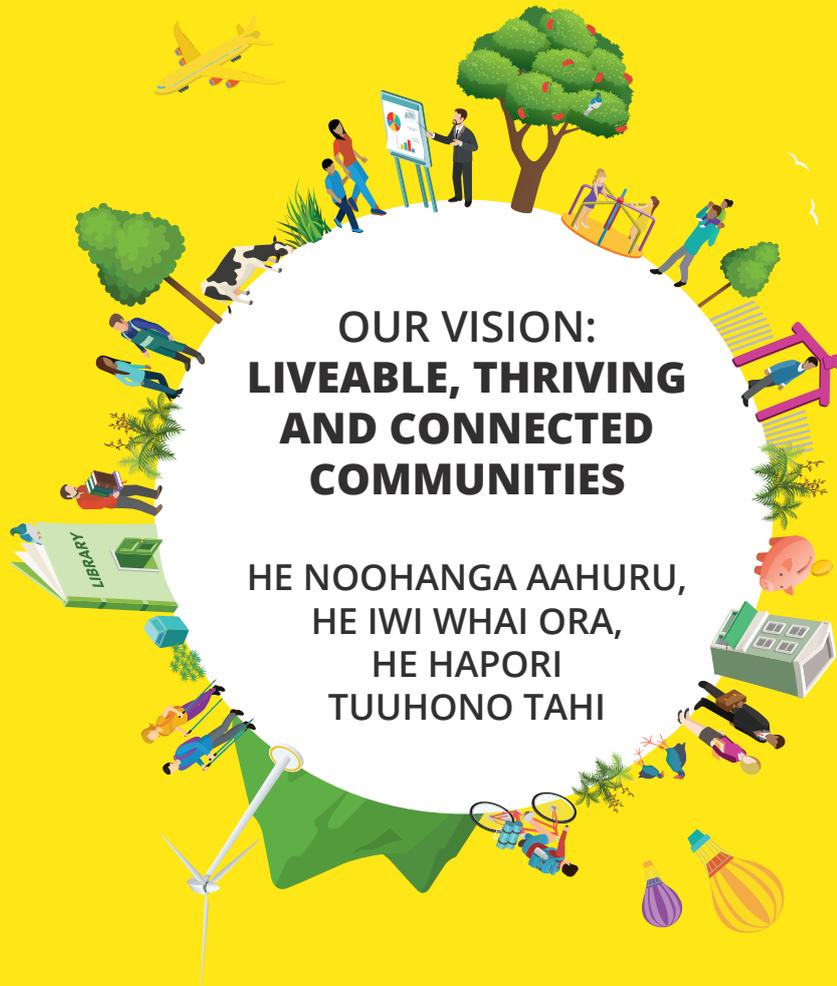


2020/21



# ANNUAL REPORT SUMMARY

*Whakaraapopototanga a te Riipoata aa tau*



**OUR VISION:  
LIVEABLE, THRIVING  
AND CONNECTED  
COMMUNITIES**

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

- 03** Our vision guides how we manage our fast-growing district
- 04** Working together to build our communities
- 04** Funding for local groups
- 04** Developing our economy
- 05** Learning to be 'DogSmart'
- 05** Caring for our environment
- 05** Sustainable delivery of services
- 06** Roothing and alternative transport
- 06** Water services for a growing population
- 07** What you got for \$1
- 08** How we did
- 09** Performance target results
- 10** Summary Financial Statements
- 12** Summary accounting policies
- 12** Summary additional disclosures
- 14** Summary audit report

# WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2020/21

Every year we produce an Annual Report of our activities and financial performance that compares what we did with what we planned to do when we developed our Long Term Plan (LTP).

This summary provides you with a 'scorecard' so that you can review what we've been doing in the district over the past 12 months.

## Our vision guides how we manage our fast-growing district

Despite an uncertain outlook generated by the COVID-19 pandemic, Waikato district continued to experience rapid growth in 2021.

