

ANNUAL REPORT SUMMARY

Waikato District Council

October 2017



2 | Building vibrant communities



2 | Seeking sustainable outcomes



3 | \$750K for local groups



4 | Being smart around dogs

BUSINESS GROWTH BRINGS 1,000 MORE JOBS



Job opportunities in the district rose as we continued to implement our district's Economic Development Plan to encourage business growth.

Latest figures (to March 2016) show the Waikato District attracted 183 new businesses and nearly 1,000 new jobs, posting an annual employment growth of 4.6 per cent (NZ 2.7 per cent) and a 2.2 per cent growth in new businesses (NZ 1.6 per cent).

Major developments during 2016/17 included announcements that the country's second largest dairy processor, Open Country Dairy, is building a new plant at Horotiu, and that US-based Cobb Vantress Inc has gained Overseas Investment Office approval to establish a \$58 million poultry farm and hatchery on 149 hectares at Rotongaro just outside Huntly.

Tourism spending jumped 17% to \$112 million in the March 2016 year, and we worked with Hamilton & Waikato Tourism to develop a Raglan Destination Action Plan to help support this regional growth industry.

We won \$37 million from the Government's Housing Infrastructure Fund, helped secure fibre broadband for eight district towns, and extended our free business advisory service (established in North Waikato in partnership with Waikato Innovation Park) to both Raglan and Huntly.

WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2016/17

Welcome to our snapshot of what we've been doing in the community over the past 12 months.

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

This summary provides you with a 'scorecard' so that you can review the work we have been doing on your behalf.



MANAGING A FAST-GROWING DISTRICT

Waikato District is now the third fastest-growing district in the country, and among the top eight growth councils in the country.

We rival Wellington in consent numbers for new dwellings, and our business and employment growth is higher than the national average.

Our focus this year has been on developing and maintaining the physical and social infrastructure that our growing communities need: to deliver our services in sustainable ways, to encourage economic development and employment, and to provide facilities and resources to support vibrant and resilient communities.

We've also been reviewing our district plan to set guidelines to help manage an expected population growth of about 45 per cent over the next 30 years (from about 71,200 this year to 103,000 in 2045).

Experience and energy

Following the October local body elections we have a Council that combines experience with fresh energy for the task,

and we are determined to work with you to meet your expectations. Our customer survey tells us that satisfaction with the services you received was 70% overall.

We won recognition for service delivery with a national excellence award for our Waikato District Alliance roading operations, which delivered our programme within budget, and responded to customer requests within two days on average.

Strong financial performance

We met our financial targets, and set rates and debt levels that balance affordability with the need to provide for our growing community. Average rates per rateable property were \$2,622 for 2016/17 and average debt per rateable property is \$2,617. This leaves capacity for funding the services and facilities needed to meet future growth.

Sustainable development

We've attracted new local businesses and employment to support economically sustainable growth.

We've introduced new refuse and recycling systems and reduced waste to landfill, installed water meters to encourage water conservation in all areas not already metered, engaged with 11,000 ratepayers to set wastewater rates to that will allow us to prepare plans to protect environmentally sensitive areas from overflows, and continued to explore more efficient ways to manage our water and wastewater services with neighbouring councils.

We're working with you to build our communities through discretionary community grants, and a range of other initiatives through Youth Action Groups and 'placemaking' projects to revitalise our public spaces. We're proud of what we've achieved together.

SETTING GOALS TOGETHER

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

We engaged with our communities on more than 30 initiatives, plans, strategies and bylaws during the year, from our Easter Trading Policy to our Annual Plan consultation on wastewater services, and from the development of our Natural Parks Reserve Management Plan to rolling out our placemaking strategy to encourage communities to take ‘ownership’ of their public places.

We also began discussing the long term strategic direction for the district to set the framework for our next 10-year Long Term Plan on which we will seek your input in the next financial year.

We expanded our efforts to interact and consult with you through a range of media, surveys, public meetings and local market days, and we added to our range of online services and searchable databases. We attracted nearly 175,000 people to visit our website in the past year, and we have more than 6,000 followers on Facebook.

“We are achieving 70% satisfaction overall with the services you receive.”

