



**Waipa**  
DISTRICT COUNCIL

# ANNUAL REPORT SUMMARY 2016

## INTRODUCTION FROM THE MAYOR AND CHIEF EXECUTIVE

A review of the 2015/16 financial year, as contained in this Annual Report, paints a very positive picture of the Waipa district. Our Council is one of only three Councils in the greater Waikato region governing an area experiencing significant growth. That brings both opportunities and challenges and during the year we dealt with both.

We continue to work on the major capital works programme as outlined in our 10-Year Plan and during the year a number of projects either started or came to fruition. Construction of the long-awaited Te Awamutu library began during the year with the new, purpose-built facility due to open in October 2016. The library and related street-scaping works around Te Awamutu are beginning to bring the community's long-held vision for the township to life. In Cambridge, Te Awamutu and throughout the rest of the district, there is a real sense of energy, reflected in a number of new subdivisions and increased economic activity.

We have continued to make ongoing investments in water, wastewater and roads across the district, reflecting the works programme we agreed with our community. All up, we completed 82 per cent of our programmed capital works programme at a cost of \$43.6 million. At the same time our consenting and building inspection staff were very busy, with 18 per cent more building consents processed this year, over the previous year.

Results of an independent survey carried out in May 2016 said 71 per cent of residents have pride in the Waipa District and that Waipa District Council has an excellent reputation amongst the community. As Mayor and Chief Executive, we are proud of that result and of knowing that the work we are doing is resulting in great outcomes for our residents and ratepayers.

Work on some very complex issues continued throughout the year. Excellent progress was made on our Proposed District Plan. The Plan is a key document as it contains policy guidance and rules on development and subdivision and also seeks to protect important buildings, landscapes and natural areas. The Plan was publicly notified in May 2014 and during the last year progressed to the stage where only one appeal from 28 remained outstanding.

Throughout the year we also progressed a number of joint management agreements with local iwi in light of Treaty of Waitangi settlements. Our relationship with local iwi remains positive, constructive and highly valued.

One of the things our Council discussed at length over the past 12 months was the proposal for Waipa and Waikato District Councils, along with Hamilton City Council, to form a council-controlled organisation (CCO) to manage water

and wastewater. In July 2016 we agreed to a potential structure of a CCO, should one be formed. That decision however is a long way off. Incoming Councils elected in October 2016 will have their own view and they will decide whether or not to progress this proposal further. If so, it must go out for very extensive community consultation and that is unlikely before 2017. We support this consultation and strongly believe it is time the Waipa community had a say on this very significant proposal.

Next year looks to be a very busy one for the Waipa district. Waipa is becoming more popular and more well-known for its excellent quality of life. Given that, there is no sign of growth or economic activity abating.

A number of one-off special events are scheduled including the World Masters Games in April 2017. Thousands of rowers and track cyclists and their supporters are expected. We fully anticipate they will stay in Waipa for a while and will bring their own energy and enthusiasm. As always, we know they will be warmly welcomed to the district by people who genuinely love living here and are happy to share their hospitality.

Once again, we would like to thank the wider Waipa communities for the role each plays in making our district a better place to be. Your ongoing input into the activities of our Council is warmly welcomed and we look forward to working with you again over the coming year.



*Jim Mylchreest*

**Jim Mylchreest JP**  
MAYOR



*Garry Dyet*

**Garry Dyet JP**  
CHIEF EXECUTIVE





## FINANCIAL SUMMARY 2015/16

---

The following summary financial statements were extracted from the full audited financial report of Waipa District Council for 30 June 2016. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. This summary and the full annual report were authorised for issue by the Council on September 13 2016. The full annual report is available from the Council offices or can be downloaded at [www.waipadc.govt.nz](http://www.waipadc.govt.nz). An unmodified audit report was issued on the full financial statements.

