

ANNUAL REPORT SUMMARY

2009/2010

Waipa District Council recently published its Annual Report for 2009/10, which detailed its achievements against the activities, projects and budgets signalled in the 2009-19 10-Year Plan. The information contained within this summary is drawn from the full Annual Report dated 31 August 2010.

This summary cannot be expected to provide as complete an understanding as provided by the full Annual Report of the financial and service performance, financial position and cash flows of the Waipa District Council.

The full Annual Report has been audited by Audit New Zealand who have given an unqualified opinion. The summary has been examined by the auditor for consistency with the full financial report, and audited by Audit New Zealand on behalf of the Office of the Auditor-General.

THIS BOOKLET PROVIDES:

- An outline of Council's end of year financial position;
- A summary of Council's performance in the areas of Governance and Strategic Direction, Environmental Services, Recreation and Heritage, Amenity Services, Transport Management, Stormwater, Water Treatment and Supply and Wastewater Treatment and Disposal;
- An overview of the significant projects and initiatives undertaken by Council during the past year;
- A statement from Council's auditors - Audit New Zealand.

From the Mayor and Chief Executive

The 2009/2010 year was a demanding one for Council, with our activities undertaken in an economically challenging climate.

Levels of growth that we have previously enjoyed in our District slowed dramatically as the impacts of the global financial crisis were felt. As a result, we had significantly lower levels of reserve and development contribution income, together with reduced income from planning and building consent fees.

While we had anticipated this, and had reviewed our capital works programme accordingly, we remained committed to the high standards expected by our community, and the promises made to them and to our other stakeholders in our 10-year plan.

A number of actions were undertaken to ensure we could continue to meet community needs in both the long and short-term, within the finite resources available to us.

In the second half of the year we restructured our organisation. While this resulted in significant savings, more importantly it has aligned the way we work with the outcomes we have agreed with our community.

This restructure is already beginning to show benefits in our ability to attract and retain excellent people and win the support of key stakeholders. That includes external funders who, pleasingly, are proactively seeking to support a range of endeavours being undertaken or considered by Council on behalf of the District.



Some planned projects, like improvements to water storage capacity and the development of community parks were slowed down during the year to match the levels of funding being received from reserve and development contributions. Pulling back from spending in some areas was a prudent decision, reflecting the fiscal environment but not compromising current levels of service. However, the issue of capital spending is one which we will continue to revisit. To maintain a healthy and vibrant District, it is critical to keep re-investing in key infrastructure.

In that vein, Council joined with Waikato District and Hamilton City during the year to jointly commission work around a water strategy for our region. The strategy will consider a number of key issues including water demand and management, conservation, alternative water supply, wastewater and stormwater design and management as well as issues around water quality.

This is a very significant piece of work which will continue throughout the year ahead. It is heartening to see three Councils co-operating closely on issues such as this, as well as continuing to work together on regional land use strategies like FutureProof.

Despite the fiscal challenges, a number of significant milestones were met throughout the year. In June, we joined with our key partners and stakeholders in opening the Don Rowlands Centre at the Mighty River Domain. This was a very significant day for Council and for the District, including local iwi who have strong ties to Lake Karapiro.

While the investment we have made in building an international standard facility will be showcased globally at the world rowing championships later this year, it provides a superb legacy that will be utilised by numerous lake users for decades to come.

During the year, the upgrade of Te Awamutu's main street - Alexandra Street - was also completed. This is part of a wider, 'Heart of Te Awamutu' project and has added new life and vitality to the town. The upgrade has been welcomed by the community and was celebrated at an opening organised by local business people.

The completion of the Leamington town centre upgrade was also celebrated during the year. This has resulted in a vibrant commercial area and will provide a fitting gateway to the world rowing championships in November.

A community sports hall based at the Cambridge High School was largely completed by December 2009 and is being well used by the school and sports groups. At year end, Council had approved \$1.7 million of the total grant of \$1.8 million.

The District Plan review has taken significant resources as Council continues to review the rules and regulations which help manage growth in our District. A draft Environmental Strategy as well as Town Concept Plans were released in October 2009. We were heartened at the level of interest and engagement in the Town Concepts Plans which were adopted in June 2010.

