

ANNUAL REPORT SUMMARY

2021
-22



OUR VISION
LIVEABLE, THRIVING
+ CONNECTED
COMMUNITIES

WHAKARĀPOPOTOTANGA
A TE RĪPOATA Ā TAU

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Waikato
District Council
Te Kaunihera aa Takiwaa o Waikato



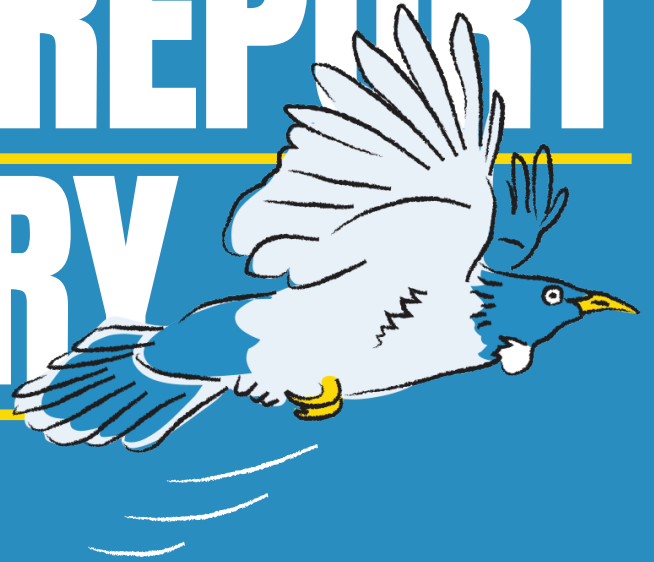
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WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2021/22



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



Home to 85,900 PEOPLE



RESPONDING TO GROWTH

Despite the impacts of an ongoing global pandemic, our district continued to perform highly and experienced significant growth over the past year.

The Waikato district's current population of 86,000 reflects a growth of more than 4,000 people over the past year, and it is predicted we will grow by an additional 14,000 people in the coming decade. Over the year, Council prioritised upgrading existing assets to meet levels of service, whilst preparing for future growth by implementing new infrastructure.

Our Consents team processed 1311 resource consent applications across the year and dedicated significant time to subdivision work with 969 lots being released for titles.

Aspirations for our communities

We progressed the work of our aspirational Local Area Blueprint, engaging with the Gordonton and Port Waikato communities to understand the challenges they currently face and to identify future opportunities.

The Blueprint provides a high-level picture of how the area could progress over the next 30 years, addressing the community's social, economic, and environmental needs. Formal adoption is expected in August 2022, meaning we now have 18 unique Local Area Blueprints for our towns and villages across the district.

Setting the scene for the next decade

Our Long-Term Plan 2021-31 sets out the planning and budget allocation for the coming decade and provides the framework for Council to deliver on outlined projects.

[Waikato 2070, our Growth and Economic Development Strategy, was invigorated through the Proposed District Plan Decisions, notified on 17 January 2022, following two publicly notified stages and ministerial approval for delivery extensions.](#)

Independent commissioners notified their decisions after Council received over 1000 submissions covering more than 10,000 individual submission points and 46 hearings were conducted in person and online.

Appeals were open for 30 working days following the Decisions and Council is now working with the 66 appellants and 85 relevant parties identified in accordance with s274 of the Resource Management Act to resolve matters and amend the Proposed District Plan as appropriate.

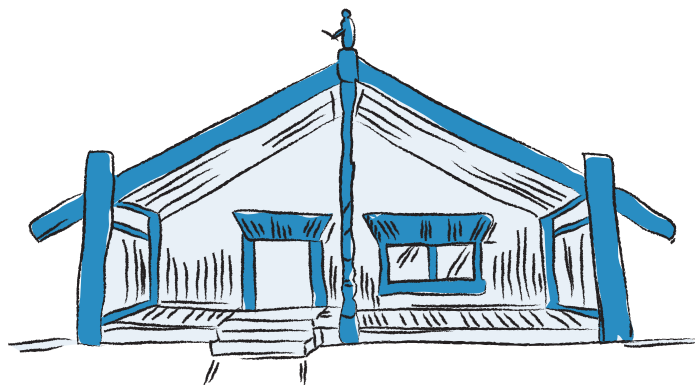
BUILDING FOR BETTER

As a democratically elected council, we aim to engage and involve you in the decisions that affect the future of our district and contribute to delivering on our vision of 'Liveable, Thriving and Connected Communities - he noohanga āhuru, he iwi whai ora, he hapori tūhono tahi'.