An independent customer satisfaction survey, which involves weekly telephone polling, tells us we are achieving 70% satisfaction overall with the services you receive, but we need to work harder to engage with you on all the right issues. Detailed feedback ranged from 41 per cent satisfaction with stormwater services (although in this area 47% of respondents were either neutral or had no opinion) to 92 per cent satisfaction with the district’s parks and reserves, including sports fields and playgrounds, and 90 per cent satisfaction with the quality of our library services.

We exceeded targets for the timeliness of our response to customers’ service requests and 68% of survey respondents said it took little or no effort to conduct business with the Council.

BUILDING VIBRANT COMMUNITIES

We provided and maintained the facilities and resources you need to build vibrant and resilient communities.

Our libraries are a focus for community activity, hosting community group meetings, regular reading programmes and other learning opportunities. We refurbished our Huntly library and extended opening hours in Huntly and Te Kauwhata in line with our other libraries.

With a new contractor managing our pool and gym facilities, we increased their overall use by 32%, and a new parks maintenance contractor helped satisfaction ratings rise to 92%. We updated plans for our playgrounds, halls, toilets and trails, providing new or upgraded skate parks and playgrounds in five of our towns, and completing earthworks for a new recreation reserve in Tamahere.

A new ‘placemaking’ programme led by Council staff is encouraging communities to

reclaim public spaces through artistic and cultural endeavours. Two projects won wide engagement and saw Council named as a finalist for a Local Government NZ award: an ANZAC poppy tree ‘yarn bombing’ project, and an ongoing ‘little libraries’ book exchange project.

Youth engagement is a key initiative. With Ministry of Social Development funding we established and worked with eight youth action groups on projects of their own choosing.

Twenty-five per cent of our 71,200 population identify as Maaori. As part of a wider goal to recognise tangata whenua and their interests, we signed a Memorandum of Understanding (MOU) with the Ngaati Haua Iwi Trust and entered MOU discussions with another trust.



We recognised outstanding contributions from community volunteers across the district in our biennial Mayoral Community Awards, and we supported 160 community groups to enable communities to meet some of their own needs.



SEEKING SUSTAINABLE OUTCOMES

Economic and environmental sustainability were high on our list of reasons for undertaking a number of major projects this year.

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

Waste minimisation

With a vision of ‘Working towards zero waste for the Waikato district’ we introduced a user-pays system for all our kerbside waste collections and launched a ‘Less Waste Saves More’ educational campaign.

We reduced the amount of refuse we sent to landfill from our central and southern area kerbside collections alone by more than 1,000 tonnes, from 7,019 to 5,995 tonnes.

We’re continuing these efforts with a new dedicated food waste kerbside collection for Raglan, planned for introduction in the new financial year.

Water and wastewater

We supply 9.2 million litres of drinking water a day to people living and working in our district. To encourage water conservation, and to help us to track, locate and fix water loss from our system, we completed a district-wide water metering programme by installing meters in Raglan, Huntly and Ngaruawahia. We also undertook a public awareness campaign about water usage. Newly-metered properties switch to water charging by meter in 2017/18.

We embarked on a major programme to upgrade our wastewater systems after spills closed Raglan Harbour three times in 2016, and an independent report outlined network weaknesses leading to overflows district-wide. We invested \$1.76 million to kick-start improvements in the system. Then, after consulting with 11,000 ratepayers who

pay for wastewater services, we adopted a plan to lift wastewater rates to broaden our works programme with a vision to protect our waterways and environmentally sensitive areas.

Our natural environment

With nearly \$400,000 funding from the Waikato River Authority, we completed the first of a four-year Lake Rotokauri restoration programme, including fencing and planting.

We developed a trails strategy encompassing the district’s walkways, cycle ways and bridleways, and appointed a new contractor to maintain our parks and open spaces. We committed funding to support conservation projects and groups including Eco-sourced Waikato, and the Waikato Biodiversity Forum.

\$750K FOR LOCAL GROUPS

We committed grants totalling more than \$750,000 for distribution to 160 community groups and charities throughout the district enabling communities to come together to meet local needs.

This included more than \$610,000 of targeted and discretionary Council funds, another \$48,441 distributed on behalf of the Creative Communities Scheme Fund, and \$88,250 distributed on behalf of the Waikato District Community Wellbeing Trust, an independent trust we administer.

