

Annual Report

Summary

2016-17



South
Waikato
District
Council

Message from the Mayor and Chief Executive

The 2016-17 year saw fantastic growth in our district, demonstrating that Council's strategies of supporting job creation and economic and community development is positioning the South Waikato very well for a growing and prosperous future.

Our Council remains in a solid financial position; with a strong surplus for the year as detailed in the Statement of Comprehensive Revenue and Expenses of \$1.521m. Major differences to our budget were; additional income from solid waste, building and planning consents, unbudgeted income from the sale of trees at Amisfield offset by expenditure on emergency roading work and projects that were funded from the South Waikato Development Fund.

The December 2016 Infometrics report indicated that for the second year in a row, more than 100 jobs were introduced to our labour market, after two years of decline. This trend was endorsed with an increase in economic gain of 0.9% to December 2016. Traffic flows were up 6.3%, compared to 4.5% nationally, which was a positive indication that the investment Council has committed to the Tokoroa CBD upgrade will ensure continued economic growth for businesses in the Tokoroa town centre.

House prices in 2016 were 31% above their 2015 level and rental prices increased by 8.5% which is an eight year high. This positive growth for the district creates pressure on the housing market across the district. Council, working with Putāruru Moving Forward and the Putāruru community, has identified areas in Putāruru for a range of residential development. This is now entering the re-zoning stage under a District Plan Review process. We recognise that growth is occurring throughout the district and work has just started looking at a district wide growth strategy.

People are recognising the positive attributes of our district, including a strong, diverse community, affordable land prices, a growing economy, a business friendly council and facilities to cater to those who enjoy outdoor recreation such as water sports, cycling and walking. We're very central with strong road and rail links. People are moving out of the main centres and landing on our doorstep.

We are rising to the challenge of growth.

The 2016-17 was a year of change with the triennial elections introducing a new Mayor for the first time in 12 years and a new Council with four new faces. New leadership brings new ideas and coupled with population growth for the first time in over 20 years, our district is facing an exciting and positive future as it moves into a growth phase.

We have undertaken a number of projects to provide new or enhanced services to our community during this past year. The Urban Connector public transport service grows in use every month. The long awaited CCTV cameras in Putāruru and Tokoroa have been installed and the rollout of free public Wi-Fi in Tokoroa which is up and running.

Another long awaited project was the funky new toilet block at the top of the hill in Tīrau - what a fantastic toilet it is.

We facilitated a Business Support Service as an enhancement to our commitment to supporting local business and we launched our Business Prospectus which highlights our district's many strengths and is used to promote our district with potential business investors.

The Healthy Rivers Plan Change 1 made media headlines. Council submitted on the plan change, citing serious adverse effects on our community and our economic profile if the plan change occurs. Our Council agrees wholeheartedly with the philosophy around Healthy Rivers - cleaning up our rivers and waterways - but has grave concerns about the economic impact and timelines.

We swore in 38 new citizens at a Citizenship Ceremony in December - our largest ever; yet again showing what a truly multi-cultural community we are. Council won the Kaunihera ā-Rohe (Local Government) award in the national Te Reo awards and The Putāruru Customer Services team were presented with an award for Service to the Community at the Putāruru Business Awards.

We introduced the increasingly popular Open Public Forums at the start of each Council meeting. Feedback from our community is that they find these sessions valuable and a great way to raise concerns or ideas. We also launched a brand new mobile phone app called Antenno to bring real time notifications to our community. If you haven't downloaded it yet, do so!

We harvested the pine trees out at Amisfield, realising a net profit of \$ \$211,829 (incl GST). We then planted new trees - we'll report on that net profit in the 2041-42 Annual Report!

We rationalised buildings at the Tokoroa Memorial Sportsground to ensure the grounds continue to feature well maintained and well used facilities and we also made progress on the new Tokoroa Skate park design and Tokoroa CBD re-development.

In the complex world of shaping the future of the South Waikato and ensuring all Council services meet our ratepayers' expectations, there are always some challenges.

We are mindful of the cost of rates and we make every effort to carefully balance the needs and wants of our community when delivering our multitude of services. We hope you have enjoyed the year with us and we look forward to our continued journey together through the 2017-18 year. What will it bring...

