

ANNUAL REPORT SUMMARY



2 | Building connected communities



2 | Caring for our environment



3 | \$800K for local groups



4 | Road & footpath networks growing

NEW BUSINESSES BRING 500 MORE JOBS



Waikato District attracted 183 new businesses and more than 500 new jobs in the year to March 2018, with business and employment growth closely reflecting the national average.

To encourage business investment and job opportunities we promoted Waikato district as a centre of national importance for the freight and logistics industry, facilitated collaboration between local businesses interested in exporting into Asia, supported the development of local tourism networks in destination townships and, in our new LTP, we committed \$60,000 a year to help underwrite the establishment of a Waikato Regional Economic Development Agency.

Business park developments in Horotiu and Pokeno are filling fast. Nearly 90% of the first two stages of the 109-hectare development at Horotiu, and 95% of the 80-hectare Pokeno industrial park, are now sold or under contract.

Major developments included decisions by Synlait Milk to invest \$250 million in a nutritional milk powder factory in Pokeno opening in 2019-20, and by the Government to extend fast internet to a total of 17 of our towns and mobile blackspot areas.

Tourism spending in the District increased 12.2% to \$128 million in the March 2018 year compared with an 8.3% increase in national tourism expenditure.

WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2017/18

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 that compares what we did with what we planned to do when we developed our Long Term Plan (LTP). This year we also report on how we performed on the changes we made to the LTP – in consultation with you – through our Annual Plan 2017/18.

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



A NEW VISION FOR OUR DISTRICT

2018 was a pivotal year for Waikato District: it was marked by a series of major initiatives to prepare for a long period of growth and change.

As one of the fastest growing districts in the country – forecasting a 20% jump in property numbers and population growth of more than 12,000 in 10 years - we needed a new vision to guide how we shape our growth so we create communities that people feel connected to and want to live in.

People-friendly living

We unveiled a vision of 'liveable, thriving and connected communities' in our new Long Term Plan 2018-28 and supported it with a \$1 million budget to implement a series of 'blueprints' for our key growth areas. Our challenge is to balance spending on infrastructure and services for people-friendly living, while maintaining rates at an affordable level.

We have reviewed our organisational capabilities to deliver on our Long Term Plan commitments and are realigning our operations to provide the resources required.

To complement the new direction, our proposed Waikato District Plan now offers a new spatial vision for community development, setting the guidelines for land use and for protecting our environment and heritage. Changes include a village zone, and the opportunity for papakainga (multiple dwelling) development on all Maaori freehold land with multiple owners.

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 \$2,797 for 2017/18 and average debt per rateable property is \$2,557. This leaves capacity for funding services and facilities to meet future needs.

Sustainable development

We've undertaken a series of initiatives

to support growth that's socially and economically sustainable.

We're finding more efficient ways of doing things, such as managing our waters services and lighting our roads. We completed a switch to water meter charging to encourage water conservation, began a kerbside collection in Raglan to divert 123 tonnes of food waste from landfill to compost, and continued a wastewater system upgrade programme to protect our environment from overflows

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.

**WORKING TOGETHER
IN PARTNERSHIP**

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

We reviewed our representation arrangements for the next local body elections and will finalise these with your input in the new financial year. We consulted widely on our Long Term Plan and received more than 700 submissions before we adopted the plan that sets our budgets and direction for the years ahead. We also engaged with our communities on more than 80 other initiatives, plans, strategies and bylaws, on subjects ranging from waste management to waters services, and from speed limits to our District Plan rules.

We expanded our efforts to engage with you through a range of media, surveys, public meetings and market days, and we added to our range of online services. We attracted nearly 193,000 people to visit our website in the past year, and we have more than 8,700 followers on Facebook.

More than 5,000 customers contributed ideas to the future of our library services, and several thousand took up our ANZAC challenge to decorate a tree in every community with knitted poppies.

“Some of our most widely-used services recorded customer satisfaction levels of 80% or more”

We measured your response to our work through an independent customer satisfaction survey. While we did not meet all our targets, nearly two-thirds of respondents said they were satisfied with the overall service received (66%) and that it took little or no effort to conduct business with the Council (64%).

We are proud that some of our most widely-used services recorded customer satisfaction levels of 80% or more including libraries (97%), parks and reserves (86%), wastewater (95%), water (83%), rubbish (80%), recycling (84%) and animal control (82%). Overall, 74% of survey respondents were satisfied with the way rates are spent on the services and facilities we provide.