# FINANCIAL SUMMARY STATEMENTS

	2016 Actual \$000s	2016 Budget \$000s	2015 Actual \$000s
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2016</b>			
Operating income	94,006	81,849	80,433
Operating expenditure	66,287	63,560	63,198
Finance costs	807	1,016	1,169
<b>Operating surplus</b>	<b>\$26,912</b>	<b>\$17,273</b>	<b>\$16,066</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>			
Property plant and equipment revaluation gains / (losses) taken to equity	8,562	17,834	114,690
Intangible gains / (losses) taken to equity	180	-	43
Cash flow hedges gains / (losses) taken to equity	(526)	(262)	(422)
<b>Total other comprehensive revenue and expense for the year</b>	<b>\$8,216</b>	<b>\$17,572</b>	<b>\$114,311</b>
<b>Total comprehensive revenue and expense for the year</b>	<b>\$35,128</b>	<b>\$34,845</b>	<b>\$130,377</b>
<b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016</b>			
Balance at 1 July	1,298,618	1,219,354	1,168,241
Total comprehensive revenue and expense for the year	35,128	34,845	130,377
<b>Total equity at end of the year</b>	<b>\$1,333,746</b>	<b>\$1,254,199</b>	<b>\$1,298,618</b>
<b>EQUITY REPRESENTED BY:</b>			
Retained earnings	400,781	388,383	373,649
Other reserves	932,965	865,816	924,969
<b>Total equity</b>	<b>\$1,333,746</b>	<b>\$1,254,199</b>	<b>\$1,298,618</b>
<b>STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016</b>			
Current assets	22,855	6,948	18,250
Non current assets	1,339,070	1,286,554	1,308,663
<b>Total assets</b>	<b>1,361,925</b>	<b>1,293,502</b>	<b>1,326,913</b>
Current liabilities	12,597	10,874	13,124
Non current liabilities	15,582	28,429	15,171
Total liabilities	28,179	39,303	28,295
<b>Equity and net assets</b>	<b>\$1,333,746</b>	<b>\$1,254,199</b>	<b>\$1,298,618</b>
<b>STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016</b>			
Net cash flows from operating activities	32,084	25,938	30,775
Net cash flows used in investing activities	(28,168)	(40,296)	(27,691)
Net cash flows used in financing activities	(23)	14,000	(18)
Net increase/(decrease) in cash and cash equivalents	3,893	(358)	3,066
Cash and cash equivalents at the beginning of the year	11,559	3,228	8,493
<b>Cash and cash equivalents at the end of the year</b>	<b>\$15,452</b>	<b>\$2,870</b>	<b>\$11,559</b>

# NET COSTS

<b>2016 NET MOVEMENT</b>	<b>2016 Actual \$000s</b>	<b>2016 LTP Budget 000s</b>
Governance	6,731	6,875
Planning and Regulatory	636	1,699
Community Services and Facilities	11,698	12,674
Roads and Footpaths	15,318	10,891
Stormwater	2,646	2,833
Wastewater Treatment & Disposal	5,277	6,188
Water Treatment & Supply	2,907	3,626

## ADDITIONAL DISCLOSURES AND ACCOUNTING POLICIES

### Reporting entity

Waipa District Council is a territorial local authority governed by the Local Government Act 2002. The group consists of the ultimate parent, Waipa District Council, and the Waipa Community Facilities Trust. The financial statements are for the council and group. The full financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand. The full financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE standards. This summary complies with FRS 43 and this standard does not include a requirement to comply with New Zealand GAAP or PBE standards. These summary financial statements are for the year ended 30 June 2016.

### Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

### Significant variances against budget include:

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

- Fees and charges revenue received is \$2.7 million higher than budget. \$394,000 of this is from higher than anticipated consent applications. \$313,000 relates to revenue received as compensation for an easement arrangement. \$1,268,000 is district pools, this relates to recovery of expenses from the Waipa Community Facilities Trust, \$268,000 and revenue

from the Community Facilities Trust on consolidation, \$1 million. Revenue received for water fees and charges was \$527,000 higher than budget.