Local tourism was a focus for some of these grants. The largest single amount was \$150,000 for Hamilton and Waikato Tourism which is helping to support our growing tourist industry in Raglan. Our Rural Ward fund supported the installation of a

new fountain for the Woodlands Historic Homestead and Garden Estate to enhance this 5 star Garden of National Significance and popular heritage destination.

Among the first projects funded through the Council's new Heritage Project Fund were heritage signs for Raglan and Te Kowhai, and restoration work on the exterior of the Tuakau Museum.

Meanwhile, the balance of funds committed last year was used to complete the northern section of Te Awa – Great New Zealand River Ride, including a cycle bridge across the Waikato River.



IN THE PAST 12 MONTHS WE HAVE....

Committed more than \$750,000 in grants to 169 organisations and charities throughout the district

Engaged with 11,000 property owners on setting wastewater rates to enable plans to protect environmentally sensitive areas from overflows

Successfully bid for \$37m from the Government's Housing Infrastructure Fund

Helped secure fibre broadband for eight district towns

Won a Local Government NZ 'best practice' excellence award for our roading operations

Expanded our online services and gained an 11% rise in online (website) visits and an 18% rise in users (to nearly 175,000 unique visitors)

Reduced refuse sent to landfill by more than 1,000 tonnes in our central and southern areas

Built a unique dog agility park at Horotiu with recycled playground equipment

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**
1.9 CENTS

Area offices and other properties
 **10.1 CENTS**

Community and safety
 **0.4 CENTS**

Corporate and Council leadership
11 CENTS


Environmental health
2 CENTS 

 **Grants and donations**
1.7 CENTS

Libraries
3.8 CENTS 

Parks and reserves
20.8 CENTS 

Resource management
9.8 CENTS 

Roading
 **36.8 CENTS**

Solid waste **0.8 CENTS**

Storm water **0.1 CENTS** 

 **Waste water** **0.4 CENTS**

Water supply
0.4 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.*



BEING SMART AROUND DOGS

Our focus to educate owners about responsible dog ownership is leading to fewer call-outs, higher dog registration numbers, and growing community satisfaction with our services.

Through our ‘Dogsmart’ education programme we visited 26 schools to teach children about dogs, safety and responsible ownership. We also launched a ‘Dogs in Libraries’ programme that is proving very popular with helping children gain confidence in reading while also learning about dogs. We offered free property inspections to

help responsible owners who meet fencing requirements to qualify for our ‘selected dog owner’ list and enjoy reduced registration fees. Nearly 3,000 of our 9,000 district dog owners now meet the same stringent criteria as farm dog owners. Working with our Parks and Facilities team we developed a unique new dog agility park at Horotiu with recycled playground

equipment, and we consulted on locations for new dog exercise areas in Tamahere and Pokeno. Dog registrations numbered 14,111 (13,901 last year), representing 96 per cent of all known dogs in the district. We impounded 1,120 dogs (1,190 last year), and re-homed 241 with the help of 10,000 followers on our Pound Pups Facebook page.

SUPPLYING 9.2M LITRES OF WATER A DAY

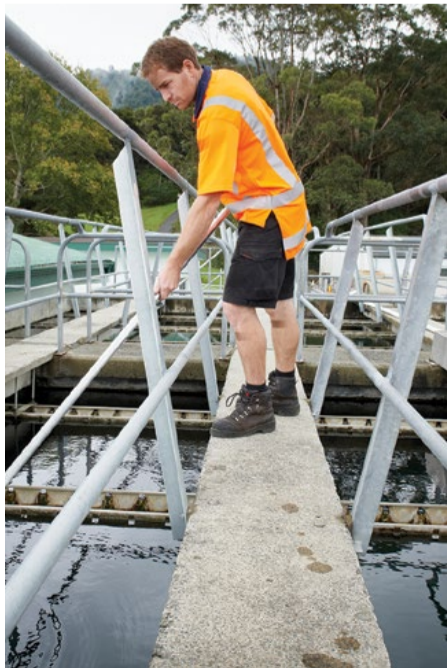
With demand for drinking water exceeding 9.2 million litres a day in our district, we continued to work with neighbouring councils to investigate joint options for future water management.