As one of the fastest-growing districts in the country measured by new dwelling consents, this also brought considerable challenges and a heavy workload. We processed 1,125 dwelling consents, up 39.4% on the previous year, and 2,430 building consents overall, up 27% on 2019/20. Our duty planners handled nearly 5,000 enquiries, up 43% on 2019/20.

The year was marked by a series of major initiatives to guide this growth and give effect to our vision of creating 'liveable, thriving and connected communities – he noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi'.

### Planning for people-friendly living

Our new 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the top priorities identified by the community through our District-wide and Local Area Blueprints which plan how to meet the community's social, economic and environmental needs over the next 30 years. These Blueprint priorities were confirmed at a series of public workshops held around the district.

The LTP provides funding for the development of infrastructure over the next 10 years to unlock key 'growth

cells' identified by our 'Waikato 2070: District Growth and Economic Development Strategy', which was adopted just before the year under review.

'Waikato 2070' will also be underpinned by our Proposed District Plan which entered its hearings phase in 2021, and which offers a new spatial vision for community development, setting the guidelines for land use and for protecting our environment and heritage. Hearings took place via the innovative use of videoconferencing, making participation easier for submitters.

We worked with our neighbouring councils and other agencies on how to manage growth throughout the 'Hamilton-Auckland corridor' and supported work on the Waikato Housing Initiative to address housing challenges in the region, with a focus on creating sustainable, resilient and connected communities.

### Financial Performance

We worked hard to set rates and debt levels that balance affordability with the need to provide for our growing community. Average rates per rateable property were \$3,256.30 for 2020/21 and average debt per rateable property is \$2,720.35. This is 61% below our debt servicing limit, offering capacity for funding services and facilities as needed for the future.



*“We are proud that some of our most widely-used services recorded customer satisfaction levels of 80% or more.”*

## Working together to build our communities

*We are working hard to ensure we build our communities as our townships grow.*

We're a diverse community. Twenty-six per cent of our 81,473 population identify as Maaori and we welcomed 170 new New Zealand citizens to our growing migrant community in the district in 2020/21.

As a democratically elected Council, our goal is always to involve you in decisions that affect the future of our communities and our district.

We involved you in decisions on subjects ranging from reserve management and keeping of animals, to alcohol and speed limits. Our Long Term Plan 2021-31 sparked more than 600 submissions.

The Council approved the creation of Maaori wards for the 2022 and 2025 local government elections, and we started our six-yearly Representation Review to decide the number of our wards and councillors for the next two Council terms.

We enjoyed a strengthened Maaori voice in our decision-making with the appointment of two Maangai Maaori (Voice of Maaori) positions to our three major Council committees just before the start of the 2020/21 year.

We want to hear what you have to say, and we expanded our efforts to engage with you through a range of media, surveys, face-to-face meetings and online. We attracted nearly 360,000 visitors to our website in the past year (up 13.4% from 2019/20) and we have more than 17,000 followers on Facebook (up 21%). We pioneered the use of videoconferencing technology for hearings on our Proposed District Plan, and continued to use it to bring people together online on issues such as wastewater consent renewals for Raglan and Te Kauwhata.

### A focus for community activities

Our libraries, parks and facilities are an important focus for community activities. We work hard to maintain 220 Council-owned buildings across the district, including 6 libraries and 38 community halls. We also manage and maintain 56 playgrounds and neighbourhood reserves, 13 skateparks, three swimming pools, 21 cemeteries, 113 parks and reserves, two animal shelters and 25 dog exercise areas. Among many projects completed were the refurbishment of the Tuakau library and re-roofing of the Huntly Grandstand.

We are proud that some of our most widely-used services recorded customer satisfaction levels of 80% or more including our libraries, parks and reserves, solid waste and recycling services, and wastewater services. Overall, 60% of survey respondents were satisfied with the way rates are spent on the services and facilities we provide, and 81% rated the quality of life in Waikato district as good or very good.