- Gain on revaluation of forestry and investment properties was \$1.9 million higher than budget due to current market conditions.
- The amount of infrastructure assets gifted from developers was worth \$5.4 million more than budget, this relates to the timing of receiving assets from developers and also the vested assets from NZTA in relation to the Cambridge Bypass.
- Discovered assets of \$1.7 million have been recognised, these are mainly water, wastewater and stormwater assets as information from CCTV and conditions assessments are received.
- Delays in completing the capital roading programme have resulted in less subsidy received in 2015/16, this funding can be carried forward to 2016/17.
- Other expenses are \$2.5 million higher than budget. This is made up of:
  - Loss on disposal of infrastructure assets being \$3.7 million higher than budget.
  - Carry forwards of \$452,000 from 2014/15, this includes costs for Hautapu Structure Plan, demolition and removal of dwelling and outbuildings at Sainsbury Road and stormwater works.
  - Savings in Planning and Regulatory of \$669,000 which includes expenditure not required for earthquake assessments, due to legislation and regulations not yet in force.
  - Condition assessment costs lower than budget largely due to the restructure of the Water Services area, \$437,000.
  - Savings across all activities within Support Services, the biggest savings were in costs budgeted for Council occupied buildings and professional services.
- Gain on revaluation of property plant and equipment \$9.3 million lower than budget largely due to the difference between the inflation rates used for the budget and actual CPI rates applied by the valuation companies.



## STATEMENT OF FINANCIAL POSITION

- The higher cash balance at year end is due to the opening balance being considerably higher than anticipated, as well as savings in expenditure and additional cash received for interest revenue and reserve and development contributions. Also due to the timing of capital work, particularly development related projects.
- Borrowings at year end are \$14 million lower than budget. This is due to the higher than anticipated cash balance at the end of the 2014/15 financial year, additional revenue received and timing of capital works.

### Capital commitments and contingent liabilities

Council has contracts committing it to spend \$11.5 million on future capital works (2015 \$3.8 million). Contingent liabilities which are dependent on other future events, are \$781,000 (2015 \$2.4 million).

### Related parties

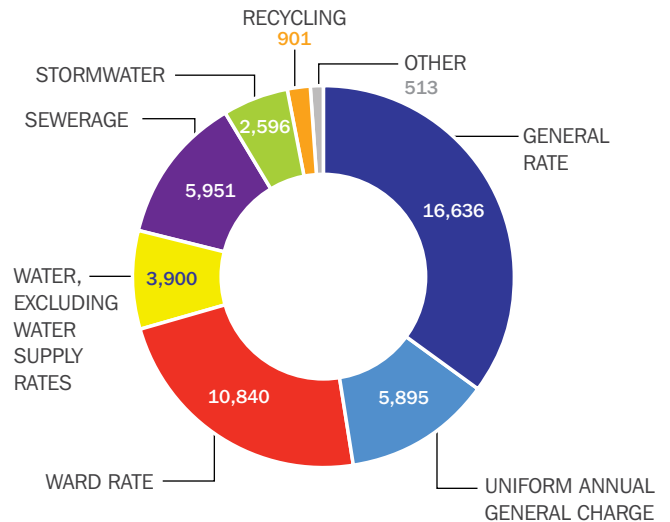
Council entered into a lease arrangement with Waipa Community Facilities Trust in 2013, to occupy the Trust Waikato Te Awamutu Event Centre and the Cambridge Swimming Pool Complex. The lease covers a term of twenty years and attracts a rental charge of one dollar plus GST per annum, payable on 16 September each year.

Council entered into an agreement with Councillor Lawrence William Ernest Hoverd and Janice Melva Hoverd to purchase for public work approximately 6 hectares of land currently being part of Lot 1, DPS 31770 for a price of ONE DOLLAR (\$1.00) excluding GST. The settlement date for the land purchase was 4 December 2015.

