



2019

**PRE-ELECTION
REPORT**

RĪPOATA WHIRINGA PŌTI TŌMUA

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Waikato

REGIONAL COUNCIL
Te Kaunihera ā Rohe o Waikato

STAND WITH US

**VOTE
2019**
LOCAL ELECTIONS

This pre-election report is prepared by the chief executive and provides information to promote public discussion about the issues facing Waikato Regional Council in advance of the 2019 local elections.

It provides a summary of our finances and includes information on major projects the council expects to deliver on over the next three years.

All of this is aimed at helping voters make informed decisions at the elections, and to give candidates an indication of the big issues they could be deciding on if elected.

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From our Chief Executive

Nā tō mātou tumu whakarāe



Often the challenges we face in the Waikato are being tackled nationally too. There's no doubt a tension often exists between the national direction we receive and our local priorities, creating resourcing issues which ultimately hit our ratepayers. I certainly expect such tensions to increase in future and, unfortunately, this council won't always make the popular decision.



For me, working at Waikato Regional Council is a privilege. That's in part because we're mandated to look after the wellbeing of the Waikato. But it's also our aspirational purpose of "working together" that speaks to me. It recognises that we can only achieve a healthy environment, strong economy and vibrant communities through people.

To achieve the best for the mighty Waikato I get to work with great leaders, including our partners, councillors and staff. Those before us have created a strong foundation, and it's our responsibility to build upon this for those here today, and the generations that come.

People are often most surprised by the scale and diversity of our organisation. Our large geographic area spans 22 per cent of the North Island, plus 10,000km² of marine area out to the 12 mile limit. Our functions are very diverse, with a mix of operational (e.g. pest control, drainage, public transport, navigation safety, enforcement) and strategic (e.g. transport planning, regional development funding, integrated resource planning, regional and inter-regional planning).

There are some big issues on which the new council will have to make decisions, with our staff providing technical expertise to guide informed decision making, and always with the wellbeing of our communities in mind.

Climate change has been a hot topic, and not just in the Waikato. The Crown recognises the importance of regional scale plans to give effect to national climate change direction, and that the preparation of these be supported by central government by way of information and funding.

The risks to our region are likely to be immense as we look at how we respond to increasing extremes in weather, including storm events, coastal inundation and erosion. It's an issue we're already addressing, by working to understand and respond to these impacts so our communities are more resilient. We're also updating the region's carbon footprint and regularly measuring the organisation's footprint against international greenhouse gas standards. The council's overall emissions for 2017/18 were 14.4 per cent lower than the previous year. It was a good start on a journey we want to continue, but the weather helped – less rainfall that year meant our flood pumps didn't work so much, saving electricity.

Water remains the top environmental issue for Waikato people, and the Government is expecting even more to be done in the coming months and years to improve the health of our waterways. Our Freshwater Strategy ensures we have a strategic approach to managing fresh water.

In the Waikato-Waipā catchment, for example, we have used science to spatially identify and prioritise sub-catchments to improve water quality, using this information to inform our regulatory and non-regulatory interventions.

Given the slow pace of establishing new rules under the Resource Management Act, every year we work hard with landowners and community groups to get 'on the ground' changes. As a result, and by way of example, 720,000 native plants – the equivalent of 243 rugby fields – have gone into the ground and 950ha of land – equating to 1357 rugby fields – has been retired across the region in the last year. We now fence more than 230km per year, a 360 per cent increase from five years ago! This work doesn't just contribute to improved water quality – it has positive flow-on effects for our biodiversity, our harbours and coasts, and climate change.

Carving out a future for the Waikato is a major opportunity for those who want to step up as leaders, to represent everyone in our region as well as those who don't have a voice – our future generations and environment. As a \$145 million a year business, it requires financial acumen and lots of planning and strategic thinking. But there is a real opportunity to work together to do the right thing for our region, and to make a difference in people's lives.

Jump on the waka.



OUR MISSION

Working together to build a Waikato region that has a **healthy environment**, a **strong economy** and **vibrant communities**.



Councillors will decide

The regional council has a strategic direction which sets the priority areas for the next three years. After the election, councillors have the opportunity to influence what these will be.

The wellbeing of our region starts with a healthy environment. If our environment is healthy, our communities will thrive and so will our economy. Everything is interconnected. The work we do in one area cannot be at the expense of another, and so we look to make decisions which deliver multiple benefits for our community.



A snapshot of the work we do

He tirohanga whāiti o ā mātou mahi

People are often unaware of the role of Waikato Regional Council. The work we do is not as tangible as that done by city and district councils, which do things like provide local infrastructure (e.g. drinking water, sewerage, stormwater and roads). We support a sustainable future for our communities, and on a regional scale, so it can take a long time to see results. It's easier to notice a fixed road than the gradual improvement of your environment, which then will enable a strong economy and a high quality of life for all. Here is a snapshot of some of the things we're behind.

Peninsula Project

Established in **2004**, this project is about improving the health of the environment and reducing flood risks on the Coromandel Peninsula by integrating three key areas of work – flood protection, river and catchment management, and animal pest control.

Protecting Lake Taupō project

A collaborative partnership between local government, central government and Ngāti Tūwharetoa, this project challenged the status quo to prevent the decline in Lake Taupō's water quality. The first public meeting kicked off in **2000**. In July **2015**, three years ahead of time, agreements had been reached with landowners to reduce nitrogen leaching into the lake by **20 per cent** (170 tonnes a year) over time.

Waikato Story

A practical set of **powerful digital resources** to help Waikato organisations attract staff and investors by telling their own unique stories in a consistent way to the rest of New Zealand and the world.

Tui Mine remediation project

A two year collaborative project to remove the major risks to community health and safety and environmental damage posed by the abandoned Tui Mine site on Mt Te Aroha.

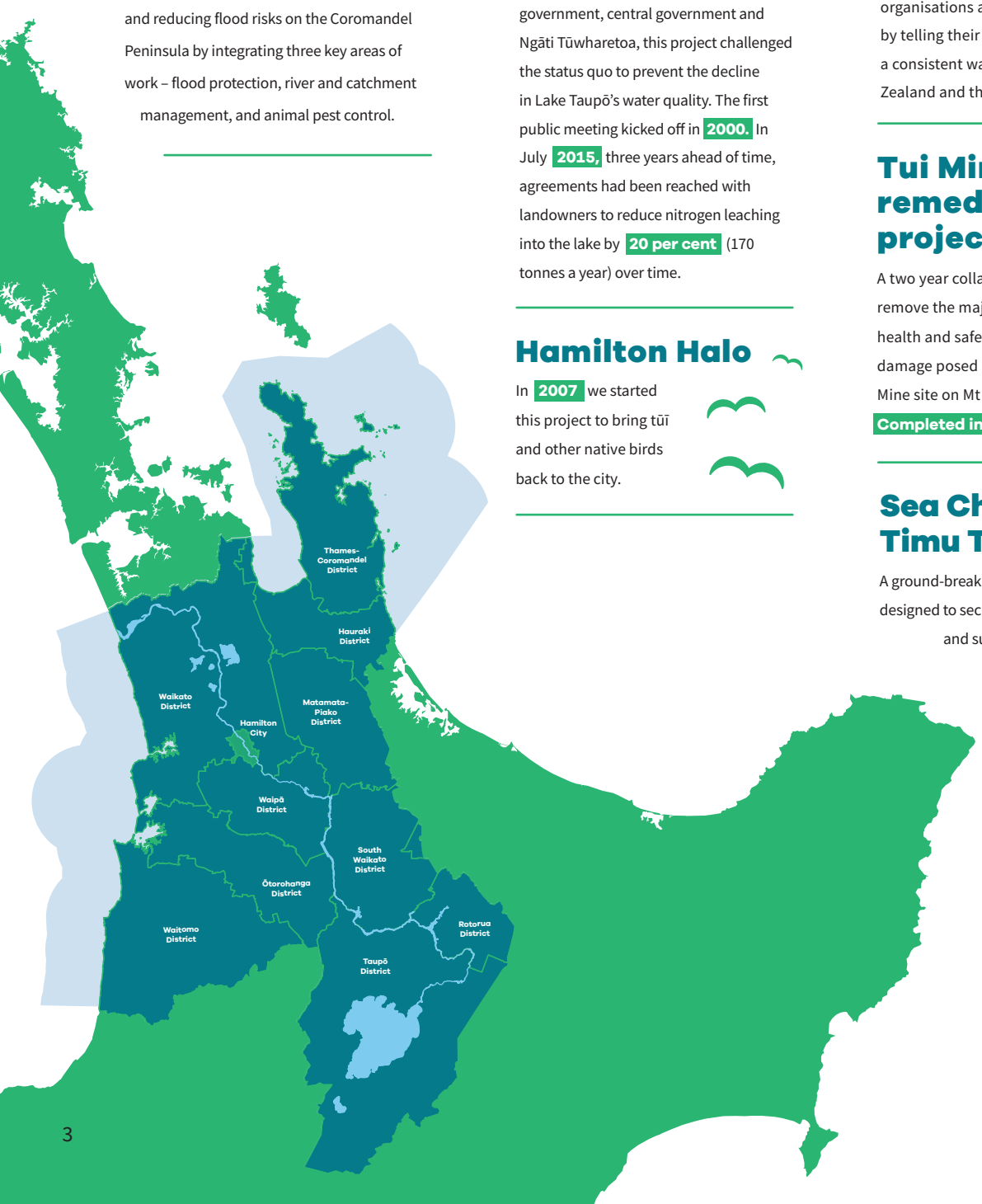
Completed in 2013.

Hamilton Halo

In **2007** we started this project to bring tūi and other native birds back to the city. 


Sea Change – Tai Timu Tai Pari

A ground-breaking collaborative initiative designed to secure a healthy, productive and sustainable future for the Hauraki Gulf.



Waikato Coastcare | Tiaki Takutai

(was Beachcare)

Established in **1993** by our council to help protect and restore Waikato's coastlines in collaboration with local communities, iwi and district councils.

500,000
dune plants planted by Coastcare groups in the last 10 years



Helping landowners restore Waikato's environment

Last year our council contributed more than **\$1.5m** in funding to help landowners undertake actions to address erosion and water quality issues, and improve biodiversity on their properties.

230km
of fencing



720,000
native plants put in the ground



152km
of stream banks retired



400
individual properties worked on



Enviroschools

In partnership with the city and district councils, we provide the Enviroschools programme to **141** Waikato schools. It's all about supporting future generations to think and act sustainably.

Flood protection


We manage flood schemes in the Waihou Piako, Lower Waikato, Coromandel and Lake Taupō zones to reduce the likelihood of floods impacting on our communities and critical infrastructure such as water supply, power, telecommunications and roads.

 **3000km²**
Waikato land protected

 **\$2.2B**
yearly contribution to the regional economy resulting from protected land and infrastructure

Funding for key roads

With other councils we helped secure over **\$2B** from the Government to build the Waikato Expressway and other key roads.



Incident response

When people spot something they think could be polluting our environment, it's us they call.

 **1800**
incidents responded to last year

Healthy Rivers/ Wai Ora: Waikato Regional Plan Change 1

One of the largest plan changes of its kind in New Zealand to make the Waikato and Waipā rivers swimmable and safe for food gathering along their entire length.