We held informal discussions with Watercare Services Ltd and Waikato-Tainui to consider forming a separate company to manage our water and wastewater services. A non-asset-owning Waters CCO (council-controlled organisation) with Hamilton City and Waipa District Council also remains an option following discussions last year.

To meet the need for an adequate water supply in the rapidly growing central and northern areas of our district, we constructed new reservoirs in Pokeno, Ngaruawahia, Huntly and Hopuhopu, and we progressed work to connect the Ngaruawahia and Huntly water supply networks for extra security of supply. In November we trucked more than 3 million litres of water to Raglan after the Kaikoura earthquake disturbed the clarity of a spring feeding the town’s reservoirs. We began a programme to separate our frontline water and wastewater operations in line with Ministry of Health

best practice guidelines, and we installed a new SCADA (computer control) system to improve our ability to comply with drinking water standards. **Wastewater** We embarked on a major programme to upgrade our wastewater network to mitigate the risk of overflows district-wide following the adoption of a new Annual Plan for 2017/18. We progressed designs for an upgrade of the Huntly wastewater treatment plant, and we began preliminary designs for upgrades to our treatment plants in Raglan, Te Kauwhata and Meremere. In our high-growth northern areas we oversaw development-led extensions of the wastewater networks in Tuakau and Te Kauwhata. We also began construction on phase 2 of the new Pokeno wastewater system that will service the existing village so that septic tanks can be phased out. We successfully bid for a \$37 million share of the Government’s \$1 billion Housing

Infrastructure Fund to invest in wastewater and other infrastructure to facilitate housing development in Te Kauwhata over the next decade. Meanwhile we began designing the works required for a 10-year project to extend and upgrade the Raglan stormwater network.



ROADING PERFORMANCE WINS AWARD

Our roading construction programme has been delivered within budget and our response times to customer requests now average less than two days.

These performance levels saw the Waikato District Alliance – a joint venture between the Council and Downer NZ - win the 2017 Local Government NZ ‘Chorus Excellence Award for Best Practice in Infrastructure Management.’

One example of our good work was reinstating access along the no-exit Otonga Valley Road within 20 hours of a catastrophic collapse of a culvert under the road, isolating 28 residents in November last year. We arranged transport to get children to school to sit exams and worked through part of the night to re-establish access for the community.

After major storms in April resulted in slips and widespread damage in Mercer, Pokeno and Pukekawa, we undertook a \$1 million programme of short term road repairs, with 50 per cent funding support from the NZ Transport Agency. Longer term restoration is expected to cost \$2.4 million more.

Despite scaling back our road resealing programme to manage a 25% spike in bitumen prices, we still re-surfaced 115km of sealed roads, completed 18km of road strengthening, and traction sealed a section of Hills Rd, Raglan. Savings of about \$200,000 from better network management were reinvested into strengthening some sections of our unsealed roads.

We worked with the NZ Police, NZ Transport Agency and others to deliver a road safety education programme, but unfortunately were unable to reduce the local road toll.

As a result of residents’ requests we laid a number of new footpaths district-wide at a cost of \$100,000.

THIS IS WAIKATO DISTRICT

WAIKATO IS HOME TO...

71,200
PEOPLE

(24.6% IDENTIFY
AS MAAORI)



203 NEW
NZ
CITIZENS IN 2016/17

14,750 DOGS



WE PROVIDE...

9,245,000

LITRES OF
DRINKING WATER A DAY

**54 PUBLIC
TOILETS**

12 
SKATEPARKS

KERBSIDE
COLLECTIONS
OF **10,315**
TONNES OF
REFUSE EACH YEAR

51 
PLAYGROUNDS

3 SWIMMING
POOLS

WAIKATO SPANS...

OVER

445,000

HECTARES
OF LAND

IN 2016/17 WE SUPPORTED...

136

COMMUNITY
GROUPS



AND

241

DOGS WERE
RE-HOMED



WE MAINTAIN...

1,827KMS 
OF SEALED ROADS

227KMS
OF FOOTPATHS

601KMS
OF UNSEALED
ROADS 

51 PARKS AND
RESERVES 

35 
COMMUNITY HALLS

WE OPERATE...