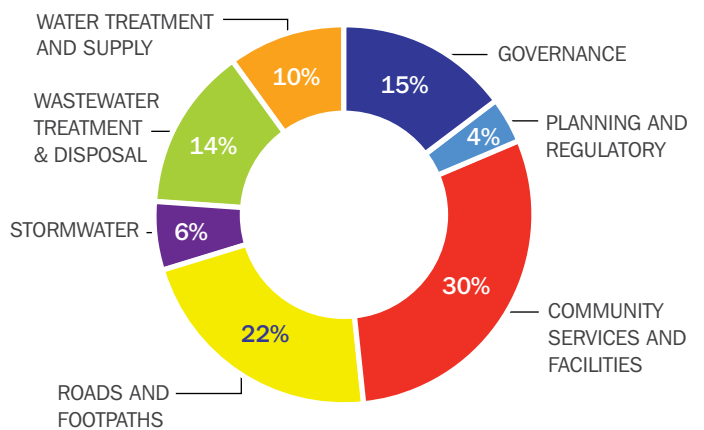
### Events after balance date

Council entered into a financial arrangement where \$21.5m of borrowing was raised with the Local Government Funding Agency Limited (LGFA) on 1 September 2016 and invested in short term deposits on the same day with two major banking institutions. The borrowing and investments are both at fixed interest rates for a period of six months and will secure a favourable return to Council of \$100,110. At the conclusion of the six month period of this arrangement Council will use the \$21.5m maturing from the deposits to fully settle the short term borrowing with the LGFA.

## RATES COLLECTED (\$000)



## WHAT WERE THE RATES SPENT ON?



 **TREATED APPROXIMATELY  
3,377 MILLION  
LITRES OF WASTEWATER**



# HOW WE DID

Our projects and work programmes are contained in eight groups of activities. This table summarises how we did, where we met expectations and where we need to improve. Our performance measures provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance.

GROUP OF ACTIVITY	ACHIEVED	NOT ACHIEVED
Governance	80%	20%
Community Services and Facilities	81%	19%
Roading	71%	29%
Planning and Regulatory	80%	20%
Stormwater	100%	0%
Wastewater Treatment and Disposal	100%	0%
Water Treatment and Supply	72%	28%
Support Services	50%	50%

For more details on the measures and our results see the full Annual Report.



Community consultation on the Cambridge roundabout.



REGISTERED  
**7738**  
DOGS

WE WELCOMED  
**185,337**  
VISITORS TO  
OUR WEBSITE



# COMMUNITY FEEDBACK

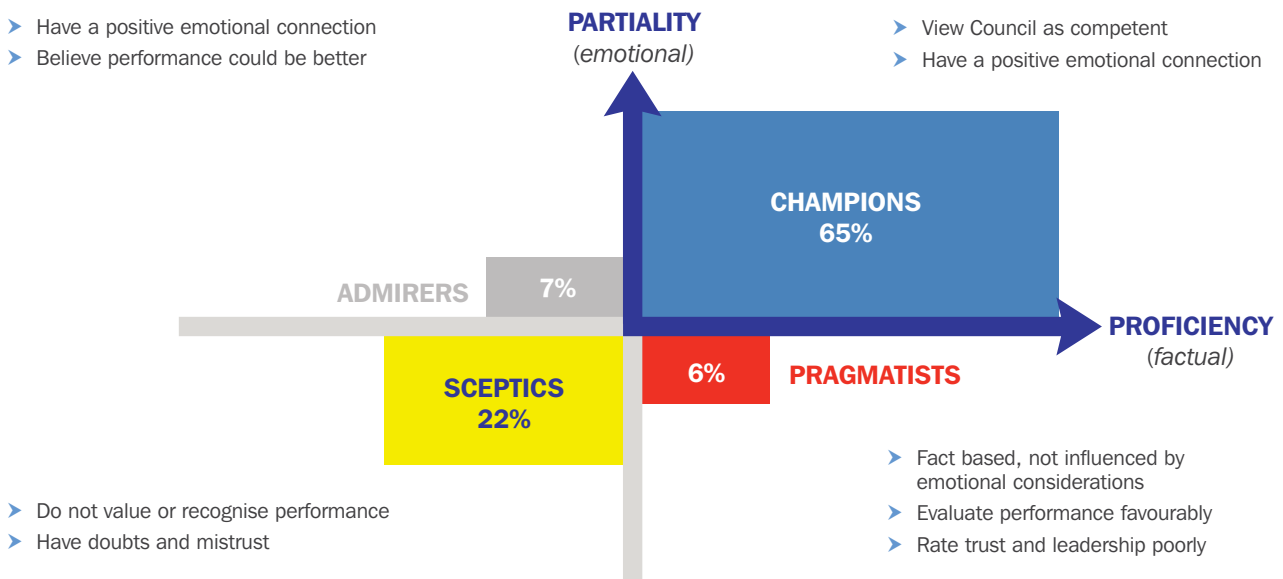
Each year we check in with our community to see how satisfied residents and ratepayers are with their council's performance.

