

Annual Report Summary

2015-16



Message from the Mayor and Chief Executive

The 2015-16 year saw some fantastic developments happening in our district which demonstrates that Council's strategies combined with the work of passionate community groups is positioning the South Waikato very well for a sustainable and positive future.

2016 has seen significant increases in the value of our residential property in our district. As at March 2016, house prices for the South Waikato have increased 21% for the year (compared to the national average of 11%) and the number of house sales have increased by 46% for the year (compared to the national average of 19%). 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 recreations such as water sports, cycling and walking.

Our GDP growth for the past 12 months is 3.0%, the thirteenth highest district growth in New Zealand. We are very proud of these statistics as they are partly a result of securing the \$385m Fonterra milk dryer development at Lichfield, the development of the Tokoroa Rail Terminal, a business improvement focus within Council, the establishment of a Business Case Manager position, and a strong communications campaign to turn around the negative media perception of the South Waikato.

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.

The district revaluation process takes a snapshot of the property values in our district at a point in time and determines how the rates bill will be split amongst our ratepayers. This process occurs once every three years. The revaluation process saw the average price of dairy farms increase in value by 40% from three years ago. This meant that the average rates increase for our dairy farmers was 10%. Council recognised that the timing of these rating increases was poor, given the low dairy pay-out that dairy farmers have experienced over the past couple of seasons but unfortunately were unable to find a suitable resolution under the constraints of the Local Government (Rating) Act 2002.

To ensure that the rates take is distributed fairly throughout the district, Council has continued to ensure that the uniform annual general charge (UAGC) makes up 29% of the total amount of rates collected. The UAGC is a charge allocated to each household or separately inhabited unit on a property. Under legislation we are allowed to collect 30% of our rates from the UAGC. This helps to distribute the rates take more evenly between our rural and residential ratepayers.

The fact that people are recognising what our district has to offer was no more apparent than at the Blue Spring and Te Waihou. The summer months saw a record number of people using the Te Waihou walkway and unfortunately the high use created a number of issues including: parking, litter, the lack of toilets and damage to the environment, particularly the Blue Spring. Council consulted with the community on this issue and has decided to construct a new toilet facility at the Whites Road end, which will encourage people visiting to access the walkway from the Whites Road end, create overflow parking at Whites Road, and undertake simple works to block off the stairs into the Blue Spring. Council will be closely looking at how much use the walkway receives over the coming summer months with the objective of developing a more comprehensive management plan.

We have undertaken a number of projects to provide new or enhanced services and facilities to our community. This includes supporting the bus that takes students from the South Waikato to the University of Waikato daily. Our high school graduates are now able to obtain a university qualification, without having to leave the South Waikato. We helped to facilitate the new logistics and distribution course that is now being run as part of the Trade Training Centre which will help to increase the number of qualified truck drivers in our district as currently there is a shortage. The trial of the Urban Connector will become permanent in 2016-17. This service allows our residents to travel around Tokoroa and between Tīrau, Putāruru and Tokoroa. Council also committed funding towards a new skatepark in Tokoroa adjacent to the existing Youth Park. Planning and design of this facility begun in 2015-16 and construction will occur in 2016-17.

Jenny Shattock QSM JP

MAYOR

26 October 2016

Craig Hobbs

CHIEF EXECUTIVE

26 October 2016

Please note that the full Annual Report 2015-16 was adopted by Council on 29 September 2016 prior to the 2016 elections. At the time of adoption, His Worship Neil Sinclair was the Mayor.

Councillors and their contact details



Councillors from left to right back row: Jeff Gash, Terry Magill, Marin Glucina, Bill Machen, Herman Van Rooijen, Tua Numanga.