6

LIBRARIES THAT SERVICE
19,984 LIBRARY MEMBERS



28

WATER
RESERVOIRS
WITH A TOTAL
CAPACITY OF **30,867m³**



 **2** ANIMAL
SHELTERS

7 WATER TREATMENT
PLANTS WITH A TOTAL CAPACITY
OF **19,206m³**
PER DAY



22
CEMETERIES

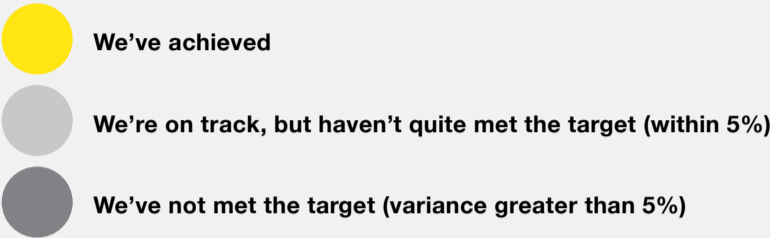
25 DOG
EXERCISE AREAS



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. This graph summarises how we did, where we met expectations and where we need to improve. Please see the full Annual Report on the Waikato District Council website 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.



PERFORMANCE TARGET RESULTS

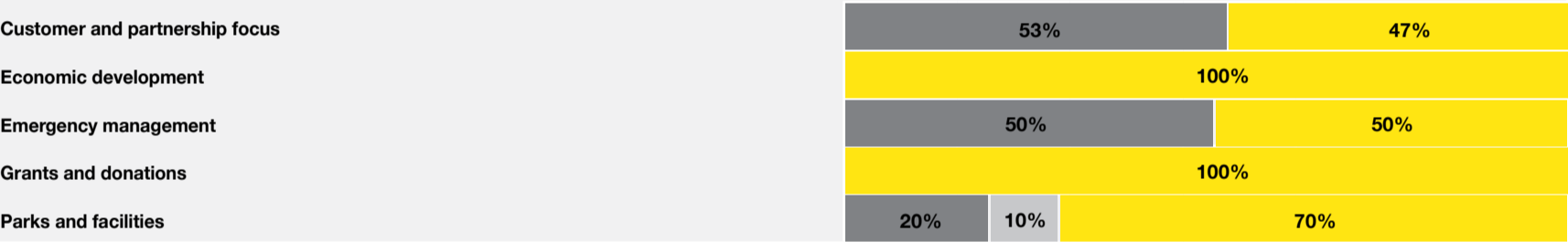
Governance

We met six of our seven targets in how we make decisions, conduct meetings and consult with iwi. We missed one target because 83% of customers surveyed said they were satisfied with the availability of Councillors against a target of 100%.



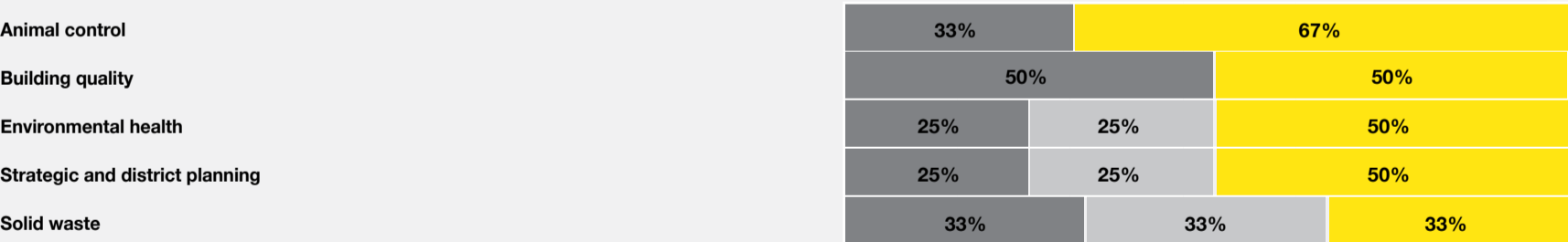
Sustainable Communities

A strong focus on the ways in which we engage with our communities on key issues has seen satisfaction levels rise even though we missed some targets. For example, customer satisfaction with overall services received rose from 66% last year to 70% this year, but did not meet our target of 75%. (High 'neutral' response rates in our customer satisfaction survey mean some results may be misleading.) Our staff are trained, tested, and able to manage emergencies, but community response planning has been slower than targeted. We met all goals to support our community through economic development, and via grants and donations.