Over the year we undertook the statutory process of our Representation Review and adopted a final proposal including the establishment of two Maaori wards, to provide better representation of Maaori in our decision making.

Our Joint Management Agreement (JMA) with Waikato Tainui and Nga Wai o Waipa, strengthened our relationships with iwi and hapū, and work is progressing on the establishment of four mana whenua forums to enable regular connectivity.

Councillor workshops continued to be open to the public to provide transparency in the planning stages on key decisions and policies. In addition to this, we offered online public meetings and workshops, where practical, to maximise engagement and involvement.



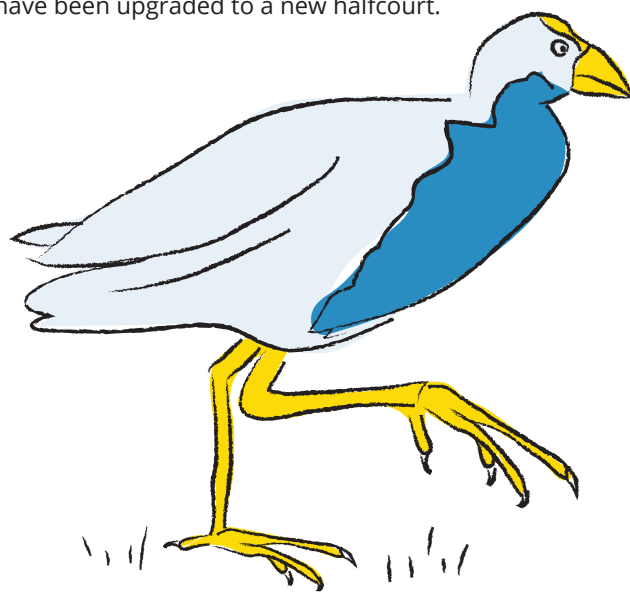
Connected communities and useable infrastructure

Our Community Projects team delivered a range of capital works projects including the extension of the Tuakau Library, to provide a warm and welcoming environment for our growing northern population.

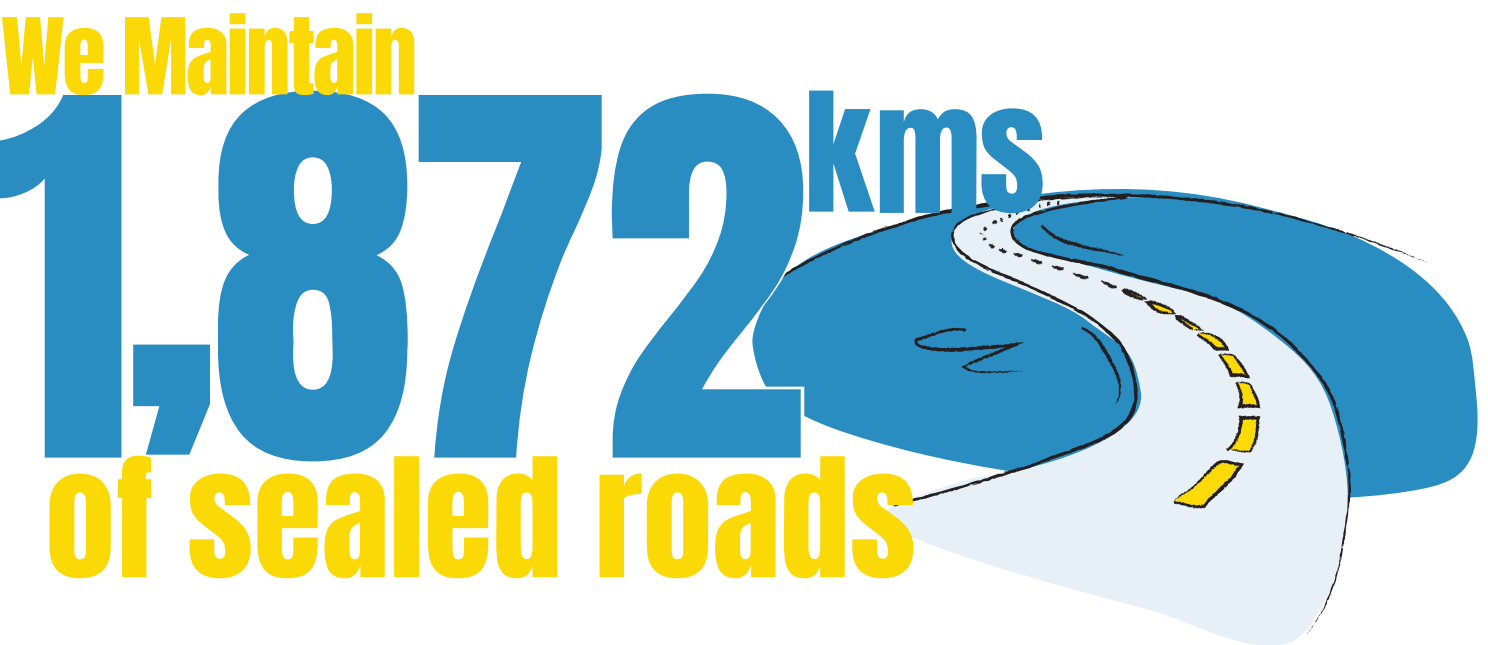
Various carparks across the district were upgraded and resurfaced to support increased usage, and additional footpath connections were installed at Waipa Esplanade carpark in Ngāruawāhia and Te Akau carpark for pedestrian safety.

