



ANNUAL REPORT **SUMMARY** **2020**

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INTRODUCTION FROM THE MAYOR AND CHIEF EXECUTIVE

The 2019/2020 financial year has been a year unlike any other for Waipā District Council.

We have faced extraordinary growth in the district, inducted a new Council and Community Boards, managed an ambitious capital works programme, and responded to the economic impacts of a global pandemic. During the ups and downs, Waipā District Council has remained in a strong position to keep our district thriving.

Growth continues to have a huge impact on Waipā. Last year our population grew by 2.6 per cent, (up from 1.9 per cent in 2018/19) as our district continues to be one of the most attractive places to live in New Zealand.

With growth comes a boost to the economy. Waipā saw a 2.3 per cent growth in business units in the year to December 2019 with a 4.9 per cent growth in economy activity. 563 new residential consents were issued up to March 2020, down from 612 in the previous 12 months, while non-residential consents to the value of \$532.1 million were also issued, up by 54 per cent on the previous 12 months to March 2020.

As we grow, we must make rates affordable and we offset growth-related development with contributions from developers. It's also critical we partner with our neighbouring councils to collaborate on sub-regional initiatives that maximise opportunities for our communities. This year we have been part of the Hamilton to Auckland Corridor plan and the metro spatial plan, and have partnered with Hamilton & Waikato Tourism and Te Waka to support economic development in the district.

We spent 48.6 per cent of our growth budget and 87.4 per cent of our levels of service improvement budget. Changes in developer timeframes and levels of service due to impacts of COVID-19 were the main drivers, resulting in delays to some of our much anticipated developments, like the Cambridge Pool. Debt levels at the end of the financial year ended at \$53.5 million compared to a forecast of \$90.5m in the 2018-28 Long Term Plan. We remain in excellent financial condition with a AA- rating from international credit agency Fitch for the second year running.

2019/20 was year two of the 2018-28 Long Term Plan. We had a mammoth task of delivering \$115.2 million in capital works (excluding vested assets) to bring our water and wastewater infrastructure in line with environmental and health standards, and to cater for growth.

We were making excellent progress and were largely on track to deliver what we promised to our community. Then a global pandemic hit Waipā, New Zealand and the world.

COVID-19 caused a significant disruption to the programming and scheduling of all capital works. At Alert Level 4, all works ceased for five weeks under central government regulations. At Alert Levels 3 and 2, government regulations required contractors and subcontractors to work in different zones and bubbles, therefore decreasing productivity levels on-site across all major projects.

In the end, it has resulted in Council completing \$84.5 million of capital works and services, which falls short of our target and means we roll over just shy of \$14 million in capital works to the 2020/21 year.

Maintenance works on existing assets is required to ensure ageing infrastructure like pipes, roads, treatment plants and reservoirs continue to do the job they were designed for. COVID-19 also impacted this programme and we completed the year delivering \$11.8 million in renewals, which equates to 67.2 per cent of the renewals budget.

On a more positive note, community engagement is always at the core of what we do. Our team has led campaigns over the last 12 months that have received national recognition and provided other Councils with a model to follow.

Two notable campaigns were the Speed Limits bylaw roll out and Te Ara Wai Journeys launch, which achieved silver awards in the annual Public Relations Institute of New Zealand awards. We're very proud of this acknowledgement

and it provides you with confidence of our commitment to community engagement and achieving meaningful outcomes.

We are well underway with planning for the next 10 years, and held some fantastic community events earlier in the year to get your thoughts on the district's vision and community outcomes – "Waipā Home of Champions: Building the Future Together".

Your input steers the waka. Discussions we've had together have brought some valuable ideas and talking points to the Council table. Thank you sincerely for that. We always appreciate your input and see this process as a partnership – working together to make Waipā a great place to live, work, play and invest.

Partnering with mana whenua has been and will remain a top priority. It is a legal requirement and our responsibility to work with our Treaty partners, and we have formed Joint Management Agreements and made Iwi appointments to Council committees for collaborative, inclusive, open and transparent working relationships.

In the year ahead, we know the impacts of COVID-19 will be felt by businesses and individuals across the district, and this has prompted a reset. We have pushed out some capital projects, pulled back on those requiring external funds, and adopted a 'buy local' policy. We are also working through a recovery plan to ensure the economic,

social, environmental and cultural wellbeing of our communities is supported and maintained.

