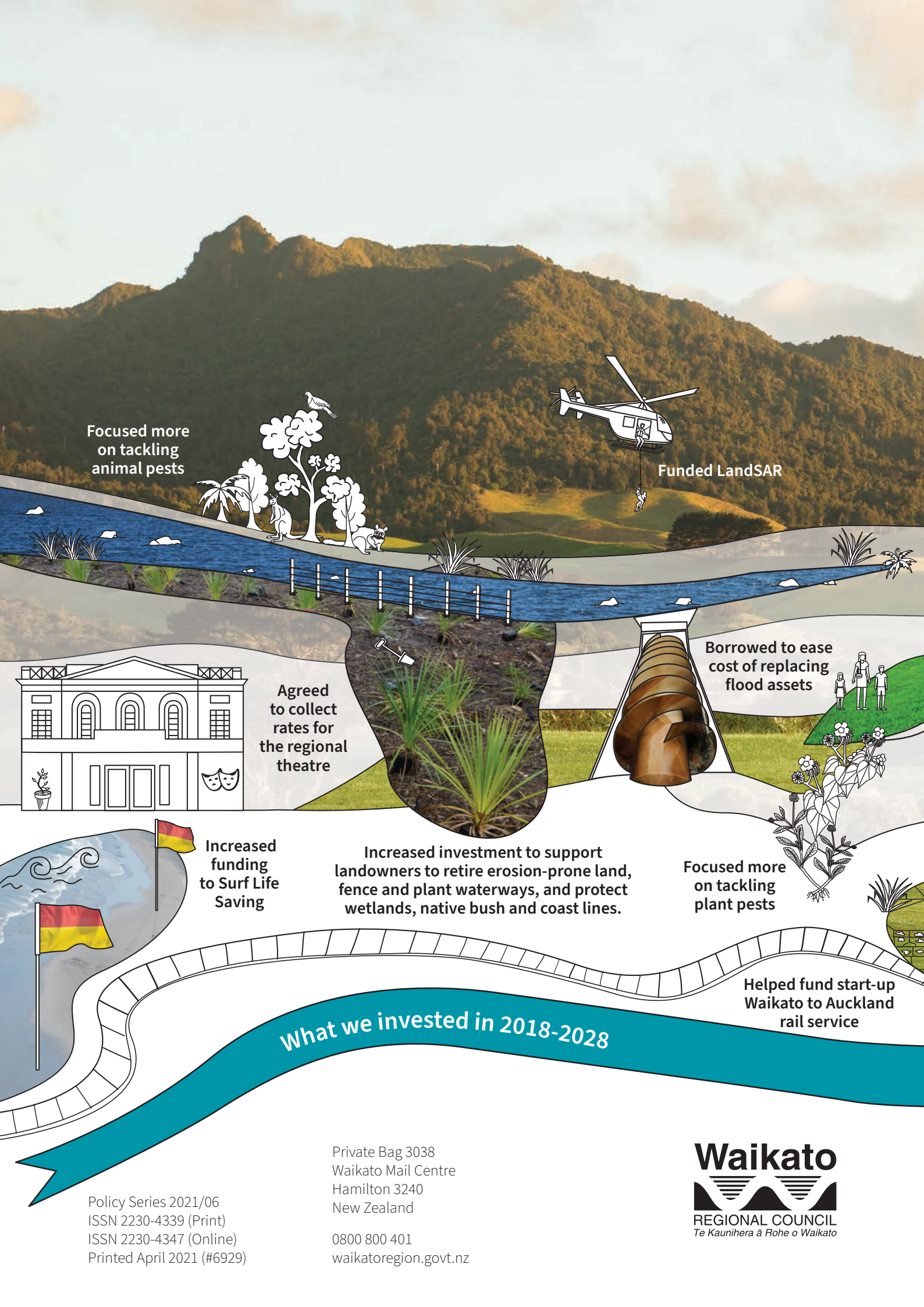
Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



David Walker

Audit New Zealand

On behalf of the Auditor General, Auckland, New Zealand



Focused more on tackling animal pests

Funded LandSAR

Agreed to collect rates for the regional theatre

Borrowed to ease cost of replacing flood assets

Increased funding to Surf Life Saving

Increased investment to support landowners to retire erosion-prone land, fence and plant waterways, and protect wetlands, native bush and coast lines.

Focused more on tackling plant pests

Helped fund start-up Waikato to Auckland rail service

What we invested in 2018-2028