## KEY RESULTS

- 1 Our residents have a great deal of pride in our district and are (mostly) satisfied with our performance. Satisfaction levels are highest in relation to public facilities and water and wastewater systems and lowest in relation to stormwater and some aspects of roading.
- 2 Residents would be more satisfied if we helped improve their understanding about how we provide value for money in regards to rates and other fees.
- 3 We have a strong reputation and most residents have a positive perception of the work we do. They trust and believe in our vision and leadership.
- 4 We could improve our reputation further by being more transparent around spending, and by showing we are spending and investing wisely and are achieving good outcomes.
- 5 Only 16 per cent of residents say they have a 'good knowledge' of our activities. Only 54 per cent of residents recognise our community boards act as community advocates.
- 6 Many residents aren't particularly keen on being involved in decision-making processes. A third said they would only become involved if we were planning something they disagreed with, or were aware of something that would negatively impact upon them.

The strong reputation measure is reflected in the profile with two thirds of residents recognising that Council does a good job while also having a positive emotional connection.

## REPUTATION PROFILE





Residents express a high level of pride in the district and in relation to the various services provided by the Council, and are more satisfied with the various public facilities in the district.

## OVERALL PERFORMANCE SUMMARY

	Satisfaction Level			SATISFACTION BY WARD		
	Poor	Indifferent	Satisfied	Don't know	Cambridge	Te Awamutu
Pride in the Waipa district	25%	71%		1%	74%	69%
Satisfaction with community boards	12%	59%	29%	27%	28%	30%
Overall reputation	7%	50%	44%	3%	42%	45%
> Leadership	7%	54%	39%	6%	40%	39%
> Trust	11%	57%	32%	4%	33%	31%
> Financial performance	14%	62%	25%	18%	27%	23%
> Service quality		51%	45%	1%	49%	42%
Overall value for money	15%	56%	29%	7%	31%	28%
Service, infrastructure and public facilities		51%	45%	1%	49%	42%
> Overall water management	8%	50%	43%	13%	44%	41%
> Overall roads and footpaths	7%	53%	41%	1%	45%	36%
> Overall public facilities		40%	59%	6%	58%	59%
> Regulatory services		52%	43%	18%	41%	44%



**PROCESSED 1256  
BUILDING CONSENTS**

**14,728 VISITORS TO OUR MUSEUM  
OR TAKEN PART IN THE MUSEUM'S  
EDUCATION PROGRAMME**



# A 12-MONTH SNAPSHOT

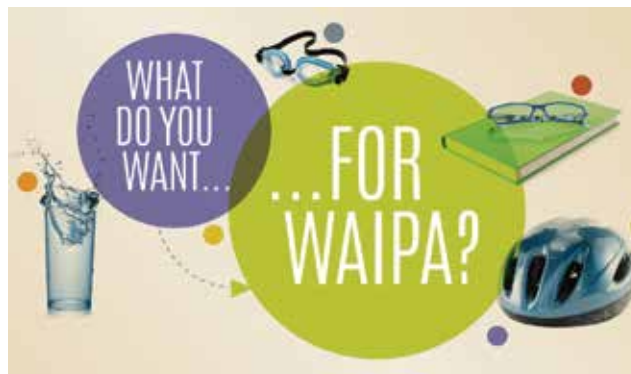
## JULY 2015

### JUDGED BEST IN SECTOR

The year began extremely well when we won a national award for community engagement.