Upgrades were made to our walkways, trails and recreational spaces with a new concrete walkway and cycleway built in Tamahere to support wellbeing initiatives. The Travers Road Walkway in Te Kauwhata was also extended from Moorfield to Wayside Roads with a safer 2.5-metre-wide footpath.

A concrete path now connects the carpark to the courts at the Pōkeno Tennis Club, and Huntly's Brownlie Crescent basketball hoop and concrete pad have been upgraded to a new halfcourt.



We Maintain
113 Parks
and Reserves
38 Community halls



PARTNERING FOR GREATER OUTCOMES

Waikato District Council is responsible for more than \$1.7 billion in assets. Therefore, we rely on several invaluable partnerships to support their maintenance and upgrades.

Roading

The Waikato District Alliance, a roading partnership between Council and Downer celebrated its seventh year. Over the year, The Alliance resurfaced 87km of sealed roads, repaired 2,073 potholes and conducted extensive work on unsealed and high-volume roads across the district.

The Waikato District Alliance continued to revise Asset Management Plans through the Long-Term Plan 2021-31, creating visual representations of the levels of service and different investment levels.

The revisions received praise from Waka Kotahi and the broader roading industry for innovation and offering consistency in understanding of the condition of the overall network.

Three Waters

We continued a successful partnership with Watercare, which began in 2019, to improve the delivery of our stormwater, wastewater and drinking water services to the district.

Stormwater

Stormwater maintenance will become more efficient due to the newly developed Stormwater Preferences Guideline. The Guideline reduces impacts on the environment from poorly-designed or unmaintained assets and increases compliance levels and consistency across stormwater assets.

Wastewater

The Meremere wastewater treatment plant underwent a major upgrade with the installation of a Membrane Bioreactor (MBR). This has increased efficiency of contaminant removal and delivered a much higher standard of treatment, resulting in Waikato Regional Council lifting its abatement notice.

We are working on the renewal of the Raglan Wastewater Treatment Plant consent and assessing upgrade options to enhance treatment quality. Discussions with tangata whenua and the wider community are ongoing to explore appropriate land-based discharge options.

The Te Kauwhata Wastewater Treatment Plant is also undergoing an extensive development to address compliance issues and to increase capacity to support the growth the town is experiencing.

Water Supply

We established a positive working relationship with Taumata Arowai, the new independent water services regulator for Aotearoa. Taumata Arowai ensures drinking water safety and regulation and manages risks to drinking water sources.

We reviewed and adopted the Water Supply Bylaw 2014 (with 2021 amendments), and the Water Leak Remission Policy.

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 and investing in education

Our district's kerbside refuse and recycling collections and transfer stations operate under the renewed contract with our three partners, Xtreme Zero Waste, Smart Environmental and MetroWaste from 1 July 2021. These contracts have been updated to align to our Waste Management and Minimisation Plan (WMMP) objectives.

Funds from the waste minimisation reserve were used to support the Raglan food waste collection, which will now be funded through a targeted rate, beginning in July 2022.

We are continuing to educate tamariki through our Zero Waste education programme that's run in schools across the district. We also supported the Enviroschools programme, that empowers young people to plan, design and implement sustainability actions that are important to our communities.