Jenny Shattock QSM JP
MAYOR

Craig Hobbs
CHIEF EXECUTIVE

Date: 27 October 2017

Councillors and their contact details



Councillors from left to right back row: Jeff Gash (Deputy Mayor), Bill Machen, Marin Glucina, Peter Schulte, Gray Baldwin and Herman Van Rooijen

Left to right front row: Wendy Cook, Adrienne Bell, Jenny Shattock (Mayor) and Arama Ngapo-Lipscombe

Councillor Name	Phone number	Email Address	Ward
Jenny Shattock	885 0716 027 441 6230	jenny.shattock@southwaikato.govt.nz	Mayor
Jeff Gash	027 589 9472	jeff.gash@outlook.com	Tokoroa
Gray Baldwin	027 239 0497	baldwin@xtra.co.nz	Putāruru
Adrienne Bell	027 471 2404	adriennejb@yahoo.co.nz	Putāruru
Wendy Cook	021 719 093	wendy@pockets.co.nz	Tokoroa
Marin Glucina	021 416 076	glu-@hotmail.com	Tokoroa
Thomas Lee	027 332 1292	lee.whanau@clear.net.nz	Tokoroa
Bill Machen	027 471 5899	lilyandbill@xtra.co.nz	Tokoroa
Arama Ngapo-Lipscombe	027 533 9988	arama@nll.co.nz	Tokoroa
Peter Schulte	021 434 933	peter@otobahncoffee.com	Tīrau

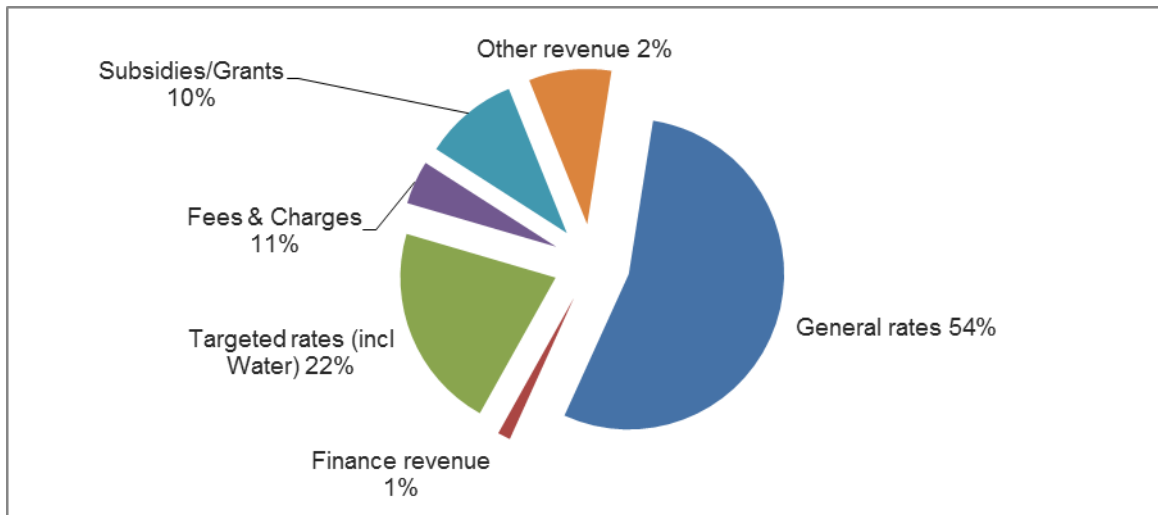
Herman Van Rooijen	027 246 6601	vanrooijen@xtra.co.nz	Putaruru
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Tirau Community Board members