Left to right front row: Thomas Lee, Jenny Shattock (Deputy Mayor), Neil Sinclair (Mayor), Adrienne Bell, Anne Edmeades

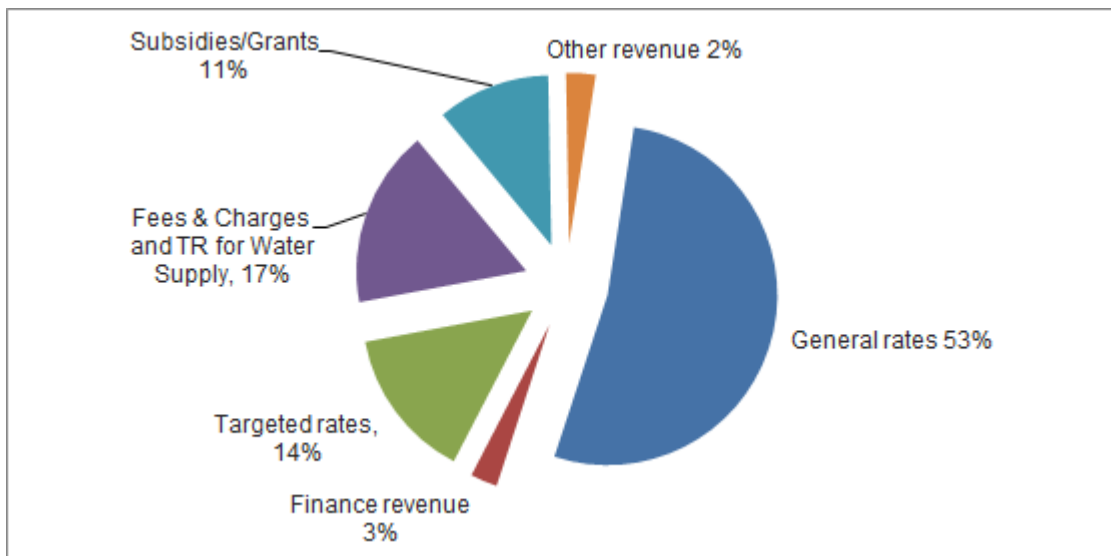
Councillor Name	Phone number	Email Address	Ward
Neil Sinclair	885 0716 027 446 8422	neil.sinclair@southwaikato.govt.nz	Mayor
Adrienne Bell	027 471 2404	adrienne.bell@southwaikato.govt.nz	Putāruru
Anne Edmeades	021 0118 4710	anne.edmeades@southwaikato.govt.nz	Putāruru
Jeff Gash	0275 898 472	jeff.gash@southwaikato.govt.nz	Tokoroa
Marin Glucina	021 284 3214	marin.glucina@southwaikato.govt.nz	Tokoroa
Thomas Lee	027 332 1292	thomas.lee@southwaikato.govt.nz	Tokoroa
Bill Machen	0274 715 899	bill.machen@southwaikato.govt.nz	Tokoroa
Terry Magill	883 4888	terry.magill@southwaikato.govt.nz	Tīrau
Tua Numanga	021 961 977	tua.numanga@southwaikato.govt.nz	Tokoroa
Jenny Shattock	027 441 6230	jenny.shattock@southwaikato.govt.nz	Tokoroa
Herman Van Rooijen	027 2466601	herman.vanrooijen@southwaikato.govt.nz	Putāruru