16,000
approximate rural properties affected



1.1M
hectares of land covered



Ruben road safety programme

We launched Ruben the Road Safety Bear in **1997**. On average, his road safety lessons are delivered to around **20,000** children every year.

Working together

Mahinga tahitanga



Karen Bennett, Manager of the Chief Executive's Office, supports the Chief Executive with stakeholder relationships and strategy. She also looks after corporate sustainability and the legal and risk team.



We're here to make a positive difference to the community and the environment, now and for the long term.

Caring locally, competing globally – that's our vision for the region. It's about working together: caring for people and the world we live in to make the Waikato the best it can be, environmentally, socially and economically.

But good intentions don't provide for a clear path forward. It can be tough finding common agreement on what a better world looks like, the steps needed to get there, who's going to do what and, always the tricky bit, who's going to pay.

No one can whistle a symphony, it takes a whole orchestra. We need to work together to build the Waikato we all want to see. That involves central and local government, iwi, community groups, health and social agencies, scientists, educational institutes, activists and others co-operating, collaborating and networking to understand our risks and opportunities, the technical complexities, the players and the audiences.

We need to listen to and walk alongside stakeholders to understand the issues that people care most deeply about so we can make good decisions and enable actions that will make a positive difference.

A great example is the work our staff do in partnership with landowners and philanthropic funders to fence and plant stream banks to enhance biodiversity, improve water quality, reduce sedimentation and help mitigate the effects of land use on climate change. Some 152,000 metres of streambank were permanently protected last year and an extra 720,000 plus plants put into the

ground. Now, I'm no land management expert but I love being outside and it's always a good day when you spend it with a care group planting trees, or even checking pest traps.

On a formal level, we have stakeholders from each of our eight catchment management zones that sit on zone committees to advise the council on work programmes and services.

Over the past 10 years, there's been a shift in what matters most to Kiwis. The focus has moved from just the economic bottom line to a more holistic view. That's why sustainability is no longer an add-on but central to the strategy of New Zealand's leading businesses.

As a community, we're concerned about pollution of lakes, rivers and seas, caring for the ageing population, the cost of living, suicide rates, affordability of housing, climate change and more. These issues influence our own strategic direction and actions.

Some people think this council is only interested in water and other environmental issues. Yes, we have statutory responsibilities to protect the environment and to sustainably manage the region's natural resources. These resources underpin our economic wellbeing and sustain our lifestyle. But we also have a mandated role to play in community and economic development activities at regional scale.

The ingredients are all there for success. The Waikato region's natural resources, prime location, diverse economy and can-do communities offer great opportunities. But to make the most of these opportunities, we need to take action on environmental and social issues that are having a negative effect on people right now and also threaten to strip future generations of the ability to enjoy a high quality of life.

Complex and interconnected issues like water quality, climate change, biodiversity, waste, transport, the future of work, growing inequalities and community participation are so challenging that no organisation can provide the solution on its own.

That's why our mission talks about working together. Shifting the dial on big societal issues that impact wellbeing can only be achieved through collective effort.

We've already seen the power of partnerships. The Protecting Lake Taupō project, The Peninsula Project on the Thames Coast and the Tui Mine remediation in Te Aroha, all of these achieved important environmental, economic, cultural and social objectives. More recently, the partnership with the Waikato River Authority has resulted in \$8.5 million in funding, and that has meant we've been able to do more than business as usual to achieve work on the ground to protect our waterways.

A ground breaking example of collaboration was the process to develop Healthy Rivers/ Wai Ora: Proposed Plan Change 1 for the Waikato and Waipā rivers. Iwi sat alongside councillors as decision makers. The community held the pen and we facilitated the process.

UNISA (Upper North Island Strategic Alliance), Waikato Mayoral Forum, Waikato Plan and the region's economic development agency, Te Waka, are some other key relationships that illustrate the importance of working together. Some of our partners say we can be hard to work with. I think that's true of any collaboration. It's not easy and we're always looking to improve.

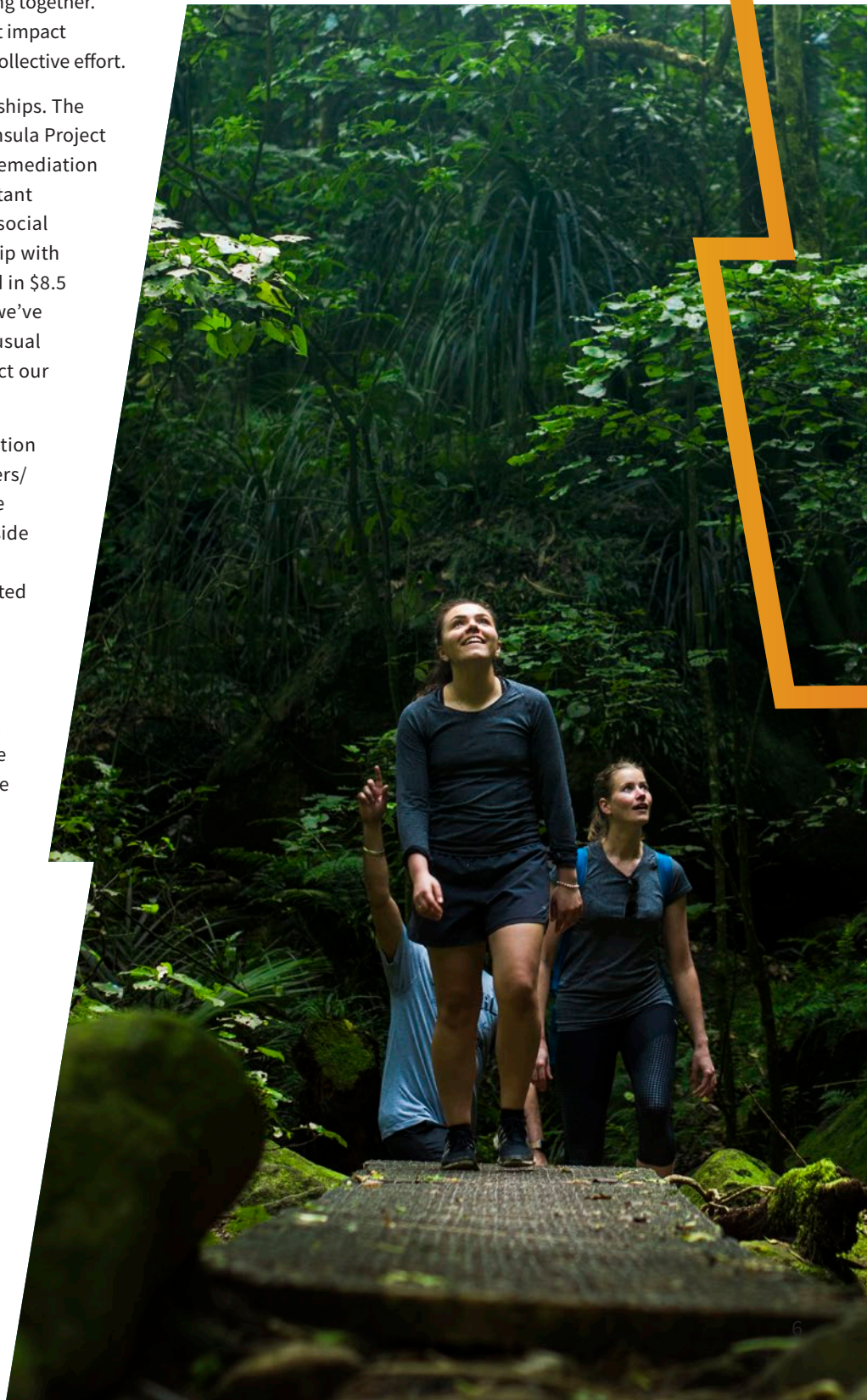
Everyone has to give up a degree of control, respect the value each organisation brings to the partnership and accept that resourcing, culture and motivation might differ. It's always about nurturing the relationship.

But by building on each partner's strengths and bringing together resources, new ideas and know-how, access to key audiences and decision makers, we should trust that we can make stuff happen and that our collective effort will magnify the impact, increase effectiveness and reveal new opportunities.

I think it's nicely described by the whakataukī:

Nāku te rourou, nāu te rourou, ka ora ai te iwi.

With my baskets and yours, the people will thrive.



A collective voice

For the first time, all Waikato councils, iwi and agencies worked together to create a plan that provides a collective voice on regional-scale issues that affect us now and will affect us over the next 30 years. The Waikato Plan, driven by the Waikato Mayoral Forum, identifies long term regional priorities to ensure challenges that don't sit neatly with one agency are captured and planned for.

Given our position and ability to work across the whole region, we have been tasked with overseeing implementation of the action plan. This means our staff will be playing a coordination role to ensure agencies are supported through collaborative efforts to deliver on their commitments. We will regularly report back to the Waikato Plan Leadership Committee and Waikato Mayoral Forum on progress.

It does not duplicate regional or local initiatives already planned or underway, but supports them. Importantly, the plan provides our region with a strong voice to central government and others on key issues.

Already, the plan has seen the development of Te Waka (see page 20 for more), secured iwi and government agency representation on the committee and set up a working group to develop a regional housing stock profile.

 waikatoplan.co.nz

It's about wellbeing

A project is underway in the Waikato to set targets for environmental, economic and social wellbeing – and to make them measurable.

The targets of the Waikato Wellbeing Project will be aligned to the United Nations Sustainable Development Goals (SDGs), a global call to action to end poverty, protect the planet and ensure peace and prosperity by 2030.

Project governance is by the Waikato Plan Leadership Committee. It involves community funders, iwi, government agencies, businesses, non-government organisations and the wider community.

The benefits of this approach include building on existing research and activities, developing smart targets to keep the focus on achieving the agreed outcomes by 2030, engaging and mobilising all parts of the community to work together, providing clarity about how each organisation and individual can contribute to the outcomes, and leveraging investment and government funds.

Once targets have been agreed to, we will identify what we are best placed to take action on to make a difference to wellbeing outcomes in the Waikato.

 waikatoplan.co.nz

Better together

Better efficiencies, reducing costs and removing duplication of effort – that's the aim of Waikato Local Authority Shared Services (LASS).

Waikato Regional Council is one of 12 councils to own the company, which promotes the sharing of services between local authorities.

One tool Waikato LASS has recently launched is the Waikato Data Portal, a public platform on which we share data with each other and our ratepayers. This gives the public free and easy access to our information, helping you to more easily make decisions about your future.

 waikatolass.co.nz

Changes for climate

Climate change is a global issue with local effects.

We have a wide range of activities, infrastructure and services that are, or will be, affected by climate change, with consequential impacts on our communities.

That's why climate change mitigation and adaptation actions are a key focus of this organisation.

We formally recognised the urgent need to deal with the challenge by signing the Local Government Leaders' Climate Change Declaration 2017 and we've backed up our promise with action.