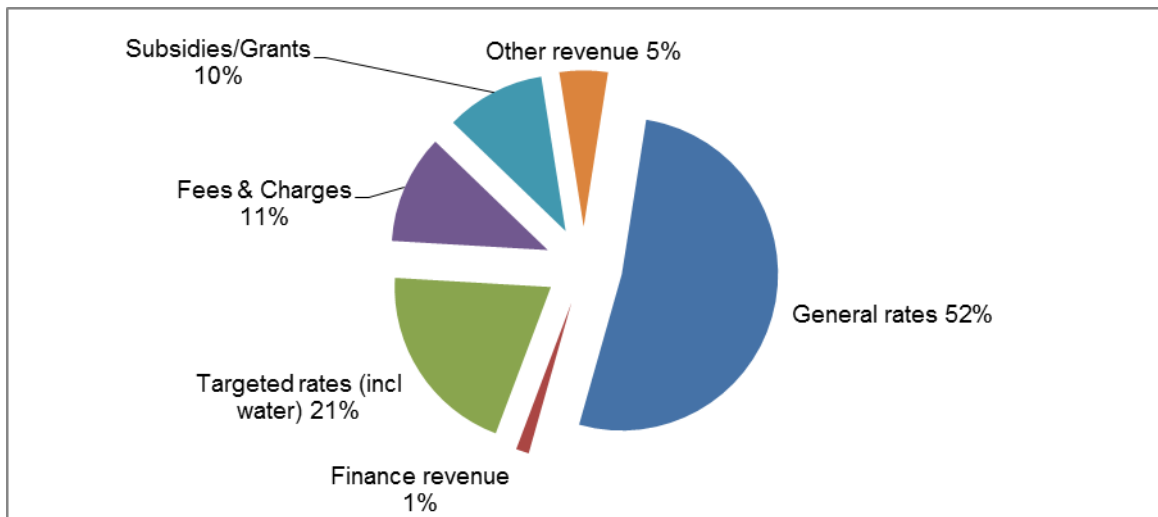
Name	Phone Number	Email Address
Cassandra Robinson (Chair)	027 243 4931	cassandra.r@xtra.co.nz
Clive Collingwood	027 245 8027	noddy_collingwood@clear.net.nz
Derek Keesing	027 493 8819	derek@arcserv.co.nz
Sharon Burling-Claridge	07 883 1776	cadillacafe@xtra.co.nz

Summary of actual and target revenue sources

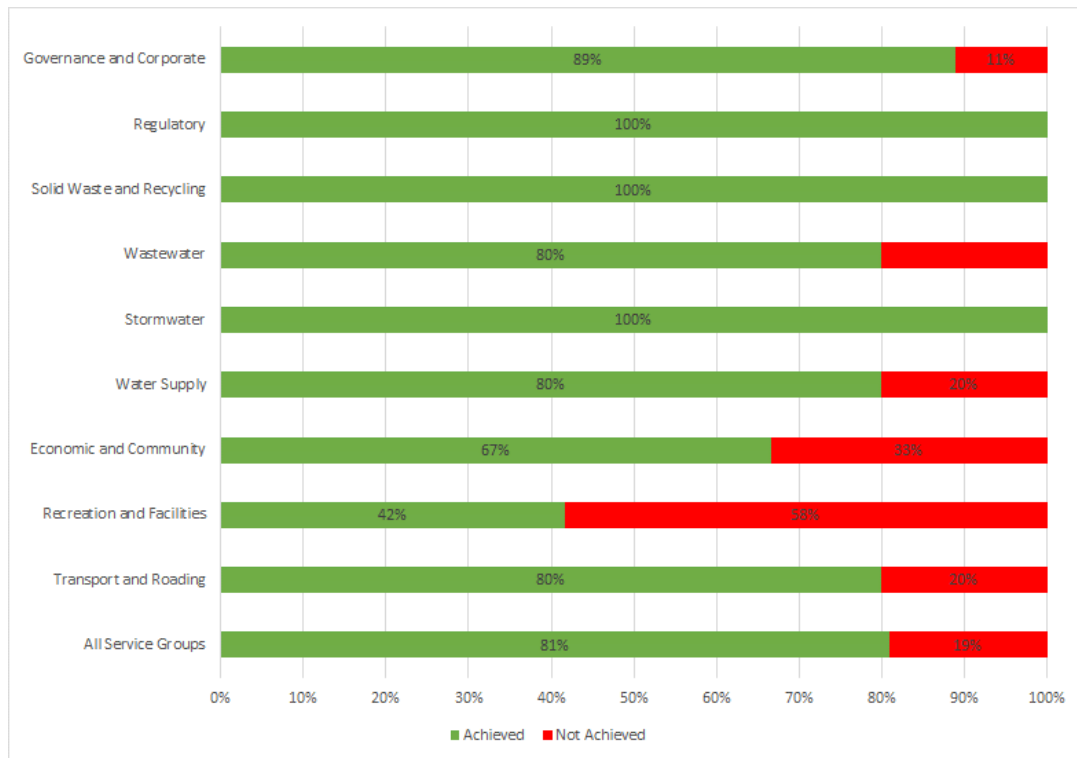
Funding impact revenue source - budgeted 2016-17



Funding impact revenue source - actual 2016-17



Performance of our services and activities (achievement of our KPIs)