Tirau Community Board members

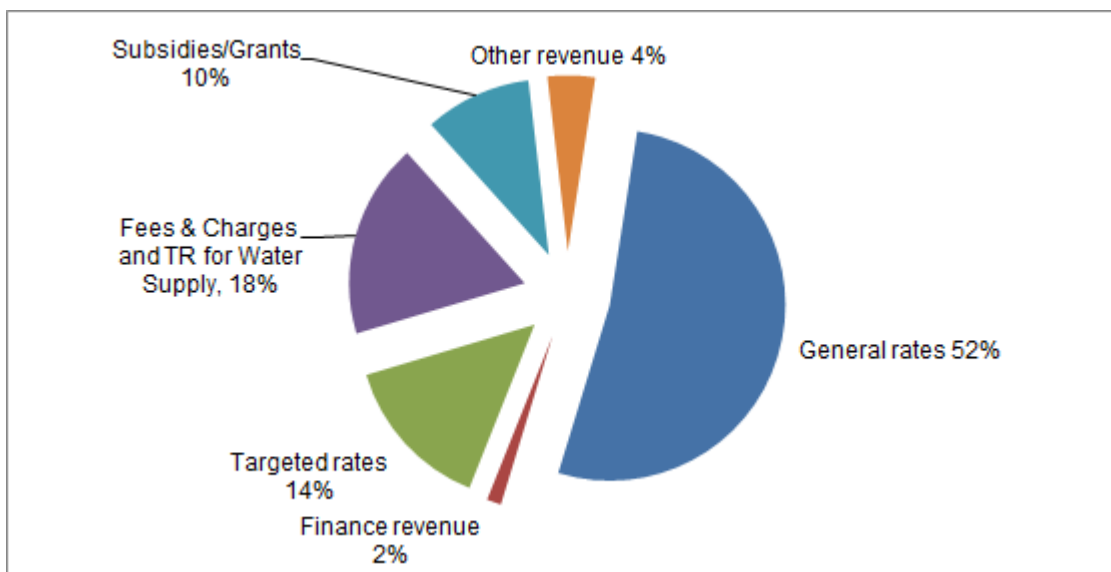
Name	Phone Number	Email Address
Cassandra Robinson (Chair)	027 243 4931	cassandra.r@xtra.co.nz
Clive Collingwood	027 245 8027	clive@rsa.org.nz
Derek Keesing	027 493 8819	derek@arcserv.co.nz
Nora Martelletti	07 888 5756	

Summary of actual and target revenue sources

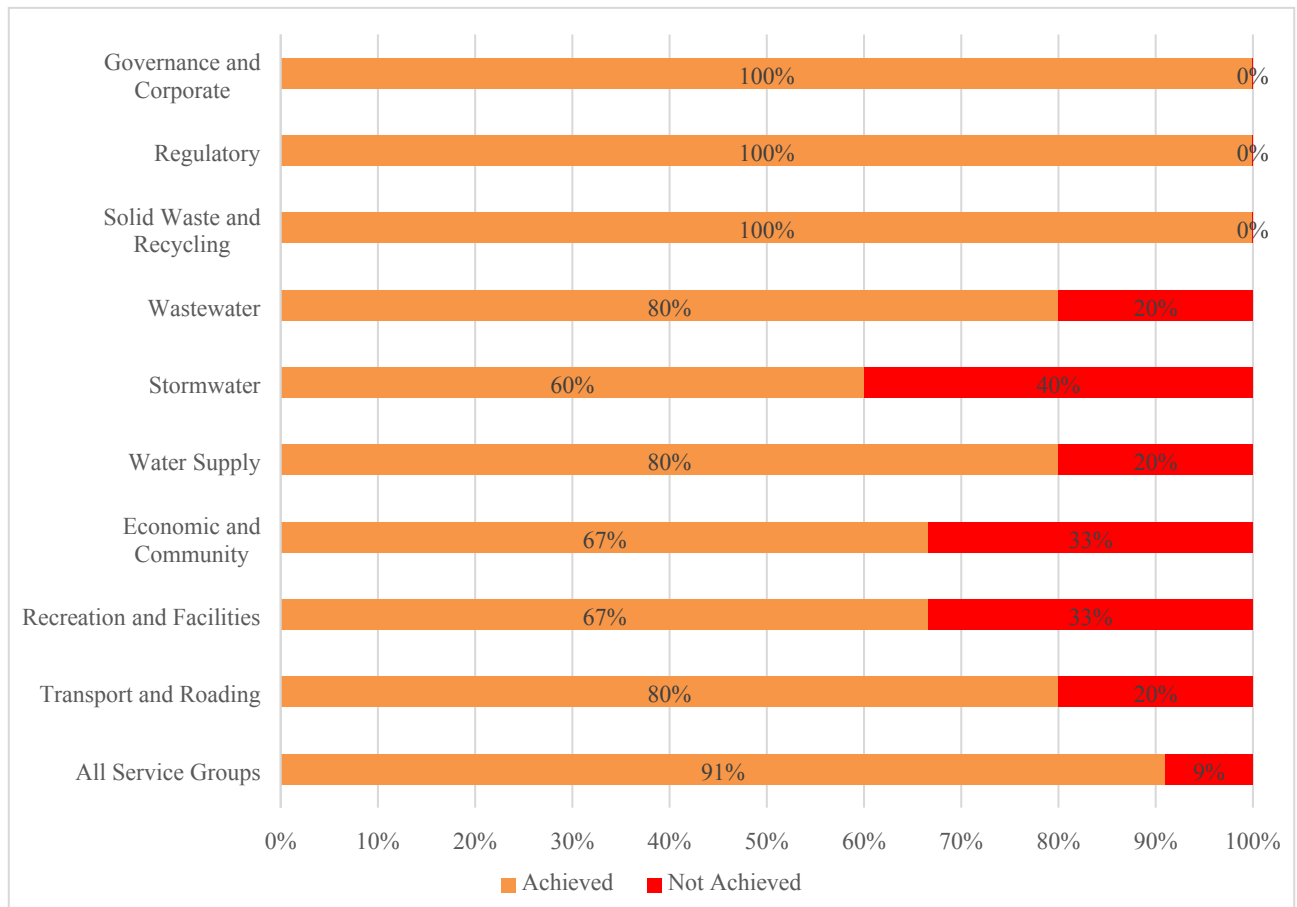
Funding impact revenue source - budgeted 2015-16