BUILDING CONNECTED COMMUNITIES

We provide the facilities and resources that support liveable, thriving and connected communities. We maintain six libraries, 39 community and town halls, 51 parks and reserves, 51 playgrounds, 12 skateparks, and three swimming pools.

Our libraries are an important focus for community activity, hosting community group meetings as well as regular reading programmes and other learning opportunities. Our regular library programmes include our Matariki creative writing and design competitions which attracted more than 500 entries this year.

We launched our new library management system, Kōtui, together with an extensive e-collection of books, audio and magazines that can be borrowed online, and we installed digital community noticeboards in all offices and libraries.

We progressed plans for our playgrounds, halls, toilets and trails. We installed the district's first fitness trail featuring outdoor gym equipment along the Waikato Esplanade, we awarded a contract for the

development of the Tamahere Recreation Reserve, and we secured \$868,000 from the Government's Tourism Infrastructure Fund for upgrading public toilet and refuse facilities in Raglan.

Our pool facilities reported another year of increased patronage with a 32% increase in learn to swim numbers, a 65% increase in gym memberships and a 17% increase in overall visitor numbers.

We continued our highly-commended programme of 'placemaking' projects to encourage communities to reclaim their public spaces through artistic and cultural endeavours. An ANZAC poppy tree 'yarn bombing' project 'blossomed' in 21 communities this year, and 30 'little libraries' were built ready for installation in our rural communities in the new financial year.



We nurtured youth leadership through our youth action groups, launched a \$10,000 student scholarship with Waikato-Tainui, and supported youth employment initiatives from cadetships to driver training days.

CARING FOR OUR ENVIRONMENT

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

We reviewed our Waste Management and Minimisation Plan and undertook initiatives to promote our vision that 'zero waste and resource recovery are an integral part of our community'. In partnership with Raglan's Xtreme Zero Waste, we began a kerbside food waste collection in Raglan and diverted 123 tonnes of food waste from landfill to compost. The service will be reviewed in

the new financial year, and local ratepayers consulted, to determine whether it should continue with targeted rate funding.

Environmental Health

We developed a Quality Management System (QMS) for the registration and verification of food operations in our district to meet requirements under the new Food Act 2014.

We also produced 485 Hazardous activity and industry list (HAIL) reports in response to ongoing demand for contaminated land information, which reflects the high level of growth and development in the district.

Water and Wastewater

We completed the second year of a \$1.76 million 'continuous improvement programme' to mitigate the risk of wastewater overflows with a particular focus on protecting our waterways and environmentally sensitive areas.

We completed a switch to water meter charging for all properties connected to our water infrastructure to encourage water conservation, and help us locate and fix water losses. We charted a one-year baseline of drinking water usage at 240 litres per resident per year.

We are proud that Raglan's tap water – sourced from a local artesian spring – was judged the best tasting tap water in the country at the annual Water Industry Operations Group (WIOG) New Zealand Water Taste Test.

Our natural environment

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

We committed funding to support conservation projects and groups including Eco-sourced Waikato, and the Waikato Biodiversity Forum.

\$800K FOR LOCAL GROUPS

We committed grants totalling more than \$800,000 for distribution to 174 community groups and charities throughout the district enabling communities to come together to meet local needs.

This included more than \$613,000 of targeted and discretionary Council funds, another \$71,256 distributed on behalf of the Creative Communities Scheme Fund, and \$125,529 distributed on behalf of the Waikato District Community Wellbeing Trust, an independent trust we administer.

With \$5,000 from our Heritage Project Fund, we supported the production of a local history book, 'Wāhia Ngā Rua' by Mai Uenuku ki te Whenua Marae. This illustrated educational resource tells the story of the prominent Waikato chief Ngaere, who lived in the late 1600s, and

how Ngaruawahia and the Hakarimata Ranges were named.

Another significant project was the district's first fitness trail, featuring outdoor gym equipment, along the Waikato Esplanade and Te Awa cycleway. Costing nearly \$60,000, the fitness trail was spearheaded with a \$10,000 grant from the Ngaruawahia Community Board, \$10,000 from the Waikato District Community Wellbeing Trust, and support from WEL Energy Trust, Perry Group, and the Ngaruawahia Lions Club.



This new community resource adds to Ngaruawahia's attraction as a fitness destination.