A draft Integrated Transport Strategy was also completed and approved by the Strategic Planning and Development Committee in July 2010. Collectively, this work maps out a clear direction for the future development of the District and its towns.

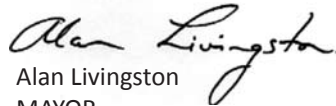
In the year ahead, we expect to see ongoing demands on resources and high community expectations. We are very confident we have the staff in place to meet those expectations and this was borne out by the National Research Bureau's annual survey of residents.


In that survey, Waipa District Council staff ranked well above the national average when it came to residents' satisfaction of the service they provided. Of those surveyed, 74 per cent ranked the performance of council staff as either "very good" or "fairly good". That compares to a national average of 59 per cent.

Waipa's parks and reserves also rated highly with 92 per cent of respondents being "very" or "fairly satisfied" with those facilities. Kerbside recycling, dog control services and the safety of roads all scored 81 per cent satisfaction levels which is a sound endorsement of our staff and our strategies. We have a number of dedicated and committed people who have a real passion for this District and what it represents and this is reflected in this outstanding result.

Finally, we ended the year in a solid financial position. As we move into the 2010/2011 year, Council can do so on a sound footing and in good heart. There is no doubt that the financial and local government environment will continue to be a challenging one and that at times, some difficult decisions will need to be made in order to balance the aspirations of residents with our ability to pay for them.

In making those decisions, we must ensure that they reflect the needs of our wider community and that ultimately, everything we do continues to contribute to the well-being of those who live here.

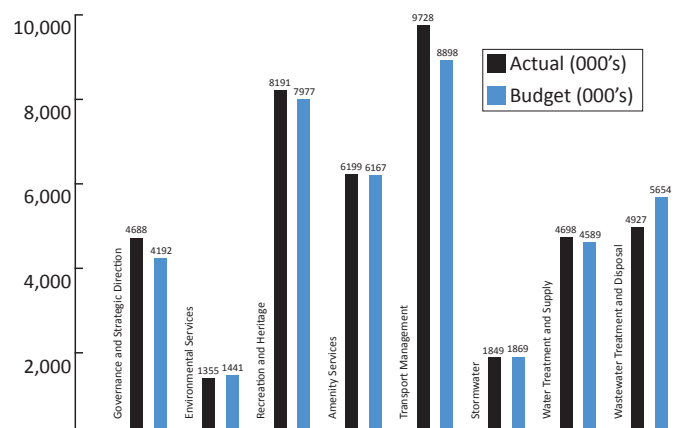

Alan Livingston
MAYOR


Garry Dyet
CHIEF EXECUTIVE



Key Activity Areas

Financial Summary 2009/2010



Financial Summary

The following summary financial statements were extracted from the full audited financial report of Waipa District Council for 30 June 2010. An unqualified audit report was issued on the full financial statements.

Statement of Comprehensive Income For the Year ended 30 June 2010	2010 Actual \$000's	2010 Budget \$000's	2009 Actual \$000's
Operating income	60,442	61,426	60,562
Finance costs	1,934	1,800	1,497
Operating Surplus	\$2,367	\$3,370	\$1,415

Statement of Changes in Equity	2010 Actual \$000's	2010 Budget \$000's	2009 Actual \$000's
Balance at 1 July	1,031,000	1,099,036	933,214
Net surplus/(deficit) for the year	2,367	3,370	1,415
Revaluation gains/(losses) taken to equity	36,470	31,576	97,211
Cash flow hedges	(103)	443	(840)
Total Recognised Income and Expenses	38,734	35,389	97,786
Total Equity at End of the Year	\$1,069,734	\$1,134,425	\$1,031,000

Statement of Financial Position as at 30 June 2010	2010 Actual \$000's	2010 Budget \$000's	2009 Actual \$000's
Current assets	10,070	4,790	13,781
Non current assets	1,099,704	1,176,382	1,053,765
Total assets	1,109,774	1,181,172	1,067,546
Current liabilities	7,454	19,374	19,964
Non current liabilities	32,806	27,373	16,582
Total liabilities	40,260	46,747	36,546
Equity and Net Assets	\$1,069,734	\$1,134,425	\$1,031,000