Smart financial decision making on Council's part has never been more important - the situation is developing and may change - so we will continue to vigorously review how we deliver our services and activities, implementing measures to increase efficiencies for our community.

2020/21 will be all about continuing to successfully deliver on our vision and community outcomes during unprecedented times.



A handwritten signature in black ink, appearing to read "Jim Mylchreest".

Jim Mylchreest JP
MAYOR



A handwritten signature in black ink, appearing to read "Garry Dyet".

Garry Dyet JP
CHIEF EXECUTIVE

FINANCIAL SUMMARY 2019/20

The following summary financial statements were extracted from the full audited financial report of Waipā District Council for 30 June 2020. 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 29 September 2020. The full annual report is available from Council offices or can be downloaded at www.waipadc.govt.nz.

An unmodified audit report was issued on the full financial statements. An emphasis of matter was included in the audit opinion in relation to the impact of Covid-19. The Council and group have disclosed the impact of Covid-19 as set out on page 9 of the summary annual report.

FINANCIAL SUMMARY STATEMENTS

	Parent & Group 2020 Actual \$000's	Parent 2020 Budget \$000's	Parent & Group 2019 Actual \$000's
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2020			
Operating Income	106,716	108,982	122,111
Operating Expenditure	90,712	85,124	86,822
Finance costs	1,587	1,552	1,294
Operating Surplus	\$14,417	\$22,306	\$33,995
OTHER COMPREHENSIVE REVENUE AND EXPENSE RECOGNISED DIRECTLY IN EQUITY			
Property Plant and Equipment Revaluation gains / (losses) taken to equity	34,164	47,234	110,731
Intangible gains / (losses) taken to equity	146	-	33
Investment gains / (losses) taken to equity	1,549	-	2,068
Cash flow hedges gains / (losses) taken to equity	29	219	(135)
Total Other Comprehensive Revenue and Expense for the Year	\$35,888	\$47,453	\$112,697
Total Comprehensive Revenue and Expense for the Year	\$50,305	\$69,759	\$146,692
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020			
Balance at 1 July	1,717,879	1,599,128	1,571,187
Total Comprehensive Revenue and Expense for the year	50,305	69,759	146,692
Total Equity at End of the Year	\$1,768,184	\$1,668,887	\$1,717,879
Equity represented by:			
Retained Earnings	524,460	506,791	507,321
Council Created Reserves	40,306	31,346	40,866
Revaluation Reserves	1,204,710	1,130,750	1,171,013
Cashflow Hedge Reserve	(1,292)	0	(1,321)
Total Equity	\$1,768,148	\$1,668,887	\$1,717,879
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020			
Current Assets	13,028	16,133	12,102
Non current Assets	1,848,242	1,783,962	1,744,090
Total Assets	1,861,270	1,800,095	1,756,192
Current Liabilities	35,708	30,954	17,713
Non Current Liabilities	57,378	100,254	20,600
Total Liabilities	93,086	131,208	38,313
Equity and Net Assets	\$1,768,184	\$1,668,887	\$1,717,879
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020			
Net Cash Flows from Operating Activities	43,562	47,643	32,047
Net Cash Flows used in Investing Activities	(80,393)	(112,679)	(45,029)
Net Cash Flows used in Financing Activities	38,471	65,500	1,973
Net Increase/(Decrease) in Cash and Cash Equivalents	1,640	464	(11,009)
Cash and Cash Equivalents at the beginning of the year	1,322	1,411	12,331
Cash and Cash Equivalents at the end of the year	\$2,962	\$1,875	\$1,322

NET COSTS

2020 NET MOVEMENT	2020 Parent Actual 000s	2020 Parent Budget 000s
Governance	(8,287)	(8,801)
Planning and Regulatory	(2,354)	(2,787)
Community Services and Facilities	(18,769)	(20,475)
Roads and Footpaths	(13,125)	(12,701)
Stormwater	(3,910)	(3,905)
Wastewater Treatment & Disposal	(10,949)	(7,654)
Water Treatment & Supply	(2,104)	(1,202)
Support Services	(479)	(506)

ADDITIONAL DISCLOSURES AND ACCOUNTING POLICIES

Reporting entity

Waipā District Council is a territorial local authority governed by the Local Government Act 2002. The group consists of the ultimate parent, Waipā District Council, and the Waipa Community Facilities Trust. These summary financial statements are for the 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 2020.

Measurement base

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Covid-19 Impacts

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained at Alert Level 3 until 13 May inclusive.