Agreed a new vision of building 'liveable, thriving and connected communities' with 10-year budgets to support it

Committed more than \$800,000 in grants to 174 organisations and charities throughout the district

Found a way to save about \$28.3 million or more on how we manage our waters services in the next 10 years

Upgraded our streetlights with LED to improve lighting levels and save \$70,000 a year

Prepared a proposed District Plan with a new village zone and more opportunities for papakainga (multiple dwelling) development

Helped secure fast internet for a total of 17 district towns and mobile blackspot areas

Diverted 123 tonnes of food waste from landfill to compost by supporting a kerbside food waste collection in Raglan

Expanded our online services and gained a 9.4% rise in online (website) visits and a 10.7% rise in users (to nearly 193,000 unique visitors)

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**
3.1 CENTS

ENVIRONMENTAL HEALTH 
2.6 CENTS

RESOURCE MANAGEMENT
11.8 CENTS 

AREA OFFICES AND OTHER PROPERTIES
 **13.2 CENTS**

 **GRANTS AND DONATIONS**
0.1 CENTS

ROADING  **38.3 CENTS**

COMMUNITY AND SAFETY
 **0.2 CENTS**

LIBRARIES 
4.6 CENTS

SOLID WASTE **1 CENT**

CORPORATE AND COUNCIL LEADERSHIP
14.2 CENTS

STORM WATER  **0.2 CENTS**



PARKS AND RESERVES 
9.6 CENTS

 **WASTE WATER** **0.6 CENTS**

WATER SUPPLY 
0.5 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.



LEARNING TO BE 'DOGSMART'

Our focus to educate owners about responsible dog ownership is helping reduce numbers in our dog pounds, and growing community satisfaction with our services.

Through our 'Dogsmart' education programme we visited 21 schools to teach children about dogs, safety and responsible ownership, and we continued our sought-after 'Dogs in Libraries' children's reading programme.

Two new events proved so popular that we may make them an annual feature. A 'pool party' attracted 70 dogs and their families to the

Ngaruawahia swimming pool in March just before winter closure, and a 'Dirty Dog Challenge' held at the Ngaruawahia Christian Youth camp in collaboration with Hamilton City Council in June drew nearly 200 entries. Profits from these events went to helping animals in need in our communities.

Dog registrations numbered 14,070,

representing 95 per cent of all known dogs in the district. More than 3,000 of our 9,329 district dog owners now meet the stringent criteria established for 'selected dog owners'. We impounded 859 dogs (down from 1,120 last year), and re-homed 231 with the help of 11,000 followers on our Pound Pups Facebook page.

SUPPLYING 9.1M LITRES OF WATER A DAY

With demand for drinking water exceeding 9.1 million litres a day in our district, we examined how to continue to provide our communities with a safe and sustainable water supply and we identified a new way of managing all our waters services.

The option chosen, through consultation on our Long Term Plan 2018-28, was to contract Watercare Services Ltd to provide the district's three waters services – water, wastewater and stormwater - under the control of a professional Council-appointed Waters Governance Board. This option will be progressed in the new financial year. It is expected to save up to \$28.3 million or more over the next 10 years and keep targeted rates increases under 5% for those services from 2019/20.

Meanwhile, we installed the first of two new reservoirs in Pokeno, progressed plans for a new reservoir in Matangi, and completed a switch to water meter charging for all properties connected to our water infrastructure to encourage conservation.

We are proud that Raglan's tap water – sourced from a local artesian spring – was judged the best tasting tap water in the country at the annual Water Industry

Operations Group (WIOG) New Zealand Water Taste Test.

Wastewater

We continued a \$1.76 million wastewater system upgrade programme to reduce the risk of overflows to protect our waterways and environmentally sensitive areas.

We cleaned and inspected 42kms of wastewater pipes, established a programme of priority renewals and replacements, installed a permanent back-up generator at one of our pump stations in Raglan, and rolled out a district-wide education campaign to help reduce the blockages that have caused 80% of wastewater overflows in the district.

We completed the business case for wastewater and other infrastructure work in Te Kauwhata to secure \$38 million from the Government's Housing Infrastructure Fund. We also completed construction of phase 2 of the new Pokeno wastewater



system that will service the existing village so that septic tanks can be phased out.

We continued a staged programme to separate our drinking water supply and wastewater services operations in line with Ministry of Health best practice guidelines.

