



Summary

ANNUAL REPORT

2020-21

year 3 of the LONG TERM PLAN 2018-28



South
Waikato
District
Council

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

The 2020-21 year was dominated by challenges and change for Council and our community. The COVID-19 pandemic has continued to impact everyone as we negotiate through our new world, a world where COVID-19 related challenges are still very real. In July last year, we were very much still emerging from lockdown with a few fluctuations up and down alert levels occurring over the past year.

Amid the challenges of COVID, Central Government also announced several large proposed changes to local government that will heavily impact our organisation going forward – namely three waters, review of the Resource Management Act 1991 (RMA) and the future for local government.

Since the initial announcement on the three waters reform, there has been some finer details outlined. The Government is proposing to establish four large entities to own and operate water supply, wastewater and stormwater across the country. This is a complex process and information at the time of writing was not complete. Council is keeping a very close eye on this and will be engaging with our community before making any final decisions.

Three waters accounts for some 32% of our operating costs and 18% of our assets. Based on this, it is clear that the impact on our Council and how we operate will be significant. The most significant impact will be making sure our communities can have a voice on where and when new assets are put in and on the maintenance of current assets and service levels.

The review of the RMA is also underway, and this will likely affect how much of a say Council and our community has in how we tackle critical national issues like land use, housing, biodiversity management, climate change and freshwater quality. It may also mean less community input into planning matters. At the time of writing, definite detail and impacts were still unclear.

Amid this challenging and changing landscape, our Council still managed to deliver on a large number of projects:

- The Tokoroa wastewater digester project kicked off. This is one of Council's single largest capital works projects with a value of \$9.5m. At the time of writing this was tracking towards successful commissioning in August 2021. Over the next 20 years* we will be spending around \$30 million on various components including wastewater plant upgrades, wetlands and discharge improvements. The wastewater upgrade programme will be funded and actioned over many years to ensure the upgrades remain affordable for our community. ** what this looks like going forward due to the three waters reform is unclear*
- We identified growth in our district a number of years ago. Catering for and supporting growth continues to be a priority for Council. The growth planning exercise in Putāruru fed into a District Plan review that focussed on establishing new residential (600 new sections) and a new business zone in Putāruru.
- Identifying water, wastewater and stormwater capacity is also well underway in Tokoroa and Tirau to establish our capacity in these towns for increased population and business growth.
- Council continues to focus on promoting the South Waikato as a great place to live, work and invest through its Space to Grow business development programmes. We have worked hard with our partners and stakeholders to bring in new jobs to the district and attract Central Government funding. Council continues to collaborate with the South Waikato Investment Fund Trust (SWIFT) on a range of initiatives such as attracting new businesses, business training, Spend Local campaign and positioning the South Waikato to attract business investment. A major milestone for SWIFT was securing funding for the soon to be constructed South Waikato Trades Training Centre.
- The Leith Place toilets and Plaza area were opened. Initial teething problems with the toilets have been resolved and the toilet towers are certainly doing what they were designed to do – attract passing interest and traffic.