- We've taken steps to reduce our corporate carbon emissions, which is also saving ratepayers' money.
- In December 2017, we became the first regional council in New Zealand to attain Certified Emissions Measurement and Reduction Scheme (CEMARS) certification for our plan to measure and reduce our carbon emissions. Our plan details several initiatives to achieve a 45 per cent reduction in carbon dioxide by 2030. It's our intention to reduce emissions to net zero by 2050.
- Adaptation responses have been included in our policy, planning and operational activities to reduce risks arising from increasing temperature, greater storm frequency and severity, flooding and drought.
- We're preparing our region for climate related changes. For example, we've completed a regional greenhouse gas inventory to enhance our understanding of the region's carbon profile and facilitate community conversations about the risks and opportunities we face.
- We're adjusting our flood risk reduction and catchment management actions to reflect projected changes in sea level and storm occurrences and making information on sea level rise and other hazards freely and easily available to all.



Councillors will decide

The new council will need to confirm its position and response to climate change, taking into consideration work already being done and legislative changes.



Our iwi relationships

Ō mātou hononga ā-iwi



Mali Ahipene wears two hats. She heads Tai-ranga-whenua, which supports the council's co-management arrangements with local iwi and leads policy and strategy work aimed at growing capacity to engage with Māori. She is also head of Democracy Services, which, among other things, manages the elections for the council.

“

I hadn't been here long when all of our democratic services were put to the test. This was the day in 2012 when the council voted eight to four in favour of creating two Māori constituencies for the 2013 triennial elections. The decision impacted our local government procedure for staff and councillors alike. But, on the other hand, it broadened Māori participation in democracy.

No other council had introduced Māori constituencies under the Local Electoral Act and that's an important part of our history right there.

It makes you appreciate the importance of how the democratic process works.

We now have co-governance partnerships with Waikato River iwi. Key to the relationship with iwi is to understand the rules of engagement and the legislation that governs our respective entities. Then you need to know how to weave all the strands together. It's like a korowai or a cloak, you have to learn the art of weaving the strands correctly otherwise it'll unravel. And it takes a lot of time and a lot of

practise to get the tension of the weave right.

Weaving the cloak of partnership isn't foreign for iwi who have already negotiated their Treaty settlement with the Crown.

For the council, it began with the establishment of the two Māori seats in Chambers back in 2012.

I believe the foresight our councillors had six years ago gave our relationship with local iwi the kickstart it needed.

We now have five joint management agreements and one co-management agreement with Waikato River iwi. They are with Tūwharetoa, Maniapoto, Te Arawa, Raukawa and Waikato-Tainui.

The first joint management agreement (JMA) was signed in 2012. From experience, we now know the initial phase of JMA development is hard work. However, once implemented, the agreements have proved to be beneficial to the council by enabling collaboration with iwi.

The council has become more confident in working in partnership with iwi. We should always strive to do more because it is the sum of all parts that gives substance to Māori participation.

The Treaty settlement legislation was the catalyst to forging long term partnerships with iwi. But I firmly believe the glue to working in partnership with iwi was the introduction of the river settlement legislation.

I see the relationships continuing to grow. We haven't stopped at Treaty legislation. We haven't thrown in the towel developing joint management agreements. We haven't given up the chase since the introduction of Māori seats in council.

At the beginning, we didn't have the trust and confidence in each other. Over time, with maturing of that relationship, we started moving more in sync. To achieve that, you need skin in the game. You're no longer just looking to meet your statutory requirements, you're actually looking for greater opportunities to work together. There are huge benefits for the council, communities and iwi. You only have to look at the environmental and social impacts that occurred from the late 19th century after iwi were excluded from local decisions. The wider community has a lot to benefit from iwi values and approaches towards managing our natural resources.

Just like a family, everyone comes with a different personality, different needs and different aspirations. It's the same with iwi.

What we're doing differently with Hauraki is that we're doing some pre-Treaty settlement work with them beforehand. By the time we get to the settlement the plan is that both parties have grown our existing relationship. It's that relationship which will provide the substance and the glue.

It doesn't matter what you have in a joint management agreement. If you can't adopt the right mindset at the beginning and make an effort to understand each other's values, it'll put unnecessary strain on the relationship.

Iwi and councils have different skills and a different knowledge base about the catchment. Working together means that we are able to maximise opportunities of mutual benefit.

Iwi organisations aren't resourced in the same way as council, so we need to factor that in the way we work with iwi. It's not realistic to expect iwi to jump into the partnership boots and all. They have other obligations. We need to accommodate that, acknowledge it and to plan for it.

We have so many legislative requirements and obligations that aren't as important to iwi. So we do have to be prepared to engage in a way that iwi can respond, do it in a way that allows them to feel heard, acknowledged and respected. To help with this, we developed an award winning app, Kawe Kōrero, to help our staff and others confidently engage with Māori.

Waikato Regional Council has come a long way in delivering on its Treaty obligations and growing its partnership with iwi for the benefit of the wider community.

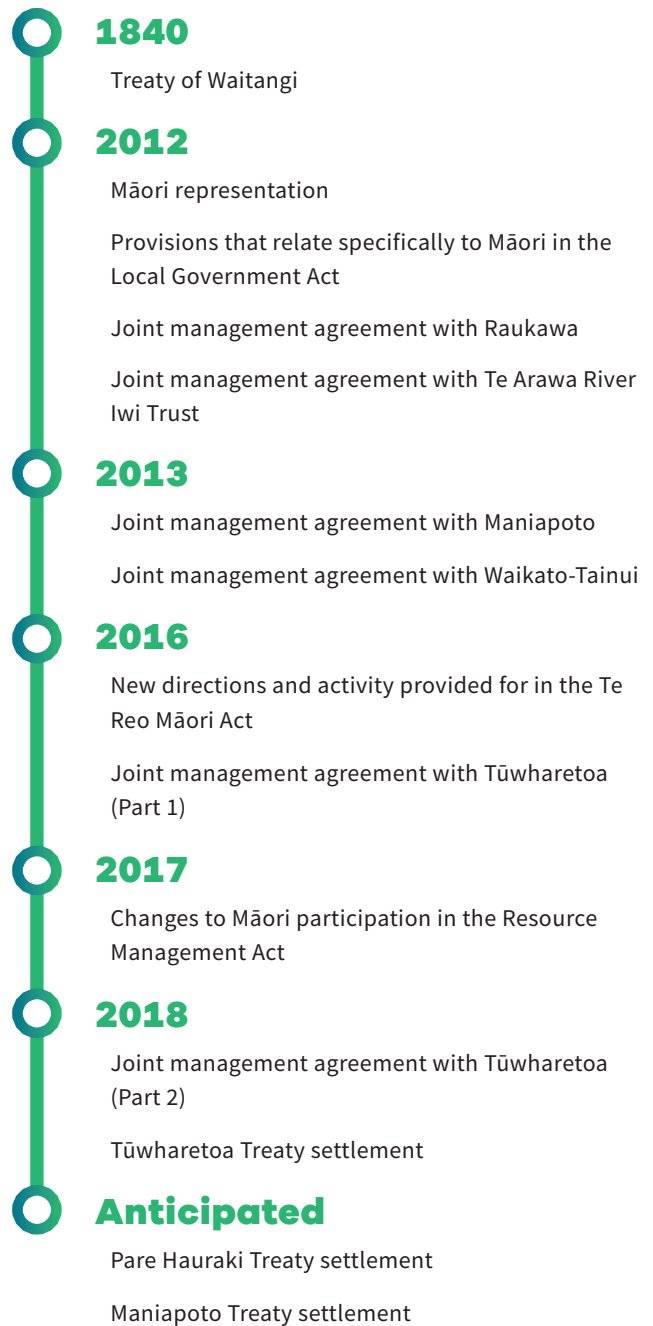
The river settlement legislation for the Waikato River set the precedent for the co-management of the river, giving stakeholders a vision and leadership around what was best for the river. When it came to Healthy Rivers/Wai Ora: Proposed Plan Change 1 for the Waikato and Waipā rivers, iwi were given the mana to sit at the table alongside councillors. They had an equal number of votes on all decisions relating to this ground-breaking policy. However, the journey is far from over.

I believe council can look forward to forging mutual partnership arrangements in light of:

1. the recent Tūwharetoa settlement
2. the pending Pare Hauraki and Maniapoto settlements
3. the outstanding Waikato-Tainui Treaty settlement for the west coast harbours of Raglan, Aotea and Kāwhia.

I'm convinced the drivers for change will emerge from this space.

I think we will see a future where iwi Māori are enabled to engage and participate effectively as an equal partner and there is a focus on joint projects and ventures that are effective and valued by both parties and the wider community.



Māori partnerships

Our vision is having partnerships with iwi Māori that are enduring, effective and valuable to all. To achieve this, our council has endorsed a Māori partnership approach.

It's a roadmap of how the council will demonstrate its responsiveness to Māori, deliver on its responsibilities linked to the Treaty of Waitangi and show strong leadership in the public sector around developing these relationships.

Ultimately, it sets out how we'll move towards a future where it's business as usual for us to view our work from a Māori perspective.

This is especially important as the number of iwi Māori entities the council has relationships with continues to grow.



Councillors will decide

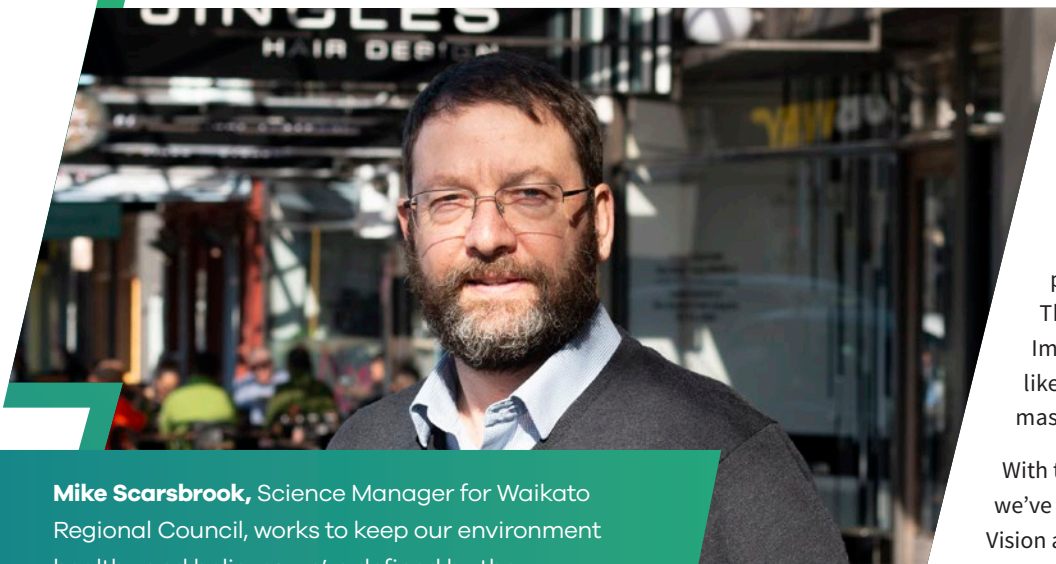
Our Māori partnership approach is due to be reviewed, which is work the new council will be required to do.





A healthy environment

Taiao mauriora



Mike Scarsbrook, Science Manager for Waikato Regional Council, works to keep our environment healthy and believes we're defined by the environment we live in.

“

The environment we live in gives us a sense of who we are in the world. The region locks us into our community and where we all reside. But a healthy environment is what we all aspire to and sets our aspirations for the future.

So, how healthy is the Waikato?