ROAD AND FOOTPATH NETWORKS GROWING



Through the Waikato District Alliance we delivered high standards in road asset management, and exceeded expectations of customer responsiveness that were set when this joint venture between the Council and Downer NZ was established three years ago.

A major focus has been on planning for changes to the local roading network to support new residential growth and the construction of the Waikato Expressway. Once the Expressway is complete, almost 90kms of old State Highway and 5kms of new local roads will have been added to our existing 2,436km local road network. We have factored maintenance for these new roads into our 10-year budgets.

We completed a \$1.5 million LED street lighting upgrade project at a cost of only \$225,000 thanks to an 85% subsidy from the NZ Transport Agency. The upgrade has improved street lighting levels and will bring about \$145,000 annual savings in energy and maintenance costs. Council's share of the savings is about \$70,000 per year, bringing cost recovery in just three years.

In response to Government signals of support for alternative transport modes we set aside \$500,000 in our new LTP for future work at Tuakau and Huntly rail stations, and we increased our future footpath budgets from \$102,000 to \$720,000 a year to fulfil community requests for network extensions.

We were Highly Commended at both the IPWEA and LGNZ Excellence Awards for our work on the northern section of the Te Awa cycleway, including the iconic Perry Bridge across the Waikato River. Since November last year, pedestrians and cyclists using the new facilities have more than doubled from 481 to 1,102 weekly.

THIS IS WAIKATO DISTRICT

WAIKATO IS HOME TO...

73,600
PEOPLE

(24.1% IDENTIFY
AS MAAORI)



174 NEW
NZ
CITIZENS IN 2017/18

14,812 DOGS



WE PROVIDE...

9,137,000

LITRES OF
DRINKING WATER A DAY

**55 PUBLIC
TOILETS**
USED BY 4,000
PEOPLE EVERYDAY

12 
SKATEPARKS

**KERBSIDE
COLLECTIONS
OF 10,438
TONNES OF
REFUSE EACH YEAR**

51 
PLAYGROUNDS

3 SWIMMING
POOLS

WAIKATO SPANS...

OVER

450,000

HECTARES
OF LAND

IN 2017/18 WE SUPPORTED...

151

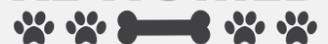
COMMUNITY
GROUPS



AND

231

DOGS WERE
RE-HOMED



WE MAINTAIN...

1,836KMS

OF SEALED ROADS

241KMS
OF FOOTPATHS

600KMS
OF UNSEALED
ROADS

113 PARKS AND
RESERVES



39      
COMMUNITY HALLS

WE OPERATE...

6

LIBRARIES THAT SERVICE
15,689 LIBRARY MEMBERS



30 WATER
RESERVOIRS
WITH A TOTAL
CAPACITY OF **30,917m³**



  **2** ANIMAL
SHELTERS

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



21
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.

- We've achieved
- We're on track, but haven't quite met the target (within 5%)
- We've not met the target (variance greater than 5%)
- We didn't measure these targets this year

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 77% of customers surveyed said they were satisfied with the availability of Councillors compared with a target of 100%.



Sustainable Communities

We were aiming for higher satisfaction levels with the way in which we engage with our communities than we achieved, but the very large number of issues (80) on which we consulted and engaged with our community during the year may have contributed to this. Two library services performance measures were not evaluated this year since a major public consultation on the future of these services meant we did not undertake our usual library surveys. Our staff are trained, tested, and able to manage emergencies, but community response planning has been slower than targeted. We were unable to improve upon a high rating of Waikato district as a place to do business, otherwise we met all goals to support our community through economic development, and via grants and donations. Despite missing some targets, overall satisfaction with our Parks and Reserves was 86%.

Customer and partnership focus



Economic development



Emergency management



Grants and donations



Parks and facilities



Sustainable Environment

Public perception about the opportunity to be involved in Council decision-making improved to a positive 65%, but did not reach a more ambitious target, and the high complexity of some consent applications put pressure on our planning and consents teams. These affected our results in strategic and district planning. Environmental health results were affected by the time it takes to respond to and resolve noise complaints in a far-flung rural district, but all food and licensed premises were inspected as required. Solid waste service targets were affected this year by issues such as refuse contractor staffing changes. We missed one animal control target - for increasing the percentage of good dog owners qualifying for 'selected' status - but customer satisfaction levels with the service overall rose to 82%.