Statement of Cash Flows for the Year Ended 30 June 2010	2010 Actual \$000's	2010 Budget \$000's	2009 Actual \$000's
Net from operating activities	11,812	21,228	11,060
Net from investing activities	(21,769)	(31,878)	(23,579)
Net from financing activities	6,000	9,600	8,390
Net increase/(decrease) in cash and cash equivalents	(3,957)	(1,050)	(4,129)
Cash and cash equivalents at the beginning of the year	9,975	3,580	14,104
Cash and Cash Equivalents at the End of the Year	\$6,018	\$2,530	\$9,975

Additional Disclosure

Accounting Policies

Reporting Entity

Waipa District Council is a territorial local authority governed by the Local Government Act 2002. The Financial Statements are for the single entity of Waipa District Council. The full Financial Statements have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (GAAP). The full Financial Statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This Summary complies with FRS 43 and this Standard does not include a requirement to comply with New Zealand GAAP or NZ IFRS.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets. The Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

Significant variances against budget include:

- Due to a downturn in growth, reserve and development contributions received were lower than budget by \$1.6m.
- As a result of the revaluation of infrastructure assets, discovered assets to the value of \$1.3m were recognised. Infrastructure vested by developers was \$0.8m greater than budgeted.
- Savings of \$0.9m in employee benefit expenses were made as a result of the organisational restructure and in the timing of filling vacant positions.
- The revaluation of roading and water assets resulted in increased depreciation of \$0.9m.
- Borrowings raised were \$3.6m lower than budget due to the deferral of capital projects.
- A reduction in NZTA funding resulted in the reduction of the capital programme by \$1.2m.

Contingent Liabilities

- Council has guaranteed loans of \$3.2m (2009 \$2.2m).
- During May 2004, shareholders of Waikato Regional Airport (WRAL) of which Waipa District Council has a 15.625 per cent shareholding, authorised the company to issue further shares totalling \$21.6m to shareholders. This capital restructure was part of the WRAL Airport Development and allowed WRAL to borrow commercially at favourable interest rates. Since that time suspension of international services to Hamilton, together with the economic environment, resulted in a need for equity. The directors of WRAL agreed to make a call on the shareholders, with the Waipa District Council share being \$1.875 million due by 14 July 2009. The Statement of Financial Position includes the increased investment in WRAL. The contingent liability for the remaining uncalled capital is \$1.5 million. There are no plans to call up the remaining capital.
- Council owns one pensioner housing unit where there is a Site Licence Agreement with a provision that if the owner is unable to sell the property within one year of termination of the Site Licence, Council will lend the owner the value of the property, which would then be reimbursed on the future sale. Council has a contingent liability for \$100,000.

Statement of Commitments

Council's commitment on capital projects where contracts have been entered into but goods or services have not been received is \$2m (2009 \$2.5m).

The Council leases property in the normal course of its business. The majority of these leases have a non-cancellable term. The future minimum lease payments due under non-cancellable operating leases amount to \$156,000 (2009 \$333,000).

Key Achievements

This is a summary of Council's achievements in eight key activity areas. It also includes a snapshot of our performance as measured in the National Research Bureau's (NRB) 2010 survey of Waipa residents.

NRB SURVEY RESULTS KEY:



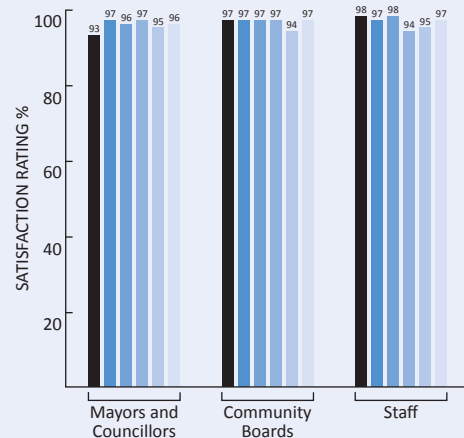
Please note that these figures exclude the 'don't know' responses. See the full Annual Report for further detail.