In addition, we supported Para Kore; a waste minimisation education programme delivered with Māori principles aiming to normalise living without waste on marae.



We Maintain
over
450,000
hectares
of land

Environmental health

Our Environmental Health Team responded to another surge in requests for potential land contamination assessments as part of the resource consent process. A variety of health issues and multi-agency events were also responded to, including contaminated land and methamphetamine labs, agricultural activities, and spillages.

Our out-of-hours service operators attended approximately 1300 noise complaints in the past year, delivering on contingency planning that enables appropriate response during COVID-19 restrictions.

RESCUING AND REHOMING DOGS

Our Animal Control Team enhanced the registration process for dog owners, enabling online registration and payment through our new online portal. With 15,752 dogs known to Council, the Animal Control Officers worked hard to reach **91% registration rates over the year.**

Over the same time, the team also re-homed 187 dogs with an increased number of dogs passing temperament testing and entering into our adoption programme.

SUPPORTING LOCAL GROUPS WITH FUNDING

Council-owned or administered funds helped to support the work of 102 organisations and charities throughout the district this year with grants and donations.

From Council-owned funds, we committed more than \$574,000 towards 68 local groups. On behalf of the Creative Communities Scheme fund, we distributed \$65,628 towards 34 local creative arts and project groups across the district. We also distributed \$99,556 on behalf of the Waikato District Community Wellbeing Trust towards the work of two community groups.



**187
Dogs
were
re-homed**

BUILDING RESILIENCE

Our Emergency Management Team continued to develop appropriate responses during the COVID-19 restrictions, including supporting the Waikato District Health Board at testing and vaccination sites.

Civil Defence and Emergency Management (CDEM) training was offered to staff to support resilience development and leadership in responding to incidents.



We Provide
55 Playgrounds
and
neighbourhood
reserves

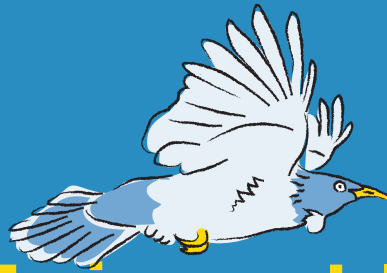
WHAT YOU GOT FOR \$1



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**
1.5 CENTS



**Environmental
health** 1.7 cents

BUILDING 0.1
CONTROL cents



Roading 32.3 cents

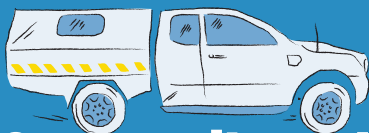


**AREA OFFICES AND
OTHER PROPERTIES**
8.4 CENTS

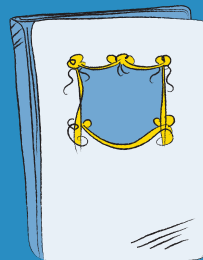
**GRANTS
AND**
donations
2.3 cents



**Resource
MANAGEMENT**
5.1 cents



**Community and
SAFETY**
2.4 CENTS



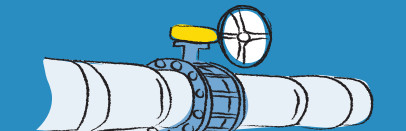
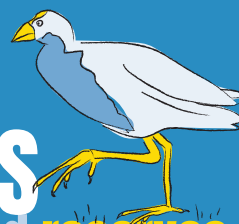
Libraries
2.5
cents



**WASTE
WATER**
0.5 cents

**CORPORATE
COUNCIL**
Leadership
21.6 CENTS

19.9
CENTS
Parks and reserves



Water supply
0.5 cents




STORM WATER 0.3 cents
SOLID WASTE 1.0 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.