Parts of the region are very healthy. Lake Taupō is as good as it gets for a lake of that size, but there's an expectation it will remain with 10-metres-plus water clarity and will always be in a 'close to natural state' or with very minor impacts on it.

Despite improved management of human impacts around Taupō there is still a real need for vigilance and response to emerging issues. For example, in late 2017, we had signs of algae blooms growing in parts of the lake, and the district health board stopped people from using the lake for a short time over the busy summer period.

In partnership with local iwi Tūwharetoa and other partners, we've put new lake quality monitoring procedures in place so we will be able to respond more rapidly to give the community better information.

In contrast to Taupō, Lake Waikare in the Lower Waikato is a shallow lake that's severely degraded. In terms of water

quality, it has extremely high levels of nitrogen and phosphorus and algal growth. The lake is not safe to swim in. Improving our degraded waters, like Lake Waikare, will be a massive and lengthy challenge.

With the Waikato and Waipā rivers, we've teamed up with local iwi. The Vision and Strategy for the Waikato River tells us what the river needs from us. We recognise the river is degraded

and needs to be improved, protected and restored because the river gives to us and we need to look after the river in return. This document provides leadership and direction. We are quite lucky to have a vision document like this.

If we destroy our environment, we essentially destroy ourselves as a region because it takes away our future options and what we can do.

The rivers, lakes, groundwater and coastal waters integrate all of the impacts humans make in the catchment and on the land.

As a freshwater scientist, I always need to remember the issue is wider than water. The key message is how we use our land can degrade our water resources and our freshwater environments as well as our land environments.

We need to remember that, a few decades ago, discharges from pipes along our rivers were a much greater pollution source. Through improved technology and stricter consent conditions, these point source discharges are substantially improved. For example, 60 years ago, the bacteria levels in the Hamilton section of the Waikato River were 100 times today's levels. We should be proud of the substantial investments made

to achieve these results. Our greatest water quality challenge today is improving diffuse discharges – what runs off the land.

The work farmers are doing to improve their practices is giving us some benefits in water quality. But we've got a long way to go in terms of getting that balance right between the level of intensive use of our land and water quality. Then there's the push from central government about how we should manage the environment. From an environmental perspective, the Government's paper, Essential Freshwater, has some very significant policy changes because it will provide national direction on how we're going to manage water better.

Regional councils already have controls in place on resource use, but government is really driving for a much faster process. The drive is to restore some of the ecosystems or the fresh water health that people have lost.

The biggest area where we will contribute is going to be around protecting catchments. We can manage the source of contaminants through better targeting of actions to ensure people are managing the loss of contaminants from their land.

I swim in the Waikato River just above the Hamilton city water intake and the water quality there is acceptable for swimming almost all year round. When I've come out of the river people have asked, "isn't it polluted?" I say "no, it's safe to swim in". Of course, it's a swift and powerful river so not suitable for everyone, but the risk of getting sick at Hamilton Gardens is low.

People's values and perceptions about water have changed. In New Zealand, there's an increasing aspiration for clean water, for healthy rivers and healthy lakes. In terms of our overall environmental aspirations, the bar has lifted and regional councils and central government are responding, saying we need to put in place the things that are going to give the community what they're looking for.

We have a valuable monitoring network across our rivers, lakes, our groundwater, land and our air quality and geothermal activity.

We monitor all of these resources with the idea that we can inform the community about the current state of the resource, how it's changing over time and what the key pressures are.

A healthy environment is at the heart of the Resource Management Act.

If you have a healthy environment you have options; you have a wider range of options for the future, and you're giving future generations those options. If we have a degraded environment we're not giving future generations any options.

Overall, we're on the right track to manage the effects of land on water. But there are some massive challenges. We've got more work to do around how we manage our biodiversity and where we might be wanting to go in the future.

The landscape will also evolve as we adapt to climate change. In contrast, a lot of the changes we make in relation to water quality are about choice.

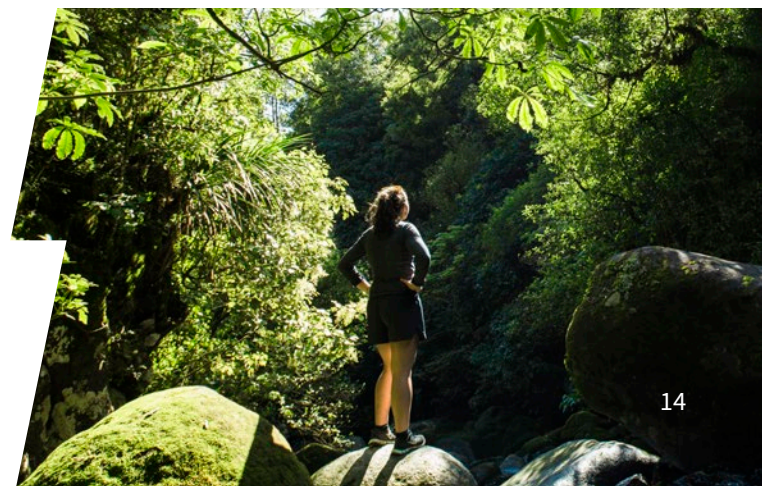
With fresh water, we're heading in the right direction but our rural communities need to be supported through that change because we're asking people to make substantial changes.

We'll be asking farmers to do farm environment plans, provide us with detailed information and make changes on their farms. We've got a great team at the council to help farmers through that.

But we also need to continue to provide regional leadership and advice to central government.



- 2004**
Parliamentary Commissioner for the Environment identifies decreasing water quality from increasingly intensive farming
- 2008**
Vision and Strategy for the Waikato River
- 2011**
National Policy Statement for Freshwater Management
- 2017**
Three waters (drinking water, wastewater and stormwater) review begins, alongside the Havelock North drinking water inquiry
OECD Environmental Performance review of New Zealand recommends accelerating implementation of water management reforms
- 2018**
Government releases Essential Freshwater, setting out fresh water action plan for the next two years



Healthy Environments

Healthy Environments | He Taiao Mauriora is the name of the combined review of the Waikato Regional Coastal Plan and the Waikato Regional Plan. These plans are really important as they set out the objectives, policies and rules to manage our natural resources, including air, land, fresh water and the coastal environment.

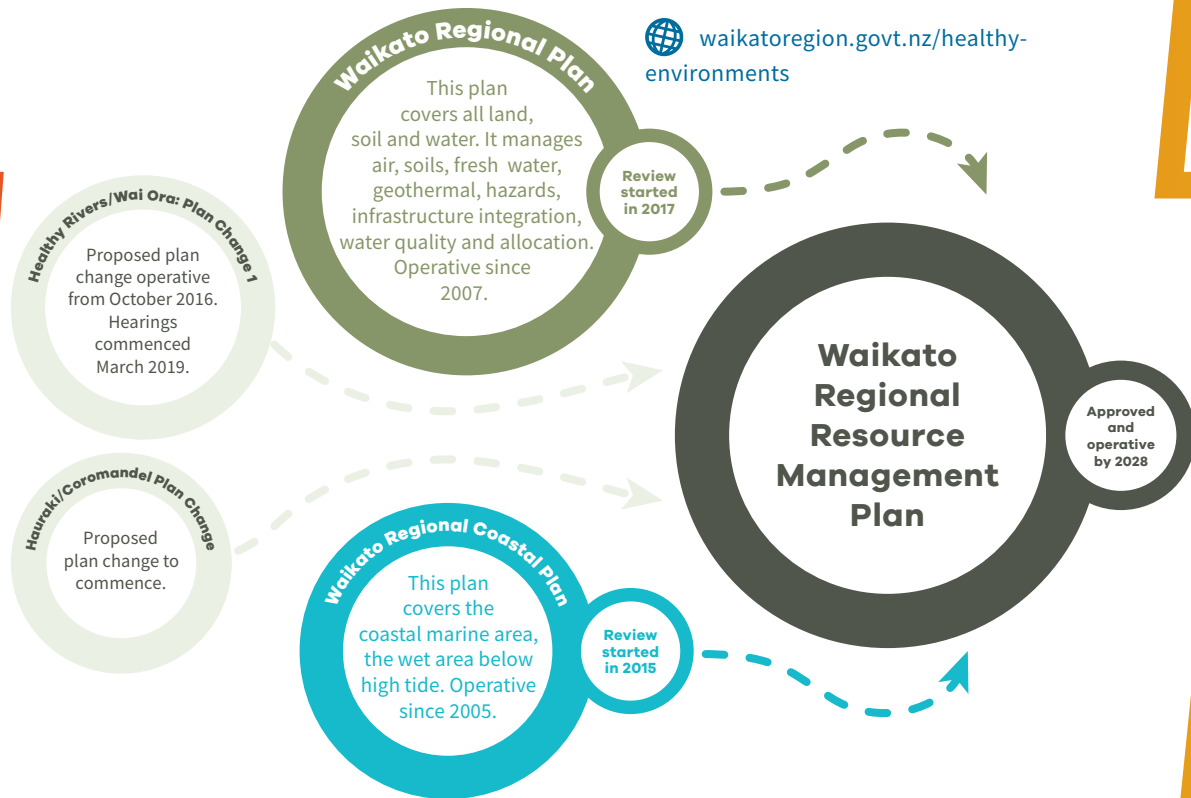
As a legislative requirement, these plans need to be reviewed every 10 years. We're well underway with the review of the coastal topics, and have begun on the regional topics, too.

Both plans will be combined into one. The end goal is to have a plan that is right for protecting, using and developing Waikato's natural resources.

 **Councillors will decide**

While work is already underway, this is a long term project. That means there are a number of decisions which will need to be made by councillors over the next three years as the review progresses.

 waikatoregion.govt.nz/healthy-environments



Taking stock of effluent

Two high priority locations have been chosen for new stock truck effluent disposal facilities, which will be owned and operated by Waikato Regional Council.

They will be built on SH1/24 at Taupō and on SH29/24 at Kaimai as part of a programme to reduce the amount of effluent currently being spilled onto the region's roads.

Effluent spills from stock trucks when the holding tanks are deliberately discharged or accidentally overflow. These discharges can cause traffic accidents if they make roads slippery or spatter onto windscreens.

Discharge is also a health hazard for cyclists, motorcyclists and pedestrians, and causes smelly and unsightly pollution on highways and road sides.

 **Councillors will decide**

Additional stock truck effluent dump sites may be built over the next few years, with locations yet to be confirmed. We will continue working with the NZ Transport Agency and territorial authorities to do this.

A change to improve water quality

Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1 is just one step in an 80 year project to protect and restore the Waikato and Waipā rivers.

Developed alongside iwi and key stakeholders, the proposed plan change is one of the largest of its kind in New Zealand, applying to approximately 16,000 rural properties and covering 1.1 million hectares within the Waikato and Waipā river catchments.

Implementation over 80 years allows for ambitious rates of change and addresses an innovation gap, to give time for new technologies and practices to be developed.

It also gives effect to the Vision and Strategy for the Waikato River – a document that provides strong direction on what the river needs from us.

The proposed plan change sets limits and targets for different waterbodies including:

- limits and targets on bacteria, sediment, nitrogen and phosphorus entering water directly or via land
- specific outcomes for water for ecological health and recreation, fisheries and mahinga kai (food gathering).