Sustainable Environment

Our district is growing rapidly and this is putting pressure on our planning and consents teams to meet targets, but we are taking a sustainable approach to growth through our District Plan Review currently in progress. We are reviewing processes and adding resources where needed. Solid waste service and satisfaction targets were affected this year by changes in our kerbside refuse collections and contracts. We just missed one animal control target - for increasing the percentage of good dog owners qualifying for 'selected' status and reduced registration fees (32% of all owners against a target of 35%).



Roading

We delivered improvements in roading asset management and maintenance and customer responsiveness, despite having to scale back our road resealing to 7.3% of the network (target 8%) to manage a 25% spike in bitumen prices. We were unable to reduce the local road toll, but road conditions do not appear to have been a significant factor.



Waters Services

We met all targets for stormwater and wastewater services this year. Our water supply services complied with all regulated quality standards, and met customer responsiveness targets. Some missed targets in water loss and water consumption levels are expected to be mitigated in the future by our water metering programme which will facilitate sustainable supply and usage.



SUMMARY FINANCIAL STATEMENTS

Statement of comprehensive revenue and expense For the year ended 30 June 2017	Council			Group	
	2016/17 Actual \$'000	2016/17 Budget \$'000	2015/16 Actual \$'000	2016/17 Actual \$'000	2015/16 Actual \$'000
Total revenue	134,891	119,662	141,057	135,480	145,664
Finance costs	(3,659)	(3,588)	(4,259)	(3,659)	(4,416)
Operating expenditure excluding finance costs	(109,744)	(101,289)	(107,902)	(110,742)	(113,606)
Share of joint venture's surplus (deficit)	-	-	-	-	(2,438)
Surplus (deficit) before tax	21,488	14,785	28,896	21,079	25,204
Income tax expense	-	-	-	-	(26)
Surplus (deficit) after tax wholly attributable to Waikato District Council	21,488	14,785	28,896	21,079	25,230
Other comprehensive revenue and expense					
Gain (loss) on property revaluations	64,849	25,507	12,072	64,849	12,000
Revaluation reserve – landfill	(204)	-	(104)	(204)	(104)
Financial assets at fair value through other comprehensive income	10,162	-	9	10,162	9
Total other comprehensive revenue and expense	74,807	25,507	11,977	74,807	11,905
Total comprehensive revenue and expense wholly attributable to Waikato District Council	96,295	40,292	40,873	95,886	37,135

Statement of financial position As at 30 June 2017	Council			Group	
	2016/17 Actual \$'000	2016/17 Budget \$'000	2015/16 Actual \$'000	2016/17 Actual \$'000	2015/16 Actual \$'000
Current assets	24,830	33,609	18,193	29,172	26,909
Non-current assets	1,742,143	1,694,292	1,640,893	1,741,953	1,637,018
Total assets	1,766,973	1,727,901	1,659,086	1,771,125	1,663,927
Current liabilities	40,809	63,478	28,650	40,912	29,033
Non-current liabilities	66,830	58,534	67,397	66,830	67,397
Total liabilities	107,639	122,012	96,047	107,742	96,430
Net assets	1,659,334	1,605,889	1,563,039	1,663,383	1,567,497
Total equity	1,659,334	1,605,889	1,563,039	1,663,383	1,567,497

Statement of changes in net assets/equity For the year ended 30 June 2017	Council			Group	
	2016/17 Actual \$'000	2016/17 Budget \$'000	2015/16 Actual \$'000	2016/17 Actual \$'000	2015/16 Actual \$'000
Balance at start of year					
Accumulated funds including share of joint venture	1,004,834	1,005,693	964,246	1,006,334	968,085
Other reserves	558,205	559,904	557,920	561,163	562,277
Balance at 1 July as previously reported	1,563,039	1,565,597	1,522,166	1,567,497	1,530,362
Total comprehensive revenue and expense for the year wholly attributable to Waikato District Council	96,295	40,292	40,873	95,886	37,135
Other equity movements	-	-	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	1,659,334	1,605,889	1,563,039	1,663,383	1,567,497
Represented by equity at the end of the year					
Accumulated funds	1,029,070	1,024,526	1,004,834	1,030,204	1,006,334
Other reserves	630,264	581,363	558,205	633,179	561,163
Balance at 30 June wholly attributable to Waikato District Council	1,659,334	1,605,889	1,563,039	1,663,383	1,567,497