- The Christmas Twilight Block Party was a resounding success and showcased just how versatile the Leith Place plaza area can be.
- We checked back in with our community through the town concept plans. These were refreshed, reviewed and action plans prioritised. All of this work fed into the Long Term Plan (LTP) 2021-31.
- We updated our Reserve Management Plans in collaboration with our community. These plans too fed into the LTP.
- Developing the 2021-31 LTP was a massive undertaking requiring countless hours. We received 148 submissions, covering 355 separate points. These were all discussed at public hearings, whereupon Council deliberated and made decisions to finalise the LTP for the next ten years. This will be reviewed again in 2024; and the LTP updated once again.
- Council worked closely with the South Waikato Achievement Trust and Envirowaste to find an improved recycling processing solution to the Croad Place recycling facility. Our recycling is now taken to a larger materials processing facility in Hamilton.
- We made a number of necessary changes to our recycling processing and requirements. This space is becoming increasingly complex and costly as our world grapples with plastics, rubbish and recycling challenges.
- 1 November saw the first users of the brand new Tokoroa Transfer Station facility, constructed to replace the old Tokoroa landfill, which was subsequently closed. The positive feedback on this facility has been tremendous.
- COVID-19 impacted our planned wheelie bin rollout further postponing the start of the programme to 6 September 2021. A significant amount of planning and logistic work was undertaken in the past financial year to prepare for this change to our urban kerbside collection service.
- Council brought the i-SITE service in Tīrau (the Dog) back in-house, which has provided us with the opportunity to enhance and extend the services that we deliver to our Tīrau community.
- We introduced a digital support programme funded through the New Zealand Partnership Programme that assists our community with basic online and digital skills, platforms and job seeker support.
- We successfully secured \$250,000 from Mayors Taskforce for Jobs to set up a WORKit programme that is aimed at getting young people into appropriate education, training or work. Over the space of 3 months we got 32 young people back into employment. WORKit is part of the Government's Community Recovery Programme. We have since secured a further \$500,000 for continued work in this area.
- Just before Christmas last year we held our official opening for the Tokoroa basketball court. It was exciting to see so many eager tamariki itching to throw a hoop or two... or many!
- We are required to undertake a full Representation Review every six years. Council has proposed no changes to the current representation believing our community is appropriately represented on Council. This proposal is currently out for public consultation.
- New designs for the Putāruru waterpark are underway, with funding committed for stage one, and external funding being sought for stage two. This project will embrace the Matariki concept. A formal name is still being finalised.
- Through the LTP, Council pulled the funding for the Tīrau Domain project forward so that project can now speed ahead.

The 2020-21 year has certainly been a massive one, complicated by a world-wide pandemic that remains a significant issue in many countries. Council has taken the bull by the horns in terms of supporting, facilitating, attracting and seeking economic opportunities to grow and improve our district and respond to our growing population and towns; and we can't slow down even in these uncertain times. We are rising to the challenge and already 2021-22 looks set to be another huge year.



Jenny Shattock QSM JP

MAYOR



Ben Smit

CHIEF EXECUTIVE

COUNCILLORS AND THEIR CONTACT DETAILS | NGĀ KAIKAUNIHERA



Councillors from left to right back row: Gary Petley, Marin Glucina, Peter Schulte, Hamish Daine, Hans Nelis, Alex Jansen, Deputy Mayor William (Bill) Machen.

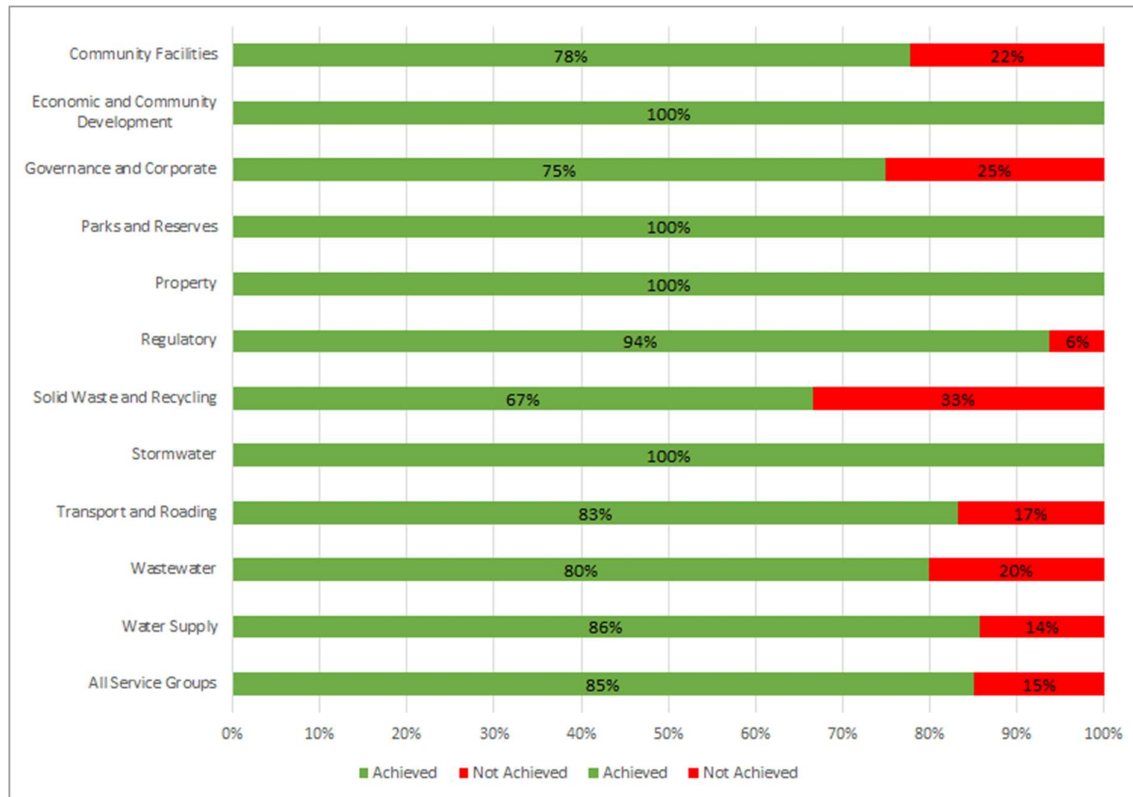
Left to right front row: Arama Ngapo, Her Worship the Mayor Jenny Shattock, Thomas Lee, Sandra Wallace