HOW WE DID

Our projects and work programmes span eight groups of activities. For each group 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 11 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%)



In the past 12 months we have:

- **Supported our vision** of 'liveable, thriving and connected communities' guided by our Long Term Plan 2021-31.
- **Processed 1311 resource consent** and related applications
- **Progressed the aspirational local area blueprints** for two more communities (Gordonton and Port Waikato)
- **Resurfaced 87km of sealed roads** and repaired 2,073 potholes
- **Completed our Representation Review** and adopted a final proposal including the establishment of two Māori wards
- **Recorded customer satisfaction levels of 97%** at our six libraries across the district
- **Consulted on a variety** of policies, strategies and bylaws
- **Notified decisions on the Proposed Waikato District Plan**, which guides what can be done with land and is critical for supporting economic growth and prosperity

PERFORMANCE TARGET RESULTS

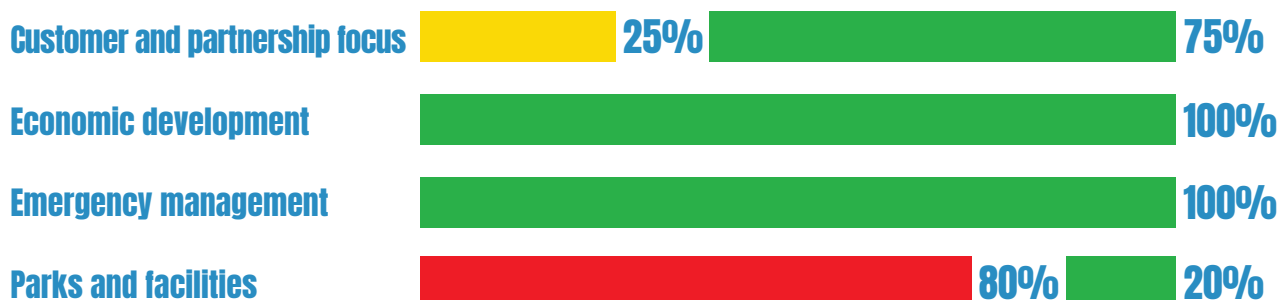
Governance

We've met two of our five targets for the number of formal hui held with iwi, mana whenua and hapu groups and percentage of agendas and minutes of all open meetings that are made publicly available via the Council's website within the legislative timeframes. We missed residents survey satisfaction for target for ability to contact Councillors, that council consults with the community regarding the right issues, and ease of access and clarify of information regarding key community issues. We continued to work to strengthen our accountability and transparency to the district's residents and ratepayers.



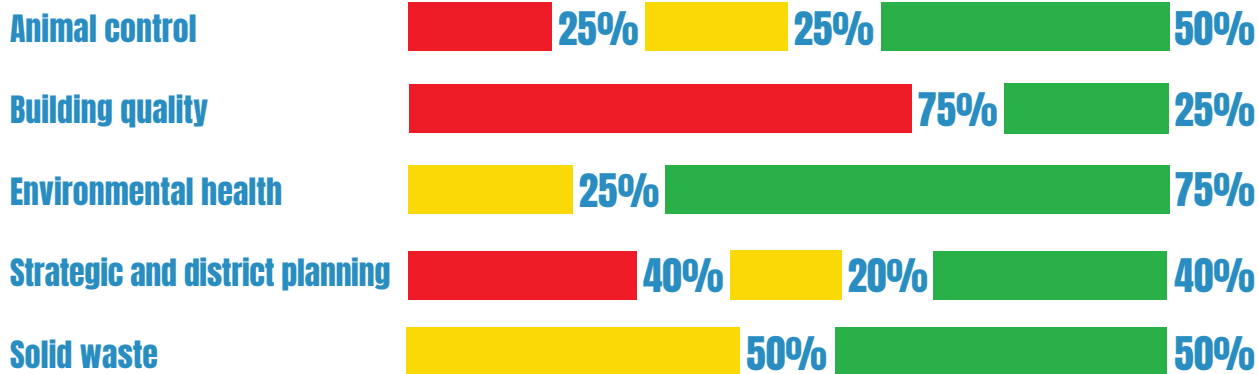
Sustainable Communities

Our customer perception survey recorded satisfaction of 70% for services and facility usage across the district. Undertaking continuous improvements, we met three of our four targets for customer and partnership (level of effort to conduct business with Council, net promotor score and level of satisfaction that the quality of library resources meets customer needs) and, despite the impacts of COVID-19, remain on-track to meet the fourth (satisfaction with the overall service received when contacting Council). The target for business perception in the district met its target. We also met targets for both of our emergency management performance measures: the evaluation of annual exercise as a measure of effectiveness of training delivery, and maintenance of a number of trained staff to intermediate level to fulfill EOC roles. For community connections (parks and facilities), we met one of our five targets and continue to strengthen and invest in the four targets to which we fell short.