Capital Projects

	Actual Spend 2017	Budget Spend 2017	Actual Spend 2016
Economic & community development	136	25	439
Emergency management	-	4	9
Governance & Corporate	676	478	368
Facilities, properties and amenities	790	783	389
Leisure services	720	1,132	1,235
Solid Waste and Recycling	137	93	22
Stormwater	36	103	95
Transport and Roding	3,236	4,425	3,324
Wastewater	441	598	314
Water Supply	515	589	607
Total	6,687	8,230	6,802

Consolidated statements

Statement of comprehensive revenue and expense

	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Revenue			
Rates, excluding targeted water supply rates	23,649	23,700	22,739
Fees, charges, and targeted rates for water supply	3,731	3,004	3,489
Development and financial contributions	124	21	86
Subsidies and grants	3,409	2,997	3,075
Finance income	445	770	413
Other revenue	1,748	927	1,498
Total revenue	33,106	31,419	31,300
Expenditure			
Employee benefits expense	9,009	9,410	8,520
Depreciation and amortisation expense	6,891	7,721	6,851
Finance costs	569	824	735
Other expenses	15,116	13,372	15,363
Total expenditure	31,585	31,327	31,469
Surplus/(Deficit)	1,521	92	(169)
Other comprehensive revenue and expense			
Gain/loss in Asset Revaluation Reserve	22,659	14,134	3,890
Gain/loss in Investment Revaluation Reserve	100	-	239
Total other comprehensive revenue and expense	22,759	14,134	4,129
Total comprehensive revenue and expense	24,280	14,226	3,960

Statement of changes in equity

	Restricted Reserves	Council Created Reserves	Property Revaluation Reserves	Investment Revaluation Reserves	Retained Earnings	Total
Balance as at 30 June 2015	15,107	5,084	219,546	828	144,119	384,684
Deficit for the year	-	-	-	-	(169)	(169)
Transfers to retained earnings on disposal	-	-	(539)	-	539	-
Transfer of vegetation assets to retained earnings on disposal	-	-	-	-	-	-
Transfers to General Equity	5,061	697	-	-	(5,758)	-
Transfers from General Equity	(4,328)	(2,325)	-	-	6,653	-
Other comprehensive revenue and expense						
Gain/loss in Asset Revaluation Reserve	-	-	3,890	-	-	3,890
Gain/loss in Investment Revaluation Reserve	-	-	-	239	-	239
Total comprehensive revenue and expense	733	(1,628)	3,351	239	1,265	3,960
Balance at 30 June 2016	15,840	3,456	222,897	1,067	145,384	388,644
Net profit for the year	-	-	-	-	1,521	1,521
Transfers to retained earnings on disposal	-	-	(730)	-	730	-
Transfers to General Equity	4,519	559	-	-	(5,078)	-
Transfers from General Equity	(2,933)	(1,484)	-	-	4,417	-
Other comprehensive revenue and expense						
Gain/loss in Asset Revaluation Reserve	-	-	22,659	-	-	22,659
Gain/loss in Investment Revaluation Reserve	-	-	-	100	-	100
Total comprehensive revenue and expense	1,586	(925)	21,929	100	1,590	24,280
Balance at 30 June 2017	17,426	2,531	244,826	1,167	146,974	412,924

Statement of financial position

	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Equity			
Retained earnings	146,974	145,298	145,384
Other reserves	265,950	266,640	243,260
Total equity	412,924	411,938	388,644
Assets			
Current assets			
Cash and cash equivalents	7,277	1,178	3,984
Current portion of investments	-	2,000	-
Receivables from non-exchange transactions	1,918	3,387	1,867
Receivables from exchange transactions	1,183	-	872
Inventories	203	199	219
Other financial assets	2	-	5
Current assets held for sale	981	-	788
Total current assets	11,564	6,764	7,735
Non-current assets			
Property, plant and equipment	405,447	408,862	385,002
Other financial assets	14,078	13,674	14,443
Non-current assets held for sale	228	-	126
Intangible assets	136	2	142
Total non-current assets	419,889	422,538	399,713
Total assets	431,453	429,302	407,448
Liabilities			
Current liabilities			
Payables and deferred revenue from non-exchange transactions	1,243	3,286	1,081
Payables and deferred revenue from exchange transactions	2,847	-	2,574
Employee benefit obligations	993	770	992
Borrowings	904	1,014	880
Provision for landfill closure	18	26	23
Trust accounts	1	-	4
Total current liabilities	6,006	5,096	5,554
Non-current liabilities			
Provision for landfill closure	738	809	818
Borrowings	11,663	11,112	12,296
Employee benefit obligations	122	347	136
Total non-current liabilities	12,523	12,268	13,250
Total liabilities	18,529	17,364	18,804
Net assets	412,924	411,938	388,644