Animal control



Building quality



Environmental health



Strategic and district planning



Solid waste



Roading

We delivered improvements in roading asset management enabling us to scale back our road resealing to 6.9% of the network (target 8%) because of the increased road life being obtained. We surpassed targets for the quality of the roading and footpath network, and for our customer responsiveness. Despite the quality of our roads, and a comprehensive local road safety education programme, we were unable to meet our target to reduce the number of serious road crashes.



Waters Services

We met all targets for stormwater services. We also met all targets for wastewater services while we completed the second year of our \$1.76 million wastewater upgrade programme. Our water supplies were treated to a safe standard although we recorded a technical non-compliance in our routine water sampling regimen, and we are managing concerns about Huntly's drinking water clarity with a flushing programme until further research offers a solution. Some missed targets in water supply losses are expected to be mitigated in the future by our metering programme which will help us locate and fix these. We met all our customer responsiveness targets.

Stormwater



Wastewater



Water Supply



SUMMARY FINANCIAL STATEMENTS

Statement of comprehensive revenue and expense For the year ended 30 June 2018

| | Council | | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2017/18 Actual \$'000 | 2017/18 Budget \$'000 | 2016/17 Actual \$'000 | 2017/18 Actual \$'000 | 2016/17 Actual \$'000 |
| Total revenue | 155,939 | 120,448 | 134,891 | 156,340 | 135,480 |
| Finance costs | (4,113) | (4,393) | (3,659) | (4,113) | (3,659) |
| Operating expenditure excluding finance costs | (113,317) | (107,056) | (109,744) | (113,615) | (110,742) |
| Share of joint venture's surplus (deficit) | - | - | - | - | - |
| Surplus (deficit) before tax | 38,509 | 8,999 | 21,488 | 38,612 | 21,079 |
| Income tax expense | - | - | - | - | - |
| Surplus (deficit) after tax wholly attributable to Waikato District Council | 38,509 | 8,999 | 21,488 | 38,612 | 21,079 |
| Other comprehensive revenue and expense | | | | | |
| Gain (loss) on property revaluations | 42,940 | 40,016 | 64,849 | 42,940 | 64,849 |
| Revaluation reserve – landfill | (51) | - | (204) | (51) | (204) |
| Financial assets at fair value through other comprehensive revenue and expense | 469 | - | 10,162 | 469 | 10,162 |
| Total other comprehensive revenue and expense | 43,358 | 40,016 | 74,807 | 43,358 | 74,807 |
| Total comprehensive revenue and expense wholly attributable to Waikato District Council | 81,867 | 49,015 | 96,295 | 81,970 | 95,886 |

Statement of financial position As at 30 June 2018

| | Council | | | Group | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2017/18 Actual \$'000 | 2017/18 Budget \$'000 | 2016/17 Actual \$'000 | 2017/18 Actual \$'000 | 2016/17 Actual \$'000 |
| Current assets | 27,863 | 22,913 | 24,830 | 32,759 | 29,172 |
| Non-current assets | 1,820,940 | 1,766,376 | 1,742,143 | 1,820,240 | 1,741,953 |
| Total assets | 1,848,803 | 1,789,289 | 1,766,973 | 1,852,999 | 1,771,125 |
| Current liabilities | 28,288 | 45,850 | 40,809 | 28,332 | 40,912 |
| Non-current liabilities | 79,314 | 90,064 | 66,830 | 79,314 | 66,830 |
| Total liabilities | 107,602 | 135,914 | 107,639 | 107,646 | 107,742 |
| Net assets | 1,741,201 | 1,653,375 | 1,659,334 | 1,745,353 | 1,663,383 |
| Total equity | 1,741,201 | 1,653,375 | 1,659,334 | 1,745,353 | 1,663,383 |