During Alert Levels 4 and 3, most staff worked either remotely or on site (for essential services), with the balance of staff unable to work due to the nature of their roles. We suspended all non-urgent maintenance and capital works. After 13 May 2020, we resumed most of our operations.

There was no significant impact for our essential services under Levels 4 and 3. The deferral of our maintenance and capital works programme was caught up in the remainder of the 2019/20 year or is expected to be caught up in the 2020/21 financial year.

Management have considered the current and future impacts on the Council caused either directly or indirectly by Covid-19. The impact on the overall results was not material due to the nature of Waipā District Council as a territorial authority and a lot of the work unable to be performed over lockdown being caught up within the current financial year.

In the current environment it is challenging to predict the potential future effects of this pandemic on Waipā District Council. Management believe that any potential negative effects would likely be limited, unless there is a sustained economic downturn, which has been predicted by some economic commentators. In that event, Management believe the effect on the key elements in the financial statements would be:

1. Rates Revenue – unlikely to change significantly due to powers under the rating act. Rates growth is likely to flatten out.
2. Fees & Charges – may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
3. Development Contributions - may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
4. Vested Assets - may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
5. Subsidies and grants – unlikely to change significantly due to the large proportion of our subsidies and grants coming from Central Government funding (NZTA subsidy) which is likely to remain unchanged.
6. Operating Expenses – unlikely to change significantly. Significant costs such as employee benefits and depreciation are unlikely to be materially affected. Bad debts have not been material to Council in prior years but there is a potential for a slight increase from the default of payment from non-rating debtors.
7. Property plant and equipment are valued at fair value and therefore have the ability to move significantly based on market factors. Management consider that the values may increase in market prices for our infrastructural assets of between 2-4% due to the construction market and an increase in Central Government Spending in this area.
8. Trade receivables are accounted for at net realisable value, these are likely to increase slightly due to a reduction in penalties for ratepayers but will remain collectable due to powers under the rating act. Non rates receivables are likely to increase slightly also with a small increase in bad debts likely.
9. The carrying value of most other assets and liabilities is unlikely to change significantly.

Significant Variances Against Budget Include:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

- Fees and charges were \$4.1 million higher than budget mainly due to \$2.9 million of revenue from the Community Facilities Trust on consolidation, \$304,000 of additional revenue from regulatory income, \$202,000 in additional

revenue from Rata cost recovery for roading services, \$136,000 increase in Pensioner Housing Rent, \$99,000 increase in cemetery charges and burials.

- Development contributions were \$6.6 million lower than budget due to timing of developments.
- Discovered assets were \$731,000 higher than budget due to database improvement work being undertaken.
- Increase in finance revenue of \$669,000 mainly due to short term arbitrage arrangements.
- Subsidies and grants are \$1.1 million higher than budget mainly due to extra funding received from NZTA for Hanlin Road development.
- Employee benefit expenses are \$1 million higher than budget due to growth in staff numbers. This has allowed Council to decrease reliance on external consultants and contractors.
- Depreciation is \$1.7 million higher than budget. This is mainly due to higher than anticipated asset values from 2019 valuations and vested assets.
- Other expenses are \$2.3 million higher than budget. This is made up of:
 - ▶ Loss on disposal of infrastructure assets being \$2 million higher than budget.
 - ▶ Increase in recycling costs of \$1.1 million higher in budget.
 - ▶ These increases have been offset by net savings in other areas.
- Property, plant and equipment was \$58.9 million greater than budget mainly due to higher than anticipated asset revaluations for roading in 2019.
- Borrowings at year end are \$45 million lower than budget. This is due to delayed timing of capital works.

CAPITAL COMMITMENTS

Council has contracts committing it to spend \$52.6 million on future capital works (2019 \$55.2 million).

	2020 Actual \$000	2019 Actual \$000
<i>Capital Commitments</i>		
Road network	9,293	10,777
Drainage network	503	1,370
Wastewater treatment and disposal	26,597	5,180
Water treatment and supply	9,821	23,948
Community facilities	6,427	13,813
Property development	-	180
Total capital commitments	52,641	55,268

CONTINGENT LIABILITIES

	2020 Actual \$000	2019 Actual \$000
a) Guarantees	46	66
b) Waipa Community Trust	-	-
c) Waipa Community Facilities Trust	119	148
d) Outstanding legal matters	-	-
	165	214

Council is listed as sole guarantor for a number of community organisation bank loans. The Council is obligated under each guarantee to make loan payments in the event that the organisation defaults on a loan arrangement.