Sustainable environment

A decline in staffing availability and COVID-19 restrictions affected our ability to deal with audits, inspections, and routine monitoring, impacting performance in building quality and strategic and district planning. However, we processed 96.74% of resource consents within timeframes. COVID-19 operating challenges and unprecedented demand meant that our target for building consent applications processed within 20 working days was not met. COVID-19 restrictions prevented school visits by the Animal Control team and dogs in libraries. However, two Pound Pups Pool parties were able to be held. We missed a target for the number of parking patrols carried out due to COVID-19 restrictions and experienced an increase in additional service requests for litter and abandoned vehicles.



Roading

The Waikato District Alliance met three of its six targets this year. 2021/22 nationally has been one of the worst for fatal vehicle crashes and the Waikato district experienced a significant increase in motorcycle crashes. Our road sealing programme followed an evidence-based approach and the need to manage expenditure within budget constraints. We built new infrastructure in Pōkeno, Tamahere and Raglan, supported developers with roading projects in Raglan, Horotiu and Ngāruawāhia and continued works on the industrial development in Horotiu.



Three waters services

We have 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.

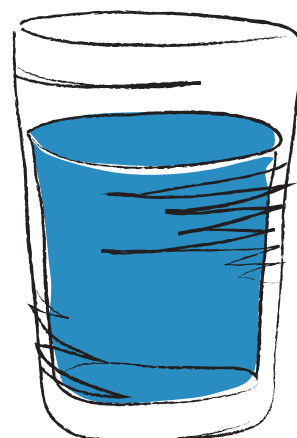


Organisational support

We met our target for the number of total recordable injuries (TRC) and continue to implement and monitor critical health and safety risk controls.



We Provide
8,347,000
 litres of drinking water a day



SUMMARY FINANCIAL STATEMENTS

Statement of comprehensive revenue and expense for the year ended 30 June 2022

	Council			Group	
	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Revenue					
Total revenue	230,053	231,710	208,467	230,202	209,182
Finance costs	(4,782)	(4,506)	(4,714)	(4,782)	(4,714)
Operating expenditure excluding finance costs	(153,278)	(153,745)	(141,065)	(153,965)	(141,226)
Surplus (deficit) before tax	71,993	73,459	62,688	71,455	63,242
Income tax expense	-	-	-	-	-
Surplus (deficit) after tax wholly attributable to WDC	71,993	73,459	62,688	71,455	63,242
Other comprehensive income					
Gain (loss) on property revaluations	284,322	51,193	39,200	284,322	39,200
Revaluation reserve - landfill	138	-	567	138	567
Gain (loss) on cessation of joint venture	-	-	-	-	-
Financial assets at fair value through other comprehensive income	9,882	-	6,323	9,882	6,323
Total other comprehensive income	294,342	51,193	46,090	294,342	46,090
Total comprehensive revenue and expense wholly attributable to Waikato District Council	366,335	124,652	108,778	365,797	109,332

Statement of financial position for the year ended 30 June 2022

	Council			Group	
	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Current assets	54,890	31,427	37,381	59,213	42,286
Non-current assets	2,220,529	2,018,472	1,866,351	2,219,829	1,865,651
Total assets	2,275,419	2,049,899	1,903,732	2,279,042	1,907,937
Current liabilities	56,582	70,420	51,157	55,508	50,179
Non-current liabilities	79,884	125,565	79,957	79,884	79,957
Total liabilities	136,466	195,985	131,114	135,392	130,136
Net assets	2,138,953	1,853,914	1,772,618	2,143,650	1,777,801
Total equity	2,138,953	1,853,914	1,772,618	2,143,650	1,777,801

Statement of changes in net assets/ equity

for the year ended 30 June 2022

	Council			Group	
	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Balance at the beginning of the year					
Accumulated funds including share of joint venture	1,146,219	1,112,313	1,090,189	1,148,225	1,091,674
Reserves	626,399	616,949	573,652	629,628	576,796
Balance at 1 July as previously reported	1,772,618	1,729,262	1,663,841	1,777,853	1,668,470
Total comprehensive income for the year wholly attributable to Waikato District Council	366,335	124,652	108,777	365,797	109,331
Other reserve movements	-	-	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	2,138,953	1,853,914	1,772,618	2,143,650	1,777,801
Represented by equity at the end of the year					
Accumulated funds	1,214,408	1,203,176	1,146,219	1,215,828	1,148,173
Other reserves	924,545	650,738	626,399	927,822	629,627
Balance at 30 June wholly attributable to Waikato District Council	2,138,953	1,853,914	1,772,618	2,143,650	1,777,801