Governance and Strategic Direction

Governance and strategic direction for the Waipa district are undertaken in accordance with the principles of the Local Government Act 2002. Council is required to provide democratic and decision-making processes. Governance includes organising meetings, consultation, communication and civic affairs activities, and conducting elections. Strategic direction refers to the activities undertaken to plan for the future, including planning for growth and putting in place plans and strategies to achieve community outcomes. Governance assets include Council's office buildings in Te Awamutu and Cambridge and its information management and support systems.

Milestones

- The District Plan review continues. It includes developing a 50-year District Growth Strategy (Waipa 2050) and preparing concept plans for the district's major urban towns and settlements. Stage 1 of the Environment Strategy and the Town Concept Plans were adopted in early 2010.
- Council provided \$309,500 in grants to community groups and organisations (\$100,000 for Waipa-based events and \$209,500 for community grants, including \$30,000 in externally funded grants on behalf of the Community Arts Council).
- Council sought formal public feedback on its Annual Plan, FutureProof and Waipa 2050 initiatives and other policy and bylaw issues.

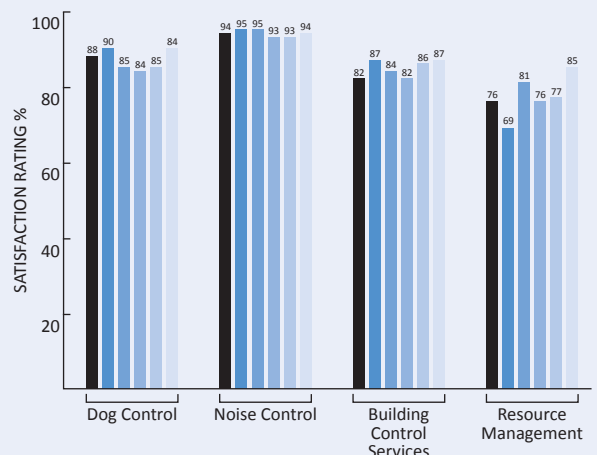


Environmental Services

Council has a legal obligation to promote, protect and manage natural and physical resources and public health and safety. Key activities include planning (resource management), building control, environmental health and animal control. Assets include the dog pounds in Cambridge and Te Awamutu.

Milestones

- Council received 3,509 planning and building-related applications and processed 97.6 per cent within the statutory time-frame.

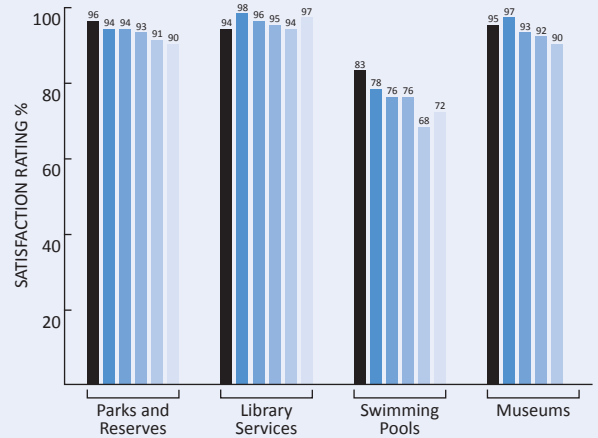


Recreation and Heritage

Access to quality recreational facilities contributes to the community's social, cultural and environmental wellbeing. Recreation and heritage includes a broad range of activities incorporating parks and reserves, libraries, museums, swimming pools, Mighty River Domain at Lake Karapiro, Maungatautari Ecological Island and Waipa's peat lakes. Recreation and heritage assets include the district's libraries and museums, Trust Waikato Te Awamutu Events Centre, the Cambridge public swimming pool, Te Awamutu cycling velodrome and the district's parks, reserves, sports fields, playgrounds and lakes.