Waipa District Council's 'Let's Get Engaged' campaign to involve the community in its 10-Year Plan was judged best in New Zealand at the LGNZ Excellence Awards. Judges described our project as "innovative, inclusive, energetic and focused".

Nearly 500 submissions on our draft 10-Year Plan were received. As a result of community feedback, elected members made a number of changes to the original proposals shared with residents and ratepayers.



## AUGUST 2015

### COMMUNITY RESULTS

An independent survey reported nearly half of Waipa residents thought Waipa was a better place to live than three years earlier.

Of those surveyed nearly 93 per cent said they were likely or very likely to promote Waipa as a good place to live. Around 74 per cent also said they were likely or very likely to talk positively about Waipa District Council.

In all, 69 per cent of residents said the services we offer provide value for money. Nineteen per cent disagreed and 12 per cent chose not to comment.

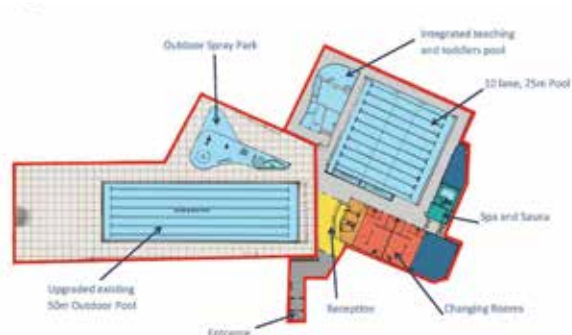
## SEPTEMBER 2015

### BIG BOOST FOR CAMBRIDGE POOL

We secured a \$400,000 grant from Trust Waikato towards a new pool complex for Cambridge, the biggest grant made during that funding round.

We have budgeted to spend \$7.8 million towards a new pool including an indoor eight or 10-lane 25 meter pool with an integrated junior and learner's pool. The existing outdoor 50 meter pool will be retained and upgraded.

A master plan includes provision for a spa pool, sauna and outdoor splash park but funding has not yet been allocated and relies on community fund-raising. We are aiming to raise \$2.1 million towards the project. (Note: By August 2016 a further \$300,000 in fund-raising had been secured).



## OCTOBER 2015

### CAMBRIDGE ROUNDABOUT AGREEMENT

We reached agreement with the NZ Transport Agency to fund and fix one of Cambridge's most notorious accident spots.

The installation of a roundabout at the intersection of SH1 and Victoria Road by St Andrew's Anglican church was not scheduled to be undertaken for another four years. But the NZ Transport Agency stepped in and agreed to fund and fast-track the work.

Planning began immediately, including consideration of a range of opportunities opened up by the early decision. They include improving access to Lake Te Ko Utu and determining options for a new 'entrance' into Cambridge.



## NOVEMBER 2015

### NEW LIBRARY FOR TE AWAMUTU

A formal site blessing in November allowed construction work to begin on Te Awamutu's long-awaited new library.

The 1400 square meter, \$4.4 million purpose-built facility is being constructed on the corner of Mahoe Street and Selwyn Lane. When complete it will form an anchor building in the Te Awamutu hub. The hub, which will incorporate the existing Trust Waikato Te Awamutu Events Centre, will ultimately include a proposed new museum along with recreation space, hospitality, accommodation and office facilities.

Earthworks on the project began during December and construction started in earnest after Christmas. The library is due to open in October 2016.



## DECEMBER 2015

### PICNIC IN THE PARK

Families enjoyed a Waipa picnic in December at the official opening of a new recreation space, Waipuke Park.

The 40-hectare site, just up river from the Mighty River Domain, is owned by Waipa District Council. After years of grazing and following consultation with the public, the lower terrace of Waipuke Park on the banks of the Waikato River has now been set aside for public use.

Following earthworks, the construction of a walkway, fencing and the installation of signage, Waipuke Park opened in time for summer and has been a hit ever since. Development of the park continues.



## JANUARY 2016

### WORKING TOGETHER

Work continued in 2016 on finding innovative and more cost-effective ways to provide council services. We continued to be part of the 12-council Local Authority Shared Service (LASS) organisation to pool resources and combine work in a range of areas. We also continued to be part of the Waikato Mayoral Forum.

