



**2020/21**  
**SUMMARY ANNUAL REPORT**  
WHAKARĀPOPOTO PŪRONGO-Ā-TAU



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2020/21



Everything we do at Waitomo District Council is linked to our vision.

“ **CREATING A BETTER  
FUTURE WITH VIBRANT  
COMMUNITIES AND  
THRIVING BUSINESS.** ”

Our aim is to make the District an attractive place that people will want to come and visit, work and live in. The intention is to enhance the liveability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. Waitomo District Council has set areas of focus to drive this vision and guide our efforts.

These are:

- facilitate economic development,
- encourage and support community connectivity and development, and
- good stewardship and development of assets.

We have made excellent progress in our focus areas in the 2020/21 year.

Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the 'Service Performance' section of the full Annual Report available at [www.waitomo.govt.nz/council/publications](http://www.waitomo.govt.nz/council/publications)

# **INTRODUCTION**

## **KŌRERO WHAKATAKI**

## **FROM THE MAYOR AND CHIEF EXECUTIVE**

As with last year, this year under review has been impacted by the COVID-19 global pandemic. Our council, alongside others, has negotiated its way through the challenges that this pandemic has put in front of us, and has successfully delivered most of our planned programmes.

This is also the year that central government promoted its "Three Waters" agenda. Demands from central government for information to scope out this project from all councils were considerable.

Elected members acknowledge the efforts of the Chief Executive and his team for both delivering on our business as usual programmes and for responding to these extra demands.

We are pleased to report that for the financial year ending 30 June 2021 Council's debt has declined by \$3.1 million to \$34.2 million. This follows on from a reduction last year of \$3 million. This year's decrease was the result of a larger operating surplus than budgeted, most of which resulted from lower than forecast expenditure.

The affordability of rates continues to be at the forefront of elected member minds. In the year under review, the total rate take increased by 1.49%. During this year Council produced its 10 Year Plan 2021-2031. In the first year of this plan the total rates to be collected will drop by 0.54%. Our focus on delivering services effectively and efficiently continues.

Annual reports for councils are extensive. We report on the performance of each service we provide followed by the overall financial statements.

We also report on the performance of our Council Controlled Organisations, the most significant being Inframax Construction Ltd.

In the year under review, this company achieved revenues of \$32.27 million and a net profit after tax of \$473,000. As shareholder, we have not taken dividends from this company for over a decade, instead choosing to build its equity ratio following its earlier financial challenges. Its equity ratio now stands at 60%.

We acknowledge the residents and ratepayers of our district for their support and participation in community activities.



John Robertson  
**Mayor**



Chris Ryan  
**Chief Executive**

# ONGOING IMPACT OF COVID-19 ON OUR SERVICES

## WATER SERVICES (WATER, WASTEWATER AND STORMWATER)

The Water Services Team operated under Level 2 protocols including physical distancing and using appropriate PPE. Staff contact was reduced by continuing to operate the 3-waters networks/ treatment plants by having staff assigned to a specific treatment plant. This enabled the team to work in isolation and reduce movements across the district that would otherwise be part of normal duties. Local contractors continued to support maintenance activities.

A positive impact of people staying home was consistent water use throughout the network. A notable result from this was no odour or clarity complaints this year for drinking water supply.

Delivery of capital works were impacted by the Level 3 lockdown in Auckland with supply chain issues and specialist contractors not being able to leave Auckland. Timeframes had to be extended on affected projects and in some cases reduced the capital spend for the 2020/21 financial year.

## CUSTOMER SERVICES

Customer Services continued to operate at Alert Level 2. Customer contact was maintained via a 24/7 telephone service, email and online services. Information posts were also provided via the WDC Facebook Page.

## STRATEGY AND ENVIRONMENT

Animal Control continued to operate at Level 2 as an essential service. Additional precautions were used when contact with members of the public was required, such as PPE. COVID-19 protocols were introduced for afterhours contractors across alert levels.

Health and Liquor Licensing continued to operate at Level 2 with processing of permits and licenses being undertaken remotely. Site visits were undertaken at Level 2, protocols for sites visits were followed including the use of PPE.

Building control was not impacted with Level 2 restrictions. The installation of Alpha in February 2020 has moved most processes online. Inspections were conducted under Level 2 following protocols including wearing PPE and physical distancing.

Resource consents have not been impacted by Level 2, and have continued to be processed within statutory timeframes.

## INTERNAL SERVICES BUSINESS UNIT (ISBU)

WDC's ISBU performs mowing, gardening and interment duties. These services continued during the alert level 2 lockdown. Staff followed the Level 2 protocols of physical distancing and wearing PPE when this was not practical.

## ROADING

The Roading Team worked remotely where possible during the alert levels 2 lockdowns. Network maintenance activities continued. WDC's Road Maintenance Contractor had in place protocols for working at Level 2.

The Level 3 lockdown in Auckland did have a flow on effect on WDC's sealing programme. The sealing contractor was delayed by the Auckland lockdown. A backlog of work to be addressed before the contractor could begin work for WDC. As a result, WDC's work programme was pushed late into the season and some sensitive sites could not be sealed.

## FINANCIAL IMPACT

Whilst the impact of the COVID-19 pandemic containment measures were less this financial year the disruption was still felt across the organisation. Supply chain issues and contractor availability were the most influential impacts to capital works and maintenance activities. The overall financial performance of the council was not materially impacted despite disruption, timeframes were adjusted for some projects.

# OUR IMPACT ON THE DISTRICT

Here's a sample of our performance and what we delivered last year across the district. For a comprehensive view, please see the Groups of Activities sections.



# OUR COMMUNITY OUTCOMES

**Our Community Outcomes and Focus Areas describe what we aim to achieve for our community and what the community can expect us to work towards.**

**These outcomes and focus areas shaped the development of the 2018-28 10 Year Plan. All our activities contribute to the overall achievement of our community outcomes and our vision – *creating a better future with vibrant communities and thriving business.***

**Our outcomes are:**



## Vibrant Communities

- *A place where the multicultural values of all its people and, in particular, Māori heritage and culture is recognised and valued.*
- *A place where all age groups have the opportunity to enjoy social, cultural and sporting activities within our District.*
- *A place where young people have access to education, training and work opportunities.*
- *A place where young people feel valued and have opportunities for input into the decisions for the District.*
- *A place where we preserve the natural environment for future generations, ensuring that natural resources are used in a sustainable manner.*

## Thriving Business

- *A place that attracts more people who want to live, work and play, and raise a family.*
- *A place where wealth and employment are created through local businesses and tourism opportunities and facilities are developed, facilitated and encouraged.*

## Effective Leadership

- *A place where the development of partnerships for the delivery of programmes and services is encouraged and pursued.*
- *A place where the governance actively seeks to participate and take a leadership role in regional and national initiatives aimed at the development of the District.*

## Sustainable Infrastructure

- *A place that provides safe, reliable and well managed infrastructure which meets the District community needs and supports maintenance of public health, provision of good connectivity and development of the District.*

## **OUR FOCUS AREAS**



### **Community Connectivity and Development**

Vibrant Safe Waitomo is a community led collaboration that provides leadership and direction, with everyone working in partnership to create a safer community for all. The Vibrant Safe Waitomo Strategy 2019-2024 was developed by the Vibrant Safe Waitomo Regional Coalition Group, with input from community stakeholder groups and service providers. The Strategy is supported by annual Action Plans.