## Funding for local groups

To enable our communities to meet some of their own needs we supported the work of 155 organisations and charities throughout the district with grants and donations from Council-owned or administered funds.

From Council-owned funds we committed more than \$569,000 for distribution to 113 local groups.

On behalf of the Creative Communities Scheme Fund we distributed \$70,194 to benefit 37 local groups, and the work of five more groups benefited from \$72,000 we distributed on behalf of an independent trust we administer, the Waikato District Community Wellbeing Trust.

### IN 2020/21 WE HAVE SUPPORTED...



## Developing our economy

To encourage business growth and employment opportunities for our growing population we continued to promote Waikato district through partnerships with our regional economic development agency, Te Waka, and Hamilton & Waikato Tourism. Local tourism spending grew 5.9% thanks to a resurgence in domestic tourism.

Development and investor demand has increased despite uncertainty due to the ongoing impact of COVID-19. A rezoning application for a \$1.2 billion Sleepyhead manufacturing and residential development at Ōhinewai was approved by a panel of independent commissioners, although parts of the proposed development are subject to appeal in the Environment Court.

We established a Business Pop-Up School to support new business ideas from people who had lost their jobs because of COVID-19, and we supported community-led development training to build community capability and resilience.

### WAIKATO SPANS

OVER 450,000 HECTARES OF LAND

The graphic shows a landscape with green hills, a blue sky, and sheep grazing.

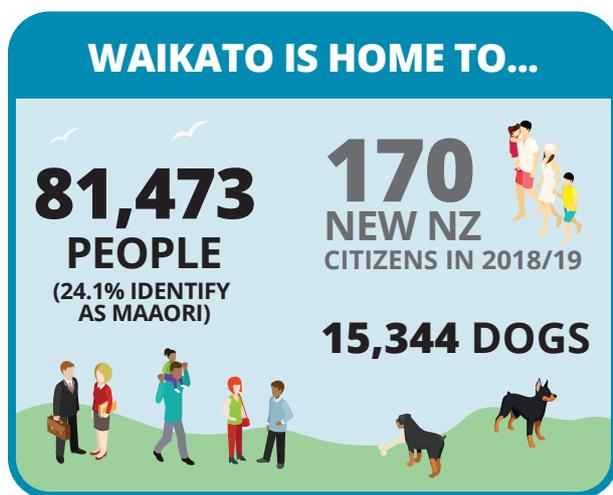
## Learning to be 'DogSmart'

Our Animal Control team continued to provide animal safety education for children in our community through 'Dog Smart' sessions in schools and our Dogs in Libraries programme and we've received reports that these have proved extremely valuable.

We held five successful community events, the most notable being our 2021 Dirty Dog Challenge which attracted more than 400 people and 300 dogs to participate.

With an average of six Animal Control officers on the road during the past year, we responded to 2,997 service requests across the Waikato district. Of the service requests received, 1,244 (42%) related to straying dogs, 328 (11%) related to incidents of dog aggression and 274 (9%) were requests to deal with wandering stock. We rehomed 161 dogs.

The number of dogs registered in June 2021 was 14,107, more than 90% of the 15,344 dogs known to be residing in the district.



## Caring for our environment

*Our aim is to provide sustainable, attractive, affordable and safe options for living, in a way that's in tune with what our ratepayers want and need.*

### Minimising waste

We amended our kerbside refuse and recycling contracts to align these services with the objectives of our Waste Management and Minimisation Plan which is to set targets to achieve a vision of 'Zero Waste'. We diverted 6,568 tonnes of refuse from landfill, and made the decision to end our inorganic waste kerbside collection because it encouraged the dumping of waste to landfill. Working with Agrecovery and Waikato Regional Council, we hosted a rural chemical collection in Tuakau.

We continued to support waste minimisation education, including classroom sessions for primary and area schools participating in our Zero Waste Education programme, and Para Kore, a waste minimisation education programme delivered from a Maaori perspective. We also engaged in

a range of projects within the Enviroschools programme which empowers young people to plan, design and implement sustainability actions that are important to them.