Councillors will decide

Five independent commissioners began hearing evidence from submitters in March 2019. The hearings are due to conclude in September, with the commissioners expected to provide their recommendations to the council early next year. As part of the induction, councillors will learn more about the development of the proposed rules, what was notified in October 2016, and the changes recommended by the commissioners. This will enable the council to make its decision in February 2020, ahead of the 30 April deadline.

 waikatoregion.govt.nz/healthyivers

Harbours and catchments

We've been told by our communities that enhancing our coastal, marine and freshwater environments is a priority, so we're working with them in a non-regulatory space to improve our harbour and catchments.

We're fast tracking non-statutory harbour and catchment plans for across the region. These plans are developed with the people who live in the catchments, and identify the issues and priorities of the area. They are a way for people to share what they want their natural environment to be like in the next 10 to 50 years, and are there to guide the work that we, other agencies, iwi and landowners do to improve freshwater quality, reduce sedimentation, stabilise river and catchment systems and enhance biodiversity.

We already have plans for Tairua, Whangamatā, Whangapoua and Wharekawa, and are currently working on plans for Whitianga/Mercury Bay and Coromandel/Manaia. Plans for west coast harbours Aotea, Kāwhia and Whaingaroa will also be made.

It's important to note that these plans are made by the people and owned by the people. While the regional council gives funding support for riparian planting, fencing and pest control, this work relies on the uptake of landowners and land managers in the catchments, and support by key agencies. A combined commitment ensures success.

 waikatoregion.govt.nz/hcmp

A strong economy

Ohanga pakari



Blair Keenan, principal economist for Waikato Regional Council, says economic wellbeing is more than balancing the books.

have feet on the ground like we do, and as city and district councils do. Of course, iwi have an important role to play, too, especially those who have settled their Treaty claims. And so do the thousands of businesses throughout the region.

At the end of the day, it's a coordinated effort: iwi, businesses, central government, territorial

authorities and us. There are others we're working with, too, like Te Waka, the business entity in this region with its boots on the ground doing economic development work. We contribute funding to the tune of \$350,000 every year.

If we go back 20 years, the regional council was largely seen as an environmental regulator. We managed the natural resources. This is still a critical role but today we seek to be effective by recognising the interdependencies between the environment, communities and economy. It can create tension – economic development on the one hand and environmental and community standards on the other – because to grow our economy people have to be able to access natural resources. It's a balance the council has to manage.

Water is critical at the moment and it's an evolving space.

If everyone is taking as much water as they need and things are still okay with the water, there's no problem, no need to regulate.

But with more people comes more activity. We're now at the point where we are hitting limits and access to water needs to be regulated. We need to make sure we're balancing things out so there is enough water to meet our

“

We want people to be able to make their way in the world.

We want them to choose how they want to make it without undermining other people's values and their own future values. That's why having a strong regional economy is so important to us as an organisation.

If you were to describe what the regional economy looked like, you would need to look at the bigger picture.

The Waikato region and our position in the country is part of a golden triangle that covers Auckland and the Bay of Plenty. A huge proportion of freight that goes around New Zealand comes through the Waikato. We have, or are building, the places to manage that freight.

The drivers of change are already here and happening now.

Huge numbers of people are spilling over the Bombay Hills into the Waikato. Consequently, we have that slightly broader perspective of understanding the links and flows that characterise an economy.

I think regional councils have a really important role in this space.

This is not to say central government isn't important. But they can only do so much at a regional level. They don't

needs, and we're not using it in ways that cause too much damage to the resource. So, in fact, water quality and allocation are intimately connected.

If we didn't have flood infrastructure, there would be places in the region where you certainly couldn't farm. A dairy farm sitting behind a stopbank, producing a lot of stuff that contributes to our regional economy, just wouldn't exist. It may instead be part of a wetland. Now, wetlands are also valuable, so understanding the balance and the trade-offs is important.

Without flood infrastructure, the transport corridors between here and Auckland would be adversely affected. That's because State Highway 1 and the rail corridor sit behind our stopbanks. If those stopbanks weren't there those transport corridors, which are the busiest in the country, just wouldn't function for part of the year. People would, if they had an alternative, have to drive the long way around, which would be expensive and time consuming, or it just wouldn't happen. Flood protection is often invisible until a flood occurs and the economy is affected, but it reduces risks to our communities all the time.

Pests can also have a huge impact on the economy. Possums can do a lot of damage to our forests and vegetation. They also carry bovine tuberculosis (TB). Unchecked, they can spread TB among dairy herds, affecting the productivity of one of our biggest industries. If we weren't managing pest control, farmers and others would be wearing the costs.

Economics is fundamentally about allocating resources. I believe businesses need to access natural resources but balance is important. We want to make sure that the use of resources now doesn't undermine our ability to use them in the future, otherwise businesses may not be able to continue using the resources they rely on in the years ahead. And, if they want to hand their businesses on to their children – or, indeed, sell them as a going concern – they'll still be able to do that, too.

That means the thousands of resource consents we grant, giving people the right to use a natural resource, are as much about supporting our economy as protecting our environment.

Energy is a really important resource. How do we deal with our energy systems?

We've got a whole lot of hydro dams along the river. We've got wind energy. We need to ensure the whole energy system is working in the interests of the region and the country.

When it comes to the region's economy, we're not the doers, we're enablers! We enable people to build a strong economy and that starts with the work we do to enable a healthy environment. The outcome of all that? We enable people to live in vibrant communities.



2011

Regional development identified as a council priority for the first time in its strategic direction



2012

Waikato regional economic profile written by Waikato Regional Council



2014

Waikato Means Business economic development strategy released, initiated by the Waikato Mayoral Forum



2015

Waikato Means Business steering group established



2016

The Waikato Story launched: waikatostory.nz



2018

Te Waka established



Sustainable infrastructure plan

Maintaining our ageing flood protection assets comes at an increasing cost. That's not only due to our changing climate, but also because construction costs are continually rising and, as a result of natural processes and land use modification, peat land is subsiding.

There's no question this infrastructure is nationally important. It safeguards lives and property, enables productive use of land, and protects services such as water supply, power, telecommunications and roading networks.

But our schemes are built to protect against a certain level of flooding and no more. More intense weather events and higher tides are putting pressure on our assets.

Council staff have already begun scoping a work programme looking at what is likely to affect the sustainability of our land drainage and flood protection infrastructure. This will include looking at options to respond to these issues over the coming decades.

It's expected this work, funded through the 2018-2028 Long Term Plan, will occur over the next three to five years, and will include prioritising what work should be carried out first, and where.

There are other issues we must look at, too. Our flood infrastructure can be a barrier to native fish migration. That's why we're undertaking a three year research and development project, in partnership with others, to look more closely at this.



Councillors will decide

It's likely the next triennium of council will need to make some important decisions on the future management of our infrastructure, including how this work will be funded.

Pest plan review

Pest invasions are one of the biggest threats to our region. That's because livelihoods and ecosystems can be destroyed by pest animals, plants and diseases.

To help us prioritise what pest plants and animals need to be controlled in our region, we have the Regional Pest Management Plan. Adopted in 2014, it no longer aligns with national policy direction and there are also increasing numbers of new pest incursions in the region.

A review of the plan is due to begin in 2019/20. Initially, we'll focus on engaging with our stakeholders to get their feedback on what changes they think should be made.

We'll also talk to our communities to get their feedback.



Councillors will decide

As part of the review, councillors will be required to make decisions, based on expert advice and submissions from the public, on what should be in the Waikato's new pest management plan.

Te Waka

A review of the Waikato's economic development landscape found that, despite our enviable location, people, history and industries, we were not doing as well as most other regions in New Zealand.

Based on these findings, the Waikato Mayoral Forum agreed that a new regional economic development entity should be formed, one which focused on business development, innovation, industry development and investment attraction services.

In July 2018, Te Waka: Anga whakamua Waikato came about to help build confidence in the region, bring a cohesive approach to "getting things done" and tell our region's economic growth story with one voice and agreed priorities. At the same time,

Te Waka is building on the work of its predecessor, Waikato Means Business, and utilising and leveraging the existing talents of the Business Growth Services team at Innovation Park. It also funds and operates the Waikato Story.



Councillors will decide


Our regional economic development strategy is now five years old so, during 2019/20, we'll be reviewing both the strategy and its model.

With the establishment of Te Waka, the new council will need to make a decision on the council's role in economic development and how this can be achieved.



Vibrant communities

Hapori hihiri



Janine Becker, Chief Financial Officer, says one of Waikato Regional Council's jobs is making the Waikato feel like a really good place to live.

“

One of our jobs is to support communities to be self-sustaining, vibrant and connected. Where it's safe to raise our families, and the community is resilient enough to bounce back from natural disasters.

To prepare for and recover from the worst, we work with communities, organisations and government agencies. It's all about making sure people have the ability to look after themselves and each other.

Public transport is also one of our responsibilities, helping to connect and engage communities with the kind of services they need, like the hospital and university. Today, we have just over 4 million passengers a year compared with 1.5 million passengers 16 years ago.

Later this year you'll be able to use buses for free with a disability card. This is a first in New Zealand. It removes barriers for isolated parts of our community.

We're also helping to get people out of cars by supporting the rail, cycling lanes and walking paths.

The proposed Hamilton to Auckland passenger rail service will help to revitalise the landscape between the two cities. I think we all understand the congestion and the issues of getting into Auckland from Hamilton. But it also opens up

more opportunity. You can actually jump on the train and not worry about traffic jams. You can be productive that whole journey. You know you're going to get to your destination at a particular time.

The council is increasingly moving into the facilities space.

The build of the velodrome five or six years ago was supported by the council. We gave them an upfront

contribution of \$6 million to build it, but we don't have an ongoing role in the running of the complex.

Same with the proposed regional theatre. We have \$5 million going into the capital build, but there's no commitment to its ongoing operation. It's seed funding, we're not doing any of this on our own.

It's the initiation, the support and the partnership with businesses, philanthropic organisations and other councils.

Both venues allow people access to recreational facilities in their own backyard.

It's an interconnectedness with vibrant communities, regional development and a range of economic benefits. We want to attract people to live in the Waikato. We want people to feel it's a really good place to live, with ample facilities.

Our long term planning processes are important for key projects. These are the projects where we need to go out and consult with the community. Asking them the question: "Is this the type of investment you want this council to be making? Do we have a role to play in it?"

As long as projects are supported by the community, the Local Government Act gives us a broad mandate to get involved to support the wellbeing of the community.

Twenty years ago, we were very much focused on our core legislative roles. We were doing flood protection. We were managing natural resources in the region. We were doing biosecurity. We were seen as an environmental organisation. We were Environment Waikato.

Climate change, I believe, is one of the biggest challenges that we have coming at us. The challenge is around the sustainability of the existing infrastructure that's been built over the years. How does climate change impact on where people currently live? How does it impact on the activities that they're able to undertake on the land that they own?

We could be looking at quite a different landscape for the region. How will it affect our social, environmental, economic and cultural wellbeing? What happens if flood protection assets become unaffordable for communities to maintain? What happens to that productive land that is protected by those assets?

I don't know and none of us have the answers to that at the moment! It's one of the big challenges.

I love the way the younger generation are so engaged and passionate about these things. That's who we need to be thinking of 20, 30, 50 years from now – it's them, not us.