In response to the COVID-19 pandemic the 2020/2021 Action Plan reflected a temporary change of focus to support the district's recovery from the effects of the COVID-19 pandemic. This was supported by the Vibrant Safe Waitomo Regional Coalition and Waitomo District Council. 42 actions/programmes were identified within the Action Plan.

The Vibrant Safe Waitomo Regional Coalition was commended by Safe Communities Foundation NZ regarding the levels of performance achieved.

Council looks to strengthen partnerships in order to assist communities through co-funding arrangements. This is achieved via the Community Development Fund Policy.

### **Economic Development**

Our aim is to promote and support sustainable development in the Waitomo District.

We have continued to work with Te Waka – the Waikato Regional Economic Development Agency on COVID-19 recovery initiatives. This work aims to continue to support existing local businesses and also potential future business opportunities within the District.

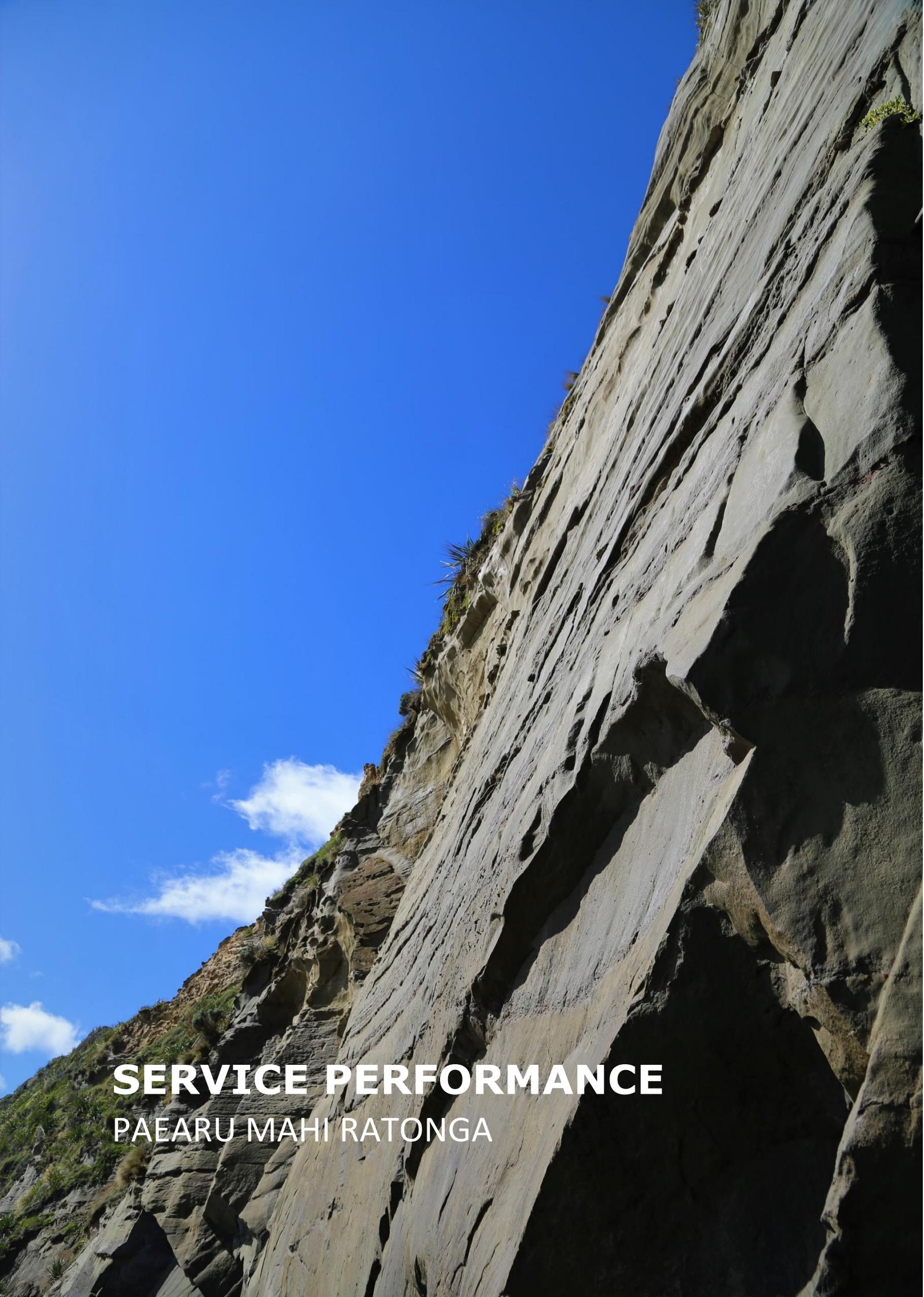
### **Good Asset Stewardship and Management**

Maintaining and managing our core infrastructure well so it is available for use by future generations continues to form a vital part of Council's service delivery.

The new pedestrian overbridge replacing the previous bridge across the rail corridor at Te Kuiti is near completion. This is a key piece of infrastructure for Te Kuiti to help keep our community safe and connected.

We are continuing to investigate an alternative source of water supply in Te Kuiti, with progress delayed by well driller availability and COVID 19 lockdowns.

We have been granted a new 35-year resource consent to enable extension of the life of the Waitomo District Landfill.