Milestones

- Construction at Mighty River Domain Lake Karapiro in preparation for the 2010 World Rowing Championships is largely complete, including a new entrance, new toilet blocks and the Don Rowlands Event Centre.
- Community fundraising is proceeding for the Cambridge community swimming pool.
- Peat lakes restoration is in year four of a six-year programme.

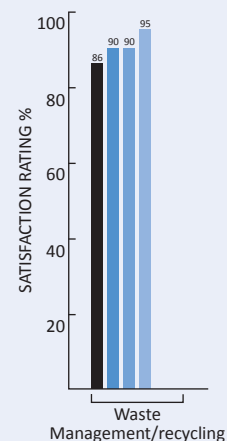


Amenity Services

Amenity services manage a number of critical community facilities, including district halls, public toilets and pensioner housing. Cemeteries and waste and emergency management functions are also included in this area of Council activity. Amenity assets include 10 cemeteries, 32 district halls, 35 public toilets and 125 pensioner houses.

Milestones

- A review of Council's waste management plan is underway to develop a waste management and minimisation plan by June 30, 2012.

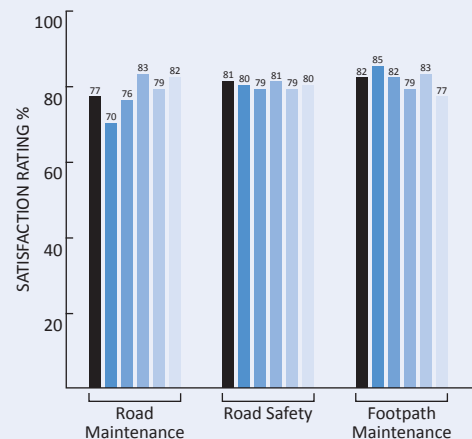


Transport Management

Transport management responsibilities encompass the construction, maintenance and repair of the District's transport network to ensure convenience and safety. Road network assets include 1,062km of roads (74km unsealed), 189 bridges, 169km of footpaths and all street lights, road signs and marker posts.

Milestones

- A programme to reseal 75km of road was completed.
- The Leamington village upgrade was completed.
- The Alexandra Street enhancement project was completed.
- Signage and road markings at several sites across the district were improved.
- Waipa's draft Integrated Transport Strategy was prepared.

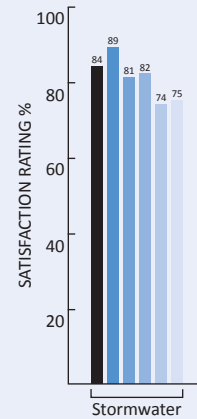


Stormwater

Stormwater activities include providing and maintaining stormwater drainage systems in rural and urban areas. Stormwater assets include 123km of piped urban drains, 232km of rural drains and seven retention dams.

Milestones

- Work was done to alleviate the effects of undersized pipe work along Shakespeare, Byron and Pope Streets, Fletcher Road and at Lake Te Kō Utu. Some projects are finished and work continues on others.
- Council achieved a high level of compliance with resource consent conditions.

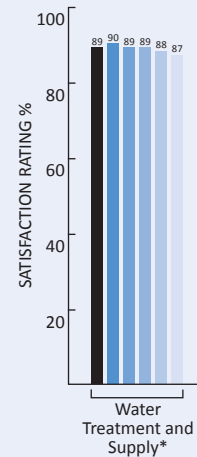


Water Treatment and Supply

A safe water supply is critical. Council is responsible for ensuring water resources are used in a sustainable way and undertakes a guardianship role in managing water demand. Water assets include seven water treatment plants, 10 pump stations, 13 reservoirs and 530km of mains and reticulation.

Milestones

- Council treated approximately 10,000 million litres of water.
- 13,818 properties are connected to a Council water supply, an increase of 123 properties in one year.
- A full-time water conservator was employed.
- Waipa, Waikato District and Hamilton City Councils agreed to develop a combined strategy for water supply, stormwater, wastewater treatment and disposal, and land drainage.



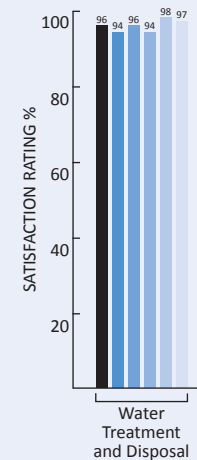
*These results are for:
Water: Full (unrestricted) Council supply.