A challenge we have is a constrained financial envelope. But I think we are on the right track towards building vibrant communities.

On behalf of local councils, we provide funding to volunteer emergency services.

Another space we work in, from a community perspective, is the range of community groups that we support: river care, coastcare and pest management groups. And there are many more.

We need to be enabling communities to take their own action, creating the spaces they want to live and raise their families in.

From a community perspective we have a part to play in people's safety on roads, as well as on water. We have Maritime Services, that's our harbourmasters who look after every aspect of water use, from jet skiing to paddle craft and boating.

Ours is a vast and diverse region. Ours is an extraordinarily complex business. It's never about a single issue. Understanding the complexity of what we do and what we're trying to achieve is challenging.

But making the Waikato the best it can be ends up back with the communities. In doing that we acknowledge there are some hard trade-offs that need to be reached. A single issue focus doesn't work for a business of this nature and complexity. You need to have a more holistic view on the business of council.

I think we absolutely have a responsibility around financial responsibility because rates are a form of tax. It's about giving communities the maximum value we can for their rates.

What we do needs to be affordable for our communities. Be of value and add value. It's pretty tough out there for some people; for a lot of our communities it's tough.

People don't have a choice when it comes to a lot of our services. But they have to pay for them.



Passenger rail on track

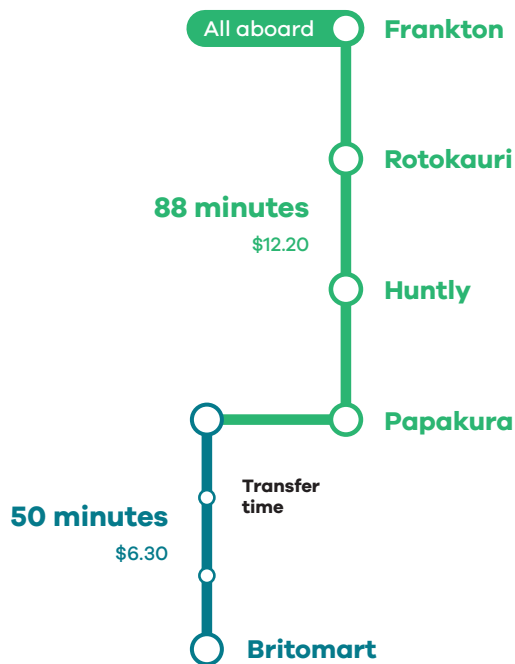
Establishing a passenger rail service between Hamilton and Auckland is a transformational project for the Waikato region.

It is being led by Waikato Regional Council, and we are partnering with KiwiRail, NZ Transport Agency, Hamilton City Council, Waikato District Council and Auckland Transport.

The development of passenger rail aligns with the Government's new Policy Statement on Land Transport which is committed to creating an efficient, modern and resilient transport system across all transport modes.

With public transport a priority for the current government, the NZ Transport Agency will be the primary funder of the service's capital cost. Funding of the operating costs will come from passenger fares, a NZ Transport Agency subsidy and a Waikato Regional Council rate on Hamilton ratepayers. Hamilton City Council and Waikato District Council are also investing in infrastructure upgrades needed for the service.

The service is expected to start by mid-2020, subject to final NZ Transport Agency sign off in August 2019.



2.5 HOURS

one-way trip



147

available seats per train



2 PEAK HOUR

weekday return services



1 DAILY

Saturday return service

Investing more in buses

We've stepped up investment on our public bus services. It includes providing for increased services into growing parts of Hamilton and addressing bus travel time reliability issues caused by increasing congestion.

Among other things, this additional investment will also see the long-awaited introduction of a new electronic ticketing system in the 2019/20 year, providing our passengers with some of the features they've been asking for.

We have budgeted to improve bus driver wages and are waiting on a government partnership to resolve this issue.

We're also working in partnership with Hamilton City Council and the NZ Transport Agency to develop a Mass Transit Plan. The plan will take a one network approach to moving people in and around Hamilton over the next 30 years.

What we supported

Volunteer emergency services



\$379,600

to Surf Life Saving



\$175,400

to Coastguard



\$50,000

to Phillips Search and Rescue Trust



\$50,000

to Coromandel Rescue Helicopter Trust



\$40,200

to LandSAR



Councillors will decide

There is an opportunity to review these funding agreements during the 2019-2022 triennium of council.

Community restoration work

Every year hundreds of volunteers spend thousands of hours doing good work to protect Waikato's natural environment. We helped fund some of their work.



\$144,992

to community groups and individuals undertaking animal and plant pest control for ecological restoration



\$245,692

to projects that directly benefit the environment or provide environmental education

Regional theatre



2019/20

construction commences



2020/21

theatre completed



\$73M

estimated total cost



\$5M

our contribution



Access to data

We've been working to make it easier for you to access information to support your decision making. Here are some recent projects.

Regional Hazards Portal

Online map to identify hazards where you live and work

 waikatoregion.govt.nz/regional-hazards-portal

Find My Farm

Locate your property in the Waikato and Waipā river catchments

 waikatoregion.govt.nz/find-my-farm

Flood Room Live

Hub for information during heavy rain, storm and flooding events

 waikatoregion.govt.nz/flood-room

Coastal Inundation Tool

See areas that may be subject to inundation

 waikatoregion.govt.nz/coastal-inundation-tool

Retrolens

A bird's eye historical view of the Waikato region

 retrolens.nz

Waikato Data Portal

Data from Waikato councils

 data-waikatolass.opendata.arcgis.com

Waikato Maps

User-friendly, dynamic maps

 waikatomaps.waikatoregion.govt.nz/gallery

Being social

 **10,000** FOLLOWERS
facebook.com/waikatoregion

 **1500** FOLLOWERS
[@ourwaikato](https://ourwaikato)

 **2800** FOLLOWERS
[@ourwaikato](https://ourwaikato)

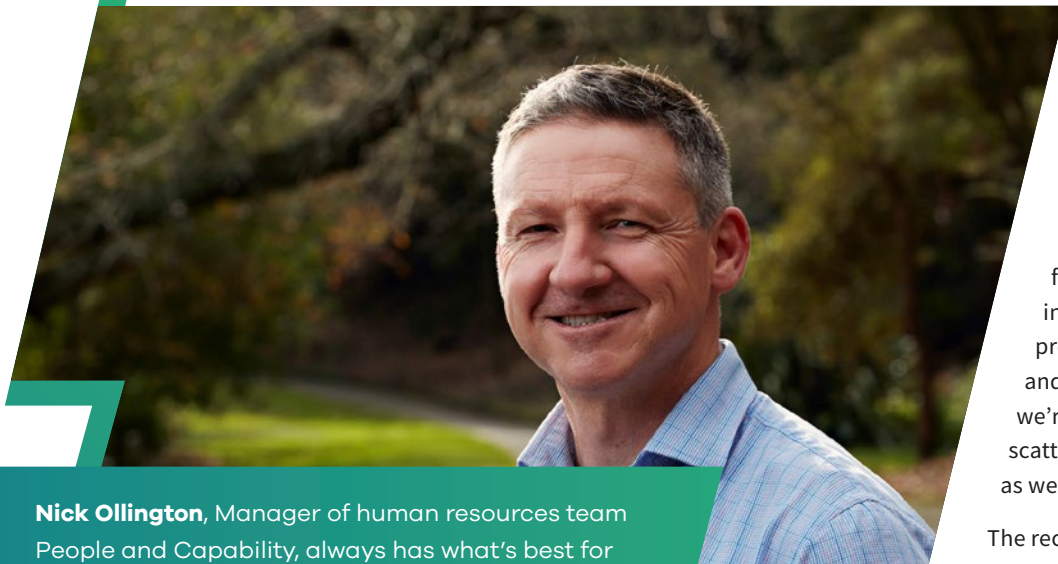
 **4300** CONNECTIONS
linkedin.com/company/waikatoregioncouncil

 **186** PUBLIC VIDEOS
youtube.com/WaikatoRegionalCouncilNZ



Building our internal capacity to deliver

Te whanake i tō mātou āheinga ā-roto ki te whakarato kaupapa



Nick Ollington, Manager of human resources team People and Capability, always has what's best for business and communities' needs in mind.

“

I have the remit to think about what will make this organisation better; what will make it a successful organisation so we can do the best for the communities we work for.

We rely heavily on getting good staff. We need good people; the council's job is complex. And we do future planning for our workforce; look to see what sort of people we should recruit. Our organisation changes all the time, and we need to make those changes without problems.

The challenges facing our communities are major. Overcoming such challenges and turning them into opportunities requires good people working together. That's why we put a lot of investment in leadership.

I guess, ultimately, our vision is around what we call a people plan. It's about having engaged, capable people. Everything goes back to that. We want to create an environment that enables our organisation to perform, and this covers lots of things from who we recruit to our culture, our systems and the buildings we work in.

We have a couple of big change projects coming up. One is the building move to the Hamilton CBD. And in Taupō, too. How do we do that? It's simple enough to say change buildings, arrive, and take a new desk and that's it. But it's

really about better ways of working, with better benefits for the community: better innovation, better service provisions, better collaboration and lower running costs because we're all under one roof and not scattered among loads of buildings as we currently are.

The recent opening of the new Paeroa office has been the first step in getting our facilities in a fit state, as was shifting our Gordonton depot to Kay Road. These changes are more than building or infrastructure projects – they're about the way we work and how we enable our staff to best serve our communities.

Project Reboot is another major change project of ours. We're replacing our corporate systems, integrating the way we do asset management, people management, finances and a lot of related services. For these areas we will move away from using a lot of different systems and waste caused by duplication. The gains we get from that investment will be time and quality for our staff; for our customers and stakeholders, things will run a lot smoother – from better engagement with staff to improved operational services and access to information.

We are trying to get better all the time and that is the goal of the organisation.

”



Cyber attacks

We pride ourselves on having a robust system to protect the information we hold and the range of systems we use to do our work. However, we have seen an increase in cyber attacks over recent years, with approximately 1 million attempts every day being successfully blocked. We are committed to maintaining this high standard, which will require ongoing investment in our physical and online security systems.

MAJOR PROJECT

Rebooting our systems

People want us to be flexible, responsive and agile. They also want easy access to our data and information, and that requires an investment in technology, our processes and systems.

We already have some work underway, such as Project Reboot, which will bring 21 systems into one over two years. It will make our internal processes more efficient and effective, while also making it easier for our customers to do business with us.

MAJOR PROJECT

On the move

In July 2020, we'll be moving into our new headquarters in Hamilton's central city. The new fit-for-purpose building in Tristram Street will bring our Hamilton East staff together under one roof.

The move will see us across the road from both our BUSIT operations staff at the Transport Centre and civil defence group staff occupying space in the Genesis Energy building. In doing so, we'll be improving efficiencies, so we can deliver the best for the mighty Waikato.

Earlier this year, the Hauraki service centre opened in Paeroa. Built with an eye to the future, it provides fit-for-purpose modern facilities including meeting rooms, which Paeroa staff never had before. In particular, there's a room which can be used to coordinate our flood operations, as well as accommodate other agencies during an emergency response.

Our Gordonton staff have also recently relocated to better premises, while our Taupō staff are set to move.





Artist's impression of new Tristram Street building.