**SERVICE PERFORMANCE**  
PAEARU MAHI RATONGA

# PERFORMANCE SUMMARY

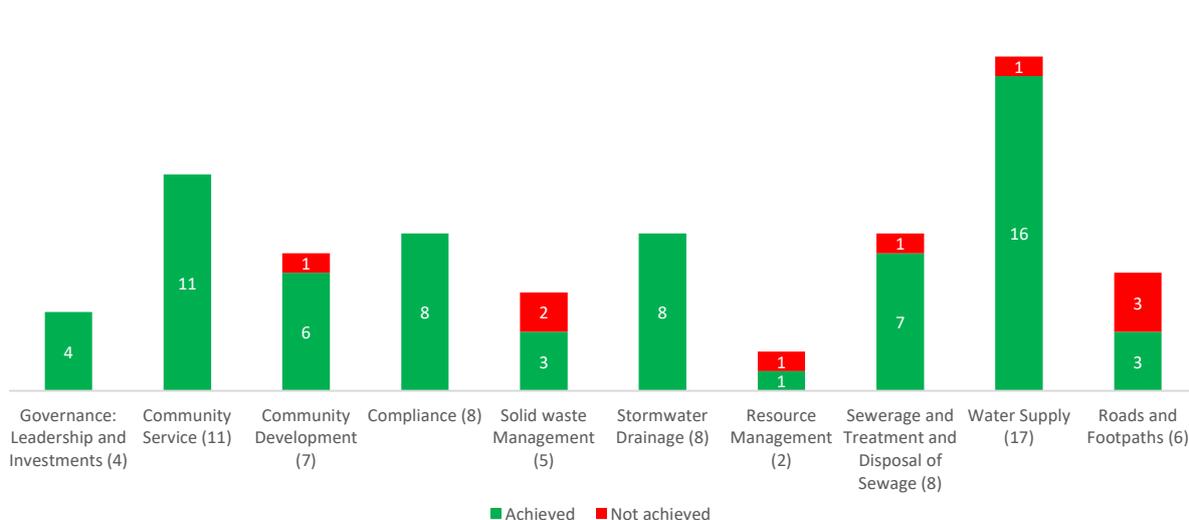
Our 2018-28 10 Year Plan divided the business into 10 activity groups that contribute to the delivery of our community outcomes. Each group has performance measures that show how well we are delivering our services to the community.

The performance measures and targets are from year three (2020/21) of our 2018-28 10 Year Plan.

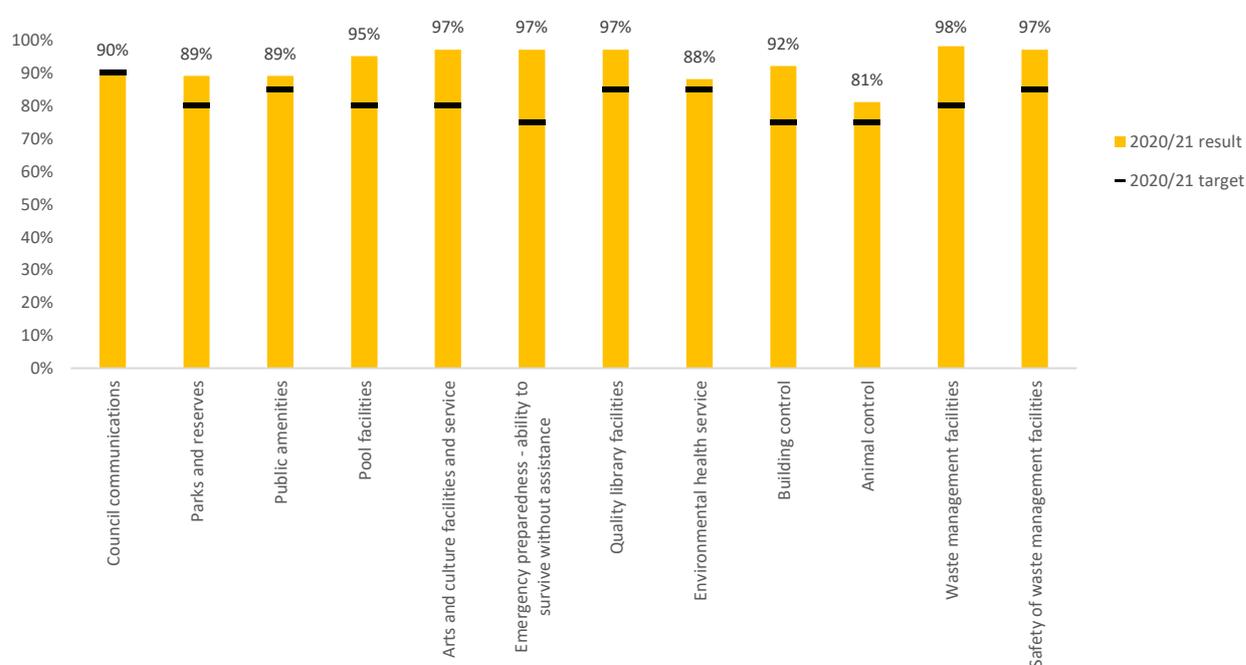
Of the 76 measures that we use to track performance, the summary graph below shows that:

- We have met the target for 67 measures (88%)
- We have not met the targets for 9 measures (12%)

## PERFORMANCE RESULTS SUMMARY BY GROUPS OF ACTIVITIES



## PERFORMANCE AGAINST RESIDENT SURVEY



The full Annual Report provides more detail for each of these activity groups including an overview of the year that has been.



**FINANCES**  
**PŪTEA**

## OUR FINANCIAL PERFORMANCE

This section of the report gives an overview of our financial performance for the year ended 30 June 2021. The overview provides an explanation to our financial statements and notes on pages 60 to 119 in the full Annual Report.

### OVERALL RESULTS

For the financial year WDC reported a net surplus of \$8.1 million compared to a budgeted surplus of \$3.0 million.

(\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
Total Revenue	35,020	37,848	33,150
Total Expenditure	32,049	29,719	28,533
<b>Net surplus/(deficit)</b>	<b>2,971</b>	<b>8,129</b>	<b>4,617</b>

(\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Elements of Net Surplus is comprised of:</b>			
<b>Cash items</b>			
Subsidies, grants and contributions for capital expenditure	5,007	5,362	2,849
Waka Kotahi subsidy applied to loan repayment	322	599	503
Gains on the sale of assets	0	158	70
Rates funding for loan repayment	92	200	75
Operational performance	(6)	1,996	2,230
Operational expenditure funded by loans	(2,117)	(382)	(454)
<b>Total cash items</b>	<b>3,298</b>	<b>7,933</b>	<b>5,274</b>
<b>Non-cash items</b>			
Gains on valuations of investment property and forestry assets	0	1,348	106
Impairment of property, plant and equipment	0	0	(118)
Losses on asset disposals	0	(358)	(74)
Depreciation expense not funded	(327)	(794)	(572)
<b>Total non-cash items</b>	<b>(327)</b>	<b>196</b>	<b>(657)</b>
<b>Net Surplus</b>	<b>2,971</b>	<b>8,129</b>	<b>4,617</b>

Set out in the table above is a summary of the main items that combine to contribute to the total net surplus of \$8.1 million for the year.