Statement of cash flows

for the year ended 30 June 2022

	Council			Group	
	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000	2021/22 Actual \$'000	2020/21 Actual \$'000
Net cash from operating activities	58,415	46,925	54,905	58,304	54,876
Net cash from investing activities	(73,792)	(93,790)	(47,944)	(73,667)	(47,953)
Net cash from financing activities	19,033	46,871	(15,000)	19,033	(15,000)
Net (decrease) increase in cash, cash equivalents and bank overdrafts	3,656	6	(8,039)	3,670	(8,077)

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 and has been registered as non-active 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.

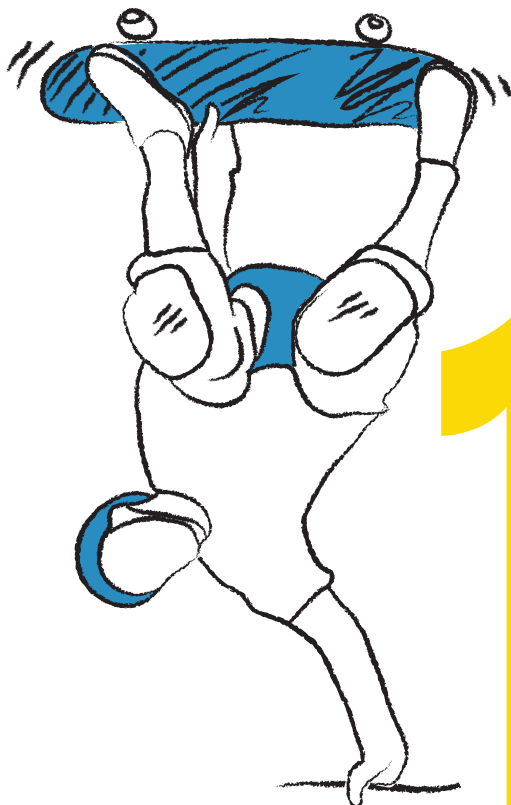
Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

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 2022. The full annual report was authorised for issue by Council on 21 December 2022 and the summary financial statements were authorised for issue by Council on 21 December 2022.



We Provide
11 skate
parks

SUMMARY ADDITIONAL DISCLOSURES

Contingencies

Contingent liabilities for Council at balance date are \$10,000 (2021: \$10,000). The Group's contingent liabilities at balance date are: \$10,000 (2021: \$10,000). The contingent liabilities are uncalled capital contributions in Waikato Local Authority Shared Services Limited.

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

Commitments

Council has \$382,582,000 (2021: \$373,097,000) of capital commitments. Strada had no capital commitments at balance date (2021: \$nil).

Events after balance date

Waka Kotahi is planning to revoke the Huntly section of SH1 as at 1 July 2022. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

10.3ha of the Raglan Airfield land is owned by Waikato District Council and held by the Council in trust as a Reserve under the Reserves Act 1977. The land is classified as a Local Purpose (aerodrome) Reserve. Section 27 of the Act states that the vesting in the reserve may, with the consent of the administering body (Council) be cancelled by the minister.

Council will be engaging with Te Arawhiti and other relevant agencies to facilitate the return of the land to its rightful owners following the interest generated by the community.

This action would relinquish Council of administration responsibilities and would facilitate the return of the land to the rightful owners. The process to be followed to return the land is likely to be complicated, involve multiple agencies and parties, and will not always be in Council's direct control.

Derivative financial instruments

The official cash rate (OCR) has increased from 2% to 4.25%, since 30 June 2022, with further increases forecast in February 2023 due to higher-than-expected inflation. For Council's derivative financial instruments, the value of interest rate swaps as at 13 December 2022 has increased by 93% to a valuation of \$3.0m since the reporting date.

Three Waters Reform

In June 2022, the government introduced the Water Services Entities Bill in the House of Representatives.

On the 14th of December 2022, the Bill received its Royal Assent which will see the Water Services Entities Bill create four publicly owned water services entities that take on responsibility for delivering water services, from 1 July 2024.

Two further bills, The Water Services Legislation Bill and The Water Services Economic Efficiency and Consumer Protection Bill were introduced into Parliament on 8 December 2022. These Bills set out the detailed functions and powers of the new entities and establishes the economic regulation and consumer protection regime, respectively.