Funding impact revenue source - actual 2015-16



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



Capital Projects

	Actual Spend 2016	Budget Spend 2016	Actual Spend 2015
Economic & community development	439	103	1,981
Emergency management	9	10	24
Governance & Corporate	368	404	362
Facilities, properties and amenities	389	195	426
Leisure services	1,235	1,328	733
Solid Waste and Recycling	22	39	250
Stormwater	95	103	29
Transport and Roothing	3,324	3,958	3,225
Wastewater	314	687	301
Water Supply	607	457	467
Total	6,802	7,284	7,798

Consolidated statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2016

	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Revenue			
Rates, excluding targeted water supply rates	20,618	20,789	20,194
Fees, charges, and targeted rates for water supply	5,610	5,305	5,159
Development and financial contributions	86	19	33
Subsidies and grants	3,075	3,380	3,058
Finance income	413	807	507
Other revenue	1,498	880	1,623
Total revenue	31,300	31,180	30,574
Expenditure			
Employee benefits expense	8,492	8,261	8,359
Depreciation and amortisation expense	6,853	7,764	7,141
Finance costs	735	912	811
Other expenses	15,389	13,215	17,214
Total expenditure	31,469	30,152	33,525
Surplus/(Deficit) before tax	(169)	1,028	(2,951)
Income tax expense	-	-	-
Surplus/(Deficit) after tax	(169)	1,028	(2,951)
Other comprehensive revenue and expense			
Gain/loss in Asset Revaluation Reserve	3,890	-	6,273
Gain/loss in Investment Revaluation Reserve	239	-	538
Total other comprehensive revenue and expense	4,129	-	6,811
Total comprehensive revenue and expense	3,960	1,028	3,860

Statement of changes in equity

For the year ended 30 June 2016	Restricted Reserves	Council Created Reserves	Property Revaluation Reserves	Investment Revaluation Reserves	Retained Earnings	Total
Balance as at 30 June 2014	10,707	8,041	215,730	290	146,056	380,824
Deficit for the year	-	-	-	-	(2,951)	(2,951)
Transfers to retained earnings on disposal	-	-	(646)	-	646	-
Transfer of vegetation assets to retained earnings on disposal	-	-	(1,811)	-	1,811	-
Transfers to General Equity	7,631	560	-	-	(8,191)	-
Transfers from General Equity	(3,231)	(3,517)	-	-	6,748	-
Other comprehensive revenue and expense						
Gain/loss in Asset Revaluation Reserve	-	-	6,273	-	-	6,273
Gain/loss in Investment Revaluation Reserve	-	-	-	538	-	538
Total comprehensive revenue and expense	4,400	(2,957)	3,816	538	(1,937)	3,860
Balance 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	-
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