The changes we face from government

Ngā panonitanga a te kawanatanga ki tua



Our council has had a strong focus on delivering more at minimal extra cost to ratepayers. However, we face an increasing number of challenges – some out of our control – which put pressure on time and budgets.

Already, there have been amendments to legislation like the resource management and health and safety acts to provide stronger national direction. But in the face of big issues, there are other significant changes coming from central government that will almost certainly have repercussions for us.

We seek to influence government proposals to help ensure they achieve the intended outcomes, and that they are practical for us to implement. The outcomes we particularly focus on understanding are environmental, social and economic. Here are some of the changes we know are coming:

- A revised National Policy Statement for Freshwater Management is due to be released, and the Government is wrapping up its Essential Freshwater and three waters (drinking water, stormwater and wastewater) reviews.
- The Department of Conservation (DOC) is developing a biodiversity strategy, to be approved by Cabinet in December 2019. We don't yet know what the strategy will seek to achieve, but its national implementation plan will be developed with regional councils.

- A National Policy Statement on Indigenous Biodiversity is also being developed by central government. It's likely we'll need to update our regional plan to take account of this new policy. The good news is that it will formalise a process we already have in place to work with territorial authorities on an inventory of significant natural areas.

- Environment Aotearoa 2019, an overview of the state of the country's environment, was released earlier this year and, among other things, it identified that New Zealand's native plants, animals and ecosystems are under threat. The report also highlighted gaps in the national and regional biodiversity monitoring system, which a number of agencies – including ours – are working together to improve.
- In May, the Local Government (Community Wellbeing) Amendment Act was passed. Restoring the purpose of local government to “promote the social, economic, environmental and cultural wellbeing of communities” is one of its main objectives. The amendment also allows the council to have a broader, more encompassing mandate. What does that mean for us? The good news is that the reinstatement of the four wellbeings aligns with the council's strategic direction, community outcomes and indicators that monitor our region's performance against the rest of New Zealand. It also enables us to take a broad role in meeting the current and future needs of Waikato's communities across all four wellbeings.

- The Government is taking a good look at its emergency management system. Some of this work can be seen in the National Disaster Resilience Strategy released in April 2019, as well as the recommendations in a technical report on how New Zealand responds to natural disasters and emergencies. The sector has been provided direction for some of the reforms required to the emergency management system. Where these required reforms are not adequately covered in our current work programme, we're looking for opportunities to incorporate them into our work. The precise detail and implications of proposed legislative and regulation changes are not yet known, but these will need to be taken into account when the Waikato Civil Defence Emergency Management Group Plan is reviewed. A review of the Group Plan will commence in late 2019, with a new plan required to be adopted by November 2021. A new Group Plan will be adopted earlier if the legislative or regulatory changes make it inconsistent with the new laws.



Councillors will decide

During the 2019-2022 triennium, councillors will need to work together to find solutions to a range of challenges and drivers, while still keeping rates affordable.



Scorecard

Waikato Progress Indicators | Tupuranga Waikato

The Waikato Progress Indicators (WPI) Monitoring Programme enables us to put measures around societal and environmental progress in the Waikato region as well as growth in the regional economy. A scorecard is developed for each new set of measures, which compares the latest data with how we are tracking compared with about 10 years ago. Results are shown as improving trends, worsening trends or no significant change.



SOCIETY

Life satisfaction Percentage of people who rate their overall quality of life positively.	↓	Life expectancy Life expectancy at birth.	↑	Voter turnout Average voter turnout in local council, DHB and regional council elections.	~
Educational attainment Percentage of school leavers with NCEA level 2 or above.	↑	Perceived health Percentage of people who rate their overall health good, very good or excellent.	↓	Community engagement Percentage of people who agree the public can influence council decisions.	↓
Housing affordability Ratio of housing costs to household income.	~	Social connectedness Percentage of people who feel a sense of community in their neighbourhood.	~	Income Real median weekly household income.	↑
Perceptions of safety Percentage of adults who feel safe walking alone in their neighbourhood after dark.	↑	Community pride People's sense of pride in the way their city/town looks and feels.	↓	Income inequality Gini coefficient - a measure of the concentration of income within the region.	~
Crime Rates of victimisation per 10,000 population.	↑	Physical activity Percentage of people who say they were physically active on five or more of the past seven days.	↓	Building activity Real value of new building consents issued.	↑
Road safety Social costs of road injury crashes per capita.	↑	Cultural respect Level of agreement that having people with different lifestyles and cultures makes area a better place to live.	↓	Employment Proportion of total working-age population who are employed.	↑



ENVIRONMENT

Environmental attitudes New Ecological Paradigm - percentage pro- or mid-ecological.	~	Te reo Māori speakers Percentage of Te reo Māori speakers in the total population.	↓
River water quality Percentage of water samples taken from rivers and streams deemed unsatisfactory for ecological health.	~	Greenhouse gases National annual total greenhouse gas emissions.	~
Soil quality Percentage of monitored soil sites meeting at least five soil quality targets.	~	Indigenous vegetation Extent of indigenous vegetation on land.	~
Residential expansion onto versatile land Area of versatile land in urban and rural residential use.	↓	Coastal ecosystem health Traits based index calculated for estuarine monitoring sites.	~
Air quality Exceedances of the regional guideline for particulate matter.	↑	Waste Tonnage of waste to landfill per annum.	~
		Recycling Self-reported prevalence of household recycling.	↑



ECONOMY

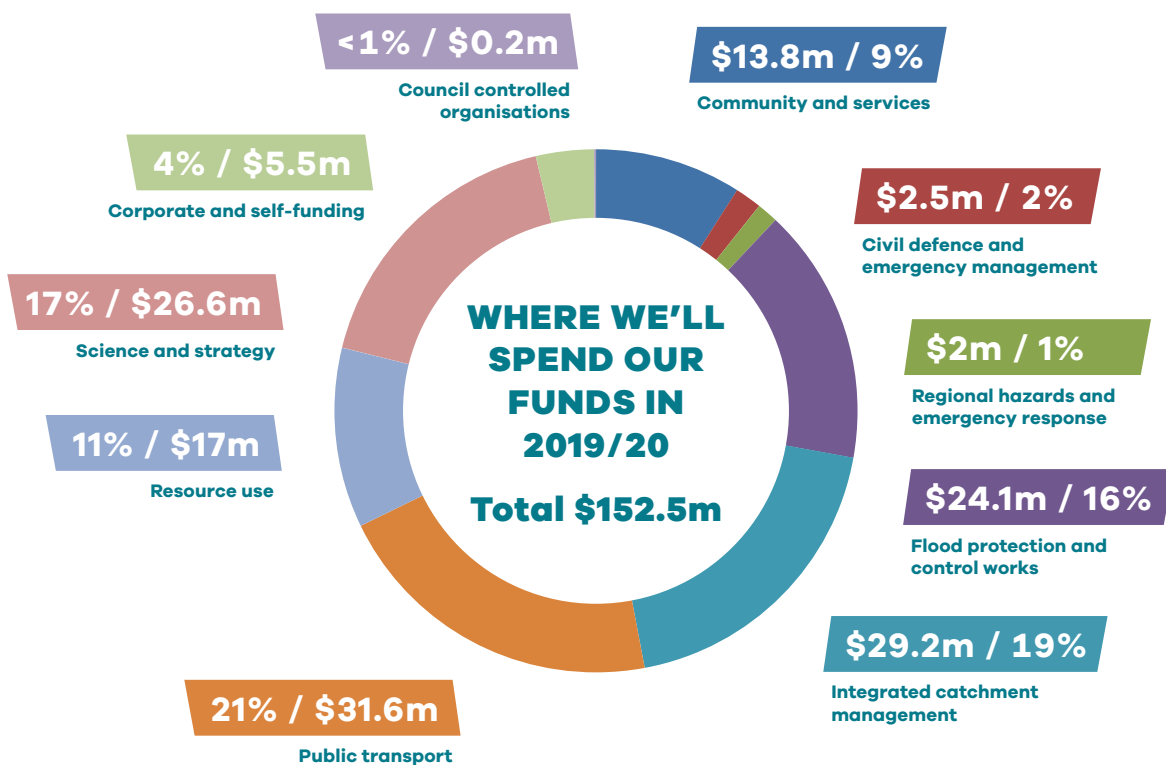
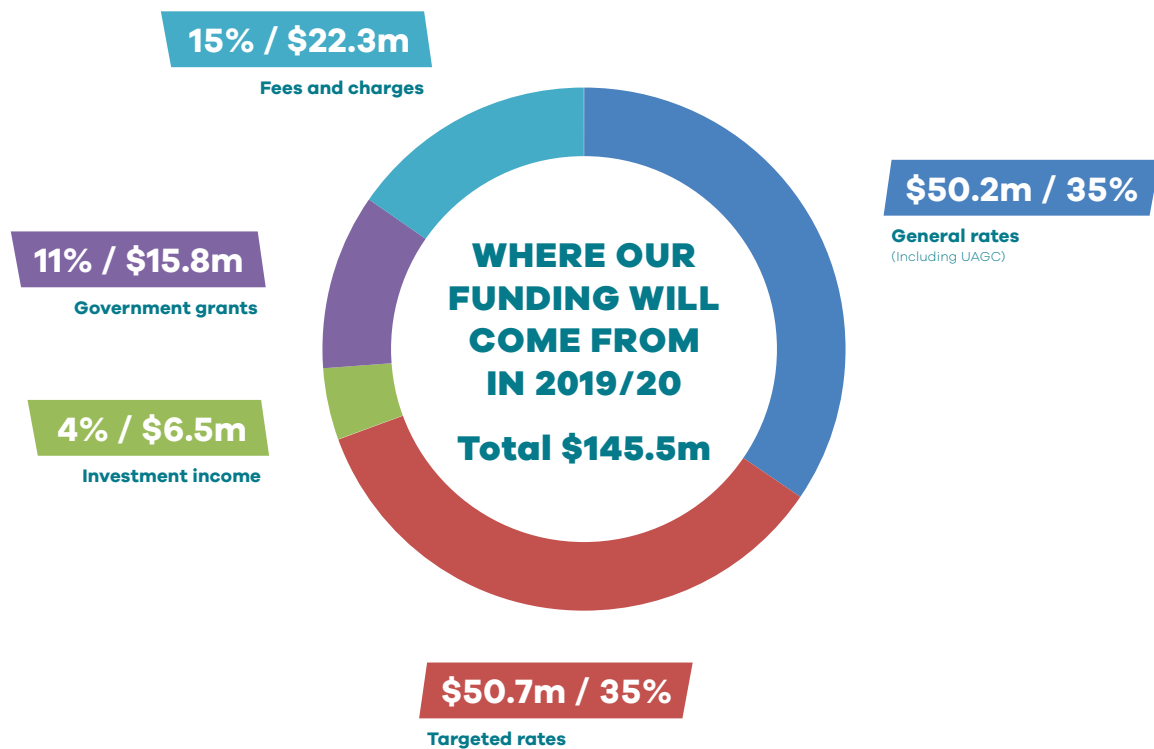
Regional GDP Real gross domestic product (GDP) per capita.	↑
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IMPROVING TREND
 NO SIGNIFICANT CHANGE
 WORSENING TREND



Finances

Pūtea



Funding impact statement

The funding impact statement shows how the activities undertaken by the council have been, or will be, funded. This information is broken down between operating funding and capital funding.