The Waikato Road Asset Technical Acord (RATA), originally an initiative of the Waikato Mayoral Forum, has already returned savings to Waipa ratepayers by making key recommendations around road maintenance. RATA has now been set up as a business unit within our Council, contracting the services it provides on behalf of the region back to LASS.

## FEBRUARY 2016

### IMPROVEMENTS AT LAKE NGAROTO

World Wetlands Day was celebrated at Waipa with the official opening of the upgraded track at Lake Ngaroto.

This natural wetland north of Te Awamutu is home to native plants and animals. It is a popular Waipa recreation spot and is already used for yachting, rowing, wind surfing, fishing, walking and picnicking.

We have already invested in improved water quality at the lake and over the next decade, plan to spend around \$1 million further developing the lake and its surrounds.



## MARCH 2016

### NEW BORE OPERATIONAL

A new bore on council-owned land at Frontier Road was put into production, providing a new fresh source water for 1,200 Te Awamutu households.

The bore supplements water from the Mangauika Stream on Mt Pirongia. We can only take a finite amount of water from the stream under our resource consent from Waikato Regional Council, meaning we can struggle to provide enough water to Te Awamutu during summer.

The exploratory programme to find further production bores continued throughout the year as part of an effort to find alternative water sources. If successful, the Council will save millions of dollars by avoiding an upgrade of the Parallel Road treatment plant and the Parallel Road to Taylor's Hill pipeline.



**OUR FACEBOOK FOLLOWERS HAVE INCREASED FROM 2071 TO 3144**



## APRIL 2016

### EVENTS WEBSITE LAUNCHED

Work was completed on a new website to support events in the Waipa district.

The site [www.whatsonwaipa.co.nz](http://www.whatsonwaipa.co.nz) was launched in May and followed independent research which showed major events are worth millions to the Waipa economy.

The website splits listed events into three categories – sport, community and arts and culture. It details why events should be held in Waipa and provides information about possible funding support.

Within weeks of launching, the site had attracted a loyal following and already has events listed well out until 2017.



## MAY 2016

### CYCLEWAYS AND WALKWAYS ALL GO

Planning work began in earnest on a series of cycleways and walkways linking Te Awamutu, Kihikihi and Pirongia.

We resolved to invest \$1.2 million on three separate trails in the 2016/17 financial year following recommendations from a community stakeholder group working alongside our staff.

Money was approved for the construction of a 2.5-3 metre, 19km Te Awamutu to Pirongia cycleway, subject to further investigation and confirmation of costs. If construction of the full trail is not feasible, a section connecting Te Awamutu to Lake Ngaroto will kick off the project.

Approval was also given to build a 2.5 metre, 4km easy-riding trail from Te Awamutu to Kihikihi.

## JUNE 2016

### TE AWAMUTU STREETSCAPING PROJECT

Streetscaping work continued in June on an extensive project to upgrade and better connect Te Awamutu's central business district.

When complete in October 2016, the work will link the new library, Selwyn Park, the playground and the Trust Waikato Te Awamutu Events Centre to the rest of town. The \$1.6 million project was approved as part of the 10-Year Plan.

The project involved 240 meters of new kerbing, 2,000 square meters of new asphalt, 400 meters of new footpaths and 650 square meters of decorative paving. The budget also allows for seating, landscaping and improved street lighting.

TREATED APPROXIMATELY  
9,450M LITRES OF WATER



— — RESEALED 102.7 KILOMETRES OF ROAD — —

## **Independent Auditor's Report**

### **To the readers of Waipa District Council and group's summary annual report for the year ended 30 June 2016**

The summary annual report was derived from the annual report of Waipa District Council (the District Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 13:

- the summary statement of financial position as at 30 June 2016;
- 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 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance information of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 13 September 2016.

### **Opinion**

In our opinion:

- the summary 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.

### **Basis of opinion**

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

## **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.

A handwritten signature in black ink, appearing to read 'D Walker 13/9/2016', is written over a faint, illegible printed name.

David Walker,  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
13 September 2016