### Environmental Health

Our Environmental Health team responded to a range of issues and multi-agency events including contaminated land and 'P labs', agricultural activities and spillages, and our out-of-hours service operators attended about 1,200 noise complaints.

In partnership with Watercare Services we assigned dedicated expertise to confront some complex stormwater management issues in the district and inspected businesses and facilities that were identified as high risk for contaminating stormwater if not maintained. A major programme of wastewater treatment plant upgrades to support discharge consent renewals will improve compliance and protect the environment. We also sponsored Waikato Rivercare to undertake riparian restoration on the lower Waikato River and associated catchments.

### Open Spaces

We updated reserves management plans for Woodlands and for the three main reserves in Raglan, upgraded two cemeteries, and ran daffodil bulb plantings across the district in conjunction with our Community Boards.

## Sustainable delivery of services

We successfully continued to identify sustainable ways to deliver the services our growing district needs.

We secured \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million wastewater pond de-sludging, among other initiatives for our wastewater, stormwater and water supply services.

We are continuing to assess the impact of the Government's reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will make a firm decision once we have studied the details.

Our roading maintenance partnership with Downer NZ, the Waikato District Alliance, completed the third year of a \$9 million-plus scheme of safety improvements which attracted an enhanced NZTA Waka Kotahi subsidy, saving more than \$2.5 million over the full three years.

We entered a partnership contract with Cushman and Wakefield in October 2020 to maintain the Council's community facilities, which include 220 Council-owned buildings across the district and more than 20 other plant items.

We transformed our project management systems to improve the delivery of business and infrastructure initiatives, and we developed a roadmap to implement best practice in procurement and contracting activity.

## Roading and alternative transport

Through our Waikato District Alliance with Downer NZ we undertook projects to enhance road safety, develop alternative transport modes to link our communities, and build infrastructure to support new residential subdivisions. We completed a three-year programme to review and change speed limits in our district and a three-year \$9m scheme of network safety improvements, resurfaced 118 kms of sealed roads and completed 7kms of road strengthening work, built 3.5 kms of new footpaths in townships across the district, enhanced shared walking-cycling paths in Raglan, and continued work on the Cambridge to Hamilton stage of the Te Awa cycleway project.

Major projects supporting the Council's vision of 'liveable, thriving and connected communities' included the Huntly Rail platform upgrade for the Te Huia passenger train service to Auckland, and the Horotiu/River Road roundabout which was a key safety initiative attracting enhanced NZTA Waka Kotahi funding, reducing Council's cost to less than \$1.5m and helping reduce the number of vehicle incidents at this intersection.



## Water services for a growing population

We are continuing to assess the impact of the Government's Three Waters Reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will make a firm decision once we have studied the details.

### Water supply

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

- Submitted an updated Waikato District Water Demand Management Plan to Waikato Regional Council, analysing the district's 10 water supply schemes and presenting options for improving future water demand management
- Obtained approval from Waikato District Health Board for a new water safety plan for the Te Akau Water Treatment Plant and distribution network, reflecting a change in water source from bore water to water delivered by tanker from the Raglan Treatment Plant
- Prepared a draft strategic servicing strategy for water and wastewater from Meremere to Huntly to assess the impact of growth and level of service improvements.

### Wastewater

Planning is at different stages for wastewater treatment plant upgrades at Meremere, Te Kauwhata and Raglan to support discharge consent renewals. Development of a concept upgrade plan is also underway for Huntly. Other achievements included the following:

- Government funding was secured to de-sludge the Huntly wastewater treatment plan
- The Meremere wastewater discharge consent renewal was secured for 35 years
- Work started with neighbouring Councils to identify a long-term solution for our southern district area.