CONTINGENT LIABILITIES NOT ABLE TO BE QUANTIFIED

Local Government Funding Agency

Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA) and is party to the guarantee of all borrowings of the entity.

Council is one of 30 local authority shareholders and 54 local authority guarantors of the NZLGFA. In that regard, the LGFA has total uncalled capital of \$20 million of which Council's portion is \$100,000. When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of the LGFA's borrowings. At 30 June 2020, NZ LGFA had borrowings totalling \$11,908m (2019 \$9,531m).

Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low.

Carter Holt Harvey

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 48 of which are located within the Waipā District. In 2016, CHH commenced proceedings against 48 Councils, including Waipa District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

28 school buildings (two in Waipā district) built outside the 10 year long stop contained within the Building Act 2004 were subsequently struck out by the High Court. In August 2020, 11 further school buildings were removed from CHH's claim against the Council. 16 further buildings were to be removed if Council confirmed that no other building work had been consented to by the Council (other than those already identified).

The court had directed that the trial be staged. The first stage was to be a 6 month hearing due to commence in August 2020 (delayed due to COVID-19), to determine whether shadow clad is inherently defective.

Uncertainty existed at the end of the current and preceding period but the notice of discontinuance signed on 3 September 2020 has now removed the uncertainty and the Council is no longer subject to this legal proceeding and no settlement by the Council was involved.

Covid-19-related Variations under NZS 3910/3917

A number of Contractors have requested a Variation under certain construction contracts with the Council (specifically under NZS 3910/3917 forms of contract), as a result of the government-imposed lock-down due to the Covid-19 pandemic. As part of this, they have claimed costs of idle labour and plant.

The Council is currently working through the details of whether a) the Contractors are entitled to a Variation, and b) if so, how that Variation will be costed, particularly for idle labour and plant. There are currently 10 outstanding proposed Variations, with potentially \$800,000 payable.

At present, there is still insufficient information to conclude on final potential liability.

Erinic Investments Limited v Waipā District Council

In August 2020, proceedings were initiated in the High Court by Erinic Investments Limited against the Council (as first defendant) and four other defendants. The claimants allege that the Council was negligent in issuing building consents, inspecting the building work and issuing Code Compliance Certificates in respect of a building owned by the claimant. The claimant seeks at least \$1,000,000 in damages with additional consequential losses to be quantified, interest and costs.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Monavale Blueberries Limited

On 31 July 2020, the Council received a letter from Monavale Blueberries Limited seeking \$44,514.90 from the Council in compensation for business disruption caused by the Council's pipeline works on Cambridge Road from 1 October 2019 – 23 March 2020.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Contingent assets

Council is a 2% 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 uncertainties surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of the 2% shareholding.

Related parties

Council entered into a lease arrangement with Waipa Community Facilities Trust in 2013, for the Trust to occupy the Trust Waikato Te Awamutu Events 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.

SENIOR MANAGEMENT AND COUNCILLORS' COMPENSATION

	2020 Actual \$000	2019 Actual \$000
Councillors		
Remuneration	595	572
Full-time equivalent members*	14	13
Executive Team, including Chief Executive		
Remuneration	1,203	1,092
Full-time equivalent members	5	6
Total key management personnel remuneration	1,798	1,664
Total number of members	19	19

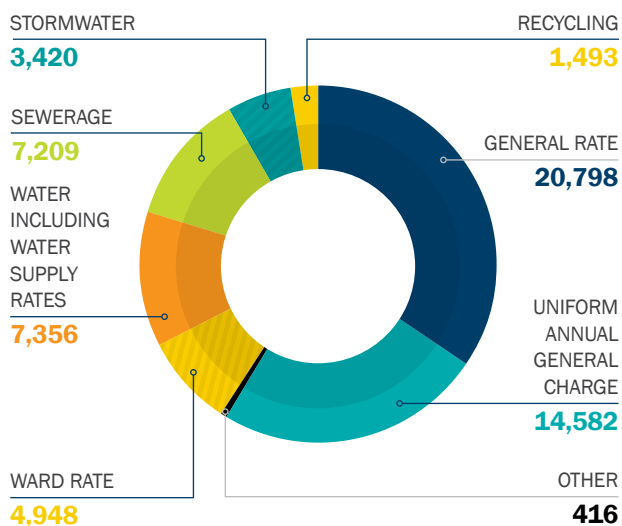
*Due to difficulty in determining the full-time equivalent for Councillors, the full-time equivalent is taken as the number of Councillors.