Councillor Name	Phone number	Email Address	Ward
Jenny Shattock QSM JP	0274416230	Jenny.Shattock@southwaikato.govt.nz	Mayor
William (Bill) Machen	0274715899	Bill.Machen@southwaikato.govt.nz	Deputy Mayor
Hamish Daine	0211259225	Hamish.Daine@southwaikato.govt.nz	Tokoroa
Marin Glucina	021416076	Marin.Glucina@southwaikato.govt.nz	Tokoroa
Alex Jansen	0279581906	Alex.Jansen@southwaikato.govt.nz	Tokoroa
Thomas Lee	0273321292	Thomas.Lee@southwaikato.govt.nz	Tokoroa
Hans Nelis	0210552306	Hans.Nelis@southwaikato.govt.nz	Putaruru
Arama Ngapo	0275339988	Arama.Ngapo@southwaikato.govt.nz	Tokoroa
Gary Petley	0274836809	Gary.Petley@southwaikato.govt.nz	Putaruru
Peter Schulte	021434933	Peter.Schulte@southwaikato.govt.nz	Tīrau
Sandra Wallace	02102913702	Sandra.Wallace@southwaikato.govt.nz	Putaruru

TĪRAU COMMUNITY BOARD MEMBERS

Name	Phone Number	Email Address
Kerry Purdy	0275427158	Kerry.Purdy@southwaikato.govt.nz
Kevin Slater	0272402267	Kevin.Slater@southwaikato.govt.nz
Sharon Burling-Claridge	078831776	Sharon.Burling-Claridge@southwaikato.govt.nz
Christine Brasell	021849417	Christine.Brasell@southwaikato.govt.nz

PERFORMANCE OF OUR SERVICES AND ACTIVITIES (ACHIEVEMENT OF OUR KPIS)



CAPITAL PROJECTS

	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Community Facilities	281	436	236
Economic and Community Development	315	500	1
Governance and Corporate	456	585	349
Parks and Reserves	990	1,106	477
Property	153	384	370
Regulatory	109	65	92
Solid Waste and Recycling	2,445	360	1,432
Stormwater	315	908	1,010
Transport and Rooding	4,761	3,545	4,132
Wastewater	8,102	4,984	1,640
Water Supply	1,500	1,488	703
Total	19,427	14,361	10,442

CONSOLIDATED STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2021			
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
Revenue			
Rates, excluding targeted water supply rates	28,227	28,566	28,023
Fees, charges, and targeted rates for water supply	4,755	5,245	4,451
Development and financial contributions	188	244	122
Subsidies and grants	4,283	4,018	4,579
Finance income	716	1,025	223
Other revenue	2,119	1,194	1,534
Total revenue	40,288	40,292	38,932
Expenditure			
Employee benefits expense	10,953	11,068	10,661
Depreciation and amortisation expense	8,685	8,355	7,940
Finance costs	591	989	1,343
Other expenses	21,099	19,682	19,183
Total expenditure	41,328	40,094	39,127
Surplus/(Deficit)	(1,040)	198	(195)
Other comprehensive revenue and expense			
Gain/loss in Asset Revaluation Reserve	17,159	12,064	19,832
Gain/loss in Investment Revaluation Reserve	2,380	-	913
Total other comprehensive revenue and expense	19,539	12,064	20,745
Total comprehensive revenue and expense	18,499	12,262	20,550