Included in the surplus are revenues for asset funding such as subsidies, grants and contributions for capital expenditure, gains on the sale of assets, and rates and subsidy funding applied to loan repayment. These revenues are applied to the cost of improving and renewing assets and the associated loan repayments which are not accounted for in the surplus.

Operational performance has also contributed to the net surplus, this includes additional revenue received that was more than forecast such as trade waste and landfill disposal fees and the forecast expenditure not fully spent during the year. This reduced expenditure was the result of the pandemic response to COVID 19 which has delayed progress on a number of projects and the Three Waters Reform Programme which diverted organisational resources from planned work programmes. These savings increased the balance of council created reserves at year end and also were used to offset the need to borrow externally, thereby providing further savings in finance costs.

Loan funding for operational expenditure was forecast for the district plan development and the grant for the King Country Indoor Sports and Recreation Centre. During the year loan funding was recognised for the district plan development. No loan funding was required for grant expenditure for the King Country Indoor Sports and Recreation Centre as no grant was paid during the year.

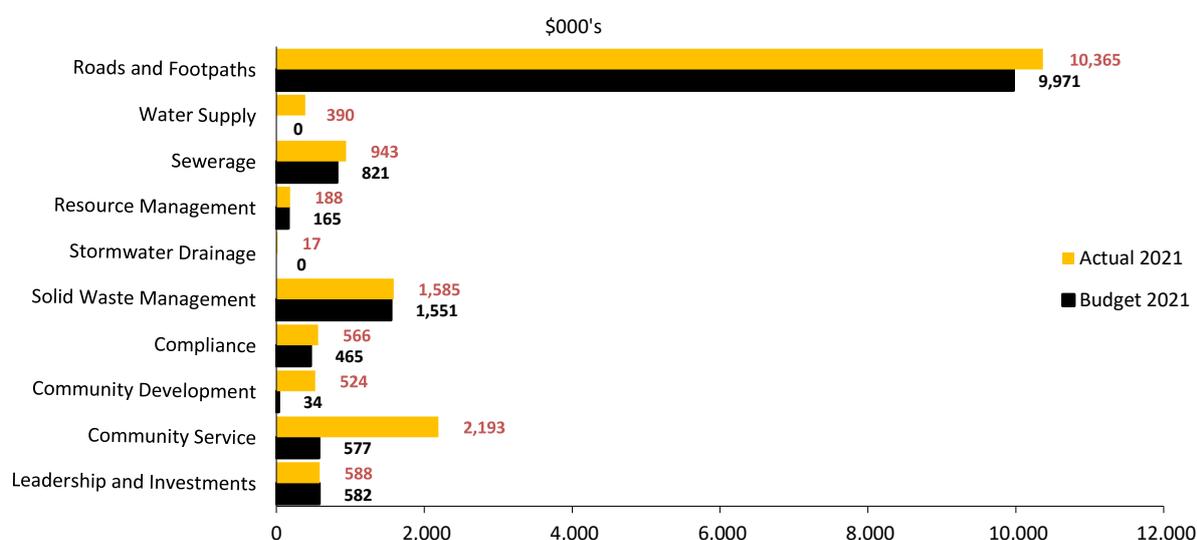
Non-cash items included in the surplus include the gains on valuations of investment property and forestry assets, losses on asset disposals and the depreciation expense not funded by rates. These items are recorded for accounting purposes and are not supported by underlying cash revenue or expenditure.

Further details on the revenue and expenditure items that have contributed to the surplus are provided in the following section.

## REVENUE

Total revenue for the year was \$37.8 million against a budget of \$35.0 million. Total revenue includes both rates revenue and operating revenue (such as fees and charges, grants and subsidies and other gains and losses) from each activity.

- **Rates revenue** was \$0.4 million less than budget resulting from excluding rates revenue on Council owned properties in calculating the actuals, this revenue is included in budgets.
- The graph below shows for each activity how our forecast **operating revenue** compared to the revenue we actually received. The main reasons for the increase of \$3.2 million in operating revenue compared to budget are detailed in the following pages.



- **Roads and Footpaths** activity revenue was more than budget as additional Waka Kotahi subsidy revenue was recognised for the construction of Te Ara Tika. This project and associated subsidy revenue was included in the budget in the previous year.
- During the year, Council agreed to opt-in to Tranche 1 of the Government's funding package in support of the implementation of the Three Waters Reform Programme. By opting in to Tranche 1, additional subsidy revenue of \$3.5 million was allocated to the Waitomo District to fund agreed water and wastewater projects that were in addition to those already forecast in the Exceptions Annual Plan 2020/21. Additional subsidy revenue of \$339,000 has been recognised in the Water Supply activity during the period to fund specific operational and capital projects agreed in the Delivery Plan. The remaining project expenditure will be

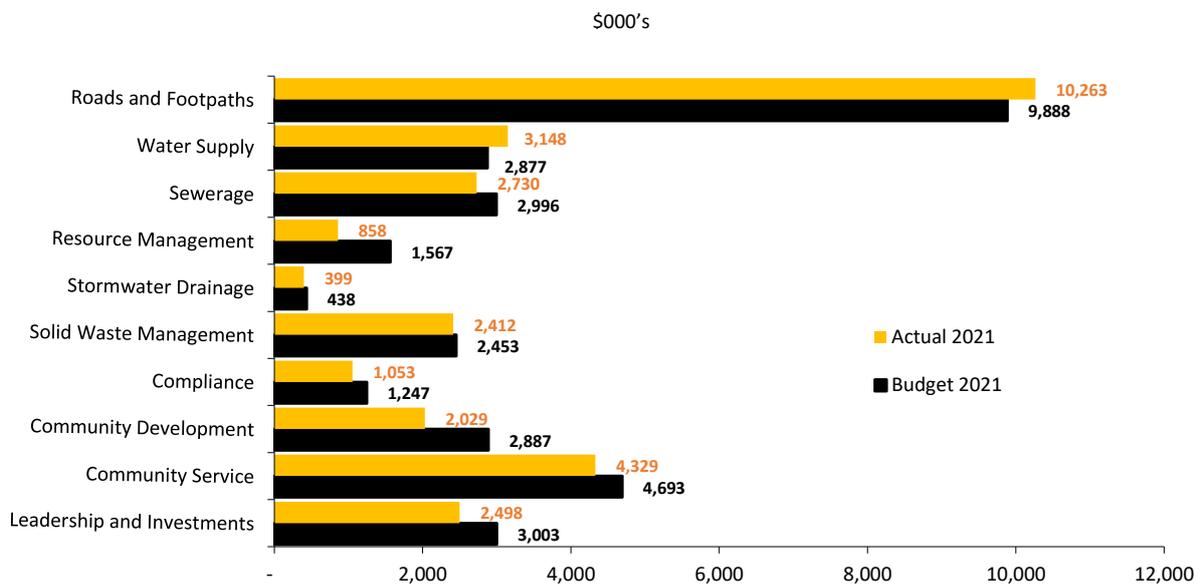
undertaken in the 2021/22 year and the associated revenue will also be received in that year. Additional revenue for connections and sundry water charges were also recognised within the activity.