Statement of changes in net assets/equity For the year ended 30 June 2018

| | Council | | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2017/18 Actual \$'000 | 2017/18 Budget \$'000 | 2016/17 Actual \$'000 | 2017/18 Actual \$'000 | 2016/17 Actual \$'000 |
| Balance at start of year | | | | | |
| Accumulated funds including share of joint venture | 1,029,070 | 1,042,700 | 1,004,834 | 1,030,204 | 1,006,334 |
| Reserves | 630,264 | 561,660 | 558,205 | 633,179 | 561,163 |
| Balance at 1 July as previously reported | 1,659,334 | 1,604,360 | 1,563,039 | 1,663,383 | 1,567,497 |
| Total comprehensive revenue and expense for the year wholly attributable to Waikato District Council | 81,867 | 49,015 | 96,295 | 81,970 | 95,886 |
| Other equity movements | - | - | - | - | - |
| Balance at 30 June wholly attributable to Waikato District Council | 1,741,201 | 1,653,375 | 1,659,334 | 1,745,353 | 1,663,383 |
| Represented by equity at the end of the year | | | | | |
| Accumulated funds | 1,062,601 | 1,061,464 | 1,029,070 | 1,063,766 | 1,030,204 |
| Other reserves | 678,600 | 591,911 | 630,264 | 681,587 | 633,179 |
| Balance at 30 June wholly attributable to Waikato District Council | 1,741,201 | 1,653,375 | 1,659,334 | 1,745,353 | 1,663,383 |

Statement of cash flows For the year ended 30 June 2018

| | Council | | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2017/18 Actual \$'000 | 2017/18 Budget \$'000 | 2016/17 Actual \$'000 | 2017/18 Actual \$'000 | 2016/17 Actual \$'000 |
| Net cash from operating activities | 42,381 | 36,823 | 37,867 | 42,266 | 36,684 |
| Net cash from investing activities | (31,153) | (65,109) | (58,172) | (31,021) | (58,847) |
| Net cash from financing activities | - | 28,300 | 20,000 | - | 20,115 |
| Net (decrease) increase in cash and cash equivalents | 11,228 | 14 | (305) | 11,245 | (2,048) |

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 previously a 50% party to a Joint Venture Agreement, Waikato Quarries Limited. The Joint Venture Agreement ceased during the 2016/17 financial year. 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.

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 2018. The full annual report and summary financial statements were authorised for issue by Council on 8 October 2018.

SUMMARY ADDITIONAL DISCLOSURES

Contingencies

Contingent liabilities for Council at balance date are \$10,000 (2017: \$10,000) The Group's contingent liabilities at balance date are: \$10,000 (2017: \$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 \$40,949,110 (2017: \$57,283,000) of capital commitments. Strada had no capital commitments at balance date (2017: \$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 2018.

Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2017/18 compared to the budget for 2017/18.

Overall revenue was \$36m greater than budgeted. This was mainly due to vested and found asset income of \$26m not being budgeted. Also contribution income was \$4m higher than budgeted from growth exceeding budgeted levels throughout the district and in particular for Pokeno. Subsidy income received from NZTA was \$2m higher for items not budgeted including the LED lights project and extra subsidy in connection to the Te Awa cycleway. General recoveries were \$1.7m above budget and included recoveries from additional work carried out to meet demand for resource consent requests.

Overall expenses were \$6m greater than budget. Asset write-offs mainly occur when infrastructure assets are disposed for no value and these were not budgeted. This year asset write-offs were \$3m. Less was spent on employees compared to budget due to vacancies during the year and that was offset by \$3m more spent on consultants to cover staff shortages and cover off extra work required in the consents area for which additional fees income was received and is included under revenue.

At an operating level the surplus was \$29.5m above budget.

Total comprehensive revenue and expense was \$81.9m and was \$32.9m above budget. Most of the difference is explained by the extra operating surplus of \$29.5m.

Other comprehensive revenue and expense includes revaluation surpluses which are \$3.4m greater than was budgeted and this explains the remainder of the variance.

The statement of financial position shows an increase in overall net assets of \$87.8m compared to budget. The biggest variance was for property, plant and equipment. Other differences include fewer borrowings compared to budget estimates. Other liabilities are less than was budgeted while cash and cash equivalents is higher than budgeted due to cash flow timing differences.

The cash flow statement highlights how the capital programme was below budget and is offset by no new borrowings this year and an increase in cash equivalents at balance date.

Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue on 8 October 2018.

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 8 October 2018.

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 Arotake Aotearoa

To the readers of Waikato District Council and group's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Waikato District Council and group (the District Council) for the year ended 30 June 2018.

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 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2018;
- 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 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 2018 in our auditor's report dated 8 October 2018.

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 have audited the District Council's 2018-28 long term plan, performed a limited assurance engagement related to the District Council's debenture trust deed and a retrospective review of two procurements selected by the District Council, 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.



Leon Pieterse,
Audit New Zealand
On behalf of the
Auditor-General
Auckland, New Zealand
8 October 2018