Council Funding Impact Statement (\$'000)							
	2016/17 Actual	2017/18 Actual	2018/19 Estimated	2019/20 Annual Plan	2020/21 LTP	2021/22 LTP	2022/23 LTP
Sources of operating funding							
General rates, uniform annual general charges, rates penalties	42,764	44,749	47,415	51,136	54,109	56,251	56,609
Targeted rates (other than a targeted rate for water supply)	38,364	40,038	45,113	50,726	57,974	58,468	61,020
Subsidies and grants for operating purposes	11,098	12,508	12,647	15,782	19,064	19,457	19,897
Fees, charges and targeted rates for water supply	19,913	19,847	21,750	21,949	23,870	24,634	25,641
Interest and dividends from investments	7,777	7,908	7,300	6,456	6,871	6,989	7,110
Local authorities fuel tax, fines, infringement fees and other receipts	233	500	774	345	345	345	345
Total operating funding	120,149	125,550	134,999	146,394	162,233	166,144	170,622
Applications of operating funding							
Payments to staff and suppliers	111,017	117,021	122,689	140,171	151,354	147,024	149,986
Finance costs	-	-	482	1,341	1,716	2,335	2,446
Other operating funding applications	-	-	-	-	-	-	-
Total applications of operating funding	111,017	117,021	123,171	141,512	153,069	149,360	152,432
Surplus / (deficit) of operating funding	9,132	8,529	11,828	4,882	9,163	16,784	18,191
Sources of capital funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-
Increase / (decrease) in debt	-	-	22,000	20,142	8,520	4,476	(318)
Gross proceeds from the sale of assets	-	-	-	10,880	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Total sources of capital funding	-	-	22,000	31,022	8,520	4,476	(318)
Application of capital funding							
Capital expenditure							
- to meet additional demand	-	-	-	-	-	-	-
- to improve the level of service	1,416	932	2,264	11,968	4,700	3,724	668
- to replace existing assets	12,862	14,434	15,654	14,109	14,312	12,505	13,085
Increase / (decrease) in reserves	(6,405)	(8,036)	14,531	9,827	(1,329)	5,031	4,120
Increase / (decrease) in investments	1,259	1,199	1,379	-	-	-	-
Total application of capital funding	9,132	8,529	33,828	35,904	17,684	21,261	17,873
Surplus / (deficit) of capital funding	(9,132)	(8,529)	(11,828)	(4,882)	(9,163)	(16,785)	(18,191)
FUNDING BALANCE	-	-	-	-	-	-	-

Summary balance sheet

The balance sheet shows a summary of what the council owns (its assets) and what it owes (its liabilities) at the end of the financial year.

Summary Balance Sheet (\$'000)							
	2016/17 Actual	2017/18 Actual	2018/19 Estimated	2019/20 Annual Plan	2020/21 LTP	2021/22 LTP	2022/23 LTP
Current assets							
Cash and cash equivalents	6,718	10,365	15,208	8,405	7,898	9,867	12,345
Trade and other receivables	10,231	10,318	9,717	11,986	14,012	14,351	14,739
Other financial assets	20,836	4,238	4,253	6,041	23,738	23,740	23,696
Other current assets	2,577	2,456	3,017	2,576	2,259	2,184	2,379
Total current assets	40,362	27,377	32,195	29,008	47,907	50,142	53,159
Non-current assets							
Financial assets	82,682	88,335	99,972	101,355	98,377	100,086	101,880
Other financial assets	186	148	460	106	64	20	20
Investments in associates	-	-	-	-	-	-	-
Investments in CCOs	1,828	1,757	1,686	1,714	1,741	1,741	1,741
Other non-current assets	521,305	526,939	534,739	603,778	601,476	604,948	666,963
Total non-current assets	606,001	617,179	636,857	706,953	701,658	706,795	770,604
TOTAL ASSETS	646,363	644,556	669,052	735,961	749,565	756,937	823,763
Current liabilities							
Trade and other payables	16,703	15,587	15,498	19,168	24,915	23,529	23,987
Employee entitlements	6,355	6,430	5,811	7,705	7,750	7,936	8,107
Derivative financial instruments			366				
Borrowing			2,000	12,232	9,400	11,362	11,596
Total current liabilities	23,058	22,017	23,675	39,105	42,065	42,827	43,690
Non-current liabilities							
Employee entitlements	2,332	2,258	2,530	2,561	2,844	2,912	2,975
Derivative financial instruments			2,791				
Borrowing	-	-	20,000	32,528	38,802	41,316	40,764
Total non-current liabilities	2,332	2,258	25,321	35,089	41,646	44,228	43,739
TOTAL LIABILITIES	25,390	24,275	48,996	74,194	83,711	87,055	87,429
NET ASSETS	620,973	620,281	620,056	661,767	665,854	669,882	736,334
TOTAL EQUITY	620,973	620,281	620,056	661,767	665,854	669,882	736,334

Financial statements commentary

Current assets

Current assets reflect assets that are cash or can be converted to cash within 12 months. These assets are required to meet the council's obligations during the year. As the council receives the bulk of its income from rates in October, it is important for the council to hold cash reserves particularly in the first four months of the year.

Other financial assets, as reported in the annual plan, includes the value of term deposit funds invested for a period longer than three months. These funds are held to meet deferred operating and capital expenditure projects. The commencement of a borrowing programme has allowed the council to reduce the level of funds it needs to hold from what was budgeted in the 2018-2028 Long Term Plan (LTP).

Financial assets includes council's investment fund. This fund was established through the proceeds from the sale of shares in the Port of Tauranga and Ports of Auckland. The fund is invested in a diversified portfolio, with the broad investment goals of ensuring the assets are invested prudently and in alignment with the council's mission, vision and rules; providing a rates subsidy; setting aside funding for regional development; and funding specific projects identified in the 2018-2028 LTP. The real value of the fund is inflation proofed. This allows the returns from the fund to be maintained for future generations. The current investment portfolio is made up of the following investment classes:

- Trans-Tasman equities
- Global equities
- Property and infrastructure
- New Zealand bonds
- Global bonds
- New Zealand cash.

The target investment profile for the investment fund is 40 per cent Growth Assets/60 per cent Income Assets.

The return from the fund (before fees and inflation) over the last three years has been 8.1 per cent per annum (to 30 June 2019).

Investment in council controlled organisations represents the council's interest in two shared services organisations: Waikato Local Authority Shared Services Ltd (WLASS) which provides a range of shared services to Waikato councils, and Regional Software Holdings Ltd (RSHL) which provides regulatory services software to six regional councils. The council holds these investments for strategic purposes rather than for the return on investment achieved.

Other non-current assets

Other non-current assets is primarily made up of the council's property, plant and equipment. A revaluation of these assets is planned for the 2019/20 financial year, with changes in asset values based on the change in various construction indices. The indices are used to estimate the increase in costs that would be incurred to replace the assets at the time of the revaluation. An assessment of the change in the value of these assets is undertaken at the end of each financial year to determine whether there has been a material change in their value which would indicate an earlier revaluation should be undertaken. No adjustment was required for the year to 30 June 2019.

Borrowing

In order to meet the costs of infrastructure, new works and other projects with long term regional benefits, the council has commenced an external borrowing programme. At 30 June 2019, the council has borrowed \$22 million from the Local Government Funding Agency, and, as signalled in the 2018-2028 Long Term Plan, we expect our external borrowing programme to reach \$52 million.

Derivative financial instruments

As part of the borrowing programme, the council has entered into interest rate swaps in order to manage the risk of future interest rate movements. Effectively, these swaps fix future interest rate payment costs. The nature of the swaps creates both liabilities and assets. The liabilities and assets will reduce to zero over the life of each swap.

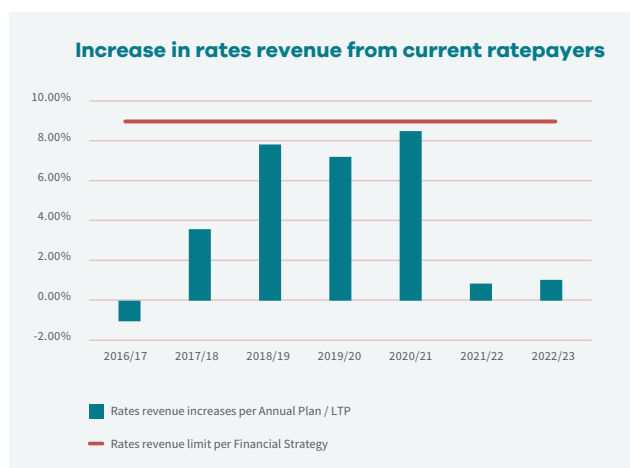
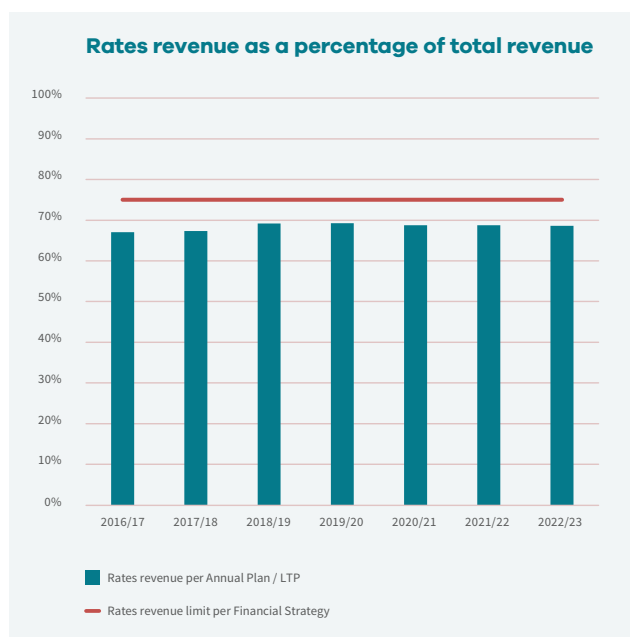
Compliance with limits in the financial strategy

The council's financial strategy, adopted as part of the 2018-2028 Long Term Plan, contains the following limits that help guide financial decision making.

- Total rates revenue will comprise up to 75 per cent of the council's annual revenue requirement.
- Increases in the annual rate revenue requirement will be limited to 9 per cent increase in rates from current ratepayers.

These limits apply to periods commencing 1 July 2018.

The council's performance against these benchmarks is summarised in the following graphs.



In relation to borrowing, the financial strategy sets the following limits.

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%

The council has outlined its borrowing programme to 2028 through the 2018-2028 Long Term Plan. Current and projected debt levels are compliant with the borrowing limits set out in the financial strategy.

Disclaimer

Information presented for 2018/19 is the best estimate of the financial outcomes for this year at the time of preparing the pre-election report. A final audit of the council's annual report had not been completed prior to this report being published. As a result, information published in the annual report may vary from the information presented here. However, we are not aware of any matters that will significantly alter the financial information presented in this document.



HE TAIAO MAURIORA

HEALTHY ENVIRONMENT

HE ŌHANGA PAKARI

STRONG ECONOMY

HE HAPORI HIHIRI

VIBRANT COMMUNITIES

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Waikato

REGIONAL COUNCIL
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