- Trade waste revenue and connection fees were the main drivers for the increased revenue within the **Sewerage** activity.
- There was an increase in revenue in the **Solid Waste** activity from landfill users due to increased fees and charges.
- **Compliance** activity revenue was more than forecast for fees and charges related to building control services.
- Grant revenue of \$500,000 was recognised in the **Community Development** activity for the Mayors Taskforce for Jobs Community Recovery Programme to fund initiatives to support young workers in the Waitomo District with sustainable employment opportunities. A funding contribution was also received from Accident Compensation Corporation in support of Vibrant Safe Waitomo.
- During the year Council was the recipient of additional grant funding that was recognised within the **Community Service** activity. This funding was used to fund operational costs incurred over the peak season for some of our public toilets and holiday parks. A gain on change in fair value of investment property and a gain on forestry assets were recognised within this activity as well as a gain on the sale of surplus land.

## OPERATING EXPENDITURE

Operating expenditure was \$29.7 million against a budget of \$32.0 million. Operating expenditures are the day to day costs that are necessary to deliver the level of services agreed with our community, such as costs of maintaining our road network, parks and council property repairs and maintenance, audit and compliance fees, insurance, energy costs, organisational resourcing, grants expenditure, landfill operations and the costs of maintaining our water and wastewater schemes.

The graph below shows budgeted expenditure compared to what was spent for each significant activity.



The main reasons for the difference between the budgeted and actual expenditure were:

- **Roads and Footpaths** activity expenditure was above budget for depreciation expense due to the valuation of roads assets at 30 June 2020. The two main drivers for the increase in depreciation were the increase in unit rate for the sealed surface asset component and the increase in size and quantity of rural road culverts included in the valuation. Environmental maintenance, traffic services and routine drainage maintenance expenditure were also above budget. These increases were offset by reduced unsealed pavement maintenance and emergency reinstatement (first response) expenditure. Roothing business unit costs were also less than budget due to a temporary reduction in organisational capacity.

- Expenditure for the **Water Supply** activity was above budget due to the recognition of loss on asset disposals across all four schemes. Additional expenditure was also incurred for the Three Waters Reform Programme projects including project management costs, asset data collection and expenditure incurred in developing the forward works programme. These expenditures were fully funded by additional grant revenue received.
- **Sewerage** activity expenditure was below budget. Electricity, plant operations and reticulation maintenance expenditure, sludge disposal costs, sampling costs and chemicals were all below budget for the Te Kuiti scheme. Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.
- **Resource Management** activity expenditure was below budget, as the budgets for the district plan review were not fully spent. Due to the size and complexity of the project, the district plan review was budgeted to be completed over a number of years and will continue into the next financial year.
- Overall expenditure was below budget for the **Compliance** activity. Building control services budgets for legal expenses and earthquake prone buildings and animal control contractor budgets were not fully spent.
- **Community Development** activity expenditure was below budget as the grant expenditure forecast for the Game On Charitable Trust's King Country Indoor Sports and Recreation Centre was not spent at 30 June. Drawdown of the grant has been re-sequenced to the 2021/22 year. This reduction in activity expenditure was partly offset by additional expenditure incurred for the Mayors Taskforce for Jobs Community Recovery Programme. The operational expenditure associated with this programme was fully funded by additional grant revenue.
- **Community Service** activity costs were below budget for the year. Repairs and maintenance expenditure budgets was not fully spent during the year, energy costs and emergency management expenditure was less than forecast. Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.
- **Leadership** activity expenditure was below budget as planned risk management expenditure was delayed due to organisational resource being re-directed to support the Three Waters Reform Programme. The development of the investment policy was forecast to be delivered by a consultant, however this project was predominantly delivered in-house, as was the development of parts of the Ten Year Plan, resulting in reduced expenditure. Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.

## CAPITAL EXPENDITURE

The 2020/21 approved capital budget was \$11.2 million, the actual spend for the capital portfolio was \$10.2 million or 91% of the forecast programme. Included in the actual spend, is additional expenditure for the Three Waters Reform Programme, and the projects that were deferred to 2020/21 from the previous financial year.

Some capital expenditure projects that were not completed during the year will be deferred to the 2021/22 year. Delays in these projects occurred due to internal resourcing, the impact of issues with global supply chains on availability of supplies and contractor availability.

In the 2020/21 we invested \$10.2 million in capital projects.

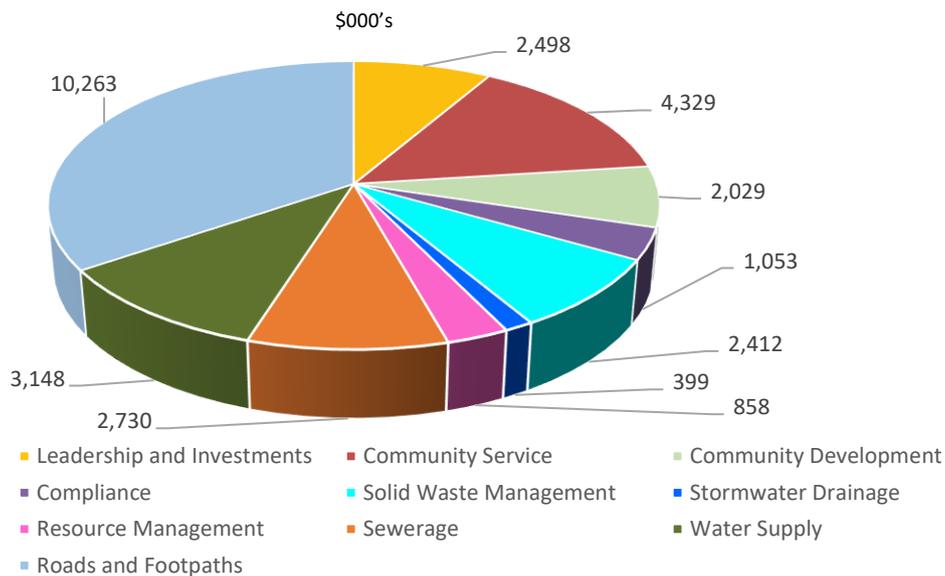
Some key projects undertaken were:

- Renewal of Te Maika and Mokau jetties
- Continuation of the Te Ara Tika pedestrian overbridge project
- Aerodrome taxiway renewal
- Renewal of mixer and aerator components located at Te Kuiti wastewater plant
- Continuation of the installation of backflow preventers in Te Kuiti, Mokau and Piopio

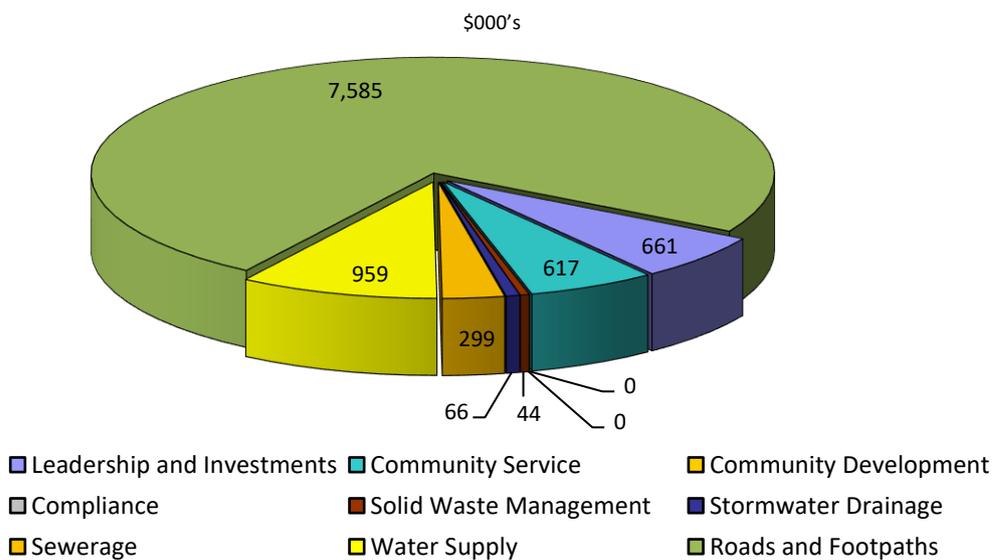
- Resurfaced 25km of sealed roads
- Re-metalling of 54km of unsealed roads
- Footpath renewals at Eketone Street, Hospital Roads and Rora Street were completed
- A total of 657m of new footpaths were constructed during the year
- Continuation of the improvements to Mokau water treatment plant

## WHERE THE MONEY WENT

### OPERATING EXPENDITURE BY ACTIVITY 2020/21



### CAPITAL EXPENDITURE BY ACTIVITY 2020/21



## SUMMARY FINANCIAL STATEMENTS

The following pages present in summary, the financial results for the 2020/21 year.

The financial statements at 30 June 2021 comprise the Waitomo District Council (Council) and its wholly owned subsidiary Inframax Construction Limited incorporated in New Zealand (Group). Waitomo 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. 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 summary financial statements have been extracted from the corresponding full Annual Report which was authorised for issue on 29 October 2021 by the Mayor and Chief Executive. An unmodified audit report was issued and signed as part of the Annual Report on 29 October 2021. Deloitte have audited this Summary Report and have issued an unmodified opinion on 10 November 2021.

The 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. The full financial statements contained within the 2020/21 Annual Report can be viewed and downloaded from our website [www.waitomo.govt.nz/council/publications](http://www.waitomo.govt.nz/council/publications).

### SUMMARY OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2021

For the financial year WDC reported a net surplus of \$8.1 million compared to a budgeted surplus of \$3.0 million.

(\$000's)	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
<b>Total Revenue and Gains/(Losses)</b>	<b>35,020</b>	<b>37,848</b>	<b>33,150</b>	<b>61,902</b>	<b>56,472</b>
Total Other Expenses	30,623	28,521	27,098	52,457	50,165
Finance Costs	1,426	1,198	1,435	1,306	1,648
<b>Surplus/(Deficit) Before Tax</b>	<b>2,971</b>	<b>8,129</b>	<b>4,617</b>	<b>8,139</b>	<b>4,659</b>
Income tax expense/(revenue)	0	0	0	187	(233)
<b>Surplus/(Deficit)</b>	<b>2,971</b>	<b>8,129</b>	<b>4,617</b>	<b>7,952</b>	<b>4,892</b>
<b>Other Comprehensive Revenue and Expenditure</b>					
Revaluation of property, plant and equipment and quarry assets	4,291	14,513	16,004	15,094	17,600
Gains/(Losses) from cashflow hedges	0	1,403	(420)	1,403	(420)
Revaluation of available for sale assets	0	0	(2,610)	0	0
Income tax relating to components of other comprehensive revenue and expense	0	0	0	(142)	0
<b>Total Other Comprehensive Revenue and Expense</b>	<b>4,291</b>	<b>15,916</b>	<b>12,974</b>	<b>16,355</b>	<b>17,180</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>7,262</b>	<b>24,045</b>	<b>17,591</b>	<b>24,307</b>	<b>22,072</b>

## SUMMARY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

(\$000's)	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Current Assets	5,864	11,427	8,601	16,242	13,088
Non Current Assets	382,548	390,954	371,905	395,384	376,592
<b>Total Assets</b>	<b>388,412</b>	<b>402,381</b>	<b>380,506</b>	<b>411,626</b>	<b>389,680</b>
Current Liabilities	28,713	22,273	17,368	26,391	21,164
Non Current Liabilities	21,306	20,552	27,627	23,207	30,795
<b>Total Liabilities</b>	<b>50,019</b>	<b>42,825</b>	<b>44,995</b>	<b>49,598</b>	<b>51,959</b>
<b>Net Assets</b>	<b>338,393</b>	<b>359,556</b>	<b>335,511</b>	<b>362,028</b>	<b>337,721</b>
<b>Total Equity</b>	<b>338,393</b>	<b>359,556</b>	<b>335,511</b>	<b>362,028</b>	<b>337,721</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2021

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
<b>Total Equity</b>				
Balance at 1 July	335,511	317,920	337,721	315,649
Total Comprehensive Revenue and Expense for the year	24,045	17,591	24,307	22,072
<b>Balance at 30 June</b>	<b>359,556</b>	<b>335,511</b>	<b>362,028</b>	<b>337,721</b>