EVENTS AFTER BALANCE DATE

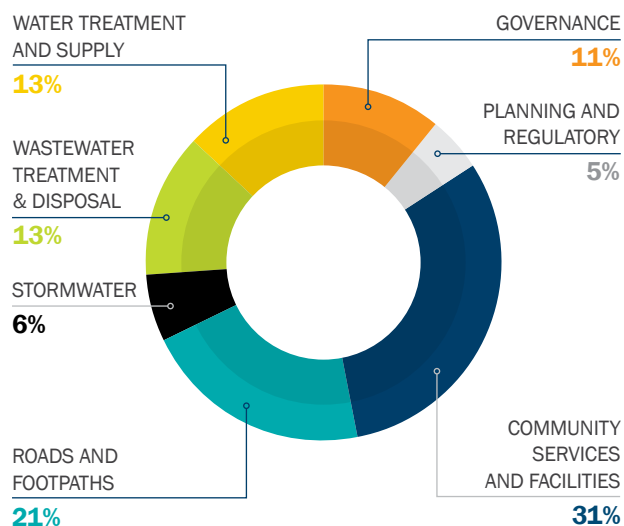
On 11 August 2020, four cases of community transmission were discovered in Auckland, New Zealand. They were all from the same family, who had no link to overseas travel or quarantine measures in the country. Prime Minister Jacinda Ardern announced that the entire Auckland Region would move back up to Alert Level 3 on 12 August and the rest of the country would move up to Alert Level 2. On the 30 August, Auckland moved to Alert Level 2.5, and in the week of 21 September Auckland moved back to Alert Level 2, while the rest of New Zealand moved to Alert Level 1.

These most recent changes had no significant impact on Council Services with all staff working either remotely or on site and most of our operations continuing.

RATES COLLECTED



WHAT WERE THE RATES SPENT ON?



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.

NON-FINANCIAL SUMMARY

GROUP OF ACTIVITY	ACHIEVED	NOT ACHIEVED	UNABLE TO ASSESS
Governance	3	1	0
Planning and Regulatory	6	5	0
Community Facilities	13	12	2
Roads and Footpaths	5	5	0
Stormwater	8	0	0
Wastewater	7	1	0
Water Supply	26	6	0
Support Services	3	0	0

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. Overall, Council's reputation remains in the 'Excellent' range and is consistent with results from the past two years with a slight increase in the percentage of respondents who are satisfied with Council's vision and leadership.
2. Residents perception of Council's competency and ability to achieve good outcomes for the District, as well working in the best interests of the community has seen a significant improvement.
3. Over the year there was also a significant increase in satisfaction with how queries and complaints were handled by Council staff (+11%).
4. The proportion of residents who are 'Champions' of Council (have trust in and an emotional connection with Council) remains a majority.
 - ▶ Satisfaction declines were seen across users of public facilities including playgrounds, libraries,

museums and public swimming pools. As above there was however a considerable increase in the proportion of respondents who selected "Don't know" as an answer while completing questions related to public facilities and services. In the last quarter of the year satisfaction had increased back to 2018/19 levels.