### Stormwater

We assigned dedicated expertise to address stormwater management issues with a focus on consent compliance and reducing risks. We:

- Developed a new Stormwater Bylaw for consultation in June/July 2021 which will enable us to enforce new regulations to protect stormwater assets and waterways
- Updated the Pokeno Catchment Management Plan (CMP) and began work on a new Ngaruawahia CMP
- Produced a draft Stormwater Design Guide for designers and consent approvers
- Resolved all compliance issues, except for minor flooding on two properties, that had led to an Abatement Notice for the Raglan urban area in 2018/19.



# WHAT YOU GOT FOR \$1

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



**ANIMAL CONTROL**  
**1.4 CENTS**

**AREA OFFICES AND OTHER PROPERTIES**

 **8.5 CENTS**

**COMMUNITY AND SAFETY**



**2.3 CENTS**

**CORPORATE AND COUNCIL LEADERSHIP**

**21.1 CENTS**



**ENVIRONMENTAL HEALTH**  
**1.7 CENTS**



**GRANTS AND DONATIONS**  
**2.7 CENTS**



**LIBRARIES**



**2.6 CENTS**

**PARKS AND RESERVES**

**18.3 CENTS**



**RESOURCE MANAGEMENT**

**6.0 CENTS**



**ROADING** **33.7 CENTS**



**SOLID WASTE** **0.9 CENTS**

**STORM WATER** **0.1 CENTS**



**WASTE WATER** **0.4 CENTS**



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



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

# IN THE PAST 12 MONTHS WE HAVE....

**Supported our vision of building 'liveable, thriving and connected communities' through our new Long Term Plan 2021-2031**

Pioneered videoconferencing for hearings on our Proposed District Plan, making participation easier for submitters

**Approved the creation of Maaori wards for the 2022 and 2025 local government elections**

Secured \$11.3 million of the Government's post-COVID-19 stimulus funding package to accelerate work on our wastewater, stormwater and water supply services

**Handled nearly 5,000 duty planning inquiries, up 43% on last year**

Committed grants totalling more than \$700,000 from Council-owned or administered funds for distribution to 155 organisations in the district

**Recorded customer satisfaction levels of 80% or more for some of our most widely-used services**

Completed the Huntly railway station platform and park-and-ride for the launch of the Te Huia passenger rail service to Auckland.

## HOW WE DID

*Our projects and work programmes range across eight groups of activities. For each group of activities we have performance measures that provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. The graphs on page 9 summarise how we did, where we met expectations and where we need to improve. Please see the full Annual Report to find out more about the targets and how we performed against them.*

See the colour coding system below to indicate how well we've done.



We've achieved



We're on track towards the target but haven't quite made it (within 5%)



We've not met the target (variance greater than 5%)



# PERFORMANCE TARGET RESULTS

## Governance

We've met five of our seven targets for how we make decisions, how we conduct our meetings and make minutes available, and how we consult with our iwi partners. We missed a residents survey satisfaction target for ability to contact councillors, but the margin of error was 21% on this question. We continued to work to strengthen our accountability and transparency to the district's residents and ratepayers.