## SUMMARY CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

(\$000's)	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Net Cash Inflow from Operating Activities	9,079	14,758	12,079	14,646	14,888
Net Cash Outflows from Investing Activities	(11,212)	(9,610)	(6,651)	(10,239)	(7,333)
Net Cash Inflow/(outflow) from Financing Activities	2,133	(3,012)	(3,004)	(2,900)	(4,693)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>0</b>	<b>2,136</b>	<b>2,424</b>	<b>1,507</b>	<b>2,862</b>
Cash and cash equivalents at the beginning of the year	570	4,243	1,819	5,015	2,153
<b>Cash at Bank and In Hand</b>	<b>570</b>	<b>6,379</b>	<b>4,243</b>	<b>6,522</b>	<b>5,015</b>

# OUR FINANCIAL STRATEGY

**Our 2018-28 10 Year Plan includes a financial strategy that sets out the important financial aspects of Council’s planned direction and how it intends to manage its financial performance. It also provides the financial parameters that will guide Council’s journey over the next 10 years. Council made a commitment through its financial strategy to reducing debt. The financial strategy’s guiding principles are:**

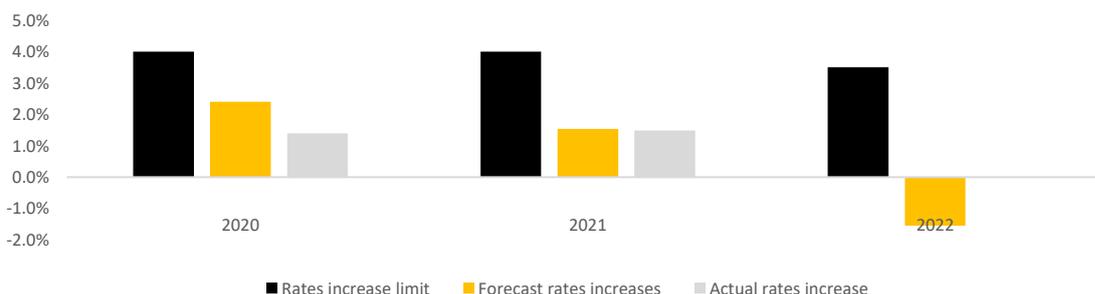
- Provide amenities, facilities and services to the District community that contribute to and align with Council’s Vision.
- Undertake good asset stewardship management.
- Maintain affordable rates increases.
- Ensure financial sustainability – by ensuring that our revenue is sufficient to cover an efficient operating expense base, all funding sources are being used optimally and financial management is prudent.

The Financial Strategy can be read in full in the 2018-28 10 Year Plan or on our website.

## RATES AFFORDABILITY

The 10 Year Plan sets the limits on rate revenue increases. Under the 2018-28 10 Year Plan, rates revenue increases were limited to 4% from 2018/19 to 2024/25. And then 5% from 2025 onwards.

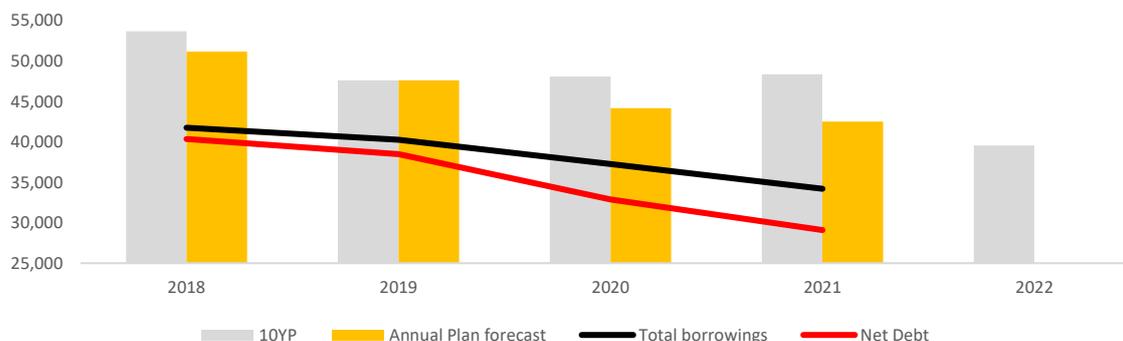
We have stayed well within these limits. The actual rates revenue increase for 2019/20 and 2020/21 were respectively 1.4% and 1.5%. The 2021–31 10 Year Plan confirmed a rate revenue decrease for 2021/22 of 0.54%.



## DEBT

Council borrows externally to fund assets or services that will provide benefit well into the future. We ended the financial year with an external debt position of **\$34.2 million**, which was significantly lower than the forecast target in the 2020/21 Annual Plan of \$42.5 million. Against the strategy, our external borrowing was \$8.3 million less than forecast.

Net debt at 30 June 2021 was **\$29.1 million**. We consider net debt as total borrowings less liquid financial assets (which are cash with no restrictions and LGFA borrower notes).



Debt has been reduced by:

- Favourable interest and borrowing conditions
- A lower opening debt position than forecast
- Delays in our physical works programme as a result of internal resourcing capacity, delays in receiving supplies and contractor availability.
- Direct savings and unspent operational budgets have reduced the need to borrow externally
- The grant forecast to be paid to Game On Charitable Trust for the King Country Indoor Sports and Recreation Centre was not paid during the year (this expenditure is loan funded).
- Expenditure forecast for the review of the district plan was also not fully spent during the year. This expenditure was also loan funded.

## BORROWING LIMITS

Council remains committed to reducing external debt in order to reduce the debt servicing burden on the community. The following borrowing parameters are set in the Finance Strategy to ensure investment priorities are carefully managed and affordable to the community.

	LIMIT	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
Total borrowing cost/total revenue	<10%	3%	4%
Total borrowing/total assets	<20%	8%	10%
Net borrowings/total revenue	<170%	55%	64%
Net interest/total revenue	<20%	3%	4%
Net interest/annual rates	<20%	6%	7%

## GROUP PERFORMANCE

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd. The Group's overall performance for the year was an **after tax surplus of \$8.0 million**.

Inframax Construction Ltd reported a net profit after tax of \$0.5 million for the year ended 30 June 2021. This was a positive result given a challenging year for the subsidiary with the effect of the COVID-19 pandemic on revenue and business operations.

The subsidiary was eligible and received the wages subsidy which supported the subsidiary operations during ongoing uncertainty in the contracting environment. Despite these challenging operating conditions, revenue was above forecast and the equity position of the subsidiary improved with an increase in the equity ratio to 60% and an increase in total equity of the subsidiary to \$11.9 million.