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021						
	Restricted Reserves	Council Created Reserves	Property Revaluation Reserves	Investment Revaluation Reserves	Retained Earnings	Total
Balance at 30 June 2019	19,200	1,134	258,942	2,503	153,900	435,679
Net profit/(deficit) for the year	-	-	-	-	(195)	(195)
Transfers to retained earnings on disposal	-	-	(204)	-	204	-
Transfers to General Equity	5,743	121	-	-	(5,864)	-
Transfers from General Equity	(3,046)	(726)	-	-	3,772	-
Other comprehensive revenue and expense						
Gain/(loss) in Asset Revaluation Reserve	-	-	19,832	-	-	19,832
Gain/(loss) in Investment Revaluation Reserve	-	-	-	913	-	913
Total comprehensive revenue and expense	2,697	(605)	19,628	913	(2,083)	20,550
Balance at 30 June 2020	21,897	529	278,570	3,416	151,817	456,229
Net profit/(deficit) for the year	-	-	-	-	(1,040)	(1,040)
Transfers to retained earnings on disposal	-	-	(257)	-	257	-
Transfers to General Equity	13,255	888	-	-	(14,143)	-
Transfers from General Equity	(13,038)	(987)	-	-	14,025	-
Other comprehensive revenue and expense						
Gain/loss in Asset Revaluation Reserve	-	-	17,159	-	-	17,159
Gain/loss in Investment Revaluation Reserve	-	-	-	2,380	-	2,380
Total comprehensive revenue and expense	217	(99)	16,902	2,380	(901)	18,499
Balance at 30 June 2021	22,114	430	295,472	5,796	150,916	474,728

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021			
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
Equity			
Retained earnings	150,916	175,962	151,817
Other reserves	323,812	292,209	304,412
Total equity	474,728	468,171	456,229
Assets			
Current assets			
Cash and cash equivalents	8,497	5,852	5,986
Receivables from non-exchange transactions	3,016	4,422	2,601
Receivables from exchange transactions	1,242	-	1,862
Inventories	141	132	171
Other financial assets	280	-	278
Current assets held for sale	904	-	890
Total current assets	14,080	10,406	11,788
Non-current assets			
Property, plant and equipment	474,625	474,336	448,291
Other financial assets	22,498	20,341	21,404
Other financial assets	48	-	-
Intangible assets	33	600	328
Total non-current assets	497,204	495,277	470,023
Total assets	511,284	505,683	481,811
Liabilities			
Current liabilities			
Payables and deferred revenue from non-exchange transactions	1,517	5,008	1,283
Payables and deferred revenue from exchange transactions	7,634	-	4,310
Employee benefit obligations	1,255	861	1,100
Borrowings	9,000	1,624	1,694
Provision for landfill closure	1,052	113	671
Trust accounts	10	-	17
Total current liabilities	20,468	7,606	9,075
Non-current liabilities			
Provision for landfill closure	805	1,056	938
Borrowings	15,000	28,592	15,306
Derivative Financial Instruments	3	-	-
Employee benefit obligations	280	258	263
Total non-current liabilities	16,088	29,906	16,507
Total liabilities	36,556	37,512	25,582
Net assets	474,728	468,171	456,229