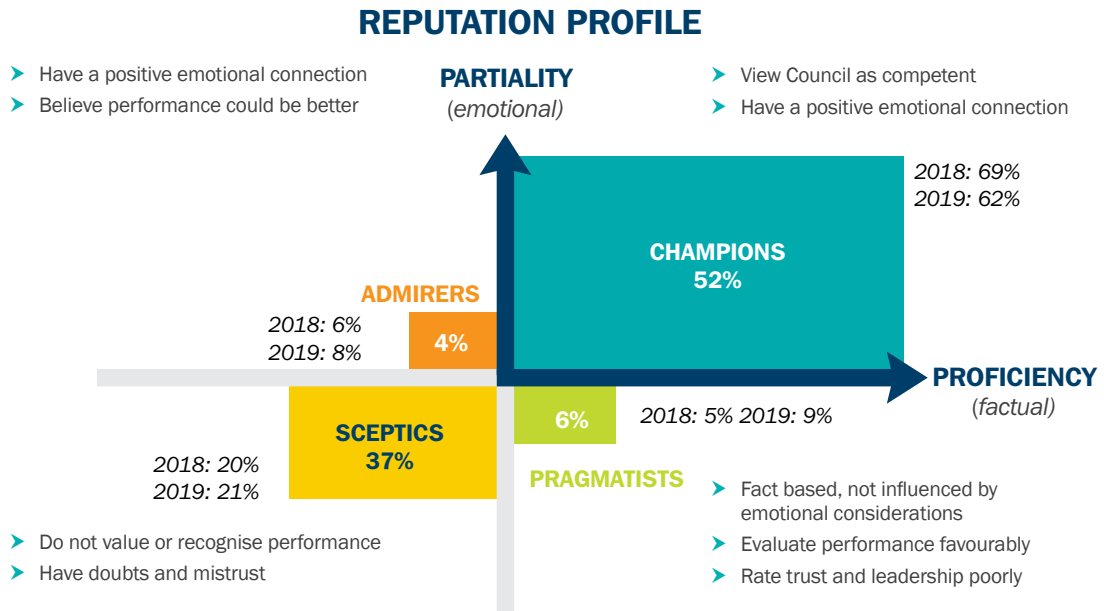
- ▶ Satisfaction with water management and roading showed significant decline. Specifically road maintenance, availability of cycleways and footpaths, as well as Councils stormwater systems are areas which have showed a year-on-year decline.
- ▶ Continuing to increase residents' knowledge of Council remains a focus. The proportion of residents who believe they know a great deal about the Council and what it does has reduced over the past 12 months (-5%).
- ▶ Residents' perception of value for money has increased slightly and continues to have a significant impact on perceptions of Council's overall performance.

OVERALL PERFORMANCE SUMMARY⁽¹⁾⁽²⁾⁽³⁾

	POOR (%1-4)	INDIFFERENT (%5-7)	SATISFIED (%8-10)	2019	2018
Pride in the Waipā district	27%	70%		75%	76%
Satisfaction with Community Boards	13%	46%	41%	35%	37%
Overall reputation	10%	49%	42%	40%	43%
▶ Leadership	14%	46%	40%	39%	42%
▶ Trust	16%	49%	35%	35%	35%
▶ Financial management	22%	52%	25%	25%	28%
▶ Service quality	10%	52%	38%	43%	46%
Overall value for money	22%	53%	25%	22%	31%
Service, infrastructure and public facilities	10%	52%	38%	43%	46%
▶ Overall water management	10%	46%	44%	51%	46%
▶ Overall roads and footpaths	15%	46%	38%	45%	48%
▶ Overall public facilities		41%	56%	68%	69%
▶ Regulatory services	12%	56%	32%	46%	49%

Source: Waipā District Council Annual Residents Survey Report. Key Research June 2020

6. 6. We have also maintained our strong reputation with the majority of residents classified as ‘Champions’ (52%), trusting and supporting our vision and leadership. Our reputation is still considered ‘Excellent’.



Source: Waipā District Council Annual Residents Survey Report. Key Research June 2020

For a full presentation of the results please see Council’s website.



A 12 MONTH SNAPSHOT

JULY 2019

FUNDING BOOST FOR LOCAL EVENTS

Waipā events received a funding injection from Council's two major event funds.

More than \$95,000 was allocated from the District Promotion Fund to support 23 events that promote the Waipā district as an attractive place to live, work, invest in or visit.

A further \$24,000 was allocated from the Community Event Fund to support ten smaller scale grassroots events which celebrate community pride.



AUGUST 2019

LOWER SPEED LIMITS FOR WAIPĀ

Councillors voted to lower more than 200 speed limits across Waipā to reduce the number of crashes and fatalities on local roads.

The changes included reducing the speed to 40km/h in Cambridge and Te Awamutu town centres, reducing speeds near schools, adding more 50 and 60km/h zones in urban areas and reducing speeds to 60 and 80km/h zones in some rural areas.

SEPTEMBER 2019

WAIKERIA WASTEWATER PIPELINE PROJECT KICKED OFF

Kaumatua from local iwi blessed the first stage of the Waikeria wastewater pipeline project.

The project will deliver significant improvements to the wastewater network which will accommodate the expected increase in flows from the Waikeria Correctional Facility and increased capacity for Te Awamutu's projected growth.



OCTOBER 2019

CAMBRIDGE 'MOST BEAUTIFUL LARGE TOWN'

Cambridge was crowned the Most Beautiful Large Town in New Zealand in the Keep New Zealand Beautiful annual awards.