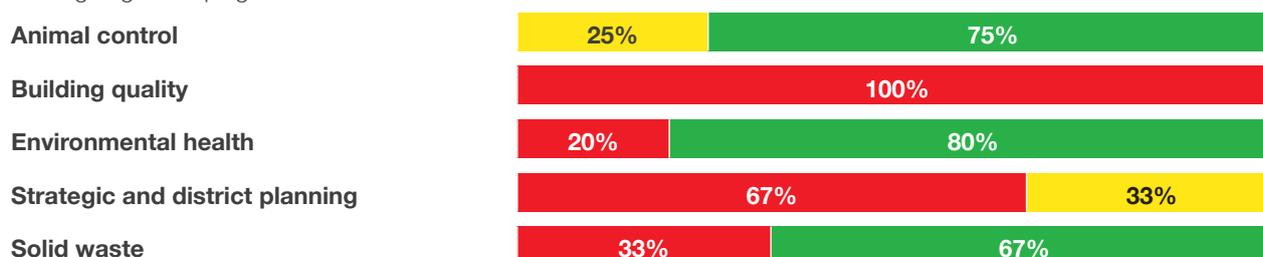
## Sustainable Communities

Our customer satisfaction survey recorded satisfaction of 80% or more with some of our largest and most widely-used services. Despite continuous efforts to identify and make improvements, we missed two 'Customer and Partnership focus' residents' satisfaction targets (on engagement and ease of access to information on key community issues) and one Parks and Facilities satisfaction target (on public toilets). Business growth in the district did not meet a target which was set prior to COVID-19, and we only missed an Emergency Management target to participate in a moderated Emergency Operation due to the need to respond to the ongoing effects of a live emergency, COVID-19.



## Sustainable Environment

A surge in applications for resource and building consents and related applications (up 27% on last year) affected our ability to deal with audits, inspections and routine monitoring, impacting performance in Building Quality and Strategic and district planning. However, we processed 99.48% of resource consents and 88.21% of building consents within timeframes. Our response to environmental health complaints was slower than our 3-day LTP target, but we met a Council 5-day target. We missed a target for responding to requests to remove solid waste as a result of process changes to improve our efficiency in handling illegal dumping.



## Roading

The Waikato District Alliance has met 5 of its 6 targets this year. A rise in fatal and serious injury crashes reflected a nationwide trend. Our road sealing programme followed an evidence-based approach and the need to manage expenditure within an overall budget.



## Waters Services

We met all our targets. We continued to address the need for a safe water supply, worked to resolve non-compliances in our wastewater plants, and made improvements to our stormwater systems.



# SUMMARY FINANCIAL STATEMENTS

## Statement of comprehensive revenue and expense

For the year ended 30 June 2021

	Council			Group	
	2020/21 Actual \$'000	2020/21 Budget \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Total revenue	208,467	145,897	175,219	209,182	175,542
Finance costs	(4,714)	(5,497)	(4,570)	(4,714)	(4,570)
Operating expenditure excluding finance costs	(141,065)	(122,184)	(141,026)	(141,226)	(141,083)
<b>Surplus (deficit) before tax</b>	<b>62,688</b>	<b>18,216</b>	29,623	<b>63,242</b>	29,889
Income tax expense	-	-	-	-	-
<b>Surplus (deficit) after tax wholly attributable to WDC</b>	<b>62,688</b>	<b>18,216</b>	29,623	<b>63,242</b>	29,889
<b>Other comprehensive income</b>					
Gain (loss) on property revaluations	39,200	37,964	(128,907)	39,200	(128,907)
Revaluation reserve - landfill	567	-	-	567	-
Gain (loss) on cessation of joint venture	-	-	-	-	(17)
Financial assets at fair value through other comprehensive income	6,323	-	1,540	6,323	1,540
<b>Total other comprehensive income</b>	<b>46,090</b>	<b>37,964</b>	(127,367)	<b>46,090</b>	(127,384)
<b>Total comprehensive revenue and expense wholly attributable to Waikato District Council</b>	<b>108,778</b>	<b>56,180</b>	(97,744)	<b>109,332</b>	(97,495)

## Statement of financial position

As at 30 June 2021

	Council			Group	
	2020/21 Actual \$'000	2020/21 Budget \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Current assets	37,381	25,082	49,373	42,286	53,671
Non-current assets	1,866,351	2,086,216	1,763,361	1,865,651	1,762,661
<b>Total assets</b>	<b>1,903,732</b>	<b>2,111,298</b>	1,812,734	<b>1,907,937</b>	1,816,332
Current liabilities	51,157	35,248	44,145	50,179	43,113
Non-current liabilities	79,957	143,593	104,748	79,957	104,748
<b>Total liabilities</b>	<b>131,114</b>	<b>178,841</b>	148,893	<b>130,136</b>	147,861
<b>Net assets</b>	<b>1,772,618</b>	<b>1,932,457</b>	1,663,841	<b>1,777,801</b>	1,668,471
<b>Total equity</b>	<b>1,772,618</b>	<b>1,932,457</b>	1,663,841	<b>1,777,801</b>	1,668,471