Statement of financial position

As at 30 June 2016			
	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Equity			
Retained earnings	145,384	153,662	144,119
Other reserves	243,260	243,895	240,565
Total equity	388,644	397,557	384,684
Assets			
Current assets			
Cash and cash equivalents	3,984	1,323	6,234
Current portion of investments	-	2,000	-
Receivables from non-exchange transactions	1,867	1,843	2,100
Receivables from exchange transactions	872	1,013	1,598
Inventories	219	204	198
Other financial assets	5	-	867
Non-current assets held for sale	788	-	743
Total current assets	7,735	6,383	11,740
Non-current assets			
Property, plant and equipment	385,002	400,514	382,300
Other financial assets	14,443	9,040	9,504
Non-current assets held for sale	126	-	81
Intangible assets	142	2	203
Total non-current assets	399,713	409,556	392,088
Total assets	407,448	415,939	403,828
Liabilities			
Current liabilities			
Payables and deferred revenue from non-exchange transactions	1,081	3,802	995
Payables and deferred revenue from exchange transactions	2,574	-	2,589
Employee benefit obligations	992	1,152	981
Borrowings	880	1,014	816
Provision for landfill closure	23	28	26
Trust accounts	4	146	15
Total current liabilities	5,554	6,142	5,422
Non-current liabilities			
Provision for landfill closure	818	718	809
Borrowings	12,296	11,140	12,776
Employee benefit obligations	136	382	137
Total non-current liabilities	13,250	12,240	13,722
Total liabilities	18,804	18,382	19,144
Net assets	388,644	397,557	384,684

Statement of cashflows

For the year ended 30 June 2016			
	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Rates	23,118	22,886	22,108
Subsidies and grants	3,849	3,380	2,385
Fees and charges	3,812	3,907	2,921
Other income	1,183	-	1,230
Interest received	413	32	507
Dividend received	293	-	264
	32,668	30,205	29,415
<i>Cash was applied to:</i>			
Interest paid	735	912	811
Net GST paid	1,440	-	990
Payment to suppliers and employees	21,709	18,872	22,139
	23,884	19,784	23,940
Net cash inflows/(outflows) from operating activities	8,784	10,421	5,475
Cash flow from investing activities			
<i>Cash provided from:</i>			
Proceeds from investments	-	775	-
Property, plant and equipment sales	60	-	186
	60	775	186
<i>Cash was applied to:</i>			
Purchase of investments	3,837	1,000	1,998
Purchase of property, plant and equipment	6,841	8,438	7,679
	10,678	9,438	9,677
Net cash inflows/(outflows) from investing activities	(10,618)	(8,663)	(9,491)
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Loans raised	189	261	1,629
	189	261	1,629
<i>Cash was applied to:</i>			
Loans repaid	605	1,019	2,794
	605	1,019	2,794
Net cash inflows/(outflows) from financing activities	(416)	(758)	(1,165)
Net increase/(decrease) in cash and cash equivalents	(2,250)	1,000	(5,181)
Cash and cash equivalents at the beginning of the year	6,234	323	11,415
Cash and cash equivalents at the end of the year	3,984	1,323	6,234

Other Notes

Major budget variations

Statement of comprehensive revenue and expense

Other expenses are more than budgeted by \$2.2m due to \$1.1m loss on disposal of assets and \$0.66m spent on the Tokoroa Rail Terminal which was not budgeted, but funded from the South Waikato Development Fund reserve.

Statement of Financial Position

The net of cash and other financial assets is \$8.0m higher than expected due to an increase in the Private Bank investments which was not budgeted.

Property Plant and Equipment is \$15.5m less than expected due to the revaluation in water assets being lower than budgeted and an optimistic forecast for additions

External borrowing was \$1m more than expected due internal loans being \$1m less than budgeted.

Total equity was \$8.9m lower than expected due to property plant and equipment being \$15.5m less than expected, cash and financial assets being \$8m higher than budgeted and external borrowing being \$1m more than budgeted.

Statement of Cashflows

Payments to suppliers and employees was under budgeted in year one of the LTP. Cash applied to purchase of investments moved from the budgeted amount due to the increase in Private Bank investments not being budgeted for.

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 29 September 2016.

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 29 September 2016.

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 office's (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.