At 30 June 2021, total equity for the Group was **\$362.0 million**, an increase of \$24.3 million from the prior year. This increase in equity reflects the following net asset increases:

- The Group's after tax surplus of \$8.0 million.
- Current assets increase of \$3.1 million arising from the increase in cash and cash equivalents at balance date and an increase in receivables owing.
- Current liabilities increase of \$5.2 million. A portion of non current Council borrowings was reclassified as current borrowings, offset in part by the repayment of some debt by the Council and Group. There were also increases in employee entitlements owing at year end and payables.
- Non current assets increase of \$18.8 million arising mostly from the revaluation of land and buildings, water, sewerage and stormwater assets.
- Non current liabilities decrease of \$7.6 million due mainly to a portion of Council's borrowings reclassified to current borrowings and a reduction in the non current portion of derivative financial instruments.

## Events after balance date

Council:

On 14 October 2021 Council entered into a partnership agreement with the Ministry of Education and the Te Kuiti High School Board of Trustees for joint ownership of the proposed King Country Indoor Sports and Recreation Centre. Ownership will be a shared arrangement between Council 65% and Ministry of Education and Te Kuiti High School Board of Trustees 35%. Council will have responsibility for building the facility and managing ongoing operations.

On 15 October 2021, Council entered into a construction agreement with Apollo Projects Ltd, the company will design and construct the new facility. The new facility is expected to be completed by the end of 2022.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four publicly-owned water services entities to take over responsibilities for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and including the control and governance of these entities. Notwithstanding the current uncertainty the new reforms will mean Council is no longer responsible for the delivery of three water services from 1 July 2024, nor will it own the infrastructure that provides these services.

Group:

On 18 August 2021, all of New Zealand entered COVID-19 Alert Level 4 and the associated lock down. The areas South of Auckland reduced to Alert Level 3 on 1 September 2021, with all of New Zealand except for Auckland reducing to Alert Level 2 on 8 September 2021. The Auckland region reduced to Alert Level 3 on 21 September 2021. The subsidiary ceased operations across Alert Level 4, but subsequently commenced business upon moving to Alert Level 3.



AUDIT

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'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 Waitomo District Council (the "District Council") and subsidiaries (the "Group") for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 11 to 22:

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

#### 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 29 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.



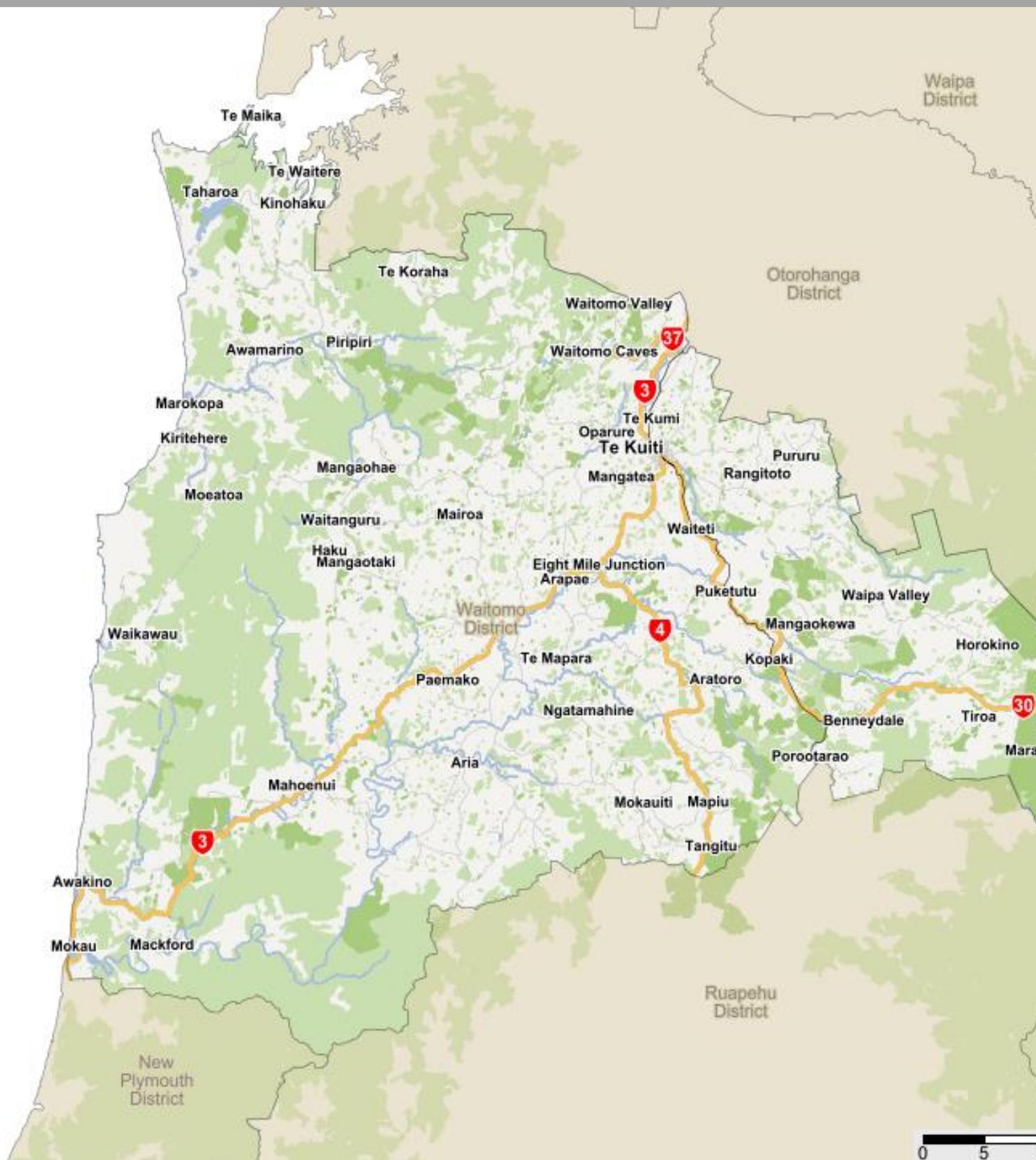
Other than in our capacity as auditor, we have carried out a limited independent assurance engagement on certain matters stated in the District Council's Debenture Trust Deed. Other than this engagement, we have no relationship with, or interests in the District Council or its subsidiaries.

A handwritten signature in blue ink that reads "Bruno Dente".

**Bruno Dente**

for Deloitte Limited on behalf of the Auditor-General  
Hamilton, New Zealand  
10 November 2021









[www.waitomo.govt.nz](http://www.waitomo.govt.nz)