The impact of these proposed reforms, once legislated, will mean that the Waikato District Council and Group will no longer deliver three waters services or own the assets required to deliver these services.

Further details are disclosed on page 128 of the full Annual Report.

Future for Local Government Review

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.

For Strada, no material events are expected to occur subsequent to 30 June 2022 which affect the financial position at that date. (2021: 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 2010.

Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2021/22 compared to the budget for 2021/22.

Overall revenue was \$2 million less than budgeted. This difference was largely due to found asset revenue of \$1 million as well as a gain on the revaluation of interest rate swaps of \$14 million not being budgeted. Contribution revenue was also \$7 million higher than budget due to growth exceeding budgeted levels throughout the district and in particular for Pokeno. This is offset by vested assets of \$33 million which was less than budget by \$25 million.

Other variances on revenue include subsidies from the NZTA being \$6 million lower than budget due to a change in subsidy that was announced after the budget being finalised. The levels of activity for various fees and charges were also more than expected which resulted in higher revenue than was budgeted in the Long-Term Plan.

Overall expenses for the current year were \$158 million which closely aligns to the budgeted figures. Significant variances include employee costs that were \$2 million less than budget, which is mainly due to positions and vacancies being unfilled for the current year. External consultants were engaged to provide cover for these various employee vacancies throughout the year as well as

to meet increased demand for services in areas such as planning and consents. These costs were \$3 million more than budget.

Actual written off assets for the year was \$2 million which was not budgeted. Water operational charges were \$4 million less than budget. Depreciation and amortisation costs were almost \$2 million higher than budget which is primarily due to the increase in asset value realised in the prior year which resulted in higher depreciation for the current year.

The above movements resulted in a surplus of \$71 million at an operating level (compared to the budgeted surplus of \$73 million).

Total other comprehensive revenue and expense was \$294 million which was \$243 million higher than budget. Majority of the difference relates to the revaluation gain of \$284 million that was realised (compared to a budgeted gain of \$51 million) which has been driven by the substantial increase in material costs for core infrastructure assets realised through the past year. Other comprehensive revenue and expense includes a \$4 million gain on Council's investment in the Waikato Regional Airport which was not budgeted in the Long-Term Plan.

The statement of financial position shows an increase in overall net assets of \$225 million compared to budget. The biggest variance was for property, plant and equipment which was higher than budget due to revaluation gains realised, as explained above, which has been partially offset by some asset write-offs and a capital programme which was below budget.

This positive difference is partially offset by lower borrowings compared to budgeted estimates which is consistent with the below budget capital expenditure. Current assets are higher than budget with current liabilities being lower than budget and is largely due to cash flow timing differences which resulted in a higher cash and cash equivalents balance compared to budget.

Intangible assets were \$3 million less than budget which is primarily due to the unbudgeted amortisation of pre-purchased wastewater infrastructure growth.

Investments in Council Controlled Organisation and other similar organisations is \$16 million higher than budget. The gain realised in the prior year of \$6 million and the current year gain of \$9 million were not budgeted.

The cash flow statement highlights how the overall operational activities surplus of Council was higher than budget for the year. This increase in surplus is mainly due a lower-than-expected operational activity. 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 \$13 million 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 21 December 2022.

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 21 December 2022.

The full Annual Report can be obtained from any of the Council's offices or can be accessed online at www.waikatodistrict.govt.nz

Independent Auditor's Report

To the readers of Waikato District Council's and group summary of the annual report for the year ended 30 June 2022

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 2022.

The summary of the annual report comprises the following information on pages 11 to 17:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- 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 2022 in our auditor's report dated 21 December 2022.

Our auditor's report on the full annual report also includes two emphasis of matter paragraphs.

The Government's three waters reform programme

Drawing attention to the Government's three waters reform programme. In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 15 December 2022. The impact of these reforms will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities. This matter is disclosed on page 16 of the summary financial statements.

Inherent uncertainties in the measurement of greenhouse gas emissions

The District Council has chosen to include a measure of its greenhouse gas (GHG) emissions in its statement of service provision. In considering the public interest in climate change related information, we draw attention to page 24 of the statement of service provision, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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 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.

A handwritten signature in blue ink, appearing to read 'Clarence Susan', with a stylized flourish at the end.

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Hamilton, New Zealand
21 December 2022





W H A K A R Ā P O P O T O T A N G A
A T E R Ī P O A T A Ā T A U

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