## Statement of changes in net assets/equity

For the year ended 30 June 2021

	Council			Group	
	2020/21 Actual \$'000	2020/21 Budget \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
<b>Balance at start of year</b>					
Accumulated funds including share of joint venture	1,090,189	1,191,632	1,062,038	1,091,674	1,063,353
Reserves	573,652	684,645	699,547	576,796	702,612
<b>Balance at 1 July as previously reported</b>	<b>1,663,841</b>	<b>1,876,277</b>	<b>1,761,585</b>	<b>1,668,470</b>	<b>1,765,965</b>
Total comprehensive income for the year wholly attributable to Waikato District Council	108,777	56,180	(97,744)	109,331	(97,494)
Other reserve movements	-	-	-	-	-
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>1,772,618</b>	<b>1,932,457</b>	<b>1,663,841</b>	<b>1,777,801</b>	<b>1,668,471</b>
<b>Represented by equity at the end of the year</b>					
Accumulated funds	1,146,219	1,211,908	1,090,189	1,148,173	1,091,674
Other reserves	626,399	720,549	573,652	629,628	576,796
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>1,772,618</b>	<b>1,932,457</b>	<b>1,663,841</b>	<b>1,777,801</b>	<b>1,668,471</b>

## Statement of cash flows

For the year ended 30 June 2021

	Council			Group	
	2020/21 Actual \$'000	2020/21 Budget \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Net cash from operating activities	54,905	43,192	51,038	54,876	50,141
Net cash from investing activities	(47,944)	(58,836)	(49,367)	(47,953)	(49,531)
Net cash from financing activities	(15,000)	15,661	15,000	(15,000)	15,000
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(8,039)</b>	<b>17</b>	<b>16,671</b>	<b>(8,077)</b>	<b>15,610</b>

# SUMMARY ACCOUNTING POLICIES

Waikato District Council is a territorial local authority governed by the Local Government Act 2002 (LGA 2002) and is domiciled and operates in New Zealand.

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

Strada is no longer trading, management have elected to file a non-active declaration with Inland Revenue.

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

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

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

The full financial statements of Council and the Group have been prepared in accordance with Tier 1 PBE accounting standards, the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R) which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). These summary financial statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards as they relate to summary financial statements. These summary financial statements comply with PBE-FRS 43 Summary financial statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

The summary financial statements of Council and the Group are for the year ended 30 June 2021. The full annual report was authorised for issue by Council on 19 October 2021 and the summary financial statements were authorised for issue by Council on 19 October 2021.

## SUMMARY ADDITIONAL DISCLOSURES

### Contingencies

Contingent liabilities for Council at balance date are \$10,000 (2020: \$10,000) The Group's contingent liabilities at balance date are: \$10,000 (2020: \$10,000). The contingent liabilities are uncalled capital contributions in Waikato Local Authority Shared Services Limited.

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

### Commitments

Council has \$373,097,000 (2020: \$203,442,000) of capital commitments. Strada had no capital commitments at balance date (2020: \$nil).

### Events after balance date

Waka Kotahi is planning to revoke the Huntly section of SH1 as at 1 July 2021. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

### *Three Waters Reform*

The Government proposes via the water reform programme that local authorities will no longer be responsible for delivering wastewater, water and stormwater services. There would be an impact on finances relating to these services such as, but not limited to, operating revenues, direct costs of running the activities, and value of debt incurred to fund the activities. There would likely be second order impacts which Council would assess as part of the analysis of the proposal (once received). The Government has indicated a strong desire for all Councils to opt into the reform. Council has not made any decision in this regard.

### *Future for Local Government Review Reorganisation*

A Ministerial Inquiry into the Future for Local Government has been established. The overall purpose of the review is to identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership. The final report is expected to be presented to the Minister and Local Government New Zealand on 23 April 2023. While the review could recommend significant change to what local government is and does, there is no information available on the likely direction for the review at this time.