STATEMENT OF CASHFLOWS

For the year ended 30 June 2021			
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Rates	30,099	28,566	27,719
Subsidies and grants	4,695	4,018	4,560
Fees and charges	4,852	6,439	4,869
Other income	2,103	294	1,376
Dividends received	2	-	149
Interest received	716	-	223
	<u>42,467</u>	<u>39,317</u>	<u>38,896</u>
<i>Cash was applied to:</i>			
Interest paid	591	988	1,343
Net GST paid	797	-	1,589
Payment to suppliers and employees	29,488	30,750	27,024
	<u>30,876</u>	<u>31,738</u>	<u>29,956</u>
Net cash inflows/(outflows) from operating activities	11,591	7,579	8,940
Cash flow from investing activities			
<i>Cash provided from:</i>			
Proceeds from investments	1,240	975	-
Property, plant and equipment sales	63	-	210
	<u>1,303</u>	<u>975</u>	<u>210</u>
<i>Cash was applied to:</i>			
Purchase of investments	-	1,500	72
Purchase of property, plant and equipment	(17,383)	19,076	9,718
	<u>(17,383)</u>	<u>20,576</u>	<u>9,790</u>
Net cash inflows/(outflows) from investing activities	(16,080)	(19,601)	(9,580)
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Loans raised	24,000	13,883	3,111
	<u>24,000</u>	<u>13,883</u>	<u>3,111</u>
<i>Cash was applied to:</i>			
Loans repaid	(17,000)	1,578	1,719
	<u>(17,000)</u>	<u>1,578</u>	<u>1,719</u>
Net cash inflows/(outflows) from financing activities	7,000	12,305	1,392
Net increase/(decrease) in cash and cash equivalents	2,511	283	752
Cash and cash equivalents at the beginning of the year	5,986	5,569	5,234
Cash and cash equivalents at the end of the year	8,497	5,852	5,986

MAJOR BUDGET VARIATIONS

Statement of comprehensive revenue and expense

Subsidies and Grants revenue is \$0.2m higher than budgeted. This is due to the additional funding received from NZTA for the change in subsidy rates from 62% to 64%.

Other revenue is \$0.9m higher than budgeted. This is mainly due to the receipt of unplanned funding from, Murray Kivell for the Murray Kivell scholarship and the SWIF Trust for the Digital Hub project.

Finance costs are \$0.4m lower than budgeted mainly due to a change in interest costs when the borrowing facility provider was changed from BNZ to LGFA.

Other expense are \$1.4m higher than expected. This is due to an increase in energy costs across the organisation, contractor and consultant costs due to staffing resource changes, loss on sale of assets and the write-off of WIP that was not able to be capitalised.

Statement of Financial Position

Current assets are \$3.6m higher due to there being \$2.6m in cash and cash equivalents at balance date than expected due to the higher returns in the BNZ Wealthnet Portfolio, an increase in cash at the bank due to the timing of payments from customers prior to the balance date, and other financial assets and current assets held for sale not being budgeted for.

Total borrowings are \$6.2m lower than expected. This is due to the delays in the capital expenditure programme being completed.

Statement of Cashflows

Purchase of property plant and equipment is \$1.5m lower than expected. This is due to the delays in the capital expenditure programme being completed.

Loans raised and repaid are significantly different from budget due to the timing of changing borrowing from BNZ to LGFA.

COVID-19 IMPACT

New Zealand has been impacted by the COVID-19 pandemic but the effect on revenue for Council has not been significant. The impact of the changes in alert levels has been relative to the facilities not being able to be used by the public, resulting in a reduced number of pool attendees and library patrons. The use of the South Waikato Sports and Events Centre for events such as weddings and significant birthdays was impacted by regional lockdowns, travel restrictions and level changes because family was unable to travel to attend.

The most significant effect that the COVID-19 pandemic has had is the delay in the sourcing of materials and resources for the completion of capital projects. A lot of the budgeted funds for the projects have been committed through various contracts. This has resulted in a need to carryover budgets from the 2020-21 year to the 2021-22 to complete the projects.

BASIS OF PREPARATION

The Summary Annual Report has 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 21 October 2021.

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 21 October 2021.

HOW TO OBTAIN OR VIEW A FULL ANNUAL REPORT

The full Annual Report is Council's key accountability document. Full copies of the Annual Report can be obtained 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
- Viewing a hard copy at our Council offices and library sites (located in Tokoroa, Putāruru or Tīrau)

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF SOUTH WAIKATO DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The summary of the annual report was derived from the annual report of the South Waikato District Council (the District Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 5 to 10:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance of services and activities.

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 summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 21 October 2021.

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.

Other than in our capacity as auditor and completing trustee reporting, we have no relationship with, or interests in the District Council.



Bruno Dente

for Deloitte Limited

On behalf of the Auditor-General

Hamilton, New Zealand

21 October 2021