Statement of cash flows For the year ended 30 June 2017	Council			Group	
	2016/17 Actual \$'000	2016/17 Budget \$'000	2015/16 Actual \$'000	2016/17 Actual \$'000	2015/16 Actual \$'000
Net cash from operating activities	37,867	37,218	45,051	36,684	44,145
Net cash from investing activities	(58,172)	(56,418)	(58,430)	(58,847)	(52,238)
Net cash from financing activities	20,000	19,142	7,050	20,115	3,800
Net (decrease) increase in cash and cash equivalents	(305)	(58)	(6,329)	(2,048)	(4,293)

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. Strada was a 50% party to a Joint Venture Agreement, Waikato Quarries Limited. 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 financial statements of Council and the Group have been prepared in accordance with 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.

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 are for the year ended 30 June 2017. The full annual report and summary financial statements were authorised for issue by Council on 9 October 2017.

SUMMARY ADDITIONAL DISCLOSURES

Contingencies

Contingent liabilities for Council at balance date are \$10,000 (2016: \$nil). The Group's contingent liabilities at balance date are: \$10,000 (2016: \$2,843,000). They include guarantees, uncalled capital contributions, outstanding insurance and other claims.

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 \$57,283,000 (2016: \$80,590,000) of capital commitments. Strada had no capital commitments at balance date (2016: \$nil).

Events after balance date

No events which provide evidence of conditions existing at balance date have occurred between then and the date these financial statements were authorised for issue.

Adjustments to the comparative year financial statements

There have been no adjustments to the comparative year financial statements for the year ended 30 June 2017.

Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2016/17 compared to the budget for 2016/17.

Overall revenue was greater than budgeted mainly due to vested asset income not being budgeted. Also not

budgeted was the gain on fair value change of derivative financial assets. Subsidy income was greater due to more NZTA funding because of adverse weather events and emergency works required during the year. Development and financial contributions were also greater because financial contributions were not budgeted. Rates revenue was lower than budgeted, specifically in relation to water-by-meter charging. This variance relates to a difference in the level of assumed water-by-meter consumption and actual consumption.

Overall expenses were greater than budget. Asset write-offs occur when assets are disposed and were not budgeted. Less was spent on employees compared to budget due to vacancies during the year and that was offset by more spent on consultants to cover staff shortages and to meet increased demand for services particularly in the regulatory area.

At an operating level the surplus was \$6.7m above budget.

Total comprehensive income was \$96.3m and was \$56m above budget. Other comprehensive revenue was significantly increased due to revaluation of assets accounting for \$39m of the difference to budget. The land and buildings classes were revalued this year ahead of the planned revaluation in the following year so were not budgeted. Land values increased significantly during the two years since the last valuation was carried out in 2015 and reflects a more buoyant property market of recent times. Road assets revalued also showed an increase compared to budget due to a higher actual escalation of replacement costs than was budgeted. In addition other comprehensive revenue was increased

by a change to valuing Council's interest in the Waikato Regional Airport Limited to fair value which increased comprehensive revenue by \$10.15m.

The statement of financial position shows an increase in overall net assets of \$53m compared to budget. The biggest variance was for property, plant and equipment being \$41m above budget due to the revaluations as explained above. Total assets were \$39m above budget and total liabilities were \$14m below budget.

Borrowings were close to budget and whilst cash and cash equivalents are less than budget this is offset by an increase in term deposits where funds have been held as part of cash flow planning around repayment of some borrowings during the 2017/18 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 9 October 2017.

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 9 October 2017.

The full annual report can be obtained from any of the Council's offices or can be accessed online at www.waikatodc.govt.nz

INDEPENDENT
AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Aotake Aotearoa

To the readers of Waikato District Council's summary of the annual report for the year ended 30 June 2017

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 2017.

The summary of the annual report comprises the following summary statements on pages 6 to 8:

- the summary statement of financial position as at 30 June 2017;
- 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 2017;
- 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 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 2017 in our auditor's report dated 9 October 2017.

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 reporting on the summary annual report, we have reported on the full annual report, and carried out the audit of the debenture trust deed which are compatible with those independence requirements. Other than this reporting and these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
9 October 2017