### Covid-19

In August 2021 Covid-19 reappeared in the Auckland and subsequently in Wellington. The country was placed in lockdown at Alert Levels 3 and 4 since the outbreak occurred. Most staff continue to work either remotely or on site (for essential services only). All non-urgent maintenance and capital works were suspended. After 7 September 2021 Council resumed most of the operations. There was no significant impact for our essential services during the periods of Levels 4 and 3, and deferred maintenance and capital works programmes have not affected services. No specific measures have been taken. The impact of the Covid-19 lockdown in 2020 was not material and growth across the district since then has been above expectation. Activity levels in the early part of 2021/22 financial year are above plan levels, with many departments having a backlog of work attracting fees and charges. Council does not expect any medium or long term adverse impacts from the latest outbreak.

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

### Adjustments to the comparative year financial statements

There have been no adjustments to the comparative year financial statements for the year ended 30 June 2020.

### Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2020/21 compared to the budget for 2020/21.

- Overall revenue was \$62m more than budgeted. This difference was largely due to vested and found asset revenue of \$34m as well as a gain on the revaluation of interest rate swaps of \$9m not being budgeted. Contribution revenue was also \$7m higher than budget, subsidies from the NZTA being \$2m higher than budget and grant income of \$4m which was not budgeted. The levels of activity for various fees and charges were also more than expected which resulted in higher revenue than was budgeted in the annual plan.
- Overall expenses were \$18m greater than budget. Significant variances include wastewater processing costs \$5m greater than budget. unbudgeted maintenance costs of \$4m funded by a grant from the Department of Internal Affairs relating to Three Waters Reform and \$4m spent on the Proposed District plan, as well as consultant costs being \$5m more than expected. Depreciation and amortisation costs were also \$7m higher than budget.
- The above movements resulted in a surplus of \$62m at an operating level when compared to the budgeted surplus of \$18m.

- Total comprehensive revenue and expense was \$101m which was \$45m higher than budget. Majority of the difference is explained by the operating results noted above. Other comprehensive revenue and expense includes revaluation surpluses which were \$6m lower than budgeted. This was off-set by a \$6m gain on Council's investment in the Waikato Regional Airport which was not budgeted in the annual plan.
- The statement of financial position shows a decrease in overall net assets of \$160m compared to budget. The biggest variance was for property, plant and equipment which was lower than budget due to some asset write-offs and a capital programme which was significantly below budget.
- The cash flow statement highlights how the overall operational activities of Council were higher than expected throughout the year. It also highlights that the capital programme was below budget and therefore no additional external borrowings were required. The net impact of this resulted in cash balances being \$9m higher than budget at the end of the year.

### Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue on 19 October 2021.

The summary cannot be expected to provide a complete understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Waikato District Council.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Auditor General. The full annual report and summary received an unmodified audit opinion on 19 October 2021.

The full annual report can be obtained from any of the Council's offices or can be accessed online at [www.waikatodc.govt.nz](http://www.waikatodc.govt.nz).

## Independent Auditor's Report

### To the readers of Waikato District Council and group's summary of the annual report for the year ended 30 June 2021

The summary of the annual report was derived from the annual report of the Waikato District Council (the District Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 9 to 13:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive income, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

### Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

### Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 19 October 2021.

## Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed an audit of the District Council's 2021/31 long term plan, performed a limited assurance engagement related to the District Council's debenture trust deed, and assurance engagements in relation to procurement of significant contracts, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand  
19 October 2021



**Head Office:** 15 Galileo Street,  
Ngaruawahia, 3720

**Freepost** Waikato District Council,  
Private Bag 544,  
Ngaruawahia, 3742  
New Zealand

**Phone:** 07 824 8633

**Fax:** (07) 824 8091

**Email:** [consult@waidc.govt.nz](mailto:consult@waidc.govt.nz)

**Freephone:** 0800 492 452