Statement of cashflows

	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Rates	24,088	23,700	23,118
Subsidies and grants	3,250	2,997	3,849
Fees and charges	3,563	3,004	3,812
Other income	1,288	21	1,183
Interest received	445	700	413
Dividend received	337	-	293
	32,971	30,422	32,668
<i>Cash was applied to:</i>			
Interest paid	569	824	735
Net GST paid	1,854	-	1,440
Payment to suppliers and employees	21,597	20,656	21,709
	24,020	21,480	23,884
Net cash inflows/(outflows) from operating activities	8,951	8,942	8,784
Cash flow from investing activities			
<i>Cash provided from:</i>			
Proceeds from investments	466	800	-
Property, plant and equipment sales	457	-	60
	923	800	60
<i>Cash was applied to:</i>			
Purchase of investments	-	1,000	3,837
Purchase of property, plant and equipment	5,972	8,130	6,841
	5,972	9,130	10,678
Net cash inflows/(outflows) from investing activities	(5,049)	(8,330)	(10,618)
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Loans raised	-	160	189
	-	160	189
<i>Cash was applied to:</i>			
Loans repaid	609	944	605
Net cash inflows/(outflows) from financing activities	(609)	(784)	(416)
Net increase/(decrease) in cash and cash equivalents	3,293	(172)	(2,250)
Cash and cash equivalents at the beginning of the year	3,984	1,350	6,234
Cash and cash equivalents at the end of the year	7,277	1,178	3,984

Other Notes

Major budget variations

Statement of comprehensive revenue and expense

Fees and charges are \$727k more than budgeted. This is due to \$560k additional revenue from Solid waste (mainly from Landfill charges) together with around \$180k from building and planning consents.

Other revenue is \$821k higher than budgeted. This is due to \$623k from business unit charge-outs to capital projects, an unbudgeted grant of \$86k from Trust Waikato for the skatepark, and \$184k income from the sale of the trees at Amisfield.

Other expenses were higher than budgeted by \$1.7m. This is due to \$300k expenditure on emergency roading work relating to weather events, \$590k loss on disposal of assets and \$465k spent on projects which were funded from the South Waikato Development Fund.

Statement of Financial Position

The net of cash and other financial assets is \$3.5m higher than expected due to an increase expected in the Private Bank investments which was not budgeted.

Property Plant and Equipment is \$4m less than expected due to the revaluation in waters assets being lower than budgeted.

Statement of Cashflows

Payments to suppliers and employees was under budgeted in year 1 of the LTP. Cash applied to purchase of investments was lower than budgeted due to the increase in Private Bank investments not being budgeted.

Basis of Preparation

This summary annual report have been prepared in accordance with Public Benefit Entities Financial Reporting Standard No.43 Summary Financial Statements (PBE FRS 43).

The presentation currency of the financial statements is New Zealand dollars and values are rounded to the nearest thousand dollars.

The specific disclosures included in the Summary Report have been extracted from the corresponding full Annual Report, which was authorised for issue by Council on 05 October 2017.

South Waikato District Council has designated itself as a public benefit entity for the purposes of financial reporting. The full financial statements included in the full Annual Report have been prepared in accordance with NZ GAAP and they comply with Tier 1 Public Benefit Entity (PBE) Standards.

This summary cannot be expected to provide as complete understanding as provided by the full annual report on the financial and service performance, financial position and cash flows of South Waikato District Council. Please note that summary financial statements do not include all disclosures provided in the full financial statements.

The full and summary financial statements presented are for the Council.

The full financial statements were audited by Deloitte on behalf of the Office of the Auditor General, and an unmodified opinion was issued on 05 October 2017.

How to obtain a full Annual Report

The full annual is our key accountability document. You can obtain a full Annual Report by:

- Visiting our website - www.southwaikato.govt.nz to download a copy
- Calling our Customer Services staff on (07) 885 0340 during normal business hours
- Emailing us at: info@southwaikato.govt.nz
- Writing to us at: South Waikato District Council, Private Bag 7, Tokoroa 3444
- Visiting one of our Council offices (located in Tokoroa or Putāruru)

If requesting a full Annual Report, please state whether you require the Annual Report in CD or hard copy format.