Wastewater (sewage) Treatment and Disposal

A safe, effective and reliable system for managing wastewater in urban areas is important for maintaining public health and protecting land and waterways from contamination. Wastewater treatment and disposal is the collection, treatment and disposal of sewage. Sewage disposal assets include two treatment plants, 39 pump stations and 230km of mains and reticulation.

Milestones

- Council achieved a high level of compliance with resource consent requirements.
- 2,800 million litres of sewage was treated.
- 10,777 properties are connected to a Council sewerage system, an increase of 96 properties in one year.





Major Initiatives

Alexandra St Upgrade

The upgrade of Te Awamutu's main street, completed in May 2010, included the renewal of underground utilities, pedestrian crossings and the installation of new street lighting and furniture. The upgrade is part of the 'Heart of Te Awamutu' project which also involves revitalising the Arawata St Gateway. A draft design for the Gateway was completed during the year.

Lake Karapiro

An official opening ceremony in early June 2010 unveiled the new Don Rowlands Centre and the new entrance to the Mighty River Domain at Lake Karapiro. Remaining work on the grandstand and a new walkway along the lake edge will be completed in time for the world rowing championships in October 2010.

Cambridge Pool

A leadership team was formed in December 2009 to begin fund-raising for the covered pool proposed for Cambridge.

District Plan Review

A draft Environmental Strategy as well as Town Concept Plans were released for public comment in October 2009. Stage one of the Environmental Strategy was adopted in February 2010 and the Town Concept Plans were adopted in June 2010. Council contributed to FutureProof, the regional growth strategy which focuses on land use patterns. A change to the District Plan, to give effect to FutureProof within the Waipa District, was notified in January 2010.

Integrated Transport Strategy

A draft Integrated Transport Strategy was completed and approved by the Strategic Planning and Development Committee in July 2010. The final document is expected to be formally adopted by Council in September 2010.

Major Initiatives Cont...

Maungatautari Ecological Island Reserve

Waipa District Council was confirmed as the lead agency in delivering management outcomes for the Maungatautari Ecological Island Trust. A contract of service with the Trust was signed during the year. Funding continued to be sought from the government and other partners. Discussions with tangata whenua around co-governance and co-management on Maungatautari continued.

Water Strategy

Waipa District, Waikato District and Hamilton City Councils jointly commissioned work around a region-wide water strategy. The strategy, which is still being developed, is considering a range of issues including water demand management and conservation, alternative water supplies, wastewater, water quality and stormwater design and management. Work continued on a range of other water-related projects.

Cambridge Wastewater Treatment Plant

A contract to obtain new discharge consents for the proposed upgrade of the Cambridge wastewater treatment plant was awarded and consultation began with major stakeholders.

Cambridge Community Sports Hall

A community sports hall based at the Cambridge High School was largely completed by December 2009. At year end, Council had approved \$1.7 million of the total grant of \$1.8 million.

Your Council

Mayor Alan Livingston, JP

Te Awamutu Ward

Hazel Barnes, JP
George Simmons
Graham Jull
Michael Cox, OBE

Keapuku Ward

Laurie Hoverd

Pirongia Ward

Diane Sharpe, JP
Bruce Thomas

Cambridge Ward

Peter Lee
Barbara Taranaki, JP
Errol Newlands
Joe Scaramuzza

Maungatautari Ward

Grahame Webber



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Audit Report

To the readers of Waipa District Council's summary annual financial statements, service provision information and the other requirements for the year ended 30 June 2010

We have audited the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out on pages 1 to 8.

Unqualified opinion

In our opinion:

- the summary financial statements, service provision information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, service provision information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements, service provision information and the other requirements from which they are derived.

We expressed an unqualified audit opinion, in our report dated 31 August 2010, on:

- the full financial statements;
- the service provision information; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Waipa District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002. These responsibilities arise from the Local Government Act 2002.

Clarence Susan

Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand
31 August 2010