Judges were impressed with the warm welcome from locals, environmental efforts, community achievements and the town's culinary and retail scene.



NOVEMBER 2019

NEW COUNCIL INDUCTED

The Waipā mayor, councillors and community board members were sworn in at a pōwhiri.

The same month, Council announced Iwi representatives with full voting rights would sit on two more of Waipā District Council's decision-making committees.

DECEMBER 2019

TE ARA WAI JOURNEYS OFFICIALLY LAUNCHED

Stories silenced until now were finally heard with the launch of Te Ara Wai Journeys, a unique self-guided tour of culturally significant sites in Waipa, including battle sites.

Those narratives include stories of the New Zealand Land Wars told by those with direct links to the bloody battles which helped shaped Aotearoa-New Zealand. Other storytellers include historians, writers, military experts, archaeologists and more.

Te Ara Wai Journeys is accessed through a free mobile tour at www.tearawai.nz.





JANUARY 2020

FACELIFT FOR WILLIAMSON STREET

Council announced Williamson Street, outside the Cambridge Pool, would get a major makeover.

Work included replacing the road, installing new pedestrian crossings and signage, and landscaping.

The improvements would dramatically enhance the street and make it safer for pedestrians and residents.

FEBRUARY 2020

COUNCIL'S FIRST MOVE TO WATER ALERT 4

Car washing, hosing and pool top-ups were banned in Te Awamutu, Pirongia, and Ōhaupō with the district's first move to Water Alert 4. Only essential water use was allowed.

The stream supplying Te Awamutu and Pirongia struggled under a severe meteorological drought with no prospect of rain in sight. Waipā District Council is building the new Te Awamutu Water Supply pipeline to address water shortages in this area.



MARCH 2020

COUNCIL RESPONDED TO COVID-19

Council responded to Covid-19 by closing offices, halls, playgrounds, pounds and other community facilities across the district.

Essential services such as recycling, road safety, water, customer support and animal control continued to operate throughout the lockdown. Council meetings carried on via Zoom.

A raft of events were cancelled or postponed, including Anzac Day – and residents were asked to instead mark the day from home.

Council established the Crisis Management Team and Western Waikato Emergency Operation Centre to carry out Civil Defence Emergency Management across three districts.



APRIL 2020

CHANGE IN RECYCLING SERVICE

Waipā announced it would stop collecting plastics types 3, 4, 6 and 7 from June as part of its recycling service, only collecting plastic types 1, 2 and 5.

The change to the recycling service, prompted by a shift in international recycling markets, saw Waipā join dozens of other councils, including Taupō District, Whakatāne District and Nelson City Council, moving away from collecting these plastic types.

JUNE 2020

NEW COMMUNITY FACILITY OPENED IN ŌHAUPŌ

The Ōhaupō Community, Sport and Recreation Centre on Forkert Road opened to the community.

The new facility includes a community room, kitchen and bar facilities, a separate clubroom, changing rooms and a gym.

The centre will be well-equipped to host local and national events and will be available for all community, sport and recreation groups to use.

Council contributed a \$703,000 grant to the project.



MAY 2020

DRAFT PLAN FOR FUTURE OF MEMORIAL PARK AND LAKE TE KOO UTU

A major revamp of Te Awamutu's Memorial Park and Cambridge's Lake Te Koo Utu was announced. Plans for Memorial Park included relocating the amphitheatre, strengthening connections to two streams, replacing the existing pond with a purpose-built play area, improving car parking and creating new memorial features. Plans for Te Koo Utu include a new wetland area, boardwalk, educational signage, restorative planting, a playground and upgraded walkways and entrances to the reserve.



ONYX 22964

Independent Auditor's Report

To the readers of Waipa District Council and group's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Waipa District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 29 September 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 40 to 108:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2020;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 46, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the groups of activities (statement of service provision) on pages 115 to 195:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 119 to 193, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s annual plan; and
- the funding impact statement for each group of activities on pages 121 to 194, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 25 to 32, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council and Group as set out in notes 1 and 25 to the financial statements and included in pages 115 to 192 of the groups of activities (statement of service provision).

Basis for our opinion on the audited information

We carried out our audit 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. We describe our

responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council’s annual plan and Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the groups of activities (statement of service provision), as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 23, 33 to 39, 109 to 114 and 197 to 215, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we performed a limited assurance engagement related to the District Council's debenture trust deed. Other than this engagement, we have no relationship with, or interests in, the District Council or its subsidiaries.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



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